

Communiqué

Canadian Hog Farmers Appeal to Other Stakeholders on Price Crisis

December 1, 1998, Ottawa: “We are encouraged by recent meetings we have had with legislative and industry representatives that the severe economic difficulties being experienced by pork farmers is recognized and that there is a readiness by at least most stakeholders to assist where they can to help the industry survive the assault”, said Edouard Asnong, President of the Canadian Pork Council.

At meetings held in Ottawa-Hull and elsewhere across the country, CPC directors and producers met with agriculture critics for each of the five official federal political parties. Sessions were also held with representatives of the major chartered banks and communications took place with the food distribution industry and other industry stakeholders.

“There is a much better appreciation of the severity of the downturn and that it has been caused by a largely unforeseeable set of negative circumstances hitting the pork sector all at once”, said Mr. Asnong, a pork producer in the Ste-Hyacinthe region of Québec. These developments include sudden reductions in sales to major foreign markets in Asia, Russia and Latin America due to a succession of economic calamities in those regions. Competition from heavy supplies of alternative meats, protective actions in some important export markets, and the resumption of export subsidies by the European Union on pork that competes directly with Canada’s are other major factors.

The CPC Board of Directors held a teleconference meeting with agricultural lending representatives through the Canadian Bankers Association to discuss the situation lenders are facing. In a session similar to one which occurred earlier with the Farm Credit Corporation, the CPC took the opportunity to review with the bankers the strong fundamentals which point to a very bright long-term future for the Canadian pork industry.

Canadian banks have a very significant investment in Canada’s hog industry”, said R.A. (Bob) Funk of Scotiabank and currently Chair of the CBA’s Agricultural Advisory Group. “Situations will be reviewed individually in view of this market reversal and every effort will be made to help our customers through this rough spot. Obviously, sound management and financial depth to accommodate refinancing options will be key.” It was also clarified in that meeting that despite rumours to the contrary, the banks are not by law required to call in operating loans where the outstanding amount exceeds a certain percentage (e.g., 75%) of the value of the inventories and other high-liquidity assets.

“However, farmers need to visit their lenders now if they seriously fear being unable to meet their financial commitments during this period, and not wait until they are in a default situation”, added Mr. Funk.

In communications with food retail officials through the Canadian Council of Grocery Distributors, it was agreed that they and pork producer representatives need to sit down together to discuss what are the constraints and opportunities to merchandising pork more aggressively

and thus providing some relief from the temporarily depressed foreign demand for Canadian pork and pork products.

“Of course, Canadian pork processors are the major key in helping the pig producers survive this crisis”, said Mr. Asnong. “We need to follow the U.S.” example, and strive to obtain the maximum throughput from their plants.” The CPC provincial members are pursuing individual discussions with their packers on what can be done to boost pork processing here in Canada and thus lessen the need for live swine to be shipped to the United States for slaughter.

The Canadian Pork Council continues to work closely with other farm groups in support of the initiatives of the Canadian Federation of Agriculture to obtain a permanent whole-farm disaster relief program that is fully consistent with World Trade Organization rules on safety net measures. The CPC is encouraged by the support shown by all federal parties on the need for a disaster relief program, an example of which recent reports indicate the federal Minister of Agriculture and Agri-Food is pursuing with cabinet and with provincial agriculture ministers.

For information:

Martin Rice
Catherine Scovil
CPC, Ottawa
(613) 236-9239

Edouard Asnong
President
(450) 248-2375