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Profile of
The Canadian Turkey Industry
2007



Agriculture and
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Canada 

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1. Introduction

1.1 Supply Management

Over the years, the Canadian turkey industry evolved through changing political landscapes and economic conditions. In order to understand the evolution of the Canadian turkey industry it is important to place it into its historical context. Since 1974, the Canadian turkey industry has operated under a supply management system. This supply management system had its origin in the establishment of the Canadian Turkey Marketing Agency (CTMA) which was created in 1974 under the *Farm Products Agencies Act*. The CTMA is the national agency that monitors and assures that Canadian turkey producers supply a sufficient quantity of product to ensure that the domestic market meets Canadian consumer demand.

Some could argue that the first principles of supply management are rooted in the *British North America Act* (BNA) of 1867. The BNA set out provincial and federal jurisdictions giving provincial governments the authority over production and marketing of goods and services within their own boundaries, and the federal government jurisdiction over inter-provincial and international trade. Others claim that the roots of the system are an extension of the various provincial marketing boards that have been part of Canadian farming since 1927, when the first marketing board was introduced in British Columbia for tree fruits. For provinces, strengthening the bargaining power of farmers became a priority after the Great Depression beginning with British Columbia in 1936, where all provincial governments passed legislation enabling marketing boards on a local and provincial basis.

Another view on the origins of supply management deems the establishment of the *Agricultural Products Marketing Act* (AMPA) in 1949 as the starting point of supply management in Canada. The AMPA provided the federal Minister of Agriculture with the ability to delegate federal powers to regulate inter-provincial and export trade to provincial agricultural marketing boards, provided they have the same powers provincially to regulate intra-provincial trade. However, the board's jurisdictions were limited at the provincial border. Without inter-provincial and international controls, farm products crossed from province to province, undermining a provincial board's effort to control supply. This became apparent in the 1960s, when various provinces started restricting each others products in order to protect their own producers from a market that would frequently enter into a position of overproduction, which in turn, would trigger a sharp decline in producer prices. The climate of provincial confrontation culminated in the so called 'Chicken and Egg War' of 1971, in which various provinces, especially Ontario and Québec, used their legislation to retaliate against each other's products. The *National Farm Products Marketing Agencies Act* arose from this situation and provided an essential structure at the federal level to harmonize existing provincial plans.

Supply management is a marketing system that regulates domestic production and imports to ensure that the supply of a product matches its demand and that the prices paid to agricultural producers are steady over time and provide the producers with fair returns. Processors and consumers are guaranteed a consistent and sufficient supply of top-quality products at reasonable prices. Provincial marketing boards balance the supply and demand of each supply-managed commodity in each province. The supply of a commodity is regulated using a quota system. Thus regulated turkey producers must hold quota in order to ship their product to the market. When the system was put in place, quota was given to producers who were in the business at that time.

In addition to provincial marketing boards, the national organization (CTMA) is charged with administering the supply management system and to provide price and supply stability by gearing production towards market needs.

In order for a supply management system to be sustainable three pillars are required: import control, production discipline and stable producer pricing. To maintain the stability of supply in Canada, the supply management model limits imported products to ensure Canadian market requirements are primarily met by Canadian production. The volume of the commodities imported into Canada is limited by tariff rate quotas (TRQ)¹, under which high tariffs are applied on imports above a specific level of access to the national market. Secondly, a control of supply is required and producers chose to work within a quota system, where each producer supplies a given share of the Canadian market. Every year, quotas are readjusted to take into consideration population growth and consumption trends in order to ensure that the turkey products are produced in sufficient quantities and do not lead to surpluses. Finally, the system contains mechanisms that provide producers with a stable price for the product. Provincial commodity boards negotiate their selling price with processors based on a cost of production formula.

1.2 Legislative Framework

The following sections will discuss the federal legislative framework with regards to the evolution of supply management in Canada. This section will also examine the key institutions that were developed as a result of the federal framework that work together to allow supply side management to remain effective to this day.

1.2.1 The Evolution of the Farm Products Marketing Agencies Act (FPMAA)

The *Farm Products Marketing Agencies Act* (FPMAA) was enacted in 1972 to establish the National Farm Products Marketing Council and to authorize the creation of national farm products marketing agencies. In 1993, Parliament gave the Council an additional role of supervising any national promotion and research agencies established under the Act. As well, the name of the Act changed from the *Farm Products Marketing Agencies Act* (FPMAA) to the contemporary *Farm Products Agencies Act* (FPAA) while also transforming the National Farm Products Marketing Council into the present-day National Farm Products Council (NFPC).

The marketing agencies mandated in the Act are assigned authority to implement and administer national marketing plans, allocate quota and market share and generate revenue through levies. The NFPC was charged with overseeing these agencies and administering the FPAA.

¹ A tariff rate quota is a trade policy tool used to protect a domestically-produced commodity or product by providing a market access to imports through two tier tariffs

1.2.2 *National Farm Products Council (NFPC)*

The NFPC supervises the operations of national marketing agencies to ensure each one accomplishes what its mandate: promote a strong, efficient, and competitive production and marketing industry, and operate in the interests of producers and consumers. The NFPC also advises the Minister of Agriculture and Agri-Food on all aspects of the marketing agencies including their creation and operation, and it promotes an efficient and competitive agriculture industry.

The marketing agencies manage the supply of Canadian chicken, turkey, eggs, and broiler-hatching eggs. They implement and administer marketing plans, allocate production quotas, and generate their revenues through levies.

The NFPC will also supervise any other national marketing agency or promotion and research agency established under the *Farm Products Agencies Act (FPAA)*.

1.2.3 *Canadian Turkey Marketing Agency (CTMA)*

The Canadian Turkey Marketing Agency (CTMA) is the national agency that represents turkey farmers and has the authority to regulate turkey production in Canada under a system of supply management. The CTMA was formed in 1974 under the *Farm Products Marketing Agencies Act (1972)*. Under this system, production is managed using production quota to ensure that the production meets the demands of the Canadian market.

CTMA's board of directors includes producer representatives from each of the eight signatory provincial commodity boards², two representatives from the Canadian Poultry and Egg Processors Council (CPEPC), and one from the Further Poultry Processors Association of Canada (FPPAC).

The board of directors determine the required level of production to meet the needs of the market. It is the responsibility of CTMA to then determine the national allocation and distribute the production to the provinces. Provincial boards in turn allocate production quota to registered producers. Each year, the provincial boards sign a "Promotion Agreement" under which they agree to pay the Agency liquidated damages for any overproduction and to accept a reduction in their quota allotment for the following year, equal to the amount of overproduction.

The CTMA is funded by levies, which are paid by the turkey producers and are assessed on each kilogram of live weight turkey marketed. The levies are collected at the point of processing.

1.2.4 *Export and Import Permits Act*

In Canada, the Export and Import Controls Bureau of the Department of Foreign Affairs and International Trade is responsible for administering the Export and Import Permits Act (EIPA) that provides to the Governor in Council the powers to regulate the importation and exportation of

² Newfoundland and Prince Edward Island are not members of the CTMA.

designated products. This is an important piece of legislation for commodities under supply management as it provides import control, one of the main three pillars of supply management. The EIPA provides that the Governor-in-Council may establish lists known as: the *Import Control List* (ICL), the *Export Control List* (ECL), and the *Area Control List* (ACL). With regards to agricultural products under supply management such as poultry and eggs products the ICL portions of the act and regulations are the most pertinent. In order to import products under the ICL, permits are required for the importation of goods. The ICL is presented in Annex A.

1.3 International Trade Agreements

The International trading environment changed drastically in the 1980's and 1990's. The implementation of the Canada-US Free Trade Agreement (FTA), the North America Free Trade Agreement (NAFTA) and the outcome of the Uruguay Round negotiations that led to the creation of the World Trade Organization (WTO) not only influence the world economy but it also generated changes to the Canadian supply management policy. This section provides a quick overview of these important international agreements and some implication on supply management.

1.3.1. Canada-United States Free Trade Agreement (FTA) and North American Free Trade Agreement (NAFTA)

The Canadian/United States Free Trade Agreement (FTA) was signed in 1988 and implemented in 1989. Under the FTA all tariffs were to be phased out over a 10-year-period, from 1988 to 1998. The objective was to create a Canadian/U.S. free trade area so trade between the two countries would be uninhibited by border measures with the exception of certain commodities such as Canadian dairy and poultry products that had previously been protected by Article XI of the General Agreement on Tariffs (GATT).

The FTA agreement was expanded to include Mexico in 1994 which led to creation of the North American Free Trade Agreement (NAFTA). The NAFTA called for immediately eliminating duties on half of all U.S. goods exported to Mexico and gradually phasing out other tariffs over a period of 14 years. NAFTA did not affect the phasing-out of tariffs agreed in the FTA which was completed January 1, 1998³. NAFTA removed restrictions on many categories of products, protected intellectual property rights and favored investment. Supplemental agreements were added later to NAFTA to include provisions regarding workers and the environment.

Regarding agriculture, it has been a controversial topic within NAFTA, as it has been with previous agreements. Agriculture is the only section of the agreement that was not negotiated trilaterally. Three separate agreements were signed for agriculture in which Canada negotiated bilateral agreements with the U.S. and Mexico to preserve border controls for its supply managed commodities. In the U.S., tariffs remain in place for certain products such as sugar, dairy, peanuts and cotton. On January 1 2003, the final tariff reduction between Canada and Mexico was completed.

For turkey, the Canadian market access level provided to Canadian importers is the higher limit between the levels negotiated under NAFTA or the WTO Uruguay Round Agreement.

³ The phasing-out of FTA tariffs was completed on January 1, 1998. Some tariffs remain in place for certain products in Canada's supply-managed sector (e.g. eggs, dairy and poultry products).

1.3.2. The General Agreement on Tariffs and Trade (GATT), the Uruguay Round and the World Trade Organization (WTO)

The history of the General Agreement on Tariffs and Trade (GATT) begins in 1948 as part of a larger plan for economic recovery after World War II. The countries highly involved in world trade signed an agreement known as the GATT that was developed through a series of eight trade negotiations or rounds (Geneva 1947 to the Uruguay Round in 1986-1994). The GATT's main purpose was to reduce barriers to international trade. This was achieved through the reduction of tariff barriers, quantitative restrictions and subsidies on trade through the various agreements or trade rounds. Early GATT rounds provided special treatment for agriculture that virtually absolved agriculture from most disciplines applied to industrial trade. It is only during the Uruguay Round that agriculture as been fully integrated into the international trading system.

The Uruguay Round of negotiations under the GATT commenced in September 1986 and was finalized in December 1993. The intent of the trade round was to expand the competence of the GATT to new areas such as services, capital, intellectual property, and agriculture. The affirmation of the Uruguay Round in December led to the "Marrakesh Declaration" of April 15, 1994 which confirmed that the results of the Uruguay Round would "strengthen the world economy and lead to more trade, investment, employment, and income growth throughout the world"⁴. On January 1, 1995 the GATT made its official transformation into a formal international body known as the World Trade Organization (WTO).

Under the terms of the Uruguay Round, quotas on agricultural imports had to be converted into TRQ's (tariff equivalents) by 1 July 1995 and tariffs reduced over a six-year period commencing in 1995 by a minimum rate of 15% per product. Overall, tariffs on agricultural goods, including tariff equivalents, had to be decreased by 36% over the six years. To fulfill its obligations under the GATT/WTO agreement, the Canadian government replaced its system of import quotas for poultry, eggs and dairy products with tariff rate quotas (TRQ's).

Also it was agreed by WTO members that the minimum access within a TRQ would increase from 3 percent of domestic consumption to 5 percent over the implementation period. Currently, under the WTO agreement, Canada has allowed for an access level of 5.6 million kilograms of turkey (eviscerated weight). Under NAFTA, figures for market access of 3.5% of previous year's turkey production (approximately 5,418,980 kg) amount to less than WTO commitments, therefore WTO TRQ levels take precedent.

