

Voluntary Report – Voluntary - Public Distribution

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Report Name: Poultry Protocol with Canada is Signed

Country: Ukraine

Post: Kyiv

Report Category: Poultry and Products, Agriculture in the News

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Report Highlights:

Ukrainian poultry products were approved for export to the Canadian market as Ukrainian and Canadian regulators signed a bilateral veterinary certificate for poultry and processed poultry products in November 2022. Although the current trade regime allows for quota-free and duty-free trade under a Canadian temporary measure, Ukrainian exports are expected to remain restricted by Canada's poultry supply management program once the measure expires in June 2023. There is a potential for Ukrainian poultry to displace Canadian poultry on the market, thus increasing Canadian exports to the United States.

Executive Summary

In November 2022, Ukraine's State Service for Food Safety and Consumer Protection (SSUFSCP) and the Canadian Food Inspection Agency (CFIA) finalized the [Official Meat Inspection Certificate for Export of Poultry Meat Products from Ukraine to Canada](#). A copy of the protocol in pdf format is attached to this report. After formalities, the document became public in December 2022. This signing concluded an eight-year negotiation saga that started back in 2016 when Ukraine and Canada signed a free trade deal ([Canada-Ukraine Free Trade Agreement \(CUFTA\)](#)), which went into effect on August 1, 2017. The poultry protocol was signed at a moment when formal trade barriers between the countries are minimal. Beginning on June 9, 2022, Canada zeroed all import tariffs and removed all import quotas for Ukrainian products for a period of one year. This unprecedented trade regime was announced by Canadian Prime Minister Justin Trudeau in May 2022 to accompany the same trade references announced at that time by Great Britain and the European Union (EU).

Although Ukraine's poultry industry suffered from Russia's aggression, the country remains one of the world's largest poultry producers and exporters. According to the Ukrainian Poultry Union, Ukraine's 11 months poultry exports dropped by 10.3 percent (YoY by volume) but remained strong and diversified with the EU and Middle East being the largest export destinations. Canada is the first market opened by Ukraine in the Western hemisphere and it makes it an important landmark in Ukraine's poultry industry rapid expansion that started over 15 years ago. Ukraine is likely to send the test shipments to Canada in early 2023. The trade volumes will be influenced by a complicated system of bilateral and multilateral trade agreements as well as the Canadian supply management system.

Veterinary Trade Regime

According to certificate text and Ukrainian industry sources the following veterinary trade regime for Ukrainian poultry producers will be established:

- Only accredited Ukrainian producers will be eligible for exports and Canada reserve the right to inspect Ukrainian producers. It is not clear how the CFIA inspections will be conducted in war-torn Ukraine, but the Ukrainian industry believes that both physical and remote inspections will be possible. At this point, the CFIA web portal lists [three eligible production and processing facilities](#) (all belong to one gigantic Ukrainian producer – [MHP S.E.](#)) Two of those are large raw poultry producers and the third one is a [processing facility](#) well-known to Ukrainian consumers for its frozen semi-finished products.
- Parties agreed that ten initial shipments arriving in Canada will undergo extensive veterinary-sanitary inspections and testing.
- Ukraine agreed to certify compliance with the following Canadian regulations:
 - o Selected fully cooked frozen non-shelf stable products were subjected to a heating process to achieve a reduction in Salmonella according to Canadian requirements;
 - o Selected fully cooked frozen non-shelf stable products meet Canadian Listeria standards;

- Poultry meat from which the meat products were derived has been obtained in accordance with hygienic requirements and is considered fit for human consumption by Canadian standards;
- Raw material for the final product was sourced from slaughterhouses where a pathogen reduction control program has been implemented to meet Canada's Poultry Pathogen Reduction Program;
- Poultry meat and products thereof bear a mark (veterinary brand) on a package or block that meets Canadian labeling requirements;
- The meat products have been prepared in an establishment certified for export to Canada and are derived from animals that have been examined and found by ante-mortem and post-mortem inspection at the time of slaughter to be free from disease and that meat products are suitable in every way for human consumption and are otherwise in compliance with requirements at least equal to those in the applicable Canadian laws and regulations. *(Applicable Canadian laws and regulations include the Safe Food for Canadians Act and Regulations, Food and Drugs Act and Regulations, and Health of Animals Act and Regulations).*

Market Impact

Ukrainian producers are cost-effective and benefit from the abundance of domestically produced cheap grain. The war and Russia's blockade of maritime ports had complicated grain exports significantly, collapsing feed prices and providing poultry producers with an additional unexpected competitive advantage. In the Canadian market, Ukrainian poultry will compete with the U.S. poultry exported to Canada under the United States-Mexico-Canada Agreement (USMCA) TRQ and two "import for re-export" programs (nearly all of the finished products produced under these programs would be exported to the United States). It might also impact the competitive position of Thailand, Brazil, and other traditional poultry suppliers.

