



Canadian Pork Council
Conseil canadien du porc

Rick Bergmann and René Roy's remarks for the CPC's appearance in front of the Agriculture Standing Committee on the subject of the Canadian response to the COVID-19 pandemic on Tuesday, May 12, 2020.

Rick Bergmann:

Good afternoon Mr. Chair,

Thank you for the invitation to appear before the Committee on this important topic. I am Rick Bergmann, Canadian Pork Council Chair and hog farmer from Manitoba. Today I will be sharing my time with René Roy, Canadian Pork Council Vice-Chair and pork producer from Quebec.

I would like to take a moment to thank all people in the agriculture and agri-food supply chain that are working through this crisis to make sure Canadians have the food they need as we work to reduce the spread of COVID-19.

I am incredibly proud to be a part of the pork sector. I see my farm contributing to my rural community and the wider Canadian economy by providing food to Canadians and people around the world. With \$4 billion in exports and a positive trade balance, Canada's pork sector could play a key role in restarting the economy. We have a great story to tell, but instead, I am here today because producers are not confident that they will be surviving long enough to help with the rebuild.

The Canadian Pork Council represents 7,000 pork producers from coast to coast. Pork production is a diversified agricultural sector. We are diversified in where we are located, the size of our farms, the age of our operators and the markets into which we sell.

But all of that diversity has not been enough to protect pork producers from being pushed into a crisis by COVID-19.

First and foremost, that crisis is a cash crisis. That means farmers do not have the income they need to pay their bills, feed their animals and keep the lights on.

We are trying to navigate market conditions that are incredibly volatile. The drop in our market price has been incredibly steep and the recovery is slow.

Conservative estimates are that pork producers will lose, on average, \$30 a hog for every pig they sell in 2020. In some regions, that loss may be \$50.

This does not mean that pork producers will lose \$30 a on every animal they sell since the crisis began in April. No, it means that because of the damage done to the pork market, for every market hog that is sold in 2020, from January to December, farmers have lost, or will lose, on average, \$30 a hog.

These losses are not sustainable. They will force farmers out of business. The hardest-hit will be the mid-sized family farm, the young farmer, and those farms that have been struggling through years of depressed prices as a result of the global trade war between China and the United States.

The US government has recognized the hurt their producers have experienced over the past few years due to the trade war and most recently the impact of COVID 19. Canadian pork producers, forced to compete against this support, remain at a disadvantage.

We are very concerned and not comfortable relying on a foreign food supply to feed Canadians. Our food security is too important to leave in the hands of the rest of the world. I would safely assume that Canadians, including yourself and those here with us today, also agree that no, that is not acceptable. I want to take a moment to clarify why COVID-19 has hit pork farmers so hard and why we need your help.

Pork production in Canada is a just-in-time business. There are several business models, but for the most part, barns are built so that sows are housed in a farrowing barn where the piglets are born. When the piglets are ready to be weaned, they are moved to a different barn, and a new sow goes into the vacated farrowing area. The piglets are then moved through different facilities as they grow bigger. In some operations, they will be sold at 15 lbs or 50 lbs. These "feeder pigs" are then transferred to another facility where they are grown into the 260—pound market pigs demanded by customers.

However, regardless of where you farm, or your business model, these operations do not have the extra capacity to hold pigs. Barns are designed to be refilled as soon as a group of pigs are sold. COVID-19 related reductions in slaughter capacity have meant that market-ready hogs aren't able to move out of a barn. This in tune means the next batch of pigs cannot move forward.

The backlog in the US has been particularly bad, where they have seen processing plants close for extended periods. Given how connected our two industries are, the impact on US prices has hit Canada hard for producers who export weaned pigs to US farmers. In 2019 exports of animals was valued at \$250 million.

René Roy:

In Canada, the temporary closure of pork processing plants in Quebec in Ontario has created a backlog of more than a hundred thousand pigs. These are pigs that should have already been processed but instead are stuck on farms. Its costing farmers' money to feed pigs, their welfare is at risk and, adding insult to injury, the hogs are losing value as they get bigger than the target market weight requirements.

The backlog and the COVID-19 related market disruptions have had two major impacts.

First, it has driven prices down and pushed farmers into a cash crisis. While the current price has recently strengthened, is still seasonally low and still well below the cost of production. Farmers needing to sell their pigs are in a race to the bottom of the market as they sell their animals at a loss in order to avoid a welfare slaughter. For some, like my colleague Rick, who specializes in the early weaned, 15-pound piglets, it has been hard to find a market at all.

Second, it has forced some producers to take more drastic actions as the losses become even more unsustainable. We know that across the country there are farmers that have been forced to dispose of animals because they could not find a market for them. For a farmer, this means lost income and added costs, for Canadian families this means that good food has gone to waste.

Other farmers have taken steps to reduce their production. For some, this means not breeding sows and for others, this means aborting sows that were close to farrowing. Both situations result in reduced income and put an increased psychological strain on the farmer. A situation made even worse with the realization that food is being taken food out of the supply chain.

Should it continue, Canada will see reduced exports, a greater reliance on imports and, in extreme cases, the reduction in production will contribute to a food shortage.

Producers have been calling for emergency action to help us get through the crisis. Based on losses of \$30 to \$50 a pig, we've asked governments for a crisis payment of \$20 a hog. We have said from the beginning that it's up to governments to figure out the most efficient and effective means to get the money to pork producers as quickly as possible.

The interim payments under AgriStability announced by the government can help, but they are payments from a broken program.

Pork producers have long called for changes to the program. We also strongly urge the government to make changes necessary so that payments, including interim payments, can flow more quickly. Without these changes the program offers little support.

We heard the Business Risk Management Suite offers farmers \$1.6 billion in support. However, our focus is pork production, not all agriculture. Based on decades of experience with farm programs we know this level of support is not available to pork producers. Of the four components of the BRM suite, only AgriStability offers any tangible support to pork producers. We also know that AgriStability is not a program to rely on in time of crisis. Changes need to be made so that the program can work for farmers in their time of need. If the program was working, we wouldn't need to present to you today.

AgriStability should provide help for producers. It should get money to those that need it, and not to those that don't. Interim payments should get money out the door quickly. Farmers should be able to rely on it to be the backstop they need in times of crisis.

Notwithstanding all of our challenges. I want to acknowledge the efforts being made by Minister Bibeau and her team at Agriculture and Agri-Food Canada. Her openness and engagement have been very positive and gives us a glimmer of hope. We look forward to continuing to discuss improvements.

However, the announcement last week dashed our hopes that the government would translate her understanding and compassion for Canadian farmers into the support we need.

To address this and build on the announcement of the Prime Minister that more support will be forthcoming, we have requested a meeting with the Minister and senior officials at AAFC to discuss the situation and identify a series of measures that will serve to position the pork sector as part of the solution and not part of the problem. We can contribute. We just need some help to get there.