Other areas where there were significant results in the Uruguay Round negotiations in agriculture were: domestic support, export subsidies, sanitary and phyto-sanitary measures, biotechnology and improvement in WTO dispute settlement process.

In 2000, new trade talks started at the WTO. These talks have now been incorporated into a broader work program, the Doha Development Agenda (DDA) launched at the fourth Ministerial Conference in Doha, Qatar, in November 2001. Discussions toward a new WTO agreement are still ongoing.

⁴ http://www.wto.org/gatt_docs/English/SULPDF/92150207.pdf

2. World Turkey Production and Trade

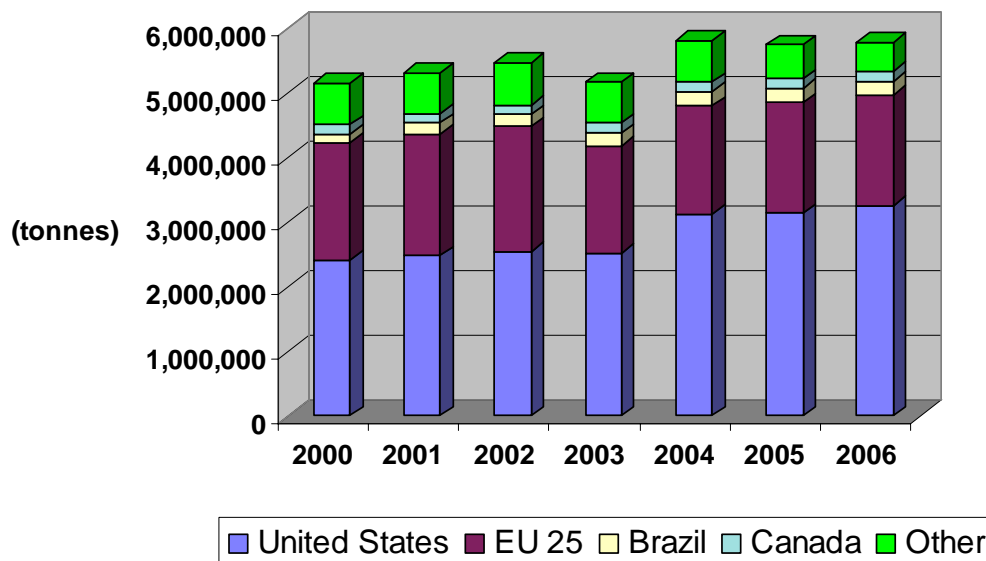
2.1 International Turkey Production

According to the United Nations Food and Agriculture Organization (FAO), world turkey meat production was an estimated 5,797,748 tonnes in 2006, up 0.53% from the previous year. It is interesting to note that global turkey production has been growing steadily worldwide since the mid 1980s. From 1986 to 2006, 115.4% growth in world turkey production was recorded: this increase is attributable to a number of factors including surging production in emerging markets such as Brazil, and greater demand in Western countries for high-protein, low-carbohydrate products. For example, over the same period all major producing countries or emerging countries increased their production. Most importantly, Brazil (+461%) increased their production the most followed by Germany (+419%), United States (+128%) and the EU-25 (+91%). Canada's production, which is geared to meet Canadian demand, increased by 55% during this same 20 year period.

In regional terms, most turkey meat is produced in North America (59.5%), followed by Europe (29.7%) and South and Central America (6.1%).

Currently, the leading turkey-producing countries are the United States, the EU-25, Brazil and Canada. In 2006, these four countries, or groups of countries, accounted for approximately 92.3% of world turkey production, as shown in Figure 1 below. Canada is the fourth-largest turkey-producing country in 2006 with 162,575 M kg representing 3% of the world's production. Table 1 presents the leading producing countries.

Figure 1 – World Turkey Meat Production



Source: United Nations Food and Agriculture Organization (FAO).

According to the United Nations Food and Agriculture Organization (FAO), Canada ranked 7th (with 162.6 million kg) among the world's turkey-producing countries in 2006. Internationally, the United States and the EU-25 are by far the largest turkey-producing countries, accounting for approximately 81% of world production in 2006.

Table 1 – The 10 Leading Turkey Producers
(tonnes – eviscerated)

	2000	2001	2002	2003	2004	2005	2006
United States	2,419,000	2,490,000	2,557,000	2,529,000	3,128,000	3,151,000	3,259,700
EU-25	1,814,810	1,884,233	1,939,563	1,659,734	1,685,043	1,708,750	1,715,828
France	738,000	746,700	695,300	634,000	624,400	535,988	501,127
Germany	295,500	339,000	365,000	361,500	390,741	384,765	375,996
Italy	327,000	341,200	440,000	265,017	279,355	299,844	273,816
United Kingdom	255,000	254,000	237,906	228,602	227,939	206,031	206,031
Brazil	137,000	165,000	182,000	200,000	220,000	215,190	215,190
Canada	152,594	149,493	146,410	148,661	145,004	155,419	162,575
Israel	137,429	125,219	125,000	113,000	115,000	113,349	105,000
Chile	63,035	66,907	66,676	69,782	82,284	86,962	90,399
Argentina	34,680	34,680	34,935	35,193	33,559	32,739	32,739
Tunisia	25,750	26,750	24,500	25,000	28,323	30,347	30,347
Morocco	17,000	17,000	17,000	17,000	17,500	38,000	30,000
Australia	25,225	25,926	26,629	27,327	28,025	28,722	28,722
Top 10 TOTAL	5,162,972	5,317,511	5,476,318	5,179,241	5,822,115	5,755,388	5,797,742

Source: FAO.

2.2 International Trade in Turkey

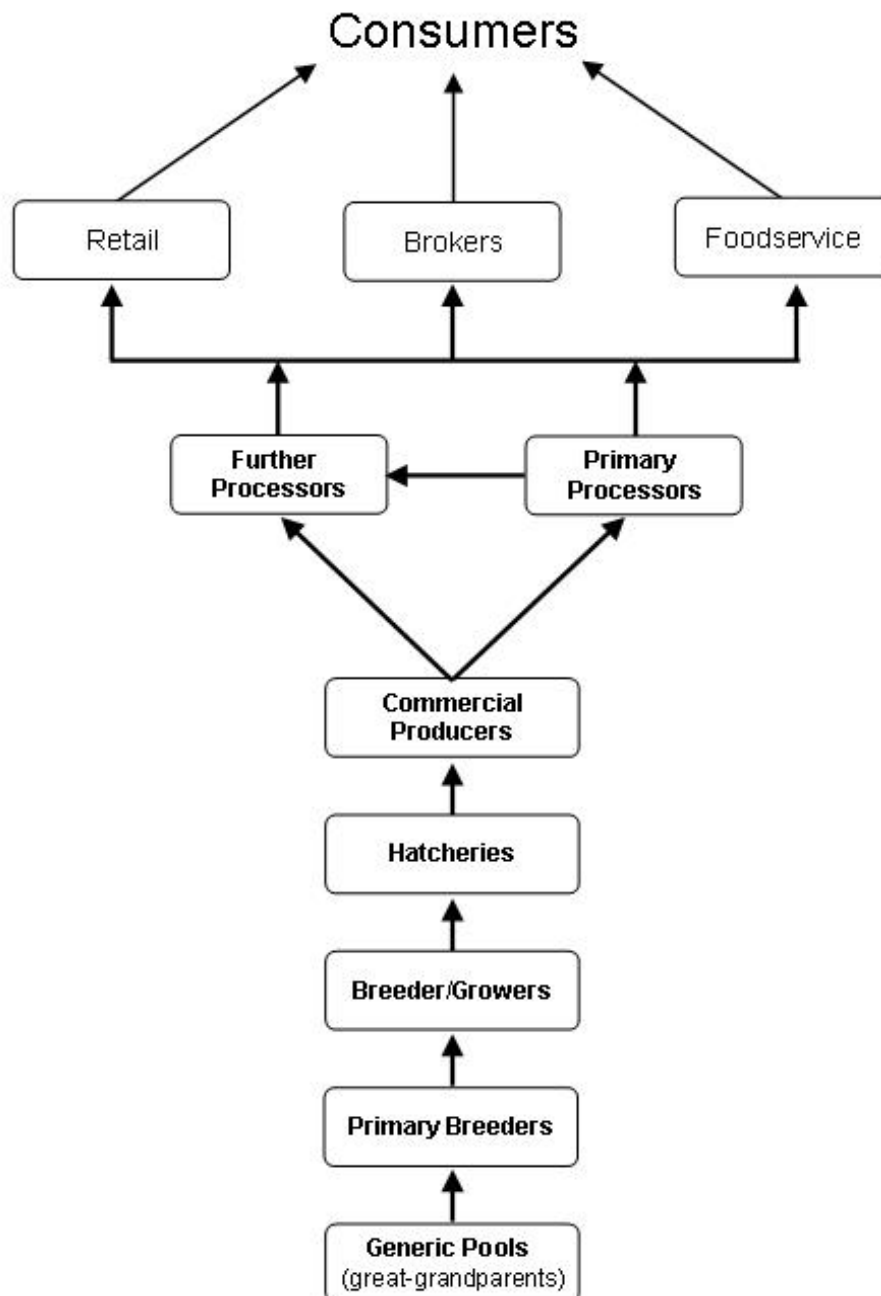
In 2006, according to the Global Trade Atlas database as well as EuroStat, world exports of turkey meat (preserved or prepared), cuts and edible offal reached approximately \$647 million dollars while whole turkey exports (fresh, chilled and frozen) equalled approximately \$46.8 million dollars⁵. Overall, the majority of the exports come from the United States (\$351.2 million), the EU-25 (\$140 million) and Brazil (\$127.1 million). Within the EU-25, the main exporters by value are France, Germany, and Poland. When we consider all countries including the ones constituting the EU-25, Canada is ranked 15th in world exports.

On the import side, the largest importers of turkey meat in 2006 are: Mexico (\$304.7 million), Russia (\$109.9 million), Switzerland (\$37 million) South Africa (\$29.6 million) and EU-25 (\$27.7 million). In terms of value, Canada is ranked 9th in the world for imports (\$14.4 million).

⁵ EU-25 exports are compiled as trade outside the European Union only. Exports of turkey meat (preserved or prepared), cuts and edible offal are calculated using HS Codes 020726 (Turkey cuts & edible offal, fresh and chilled), 020727 (Turkey cuts & edible offal, frozen). For the whole turkey (fresh, chilled, and frozen) figures, HS codes 020724 (Turkey, whole, fresh/chilled) and 020725 (Turkey, whole, frozen) were used.

3. Canadian Turkey Production and Supply Structure

3.1 Production and Supply Structure



3.2 Turkey Hatching Egg Production

3.2.1 Production

Turkey hatching egg producers are not governed by any supply managed agency and, thus, have no production limitation. Ontario is the largest turkey hatching egg producer with 52% of total Canadian production in 2006 followed by Manitoba with 23% and Quebec with 16%. As Tables 2 and 3 demonstrate, the amount of eggs set and hatched has remained relatively constant over the last decade. The hatchability rate⁶ in 2006 stood at 73.6% down from 78.1% in the previous year.

Table 2 – Annual Turkey Hatching Eggs Set

(Thousands of eggs – includes both broiler and heavy turkeys)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
B.C.	2,371	2,439	2,382	2,406	2,054	1,933	2,230	1,762	1,309	1,784
Alberta	1,688	1,643	2,001	2,001	1,863	1,868	1,928	2,018	1,786	2,215
Saskatchewan	854	843	822	30	39	38	34	34	31	31
Manitoba	5,878	4,997	5,635	7,158	9,112	9,211	7,587	8,535	7,469	9,322
Ontario	22,011	22,992	18,977	19,086	19,299	18,877	19,045	19,918	19,047	21,372
Quebec	6,665	6,493	6,693	6,791	6,294	5,319	5,445	6,315	6,750	6,388
Atlantic Provinces	0	0	0	0	0	0	0	0	0	0
TOTAL	39,466	39,407	36,510	37,473	38,661	37,245	36,269	38,551	36,393	41,112

Sources: Canadian Food Inspection Agency (CFIA) and *Institut de la statistique du Québec* (ISQ) / Compiled by the AAFC Poultry Section.

