



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Scheduled Report - public distribution

Date: 9/8/1998

GAIN Report #CA8045

## **Canada**

### **Poultry Annual**

# **Chicken Expansion Boosts Total Poultry Meat Production to Record Levels 1998**

Prepared by:

**Norval Francis**

**U.S. Embassy**

Drafted by:

George Myles

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#### **Report Highlights:**

**Expanding Canadian chicken production is on track to post record output in 1998 and rising chicken consumption is challenging beef as the meat of preference among Canadian consumers. Western Canada's poultry and egg industry is demanding a greater share of the domestic market under the supply management system. Federal and provincial ministers of agriculture have called for revisions to the more than 20 year old agreements establishing national poultry and egg agencies. Demand for U.S. poultry and eggs in Canada remains strong. Imports of U.S. broiler hatching eggs and chicks are up sharply reflecting the Canadian broiler industry's rapid expansion.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
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## Executive Summary

Canadian poultry meat production is expected to advance 4-5 percent above the 1997 record level with higher chicken output accounting for most of the increase. Prospects for 1999 point to a further increase in total poultry meat production of about 3 percent, driven by increasing domestic demand for chicken.

The Chicken Farmers of Canada, the national association representing chicken producers, implemented a new allocation agreement for all ten provinces on June 7, 1998. It marked the first time since 1990 that all ten chicken producing provinces have been signatories to a national production allocation plan.

Canada's federal and provincial agricultural ministers have agreed to revise the federal/provincial agreements establishing national poultry and egg marketing agencies. The goal is to make the agreements more flexible and to permit the agencies to better adapt to domestic and international market conditions. The target date for implementing new agreements is December 31, 1999. The poultry and egg marketing boards in Canada's prairie provinces are expected to push for a greater share of national production allocations to exploit their low cost grain advantage and to develop value-added processing industries.

Economic slowdown and financial crisis in Asia and Russia have hurt Canadian poultry exports to those regions. Canada's major export market for chicken is Cuba and sales are growing annually to this popular winter vacation spot for Canadians.

Virtually all Canadian imports of poultry meat, eggs and egg products, and broiler hatching eggs come from the United States. U.S. access is determined by formulas set under the U.S./Canada Free Trade Agreement (now NAFTA) but imports in 1998 are expected to exceed trade agreement levels through issuances of supplementary import allocations.

Expanding broiler chicken production has resulted in strong demand for U.S. broiler hatching eggs and chicks. Imports in the first six months of 1998 are more than 40 percent above the year earlier first half level.

The Canadian Turkey Marketing Agency is scheduled to implement an aggressive national promotional campaign to increase Canadian turkey consumption. Beginning in January 1999, the radio and television campaign will attempt to persuade consumers to purchase more turkey and turkey products. The industry goal is to increase annual per capita turkey consumption by about 2.0 kg to 6.3 kg over a five year period. Any subsequent upswing in Canadian turkey consumption could provide improved marketing opportunities for U.S. ready-to-eat turkey products.

Exchange rates: Prices and values in this report are expressed in Canadian dollars. Exchange rates are 1996, C\$=US\$.7334; 1997, C\$=US\$.7223; early September 1998, C\$= approximately US\$.6500.

## 1. Total Poultry Meat

### Situation and Outlook

Boosted by increasing chicken output, total Canadian poultry production in 1998 is forecast to expand 4-5 percent beyond the record 1997 level. A small increase in fowl production is forecast for 1998 but turkey output is expected to fall modestly before rising in 1999 when Canadian turkey producers launch a \$C1.5 million promotional campaign aimed at increasing domestic consumption. Total poultry production in 1999 is projected to advance at least 3 percent above the forecast 1998 level reflecting moderate increases for both chicken and turkey. The following supply and distribution table for Canadian poultry includes chicken, fowl (stewing hen) and turkey in thousand metric tons.

