

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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Voluntary - Public

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## Canada

**Post:** Ottawa

### Supply Managed TRQ Consultation Under Way

**Report Categories:**

Trade Policy Monitoring

Dairy and Products

Poultry and Products

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**Report Highlights:**

Canada opened a public consultation on the Canadian allocation and administration of its dairy, poultry, and egg tariff rate quotas (TRQs) to further inform Canada's management of this trade channel. Stakeholders, including trading partners, have until August 31, 2019 to submit comments.

**Keywords:** Canada, CA19019, Supply Management, TRQ, Dairy, Poultry, Egg

The recent negotiation and implementation of trade agreements with major agricultural exporting nations (CETA, CPTPP and USMCA)<sup>1</sup> would push the number of tariff rate quotas (TRQs) for “supply managed” products in Canada up from the 20 TRQs established under the World Trade Organization (WTO) in 1995 to nearly 60 when USMCA enters into force. In response, Global Affairs Canada (GAC), which implements the supply managed product TRQs under Canada’s [Export and Import Permits Act](#), has opened a [consultation](#) with stakeholders to reflect on the administration of these TRQs to date and to provide input on how to best administer these TRQs going forward.

This public consultation is formatted as an online [questionnaire](#), asking stakeholders 15 questions about 24 supply managed TRQs. Please note six of the questions ask respondents to provide answers for each specific TRQ of interest, and please also note that open-ended responses are limited to 5,000 characters (a little over one page of single-spaced text).

Those unable to access the online questionnaire may contact GAC directly at:

Supply-Managed Trade Controls Division (TIC)  
Global Affairs Canada  
111 Sussex Drive  
Ottawa, ON K1A 0G2  
Email: [TRQConsultation.ConsultationCT@international.gc.ca](mailto:TRQConsultation.ConsultationCT@international.gc.ca)

FAS/Canada has attached a pdf copy of the list of questions in the GAC questionnaire.

**The deadline for submitting comments is August 31, 2019.**

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<sup>1</sup> CETA – [Canada-European Union Comprehensive Economic and Trade Agreement](#); CPTPP – [Comprehensive and Progressive Agreement for Trans-Pacific Partnership](#); USMCA – [United States-Mexico-Canada Agreement](#)



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[Import tariff rate quota online consultation questions](#)

Public consultation:

# Allocation and administration of tariff rate quotas for dairy, poultry and egg products

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## Import tariff rate quota online consultation questions

### Tariff rate quotas of interest

1. Which tariff rate quotas (TRQs) are you specifically addressing in this questionnaire?

#### Poultry

- ☐ Chicken
- ☐ Turkey
- ☐ Eggs
- ☐ Broiler hatching eggs and chicks (BHEC)

#### Dairy

- ☐ Butter
- ☐ Ice cream Powdered
- ☐ buttermilk Whey
- ☐ powder Yogurt
- ☐ Yogurt and buttermilk Cheese
- ☐ Industrial cheese
- ☐ Mozzarella/prepared cheese
- ☐ Concentrated milk
- ☐ Natural milk constituents
- ☐ Cream
- ☐ Specialty cream

- ☐ Milk powder
- ☐ Cream powder
- ☐ Skim milk powder
- ☐ Milk
- ☐ Other dairy
- ☐ Food preparations
- ☐ Milk protein substances

**Important Instructions:** For each of the remaining questions, please include a separate answer, in the form of a separate paragraph, for each TRQ that you are addressing. If your answer to a single question is the same for each TRQ of interest, please clearly indicate that this is the case.

## Required elements of TRQs

### 2. [Allocation method](#)

**For each TRQ of interest, please indicate the preferred method of allocation.**

- ☐ First come, first served
- ☐ Market share
- ☐ Equal share
- ☐ Auction
- ☐ Historical
- ☐ Hybrid

Please explain why you support this method.

### 3. [Activity requirements and thresholds](#)

**What type of activity requirements should be used to determine whether applicants are active in the dairy, poultry or egg sectors (for example, sales, investments, etc.)? Why?**

**For each TRQ of interest, should there be a required threshold of activity? If so, what should the required threshold of activity be (for example, sales, value of investment, volumes produced or processed, etc.)?**

### 4. [New entrants](#)

**Should the eligibility criteria and activity requirements for new entrants differ from the requirements for other applicants?**

- ☐ Yes
- ☐ No

Why or why not? If yes, what should the eligibility and activity requirements be?

## **5. Reserve for products in scarce supply**

**Is there a product covered under any TRQ of interest that could be considered to be in scarce supply in the Canadian market and for which there would be a desire to import?**

**Please note: scarce supply generally means a good which is deemed not available in Canada in sufficient supply to satisfy Canadian domestic demand.**

## **6. What criteria would you recommend for determining whether a production is in short supply?**

## **7. Viable shipping quantities**

**For each TRQ of interest, what is the optimal commercially viable shipping quantity of the goods you wish to import? Is there a minimum commercially viable shipment quantity, under which importing is no longer economically viable?**

## **Optional elements of TRQs**

### **8. Allocation cap**

**For each TRQ of interest, should there be a cap on the amount of quota that any one allocation holder (and related parties) may receive?**

- ☐ Yes
- ☐ No

### **9. Allocation reserves**

**For each TRQ of interest, should a portion of the allocation be reserved for certain demographic, business or industry categories (for example, Indigenous-owned businesses, women-owned businesses, small and medium—sized enterprises, etc.)?**

- ☐ Yes
- ☐ No

Why or why not?

### **10. Allocation transfers**

**Should allocation holders be allowed to transfer their quota to other allocation holders?**

- ☐ Yes
- ☐ No

Why or why not?

**Should allocation holders be able to transfer quota out to others and also obtain transfers in?**

- ☐ Yes
- ☐ No

**Should allocation holders be allowed to both transfer in and transfer out during the same TRQ year?**

- ☐ Yes
- ☐ No

**Should transferring quota to another allocation holder be considered as utilization for the purposes of the underutilization penalty?**

- ☐ Yes
- ☐ No

**Should allocation holders who transfer their allocation in consecutive TRQ years continue to be eligible for an allocation in successive years?**

- ☐ Yes
- ☐ No

**Should there be a limit to the number of years that allocation holders can transfer their quota to others and continue to be eligible for an allocation?**

- ☐ Yes
- ☐ No

#### **11. Underutilization penalty**

**For the purpose of the application of an underutilization penalty, what should be the minimum percentage of an allocation that must be used within a quota year in order for the allocation to be considered fully utilized?**

#### **12. Regional allocation**

**For each TRQ of interest, are there any Canadian regional, provincial, territorial or geographical considerations that should be taken into account for allocations?**

- ☐ Yes
- ☐ No

### 13. Auctioning TRQs

**If you were to consider auctioning as a method of allocating TRQ, would you place any restrictions on who could participate?**

☐ Yes

☐ No

**If you support any restrictions on who would participate in such an auction, what eligibility criteria should be used to qualify participants? Should an auction be limited to certain market sectors (processors, distributors, retailers)?**

### 14. Transparency / Data availability

**Taking into consideration the Government of Canada's commitment to open data and transparency, what type of information related to TRQ allocation and administration would you deem useful for your business planning and/or operations? Are there specific type of reports that are not currently publicly available on the [Global Affairs Controlled Products website](#) that you would suggest be available to Canadians? ie. the results of allocation calculations, transfer volumes, supplemental allocations, shortages, etc.**

