Required Report: Required - Public Distribution

Date: September 25, 2024

Report Number: CA2024-0043

Report Name: Poultry and Products Annual

Country: Canada

Post: Ottawa

Report Category: Poultry and Products

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Report Highlights:

Chicken meat production is forecast to show a modest 2 percent growth in 2025, based on a stable demand, and considering increased imports, especially under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) tariff rate quota (TRQ). The overall 2025 import TRQ volumes will approach 121,000 metric tons, with the United States expected to maintain more than 80 percent share of total Canadian chicken meat imports. In 2024, as the only country taking advantage of the CPTPP poultry TRQ, Chile emerged as a significant supplier, and is expected to gain additional market share in 2025.

Note Regarding Reporting Change:

This report provides *chicken meat* estimates and forecasts for 2023-2025. The prior *broiler meat* series has been discontinued and will not be revised or updated in the future.

Official USDA data is available via the PSD database. The October 2018 data release included a historical *chicken meat* series back to 1999. The *broiler meat* series terminated with 2016 data.

Chicken meat is defined as meat of domestic fowl (Gallus gallus/Gallus domesticus) including all chickens: broiler, layer, hybrid, domestic breeds, spent hens, ex-breeding stock, etc.

Executive Summary

- FAS/Canada projects modest production growth for 2025, with chicken meat production forecast to reach 1.465 million metric tons (MMT), just over 2 percent above the estimated 2024 level. Demand for chicken meat remains stable, both at retail, and in the food service sector. The trend is primarily supported by sustained consumer preference for this type of protein, and by competitive chicken meat prices relative to other meat protein prices, especially beef and fish.

- FAS/Canada estimates 2024 chicken meat production flat at 1.430 MMT, up barely 1 percent from 2023. Facing stable demand, production growth in 2024 became primarily dependent on the total volume of imports under various tariff rate quotas (TRQs). With anticipated increased imports from Chile and the United States, chicken producers decided to lower production volumes in the second half of the year, thus tempering earlier growth expectations[1].

- Following the July 1, 2020, entry into force of the United States-Mexico-Canada Agreement (USMCA), Canadian chicken meat imports are comprised of three tariff rate quotas (TRQs): the global TRQ, now based on the fixed market access volume negotiated at the World Trade Organization (WTO); the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) TRQ; and the USMCA TRQ. The combined market access volume for chicken meat under these three TRQs will reach nearly 121,000 metric tons (MT) in 2025.

- In addition to TRQ imports, Canadian poultry processing and further-processing companies are expected to import in 2025 an estimated 65,000 MT of chicken meat under Canada's two import for re-export programs. Nearly all the finished products produced under these programs would be exported to the United States. Overall, the United States is expected to supply over 80 percent of all chicken meat imported by Canada, both within, and outside of TRQs.

[1] As explained further in the report, Canada operates a supply management system for the chicken sector, thus controlling production levels via production quotas.

Poultry, CHICKEN MEAT

Table 1.

CANADA Meat CHICKEN	2023		2024		2025
	USDA Official Data	NEW Post Data	USDA Official Data	NEW Post Estimates	NEW Post Estimates
Beginning Stocks	62	62	73	73	65
Production	1,416	1,416	1,440	1,430	1,465
Total Imports	197	197	195	205	215
Total Supply	**1,675**	**1,675**	**1,708**	**1,708**	**1,745**
Total Exports	113	113	118	120	125
Total Dom. Consumption	1,489	1,489	1,525	1,523	1,560
Ending Stocks	73	73	65	65	60
Total Distribution	**1,675**	**1,675**	**1,708**	**1,708**	**1,745**

NOTE: "NEW Post" data reflects Post's assessments and are NOT official USDA data.
All data in 1,000 metric tons, carcass weight equivalent

Chicken Meat Production

FAS/Canada forecasts a modest growth in chicken meat production for 2025, rising just over 2 percent to 1.465 million metric tons (MMT), as both retail and food service demand are anticipated to remain solid, supported by competitive prices for chicken among other sources of animal protein. The food service sector is expected to consistently contribute to chicken demand, especially through the quick-service segment where customer traffic is resilient and constantly attracted by new menu items.

