

BACKGROUNDER

CANADIAN IMPORT QUOTAS FOR AGRICULTURAL PRODUCTS: HOW THE SYSTEM WORKS

- The Government of Canada has authority to control the import or export of designated products and technologies under the Export and Import Permits Act (EIPA).
- Under Section 5 of the EIPA, the Governor in Council has the authority to establish an Import Control List (ICL), an Export Control List and an Area Control List. Products may be added to the ICL for a number of reasons, including measures taken in support of agricultural supply management programs, such as exist for the dairy, poultry and egg industries.
- Canadian production of these commodities is managed through quota systems administered by national agencies, established for poultry and eggs under the Farm Products Marketing Agencies Act and for dairy by the Canadian Dairy Commission.
- There are quantitative import restrictions on a range of products, including dairy products, chickens, turkeys, eggs, cheese, ice cream, yoghurt, broiler hatching eggs and chicks. Each product has a global import quota, which establishes a limit to the amount of imports that may enter Canada. Global import quotas are determined in different ways; for example, for cheese it is fixed at 20.4 million kilograms, while for chicken it is 7.5 per cent of domestic production.
- Each year, domestic firms are allocated shares of the global import quota. Currently, various methods are used to allocate shares of the import quota, including shares to traditional importers according to their imports before quotas were established; to hatcheries or egg grading stations based on their share of the domestic market; to processors making chicken or turkey items not subject to import controls by setting aside a share of the quota for them; or to new importers by allocating equal shares to them of parts of the chicken or turkey global import quota.
- In August 1991, the government asked the Canadian International Trade Tribunal (CITT) to hold an inquiry into the best method of allocating quotas on agricultural products. This study was also recommended by the Poultry and Dairy Task Forces as a result of extensive public consultations under the National Agri-Food Policy Review. The CITT study has now been tabled in the House of Commons.