



THE HOLM TEAM *Agriculture Economics Journalism Trade Cooperation*

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BI-WEEKLY PROGRESS REPORT TO BCFIRB + STAKEHOLDERS (Producers, Hatcheries, Growers and Processors) LONG TERM CHICKEN SECTOR PRICING STRATEGY

This is the third in a series of reports to Stakeholders to keep you informed as we move through this review process, I will be posting regular updates via this website. I encourage any of you who have questions to contact me directly by email (wendy@wendyholm.com) or by phone at 604-947-2893.

UPDATE ON DECEMBER 14th ROUND TABLE

Further to a request for feedback by the CMB on a) Measures of Reasonable Economic Returns to Growers and Processor Competitiveness and b) Pricing Options for Broiler Chicken, the first of a series of Round Tables was held on Monday December 14th from 9 am till noon.

The objective was to provide context and understanding of the dual pricing policy objectives of reasonable return to growers and processor competitiveness in the Canadian market and to receive input and advice on defining and measuring the policy objectives. The desired outcome was to arrive at clear definitions and measures for the two pricing policy objectives.

PPPABC emphasized the sensitivity and confidentiality of their presentation and it was agreed by participants that it would not be distributed beyond the Roundtable as it contained market information that would be of interest to their processing competitors across Canada.

The twenty-one participants engaged in a productive discussion which will be continued at the January 5th Round Table (9 am – noon).

BCCGA's below definition of Reasonable Returns to Growers was accepted.

"Reasonable Returns to Growers – A profit over fixed and variable costs that allows for sustainability maintaining or enhancing production growth"

The PPPABC proposed definition of processor competitiveness was discussed; it was agreed that a revised version would be presented for consideration at the next Round Table.

As well, suggested metrics for both will be brought to the next Round Table by the stakeholders.

BCCGA and the PPPABC presented their submissions on pricing and markets to the group, following which discussion focused on why there was a difference between the two stakeholders with respect to BC's supply/demand balance (BCCGA asserting BC is a net exporter of chicken; PPPABC asserting it is a net importer). It was suggested that the difference may arise from assumptions used as well as the components of supply, i.e., TRQ, MD and fowl. A working group consisting of CMB, CGA and PPPA was struck to reconcile the difference between the numbers

Participants agreed to continue this discussion at the (then) upcoming Round Table on Ontario Price scheduled for December 18th, adding an hour to its length to accomplish same. However, due to the Covid-19 difficulties currently facing the sector, this Round Table was postponed to Tuesday January 5th, from 9 am till noon.

On December 16th this group met to consider the numbers behind the PPPABC assertions (presented by Craig Evans). BCCGA will seek clarification from their consultants regarding their numbers. From this, a table comparing the two approaches will be created for consideration by Round Table participants.

The Round Table originally scheduled for January 5th - Pricing Options - will be rescheduled. Please refer to "Current Components and Engagement Table" posted on the Review website for updates.

BC BROILER HATCHING EGG COMMISSION

BCBHEC has circulated for stakeholder feedback information on hatchery margins, breeder chick/vaccine pricing formula and Serecon's December 22nd *FINAL RESULTS – COP 2020 Report*. This information has also been posted to the Review website, and feedback is requested by January 18th. BCBHEC will subject Serecon's report to third party verification in early January. A Round Table will be scheduled in the end of January to discuss the report and stakeholder submissions.

ENGAGEMENT (Repeating this important point!)

Engagement with stakeholders – individual producers, growers, hatcheries and processors - is a very important component of this review process. If we are to successfully build a long term, sustainable and resilient pricing strategy for the BC chicken sector, it is important not only to arrive at workable pricing formulas, but also to build an atmosphere of understanding, cooperation and support for the positions and concerns of all stakeholders. The virtual (Zoom) Round Tables are meant to facilitate this. ***You are all invited to participate to share your thoughts and contribute to solutions that will enhance our common path as we go forward.***

Kind regards:



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BCFIRB Liaison - Long Term Chicken Sector Pricing Review
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