



# INTERNATIONAL EGG AND POULTRY REVIEW



U.S. Department of Agriculture    Agricultural Marketing Service    Poultry Programs    Market News and Analysis Branch

## Canada's Supply Management System for Shell Eggs

Supply management is a marketing system where producers control the production (supply) of a commodity. The purpose is to ensure domestic demand is met while ensuring a reasonable return for producers and stable prices for consumers. The three pillars of supply management are: domestic production quotas, import controls, and price setting.

Canada developed a national supply management system for certain commodities with the Farm Products Marketing Agencies Act of 1972. The act founded the National Farm Products Council (NFPC) and provided the legal foundation for national marketing agencies. Legislation already existed to allow the federal government to delegate authority over interprovincial and export trade to provincial commodity boards. Five agricultural commodities are supply-managed: eggs, milk, turkey, chicken and broiler hatching eggs.

The national agencies establish and allocate production quotas, which specify the volume of product that can be produced by specific producers within a specified period of time. Levies are then paid by producers to support the administrative and marketing operations. The agencies also regulate the marketing of farm products between provinces and in export trade.

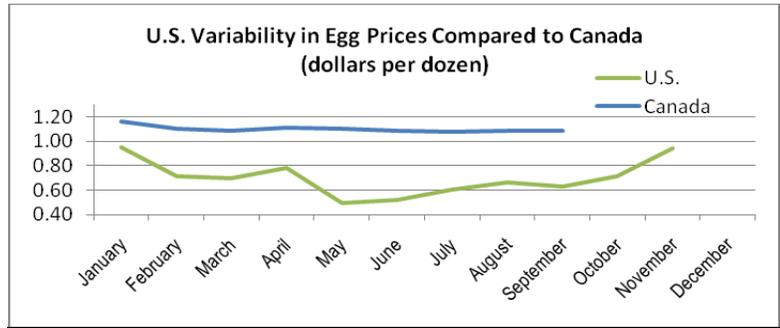
Egg producers were the first to establish an agency and the Canadian Egg Marketing Agency (CEMA) was founded in 1972. In 2008 CEMA changed their name to Egg Farmers of Canada (EFC). EFC establishes an annual national requirement for eggs, which is then shared among the provinces. Production quotas are issued to individual producers after accounting for the numbers of small producers who grow eggs without quotas. Prices paid to producers are tied to production costs.

Shell egg producers sell their eggs to grading stations, but when there is a surplus the excess eggs are sold to the provincial or territorial commodity boards. EFC buys these eggs which are then sold to egg processors to produce egg products. EFC sells eggs to processors based on U.S. processor prices. It uses levies to make up the difference between this price and the price it pays to provincial boards.

The Export and Import Controls Bureau of the Department of Foreign Affairs and International Trade is responsible to administer the Export and Import Permits Act (EIPA), which gives the authority to the Governor in Council to regulate the import and export of designated products. Under EIPA the Governor in Council may establish the Import Control List (ICL). Permits are required for imports of agricultural products under the ICL. The Canada – U.S. Free Trade Agreement (FTA) was signed in 1988 implemented in 1989 and required all tariffs to be phased out over a ten year period. An exception was allowed for certain commodities such as Canadian dairy and poultry imports.

In 1994 the FTA was expanded to include Mexico to create the North America Free Trade Agreement (NAFTA). Agriculture was the only section of the agreement that was not negotiated trilaterally. Three separate agreements were signed for agriculture, including two bilateral agreements that Canada negotiated to preserve border controls for its supply-managed commodities.

Source: Agriculture and Agri-Food Canada; Canadian Egg Marketing Agency/Egg Farmers of Canada; Farm Products Council of Canada

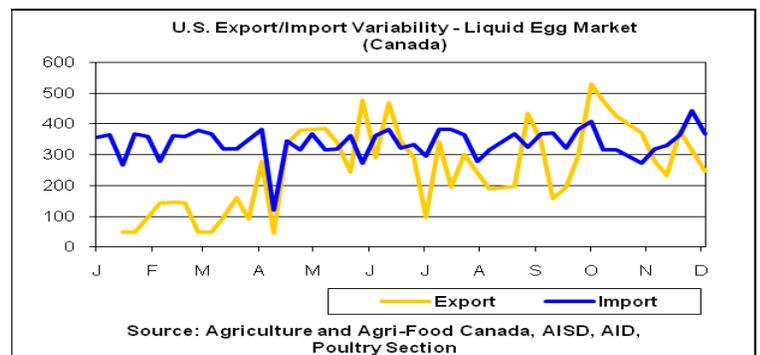


Month	2008 US	2008 CA	2009 US	2009 CA
January	1.26	1.09	0.95	1.16
February	1.25	1.1	0.71	1.1
March	1.32	1.1	0.70	1.09
April	0.93	1.12	0.78	1.11
May	0.71	1.13	0.49	1.1
June	0.92	1.13	0.52	1.09
July	0.75	1.15	0.61	1.08
August	0.85	1.18	0.67	1.09
September	0.89	1.18	0.63	1.09
October	0.88	1.19	0.71	---
November	0.93	1.16	0.95	---
December	0.92	1.16	---	---
<b>Average</b>	<b>0.97</b>	<b>1.14</b>	<b>0.70</b>	<b>1.10</b>

