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### *Chicken and Turkey*

There should be no impact on domestic prices. The problem that has emerged, given that the supply managed industry in Canada pays producers by a cost of production formula, is that the secondary food processors want competitively priced chicken and turkey. The percentage of production used in products not on the import control list is estimated to be only in the two per cent range.

Both producers and processors will want to continue to supply the market for further processed products. The U.S. food processing industry for products containing poultry (e.g., chicken Kiev, chicken TV dinners, turkey cordon bleu, etc.) is highly competitive. Consultations between the Minister of Agriculture and industry groups have begun to ensure that a solution is found so that duty-free access to the Canadian market does not significantly reduce the market share of Canadian producers and further poultry processors.

### *Day-Old Chicks and Hatching Eggs*

The general removal of a 2¢ tariff on day-old broilers could have an impact on the two-way movement of day-old chicks. Both Canadian and U.S. hatcheries close to the border should benefit. Tariff removal makes this a more attractive venture; however, with a gradual tariff elimination there will be little apparent effect.

Hatching eggs could be imported at 3.5¢/doz less than at present. However, there will be no impact on domestic prices with the gradual removal of the tariff.

### *Effect of Import Quota Increases*

#### *Eggs*

No changes will occur in domestic prices for table eggs, although production growth will be reduced by 1.3 per cent to accommodate the change in global import quotas. For processed eggs, the quota change will provide slightly lower priced products to importers and improve the price competitiveness of egg products.

#### *Chicken and Turkey*

The quota change will have no impact on domestic prices. Growth in domestic production will be reduced by one to two per cent annually relative to consumption in the first year or two of the Agreement. However, an anticipated average growth in demand of four to five per cent each year will still allow for increases in annual production.

#### *Export Possibilities*

Possibilities exist now for exports of day-old broiler chicks to the United States. The removal of the U.S. tariff will improve the export position of those companies able to penetrate this market with superior products. Canadian firms can fill market niches in New England and the northern states.

The competitive position of egg processors will be improved by removal of tariffs. Exports will increase slightly, but the quantities will not be significant.