In addition to basic production efficiency, there is also the question of financing. Producers who have recently purchased quota through debt financing would, if border controls were lifted suddenly, be faced with servicing that debt without the income flow anticipated to meet interest payments, and a number of them could be placed in considerable financial difficulty or even bankruptcy.

Three other facts should be taken into account in assessing the dimensions of this possible financial difficulty. First, few farmers have purchased all of their quota holdings recently. Many have received quotas from their marketing board without charge, in the form of both initial allocations and increments to the base quota as consumption has increased, and quota purchasers typically time their purchases over a number of years.

Second, farmers treat a quota investment as a very risky undertaking. Its purchase entails a risk that marketing board or government policy will change to reduce the income stream which the quota allows. The possibility of trade liberalization is one example of this risk. As a result, rents from the quota are heavily discounted by purchasers, to the extent that purchasers on average require the investment to pay for itself in three to four years. Because the average buyer pays for his quota purchase this quickly, the potential financial difficulties to recent buyers can be minimized or avoided by incorporating in the negotiations an appropriate adjustment period to free trade.[14]

Third, current Canadian tax provisions provide capital-cost allowances for purchased quotas. If border controls for poultry and eggs were removed, the resulting loss of quota value would be a capital loss, one-half of which would be tax deductible.

In sum, analysis of the Canadian poultry and egg industry provides important evidence that producers in this sector could be competitive with