



CANADIAN CATTLEMEN'S ASSOCIATION

2021 PRE-BUDGET CONSULTATIONS

Canada's beef sector holds economic growth potential and the ability to enhance meaningful environmental outcomes, such as grassland and wetland preservation, carbon storage, enhanced flood resiliency and increased wildlife and pollinator habitat.

RECOMMENDATIONS

1. Increase the capacity and efficiency of beef trade potential through:
 - a. expansion of CPTPP, a new Canada-United Kingdom (U.K.) agreement, optimizing CETA access and exploration of new markets;
 - b. attaining increased technical access for a broader array of beef products in a number of Asian markets that currently limit age and some cuts of meat; and
 - c. optimizing current trade agreements by investing in an Export Development Fund in support of growth and diversification.
2. Strategically invest in long-term funding for science and innovation through programs like the science clusters and strengthen AAFC's internal research capacity for high risk discovery research.
3. Develop stable, long term funding for national animal health and disease surveillance.
4. Enhance the economic resiliency and competitiveness of the Canadian beef industry by:
 - a. establishing a national cattle price insurance program;
 - b. enhancing AgriStability by removing the Reference Margin Limit (RML) provision, addressing payment caps and increasing the trigger to 85% of the reference margin;
 - c. making changes to the livestock tax deferral program;
 - d. updating Canada's Specified Risk Material (SRM) removal requirements that make Canada's processing industry less competitive compared to our international competitors; and
 - e. enhancing long term labour availability.
5. Strengthen Canada's ability to respond and proactively address animal health and care through the creation of a national Foot and Mouth Disease vaccine bank.
6. Enhance stewardship and ecosystem services funding focused on grassland and wetland stewardship, carbon sequestration and help further reduce the environmental footprint of food systems through the avoidance of food waste initiatives.
7. Through the Agri-Marketing program or other such initiatives, support healthy eating of Canadian agriculture products within Canada and abroad.
8. Build strong rural communities by investing in broadband internet access, rural mental health programming and in infrastructure and services that make rural Canada an attractive place to live and work.

KEY INDUSTRY FACTS

- The beef industry is Canada's largest agriculture sector contributing \$17.9 billion to GDP and supporting 228,000 jobs, Canadian beef and livestock genetics are sold into 58 markets around the world.
- 98 per cent of farms and ranches are family owned and operated; the average herd size is 69 head of cattle.
- Beef producers protect and sustainably use 44.2 million acres of grasslands, an iconic and important Canadian ecosystem.
- Pasture and grazing lands provide a stable store of an estimated 1.5 billion tonnes of carbon.

- The Canadian beef industry GHG footprint is less than half the world average and one of the lowest in the world.

INTRODUCTION

In its June forecast, Economic Development Canada identified agriculture, specifically through exports, among the sectors that will be best able to weather the storm of COVID-19. This ability to maintain jobs for Canadians through future waves of COVID-19 makes agriculture a priority for economic recovery and future growth. Last year Canadian beef exports grew an impressive 17 per cent and opportunity for further growth remains.

The Canadian beef industry, Canada's largest agriculture sector, also has a unique ability to deliver significant environmental services including; carbon storage and sequestration, wildlife habitat preservation and flood resiliency. **While largely unrecognized, Canada's beef industry is the single largest Canadian protector of the quickly disappearing grassland ecosystem.**

Through responsible stewardship of Canada's natural resources, the Canadian beef industry will continue to contribute to the growth of Canada's green economy.

TRADE

Canada is a world leader in the production of high-quality beef, with 50 per cent of Canadian beef exported into over 58 countries. CCA is pleased with the improved market access that has been attained in recent years through the CUSMA, CETA and CPTPP. CCA strongly supports the continued expansion of free trade as well as all efforts to maintain and strengthen the WTO.

Asia remains a priority for potential economic growth for beef producers. CCA encourages the exploration of expansion of CPTPP and further expanding market access for Canadian beef offals and over thirty-month beef into numerous Asian markets. Canada's higher tariff rate into the South Korean market than competitors and current export limitations within the market make Canada-South Korean negotiations a high priority for beef producers. CCA also foresees the UK, our largest trading partner under CETA, as an integral market for Canadian beef and recommends forging ahead with a trade deal further built upon the foundations of CETA and CPTPP.

To capitalize on current export opportunities made by recently negotiated agreements, CCA is requesting financial support for a Red Meat Industry Export Development Fund which would be focused on export diversification and addressing current trade limiting factors. For example, the fund would enable enhanced capabilities to segregate eligible product, support modifications to food safety interventions to meet EU requirements and help to address costs and other types of resources needed to implement EU on-farm production protocols. The estimated \$100 million investment would be cost shared by Canadian industry and government.

INNOVATION

Canada's beef industry has the opportunity to continually improve productivity and its environmental performance, including continued reductions in greenhouse gas emissions and water use, while maintaining stewardship of air, water and soil resources. Continual innovation within the Canadian beef industry not only benefits producers and the economy but ensures the maintenance of crucial grasslands that contribute to carbon

sequestration, biodiversity, and wildlife habitat. To ensure a thriving and sustainable agricultural industry, CCA recommends the Government strengthen AAFC's internal research capacity and increase applied agriculture research funding investments, through programs like the Science Clusters.

Strengthening funding for long-term, high risk discovery research is also critical to take advantage of new opportunities presented by emerging technologies.

