



## BC CHICKEN MARKETING BOARD UPDATE for October 2015

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### 1. Change of Over/Under sleeves for birds Raised Without Antibiotics (RWA)

The Board at its September 16, 2015 Board meeting made a motion to amend the tolerance sleeves for Raised without Antibiotic (RWA) chicken (regular broilers raised without the use of antibiotics, not including certified organic chicken) for a trial period of 6 periods commencing in A-133 and ending at the end of shipment for quota period A-138. The tolerance sleeves for both under and over production will move from 6% to 10% for the trial period.

Only those persons growing RWA chicken, which is clearly identified on the hatcheries weekly chick placement report and on the processors corresponding weekly slaughter reporting will be eligible. Failure to properly report the information in advance will result in the regular tolerance of 6% being applied.

**Please note that we no longer use the term ABF. CFIA regulations require specific withdrawal times for antibiotics, so ALL chicken is antibiotic free at the time of slaughter and when it reaches the consumer. Chicken that NEVER receives antibiotics in its life cycle should be referred to as “Raised Without Antibiotics” or RWA.**



BRITISH COLUMBIA CHICKEN MARKETING BOARD

## 2. Reappointment of Alistair Johnston

The Board is pleased to announce that BRDO has formally reappointed Mr. Alistair Johnston by OIC #530, to the Board for a 3-year term which expires Sept. 30, 2018.

## Appeals Update

Oranya II Holdings Inc. & Thomas Reid Farms have appealed the changes to specialty quota and organic production contained in the April 8, 2014 Notice to Industry Stakeholders. Thomas Reid Farms has since withdrawn from the appeal. The appeal was dismissed by BCFIRB on September 10, 2015. The issues instead went to mediation; this process has yet to reach a conclusion.

The Primary Processors Association of BC (Hallmark, Sunrise, Sofina (Lilydale) and Farm Fed) is appealing the decision of the Board to sign the MOU at Chicken Farmers of Canada respecting the Long Term Allocation Agreement. Processors in Manitoba and Saskatchewan had also filed appeals in their respective provinces which have since been withdrawn in both provinces. No hearing date has yet been scheduled.

## 4. Allocation Setting Dates

Future allocation dates will be published in monthly Board updates so that growers can be aware when the next unallocated period is being set.

The dates will assist growers in determining when to give notice to change processors, or to have discussions with processors prior to allocation setting with respect to Market Development allotments.

The last available day to give notice of changing processor and to return the completed BC99 form to the BCCMB offices is the day **BEFORE the BCCMB sets the allocation.**

<u>Period</u>	<u>BCCMB sets Allocation</u>
A-134 (November 29, 2015 – January 23, 2016)	September 2, 2015
A-135 (January 24 -- March 19, 2016)	October 14, 2015
A-136 ( March 20 -- May 14, 2016)	December 2, 2015
A-137 (May 15 – July 9, 2016)	February 2, 2016
A-138 (July 10 – September 3, 2016)	Mar 23, 2016
A-139 (September 4 – October 29, 2016)	June 1, 2016
A-140 (October 30 – December 24, 2016)	July 20, 2016
A-141 (December 25, 2016 – February 18, 2017)	September 27, 2016
A-142 (February 19 – April 15, 2017)	November 16, 2016

Mainstream Grower's Only	A-132			
	# Growers	% of Total Growers	Kgs Over/(Under)	% Of Allocation
Mainstream Growers Receiving Allotment	<b>265</b>			
<b>Growers over 110% of allotment</b>	8	3.02%	100,288	1.94%
<b>Growers over 106% of allotment</b>	28	10.57%	261,702	8.28%
Growers between 100% and 105.9% of allotment	109	41.13%	302,826	36.33%
Growers between 94% and 99.9% of allotment	93	35.09%	(348,138)	40.97%
Growers between 90% and 93.9% of allotment	25	9.43%	(306,726)	12.37%
Growers below 90% of allotment	10	3.77%	(141,159)	2.05%
<b>Growers below 94% of allotment</b>	35	13.21%	(447,885)	14.42%
Column Totals	265	100%	(231,495)	100%
<b>BC Utilization</b>			99.27%	
Growers Cycle Length	A-132			
Mainstream Growers Receiving Allotment	# Growers	% of Total Growers	Kgs Live Wt	% Of Allocation
8 Week Cycle	239	86.91%	28,585,247	91.31%
9 Week Cycle	13	4.73%	1,320,062	4.22%
10 Week Cycle	9	3.27%	415,802	1.33%
11 Week Cycle	2	0.73%	153,804	0.49%
12 Week Cycle	6	2.18%	529,676	1.69%
16 Week Cycle	6	2.18%	300,239	0.96%
Column Totals	275	100%	31,304,829	100%
Average Live Weight	A-132			
Mainstream Growers Rec'vd Allotment	# Growers	% of Total Growers	# Kgs Produced	% Of Production
1.600 kg and below	2	0.75%	51,559	0.17%
1.601 – 1.700 kg	7	2.64%	582,662	1.88%
1.701 – 1.780 kg	8	3.02%	642,897	2.07%
1.781 – 1.850 kg	10	3.77%	1,170,401	3.77%
1.851 – 1.950 kg	22	8.30%	3,067,359	9.87%
1.951 – 2.020 kg	22	8.30%	2,544,740	8.19%
2.021 – 2.100 kg	25	9.43%	2,629,194	8.46%
2.101 – 2.170 kg	24	9.06%	3,703,751	11.92%
2.171 – 2.250 kg	45	16.98%	6,542,724	21.06%
2.251 – 2.500 kg	82	30.94%	9,149,463	29.44%
2.501 – 2.730 kg	15	5.66%	854,955	2.75%
2.731 – 3.180 kg	3	1.13%	133,629	0.43%
3.181 kg and above	0	0.00%	-	0.00%
Column Totals	265	100.00%	31,073,334	100.00%