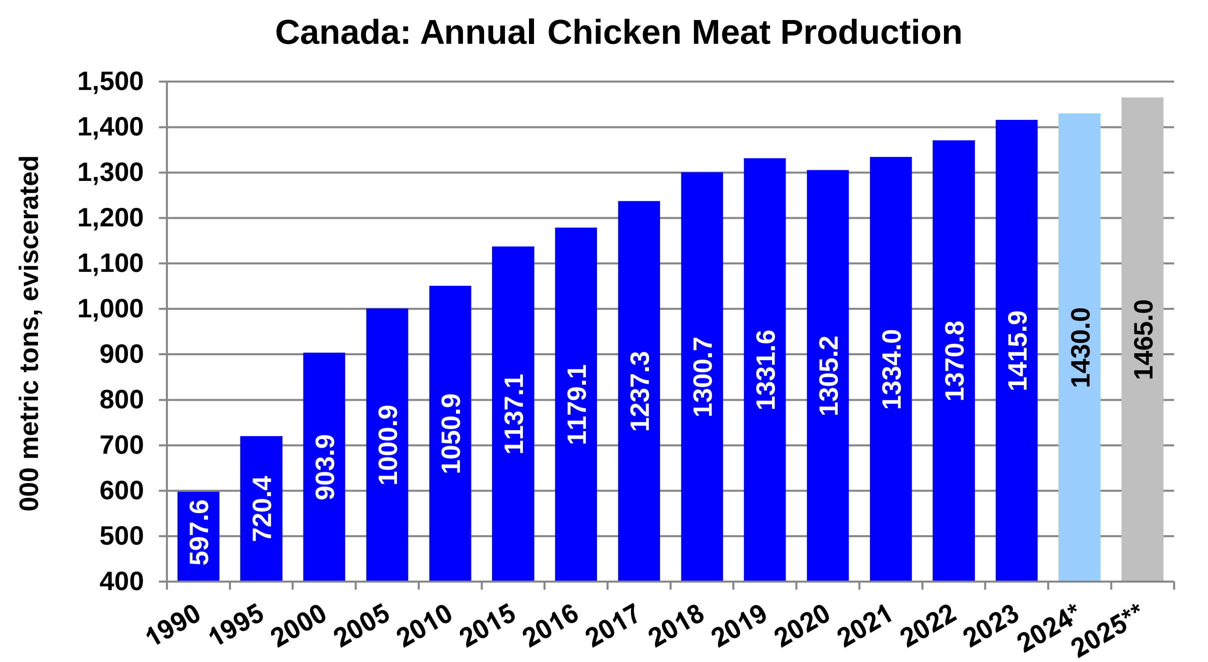
FAS/Canada also estimates 2024 chicken meat production at 1.430 MMT, nearly flat from 2023. While domestic production has increased during the first half of the year compared to the same period one year ago, farmers decided to lower production volumes in the second half of 2024, to avoid possible oversupply. Farmer decisions are supported by declining chicken stocks, and by sluggish imports that have remained below expected levels during the first half of the year, particularly from the United States, Canada's largest supplier, and from Chile, a country that recently began taking advantage of market access opportunities under the CPTPP TRQ. While stocks are not anticipated to build up, imports are expected to largely fill the various chicken TRQs by the end of 2024, thus contributing to the overall chicken supply, and therefore limiting the volume required to be produced domestically.

In Canada, the chicken meat market consists primarily of broiler meat, which represents between 97 and 98 percent of the market. The balance is comprised of other chicken meat, mostly spent fowl (also called stewing/mature hens). Under Canada's supply management system, poultry farmers are not vertically integrated into the processing and further processing industries. A large number of independent chicken farmers, often relatively small family operations, supply live birds to processing companies.

Chicken production is tightly controlled through a quota system. Representatives of chicken producers, poultry processors, poultry further-processors, and the food service sector make production decisions jointly, taking into account current and forecast data on various economic indicators, including; imports, stocks, retail and food service sales, wholesale and retail prices, competing protein prices, world production conditions, feed prices, exchange rates, and domestic macroeconomic indicators. Every 8-

week production cycle, the Chicken Farmers of Canada (CFC), established under the Farm Products Agencies Act in 1979, makes a decision on a national production volume. This national chicken volume is then allocated to each of the ten producing provinces, where provincial-level organizations further allocate the production quota to individual producers based on the producer's share of the total production quota.

Figure 1.



Note: Chicken meat is defined as meat of domestic fowl (Gallus gallus/Gallus domesticus) including all chickens: broiler, layer, hybrid, domestic breeds, spent hens, ex-breeding stock, etc.

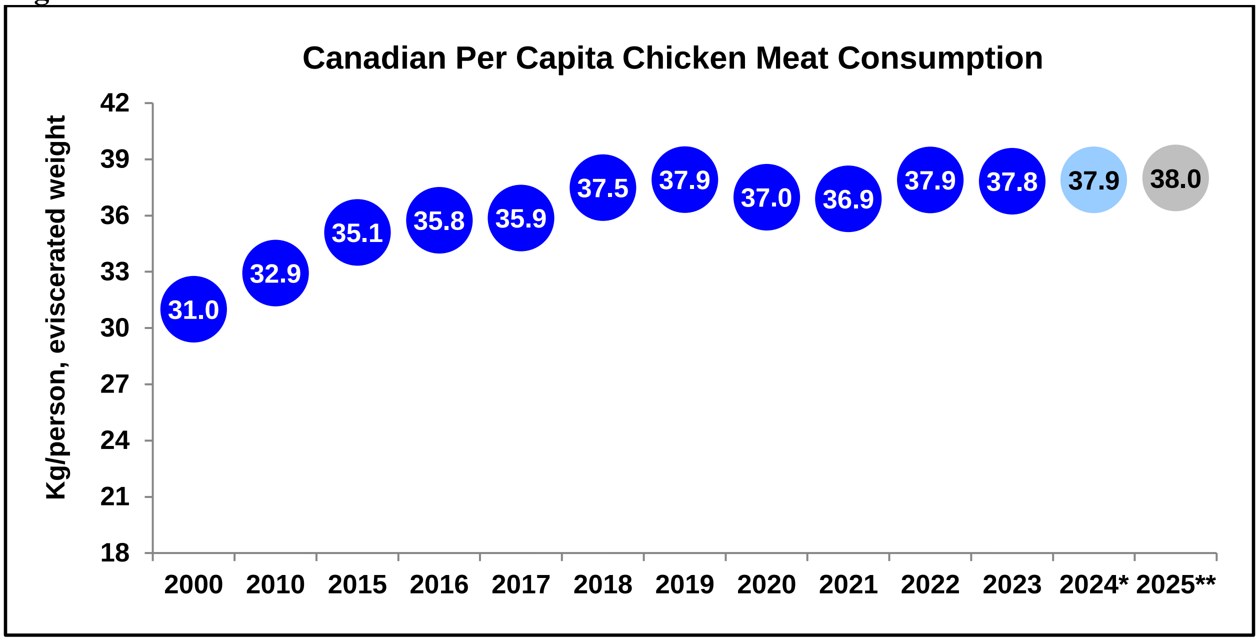
Source: Statistics Canada / FAS/Canada *estimate ** forecast

The prices at which chicken farmers sell their live birds to processors vary from province to province and are typically established based on a cost of production formula. The two major input costs are feed and day-old chicks. The goal of Canada's supply management system, which is based on production controls and cost-based prices, is to insulate Canadian chicken farmers from fluctuating input costs and to stabilize farm income.