PSD Table						
Country:	Canada					
Commodity:	Poultry, Meat, Total					
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1997		01/1998		01/1999
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	39	40	39	38	36	38
Production	922	916	965	955	0	986
Whole, Imports	48	50	50	61	0	66
Parts, Imports	90	78	90	83	0	85
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	138	128	140	144	0	151
TOTAL SUPPLY	1099	1084	1144	1137	36	1175
Whole, Exports	7	8	6	6	0	6
Parts, Exports	75	86	81	82	0	81
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	82	94	87	88	0	87
Human Consumption	978	952	1021	1011	0	1051
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	978	952	1021	1011	0	1051
TOTAL Use	1060	1046	1108	1099	0	1138
Ending Stocks	39	38	36	38	0	37
TOTAL DISTRIBUTION	1099	1084	1144	1137	0	1175
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Total Poultry Exports

## Eviscerated weight

Export Trade Matrix			
Country:		Units:	000 MT
Commodity:			
Time period:	Cal. Yr.		
Exports for	1997		1998
U.S.	6	U.S.	7
Others		Others	
Cuba	24		30
China	21		15
Hong Kong	15		12
Russia	11		4
Peru	3		3
South Africa	3		4
Total for Others	77		68
Others not listed	11		13
Grand Total	94		88

## Total Poultry Imports

## Eviscerated weight

Import Trade Matrix			
Country:		Units:	000 MT
Commodity:			
Time period:	Cal. Yr.		
Imports for	1997		1998
U.S.	127	U.S.	144
Others		Others	
France	1		
Total for Others	1		0
Others not listed	0		0
Grand Total	128		144

## Chicken

Responding to increased domestic demand for chicken, Canadian producers are aggressively increasing output during 1998. Total production in the first seven months of 1998 ran more nearly 4.5 percent above the comparable period last year. Despite pressure to reduce the rate of expansion in the final months of the year due to excessive stock buildup, the outlook is for year-to-year production to increase by about 5.0-5.5 percent over the 1997 record level. Prospects for 1999 point to a further expansion of at least 3.0 percent above 1998 levels reflecting chicken's strengthening competitive position in the total Canadian meat diet.

PSD Table						
Country:	Canada					
Commodity:	Plty, Meat, Chicken -16 wks					
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1997		01/1998		01/1999
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	19	19	21	20	20	22
Production	752	750	790	790	0	815
Whole, Imports	4	4	4	4	0	4
Parts, Imports	80	68	81	71	0	72
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	84	72	85	75	0	76
TOTAL SUPPLY	855	841	896	885	20	913
Whole, Exports	1	2	1	1	0	1
Parts, Exports	44	54	49	54	0	54
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	45	56	50	55	0	55
Human Consumption	789	765	826	808	0	838
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	789	765	826	808	0	838
TOTAL Use	834	821	876	863	0	893
Ending Stocks	21	20	20	22	0	20
TOTAL DISTRIBUTION	855	841	896	885	0	913
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

## Fowl

Canadian fowl (spent hen) production is expected to stabilize in the range of 26,000-27,000 metric tons through 1999 reflecting anticipated stable egg layer numbers. Canadian demand for fowl meat is primarily satisfied by imports from the United States for which import allocation permits are freely issued to Canadian importers (see Marketing Section).

Fowl: Supply & Distribution			
Units: thous. metric tons	1997	1998	1999 Fore.
Begin. Stocks	1	1	1
Production	24	26	27
Imports, whole	42	51	55
Imports, parts	8	9	10
Total Imports	50	60	65
Total Supply	75	87	93
Exports, whole	3	3	3
Exports, parts	11	10	9
Total Exports	14	13	12
Human Consumption	60	73	81
Other Use/Loss	0	0	0
Total Domest. Cons.	60	73	80
Total Use	74	86	92
Ending Stocks	1	1	1
Total Distribution	75	87	92



## Turkey

Total Canadian turkey meat production in 1998 is forecast to fall about 2 percent from a year ago reflecting the Canadian Turkey Marketing Agency's (CTMA) conservative production allocation target which was set in response to relieve the pressure of burdensome frozen turkey stocks. For 1999, a major promotional campaign planned by the CTMA is expected to result in increased demand, lower stock levels, and an increase in annual turkey meat output of about 3 percent.

