Report Name: Canada Announces USMCA Compensation to Supply-Managed Sectors

Country: Canada

Post: Ottawa

Report Category: Poultry and Products, Dairy and Products, Trade Policy Monitoring

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Report Highlights:

The federal government announced that dairy, poultry and egg farmers and processors will receive CAD $1.7 billion dollars in compensation for impacts of the United States-Canada-Mexico Agreement (USMCA). This funding will be disbursed over six years, as direct payments and various investment programs, with the largest share going to the dairy sector.
In mid-November 2022, the federal government announced and reconfirmed a $1.7 billion package to Canada’s supply-managed sectors (i.e. dairy, poultry and eggs) as compensation for market access concessions under the United States-Canada-Mexico Agreement (USMCA).

According to the announcement, the compensation package includes:
- $1.2 billion over six years for dairy farmers under the Dairy Direct Payment Program
- $112 million for poultry and egg farmers under the Poultry and Egg On-Farm Investment Program
- $105 million for dairy, poultry, and egg processors under the Supply Management Processing Investment Fund

Additionally, according to the press release, starting from 2023 the federal government will “invest up to $300 million in a new program to support innovation and investment into large-scale projects to add value to solids-non-fat, a by-product of milk processing”. Consultations with industry stakeholders will inform the development of program parameters.

Previously announced compensation packages to support supply-managed sectors impacted by the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) included:
- $2 billion for dairy farmers ($250 million through the Dairy Farm Investment Program and $1.75 billion through the Dairy Direct Payment Program)
- $691 million for poultry and egg farmers ($647 million through the Poultry and Egg On-Farm Investment Program and $44 million through the Market Development Program for Turkey and Chicken)
- $392.5 million for processors of supply-managed commodities ($100 million through the Dairy Processing Investment Program and $292.5 million through the Supply Management Processing Investment Fund)

Overall, the various supply management compensation measures for market access concessions under CETA, CPTPP, and USMCA amount to $4.8 billion.

Attachments:

No Attachments.

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1 All amounts are in Canadian dollars. The average exchange rate for October 2022 was 1.37 Canadian dollars for 1 U.S. dollar. The average annual exchange rate in 2021 was 1.25 Canadian dollars for 1 U.S. dollar.