Table 3 – Annual Turkey Hatching Egg Hatched

(Thousands of eggs – includes both broiler and heavy turkeys)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
B.C.	1,720	1,936	2,070	1,954	1,713	1,610	1,790	1,369	1,245	1,440
Alberta	1,321	1,272	1,591	1,625	1,444	1,426	1,499	1,605	1,415	1,696
Saskatchewan	661	643	643	24	29	28	26	25	24	25
Manitoba	4,447	3,831	4,177	5,374	6,733	7,144	5,861	6,461	5,922	7,124
Ontario	16,453	17,063	13,964	14,214	14,904	14,633	15,083	15,528	14,498	14,943
Quebec	5,157	5,403	5,068	5,208	4,950	4,332	4,402	4,818	5,318	5,032
Atlantic Provinces	0	0	0	0	0	0	0	0	0	0
TOTAL	29,760	30,147	27,514	28,399	29,772	29,174	28,661	29,806	28,421	30,260

Sources: Canadian Food Inspection Agency (CFIA) and *Institut de la statistique du Québec* (ISQ) / Compiled by the AAFC Poultry Section.

⁶ The percentage of set eggs that actually hatched into poults.

3.3 Turkey Hatching Egg and Poult Imports

Although the majority of the turkey hatching egg and poult sector is supplied domestically, a small proportion of hatching eggs and poults are imported from the United States. Of the 41,112,000 eggs set in 2006, 4,187,000 (approximately 10.2%) were imported. As Table 4 and 5 shows Ontario and Manitoba are responsible for the entire imported stock of hatching eggs and poults coming into Canada in 2006.

Table 4 – Total Imports of Turkey Hatching Eggs by Province

(Thousands of eggs)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<i>B.C.</i>	124	0	0	0	29	62	0	0	53	0
<i>Alberta</i>	55	182	24	0	0	0	0	0	30	0
<i>Saskatchewan</i>	172	0	90	0	0	0	0	0	0	0
<i>Manitoba</i>	689	173	84	96	1,988	216	82	1,495	321	2,523
<i>Ontario</i>	2,661	5,255	3,116	1,665	1,653	424	816	2,082	2,001	1,664
<i>Quebec</i>	0	0	0	100	16	0	0	0	0	0
<i>Atlantic Provinces</i>	0	0	0	0	0	0	0	0	0	0
TOTAL	3,701	5,610	3,314	1,861	3,686	702	898	3,577	2,405	4,187

Sources: CFIA and ISQ / Compiled by the AAFC Poultry Section.

Table 5 – Total Imports of Turkey Poults

(Thousands of poults)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<i>B.C.</i>	0	0	0	0	0	0	0	0	0	0
<i>Alberta</i>	0	0	0	1	2	0	0	0	0	0
<i>Saskatchewan</i>	41	49	46	0	0	0	0	0	0	0
<i>Manitoba</i>	42	64	80	154	19	54	66	234	120	244
<i>Ontario</i>	2,234	2,319	4,216	4,347	3,780	3,812	3,891	5,086	3,962	2,962
<i>Quebec</i>	0	0	0	0	0	0	0	0	0	0
<i>Atlantic Provinces</i>	0	0	0	0	0	0	0	0	0	0
TOTAL	2,317	2,432	4,342	4,502	3,801	3,866	3,957	5,320	4,082	3,206

Sources: CFIA and ISQ / Compiled by the AAFC Poultry Section.

3.4 Hatcheries

Hatcheries are an integral link in the turkey supply chain as they come between two producer groups: turkey hatching egg producers and turkey growers.

As of September 2007, there were 14 federally registered turkey hatcheries in Canada. The breakdown by province is indicated in Table 6.

Table 6 – Number of Registered Turkey Hatcheries (2007)

<i>Provinces</i>	<i>#</i>
British Columbia	1
Alberta	2
Saskatchewan	0
Manitoba	1
Ontario	7
Quebec	3
New Brunswick	0
Nova Scotia	0
Prince Edward Island	0
Newfoundland and Labrador	0
TOTAL	14

Source: CTMA / Compiled by the AAFC Poultry Section

Fertile turkey hatching eggs are sent to hatcheries, where they are incubated and hatch into poults 28 days later. The poults are subsequently shipped and placed on turkey farms until they reach their maturity (from 10 weeks in the case of broiler turkeys to 18 weeks in the case of heavy Toms).

4. Turkey production in Canada

4.1 Production in Canada

In 2006, turkey production in Canada reached 162.5 million kilograms and was up 5% from the previous year. Over the last fifteen years, Canadian production under supply management increased by 24.9%. This can be explained by a higher consumer demand for non red meat products during the last few decades.

In 2006, the majority of production (66.2%) was produced in Ontario and Québec. The third-largest producing province was British Columbia. Together, these three leading provinces account for 78% of Canada's total turkey production. Since 1996, the provinces that have seen their production increase the most are British Columbia (+22.1%) and New Brunswick (+16.4%).

Table 7 – Annual Turkey Production (thousands of kg, eviscerated weight)

	1991	1996	2001	2006	Change 1996 - 2006 (%)
B.C.	13,968	15,099	16,020	19,404	28.51%
Alberta	11,453	12,130	12,857	13,054	7.62%
Saskatchewan	4,756	4,728	5,035	5,255	11.15%
Manitoba	9,678	9,891	9,701	10,621	7.38%
Ontario	55,995	67,314	66,158	74,627	10.86%
Québec	28,311	30,852	32,448	32,962	6.84%
New Brunswick	2,440	2,395	2,457	2,865	19.62%
Nova Scotia	3,562	3,844	3,780	3,787	-1.48%
CANADA	130,166	146,253	148,455	162,575	11.16%

Source: CTMA and AAFC.

4.2. Turkey Quota Allocation

Each signatory province in Canada obtains a share of the national allocation. The CTMA sets the national allocation which encompasses the primary breeder, multiplier breeder, export and commercial quotas. The national allocation, and its components, are set annually and revised during the quota production year. Each province commits to produce a quantity corresponding to its periodic quota allocation without exceeding it. In 2006, the 2007/2008 provincial turkey allocation was set as depicted in Table 8 below.

Table 8 – 2007/2008 Provincial Turkey Allocation Breakdown (kg)

	BC	AB	SK	MB	ON	QC	NB	NS	Total
Whole Bird	11,955,435	6,559,649	3,388,090	8,871,676	22,009,349	18,160,427	1,500,931	2,666,126	75,111,683
Further Processing	8,007,955	7,013,038	2,040,159	1,701,285	37,316,029	14,881,378	1,825,939	1,344,081	74,129,864
TOTAL COMMERCIAL ALLOCATION	19,963,390	13,572,687	5,428,249	10,572,961	59,325,378	33,041,805	3,326,870	4,010,207	149,241,547
Multiplier Breeder	249,317	0	0	470,116	4,293,111	510,809	0	0	5,523,353
Primary Breeder	0	0	0	0	2,098,080	0	0	0	2,098,080
Conditional Export Policy	1,495,533	1,640,009	682,711	2,374,434	16,164,099	3,020,638	370,726	470,471	26,218,621
TOTAL ALLOCATION	21,708,240	15,212,696	6,110,960	13,417,511	81,880,668	36,573,252	3,697,596	4,480,678	183,081,601

Source: CTMA

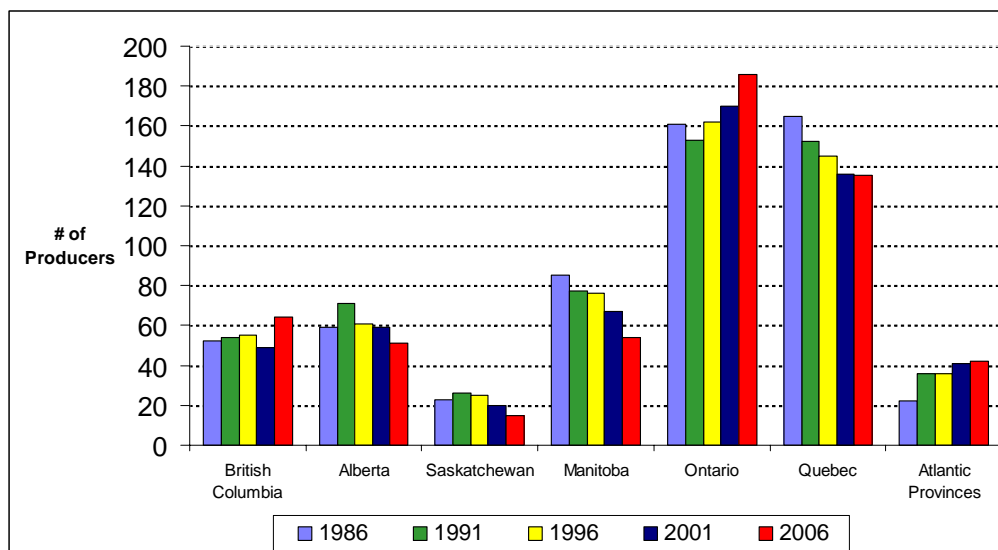
4.3 Number of Farms in Canada and Farm Size

The overall number of turkey producers has remained relatively stable over the past 20 years, however there was a slight increase in the number of producers in 2006 (557) compared to 2005 (543). In 1986 the number of turkey producers stood at 567 while 2006 figures report 557 producers or a decline of 1.8%.

The majority of turkey producers are located in Ontario, with 186, followed by Quebec, 135, and British Columbia and Manitoba both with 64.

Farms have also become larger: over the same 20 year period, average production per farm grew by 61%, from 181,690 kg (eviscerated weight) in 1986 to 291,876 kg (eviscerated weight) in 2006. With regards to the amount of live birds per farm, in 1986 the average farm maintained 43,278 birds while 2006 figures stand at 54,327 birds per farm or an increase of 26%.

Figure 2 - Number of Registered Turkey Producers in Canada



Source: CTMA

4.4. Price Mechanism and Price Paid to Producers

Although CTMA formulates and updates a national cost of production formula, prices paid to producers are set at the provincial level. The cost of production formula is used only as a guide and often must be disregarded when negotiating prices. The price of turkey must be competitive with other meats and turkeys from other provinces.

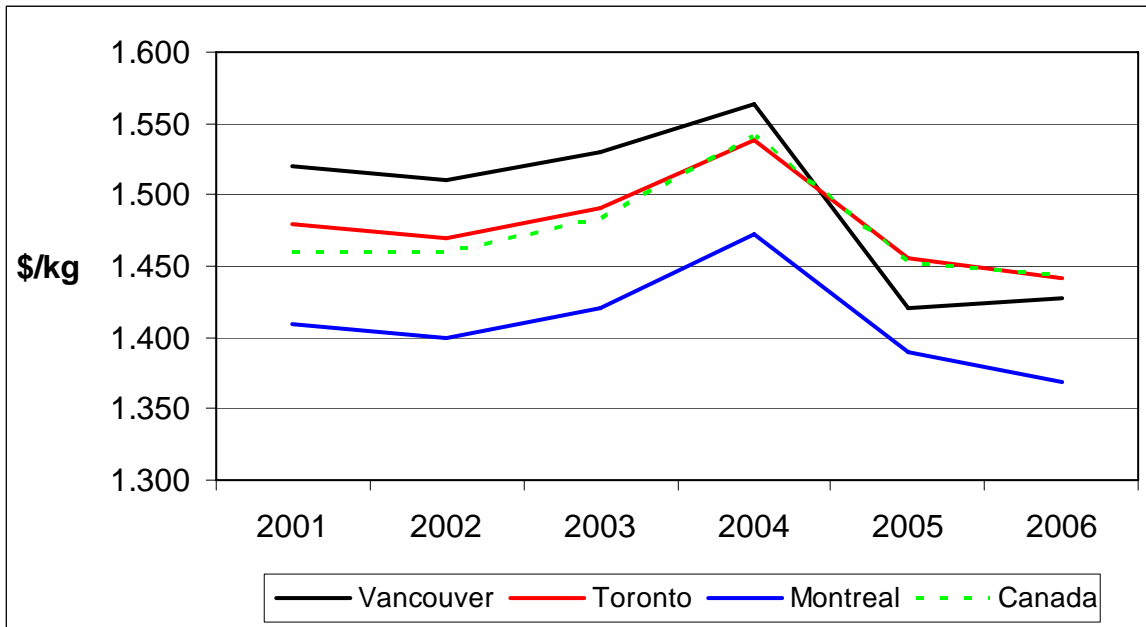
For example, in Ontario, the Turkey Farmers of Ontario (TFO) have price-setting authority. It sets prices for broilers, hens and toms in the province on a weekly basis. In practice, input comes from processors, especially Ontario Poultry Processors' Association's Turkey Committee (OPPA). Pricing decisions can be appealed to the Agriculture, Food and Rural Affairs Appeal Tribunal for a binding decision.