PSD Table						
Country:	Canada					
Commodity:	Poultry, Meat, Turkey					
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1997		01/1998		01/1999
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	19	20	17	17	15	15
Production	142	142	145	139	0	144
Whole, Imports	4	4	3	6	0	7
Parts, Imports	2	2	2	3	0	3
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	6	6	5	9	0	10
TOTAL SUPPLY	167	168	167	165	15	169
Whole, Exports	3	3	2	2	0	2
Parts, Exports	22	21	23	18	0	18
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	25	24	25	20	0	20
Human Consumption	125	127	127	130	0	133
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	125	127	127	130	0	133
TOTAL Use	150	151	152	150	0	153
Ending Stocks	17	17	15	15	0	16
TOTAL DISTRIBUTION	167	168	167	165	0	169
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

## Consumption

Poultry meat continues to capture a growing share of total Canadian meat consumption. In 1997, combined consumption levels of poultry meats (chicken, turkey, and stewing hen) claimed 35.2 percent of the total Canadian meat diet, an increase of 6.3 percent since 1994. The increase in chicken consumption leads the way in the rising preference for poultry meat in Canada, accounting for 28.2 percent of total meat consumption in 1997. Given prospects for additional poultry meat supplies in the current year, per capita poultry meat consumption in Canada may equal or surpass the per capita disappearance of beef and veal which has traditionally been the meat of choice among Canadian consumers.

Canada	Per Capita Consumption of Meats and Poultry's Share			
Calendar Years 1994-1997				
Units: kilograms; eviscerated weight/carcass weight				
	1994	1995	1996	1997
Chicken	24.8	24.6	24.6	25.2
Stewing Hen	1.4	1.4	1.7	2.0
Turkey	4.4	4.3	4.1	4.2
Beef and Veal	32.7	32.8	32.4	32.0
Pork	28.2	27.5	27.5	25.2
Mutton and Lamb	0.8	0.8	0.8	0.7
TOTAL	92.3	91.4	89.3	89.3
Poultry Share	33.1%	33.2%	34.0%	35.2%
Chicken Share	26.9%	26.9%	27.5%	28.2%
Derived from: Statistics Canada data				

## Prices

Producer prices for chicken and turkey are established by the provincial marketing boards for various production periods throughout the year. Lower feed costs in 1998 resulted in reduced guaranteed returns for Canadian poultry producers compared to a year earlier. Chicken producers in British Columbia in mid-August 1998 received \$C1.24/kg, nearly 7.0 percent less than \$C1.34/kg at the same time last year. In Ontario and Quebec, the largest broiler producing provinces, current guaranteed returns averaging about \$C1.20 per kilogram were 6.2 percent lower than the \$C1.28 per kg received one year ago. In contrast to chicken, producer prices for turkey in August 1998 were only about 1-2 cents/kg below last years' level reflecting relatively strict production allocations set by the provincial boards.

August 15, 1998	Live Price to Producer*; \$C per kilogram		
	British Columbia	Ontario	Quebec
<b>Broiler Chicken</b>			
Less than 2.3 kg	1.24	1.18-1.35	1.18-1.22
+ 2.3 kg	1.34	1.18-1.27	1.17-1.27
<b>Turkey</b>			
5.4 -9.0 kg	1.55	149.0	142.0
Source: Agriculture & Agri-Food Canada		*as established by provincial mktg. boards	

Compared to the year earlier period, Canadian consumers enjoyed lower retail chicken prices in August 1998. Lower prices at retail and the a growing variety of chicken items on fast food menus are helping to boost overall chicken consumption. On the other hand, retail prices for turkey were stronger than a year ago despite lower prices at the producer level. Unlike their American counterparts, Canadian consumers continue to perceive turkey as a seasonal meat. The Canadian Turkey Marketing Agency is set to unveil a new marketing strategy for turkey in early 1999 in an attempt to change consumer perceptions about turkey (see Marketing Section).

