

**Voluntary Report** – Voluntary - Public Distribution

**Date:** November 29, 2022

**Report Number:** CA2022-0037

**Report Name:** Canada Announces USMCA Compensation to Supply-Managed Sectors

**Country:** Canada

**Post:** Ottawa

**Report Category:** Poultry and Products, Dairy and Products, Trade Policy Monitoring

**Prepared By:** Mihai Lupescu

**Approved By:** Philip Hayes

**Report Highlights:**

The federal government announced that dairy, poultry and egg farmers and processors will receive CAD \$1.7 billion dollars in compensation for impacts of the United States-Canada-Mexico Agreement (USMCA). This funding will be disbursed over six years, as direct payments and various investment programs, with the largest share going to the dairy sector.

In mid-November 2022, the federal government [announced](#) and [reconfirmed](#) a \$1.7 billion<sup>1</sup> package to Canada's supply-managed sectors (i.e. dairy, poultry and eggs) as compensation for market access concessions under the United States-Canada-Mexico Agreement (USMCA).

According to the announcement, the compensation package includes:

- \$1.2 billion over six years for dairy farmers under the [Dairy Direct Payment Program](#)
- \$112 million for poultry and egg farmers under the [Poultry and Egg On-Farm Investment Program](#)
- \$105 million for dairy, poultry, and egg processors under the [Supply Management Processing Investment Fund](#)

Additionally, according to the press release, starting from 2023 the federal government will “invest up to \$300 million in a new program to support innovation and investment into large-scale projects to add value to solids-non-fat, a by-product of milk processing”. Consultations with industry stakeholders will inform the development of program parameters.

Previously announced compensation packages to support supply-managed sectors impacted by the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) included:

- \$2 billion for dairy farmers (\$250 million through the Dairy Farm Investment Program and \$1.75 billion through the Dairy Direct Payment Program)
- \$691 million for poultry and egg farmers (\$647 million through the Poultry and Egg On-Farm Investment Program and \$44 million through the Market Development Program for Turkey and Chicken)
- \$392.5 million for processors of supply-managed commodities (\$100 million through the Dairy Processing Investment Program and \$292.5 million through the Supply Management Processing Investment Fund)

Overall, the various supply management compensation measures for market access concessions under CETA, CPTPP, and USMCA amount to \$4.8 billion.

#### **Attachments:**

No Attachments.

---

<sup>1</sup> All amounts are in Canadian dollars. The average exchange rate for October 2022 was 1.37 Canadian dollars for 1 U.S. dollar. The average annual exchange rate in 2021 was 1.25 Canadian dollars for 1 U.S. dollar.