Consumption

The COVID-19 pandemic negatively impacted Canada's decades-long, steady increase in chicken meat consumption, primarily as customer traffic in the food service market segment suffered from public health-imposed distancing restrictions. In 2022, per capita consumption eventually bounced back, and remained relatively flat in 2023. FAS/Canada projects this stagnating per capita consumption trend to continue in 2024 and to extend into 2025, based on an unprecedented growth in Canada's population, to which chicken supply has yet to catch up.

Figure 2.



Source: Statistics Canada / Post *estimate ** forecast

Total chicken meat consumption in Canada has nearly tripled over the last 35 years, due in part to the country's steady population growth. In 2023, according to Statistics Canada official estimates, Canada's population reached the 40 million mark, a 44 percent increase since 1990, when the population totaled nearly 28 million. Additionally, 2023 was the first time in Canadian history when population grew by over 1 million people in a single year, and the highest annual population growth rate on record since the 1950s. This significant population growth continued into 2024 (when Canada's population is estimated at over 41 million people) and is expected to gradually slow down from 2025 onward. This population boom is primarily attributed to both permanent and temporary immigration, which in turn is mostly comprised of a diversity of ethnic groups that tend to share similar preferences when it comes to chicken meat consumption.

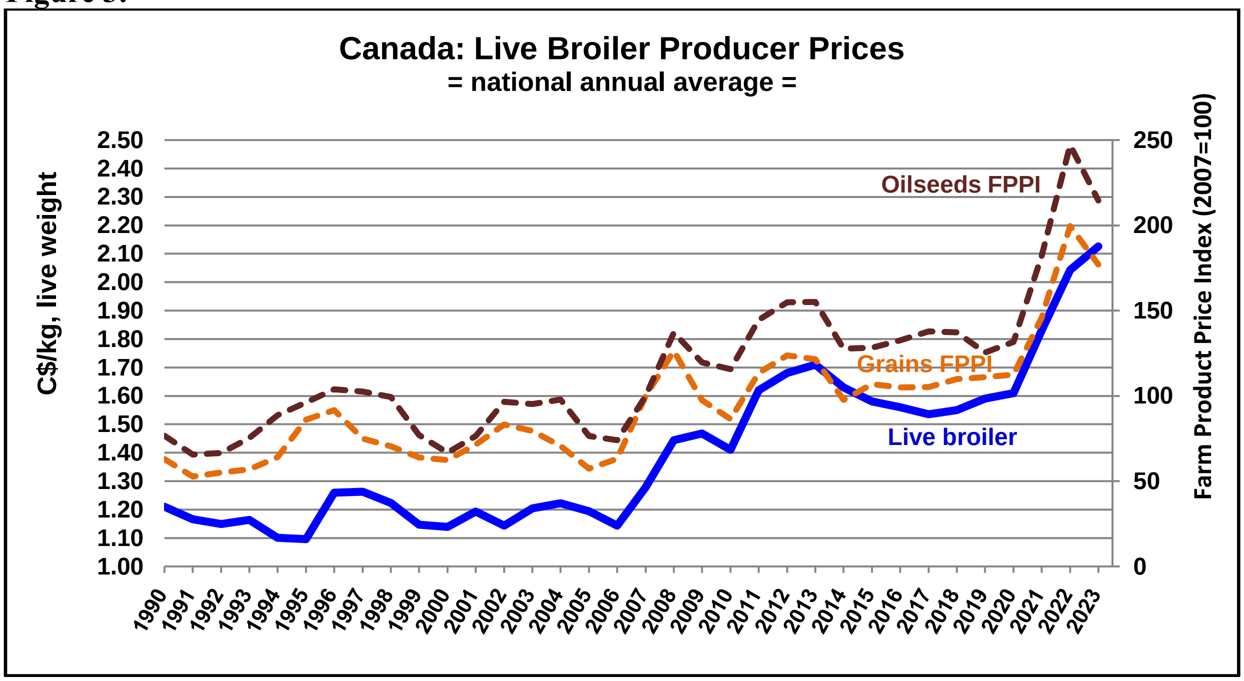
It is no surprise that the ever-increasing popularity of chicken as a versatile, affordable protein drives the upward consumption trend. Chicken meat, competitively priced and consistently available, is an attractive and resilient substitute to red meat proteins, which are typically higher-priced, and at times in short supply. Additionally, chicken meat has benefited from an increase in consumer health awareness, and the perception that chicken is leaner, and therefore healthier, than other meats. Finally, increased chicken consumption can also be attributed to the proliferation of chicken-based quick-service offerings, as well as Canada's changing ethnic composition. Presently, nearly 1 in 4 Canadians were born in another country, and Canada's immigrant population increasingly originates from countries with stronger dietary preferences for chicken rather than beef or pork. Rising diversity has also expanded the range of food service outlets offering chicken-based dishes. As in the United States, chicken's popularity in food service and at retail is indisputable.

