



Farm Products Council
of Canada

Conseil des produits agricoles
du Canada

Central Experimental Farm
Building 59
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Ottawa, Ontario K1A 0C6

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Édifice 59
960, avenue Carling
Ottawa, Ontario K1A 0C6

Our file: 1275-5

March 14, 2013

Mr. Dave Janzen
Chairman
Chicken Farmers of Canada
350 Sparks Street, Suite 1007
Ottawa, Ontario
K1R 7S8

Dear Mr. Janzen:

The Farm Products Council of Canada met on March 11, 2013 where consideration was given to the proposed amendments to the *Canadian Chicken Marketing Quota Regulations* for the A-117 allocation period, which runs from April 21 to June 15, 2013.

In reviewing the proposed quota regulation amendments, the Council found that they satisfied the requirements of the *Farm Products Agencies Act*, the Agency's Federal-Provincial Agreement and schedules as well as the Agency's By-laws. As such, Council has approved the total allocation of 226,616,156 kg live weight for allocation period A-117.

Council members noted that the market factors used by the Agency in evaluating the chicken market, during the time that the allocation was set by CFC and during the time Council's reviewed of the proposed quota regulations, were favourable. The live producer price, although still high versus previous year's producer prices, has decreased in period A-116 by 1.8 cents per kg in Ontario, reflecting lower feed costs. Wholesale prices have remained strong, allowing for the processing sector to recover some of the cost of the producer prices. As well, storage stocks have increased but remain slightly below the minimum as defined by the CFC and the Canadian Poultry and Egg Processors Council.

Also noted was that Mother's Day (May 12th) and Victoria Day (May 20th) occur during the A-117 period and both are considered events where chicken is the primary protein served.

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As with previous allocations, Council is of the view that CFC did not fully consider the principle of comparative advantage of production when setting the allocation for A-117. Council approved these allocations even though the criteria used to measure comparative advantage are still insufficient. As you are aware, Council has adopted a document titled "Guidelines for the Consideration of Comparative Advantage of Production" at its December 2012 meeting.

It is Council's understanding that the different options under consideration with regard to differential growth are weighted heavily on historical market share and provincial population share of total population as a distribution mechanism for allocating growth in the chicken sector. This is a concern to Council as there are other criteria and elements that relate to the costs and factors involved in bringing chicken from the farm to the consumer table.

As I have indicated to you and your Executive Committee, the Council is looking forward to analyzing CFC's proposed combination of criteria and weighting using FPCC's Guidelines, to develop an allocation methodology for the chicken sector. I strongly encourage CFC to continue to work on developing these criteria for measuring and applying the Guidelines before April 30, 2013.

Should you have any questions, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Laurent Pellerin". The signature is written in a cursive, flowing style with a large initial 'L'.

Laurent Pellerin
Chairman