



Canadian Pork Council
Conseil canadien du porc

Federal Candidates Need to Understand the Challenges Facing Today's Hog Industry

by CPC Chair Rick Bergmann

September 18, 2015 (Ottawa) Over 7,000 pig farms in Canada produce 25.52 million animals a year and generate over \$13 billion in economic activity, making the country's swine industry the fourth largest source of farm cash receipts of any agricultural commodity. In 2014, over 1.14 million tonnes of pork and pork products valued at over \$3.7 billion were exported to 92 countries.

With statistics such as these, there is no doubt about the importance of this sector to Canada as an economic power house. However, it is not without its challenges and as we count down to Oct. 19, pork producers across the country need their political candidates to understand the challenges facing the hog industry today

Market access is one of the challenges, particularly considering issues such as Trans-Pacific Partnership (TPP) negotiations and the Country of Origin Labelling (COOL) dispute.

Canada must negotiate to be part of the TPP or risk losing some of its most valuable markets and, in turn, quickly lost its competitiveness in the world market. The resulting negative downturn in our pork sector and impact on the economic viability of the industry would mean cutbacks and closures of hog farms, processing plants and export facilities. Approximately 109,000 jobs rely on a stable business environment to provide consumers a healthy, safe and affordable food supply.

COOL for beef and pork discriminates against Canadian cattle and hogs and the WTO has found the United States to be in violation of its international trade obligations. The Canadian government, along with the CPC and other livestock groups like the Canadian Cattlemen's Association (CCA), has been fighting to have the American legislation changed ever since it came into effect in 2008. Canada needs to continue to stand up for cattle and hog producers to ensure the harm is ended and to return to an integrated supply chain. If the U.S. does not fix COOL, Canada needs to retaliate on U.S. imports.

As reports are released discussing Canada's high unemployment rates, it is difficult to believe that a shortage of labour is a challenge for hog producers. However, finding people to work and live in rural communities is becoming increasingly difficult. The agriculture and agri-food industry needs workers in order to be globally competitive, take advantage of export opportunities and ensure the security, safety and sustainability of food for all Canadians.

The CPC supports the Canadian Agriculture and Agri-Food Workforce Action Plan (WAP) for addressing the agriculture sector's critical labour shortages. Implementation of the WAP will bring improvements to recruitment, employment and retention. To remain viable, Canadian agriculture also needs immediate access to the Express Entry Program.

There is also an urgent need for investment in the Canadian hog industry so it may continue to strengthen its future. For example, the Canadian Agricultural Loans Act (CALA) program, a loan guarantee program designed to increase the availability of loans to farmers, needs modernization to reflect agriculture in Canada today – growing farm sizes, increased farm costs, more complex farming structures and revenue and profit volatility. The current limitations to loans are constricting and the maximum loan limit needs to increase significantly and expand in scope.

Hog producers face a combination of production, market and financial risks that can undermine the success of a farm without a range of risk management tools and strategies. As a result, new and novel approaches to risk management on hog farms need to be explored. Producers need a variety of tools, like hedging and mortality insurance, to find the best options for their operations.

Offering a means for producers to lock in prices in the future, hedging is a method for producers to manage their risks in situations where forward contracts are not available, or as an alternative to forward contracts. However, maintaining an effective hedging program is capital-intensive. Access to credit is absolutely crucial to a hog producer's ability to hedge effectively.

A mortality insurance product is close to being finalized, but a final push is needed to make it available.

The contribution of Canada's hog sector to this country's economy is clearly strong and evident across the entire country. Appropriate support from our federal government will help the industry move forward and plan for long-term success.

Rick Bergmann
Chair, Canadian Pork Council

The CPC serves as the national voice for hog producers in Canada. A federation of nine provincial pork industry associations, the organization's purpose is to play a leadership role in achieving and maintaining a dynamic and prosperous Canadian pork sector.

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