According to an Agriculture and Agri-Food Canada (AAFC) estimate, in 2018, retail chicken purchases accounted for approximately 59 percent of Canada's total chicken food availability, while quick-service restaurants constituted 24 percent, full-service restaurants 12 percent, and hotels and institutions accounted for roughly 5 percent of sales. While this data has yet to be updated, AAFC maintains a website providing various, more current statistics related to the chicken sector.

Prices

Under the supply management system, chicken producers receive a fixed price for their live birds, which is based on production costs and determined for every 8-week production cycle. Ontario is the largest chicken producing province in Canada, accounting for about one-third of the market, and therefore Ontario live bird prices are the basis for the calculation of prices in other provinces. Due to the supply management system, producer prices have remained relatively stable over time, typically tracking changes in feed prices, which represent the largest component in the cost of production.

Figure 3.

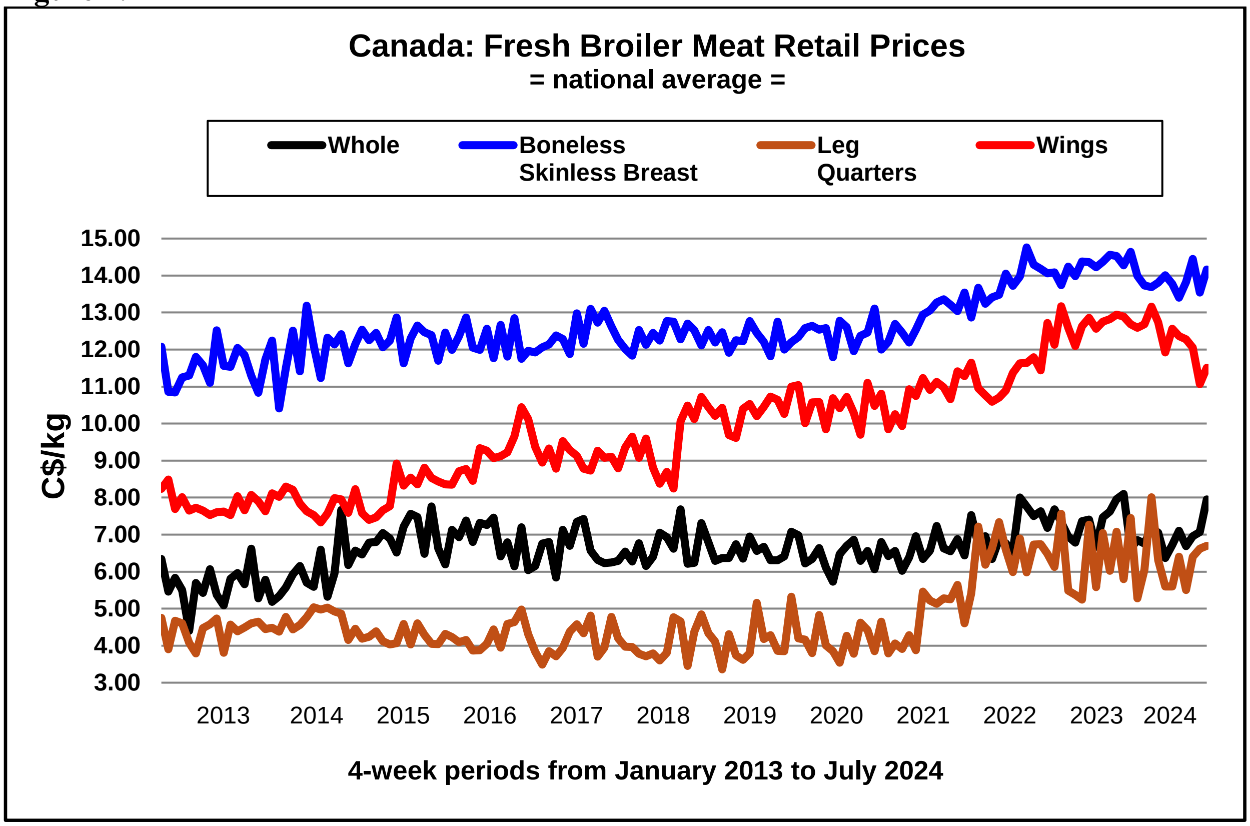


Source: Statistics Canada / Chicken Farmers of Canada

The Canadian supply management system only guarantees prices for producers. Wholesale and retail chicken meat prices are usually reflective of market conditions in terms of supply and demand, as well as consumer preferences for various chicken cuts, quality, and degree of transformation. In 2024, most retail food prices for various chicken cuts continued to be impacted by the inflationary pressure observed since 2022, with prices falling only for wings.

Traditionally, Canadian consumer preferences have skewed heavily towards white meat (chicken breasts and wings) over dark meat (chicken legs and thighs), but Canadian consumer preferences are gradually starting to balance out as demand for dark meat continues to rise, and prices for white meat cuts increase. While leg quarters had long been the least expensive chicken cut in grocery stores, greater consumption of ‘ethnic cuisine’ and consumer price sensitivity have supported increased demand. The gradual decline and increased volatility in retail prices for leg quarters over the past several years and up until the 2022 inflationary boost, reflects not so much a dip in consumer demand for dark meat, but rather a transition towards a more expensive dark meat cut: boneless thighs. The fresh boneless skinless breast, however, remains the most expensive chicken cut, which is widely used in restaurants and a preferred barbecue item for Canadians. Wings are particularly popular during the winter hockey season and other sporting events, and demand has remained solid over the years.