Note: U.S prices based on IA, MN, WI monthly avg. large eggs paid to producer; CA prices based on monthly avg. prices received by producer

Sources: USDA/AMS Poultry Market News and Analysis; International Trade Canada/Export and Import Permits Bureau; Poultry and Egg Statistics, 2009, vol. 6 no. 3, [www.statcan.gc.ca](http://www.statcan.gc.ca); USDA AMS Poultry Market News and Analysis

The graph above illustrates the variability in U.S egg prices compared to Canada. Canada's national supply management system ensures egg prices are not susceptible to the variability in prices that the U.S. undergoes. Canada's shell egg prices are very stable through the control of domestic production quotas, import controls, and prices.



Exports in thousand pounds

In 2009, U.S. liquid egg exports to Canada totaled 12,267,000 pounds through December 19. U.S. liquid egg imports from Canada totaled 17,114,000 pounds for the same period.

**INSPECTED EGG PRODUCTS-**

**U.S. & CANADA IMPORT/EXPORT TRADE**

**U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Type	Year-To-Date			
	2009	2008 /1	2009 /2	2008
Liquid	385	0	12,652	1,877
Frozen	0	0	135	84
Dried	0	0	828	652
Total	385	0	13,615	2,613

**U.S. Imports From Canada, in Pounds (000) (Preliminary)**

Type	Year-To-Date			
	2009	2008 /1	2009 /2	2008
Liquid	313	267	17,427	18,838
Frozen	4	1	288	567
Dried	0	0	50	791
Total	317	268	17,765	20,196

**Inspected Shell Eggs**

**U.S Exports to Canada, In 30-Dozen Cases (Preliminary)**

	Year-To-Date			
	2009	2008 /1	2009 /2	2008
Jumbo	0	0	0	0
Extra Large	5,145	2,343	87,446	88,145
Large	12,015	5,520	243,104	130,874
Medium	0	0	49,700	50,515
Ungraded	948	936	424,837	453,564
Misc	780	0	11,491	10,760
Total	18,888	8,799	816,578	733,858

/1 Comparable Week, to-date figures may not total due to rounding.

/2 Includes revisions to previous week(s)

Note: Year to-date totals reflect comparable time periods.

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

**U.S./CANADIAN LIVE POULTRY-**

**SLAUGHTERED UNDER INSPECTION**

Week Ending 26-Dec-09 (Preliminary)

**U.S. fowl slaughtered domestically**

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	974	873	1,847
Last Week	1,147	1,328	2,475
Same week yr ago	991	755	1,746
To-date/2009*	64,141	75,561	139,702
To-date/2008*	69,099	82,108	151,207

**U.S. fowl slaughtered in Canada**

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	273	0	273
Last Week	447	0	447
Same week yr ago	157	0	157
To-date/2009*	16,203	43	16,246
To-date/2008*	15,843	69	15,912

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

**Total U.S. fowl slaughtered in the U.S. and Canada**

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	1,247	873	2,120
Last Week	1,594	1,328	2,922
Same week yr ago	1,148	755	1,903
To-date/2009*	80,344	75,604	155,948
To-date/2008*	84,942	82,177	167,119

\*Note: Year to-date totals reflect comparable time periods.

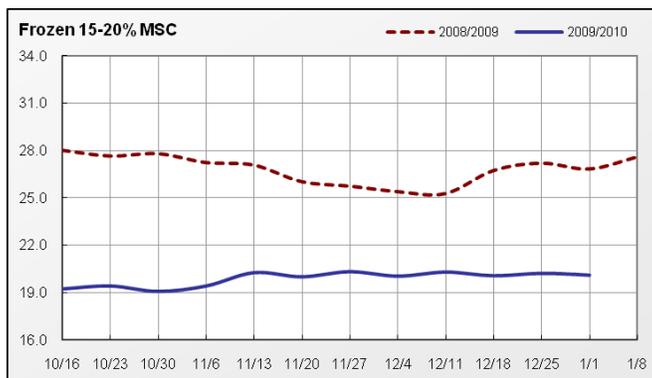
**NATIONAL MECHANICALLY SEPARATED CHICKEN**

(FOB Shipper Dock or equiv., negotiated prices in trucklot and less-than-trucklot volumes reported in thousand lb. quantities, cents/lb.; delivery within 2 weeks.)

The trade sentiment on all fat contents was steady going into the new year. Supplies of fresh and frozen 15-20% ranged light to adequate with the balance of fat contents at least sufficient. Supplies of raw materials were adequate to available. Much of the industry seems well prepared for the holiday festivities as many buyers take all or fewer loads of contracted product and many packers produce less MSC as a result of reduced processing schedules and increased frame sales and rendering. Contract negotiations are mostly done for 2010 with a little opportunity should the occasion arise. On this note, most seem prepared for their new contracts to begin next week and are hoping for a smooth week logistically speaking. Export and domestic demand was seasonally light. Schedules were reduced as many take down time for the holidays and for some maintenance. Frame values were steady ranging 6-9 cents FOB, mostly 7-8 cents FOB.

