

## BRITISH COLUMBIA FARM INDUSTRY REVIEW BOARD

### Supervisory Review re 2016 Amendments to Schedule "B" Operating Agreement for Chicken

#### AFFIDAVIT OF BLAIR SHIER

I, BLAIR SHIER, of 9696 – 199A Street, Langley, British Columbia, businessperson, SWEAR THAT:

1. I am the President and CEO of J.D. Sweid Foods and as such I have personal knowledge of the facts deposed to herein, except where stated to be based upon information and where so stated I verily believe those facts to be true.
2. J.D. Sweid Foods is a further processor, associated with the Hallmark group of companies.
3. J.D. Sweid is very concerned that any changes to the Operating Agreement must include regional differential growth that is not discretionary, must account for total supply share and must be market responsive.
4. The processors conducted a retail survey which was provided to FIRB in the processors' April 1, 2016 submissions. This survey shows that the Western retail further processed category is overwhelmingly supplied by processors and further processors in Central Canada. Similarly, Western processors have a minimal presence at the retail level in Ontario.
5. The Central Canadian processors have been able to achieve this market penetration in their home provinces and the West due to their access to a disproportionate supply share in the national market. Western further processors have not had sufficient supply available to them to compete in this very large category of the industry.
6. As a further processor, J.D. Sweid is acutely aware of the supply share imbalance between the West and the East. In determining supply share, domestic allocation is only a part of the equation. Any allocation methodology must also consider the potential effects of TRQ and fowl imports because the competitive position of the processors at the national level is significantly affected by product accessed by processors in Central Canada through TRQ and fowl imports. A constraint on our growth over the last 10 plus years has been our inability to access raw material in sufficient quantities to meet the volume requirements of our customers. J.D. Sweid would prefer to use chicken grown in B.C. for its products, but there is simply not enough chicken grown in B.C. to meet its needs.
7. Access to supply and the cost of supply are the two fundamental factors for J.D. Sweid in deciding where we will invest capital and where we will produce products. As it becomes increasingly difficult to access product at competitive prices in B.C., we will continue to shift our investment and our production to our facility in Ontario. The proposed amendments to the Operating Agreement will entrench supply in Central Canada, which will very likely result in our continued increase in investment and volume

in our Ontario plant. J.D. Sweid needs to focus its operations where the chicken is, and that is increasingly in Central Canada.

- 8. While a Western further processor could theoretically purchase TRQ and use it in its Western operations, it is not practical to do so because it is extremely complex, risky and unsustainable due to distances and shipping timelines. It is also far easier and less expensive to have U.S.-based product simply shipped to our Ontario facility and produce the product at our Waterloo plant, as the materials are almost always sourced from the Southeastern United States.
  
- 9. BC had previously enjoyed a strong share of the further processing category in Canada. As the largest province in Western Canada, and the third largest province in the country, we would expect to be an active and competitive player in this category. Based on the investments that have been made, we have facilities in BC that are as good as any in Central Canada. In order to maintain a viable position in the further processing category, BC needs fair access to supply for further processing. The concentration of fowl and TRQ in Eastern Canada, which is processed there and shipped into Western markets, combined with the lack of domestic supply available to us in BC, means that we do not have enough chicken to supply the growing needs of our customers.

SWORN before me )  
 at Langley, British Columbia, )  
 on 30/April/2016. )  
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 D. Van BEEK )  
 A Commissioner for taking affidavits )  
 for British Columbia )

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 Blair Shier )

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