



Farm Products Council
of Canada

Conseil des produits agricoles
du Canada

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Our file: 1275-5

June 26, 2015

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

Dear Mr. Janzen:

At its June 15, 2015 meeting, the Farm Products Council of Canada (FPCC) reviewed the amendments to the *Canadian Chicken Marketing Quota Regulations* for period A-132.

In reviewing the proposed quota regulations amendments, Council members noted that, in general, indicators allude to positive market conditions in the chicken industry in 2015. Storage stock levels are currently below the Agency's established target ranges while wholesale prices, with the exception of the price for legs and whole birds, have been higher than in previous years.

With respect to the methodology employed by Chicken Farmers of Canada (CFC) in arriving at the A-132 allocation, Council members noted that both CFC's Proclamation and Marketing Plan as well as the Federal-Provincial Agreement (FPA) for Chicken are subordinate to the *Farm Products Agencies Act* (the "FPAA"), from which they derive their authority.

Council members also noted that the current allocation methodology is part of an ongoing process to arrive at a provincial distribution methodology which is more reflective of section 23(2) of the FPAA.

While the process to arrive at the allocation may diverge from CFC's current Operating Agreement, Council members were nonetheless satisfied that the allocation, including its provincial distribution, was necessary for the implementation of the Marketing Plan which the agency is authorized to implement and provides for the consideration of comparative advantage of production as per section 23(2) of the FPAA.

Council members were further satisfied that the proposed quota regulations amendments were arrived at in a manner which is consistent with article 1.01 of the FPA which states that:

This Agreement provides for an orderly marketing system for chicken coordinated in a flexible and market responsive manner having appropriate safeguards so as to provide consistency, predictability and stability in accordance with the following objectives:

- a) to optimize sustainable economic activity in the chicken industry;
- b) to pursue opportunities in both domestic and international markets;
- c) to enhance competitiveness and efficiency in the chicken industry; and
- d) to work in the balanced interest of producers, industry stakeholders and consumers.

Council members also noted that the allocation, which provides for growth that far exceeds the growth that was projected at the time of the negotiation of the new allocation methodology distribution formula, will lead to substantial production increases for producers. For their part, processors will benefit from the healthy market conditions, as evidenced by processor margin exceeding the target and remaining above levels seen since 2011. Further processors will also be well positioned to take advantage of the strong demand for chicken which remains the most popular and affordable meat in Canada. Consumers will also benefit from the increased availability of high quality affordable chicken.

Council members are confident that the benefits which have been shared by all stakeholders along the supply chain since the application of the new chicken allocation distribution methodology will continue to accrue in future allocations and foster a strong and efficient chicken marketing industry.

As such, Council members approved the total allocation of 230,562,848 kg live weight for period A-132, which comprises provincial domestic, market development and speciality production allocations.

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

Yours sincerely,



Laurent Pellerin
Chairman