The basis for the pricing decisions is the weekly feed and poult costs determined by the CTMA. Other factors such as market conditions (stocks, wholesale prices, consumption data, margin etc.) and the price of competitive products are also considered. Prices are set weekly.

In 2006, the average price to producers for hens was \$1.44 per kg (Figure 3). Provincial prices tend to follow the same trend over time. During the same year, prices averaged \$1.37 per kg in Montréal while it was \$1.44 cents per kg in Toronto and \$1.43 cents per kg in Vancouver.

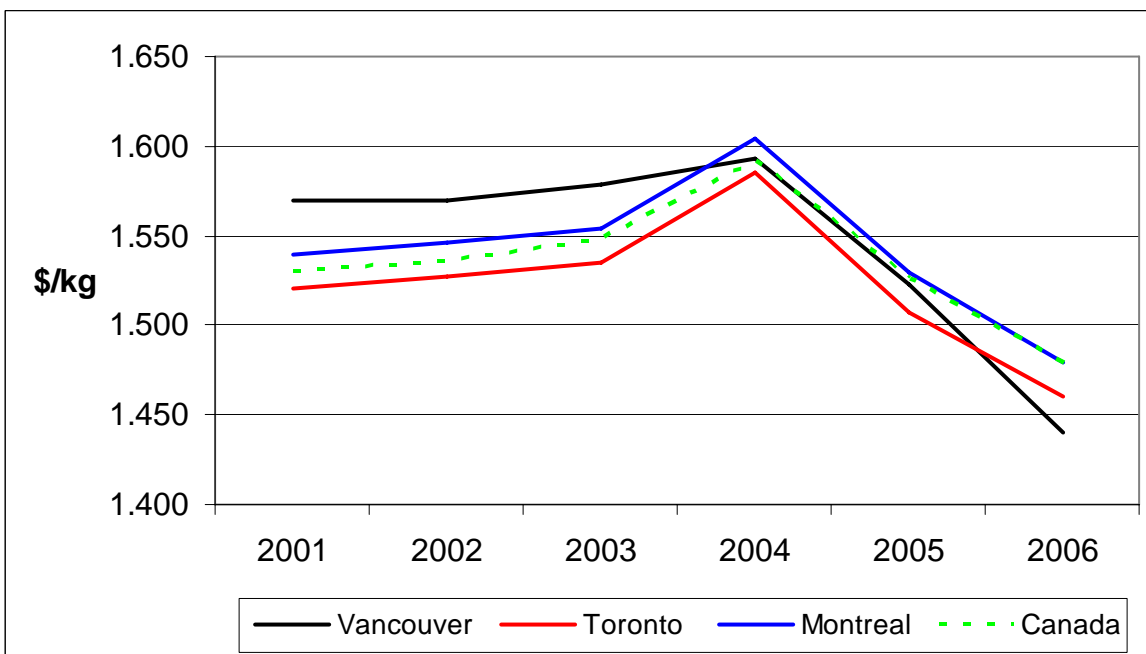
For toms (Figure 4), the price paid to producers follows the trend of hen prices, but prices per kilogram are generally higher compared to hen prices. In 2006 the average Canadian price paid for toms came in at \$1.48 per kg with prices in Montréal averaging \$1.48 per kg compared to \$1.46 per kg in Toronto and \$1.44 per kg in Vancouver.

Figure 3 - Average Annual Producer Prices for Hens (over 5.4kg & under 9kg)



Source: AAFC poultry section

Figure 4- Average Annual Producer Prices for Toms (9kg & over)



Source: AAFC poultry section

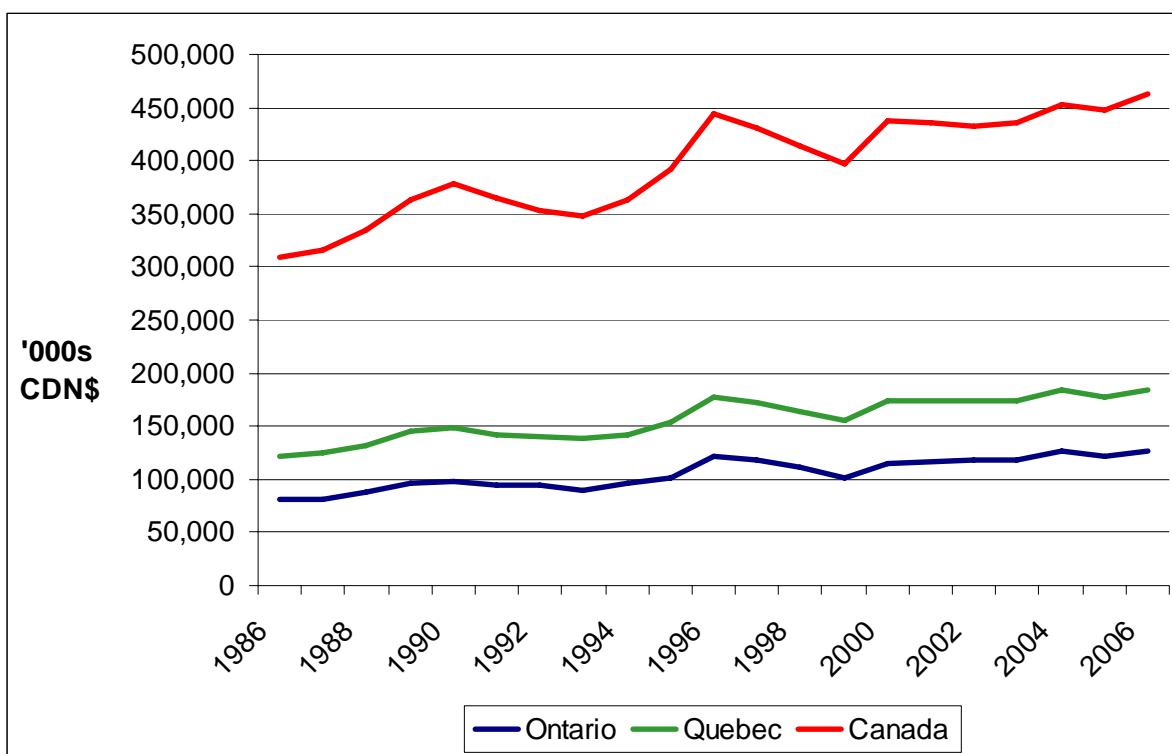
4.5 Farm Cash Receipts

Farm cash receipts measure the gross revenue of farm businesses in current dollars. They include sales of crops and livestock products (except sales between farms in the same province) and program payments. Receipts are recorded when the money is paid to farmers before any expenses are paid.

According to Statistics Canada, supply-managed commodities accounted for 40.6% of total livestock revenue in 2006. Receipts for eggs and turkey grew (2.4% and 2.5% respectively), while revenues from chicken and hens declined 4% compared to 2005 figures. In 2006, Canadian turkey producers generated farm cash receipts of \$278 million, an increase of 2.5% compared to the previous year.

Farm cash receipts were \$127.2 million in Ontario followed by Québec (\$56.4 million), British Columbia (\$31.9 million), and Alberta (\$23.8 million).

Figure 5 - Turkey Farm Cash Receipts, 1986 to 2006



Source: Statistics Canada – Catalogue no. 21-011

4.6. Farm Financial Situation

In 2005, the number of farm operators in the poultry and eggs sector totalled 6,920. Despite the downward drop in number of farm operators between 2003 and 2004, the number of farm operators rebounded in 2005 with a 2% increase.

The average net off-farm income increased 16.1% between 2001 and 2005 while average net operating income increased 51.2% over the same period. Overall, the total net income increased from \$87,975 in 2001 to \$120,165 in 2005 or an increase of approximately 36.5% over the period. In 2005, the average off-farm income reached \$42,548 which represents about 35.4% of the average total income.

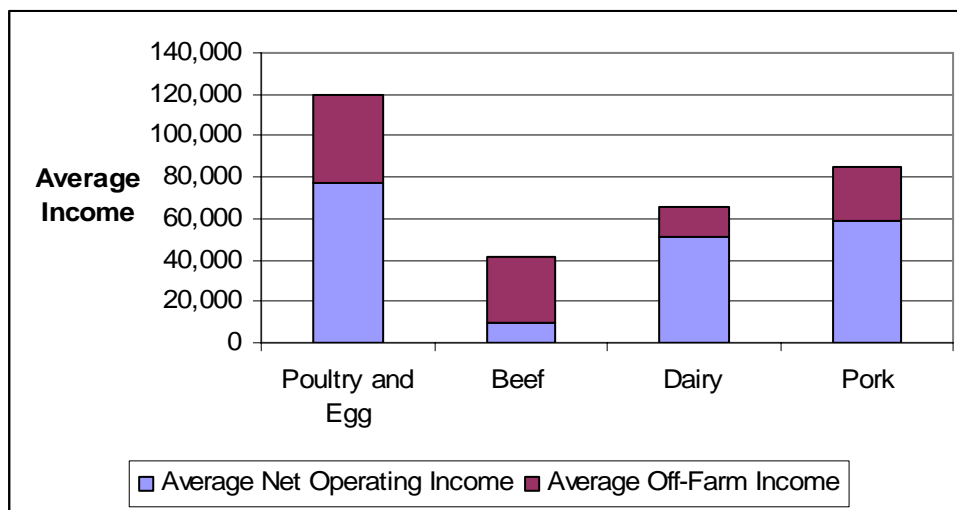
Table 9 - Average off-farm income, net operating income and total income of poultry and egg producers in Canada

		2000	2001	2002	2003	2004	2005
Number of Farm Operators	Number	6,450	6,580	7,100	7,090	6,790	6,920
Number of Farms	Number	4,275	4,205	4,465	4,470	4,245	4,400
Average off-farm income ⁷	\$	33,253	36,649	36,935	39,297	40,343	42,548
Average net operating income ⁸	\$	49,602	51,327	51,102	50,616	64,261	77,618
Average Total Income	\$	82,855	87,975	88,037	89,913	104,604	120,165

Source: Statistics Canada, «Statistics on Income of Farm Operators», Catalogue no. 21-206-XIE, Table 2-10.

In 2005, when compared to other livestock sectors (i.e. beef, dairy, and pork), the poultry and egg industry was the healthiest with regards to total income for the average operator. The average net operating income coming from farm operations is also the highest in the poultry and egg industry. The second highest average total income reported is found in the pork industry, with an average total income of \$85,029.

Figure 6 - Average Farm Income in the main livestock sectors (2005)



⁷ **Off-farm income:** the sum of six sources of income: wages and salaries, net off-farm self-employment income, investment income, pension income, government social transfers (excluding pension amounts) and other off-farm income.

