

Canadian Turkey and Egg Glut Cuts Imports From United States

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CANADA'S RECENT venture into stabilizing egg and turkey marketing is rapidly creating surpluses of these products, in turn sending shock waves into its major poultry trading partner—the United States.

The problem revolves around high minimum prices offered by Canada's egg and turkey marketing agencies, which have discouraged consumption and encouraged producers to increase output sharply. So great has been their expansion, in fact, that storage facilities are bulging with excess stocks—some of which have had to be destroyed—and the Canadian Government has turned to export incentives and import quotas to regulate supplies.

These trade moves have directly affected the United States, sharply boosting Canadian egg exports to this country at a time when imports of both U.S. eggs and turkeys have been restricted by quotas.

The difficulties date back to creation of the Canadian Egg Marketing Agency (CEMA) in mid-1973 and the Canadian Turkey Marketing Agency (CTMA) in December 1973, with the intended purpose of stabilizing markets for the affected products. Included in their resulting programs were minimum producer prices which at times were some 10-15 cents (per dozen and per pound, live weight) above U.S. prices for eggs and turkeys.

These high prices stimulated production while pricing Canadian eggs out of the U.S. and other markets.

Canadian turkey production through the first 8 months of this year, for instance, rose nearly 20 percent above that of the 1973 period and 27 percent above the 1969-73 average. This expansion—expected to boost total Canadian turkey production by about 10 percent in 1974 to 238 million pounds—has

caused turkey meat stocks to skyrocket.

As of July 1, 1974, poultry meat stocks were nearly 82 million pounds—60 percent above those of a year earlier. Of this, 39.8 million pounds were turkey meat—more than double the level of a year earlier. And such stocks had risen to about 50 million pounds by August 1974.

Weekly average Canadian egg output reported by registered stations climbed by about 4 percent in the first 8 months of 1974 from the same period of 1973 and by over 9 percent from the 5-year average. This, in turn, prompted CEMA to take drastic measures aimed at maintaining high producer prices.

Accordingly, CEMA started buying up "over quota" surplus eggs, then selling them at a loss to breakers (processors) in the United States and Canada.

It has also destroyed large amounts of stockpiled eggs that were either too old or poorly stored. On September 12, it announced that nearly 28 million such eggs had been destroyed, at the same time raising the producer price and the price of eggs to Canadian processors. The Canadian Government also agreed to buy \$1.3 million worth of eggs to donate to the World Food Program.

CANADIAN processors attacked these measures, as well as CEMA's policy of shipping fresher eggs—because of export requirements that eggs not be older than 6 weeks—to the United States. The inference was that CEMA had allowed eggs to be destroyed and had heavily supplied the export market and foreign aid outlet in order to reduce supply and justify price increases to breakers.

These were further seen as moves by CEMA to alleviate financial problems caused by its stabilization policies. Even though producer levies to help finance CEMA operating costs have risen from about 1 cent per dozen at the start of the program to 9 cents, CEMA by end

of September 1974 had a debt estimated at around \$10 million.

The National Farm Products Marketing Council, in response to the egg destruction, announced September 10, 1974, that it had hired an auditing firm to expand examination of CEMA's policies and marketing programs. In addition, consumers have begun to react, with the Food Prices Review Board and the Consumers Association of Canada spearheading attacks on the Government egg policy.

Besides their domestic actions, the marketing organizations had pressed the Canadian Government to restrict imports of eggs and turkeys through quotas. As a result, the Government on May 9, 1974, imposed quotas on imports of shell eggs, powdered eggs, frozen egg products, turkey parts, eviscerated whole carcass turkeys, and live turkeys. The quotas were based on the average monthly flow of these products into Canada over the last 5 years—levels which are significantly below imports from the United States in recent years.

The restrictions as worked out called for the quotas to be triggered when producer prices for eggs fell to or below 60 cents per dozen, basis Grade A large, Ontario, and when live turkey prices fell to or below 37.5 cents per pound, basis heavy toms, Ontario. Triggers also were set for prices on the

U.S. side of the border but not published.

Import permits were to be issued freely when prices rose above these triggers, which eventually happened in the case of eggs causing import quotas to be suspended on September 16. Quotas can be reimposed when the price relationship between the two markets changes.

Quotas have not been lifted, however, for turkeys and turkey products.

The quotas have caused U.S. egg and turkey meat shipments to Canada to decline drastically since May. U.S. turkey exports, which had been running 230 percent above those of a year earlier during January-April 1974, dropped to only 78 percent of the year-earlier level during May-July 1974. U.S. egg exports were similarly affected.

At the same time, Canadian egg shipments to the United States have risen sharply, averaging about 300,000 to 600,000 dozen per week since May 25, compared with virtually none between mid-March and mid-May. In fact, shipments to the United States through the first 8 months of this year were running at an annual rate of nearly 17 million dozen, compared with 10.5 million (valued at \$4.7 million) in all of 1973—an alltime high—and 1 million (valued at \$300,000) the previous year.

Holstein Club Organized

The organization meeting of the Lancaster County Junior Holstein Club was held on November 12, at 8:00 p.m. at the Farm and Home Center.

Officers and a board of directors were elected. They are as follows: president, Greg Landis; vice-president, Russel Kline; secretary-treasurer, Linda Kauffman; reporter, Gary Akers; director, Rob Hess; director, Rick Hess; director, Paul Horning; director, Joe Winters.