August 15	Eviscerated to Consumers, Grade "A"; Cdn. cents per kg*					
	Vancouver		Toronto		Montreal	
<b>Broiler Chicken</b>	1998	1997	1998	1997	1998	1997
Less than 2.3 kg	4.43	5.02	3.68	3.94	4.37	4.19
+ 2.3 kg	5.01	na	4.20	na	4.60	na
<b>Turkey</b>						
5.4 -9.0 kg	4.71	5.11	4.26	4.20	4.70	4.33
*Weighted Prices, fresh						
Source: Agriculture & Agri-Food Canada						

## Trade

## Chicken:

According to Statistics Canada, Canadian chicken exports reached a record 56,469 metric tons (eviscerated basis) in 1997 reflecting the industry's export policy (run by the provincial boards and overseen by the Chicken Farmers of Canada) whereby processors negotiate with farmers to voluntarily produce chicken for export (outside their normal quota allocations) at a lower price than domestic market chicken. According to trade sources in Ontario, processors pay, on average, about \$C0.16/kg less for export chicken than for chicken destined for the domestic market. Total chicken exports in the first six months of 1998 slipped modestly compared to the same period a year ago. First half 1998 exports to China, Russia and Peru were significantly lower but were partially offset by increased exports to Cuba (the leading market), the United States and South Africa which were up substantially from the first six months of 1997 (see Trade Matrix). Prospects for chicken exports in the short term are for little to no change reflecting, in large part, the potential for continued weakness in Asian and Russian economies.

Export Trade Matrix			
Country:		Units:	metric tons
Commodity:			
Time period:	Cal. Yr.		
Exports for	1997		1998
U.S.	3220	U.S.	4000
Others		Others	
Cuba	16940		18500
China	14117		10000
Hong Kong	9825		10000
Russia	7000		3000
Peru	1242		750
South Africa	565		4000
Poland	5		3000
Total for Others	49694		49250
Others not listed	3555		1750
Grand Total	56469		55000

The United States is virtually the sole supplier of Canadian chicken imports. Under the FTA/NAFTA, U.S. access to Canada's chicken market is based on 7.5 percent of the previous years' Canadian production of chicken. During periods when domestic supply is tight, Canada's allows supplementary imports from the U.S. at the free NAFTA rate. Since the implementation of the FTA in January 1989, Canadian imports of chicken from the United States have generally exceeded the access level (under the trade agreement formula) due to supplementary imports. Under the WTO, Canada's applies high tariffs to over access chicken imports unless a supplementary permit is issued. For 1997, rising Canadian chicken production reduced issuances of supplementary chicken imports from the United States from prior years' levels. For 1998, the U.S. access level for chicken is approximately 57,000 metric tons. Issuances of supplementary imports are expected to increase total chicken imports from the United States to about 72,000 metric tons. Under the trade agreement formula, rising Canadian chicken production in 1998 will result in an increase to U.S. access in 1999 to about 59,000 metric tons but supplementary import allocations may propel total levels close to 75,000 metric tons.

Import Trade Matrix			
Country:		Units:	metric tons
Commodity:			
Time period:	Cal. Yr.		
Imports for	1997		1998
U.S.	71562	U.S.	75000
Others		Others	
France	1		
Total for Others	1		0
Others not listed	1		0
Grand Total	71564		75000

## Turkey:

Canadian exports of turkey meat, predominantly cuts and edible offal, have increased sharply in recent years as Canadian poultry meat exporters have developed markets for lower value frozen turkey parts surplus to the domestic market. Export destinations for Canadian turkey are similar to those for chicken, including Hong Kong, Russia, China, and South Africa. The pace of exports in the January to June period of 1998 lagged that of the corresponding period a year ago reflecting reduced demand in weak economy markets. As a result, total Canadian turkey exports in 1998 are expected to fall by about 10 percent from the 1997 level and are unlikely to improve in 1999 absent improved economic prospects in Asian and Russian economies.

Export Trade Matrix			
Country:		Units:	metric tons
Commodity:			
Time period:	Cal. Yr.		
Exports for	1997		1998
U.S.	1391	U.S.	1100
Others		Others	
Hong Kong	3300		3000
Russia	1792		1500
China	3042		1500
South Africa	2476		1000
Peru	2098		1000
Philippines	1438		900
Cuba	1415		1100
Jamaica	920		900
Barbados	590		600
Total for Others	17071		11500
Others not listed	5116		7800
Grand Total	23578		20400

## Turkey Imports

All Canadian turkey imports are from the United States. Reduced Canadian turkey output in 1998 is expected to result in stronger demand for U.S. turkey, particularly in the periods leading up to the Canadian Thanksgiving (in October) and Christmas.

