

Voluntary Report – Voluntary - Public Distribution

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Report Name: Canada Revises Dairy Farmer Compensation Schedule

Country: Canada

Post: Ottawa

Report Category: Policy and Program Announcements, Agriculture in the News, Dairy and Products, Country/Regional FTA's

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Report Highlights:

Canada will accelerate payment of the remaining \$1.1 billion USD compensation for estimated losses attributable to market access ceded in Pacific rim and European trade deals over three years (rather than the previously announced seven-year period). Poultry and egg farmers will receive more than \$530 million USD compensation in the form of government investment programs over ten years for market access ceded in the same trade agreements. Anticipated compensation for market access ceded in the United States-Mexico-Canada Agreement is not included in the above totals.

The federal government [announced](#) a new, accelerated timeline for direct payments to dairy farmers as compensation for estimated losses associated with the Canada-European Union Comprehensive Economic and Trade Agreement ([CETA](#)) – implemented in late 2017 – and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ([CPTPP](#)) – implemented in late 2018.

Dairy farmer compensation for both agreements, first [announced](#) in August 2019, totaling \$1.35 billion was originally scheduled to be paid out annually over an eight-year period, with the first installment of \$265 million paid in fall 2019.¹ The revised schedule announced on November 28 compresses disbursement of the remaining \$1.1 billion into half the time as follows:

- \$360 million in fiscal year 2020-21,
- \$361 million in fiscal year 2021-22, and
- \$360 million in fiscal year 2022-23.²

According to the press release, an average farm of 80 dairy cows, “will be awarded compensation in the form of a direct payment of approximately \$38,000 CAD [\$29,231 USD] each year.” Payments are made in proportion to each farmer’s share of dairy production quota; one share of quota represents approximately one cow.

The same November 28 [announcement](#) specified \$532 million of investment programs over a ten-year period as compensation to poultry and egg farmers for CPTPP market access concessions. According to the release, “program details will be designed in consultation with sector representatives and launched as soon as possible.”

Though compensation associated with market access concessions under the United States-Mexico-Canada Agreement (USMCA) have not been announced, Canada reiterated its commitment, “to engaging the sector on full and fair compensation,” and, “to processors of supply managed products.”

Attachments:

No Attachments.

¹ All dollar values are reported in U.S. dollars using an exchange rate of \$1.3 CAD = \$1 USD, representing the daily exchange rate on November 30, 2020 as reported by the [Bank of Canada](#), unless otherwise noted.

² Canada’s fiscal year runs from April 1 through March 31 of the following year.