Figure 4.



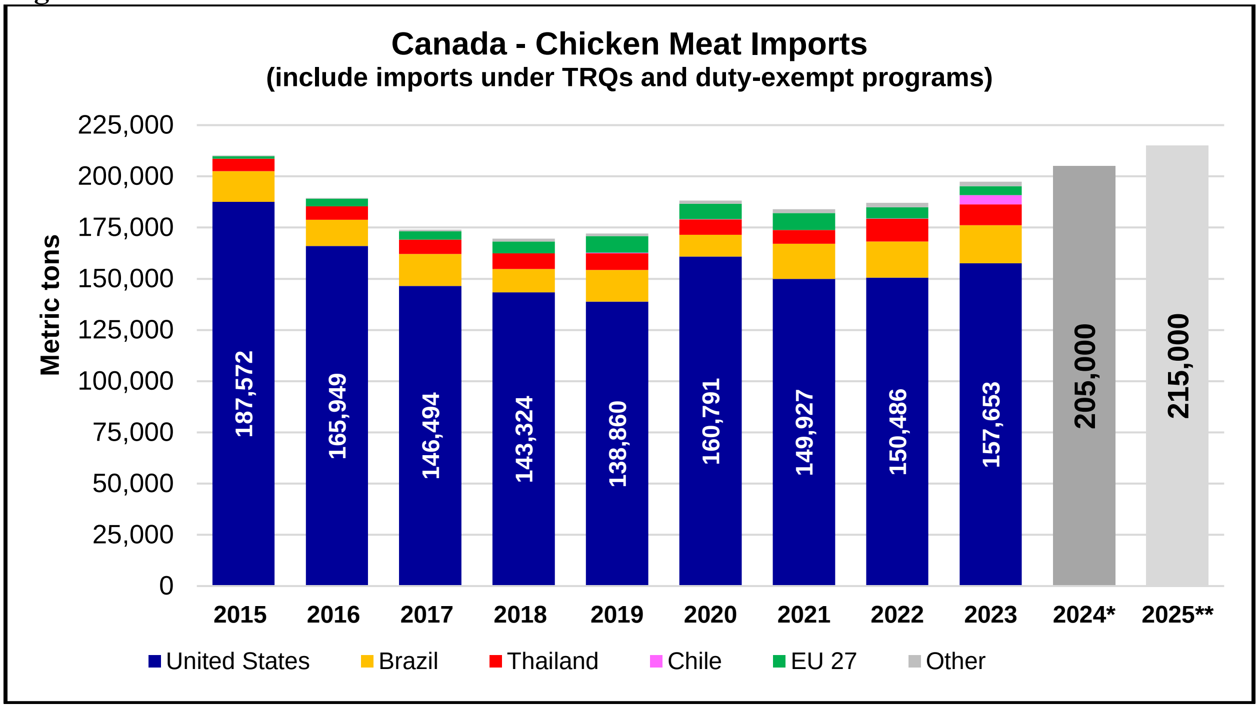
Source: Agriculture and Agri-Food Canada

Trade

Imports

FAS/Canada forecasts total chicken meat imports at 215,000 MT in 2025, up 10,000 MT from the estimated level of 205,000 MT for 2024. As discussed in the policy section, most chicken meat imports are controlled and subject to several tariff rate quotas (TRQs). Additional imports of products subject to TRQs are concentrated under two import-for-re-export programs, which require re-exporting of the imported chicken volumes. Canada also imports chicken products that are not import-controlled, such as spent fowl, and certain further-processed chicken products. Market conditions in the United States play a significant role in import decisions as there continues to be a large price differential between lower U.S. wholesale chicken meat prices and higher Canadian prices, and this price difference creates a strong incentive for importers to source U.S. chicken meat, especially under programs that provide a customs duty exemption (i.e., the import-for-re-export programs).

Figure 5.



Source: Trade Data Monitor / FAS/Canada *estimate ** forecast

The overall decline in imports observed over the past eight years, from the 2015 peak, has been largely attributed to border enforcement measures by the federal authorities which uncovered imports of broiler meat (subject to TRQs) wrongfully labeled as spent fowl (not subject to import controls). Additionally, federal authorities conducted enforcement activities under the import-for-re-export programs, resulting in the delisting of noncompliant companies.

Table 2.

Canada: Chicken Meat Imports, January - July (metric tons)							
	Quantity			% Market Share			% Change
	2022	2023	2024	2022	2023	2024	2024/2023
World	**102,035**	**111,110**	**112,705**	100.0	100.0	100.0	**1.4**
United States	83,161	91,665	90,601	81.5	82.5	80.4	-1.2
Brazil	9,614	8,316	8,493	9.4	7.5	7.5	2.1
Thailand	5,937	5,509	5,708	5.8	5.0	5.1	3.6
Chile	0	1,853	4,418	0	1.7	3.9	138.5
Hungary	1323	1625	1,304	1.3	1.46	1.2	-19.8
Germany	1198	615	822	1.18	0.55	0.7	33.6
Mexico	144	486	773	0.1	0.4	0.7	59.2
Other countries	658	1,041	586	0.6	0.9	0.5	-43.7

Source: Trade Data Monitor

Typically, Canada imports chicken wings and chicken breasts. Wings are primarily destined for the food service sector, while breast meat is utilized in various distribution channels, including further processing, food service, and retail. The United States is Canada's largest supplier of chicken meat, typically commanding around 80-85 percent of the import market, followed by Brazil and Thailand. Some Canadian importers are discouraged from importing Brazilian chicken, despite its lower cost, because it cannot be re-exported to the United States.