Import Trade Matrix			
Country:		Units:	metric tons
Commodity:			
Time period:	Cal. Yr.		
Imports for	1997		1998
U.S.	6373	U.S.	9000
Others		Others	
Total for Others	0		0
Others not listed	0		0
Grand Total	6373		9000

## Policy

### New National Quota Allocation Agreement for Chicken

Following nearly a year of negotiations among the ten provincial marketing boards, the Chicken Farmers of Canada, the national association representing chicken producers, implemented a new allocation agreement for all ten provinces on June 7, 1998. It marked the first time since 1990 that all ten provinces have been signatories to a national production allocation plan for chicken. Under Canada's supply-management system for chicken, national production allocations are set for the roughly 7 production cycle periods that occur in a calendar year. The new agreement is highlighted by 1) the formal adoption of the bottom-up approach that has been used in recent years whereby production is driven by processors' requirements, 2) a national cap on production increases of 5 percent with flexibility for provinces to grow individually to 8 percent, 3) requires an industry wide majority to change the cap, and; 4) a provision for provinces to request special consideration (for additional production allocation) under exceptional circumstances.

### Plan to Revise Federal/Provincial Agreements

In mid-July, 1998 Canada's federal and provincial agricultural ministers agreed to begin a process to revise the federal/provincial agreements establishing national poultry and egg marketing agencies. The goal is to make the agreements more flexible and to permit the agencies to better adapt to domestic and international market conditions. Canada's chicken, turkey and egg national marketing agencies were established in the 1970s under federal legislation. A national agency for broiler hatching eggs was created in the 1980s. In recent years, provincial concerns regarding individual shares of national production allocations and province's inability to attract processor investment due to strict provincial market shares have heightened. Western Canadian politicians are anxious to expand their poultry meat industries to exploit available cheap grain supplies and to develop value-added processing industries on the Canadian prairies. They can be expected to lobby strenuously to increase their province's shares of the national production allocation pie. The new agreements are also expected to more clearly define the authority for the special "over-quota production sleeves" which are a point of controversy within the poultry and egg industries. The target for new federal/provincial agreements in Canada's poultry and egg industries is December 31, 1999. The work of developing new national agency plans will be led by the National Farm Products Council, the federal supervisory council of Canada's national farm product agencies and their provincial counterpart supervisory councils and boards.

### Turkey Agency to Launch New Promotional Campaign

The Canadian Turkey Marketing Agency (CTMA) is scheduled to implement an aggressive national promotional campaign to increase Canadian turkey consumption. Beginning in January 1999, the radio and television campaign will attempt to persuade consumers to purchase more turkey and turkey products. The industry goal is to increase annual per capita turkey consumption by about 2.0 kg to 6.3 kg over a five year period. The estimated cost of the campaign is reportedly \$C1.5 million per year for three years. According to industry reports, the cost will be shared equally between the CTMA and the Canadian Poultry and Egg Processors Council through a marketing levy of 0.5 Canadian cents per kilogram live weight.



## Marketing

### U.S. Market Access

Due to the wide wholesale price differential between U.S. and Canadian poultry meat, Canadian demand for U.S. poultry remains strong. However, U.S. access for live poultry and poultry meat to Canada is determined by market access levels agreed to under the Canada/U.S. Free Trade Agreement (now NAFTA). A complete listing of Canada's access obligations for poultry under the WTO or the FTA, is available on the Internet site of the Department of Foreign Affairs and International Trade which administers Canadian tariff rate quotas (TRQ).

The address is:

<http://www.dfait-maeci.gc.ca/~eicb/notices/SER509-e.htm>

### Health and Labeling Import Requirements

U.S. exports of fresh and processed poultry meats to Canada must comply with the health, inspection and packaging and labeling regulations for poultry detailed in Canada's Meat & Poultry Inspection Regulations. To be eligible to export poultry meat and poultry meat products to Canada, U.S. exporters must ensure that the product:

- Originates from USDA federally inspected premises.
- Is approved for export to Canada by USDA's Food Safety Inspection Service.
- Conforms to limitations on package sizes for certain processed meats.
- Meets recipe disclosure requirements for formulated products.
- Meets bilingual (English & French) and metric labeling requirements for retail products.
- Identifies country of origin on label.