The ability of Canadian agriculture to address the threats posed by infectious diseases, plant and animal pathogens, and emerging antimicrobial, herbicide and pesticide resistance will have major implications for the short and long-term health of Canadian agriculture, both domestically and internationally. Adequately funded, coordinated national surveillance networks are essential to target research, extension, regulatory, and policy priorities related to plant and animal health and sanitary and phytosanitary trade-related concerns. The current surveillance funding framework, or lack thereof, has relied heavily on inconsistent piecemeal provincial programming whereas Canadian agriculture spans across provinces and relies heavily on international exports. The CCA recommends that the government ensure the development of a stable, long term funding framework for national animal health and disease surveillance.

BUSINESS RISK MANAGEMENT

Business risk management (BRM) programs are crucial to managing risk and should continue to be funded, particularly as extreme weather continues to affect our agricultural environment. While the importance of BRM programming has increased, Canadian producer support as a share of gross farm receipts has been reduced from 35% in 1986-88 to 17% in 2000-02 and 8% in 2017-2019. Canada is significantly below the average of 11.67% for the 54 countries studied by the Organization for Economic Co-operation and Development (OECD).

Aspects of BRM programs, ranging from program spending, design or availability provide inequitable coverage amongst agriculture sectors and regions. To improve BRM programs CCA recommends:

- Remove the Reference Margin Limit (RML), payment caps and enhance the trigger to 85 per cent of the RML for AgriStability;
- Make WLPIP, the forward-looking, market-based, insurance-style program that allows producers to manage price risk, a permanent BRM program and not dependent on renewal under each agriculture policy framework;
- Broaden WLPIP to enable participation by cattle producers across Canada; and
- Make modifications to the Livestock Tax Deferral provision that would better enable producers to self-elect when the tool can be utilized and ensure all cattle are eligible under the deferral provision. This will enable producers to better financially adapt in the cases of drought, flooding or fires as these events often force producers to sell animals such as calves, and breeding stock earlier than anticipated, resulting in more than one sale in a fiscal year with debilitating tax implications.

The WLPIP program is particularly important for our young beef producers as it increases their ability to secure financing as well as their ability to survive downturns in the cattle market.

Currently, beef producers in the Maritime provinces still operate without a risk management program that manages price risk in a timely fashion, putting them and their desire to grow the Eastern Canada beef industry at risk. We are eager to see the creation of an Eastern Settlement Index pilot under WLPIP, which would contribute

to national price insurance coverage across Canada. CCA recommends the Eastern Settlement Index receive federal backstopping and administrative cost support as provided under the WLPIP.

ANIMAL HEALTH

CCA supports the Animal Health Canada initiative to proactively address the real threat of a foreign animal disease outbreak that would be catastrophic to the Canadian beef industry.

Canada's modelling has shown that an FMD outbreak in highly populated livestock regions would require between 1.9 million and 2.7 million doses of FMD vaccine. Currently, there's a significant shortfall in available emergency vaccine, and the 14-week vaccine production timeframe to produce a vaccine represents a significant risk to our industry and to the Canadian economy.

Given the establishment of the US FMD Vaccine Bank and the known catastrophic devastation risk of an FMD outbreak in Canada, CCA urges AAFC and CFIA to establish a Canadian FMD Bank of 30 million doses, consisting of 2.5 million doses each of 12 different FMD vaccine concentrates. The projected annual cost is \$1.92 million USD excluding potency and licensing testing.

SPECIFIED RISK MATERIAL

Canada's current SRM removal requirements were developed in 2003 and further adapted in 2007. Today, with global BSE cases reaching almost negligible levels there is a need to review Canada's SRM removal protocols to better align with current science and international guidelines. Canada is at a significant competitive disadvantage to our international competitors in regard to our costly SRM removal protocols and have lost regional processing capacity because of this disadvantage. CCA recommends reviewing and updating Canada's SRM removal requirements to more closely align with US standards.

LABOUR

Labour continues to be a limiting factor to Canada's beef exports and growth potential. The beef sector is short 1700 workers (CAHRC Labour Market Information Survey, 2017) and it is anticipated that by 2029 the sector will be short more than 14,000. CCA recommends the Government ensure the new Agri-Food Immigration Pilot achieves its objective of filling labour shortages and look towards long term future solutions.

CANADA'S AGRI-FOOD BRAND

Continued and increased promotional activities that differentiate Canadian products and leverage Canada's reputation for high quality and safe food is key to continued growth. CCA recommends, through the Agri-Marketing program or other such initiatives, supporting healthy eating of Canadian agriculture products, including beef, within Canada and abroad.

SUSTAINABLE AGRICULTURE

In recent years, the beef industry has increased partnerships with the environmental community on collaborative solutions that conserve environmentally significant lands for future generations of beef producers and Canadians.

CCA supports investment in innovative land management tools, conservation programming and industry-environmental partnerships. Examples of these types of initiatives/work include work being completed by and under: SARPAL, MultiSAR, ALUS, Cows and Fish, FRISP and the Canadian Roundtable for Sustainable Beef (CRSB). In regard to reducing the Canadian food footprint, CCA recommends a focus on reducing food waste at all levels of consumption and production.

STRONG RURAL COMMUNITIES

To access the building blocks of a significant portion of our national economy people must be willing and eager to live and work in Canada's rural communities. Rural communities struggle to maintain integral rural services and infrastructure due to their small tax base. CCA recommends committing essential financial investments in rural infrastructure that includes; irrigation, schools, health care, roads, bridges, expanding rural broadband internet access, and flood mitigation. Through avenues such as the Canada Infrastructure Bank, these investments will ensure rural Canada remains an attractive place to live and work.

FOR MORE INFORMATION:



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