In 2023, Chile was the first country to benefit from Canada's market access commitments under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) TRQ, and is currently viewed as an emerging supplier of chicken to Canada, potentially outpacing traditional suppliers like Brazil and Thailand. By the end of 2025, as business relationships continue to develop, it is expected that Chile could fill the entire CPTPP chicken TRQ, with exports to Canada potentially reaching over 20,000 MT annually.

At a much smaller scale than Chile, Mexico is another emerging supplier of chicken products to Canada, only in processed form, based on a model where food processing plants in Mexico use raw chicken inputs from the United States, and take advantage of local lower labor costs. Finally, with the entry into force of the Comprehensive Economic and Trade Agreement (CETA) with the European Union (EU) in 2017, Canada started importing certain chicken meat products from EU countries (e.g., frozen wings, and processed products from Hungary and Germany), which also add competitive pressure on traditional suppliers.

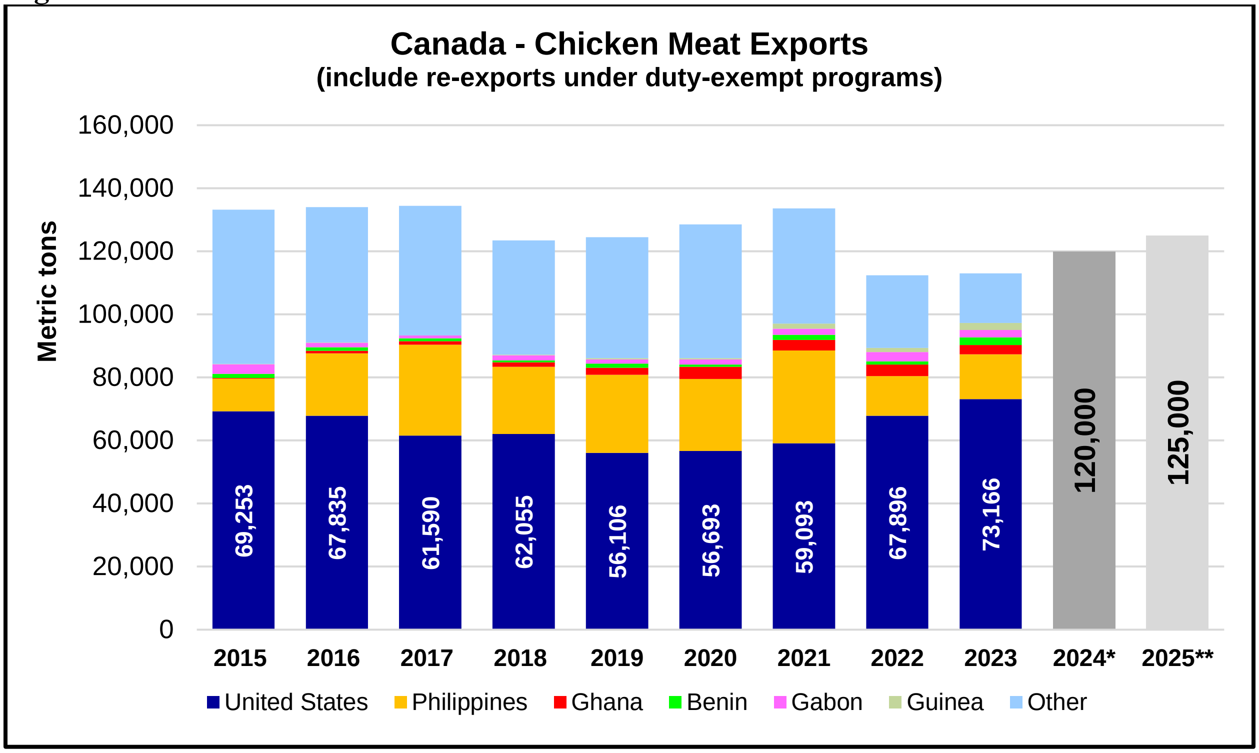
Product Control for Brazilian Poultry

Since USDA does not permit imports of Brazilian chicken meat, the Canadian Food Inspection Agency (CFIA) has strict import procedures to ensure Brazilian chicken meat imported into Canada does not enter the United States. Under CFIA regulations, chicken meat imported from Brazil may not be exported to the United States and may not be used in the manufacture of meat products exported to the United States. Canadian poultry slaughter and processing establishments that import chicken meat from Brazil are not eligible to export poultry meat products to the United States. In addition, chicken meat and meat products from non-eligible establishments must not enter Canadian establishments that have full export status for the United States. All Canadian establishments (including storage facilities) must segregate the meat on their premises by country of origin and destination.

Exports

FAS/Canada forecasts 2025 chicken meat exports at 125,000 MT, up 5,000 MT from the estimated 2024 export volume. In general, Canadian chicken exports fall into two broad categories. "Re-exports" under Canada's imports-for-re-export programs constitute roughly half of all export shipments, with most products destined for the United States. The remaining export volume is generally comprised of dark meat cuts for developing country markets. While market forces play a certain role in Canada's export levels, the timeframe for the re-export requirement under Canada's import-to-re-export programs also impacts the chicken meat export volumes in any given year. Additionally, as highlighted above, recent enforcement measures by federal authorities under import-to-re-export programs led to a decline in overall imports, which in turn translated into lower finished product volumes available for re-export.

Figure 6.



Source: Trade Data Monitor / FAS/Canada *estimate ** forecast

Table 3.