It is not clear whether Canadian processed products produced from Ukrainian raw poultry will receive market access to the U.S. market. Canada maintains a system that prevents such spillovers for some other imports. For example, Canadian poultry processing facilities that import poultry meat from Brazil are not eligible to export poultry meat products to the United States. In addition, facilities approved for exports to the U.S. do not accept poultry meat and meat products from non-eligible establishments. All Canadian establishments (including storage facilities) maintain a traceability system to track the origin of poultry meat and meat products present on their premises and the destination of meat shipped from the establishments. Information on restrictions on processed products produced from Ukrainian poultry is not currently available to FAS Kyiv, but similarly to Brazil, the U.S. does not allow market access for Ukrainian poultry.

The imposition of re-export restrictions for Ukrainian raw poultry may still impact the U.S. market. Ukrainian poultry may substitute Canadian poultry on the domestic market, contributing to increased Canadian poultry products exports to the United States.

Future (Post-War) Market Access Impact

The future market access terms are laid down in the Canada-Ukraine Free Trade Agreement (CUFTA) provisions. According to the [Ministry of Global Affairs](#), Canada excluded all over-quota tariffs for supply-managed products (dairy, poultry, and eggs) from the CUFTA tariff elimination, and no import quotas for these products were increased. Accordingly, the supply management system and import control as its key pillar (two other pillars include production and price controls) will be unaffected by the CUFTA Agreement.

This way, Ukraine may be competing for the scarce WTO-negotiated TRQ with other non-USMCA, and non-CPTPP - exporters. Although the combined market access volume for chicken meat under these three TRQs exceeded 116,000 MT in 2023, the share of WTO TRQ is capped at just under 40,000 metric tons and Ukrainian suppliers will have to compete for its share.

The following chicken meat products are listed as Staging E Category, according to CUFTA's [Tariff Schedule of Canada](#) and [Article 2.4.2](#):

Table 1. Tariff Schedule of Canada Staging Categories Apply to the Elimination or Reduction of Customs Duties

Tariff Item (Jan 1, 2016)	Description	Base Rate	Staging Category
0207.11.92	Other: Over access commitment	-	E
0207.12.92	Other: Over access commitment	-	E
0207.13.92	Other: Over access commitment, bone in	-	E
0207.13.93	Other: Over access commitment, boneless	-	E
0207.14.22	Livers: Over access commitment	-	E
0207.14.92	Other: Over access commitment, bone in	-	E
0207.14.93	Other: Over access commitment, boneless	-	E
1602.32.13	Prepared meals: Other, over access commitment, bone in	-	E
1602.32.14	Prepared meals: Other, over access commitment, boneless	-	E
1602.32.94	Other: Other, over access commitment, bone in	-	E
1602.32.95	Other: Other, over-access commitment, boneless	-	E

Source: CUFTA; Tariff Schedule of Canada

Per [Paragraph 1 of Annex 2-B](#), “goods provided for in the items in staging category E in a Party’s Schedule are excluded from obligations regarding customs duties”. Although Canada imports, and Ukraine exports a large variety of poultry products; trade will remain limited by existing WTO TRQs. There is a small number of unrestricted tariff lines not subject to TRQs including HS 02 and HS 16 “of spent fowl” marked lines and two HS 160232 “specially defined mixtures” tariff lines. Those provide very small (if any) long-term export opportunities for Ukrainian suppliers.

Table 2. Canada Import of Chicken Meat and Products, Metric Tones

Subheading	Description	2021	January- November	
			2021	2022
020714	chicken cuts and edible offal (including livers) frozen	40582	37688	39811
0207149300	cuts & edbl offal,of fowl species gallus domesticus, frozen, boneless, nes,o/a com	14860	13672	13388
0207141090	cuts, of spent fowl of the species gallus domesticus, frozen, nes	2326	2238	4748
0207149200	cuts & edible offal, of fowl species gallus domesticus, frozen, bone in, nes,o/a com	905	905	37
0207141010	leg quarters, of spent fowl of the species gallus domesticus, frozen	67	67	21
0207141020	legs, o/t leg quarters, of spent fowl of the species gallus domesticus, frozen	0	0	0
0207141030	wings, wing tips or pts thereof,of spent fowl of species gallus domesticus, frozen	0	0	28
0207141040	edible offal, of spent fowl of the species gallus domesticus, frozen	0	0	0
0207142200	fowl livers, of species gallus domesticus, frozen, over access commitment	0	0	0
160232	prepared or preserved chicken meat, meat offal or blood, n.e.s.o.i.	35924	32921	35395
1602321120	prepared meals, of fowls of species gallus domesticus, specially defined mixtures	5896	5375	5573
1602329220	meat, of spent fowl gallus domesticus, prepr/preserved,nes,o/t in cans/glass jars	3213	2883	3861
1602329100	meat, of fowls of species gallus domesticus, in cans/glass jar,o/t prepared meals	2539	2309	1817
1602329210	meat, of fowls gallus dom, specially defined mixtures,nes,o/t in cans/glass jars	1733	1638	1575
1602329500	meat, of fowls species gallus domesticus, prep/presvd, boneless,nes,o/a commitment	1214	1125	1669
1602321400	prepared meals, of fowls gallus domesticus, boneless, nes, over access commitment	397	355	608
1602321110	prepared meals, of spent fowls of the species gallus domesticus	27	24	35
1602321300	prepared meals, of fowls gallus domesticus, nes, bone in, over access commitment	0	0	0
1602329400	meat,of fowls gallus domesticus, prep/presvd, bone-in,nes, over access commitment	0	0	1
020711	meat and edible offal of chickens, not cut in pieces, fresh or chilled	1156	1001	3809
0207111000	meat,of spent fowl of species gallus domesticus, not cut in pieces,fresh/chilled	1156	1001	3654
0207119100	meat,of fowls of species gallus domesticus,not cut in pieces,fr/chd,nes,w/a com	0	0	154
0207119200	meat,of fowls of species gallus domesticus, not cut in pieces,fr/chd,nes,o/a com	0	0	0
020712	meat and edible offal of chickens, not cut in pieces, frozen	155	153	341

