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### *Farm Production*

The poultry sector is supply managed at the producer level through the egg, chicken, turkey, and broiler hatching egg marketing agencies. In 1986, at the farm level, there were 1,814 licensed quota holders for table eggs; for chickens, 2,385 quota holders; for turkeys, 618 quota holders; and for hatching eggs, 350 quota holders.

In 1986, Canadian production totalled 584.2 million kilograms of poultry meat and 491.5 million dozen eggs with a total farmgate value of \$1.4 billion. The added values for the processing and retailing industries were \$536.3 million and \$628.8 million, respectively. The estimated retail value of Canada's poultry products was \$2.41 billion.

Ontario and Quebec dominate in the production of turkeys, eggs and chickens, having 66.1 per cent of the turkey population, 45.6 per cent of the layer population and 65 per cent of the chicken population. Canadian exports of eggs and poultry products to the United States are very small, with the exception of turkey hatching eggs and day-old chicks.

### *Assessment*

#### *Specific Elements Affecting Poultry and Eggs*

The Agreement provides for a one-time change in global quotas to reflect the average levels of imports over the last five years.

#### *Effect of Tariff Removal*

Most Favoured Nation tariffs in effect are noted in Table 4.9.

### *Eggs*

Gradual removal of the 3.5¢/doz tariff will not be reflected in producer prices. Importers will, in 10 years' time, be able to buy U.S. shell eggs at 3.5¢/doz cheaper, which could increase the profitability of importing or be passed on to consumers in the form of retail specials in local markets.

As the tariff on eggs is gradually reduced, the Canadian Egg Marketing Agency (CEMA) will be obliged to absorb greater costs of surplus removal.

Industry will have to address access by secondary processors to egg-product inputs at prices that allow them to remain competitive with tariff-free U.S. imports of their products. Since Canadian prices are tied by a formula to U.S. prices, and the formula includes the tariff of 3.5¢/doz, Canadian breaker egg prices should fall as the tariff is removed. Imports of processed egg products (liquid, frozen and dried) will continue to be under quota, but tariffs of 15 to 20 per cent will be removed over 10 years. Some modifications could be made in the pricing formula for breaker eggs to reflect more accurately the landed value of U.S. eggs.

Under the Agreement, the United States will have improved access to Canadian surplus eggs. Thus, in 10 years, CEMA will receive bids 3.5¢ higher than under its bid tender for export program, to the benefit of producers.