

Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

By: Canadian Meat Council



For a century now, the CMC has represented Canada's federally licensed meat packers, meat processors and suppliers of equipment, services, and goods to the meat industry. CMC provides evidence-based advocacy on behalf of its members and works to secure and improve Canada's global meat competitiveness and, promote a balanced diet, which includes high-quality and nutritious Canadian meat. The Canadian red meat industry represents over 20 Billion dollars to the Canadian economy and supports 288,000 jobs across Canada.

Summary of Recommendations:

1. That the government enhance the funding and extend the deadline for the current Emergency Processing Fund (EPF) and allow a refundable tax credit for extraordinary expenditures incurred by meat processors for Covid-19.
2. That the government provide additional funding to Canadian Food Inspection Agency to their International Food Export Division to add 4 new veterinary specialists with strong technical expertise to work on international market access issues.
3. That the government review and update Canada's SRM removal requirements to more closely align to U.S. standards once Canada is recognized by OIE as Negligible Risk Status for BSE.
4. That the government eliminates (or significantly reduces) the temporary foreign worker cap for meat processors.
5. That the government invest \$75M for Agriculture and Agri-Food Canada and Canadian Food Inspection Agency to adequately prepare for a potential African Swine Fever outbreak with epidemic proportions that is present in several other countries in four continents.
6. That the government allocates \$1.92 USD million to strengthen our ability to respond and proactively address animal health and care through the creation of a national Foot and Mouth Disease vaccine bank.



Recommendation #1: That the government enhance the funding and extend the deadline for the current Emergency Processing Fund (EPF) and allow a refundable tax credit for extraordinary expenditures incurred by meat processors for Covid-19.

Following extensive measures to stem the spread of COVID-19 at plants across the country, Canada's meat packers and processors braved the front lines during this pandemic, ensuring Canadians could find meat at their local grocery stores. Meat processors invested heavily in ensuring that they could provide safe working conditions for their employees while continuing their operations. Our industry must keep feeding Canadians, keep the supply chain going and ensure employees were safe. COVID-related costs such as face masks and other PPEs have significantly increased costs to processors.

While we were thankful to see the government announce the Emergency Processing Fund, unfortunately, a lot of critical expenditures are not captured in this funding (e.g.: COVID related face masks and other PPEs have significantly increased costs to processors) and the time period to deliver the projects was reduced because of the late announcement of program details -

We are asking the government to announce a second round of funding for meat processors and extend the current project completion date from September 30th to the end of fiscal year, 2020. Doing so will provide processors more time to continue introducing and implementing COVID-19 mitigation measures, and to plan and execute in-plant activities.

Recommendation #2: That the government provide additional funding to Canadian Food Inspection Agency to their International Food Export Division to add 4 new veterinary specialists with strong technical expertise to work on international market access issues.

The Government of Canada's Trade Negotiations teams have been successful in negotiating new trade agreements such as CETA, CPTPP, CUSMA and others. The Market Access Secretariat of AAFC has proven to be a successful resource for industry in responding to trade access issues and has an impressive team of officers working on promoting trade and market access around the world.

- MAS Teams working on, Asia and Oceania, Americas, Europe, Middle East, and Africa
- Branding Strategy Team
- Trade Commissioners Abroad
- Global Analysis
- Market Access Technical Unit – abroad and imbedded with MAS
- Trade Show Strategy and Delivery

All these resources are working to support Canadian Industry in all sectors of Agriculture market access and promotion. And with meat exports growing to over \$6.6 billion, until recently CFIA has only one

technical (veterinary) staff to deliver on the technical certification conditions to action the achievements of the rest of the team. They need at least 5. The Market Access Prioritization Plan was developed to target the limited resources according to market priorities – but that system is also flawed because it sends the message that SME's looking to get into export markets are not as important as other larger more experienced exporters. We are often reminded that this process is necessary because CFIA does not have sufficient staff resources to work on access requests.

