



Chicken Farmers of Canada

Standing Committee on Finance



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Chicken Farmers of Canada 2021 Pre-Budget Recommendations

Chicken Farmers of Canada's 2021 Pre-Budget Recommendations are focused on investment programs, which would not only spur activity and growth on farms, but in rural and urban communities as well. We have been discussing these programs with the federal government for a number of years now, as they align with the government's commitment to full and fair support for Canadian poultry and egg farmers to mitigate the losses from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). In addition, we are seeking reforms to Business Risk Management programming, specifically regarding AgriStability, to help farmers deal with potential COVID-19-related losses. Chicken Farmers of Canada is recommending the following measures to help support farmers for years to come, while generating economic activity:

- An investment program to support farmers as they invest in further improvements to their operations
- A market development fund to promote Canadian-raised chicken
- A TRQ allocation methodology that is designed to ensure minimal market distortions
- The enforcement of Canadian production standards on imports
- The resolution of two major import control loopholes: the misuse of the Duties Relief Program (DRP) and the fraudulent importation of mislabelled broiler meat declared as spent fowl
- Increase AgriStability Coverage: Enhance AgriStability coverage to an 85% payment trigger, while removing the reference margin limit.



Chicken Farmers of Canada Pre-Budget Submission to the Standing Committee on Finance

Canadian chicken farmers are proud to be raising Canada's number one meat protein, in the good times and the more challenging ones. Canada's 2,877 farmers work hard every day to ensure Canadians enjoy consistent access to fresh, local Canadian chicken, that is raised sustainably and with care. As such, Canada's chicken farmers play a significant role in the food chain and the value chain, raising high-quality chicken while contributing \$8 billion to Canada's Gross Domestic Product, and paying \$1.9 billion in taxes. The sector alone sustains 101,900 jobs across Canada, all throughout the value chain—in farming, processing, veterinary work, transportation, farm equipment and beyond. We work hard to keep food on Canadians' plates and, like every sector across the country, we want to see the Canadian economy back up and running and Canadians thriving.

Canadian chicken farmers are delivering for Canadians, and we applaud the government's efforts in delivering support and programs for Canadians as we navigate the pressures of the COVID-19 pandemic. However, the pandemic did not mean that the needs of farmers disappeared. We are calling on government to refocus their attention back to the impacts that the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has had on the Canadian chicken sector and how the market access concessions granted will directly affect each and every one of our farmers.

Through the CPTPP, the Canadian government conceded 26.7 million kilograms of new annual market access into the Canadian chicken sector, and then again gave away access to the domestic chicken market through the Canada-United States-Mexico Agreement (CUSMA) negotiations. The access granted in CPTPP and CUSMA, combined with our WTO obligations make Canada's new total market access 129.6 million kilograms, which represents 10.8% of Canadian production (2018). This access translates into annual losses of 3,100 jobs and \$240 million in contributions to the Canadian economy.



The government has repeatedly promised full and fair compensation for poultry and egg farmers throughout the past year, and yet our farmers continue to wait for an announcement to this regard. As you recall, Canada's 2,877 chicken farmers have been promised this support from government for over a year now: during the spring of 2019, Minister Bibeau promised an announcement by June; throughout the election it was promised in the Liberal Party platform; and in December, it was outlined in the new government's Speech from the Throne and in the Minister's mandate letter. Both the CPTPP and CUSMA are now in effect, yet still Canada's poultry and egg farmers wait for the delivery of this promised support.

We were pleased to see Budget 2019 include \$3.9 billion in support for farmers in the dairy, poultry and egg sectors in response to market access concessions granted through CETA and the CPTPP. This included support to help sustain the incomes of eligible dairy, poultry, and egg farmers, and the announcement of joint government and industry working groups to determine how to best mitigate these losses.

In 2019, the poultry and egg sectors participated in the Agriculture and Agri-Food working group, developing a number of recommendations that were aimed at fully and fairly supporting the sectors as a result of the CPTPP. Chicken Farmers of Canada presented the government with the following recommendations for initiatives under this funding that would help address the needs of producers who will be impacted by the increased market access while stimulating growth in the Canadian economy:

- An investment program to support producers as they invest in further improvements to their operations
- A market development fund to promote Canadian-raised chicken
- A TRQ allocation methodology that is designed to ensure minimal market distortions
- The enforcement of Canadian production standards on imports



- The resolution of two major import control loopholes undermining our sector: the misuse of the Duties Relief Program (DRP) and the fraudulent importation of mislabelled broiler meat declared as spent fowl.
 - The DRP must update its rules governing the import and re-export of chicken products by banning the substitution and marination of imported chicken cuts and reducing the allowed time to re-export from the current 4 years. Furthermore, applicants who have been barred from the Import for Re-Export Program should not be eligible to participate in the DRP, and vice versa.
 - The DNA test developed by Trent University that can distinguish between broiler meat and spent fowl must become a part of regular border control processes to ensure that chicken is no longer being fraudulently imported into Canada under the guise of mislabelled spent fowl.

While our farmers are disappointed that we have not received an announcement on these programs yet, we expect that the government will make full and fair support for the poultry and egg sectors a priority in Budget 2021.

We would also like to draw your attention to the shortcomings of the Business Risk Management (BRM) programs that have been highlighted by the COVID-19 pandemic. The unprecedented costs and lost revenue arising due to COVID-19, coupled with considerable future uncertainty, will have long-term consequences on the economics of Canada's entire agri-food sector. The agriculture and agri-food sector, which continues to be a driver of economic growth across the country, is urgently in need of updated programming to ensure better stability and flexibility in times of need. Seeing that existing BRM programming does not fully cover losses associated with the risks faced by poultry farmers due to COVID-19-related challenges, we are recommending an increase to the AgriStability Coverage to an 85% payment trigger, while removing the reference margin limit.



Next steps

Canada's 2,877 chicken farmers take pride in being able to feed millions of Canadians safe, high-quality, sustainable chicken, while also contributing to our strong economy. Our recommendations to the Standing Committee on Finance stem from the desire to keep delivering on consumers' expectations, while ensuring our farmers can continue to innovate, grow, and raise safe, high-quality chicken. We expect to see the government's continued commitment to full and fair support for the Canadian chicken sector in Budget 2021, by investing in the programs and initiatives that will benefit Canadian farmers, consumers, and families. In addition, we hope the government will consider swift reform to Business Risk Management programs to help farmers manage the pressures of the COVID-19 pandemic on their operations.