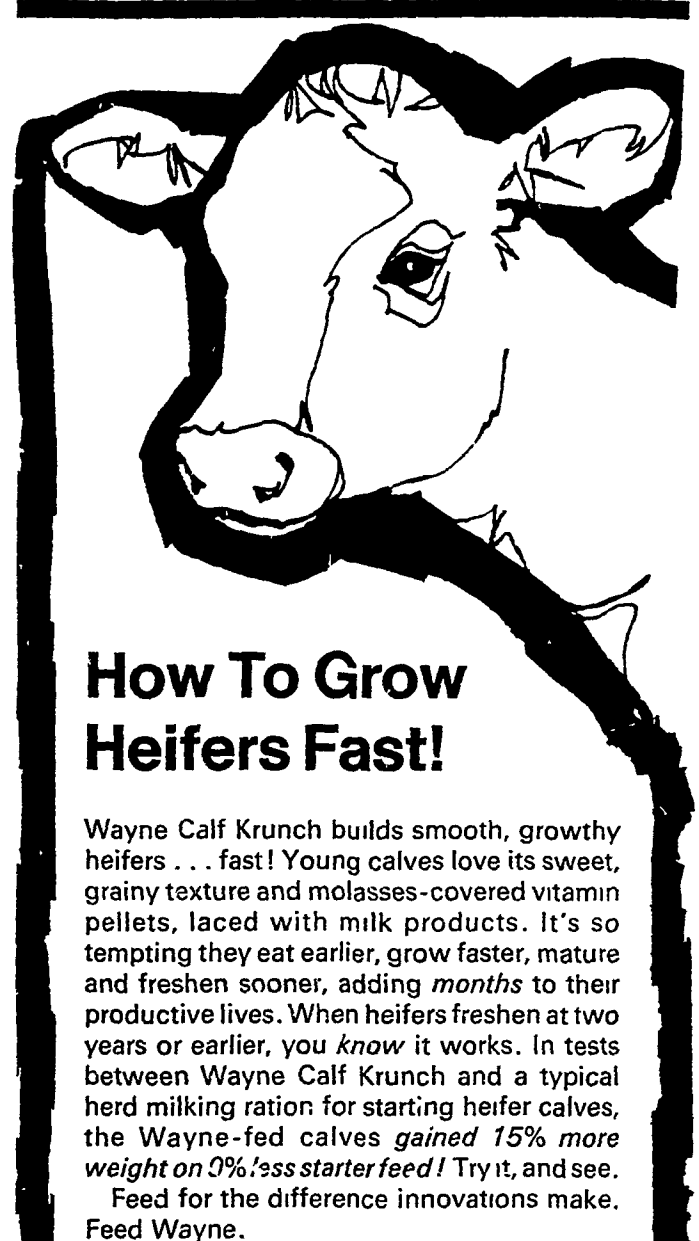
It was decided that the directors would meet once a month and the entire club would meet four times a year. The meetings will be held on the third Thursday of January, April, July and October.

The board will meet on December 9 at 8:00 p.m. at the Farm and Home Center to draw up bylaws and begin planning activities for the coming year.

Anyone interested in joining the Lancaster County Junior Holstein Club may attend the meeting on January 16, 1975 at 8:00 p.m. at the Farm and Home Center.

Anyone between the ages of 9 and 21 and owns at least one Registered Holstein is encouraged to become a Junior Member of the Holstein Association. For more information or a membership application, contact any of the officers or directors and attend the meeting on January 16.

Gary Akers
Reporter



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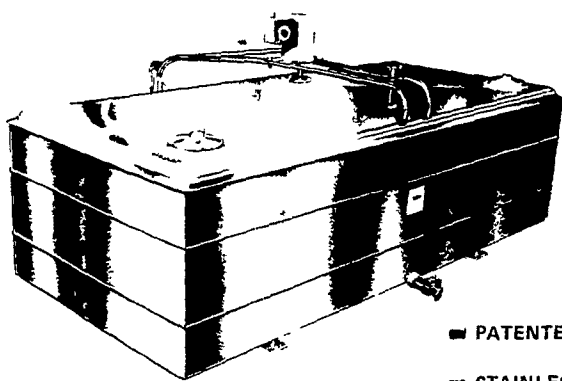
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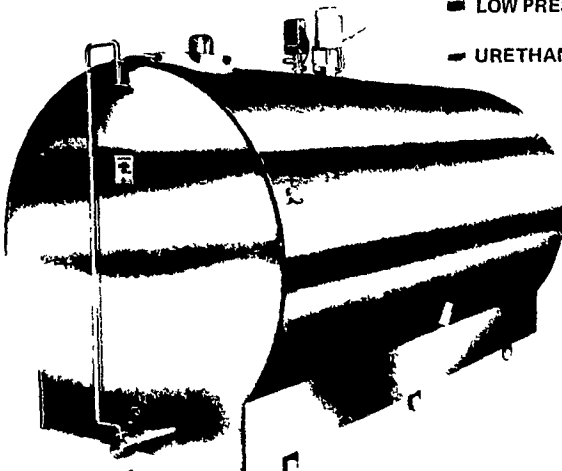
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