0207121000	meat, of spent fowl of species gallus domesticus,not cut in pieces, frozen	134	134	193
0207129200	meat, of fowls of species gallus domesticus, not cut in pieces, frozen,nes,o/a com	20	19	148
0207129100	meat, of fowls of species gallus domesticus, not cut in pieces, frozen, nes,w/a com	0	0	0
020713	chicken cuts and edible offal (including livers) fresh or chilled	106079	98685	92973
0207131000	cuts & edible offal, of spent fowl of the species gallus domesticus, fresh/chilled	58241	54103	49594
0207139100	cuts & edbl offal, of fowl of species gallus domesticus, fresh/chilled, nes, w/a com	42016	39299	36530
0207139300	cuts & edbl offal, of fowl species gallus domesticus, fr/chd, boneless, nes, o/a com	5803	5264	6722
0207139200	cuts & edible offal, of fowl species gallus domesticus, fr/chd, bone in, nes,o/a com	19	19	127

Source: Trade Data Monitor LLC

Table 3. Ukraine's Exports of Chicken Meat and Products, Metric Tones

Subheading	Description	2021	January-October	
			2021	2022
020714	chicken cuts and edible offal (including livers) frozen	260870	207144	184547
0207142000	halves and quarters	122335	97261	67685
0207141000	boneless	82801	68008	80219
0207147000	other	17876	11687	12373
0207143000	wings entire, with or without tips	15242	12296	11351
0207149900	other	11998	10031	3391
0207146000	legs and their parts	8490	6319	8927
0207144000	backs, necks, backs with necks, humps, wing tips	1979	1415	549
0207149100	livers	89	75	25
0207140000	chicken cuts and edible offal (including livers) frozen	34	28	8
0207145000	breasts and cuts thereof	25	25	18
020712	meat and edible offal of chickens, not cut in pieces, frozen	151236	130224	111623
0207129000	plucked, gutted, without head, feet, neck, heart, liver and gizzard, so-called '65% chicken', or otherwise	151224	130214	111620
0207120000	meat and edible offal of chickens, not cut in pieces, frozen	11	9	3
0207121000	plucked, gutted, without head and legs, but with neck, heart, liver and stomach, so-called '70% chickens'	1	0	0
020713	chicken cuts and edible offal (including livers) fresh or chilled	42882	34424	38029
0207135000	breasts and cuts thereof	34337	27437	29088
0207131000	boneless	7845	6410	7773
0207136000	legs and their parts	415	335	505
0207133000	wings entire, with or without tips	148	124	25
0207137000	other	61	52	10
0207139100	livers	29	22	8
0207132000	halves and quarters	25	25	614
0207139900	other	20	16	5
0207130000	chicken cuts and edible offal (including livers) fresh or chilled	2	2	0

020711	meat and edible offal of chickens, not cut in pieces, fresh or chilled	3754	2980	2820
0207119000	plucked, gutted, without head, feet, neck, heart, liver and gizzard, so-called '65% chicken', or otherwise	3716	2943	2819
0207111000	plucked, half-cut, with head and feet, so-called '83% chickens'	36	36	0
0207110000	meat and edible offal of chickens, not cut in pieces, fresh or chilled	2	1	1
0207113000	plucked, gutted, without head and legs, but with neck, heart, liver and stomach, so-called '70% chickens'	0	0	0
160232	prepared or preserved chicken meat, meat offal or blood, n.e.s.o.i.	3044	2095	4916
1602321900	other	2099	1402	3204
1602321100	raw	489	314	540
1602323000	containing 25% by weight or more but less than 57% by weight of poultry meat or offal	447	372	1170
1602329000	other	8	7	1
1602320000	prepared or preserved chicken meat, meat offal or blood, n.e.s.o.i.	1	0	1

Source: Trade Data Monitor LLC

Attachments:

[ofitsiyniyserifikatinspektzii-myasa-na-eksport-produktiv-z-myasa-ptitsi-z-ukraini-v-kanadu.pdf](#)