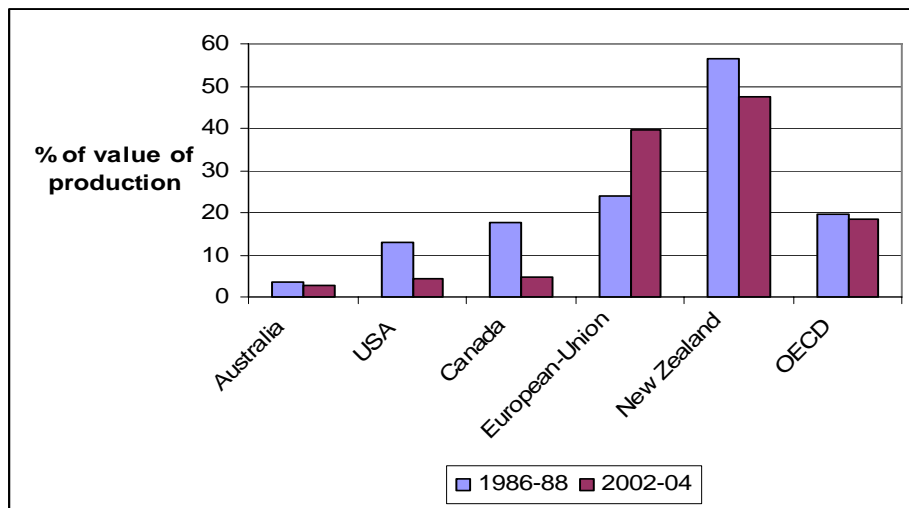
⁸ **Net operating income:** the profit or loss of the farm operation measured by total operating revenues (agricultural sales, program payments and insurance proceeds as well as custom work and machine rental, rental income and miscellaneous revenues including inter-farm sales) less total operating expenses (the business costs incurred by a farm operation in the production of agricultural commodities. Inter-farm purchases are included in these costs but capital cost allowance is excluded), excluding capital cost allowance, the value of inventory adjustments and other adjustments, for tax purposes.

4.7 Producer Support Estimates

The Organisation for Economic Co-operation and Development (OECD) Producer Support Estimate (PSE) is an indicator of the annual monetary value of gross transfers from consumers and taxpayers to support agricultural producers. It is measured at the farm gate level, arising from policy measures which support agriculture, regardless of their nature, objectives, or impacts on farm production or income. In other words the PSE is the support to producers with regards to the total value of production.

According to the OECD, between 1986-88 and 2002-04 the producer support to the poultry sector in Canada went from 18% to 5%. In 2002-04, the OECD countries that provided the most support to their poultry producers were in order: Switzerland (85%), Norway (73%) and the Czech Republic (50%). The United States, which is a major player on World markets for poultry products, had a PSE of 4%.

Figure 7 - Producer Support Estimate (PSE) for Selected Countries, 1986-88 versus 2002-04



Source: OECD, PSE/CSE database 2005.

5 Processing and Further Processing

5.1 Industry Structure and Establishments

Canada has 135 primary poultry processing plants (24 federally registered and 111 provincially registered). The five largest firms in terms of processing quantities are, in order: *Unidindon* (in Québec), *Lilydale Poultry* (in British Columbia and Alberta), *Thames Valley Processors* (in Ontario), *Sofina Foods* (in Ontario) and *P&H Foods* (in Ontario).

Table 10 - Turkey Processing Plants by Province (2006)

	Federally registered	Provincially registered
British Columbia	2	2
Alberta	2	72‡
Saskatchewan	1	1
Manitoba	2	1
Ontario	8	27
Québec	6	1
New Brunswick	1	1
Nova Scotia	2	3
Prince Edward Island	0	1
Newfoundland and Labrador	0	2
TOTAL	24	111

‡- Including Alberta's 68 Hutterite plants.

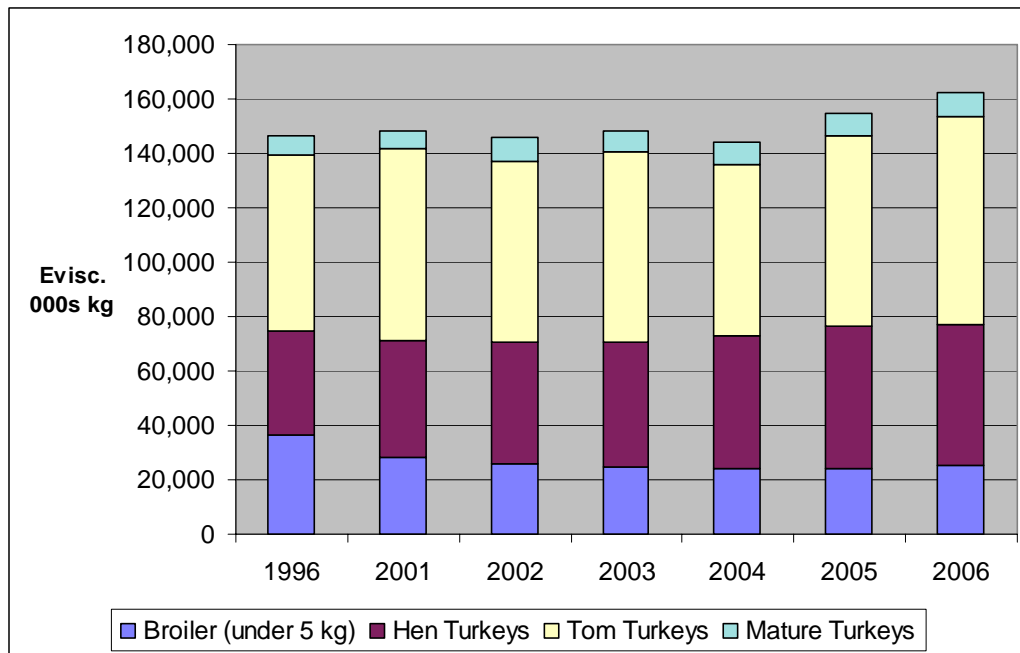
Source: CFIA / Data compiled by the AAFC Poultry Section.

Canadian processors are represented at the national by the Canadian Poultry and Egg Processors Council (CPEPC). CPEPC represents some of the largest agri-food corporations and its 170 members process over 90% of Canada's chicken, turkey, eggs, and hatching eggs. The CPEPC's mandate is to identify and represent the collective goals and interests of the processing industry, develop appropriate action plans, and conduct activities that will best achieve those goals.

5.2 Slaughters

From 1996 to 2006 the total turkey slaughters increased from 146.2 million kilograms to 162.5 million kilograms (eviscerated). This total can be broken down into four different categories: broilers, hens, toms and mature. Hens are female turkeys and usually reach a weight of between 5 to 9 kilograms, while toms are male and usually weigh in at over 9 kilograms. Broilers are younger birds of either sex weighing less than 5 kilograms and are usually a bit tenderer than their older turkey equivalents. Mature turkeys are older and not as tender and are most suitable for moist-heat cooking, such as stewing and baking, and may be preferred for use in soups and stews. Mature turkey is not subject to the supply management system. Figure 8 provides a breakdown in the types of turkeys slaughtered over a five year period. Consistently, toms provide the largest category of slaughtered turkeys representing 47% of the total production in 2006 while mature turkeys provide the least with only 5.6% of total production in 2006.

Figure 8 – Turkey Types Slaughters in Canada (1996 & 2001 to 2006)

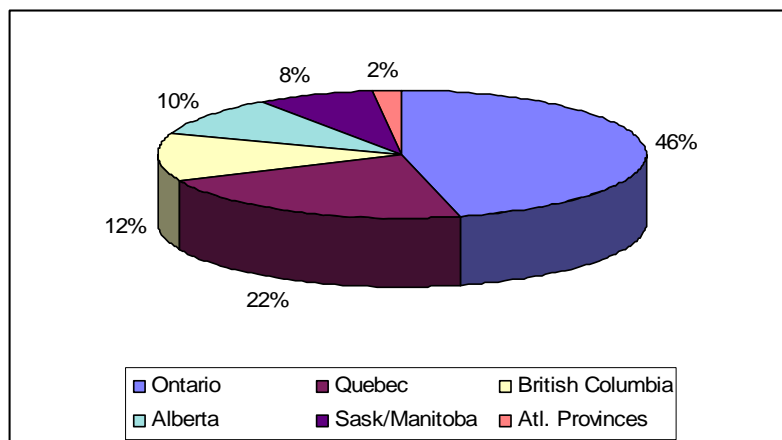


Source: CTMA & AAFC

In 2006, Canadian slaughters were at their highest during the months of September and December with slaughters close to 31.8 million kilograms but were at their lowest in the months of January and February with slaughters near 22.3 million kilograms. Quarterly slaughter distribution shows some stability over the course of the year with third quarter (July, August, and September) representing the largest share with 27.1% while the first quarter (January, February, March) provided the smallest share with 21.3%.

In 2006, Ontario had the biggest share of turkey slaughters with 46% followed by Québec (22%), and British Columbia (12%). These include slaughters that come from domestic turkey supplies as well as imports.

Figure 9 - Provincial Shares of Turkey Slaughters in Registered Stations, 2006



Source: AAFC Poultry Section.

5.3 Further processing

5.3.1 Further Poultry Processors Association of Canada (FPPAC)

The FPPAC is a trade association that provides manufacturers of value-added poultry products with an opportunity to share visions and concerns. The association was founded by three independent further processors in August 1985. The common cause that brought members together then was the concern about adequate supplies of raw material, and this today remains a key issue. Members are engaged in adding value to chicken, turkey, and fowl meat by way of sizing, marinating, breeding, cooking, forming and adding other ingredients to make ready-to-eat or cooked products and meals.

Currently, the association is made up of 42 further processors (and 10 associate/supplier members), most of them based Ontario, where over half of Canada's further processing capacity is located. FPPAC members account for about \$1.3 billion in sales and employ over 4,200 full-time positions.⁹

5.3.2 Further Processing Plants

As of September 2007, there were 402 federally registered further processing plants for poultry meat in Canada. These plants are engaged in canning, boning and cutting, and other similar activities. It should be noted that some further processing plants also engage in primary processing; as well, a number engage in more than one type of further processing operation.

Table 11 – Federally Registered Further Processing Plants for Poultry (2006)

	Boning and cutting	Canning	Others	TOTAL
British Columbia	21	1	13	35
Alberta	17	0	16	33
Saskatchewan	2	0	4	6
Manitoba	5	0	6	11
Ontario	62	5	94	161
Québec	79	4	57	140
New Brunswick	1	1	5	7
Nova Scotia	4	0	1	5
Prince Edward Island	0	0	0	0
Newfoundland and Labrador	1	0	0	1
TOTAL	192	14	196	402

Source: Canadian Food Inspection Agency (CFIA) database on licensed plants.

5.4 Economic importance of the industry

The Canadian Poultry and Egg Processors Council (CPEPC) has a further poultry processing sub-sector that represents poultry (chicken and turkey) further processing plants across Canada. This group has reported over \$300 million in plant and equipment investment, and employs more than

⁹ Information taken from the FPPAC Web site.

* Since many of the plants in the "Other" category undertake more than one processing operation, the overall total is calculated in order to denote unique sites and eliminate double counting.

3,500 people. It is supplied by primary processors, and transforms raw poultry meat into a variety of innovative foods for the retail and food services markets.

In 2006, the number of Canadian regulated turkey producers was 557, and generated farm cash receipts of \$278 million in 2006.

5.4.1 Poultry Processing Revenue, Wage, and Employment Figures

Statistics Canada figures show that in 2005 approximately \$5.2 billion out of the \$21.5 billion meat product manufacturing industry in Canada was generated by poultry processing (24% of the total). The largest poultry processing region in Canada was in Ontario which accounted for near half of Canada's entire poultry processing revenues.

