

October 11, 2013

Robin Smith, Chair  
British Columbia Chicken Marketing Board  
32450 Simon Avenue  
Suite 101 – Windermere Court  
Abbotsford, BC  
V2T 4J2

**Re: Chicken Farmers of Ontario Needs Your Support**

Dear Mr. Smith:

As you are aware, a Directors-only meeting is occurring next week in advance of the full CFC meeting. The purpose of this special meeting is to discuss Ontario's unique kosher market circumstances, which are in crisis and which can only be sustainably remedied by a national solution.

We will be making a brief presentation next Wednesday, but I offer the following as background information and the context for some discussion in advance of next week's important meeting.

**Role of CFC**

CFC has an opportunity to fulfill its mandate by responding to a distinct unanticipated market event. The national system is predicated on planned and orderly marketing developed by industry stakeholders under the auspices of the CFC. As CFC directors are aware, Ontario is facing a unique challenge in relation to kosher markets. For the reasons set out below, Chicken Farmers of Ontario (CFO) respectfully submits a request for an additional supply of dedicated, non-transferable, expire if not used and audited kosher kilograms to be added to the Ontario base.

**What Has Happened In Ontario?**

Chai Poultry Inc. has operated in Toronto for decades, predominately serving the Toronto Jewish community with kosher chicken products. Its supply as a processor was built up over time. Under various prior CFO allocation policies, it was recognized as a niche processor and it was able to contract with Ontario producers and obtain a supply of chicken outside the typical patterns and rules applied to mainstream Ontario processors. However, for at least the last 10 years of its operation, Chai Poultry Inc. held a *calculated base* entitling it to a supply of chicken under the Ontario processor allocation system.

The decision of the principal owners of Chai Poultry Inc. to retire resulted in the transfer of Chai Poultry's supply to another Ontario processor who is provincially licenced and therefore markets only in Ontario and will not supply the kosher market. This circumstance has resulted in the abrupt termination of a long standing kosher supply.



### **What Is Ontario's Request?**

The Ontario request is to provide dedicated supply to a distinct community with a unique chicken product that is currently not available. The kosher chicken market in Ontario has a lengthy history and is an integral aspect of Toronto's 190,795 member Jewish community. The stringent and ancient requirements of kosher slaughter and food processing, as well as kosher consumer rules for handling, preparation and serving make it unique and distinct over mainstream chicken. It also results in the product costing significantly more than conventional chicken.

Please make no mistake, this request is not a disguised differential growth initiative. The differential growth initiative re-commencing November 4, 2013 within CFC's mediated process is dealing with the comparative growth of mainstream chicken. As kosher market is not a mainstream market, the solution for kosher is a different issue.

### **The Request Does Not Require Additional Capital Investment**

An Ontario investor has an agreement in principle to operate the existing plant in Toronto. The plant is currently idle, but has retained a CFIA licence to process chicken. However, that licence could expire shortly creating a more permanent disruption in the kosher market. Time is of the essence.

### **Ontario's Request Is Not Market Disruptive For Other Provinces**

The chicken to be produced and processed under this request is for the kosher market only. It is a segregated product that avails itself to be "dedicated" kilograms that can be monitored and meet compliance requirement to ensure it stays outside of the mainstream market. The cost to process kosher chicken is significantly higher than mainstream processing. Differences include slower line speeds to allow ritual hand slaughter, use of cold water to remove all blood from the carcass and salting of the chicken. Kosher cannot and does not compete with mainstream chicken.

The chicken will be sold predominately to the Jewish community in Toronto and smaller communities in Ontario. This is a separate market that does not impact on traditional mainstream markets in Ontario or other provinces. The market is practical to audit.

### **Responsible Leadership: The Need to Fill Kosher Markets**

In some situations, store shelves are empty. In other situations, alternative sources, including imports from other countries, to date have been unsatisfactory to the Ontario Jewish community. The Jewish community has expressed that some of these sources have provided insufficient quantities and have not filled orders with requested cuts. In the absence of kosher chicken, no chicken will be consumed as most people of the Jewish faith simply go without. The impact is felt in all parts of the market, retail, food service and further processing. Jewish caterers traditionally serve kosher at weddings and have been unable to

find supply. An expert with the principal rabbinical group has forecast changes in eating habits because of this crisis.

### **The Request Does Not Reflect A Shift In Production Or Market From Another Province**

Demand for kosher chicken in Ontario is currently not being met. This request represents an opportunity for additional production and processing of chicken without negatively impacting any other province.

ON principle, Ontario would support any other province receiving additional supply for its distinct kosher market.

### **Ontario's Allocation System Cannot Address The Kosher Crisis In A Sustainable Manner**

Ontario processors operate under an allocation system that currently assures each of them a supply of live chicken. Attempting to divert production to kosher processing from within Ontario's current allocation means that other conventional markets currently being supplied will, in turn, be harmed by supply shortages. Simply put, there is inadequate supply for all markets to be fully supplied.

CFO's current allocation policies do not require processors to serve particular markets or customers. CFO cannot arbitrarily increase chicken production within the national system. Therefore, the only sustainable way that kosher markets can be properly supplied is for Ontario's allocation to be increased in an amount equivalent to the needs of kosher markets and provided that that increase is directed exclusively to kosher processing.

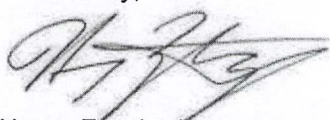
### **Conclusion**

The Ontario chicken industry thanks Chicken Farmers of Canada for considering this request next Wednesday in the Directors-only meeting.

I hope this letter is helpful in providing you the context for Ontario's request and we look forward to speaking to you on this in advance of next week's meeting.

Wishing you a Happy Thanksgiving.

Yours truly,



Henry Zantingh  
Chair

c.c. David Janzen, Chair, CFC  
CFC Directors  
Provincial General Managers