Canada: Chicken Meat Exports, January - July (metric tons)							
	Quantity			% Market Share			% Change
	2022	2023	2024	2022	2023	2024	2024/2023
World	**67,773**	**63,819**	**69,697**	100.0	100.0	100.0	**9.2**
United States	39,497	41,985	45,301	58.3	65.8	65.0	7.9
Philippines	7,379	7,540	10,067	10.9	11.8	14.4	33.5
Guinea	467	1,139	1,862	0.7	1.8	2.7	63.5
Trinidad and Tobago	1,992	978	1,776	2.9	1.5	2.6	81.6
Ghana	2,370	1,432	1,734	3.5	2.2	2.5	21.1
Gabon	1,106	1,116	1,341	1.6	1.8	1.9	20.1
Mexico	524	700	831	0.8	1.1	1.2	18.8
Benin	747	1,473	813	1.1	2.3	1.2	-44.8
Other countries	13,691	7,456	5,972	20.2	11.7	8.6	-19.9

Source: Trade Data Monitor

Policy:

Tariff Rate Quotas (TRQs)[2]

Canada controls most chicken meat imports through TRQs. Until mid-2020, Canada applied the market access level negotiated under NAFTA to its global chicken TRQ (open to all trading partners), equal to 7.5 percent of the preceding year's domestic broiler production as reported by Statistics Canada. After the USMCA entered into force on July 1, 2020, Canada's market access under the global TRQ returned to the fixed volume negotiated under the WTO, supplemented by a new USMCA TRQ exclusively for U.S. chicken products. In addition, a CPTPP TRQ for chicken products originating in CPTPP member countries[3] has been in place since late 2018.

The market access levels in calendar year 2024 (January-December), under these various chicken meat TRQs are as follows:

- WTO TRQ: 39,800 MT
- USMCA TRQ: 55,000 MT
- CPTPP TRQ: 23,735 MT
    - ***Total: 118,535 MT***

In calendar year 2025 (January-December), the chicken market access levels will be:

- WTO TRQ: 39,800 MT
- USMCA TRQ: 57,000 MT
- CPTPP TRQ: 23,972 MT
    - ***Total: 120,772 MT***

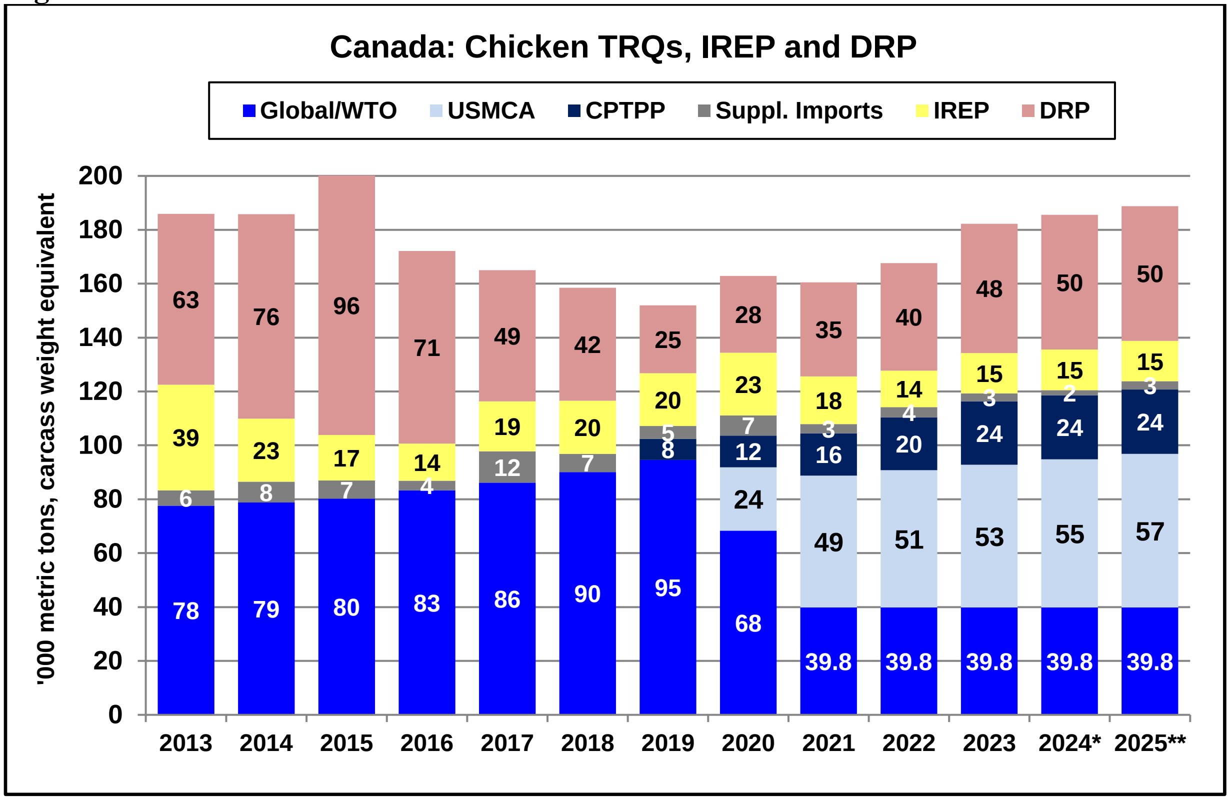
Traditionally, the global/WTO chicken TRQ has been filled at nearly 100 percent, and FAS/Canada expects this fill rate to continue in the future. Although the USMCA chicken TRQ is new, FAS/Canada expects this TRQ to fill as well, given the long-standing business relationships established between Canadian importers and U.S. exporters under the global TRQ. While the CPTPP chicken TRQ stayed largely unfilled during the first years of implementation, Chile ratified the trade agreement in February 2023, and soon thereafter started exporting to Canada. It is expected that by the end of 2025 Chile could fill the full CPTPP TRQ volume, with exports to Canada in excess of 20,000 MT annually.