Schedule II of Canada's Meat & Poultry Inspection Regulations stipulates the standard package size requirements for processed poultry products such as sausages, sliced meats and poultry wieners. The Internet site where Schedule II can be viewed is:

<http://www.cfia-acia.agr.ca/english/actsregs/meatreg/home.html>

There is no TRQ on live fowls or fowl meat (i.e., import allocations are freely issued) and the market for U.S. fowl in Canada continues to expand. Technical advances in mechanical deboning make fowl meat a practical substitute for broiler chicken in certain further processed items and have further advanced the demand for U.S. fowl meat.

### Turkey Products

Canadian consumers continue to view turkey as a seasonal meat for festive occasions at Thanksgiving and Christmas. Consequently, the market for further processed, ready-to-eat turkey products is not as advanced as in the United States. The measure of success of the Canadian Turkey Marketing Agency's upcoming promotional campaign to increase per capita turkey consumption by 50 percent over the next five years (see Policy Section) may increase future demand for U.S. turkey products in Canada (especially in the ready-to-eat category) and increase U.S. access under the NAFTA formula if the promotional campaign results in increased Canadian turkey production.

## 2. Eggs: Situation and Outlook

Canadian table egg production has increased steadily, albeit modestly, every year since 1990. A popular national advertising campaign implemented by the Canadian Egg Marketing Agency in recent years is credited with helping to stem the decline in per capita shell egg consumption. Statistics Canada reports annual per capita disappearance in 1997 at 14.9 dozen, virtually unchanged from 15.0 dozen in 1990. Increased consumption of processed eggs, which Statistics Canada includes in its per capita consumption calculation, has increased more rapidly than shell egg consumption. The outlook for 1999 is for relatively stable shell egg production and consumption and continued strong imports of hatching eggs (see Broiler Hatching Egg Section below).

PSD Table						
Country:	Canada					
Commodity:	Poultry, Eggs					
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1997		01/1998		01/1999
Layers	23	22	23	22	0	23
Beginning Stocks	75	75	70	63	55	60
Production	5875	5931	5925	6040	0	6060
Hatch Eggs, Imports	100	137	105	200	0	200
Shell Eggs, Imports	140	161	125	150	0	160
Other Imports	450	368	430	350	0	370
Intra EC Imports	0	0	0	0	0	0
TOTAL Imports	690	666	660	700	0	730
TOTAL SUPPLY	6640	6672	6655	6803	55	6850
Hatch Eggs, Exports	40	28	42	30	0	29
Shell Eggs, Exports	0	1	0	1	0	1
Other Exports	350	294	362	324	0	345
Intra EC Exports	0	0	0	0	0	0
TOTAL Exports	390	323	404	355	0	375
Hatch Eggs, Consumption	720	744	725	807	0	830
Shell Eggs, Human	4240	4240	4250	4250	0	4250
Shell Eggs, OT, Use/Loss	1220	1302	1221	1331	0	1340
Other Dom. Consumption	0	0	0	0	0	0
Total Dom. Consumption	6180	6286	6196	6388	0	6420
TOTAL Use	6570	6609	6600	6743	0	6795
Ending Stocks	70	63	55	60	0	55
TOTAL DISTRIBUTION	6640	6672	6655	6803	0	6850
Calendar Yr. Imp. from U.S.	0	368	0	700	0	730

## Egg Trade

Virtually all Canadian shell egg and egg product imports are from the United States. U.S. access is determined by the FTA/NAFTA formulas based in the following percentages of the previous year's production of shell eggs in Canada:

- 1.647 percent for shell eggs
- 0.714 percent for frozen, liquid, and further processed eggs
- 0.627 percent for powdered eggs

According to the Department of Foreign Affairs and International Trade which administers Canada's tariff rate quotas (TRQ), the 1998 TRQs are: shell eggs, 12.1 million dozen (split between table eggs and nest run for breaking purposes) and 2.2 million kilograms for egg products.