## **5. Live Pricing for Quota Period A-133 (October 4 – November 28, 2015)**

### **Mainstream:**

The live price in BC for period A-133 (marketing's from October 4 to November 28, 2015 inclusive) has been set by the Board at **\$1.6297** per kilogram live weight. This represents an increase of **\$0.0347** from the previous period.

The Board notes that the PPAC came to a unanimous agreement **to extend for one period** (A-133) the existing differential at 4.85 cents and the caveats from the previous multi period pricing agreement.

### **Linkage:**

The price linkage calculations done by Serecon for period **A-133** reflect the live chicken price of **\$1.6297** per kilogram live weight. The calculations indicate that cost recovery parity of **96.64%** and a return on assets (minus quota) of **5.20%** will be achieved at the following prices:

Live Chicken @ \$1.6297 per kilogram	up \$0.0347	per kilogram
Hatching Eggs @ \$5.1758 per dozen	up \$0.1359	per dozen
Day-Old Broiler Chicks @ \$0.7283 per chick	down \$0.0141	per chick

### **Organic:**

The PPAC met on October 1, 2015 to discuss the updated COP information as provided by Serecon with the knowledge that the Board effective with this period will set the live price each period for certified organic chicken at 100% of the Serecon cost of production formula. This will be the case in subsequent periods unless varied by an exceptional circumstance request as per Schedule 2 Section 7 Variation for Exceptional Circumstances of the August 26, 2011 BCCMB General Orders.

The Board met by conference call on October 2, 2015 and voted to set the certified organic price for period A-133 at **\$4.19 per kilogram live weight** which represents 100% of the cost of production for the period. It is an increase over the previous period of 10 cents/kg live weight.

The PPAC did not trigger exceptional circumstances as per Schedule 2.

The Board may consider an alternate pricing arrangement for certified organic chicken going forward pending a recommendation from the PPAC who have been tasked to discuss this issue at the committee level.

### **Specialty Chicken:**

At its meeting on October 1, 2015 the SMAC reviewed the Serecon updated information received on September 25, 2015 respecting specialty pricing for quota periods A-133 and A-134.

### **Taiwanese:**

The following prices have been set by the Board for Taiwanese chicken for quota period A-133 at:

- TC's up to **82** days of age: **\$2.7078** per kg (a decrease from the previous period of 5.97 cents).
- TC's **83 to 110** days of age: **\$2.9231** per kg (a decrease from the previous period of 5.91 cents).
- TC's **over 110** days of age: **\$3.1198** per kg. (a decrease from the previous period of 6.08 cents).

### **Silkie:**

The following prices have been set by the Board for Silkie chicken for quota period A-133 in consultation with the SMAC which is the same price as the previous period.

- Silkie Chicken: **\$4.03** per kilogram.

This represents a decrease of 5 cents from the previous period.

### **6. Trans Pacific Partnership (TPP) (from CFC Memo of October 7, 2015)**

On October 5, 2015, the conclusion of the TPP agreement was announced. The deal reached by Trade Ministers will now have to be ratified by member countries before its implementation, which is expected for January 1, 2017 at the earliest.

The Canadian Government announcement contained three main components: market access outcomes; anti-circumvention measures and transition programs.

#### **Market Access Outcomes**

The in-quota tariff will be reduced to 0% at implementation. There will be no reduction to over-quota tariffs.

The 23,500,000 kg TRQ will be implemented in 6 equal increments of 3,917,000 kgs over 5 years. The TRQ will then grow by 1% annually over 13 years, reaching 26,480,000 kg after 18 years. After 18 years, the TPP TRQ will remain at 26,480,000 kg.

The 2.1% access presented in the press release reflects the share of 23,500,000 kg over expected 2016 production. It is important to note that TPP TRQ is not based on a percentage of production, but is a fixed volume growing over the 18 year implementation period. The implementation period is expected to start on January 1, 2017 at the earliest.

Up to 10% of TPP TRQ may be allocated in priority for the importation of goods in scarce supply. This concept aims at reducing the need for supplementary imports above the TRQ. Other than the reference to the 10% portion for goods in scarce supply, the allocation of TPP TRQ is to be defined by the Canadian government.