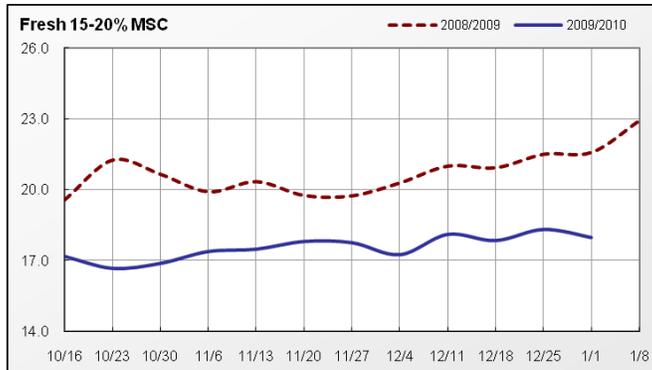
**Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)**

Fat Content	Frozen			Fresh		
	1-Jan-10	Last Week	Last Year	1-Jan-10	Last Week	Last Year
<b>15% or Less</b>						
Price Range	24.00	-	-	18.00 - 19.00	18.00 - 19.00	25.00-26.00
Wtd Avg Price	24.00	-	-	18.64	18.60	25.66
Volume Traded	40	-	-	224	204	236
Volume Exported	-	-	-	-	-	55
<b>15-20%</b>						
Price Range	17.00 - 23.00	18.00 - 23.00	25.00-32.00	16.00 - 21.00	16.00 - 21.00	19.75-26.00
Wtd Avg Price	20.10	20.21	26.83	17.96	18.30	21.57
Volume Traded	1,172	1,124	802	2,550	2,018	3,061
Volume Exported	1,052	1,044	682	836	490	756
<b>20% or More</b>						
Price Range	-	-	-	16.00	16.00	21.00
Wtd Avg Price	-	-	-	16.00	16.00	21.00
Volume Traded	-	-	-	82	41	82
Volume Exported	-	-	-	-	-	-



**Monthly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)**

Fat Content	Frozen			Fresh		
	Dec 2009	Nov 2009	Dec 2008	Dec 2009	Nov 2009	Dec 2008
<b>15% or Less</b>						
Wtd Avg Price	-	-	26.00	18.55	18.41	24.96
Volume Traded	-	-	118	894	1,502	1,360
Volume Exported	-	-	118	-	-	226
<b>15-20%</b>						
Wtd Avg Price	20.14	19.97	25.95	17.84	17.60	20.81
Volume Traded	6,781	5,805	6,646	12,366	12,716	14,306
Volume Exported	5,659	5,205	6,126	3,060	1,754	2,488
<b>20% or More</b>						
Wtd Avg Price	-	-	-	16.18	16.67	21.17
Volume Traded	-	-	-	449	367	243
Volume Exported	-	-	-	-	-	-



Note: Volume exported refers to that portion of the total volume that is destined for export markets.

**NATIONAL YOUNG TURKEY PARTS**, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 31 DECEMBER 2009.

The market tone on tom bulk parts was steady. Demand was generally slow with offerings mostly tight. The trade sentiment on white meat items was steady to barely steady. Demand was limited while offerings were adequate to fully adequate. The market tone on thigh meat was steady to firm. Demand was light to moderate. Offerings were tight. Most inquiry centered on fresh product for prompt shipment. Trading was slow and not well tested due to the New Year's holiday.

**NO EXPORT TRADING REPORTED FRIDAY, JANUARY 01, 2010, DUE TO NEW YEAR'S DAY HOLIDAY**

<b><u>EXPORT TRADING</u></b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>	<b>WEEKLY WTD AVG PRICE</b>	<b>WEEKLY VOLUME (000)</b>
<b>THURSDAY, DECEMBER 31, 2009</b>						
DRUMSTICKS, TOMS		T	57.00	40	57.00	40
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN						
<b>EXPORT TRADING</b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>		
<b>WEDNESDAY, DECEMBER 30, 2009</b>						
DRUMSTICKS, TOMS		T	57.00	40		
WINGS FULL-CUT - TOMS		W	74.00	11		
WINGS, V-TYPE, TOM						
TAILS		W	32.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN						
<b>EXPORT TRADING</b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>		
<b>TUESDAY, DECEMBER 29, 2009</b>						
DRUMSTICKS, TOMS	57.00		57.00	40		
WINGS FULL-CUT - TOMS		W	74.00	11		
WINGS, V-TYPE, TOM						
TAILS		W	32.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN						
<b>EXPORT TRADING</b>	<b>PRICE RANGE</b>	<b>L.S.T. CODE 1/</b>	<b>WTD AVG PRICE</b>	<b>VOLUME (000)</b>		
<b>MONDAY, DECEMBER 28, 2009</b>						
DRUMSTICKS, TOMS		W	58.73	197		
WINGS FULL-CUT - TOMS		W	74.00	11		
WINGS, V-TYPE, TOM						
TAILS		W	32.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN						

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R-THURSDAY F=FRIDAY  
2/ Product contains 15/20% fat with skin added.