Import Trade Matrix			
Country:		Units:	million pcs.
Commodity:			
Time period:	Cal Yr.		
Imports for	1997		1998
U.S.	666	U.S.	700
Others		Others	
Total for Others	0		0
Others not listed	0		0
Grand Total	666		700

Export Trade Matrix			
Country:		Units:	million pcs.
Commodity:			
Time period:	Cal. Yr.		
Exports for	1997		1998
U.S.	162	U.S.	160
Others		Others	
Japan	61		65
Germany	29		30
Austria	19		20
Australia	13		10
Venezuela	6		1
Total for Others	128		126
Others not listed	33		69
Grand Total	323		355

## Prices

Lower feed costs in 1998 resulted in downward adjustments to guaranteed prices to producers set by the provincial egg marketing boards. The following table shows year-to-year producer price comparisons, by province, for grade A, large eggs.

Prices to Producer, Grade A, Large*		
	Aug. 2, 1997	Aug. 6, 1998
Province	\$C per dozen	\$C per dozen
Alberta	1.35	1.30
Saskatchewan	1.31	1.26
Manitoba	1.27	1.22
Quebec	1.34	1.28
New Brunswick	1.39	1.32
Nova Scotia	1.37	1.32
Prince Edward Island	1.37	1.35
Ontario	1.31	1.26
Newfoundland	1.53	1.48
British Columbia	1.38	1.34
*established by prov. boards; Source: AAFC, Market Information Br.		

## Policy

Canadian policy governing the production of egg products is complex. Under the Canadian Egg Marketing Agency's supply management system, egg producers in all provinces receive a guaranteed cost of production for all eggs produced. A producer levy on each dozen produced funds a removal program whereby eggs are diverted to the lower priced industrial market. In Manitoba, a higher share of egg production is processed and the province wants to expand egg processing facilities to take advantage of its cheap grain supplies and central location to serve export markets in Asia and in the United States. Producers in other provinces are concerned that their processing levy is funding egg processing expansion in Manitoba. Similar to the situation with chicken whereby chicken for export is produced "outside" the national production allocation, Manitoba is expected to push for a special production quota to produce eggs only for processing. The development is another reason why Canada's poultry industry wants to redesign the federal/provincial agreements governing production and provincial market shares.

## Broiler Hatching Eggs

Canadian chicken production expansion has resulted in a sharp increase in demand for imports of broiler hatching eggs and chicks from the United States. Imports during the first half of 1998 ran substantially higher than the same period a year ago and are expected remain significantly above 1997 levels for the remainder of the year. Ontario, Quebec, and British Columbia account for more than 90 percent of total Canadian imports of live broiler chicks from the United States and these provinces are joined by Alberta and Manitoba as important importers of U.S. broiler hatching eggs. U.S. access for 1998 is based on the NAFTA formula of 21.1 percent of anticipated 1998 Canadian production of broiler eggs and chicks.

Imports of Broiler Hatching Eggs from the United States		
HS = 0407.00.00.10 (1994) 0407.00.11.00 beginning 1995		
Year	'000 dozen	\$C million
1994	10,377	25.3
1995	6,169	14.7
1996	7,501	19.4
1997	9,087	23.9
Forecast 1998	13,500	35.0
Source: Statistics Canada; TIERS Post Forecast		

Imports of Live Broiler Chicks from the United States		
HS = 0105.11.90.00 (1994) 0105.11.21.00 beginning 1995		
Year	'000 chicks	\$C million
1994	11,601	5.1
1995	7,797	3.0
1996	11,210	4.3
1997	14,345	5.9
Forecast 1998	20,000	8.0
Source: Statistics Canada; TIERS Post Forecast		

### **3. Web Sites**

For additional information on Canada's poultry and egg markets including price and production statistics, visit Agriculture and Agri-Food Canada's poultry market web site at: <http://www.agr.ca/misb/aisd/poultry/>

Background information and the levels of Canadian tariff rate quotas is available on the Department of Foreign Affairs and International Trade web site at: <http://www.dfait-maeci.gc.ca/~eicb/notices/SER509-e.htm>

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