The market access concession represents a significant volume, especially considering that we already provide 7.5% of our production as access under NAFTA and WTO agreements. When combining all access, the chicken industry will face imports representing approximately 9.6% of our production. This significant volume of access creates greater risk for the wholesale price stability. On the positive side, the maintenance of the over-quota tariffs at their current levels is crucial to the stability of the industry.

#### **Anti-Circumvention Measures:**

The measures are:

- The exclusion of supply-managed products from the Duty Relief Program (DRP).
- The mandatory certification of spent fowl imports
- Preventing importers from circumventing import quotas by adding sauce packets to chicken products.

These measures reflect some of the import control improvements CFC has been requesting for approximately 5 years.

#### **Transition Programs:**

There are 4 transition programs:

- Income Guarantee Program
  - Provide 100% income protection for 10 years continuing on a tapered basis for an additional 5 years for a total of 15 years. \$2.4 billion is available for all supply-managed commodities. An average chicken farmer can expect to receive approximately \$84,000 over 15 years.
- Quota Value Program
  - Will guarantee producers against reduction in quota value when the quota is sold for 10 years. \$1.5 billion is available for this program for all supply-managed sectors.
- Processors Modernization Program
  - Program to increase competitiveness through capital investments and technical and management capacity. This program will be phased in

during the fiscal year 2015/16 and be in place for 7 years. \$450 million is available for this program for all supply-managed sectors.

- Market Development Initiative Program
  - Program of \$15 million over 5 years for all supply-managed sectors to develop and expand their Canadian and International market share.

Based on the information received to date, the Income Guarantee Program aims to provide transition funds for the production displaced by the additional imports provided under the TPP agreement. Approximately \$225 million should be provided to chicken farmers over 15 years. The payments will gradually increase in the first 5 years to reflect the 6 equal increments of the new TPP access. Then it will grow by 1% per year for 5 years, before being tapered down during the remaining 5 years.

The Quota Value Guarantee Program will be based on 2015 value and effective over 10 years. It will be implemented at the same time as the TPP agreement. AAFC will collaborate with FPCC to develop this program. This program was described as a measure to reduce the anxiety created by TPP trade talks. Our impression is that the government does not expect significant disbursements to take place from this program.

## **7. Industry Survey**

Towards the end of October, all BC licensed chicken growers, hatcheries and processors should receive an email from the BC Council of Marketing Boards (COMB) with a link to an on-line industry survey. This survey helps us quantify your satisfaction and respond to your expectations in terms of our services. You may recall we did the first survey last year, and the results were carefully examined and considered by the board in our ongoing activities. Please be assured your responses are kept strictly confidential by COMB.

**All participants who take the time to complete the survey by the November deadline will be entered into a draw for a prize that has yet to be determined but is guaranteed to be awesome!**

## **8. A-135 & A-136 Allocation**

The total national allocation (including MD and specialty) for period A-135 (January 24 – March 19, 2016) & A-136 (March 20 – May 14, 2016) was set by the CFC Board of Directors on October 15, 2015. **The A-135 allocation** was set at 237,605,448 kilograms live weight. This represents 5.0% above the adjusted base for the period. 5.0% over base is very close to 5% more than actual production during the same time frame during 2014 nationally. Market Development at 8,509,598 kilograms live weight represents 3.74% of the national domestic allocation. Specialty allocation was requested by three provinces (BC, AB and ON) for a total of 1,820,372 kilograms live weight.

BC's share of the **A-135 allocation** is:

Domestic	32,389,939 kilograms live weight.
Market Development	1,833,599 kilograms live weight.
Specialty	865,672 kilograms live weight.
<b>Total</b>	<b>35,089,210 kilograms live weight.</b>

- MD represents 5.66% compared to BC's domestic allocation for the period.
- Specialty represents 2.67% compared to BC's domestic allocation for the period.
- Domestic allotments to BC growers will be 103.85% pro rata.
- 5.0% over base yields 3.9% to BC under the current allocation agreement.

**The A-136 allocation** was set at 233,178,183 kilograms live weight. This represents 5.0% above the adjusted base for the period. 5.0% over base is very close to 5% more than actual production during the same time frame during 2014 nationally. Market Development at 9,236,758 kilograms live weight represents 3.96% of the national domestic allocation. Specialty allocation was requested by three provinces (BC, AB and ON) for a total of 1,751,261 kilograms live weight.

BC's share of the **A-136 allocation** is:

Domestic	33,201,392 kilograms live weight.
Market Development	1,833,599 kilograms live weight.
Specialty	828,811 kilograms live weight.
<b>Total</b>	<b>35,863,802 kilograms live weight.</b>

The allocation for A-136 will be done end of November.

*The British Columbia Chicken Marketing Board monthly update is published by BCCMB staff and forwarded by e-mail and fax to all growers and a number of industry stakeholders on our contact list. Should you have any questions or suggestions regarding the content of any monthly update, please contact me directly at: Phone 604-859-2868 or E-mail to [billvanderspek@bcchicken.ca](mailto:billvanderspek@bcchicken.ca)*

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