



Tuesday, October 8, 2019

On behalf of Canadian hog producers, let me extend my best wishes to you and your party's candidates during this election period as you campaign for the honour of representing your community as Members of Parliament.

I would like to inform you of five priorities identified by the Canadian Pork Council's Board of Directors as critical for the future success of our industry and invite your response to the following questions:

1. How will your party invest in the pork sector?
2. Should you form the next federal government, what would you do to maintain competitive access to markets and further develop trade with Asian regions that are critical to the growth of the industry?
3. How will your government support industry efforts to prevent ASF from entering Canada?
4. What is your government's commitment to delivering BRM programing that includes increased funding for tools like AgriStability?
5. Will you implement the PRA in the first 12 months of your government mandate?

I ask that you forward your response by email to Gary Stordy, CPC's Director, Government & Corporate Affairs at Stordy@cpc-ccp.com prior to October 16th to allow sufficient time for your response to be shared with pork producers across Canada.

To learn more about Canadian pork producers' priorities for the 2019 federal election please visit www.cpc-ccp.com and follow the Canadian Pork Council on Twitter: @cdnpork.

Sincerely,

Rick Bergmann
Chair, Canadian Pork Council

CANADIAN PORK PRODUCERS' PRIORITIES FOR THE 2019 FEDERAL ELECTION

Strategic Investment Program

Canadian pork is part of an integrated market and the price producers receive has been—and is still—suppressed due to the impact of Chinese tariffs on US pork. In the third quarter of 2018, this resulted in an unexpected loss of over \$120 million for Canadian producers. The situation was made worse by the June 2019, suspension of Canadian pork exports to China, which is costing the industry over \$10 million dollars a week.

The United States government understands the trade war has a significant negative impact. In response, two separate, multi-billion-dollar support programs were announced to help producers. The Chinese tariffs have also resulted in increased demand for European pork, i.e. European producer prices are rising.

Compounding the problem, Canadian pork producers are now forced to compete for inputs against dairy producers who benefit from direct Government of Canada payments.

Producers have not benefited from higher prices or from government financial support. Their competitive position is being eroded and they are at risk of being forced out of business.

Canadian hog producers expect the next federal government establish a \$265 million strategic investment program to address this competitive imbalance.

How will your party invest in the pork sector?

Trade

The Canadian pork industry contributes over 100K jobs and \$23.8 billion to the economy. Trade matters to our industry since 70% of the Canadian production is exported and 30% of domestic consumption is imported. Maintaining competitive access to existing markets and further developing trade with Asian regions is critical to the growth of the Canadian pork industry.

Canadian pork producers were informed on June 25 that China will no longer be accepting Canadian pork products due to concerns regarding the validity of an export certificate. As a result, the Canadian Food Inspection Agency has stopped issuing export certificates to China for all pork and beef products. This halt in Canadian exports is not the result of a food safety concern but the misuse of Canada's reputation as a supplier of safe quality products.

China is a very important market for Canadian producers. In 2018, Canada's pork exports were valued at almost \$4 billion, of which \$514 million was exported to China making it our third-largest value export market. Sales in the first half of 2019 have increased by 50% over 2018 levels and this increased demand was reflected in higher prices for live hogs.

We are aware that Canadian government officials have been in contact with their Chinese counterparts and we are hopeful for a quick resolution. Demand for pork products remains strong in China and Canada producers look forward to having the opportunity to continue to meet the needs of our Chinese customers.

Canadian hog producers are calling on the Canadian government to maintain competitive access to markets and further develop trade with Asian regions that are critical to the growth of the industry.

Should you form the next federal government, what would you do to maintain competitive access to markets and further develop trade with Asian regions that are critical to the growth of the industry?

African Swine Fever

African swine fever (ASF) is not a food safety issue. However, the virus kills pigs and it would destroy a, globally competitive, \$24 billion sector; a sector that is responsible for 100,000 jobs located in both small rural communities and large urban centres.

The disease is present in Africa, Europe, Russia, China and is now rapidly spreading through southeast Asia. A combination of extensive personal travel, trade between Canada and these regions, and a rapidly increasing viral load, means there is a growing risk of ASF coming to North America.

Should ASF be detected in Canada, we can expect:

- The loss of access to export markets which account for 70% of pork sales
- A crippled \$24 billion sector
- An estimated economic impact of \$50 billion dollars on the Canadian economy
- A major impact on Canadian pork's reputation

The pork sector believes there are four key priorities:

1. **Wild pigs:** The risk posed by wild pigs must be addressed. Wild pigs host and spread diseases, putting the industry at risk. This invasive species must be eradicated.
2. **Biosecurity** measures, both on the farm and at ports of entry, must be enhanced to ensure the disease doesn't enter Canada or our farms.
3. **Zoning:** The ability to identify, establish and control the zone around a disease outbreak is critical to rapid disease eradication and maintaining access to Canada's pork export markets. Investments in traceability and disease surveillance capacity are necessary. In addition, the Government of Canada must negotiate zoning recognition agreements with governments in key export markets.
4. **Public awareness:** Everyone must do their part to prevent ASF from being introduced in Canada and understand the impacts if it ever is. The challenges of communicating with a wide range of differing stakeholders, both before and during an outbreak, must be addressed. As an example of the complexity of the task, Canada must be able to simultaneously communicate with its 7,000 commercial pork producers, an additional 7,000 small-scale or "backyard" farms, colleagues in the United States and Mexico, and consumers in Canada and in key export markets. Each group requires a unique solution.

Producers are asking for continued collaboration and multi-year funding from the federal government to address these four ASF priorities

How will your government support industry efforts to prevent ASF from entering Canada?

Business Risk Management Programming

The business risk management suite of programs is not working.

- It is not equitable for hog producers. Almost 50% of funds are spent on crop insurance. A corresponding mortality insurance program for livestock is unavailable.
- It does not help manage the extreme volatility facing the pork sector.
- Payment caps do not reflect the scale of commercial hog farms. For example, the \$10,000 cap under AgriInvest represents less than 3 days of feed costs for a 600 sow, farrow to finish farm.
- An insistence on cost neutrality has limited governments' ability to improve the existing suite.

Canadian hog producers are calling on Federal and Provincial governments to deliver effective BRM programming for hog producers.

What is your government's commitment to delivering BRM programming that includes increased funding for tools like AgriStabilty?

Canadian Pork Promotion and Research Agency (PRA)

Canadian pork producers are focused on promotion and research as one of the means of strengthening markets for hogs and pork, optimize production efficiencies, increase domestic consumption and enhance financial returns from the marketplace to the benefit of participants across the Canadian pork value chain.

Our members are concerned that very little progress has been made on the pork Promotion and Research Agency file since Farm Products Council of Canada released the panel report regarding our request on April 2016.

The proposed PRA has broad domestic support from producers that already fund an extensive series of research and market development activities.

- Canada's beef industry has had a check-off program since 2002. Dairy producers, and all the other supply management commodities include their research and promotion costs in their cost of production formulas.
- The American industry placed a levy on pork imports in 1985. Canadian producers have been making an annual contribution in excess of \$6.5 million to improve the competitive position of the US industry.

Producers are asking for the federal government to establish a Canadian pork promotion research agency.

Will you implement the PRA in the first 12 months of your government mandate?