Table 12 – Canadian Meat Manufacturing and Poultry Processing Revenue Figures (2005)

	Meat Product Manufacturing Revenue (x \$1,000)	Poultry processing (x \$1,000)	Poultry Processing as a % of total Meat Manufacturing (x \$1,000)
Atlantic Region	629,504	†	n/a
Québec	4,351,096	934,680	21.48%
Ontario	7,220,294	2,450,223	33.90%
Prairie Region	7,828,705	†	n/a
British Columbia	1,477,206	808,825	54.75%
CANADA	21,506,805	5,164,050	24.01%

Source: Statistics Canada, Table 301-0006**

† Data not available in order to meet the confidentiality requirements of the Statistics Act

In 2005, the total salaries and wages generated by both direct and indirect labour in the poultry processing industry was \$716.5 million. During the same year, the total number of employees in the poultry processing sector was 21,614. Based on these figures, the average annual wage is approximately \$33,100.

Table 13 – Poultry Processing Wage and Worker breakdown in Canada (2005)

Production workers wages, direct labour (x \$1,000)	\$539,936	Number of production workers, direct labour (persons)	18,310
Non-manufacturing employees salaries, indirect labour (x \$1,000)	\$176,586	Number of non-manufacturing employees, indirect labour (persons)	3,304
Total salaries and wages, direct and indirect labour (x \$1,000)	\$716,522	Total number of employees, direct and indirect labour (persons)	21,614

Source: Statistics Canada, Table 301-0006**

**Table 301-0006 publishes principal statistics for businesses above certain revenue thresholds that vary by province and by industry.

Below these thresholds are the smallest manufacturing businesses which are excluded from the ASML survey in order to reduce response burden.

5.5 Concentration in the Industry

Like many sectors of the agri-food economy, the poultry industry has become concentrated over the years. The table below exhibits the various concentration ratios within the poultry industry across selected years ranging back to 1965. Concentration Ratio (CR) measures have traditionally been measured on the basis of sales but employment, capacity, value added, or physical outputs have also been used to determine market shares.

The concentration ratio is effective in showing the dominance of the top firms, but it does not address the rest of the market nor does it account for the influence of a single firm¹⁰. For this example, the difference between an establishment and a firm is that a firm may own a number of establishments under various names in differing provinces across Canada. In other words, the firm can be considered the 'parent' company of the establishment.

The most common measure is the CR4. For turkey, the CR4 measurement shows a steady idle trend since 2000, but when compared to the overall poultry sector since 1965 the overall trend has been one of consolidation. In 2006 the top four firms (Unidindon, Lilydale, Thames Valley Processors, and Sofina Foods) accounted for 70.85% of the turkey processed in Canada.

The evolution in the total number of firms and establishments over the forty year timeframe provides an overall indication of the level of concentration in the industry. While the CR4 ratio has increased in the poultry sector since 1965, the overall number of firms in the industry has decreased.

Although there are fewer firms and establishments in the overall poultry industry today, the overall quantity of poultry processed has increased dramatically over the forty year period. This trend implies that the average establishment and firm are processing a much larger amount of poultry than was the case at any point in the past forty years. The CR20 lends further support to this point by showing that the top 20 firms account for nearly 99.84% of the turkey processed in 2006 compared to much lower figures in the general poultry sector in 1965 and even in 1980. Over the years, turkey operations have become more specialized as the whole-bird consumption pattern has shifted toward more convenient products and specialized cuts. While the concentration ratio has stabilized in the recent years, concentration in the industry might continue to occur in the future.

Table 14 - Total Number of Firms and Concentration Ratios of the Largest Firms in the Poultry and Turkey Processing Industry in Canada (Selected years, 1965 to 2005)

Year	Number of Firms	Establishments	Total Amount Processed (Evis) kg	CR4	CR8	CR12	CR16	CR20
1965	136	150	*	26.90%	40.30%	51.30%	60.00%	65.50%
1970	86	102	*	37.00%	53.30%	65.70%	74.90%	79.80%
1976	68	87	*	39.00%	54.70%	66.70%	74.50%	80.00%
1980	71	90	*	36.30%	50.60%	61.10%	68.40%	74.50%
1985	68	96	*	36.00%	54.00%	N/A	N/A	N/A
2000†	41	43	152,258,785	78.50%	97.80%	99.07%	99.53%	99.74%
2005†	37	38	154,827,906	71.71%	94.35%	98.21%	99.41%	99.79%
2006†	36	37	162,576,309	70.85%	94.65%	98.56%	99.49%	99.84%

* Data collected was calculated in the dollar value of poultry shipments and not in overall quantity (kg).

¹⁰ Harrison, Darryl and James Rude. (2004) Measuring industry concentration in Canada's food processing sectors. Agriculture and Rural Working Paper Series Working Paper No. 70. <http://dsp-psd.pwgsc.gc.ca/Collection/Statcan/21-601-MIE/21-601-MIE2004070.pdf>

Source: Data for the years 1965 to 1980 are from Statistics Canada, Catalogue no. 31-402. 1985 data is from M.E. Fulton and Y. Tang, 1999. Testing the Competitiveness of a Multistage Food Marketing System: The Canadian Chicken Industry. Canadian Journal of Agricultural Economics 47: 25-250.

† 2000, 2005, & 2006 data is derived from the AAFC Poultry Section turkey slaughter data (kg).

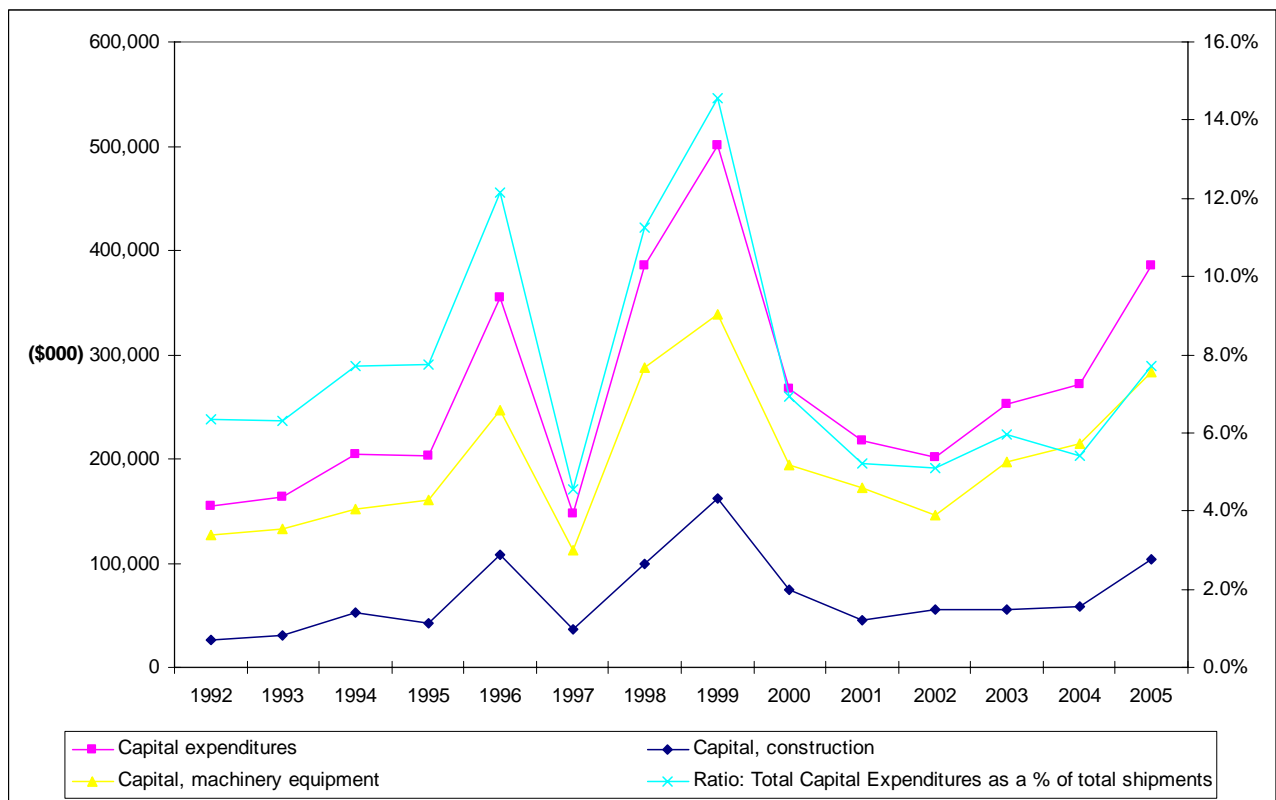
5.6 Investments in the Industry

Figure 10 provides a breakdown of capital expenditures as well as expenditures as a percentage of total poultry shipments within the poultry processing industry since 1992.

The general trend to note is that capital expenditure in machinery equipment has consistently been higher than capital expenditures in construction. This trend, along with the concentration ratio data, further suggests that individual establishments are expanding in size and efficiency (through newer, more modern machinery) rather than increasing the overall total amount of establishments.

Throughout the fourteen year period, the average total annual capital expenditures as a percentage of total poultry shipments stand at approximately 7.5%; while 1996 and 1999 are years of above average capital expenditures with 12.2% and 14.6% of total poultry shipments respectively.

Figure 10 - Breakdown of Capital Expenditures in the Poultry Industry (1992 – 2005)



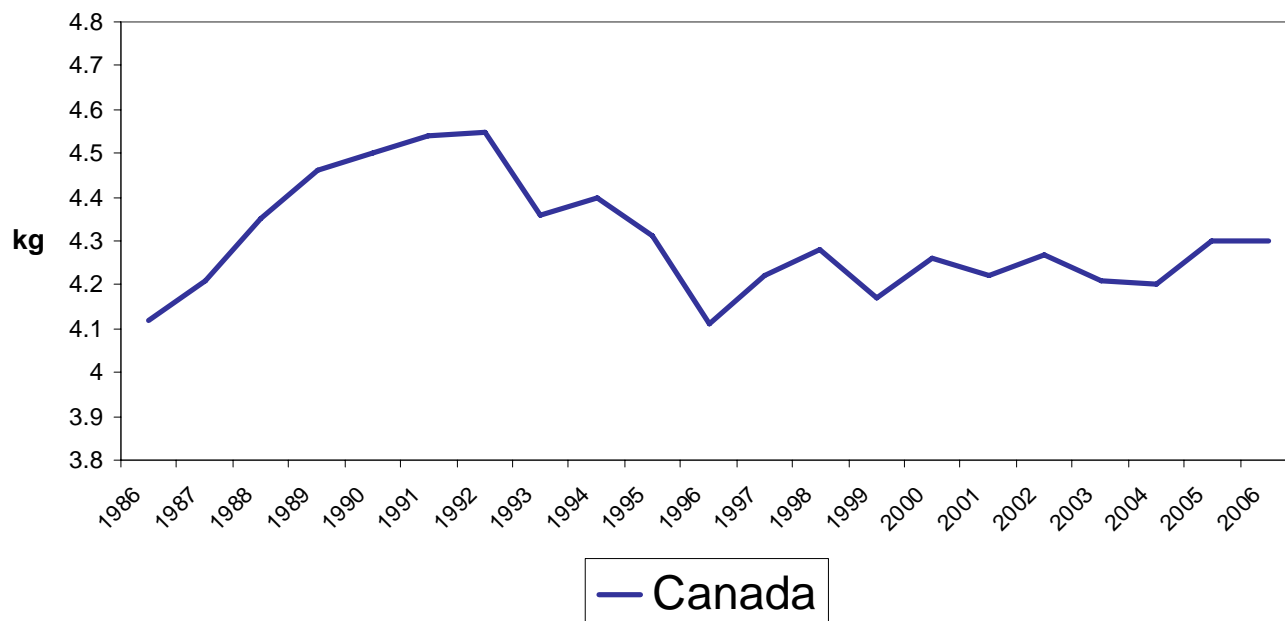
Source: Statistics Canada, table no. Table 029-0009 & Table 304-0014

6 The Canadian Turkey Market

6.1. Domestic Turkey Consumption in Canada

As Figure 11 shows, per-capita turkey consumption has remained quite stable over the past 20 years, from 4.12 kg in 1986 to 4.3 kg in 2006, which represents an increase of 4.3%. By way of comparison, per-capita beef and pork consumption declined by 17% and 16% respectively over the same period.