Under these TRQs, imports are subject to low "within access commitment" duty rates, while imports over the TRQ limit are subject to prohibitive "over access commitment" rates. Imports from the United States under either the WTO TRQ or the USMCA TRQ benefit from duty free treatment, while over-quota duties can reach 249 percent. For instance, within access imports of fresh boneless breasts from the United States enter Canada duty free, while over access imports would be subject to a 249 percent tariff. Comparatively, imports of frozen boneless breasts from Brazil within the WTO TRQ are subject to a 5 percent tariff, and over access imports face the same 249 percent tariff.

[2] The import volumes of chicken meat mentioned in this section are expressed in carcass weight equivalent, based on Canada's international trade commitments, according to which import permits are issued at a 1:1 ratio for bone-in chicken cuts and a 2:1 ratio for boneless cuts. Therefore, the import quantities mentioned in this section are not directly comparable with the import volumes mentioned in the rest of this report (which are expressed on a product-weight basis).

[3] Of all CPTPP member countries, Chile is viewed as possibly the sole supplier of chicken under the CPTPP TRQ.

Figure 7.



Source: GAC, CBSA, Statistics Canada, FAS/Canada calculations / */**FAS/Canada estimates
IREP is GAC's imports for re-export program, while DRP is CBSA's duties relief program.

Global Affairs Canada (GAC) issues supplementary import permits in the following situations:

- Resale Due to Domestic Market Shortages – no such permits were issued in 2021.
- Dark Chicken Meat not Supplied by the Chicken Farmers of Canada's Domestic Supply Program – no such permits were issued in 2021.
- Import-to-Compete Program – 3,432 MT of import permits were issued by GAC in 2021.
- Import for Re-Export Program (IREP) – 17,733 MT of import permits were issued by GAC in 2021.
- Test Marketing – no such permits were issued in 2021.
- Extraordinary or Unusual Circumstances – no such permits were issued in 2021.

Information on the chicken TRQs, supplementary imports, and the process for importing chicken meat into Canada is located on the GAC website.

In addition to chicken TRQs, Canada also maintains TRQs for broiler hatching eggs and chicks. Under USMCA, the global TRQ (opened to all countries) provides for a combined level of global import quotas on broiler hatching eggs and chick products at a level no lower than 21.1 percent of the estimated Canadian domestic production of broiler hatching eggs for a given calendar year. This combined annual access level is further subdivided into two separate and distinct access levels:

- the annual access level for broiler hatching eggs is equivalent to 17.4 percent of Canadian domestic broiler hatching egg production, and
- the annual access level for egg-equivalent chicks is 3.7 percent of Canadian domestic broiler hatching egg production.

Although global, the only country supplying Canada with hatching eggs and chicks is the United States. Canada also opened a CPTPP broiler hatching eggs and chicks TRQ, which is currently unfilled.

Import for Re-Export Program

Traditionally, most supplementary imports have been comprised of imports under GAC's Import for Re-Export Program (IREP). The program requires that the resulting processed chicken product be exported, since diversion of product imported under IREP to the domestic Canadian market is prohibited. IREP benefits Canadian poultry processors and further processors by providing access to lower priced imported chicken. Canadian proponents of the IREP program argue that it allows Canadian chicken processing and further processing plants to achieve economies of scale they could not otherwise achieve if restricted to available supplies of domestically produced chicken. IREP imports may be sourced from any country and re-exported to any country, but in practice almost the entire volume is imported from the United States and exported back to the U.S. market.

Duties Relief Program

2012 marked the emergence of increased utilization of the Duties Relief Program (DRP) managed by the Canada Border Services Agency (CBSA). While the DRP is similar to IREP, there are some differences that make DRP more appealing to importers. For instance, DRP requires the finished chicken meat products to be re-exported within four years, rather than the three-month limit under IREP. Imports of chicken under DRP peaked in 2015 and have since declined following a series of compliance verification activities by CBSA that revealed program non-compliance, resulting in several companies being delisted from the program. FAS/Canada estimates 2023 imports under IREP and DRP at 65,000 MT, down from the 2015 record level of 113,000 MT, due to closer scrutiny of program utilization and stricter compliance enforcement.

Supply Managed TRQ Consultation

In May 2019, Global Affairs Canada (GAC) opened public consultations on the Canadian allocation and administration of its dairy, poultry, and eggs tariff rate quotas (TRQs). Given the recent free trade agreements concluded by Canada (CETA, CPTPP and USMCA), the number of supply managed import TRQs nearly tripled, significantly increasing the administrative burden of TRQ management. The consultation was meant to gather input from stakeholders as to how to best administer all the TRQs going forward. Following the initial round of consultations, GAC published a summary report. A second round of consultations was opened in February 2020, when GAC asked stakeholders to offer views on a set of policy options put forward for consideration. In May 2020, citing reasons related to the COVID-19 pandemic, GAC decided to temporarily suspend the consultation process. In January 2021, consultations were resumed, with a closing deadline in March 2021, and a stated publication deadline for new policies of September 1, 2021. To date, GAC has not announced any new allocation policies.

Attachments:

No Attachments