

## **CFO's Report from CFC Meeting - July 27-31, 2014**

### **A-127 Domestic Allocation**

The national volume allocation was set at +4.25% relative to adjusted base for A-127 (November 2 to December 27). The vote was close reflecting two perspectives on the market conditions to be experienced in A-127. The majority of provinces, upon review of the facts, concluded that the strength of current market factors will continue into A-127 and into 2015. Others are concerned that consumers will not continue to demonstrate their preference for chicken over other competing and protein meats.

This latter perspective is inconsistent with current consumer facts that indicate that as of June 28, 2014, the year-to-date view of retail consumption of fresh proteins illustrates the unprecedented demand that chicken is currently experiencing. The volume of fresh chicken growth of 5.5% is 2.7 times faster than the average growth experienced from 2009 to 2013.

Ontario's volume is 52,004,504 eviscerated kilograms or +4.68% relative to Ontario's adjusted base in A-127.

### **Specialty and Market Development Allocations**

In addition to the domestic allocation, for the second quota period in a row, Ontario has been allocated supply to meet the current production and marketing needs of CFC designated specialty chicken breeds (268,190 eviscerated kgs). It is recognized that there is significant growth potential in markets being served by specialty chicken breeds, given that Ontario is home to Canada's largest diverse and growing ethnic community, and CFO will be announcing shortly its growth strategy that will support more farmer-members and processors being innovative in meeting these markets.

Another growth opportunity is market development. Ontario has been allocated 1,219,185 eviscerated kgs for Market Development in A-127. This too is recognized as having significant growth potential, and the Board continues to review the current Market Development Policy to determine whether aspects of the Policy are barriers to growth or whether other factors are limiting industry participating in the program.