Figure 11 - Per-capita Consumption of Turkey in Canada – 1986-2006 (eviscerated weight)



Source: Statistics Canada.

Between 1986 and 2006, the average Canadian per capita consumption of meat increased from 93.7 to 95.1 kg¹¹ annually. The total quantity of meat consumed was very stable, with increases in the consumption of one type of meat being offset, as a rule, by declines in the consumption of some other type. Accordingly, it is noteworthy that increased consumption of poultry in general in Canada has occurred just as beef and pork consumption has been declining.

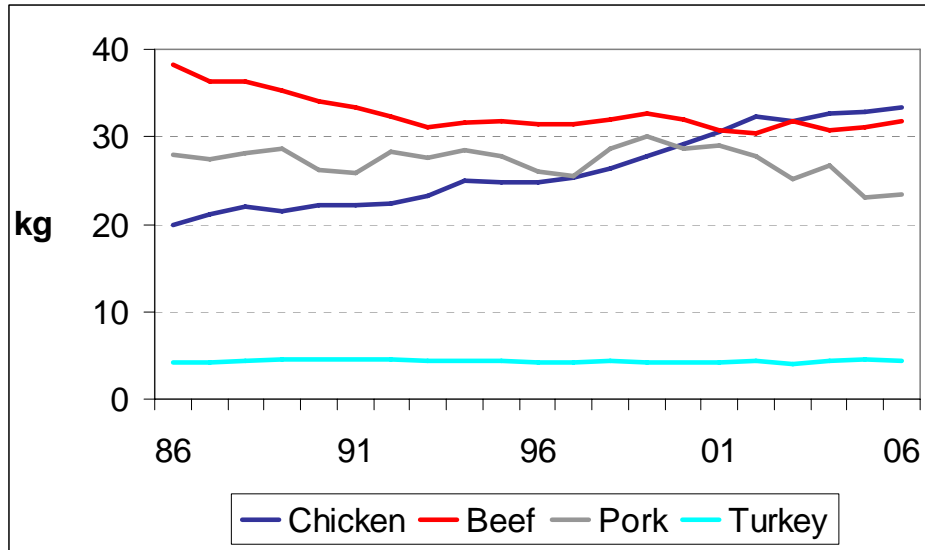
Beef consumption peaked in the mid-1970s and has been declining steadily ever since (between 1986 and 2006, per-capita beef consumption fell by 17%). Pork consumption has been fairly stable since the mid-1970s, albeit with some fluctuations. Conversely, as we have seen, poultry consumption per capita has grown substantially during these years.

In 2006, the various meats ranked by per-capita consumption were as follows: chicken, 33.3 kg; beef, 31.74 kg; pork, 23.3 kg; turkey, 4.4 kg; mature chicken, 1.5 kg; veal 1.1 kg; mutton and lamb, 1.2 kg. The data on consumption used for purposes of these comparisons are expressed in terms of eviscerated weight in the case of poultry and carcass weight for beef, pork, veal and lamb.

Figure 12 shows per-capita consumption of turkey compared to other leading meats.

¹¹ Calculated on the basis of carcass weight in the case of red meats and eviscerated weight in the case of poultry. Excludes fish.

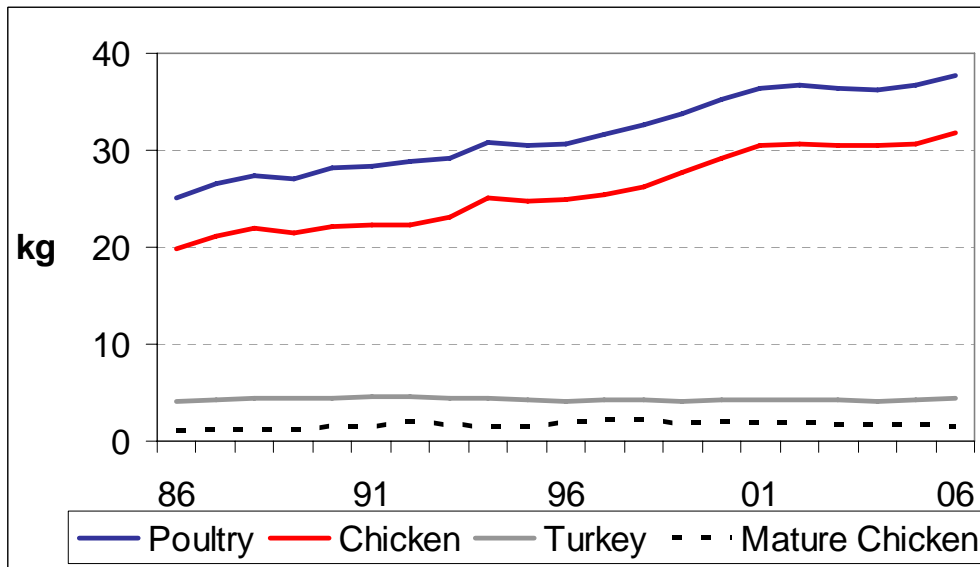
Figure 12 - Consumption of Turkey versus Other Meats (per capita – Canada)



Source: Statistics Canada, catalogue Nos. 23-015 and 23-010.

A comparison with other poultry meats reveals that per-capita consumption of turkey remained in the 3.9-4.5 kg range between 1985 and 2005, with annual per-capita consumption averaging 4.4 kg. Similarly, mature chicken consumption remained stable, and has even declined slightly in recent years. Between 1986 and 2006, per-capita consumption of mature chicken remained in the 1.0-2.0 kg range, with annual average consumption at 1.7 kg. Figure 13 shows the growth in poultry consumption over the past 20 years.

Figure 13 - Consumption of Turkey and Other Poultry Meats (per capita – Canada)



Source: Statistics Canada, Catalogue No. 21-020.

6.2 Factors Influencing Canadian Demand for Turkey

Turkey consumption (on a per capita basis) has been relatively stable over the past 20 years. According to the CTMA, total domestic turkey and turkey product consumption was 105.6 million kilograms in 1986 compared to 138.5 million kilograms in 2006, which represents an increase of 31%. This increase has been due in part to the country's population growth as well as an increasing prevalence of turkey in the commercial food service industry (i.e. sandwiches and subs) as well as growth the prepared meals segment of the market (i.e. frozen dinners).

Overall, Canadian's tastes have changed towards leaner meats like chicken and turkey primarily due to an increase in health awareness and the overall health benefits they provide. Compared to red meats, turkey is perceived as much leaner and therefore healthier. There is also an increased presence of substitute products containing turkey (i.e. turkey burgers or subs), often seen as a healthier choice compared to its red meat alternative. The increase consumption of these turkey alternatives is also strongly related to the shift towards healthier choices made by Canadian consumers.

6.3 Inter-provincial Trade in Turkey

Inter-provincial movement of turkey in Canada is integral to the dynamic of supply and demand of turkey across its various regions. In 2006, the total inter-provincial movement of turkey totalled approximately 9.2 million kg which represents 5.7% of the total amount of turkey produced in Canada in 2006.

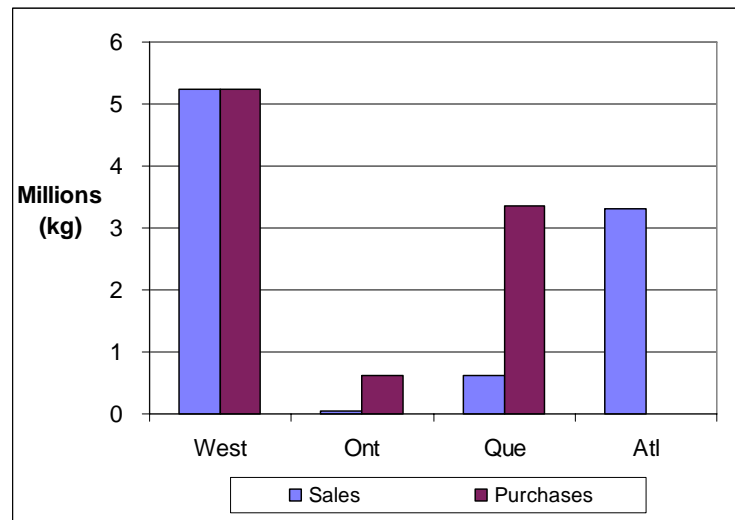
Table 15 - Inter-provincial Movements of Turkey in 2006

Movements	Quantity (kg evis.)	Inter-provincial movements as a percentage of total production
Inter-provincial Movements of Turkey	9.2 million	5.7%
Total Turkey Production	162.6 million	

Source: CTMA, CFIA, as compiled by AAFC

In 2006, Western Canada supplied the largest amount of turkey for inter-provincial trade purposes providing 5,246,926 kg primarily to other Western Provinces.

Figure 14 - Inter-provincial Movement of Live Turkey for Slaughter (2006)



Source: CFIA, as compiled by AAFC

6.4 Canadian Imports of Turkey Meat and Turkey Products

Companies wishing to export turkey and their products to Canada are governed primarily by two trade agreements: the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO). Under current levels of domestic turkey production, the import access levels set by the WTO are higher than those of under NAFTA, and thus the former takes precedence over the latter. Under WTO commitments, the annual import access level for turkey is set at 5,588,000 kilograms (eviscerated weight).

Turkey imports are divided into products that are on the Import Control List (ICL) and products not on this list (non-ICL): the first group is subject to tariff rate quotas (TRQs), while the other group is not. Turkey was first placed on the ICL in May 1974. (For a complete list of turkey products listed on the ICL as well as products on non-ICL, please refer to Annex A)

A TRQ has three main components: a low rate of duty, a minimum access level (or "import access quantity") for entry at the low entry rate, and a high rate of duty.

The import access level benefiting from the reduced rates of duty, or "within access commitment" rates of duty is allocated to businesses located in Canada. Businesses with the authority to import can apply for import permits which are usually issued on demand to quota holders up to their import quota limits.

There are two groups, or pools, of importers that maintain import permits (quota holders); the first of these groups falls within the traditional pool allocation (i.e. firms importing turkey prior to the imposition of import controls in 1974) which maintain quota for ICL products. The remaining group (Non-ICL – FTA portion) hold quota for non-ICL products (i.e. TV dinners). In 2006 there were 13 permit holders in the traditional pool and 22 in the non-ICL- FTA portion pool. Imports of turkey into Canada totalled 3,796,772 kg in 2006 or 9,211,258 kg if further processed turkey products are included¹². The tables below show the types of turkey products imported during the 2001-2006 period.

Table 16 - Imports of Turkey (kg)

	2001	2002	2003	2004	2005	2006
Live (evisc. weight)	0	12,144	15,161	0	0	0
Whole carcasses	1,624	142,834	48,076	115,369	259,665	78,572
Parts						
Bone In Breasts	175,990	203,170	105,865	163,106	127,209	73,755
Bone In Legs	0	0	0	0	0	0
Bone In Parts	20,316	0	8,135	1,248	10,632	17,748
Bone In Wings	0	0	0	0	0	0
Boneless Breasts	1,926,772	1,853,359	2,289,299	3,136,133	3,222,693	2,576,467
Boneless Parts	682,887	707,938	506,791	645,701	2,734,253	517,338
Prepared						
Cooked (bone in)	124,721	137,055	19,201	63,758	60,148	52,330
Cooked (boneless)	640,741	750,737	511,562	482,219	494,144	479,582
Other						
Other (bone in)	0	0	0	0	0	0
Other (boneless)	0	4,069	2,671	365	18,743	980
TOTAL	3,375,121	3,453,158	3,329,524	4,328,176	6,529,981	3,796,772

Source: CFIA, as compiled by AAFC

Table 17 - Further Processed Turkey Products Imported into Canada (kg)

	2001	2002	2003	2004	2005	2006
Dinners and pies	913,794	2,744,371	3,300,475	4,163,043	4,667,483	5,030,661
Rolls	0	0	0	0	0	0
Soups	95,005	113,408	78,398	79,502	86,943	99,407
Other	134,500	158,607	135,301	134,372	239,723	284,418
TOTAL	1,143,299	3,016,386	3,514,174	4,376,917	4,994,149	5,414,486

Source: CFIA, as compiled by AAFC

¹² Note: figures include quantities imported under the import for re-export program (IREP). Data under the “Cooked” and “Further Processed” categories reflect the actual product net weight and not its content of turkey meat.

