

Canadian  
Hatching Egg  
Producers



Les Producteurs  
d'œufs d'incubation  
du Canada

## **Brief submitted to the standing Committee on International Trade**

### **BILL C-216**

### **Act to amend the Department of Foreign Affairs, Trade and Development Act (supply management)**

**Ottawa, Ontario**  
**June 3, 2021**



## **Canadian Hatching Egg Producers and the Broiler Hatching Egg Industry**

The Canadian Hatching Egg Producers (CHEP) represent 220 producers from British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec. Under supply management, CHEP farmers produce high quality broiler hatching eggs to meet the needs of the chicken industry that contributes to a steady supply of safe, high quality and nutritious chicken to Canadian consumers and the food service industry. The stability provided by supply management also allows CHEP to invest in research in areas such as continued improvement in productivity, egg quality, bird health, bird welfare and food safety.

The Canadian hatching egg sector plays a critical role in the chicken industry. Hatching egg farmers produced more than 805 million broiler hatching eggs valued in excess of \$385 million. The broiler hatching egg industry in Canada supports over 7,700 direct and indirect jobs. These broiler hatching eggs and chicks helped supply more than 2,500 chicken farmers across Canada with day-old chicks, allowing them to meet the needs of the Canadian chicken industry.

## **Recent Trade Agreements Impact on the Canadian Hatching Egg Industry**

Canada's trade partners already have significant access to the Canadian broiler hatching egg and chick markets through existing Tariff Rate Quota (TRQ)s and this access has grown dramatically in recent years. Broiler hatching egg producers are not only impacted by the importation of hatching eggs and chicks, but also by any additional chicken imports as they also represent chickens that were not grown from Canadian produced eggs.

Under WTO/NAFTA, Canada provided 17.4% of our annual domestic market for broiler hatching eggs and 3.7% for broiler chicks. While the level of this market access remained the same under CUSMA, our sector will suffer \$30 million estimated loss in farm cash receipt over the next 16 years due to the chicken TRQ under CUSMA. Our industry will also be impacted by the CUSMA chicken TRQ despite growth in chicken production in future years.

Under the CPTPP, broiler hatching egg TRQ will provide additional access of 13.6 million broiler hatching eggs per year, while the broiler hatching egg domestic production losses due to CPTPP chicken TRQ will total approximately 31.87 million broiler hatching eggs per year following the completion of the 19-year implementation period. This translates to \$313 million estimated loss in farm cash receipts for the implementation period.

The significant level of imports provided under Canada's existing trade agreements is having an impact on broiler hatching farmers livelihood, but also on the Canadian economy. We are estimating an annual loss of 398 jobs and \$28 million in GDP contributions to the Canadian economy due to the impacts of CPTPP and CUSMA.



## **CHEP position on Bill C-216**

CHEP strongly supports Bill C-216 as it will ensure the viability and sustainability of supply management sectors by preventing future market access concessions.

Under supply management, the import control pillar is critical in our ability to properly plan production to ensure that supply continues to meet demand. Any additional market access concessions will jeopardize the ability to keep our broiler hatching egg and chick industry strong for the benefit of all Canadians. Therefore, it is crucial that for any and all future trade agreements the following be enforced in accordance with Bill C-216:

- The integrity of the Canadian broiler hatching egg and chick tariff rate quotas (TRQs) must be respected and the level of access must not exceed the current levels.
- Maintaining over-quota tariffs to ensure effective import controls is essential to the hatching egg industry. Any reduction in the over-quota tariffs would not allow the broiler hatching egg industry to predict the volume of imports and would be impossible to manage and operate the system.

## **Final Note**

Bilateral and multilateral trade agreements have always been a means of promoting our agricultural industries on the international market, particularly through greater export opportunities. As a result, CHEP has never opposed Canada entering in new trade agreement negotiation with other countries. However, we expect that these negotiations will not negatively impact our sector or the supply management system in Canada.

Canada has demonstrated in the past that it can enter into trade agreements while preserving supply management. We are confident that it will continue to do so with the entry into effect of the Bill C-216.