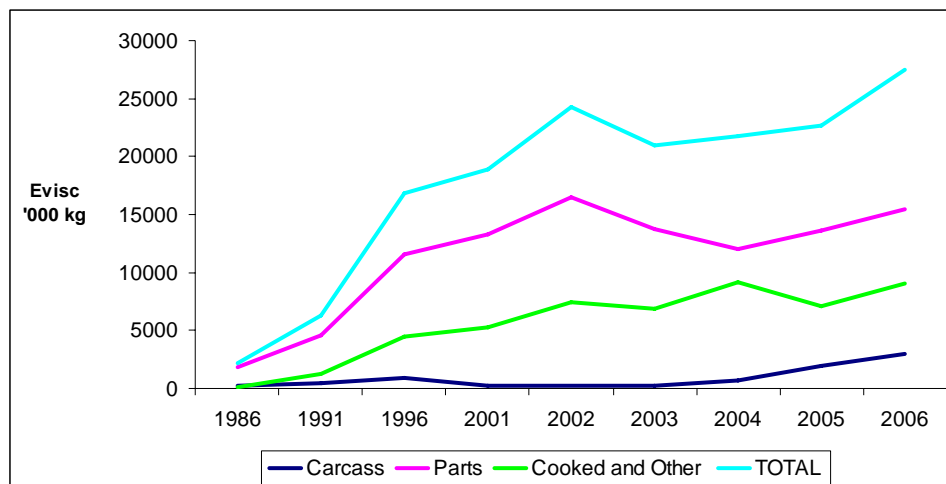
6.5 Canadian Exports of Turkey Meat and Turkey Products

Canadian exports of turkey and turkey products have increased significantly over the past twenty years. In 1986 total exports weighed in at 2,169,000 kg while 2006 figures report 27,468,000 kg which represents an increase of 1166%. This jump could partly be attributed to the WTO agreement on agriculture that came into effect on January 1, 1995, opening up a number of markets that had traditionally been closed.

Figure 15 shows the changes in the exportation levels of turkey and turkey products over a 20 year period. The figure is broken down into three export categories: carcass (i.e. whole birds), parts, and cooked and other (i.e. prepared meals and soups). Since 1986 the export of turkey parts has been the leading segment of the turkey export market. In 2006 turkey parts represented 56.4% of the total exports, followed by cooked and other at 32.9%, and carcass exports representing the remaining 10.7%.

Although the avian influenza outbreak had a negative impact on the overall exportation of Canadian turkey and turkey products in 2004, the graph does show a reversal of the negative trend and a return to overall export growth in 2005 and 2006.

Figure 15 - Changes in Canadian Exports of Turkey



Source: CTMA and AAFC compilations

Table 18 - Canadian Exports of Turkey Products – 2001-2006 (kg)

Products (kg)	2001	2002	2003	2004	2005	2006
Live	0	0	0	0	0	0
Carcass	185,968	151,146	223,784	53,219	74,796	33,092
Parts	11,487,658	13,585,697	11,343,474	10,541,389	11,131,655	11,933,321
Cooked	70,577	66,556	318,776	52,406	70,177	44,636
Others	4,666,041	8,101,125	6,601,876	7,724,700	5,556,744	5,967,528
Further Processed:						
Dinners & Pies	1,785	856	2,047,705	4,098	113,813	55,997
Rolls	0	0	0	0	0	0
Soups	0	0	19,369	208	1,018	22,150
Others	439,912	244,890	449,959	2,473	95,261	113,213
TOTAL	16,851,941	22,150,270	21,004,943	18,378,493	17,043,464	18,169,937

Source: CFIA / Compiled by the AAFC Poultry Section.

6.6 Trade Balance in Turkey and Turkey Products

Table 19 and Figure 16 below illustrate the overall value of imports, exports and trade balance of turkey and turkey products during the 2001-2006 timeframe¹³. Imports of turkey and turkey products were valued at \$37.7 million in 2006, down 26.8% from 2005 figures.

Between 2001 and 2006, import values have fluctuated. The effects of the avian influenza outbreak in British Columbia partnered with supply effects caused by AI outbreaks globally caused the overall value of imports to spike in 2004 and 2005. Aside from 2004 and 2005, the value of imports of turkey and turkey products has remained somewhat stable hovering between \$30 and \$37 million dollars annually.

Both imports and exports of turkey and turkey products have remained stable for the most part between the 2001 and 2006 period. Overall the trade balance for turkey and turkey products has remained positive except for 2005. This general trend had been falling before 2005 and prior to the avian influenza outbreak in British Columbia in 2004.

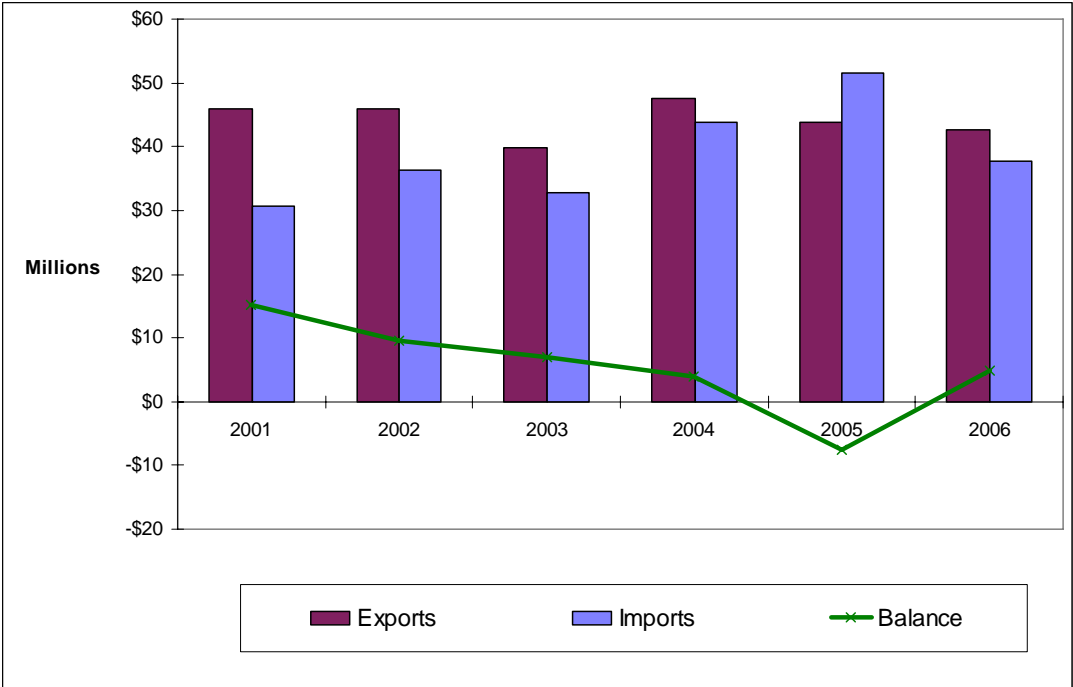
Table 19 – Import, Export and Trade Balance Figures for Canadian Turkey and Turkey Products (2001-2006) (\$)

	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Exports	45,856,615	45,818,140	39,711,246	47,672,957	43,816,385	42,647,418
Imports	30,674,298	36,256,474	32,825,870	43,839,273	51,483,104	37,693,162
Balance	15,182,317	9,561,666	6,885,376	3,833,684	-7,666,719	4,954,256

Source: Statistics Canada and AAFC compilations

¹³ Import figures include Import for Re-Export (IREP) products. Figures do not include hatching eggs.

Figure 16- Canadian Trade Balance for Turkey and Turkey Products (2001-2006) (\$)



Source: Statistics Canada and AAFC compilations

Annex A

The Import Control List

Turkey Items on the ICL

105. Live turkeys, weighing more than 185 g, that are classified under tariff item No. 0105.99.11 or 0105.99.12 in the List of Tariff Provisions set out in the schedule to the *Customs Tariff*.
106. Meat and edible offal of turkeys, fresh, chilled or frozen, not cut in pieces, that are classified under tariff item No. 0207.24.11, 0207.24.12, 0207.24.91, 0207.24.92, 0207.25.11, 0207.25.12, 0207.25.91 or 0207.25.92 in the List of Tariff Provisions set out in the schedule to the *Customs Tariff*.
107. Cuts of meat and edible offal, including livers, of turkeys, fresh, chilled or frozen, that are classified under tariff item No. 0207.26.10, 0207.26.20 (bone in), 0207.26.30 (boneless), 0207.27.11, 0207.27.12, 0207.27.91, 0207.27.92 (bone in) or 0207.27.93 (boneless) in the List of Tariff Provisions set out in the schedule to the *Customs Tariff*.
108. Turkey fat (not rendered or otherwise extracted), fresh, chilled or frozen, salted, in brine, dried or smoked, that is classified under tariff item No. 0209.00.23 or 0209.00.24 in the List of Tariff Provisions set out in the schedule to the *Customs Tariff*.
109. Meat of turkeys, salted, in brine, dried or smoked, that is classified under tariff item No. 0210.99.14, 0210.99.15 (bone in) or 0210.99.16 (boneless) in the List of Tariff Provisions set out in the schedule to the *Customs Tariff*.
110. Sausages and similar products, made from meat, meat offal or blood of turkeys, and food preparations based on those products (other than in cans or glass jars), that are classified under tariff item No. 1601.00.31 or 1601.00.32 in the List of Tariff Provisions set out in the schedule to the *Customs Tariff*.
111. Prepared or preserved liver paste, made from turkeys (other than in cans or glass jars), that is classified under tariff item No. 1602.20.31 or 1602.20.32 in the List of Tariff Provisions set out in the schedule to the *Customs Tariff*.
112. Prepared meals, made from turkeys (other than specially defined mixtures), that are classified under tariff item No. 1602.31.12, 1602.31.13 (bone in) or 1602.31.14 (boneless) in the List of Tariff Provisions set out in the schedule to the *Customs Tariff*.
113. Prepared or preserved meat or meat offal of turkeys (other than prepared meals and specially defined mixtures and other than in cans or glass jars) that is classified under tariff item No. 1602.31.93, 1602.31.94 (bone in) or 1602.31.95 (boneless) in the List of Tariff Provisions set out in the schedule to the *Customs Tariff*.

Source: International Trade Canada.

Turkey Items not on the ICL

- Generally, turkey products that are identified as "specially defined mixtures" of tariff Nos. 1602.31.11 and 1602.31.92 are exempted from the ICL. Examples of such products include: turkey cordon bleu, breaded breast of turkey cordon bleu, turkey Kiev , breaded breast of turkey Kiev , boneless turkey with apples and almonds, turkey Romanoff Regell, turkey Neptune breast, boneless turkey Panache and turkey TV dinners.
- In addition to "specially defined mixtures", turkey products are considered as non-ICL products if they are classified under headings No. 19.02 (Pasta), No. 19.05 (Pastry), No. 20.04 (Other vegetables prepared or preserved, frozen), No. 20.05 (Other vegetables prepared or preserved, not frozen), No. 20.06 (Fruits and vegetables preserved by sugar) No. 21.03 (Sauces and preparations), No. 21.04 (Soups), and No. 21.06 (Food preparations). Producers of these products may be eligible for a share of the non-ICL portion of the turkey TRQ.

Further information

- Turkey products that are simply cooked and/or marinated and/or spiced are on the ICL.
- It is the responsibility of applicants, not accountants, to state that their products are not on the ICL.

Source: International Trade Canada.

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