With 70 percent of pork production and 50 percent of beef production in Canada destined for export – our industry needs the support of the CFIA to achieve the goal set by our own government of \$75 billion in exports by 2025.

Recommendation #3: That the government review and update Canada's SRM removal requirements to more closely align to U.S. standards once Canada is recognized by OIE as Negligible Risk Status for BSE.

Canada has submitted our application to the OIE for recognition as a negligible risk status country for the presence of BSE (bovine spongiform encephalopathy). Approval is expected to be granted at the next OIE meeting in May 2021 in Paris.

Canada's current SRM removal requirements were developed in 2003 and further enhanced 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 them with current science and international guidelines. Canada is currently 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.

This is not a food safety issue. We import beef processed in the U.S. back into Canada, the fact we have different rules adds a significant cost disadvantage despite the fact both countries have safe beef.

While the same parts of cattle are considered SRM in Canada and the United States, one of the major factors that increases prices in Canada are the disposal costs. In the U.S., some SRMs can be used in products such as fertilizer, while in Canada all SRM must be incinerated or sent to a special landfill, exclusively used to hold SRMs. The amount of SRM removed in Canada for animals over 30 months of age weighs as much as 40 kg per animal. While in the U.S., the amount removed is as little as 2-3 kgs.

Recommendation #4: That the government eliminates (or significantly reduces) the temporary foreign worker cap for meat processors.

In 2014 the Government of Canada overhauled the Temporary Foreign Worker (TFW) Program introducing a cap to limit the number of low-wage temporary foreign workers that a business can

employ. There are 65,000 Canadian meat processing jobs that rely on international workers in abattoirs located mainly in rural locations.

The current 20% CAP was scheduled to be reduced to 10% on July 1, 2016, however, effective June 23, 2016, the CAP was frozen. The Cap remains frozen at 20% despite some attempt to change the formulas and 're-calculate' the Cap which has not had any impacts for our members.

The unique nature of our members businesses is the handling of live animals, which needs to be recognized. For these abattoirs, the cap is too restrictive and is a severe barrier, crippling the rural Canadian economy and impairing the opportunity to increase value-added products and expand production. Research findings indicate that beef meat processing capacity in Canada is less today than it was 20 years ago, pork capacity is stagnant, and lamb is not enough to keep up with domestic demand.

The cap is restricting growth for abattoirs by limiting expansion plans, restricts immigration growth for rural Canada and does not allow the industry to increase their export capacity. The government has an aggressive goal of \$75 billion in exports by 2025; meanwhile our industry is well poised to help grow this number but is restricted by cap.



A modest \$100 million increase
in exports (red meat) results in
an almost equivalent increase in GDP of
\$97 MILLION

Recommendation #5: That the government invest \$75M for Agriculture and Agri-Food Canada and Canadian Food Inspection Agency to adequately prepare for a potential African Swine Fever (ASF) with epidemic proportions that is present in several other countries in four continents.

COVID-19 has shown the impact that a foreign disease can have on Canada. The Canadian pork industry faces a more significant threat due to ASF. ASF, a contagious virus that kills pigs (90%), would have a devastating impact on the sector. An ASF detection in Canada would lead to billions of dollars in losses for farm families, processors and the tens of thousands of Canadians employed in the pork value chain. This would also affect the immediate closure of export markets for pork (Canada exports 72% of pork produced), an unknown demand response from Canadian consumers and an extraordinary oversupply of pork that will result in a market failure.

The disease is not in Canada, but it is endemic in Africa, has already hit multiple countries in Europe and Asia and now spreading in Oceania.

The Government (Federal and Provincial)-Industry ASF Executive Management Board has created the Pan-Canadian Action Plan to prevent, prepare, respond, communicate, and assure business continuity during a potential ASF outbreak in Canada.

The Pan-Canadian Work Plan has established priorities which all requires funding:

- Funding for a dedicated executive, well-respected champion to operate the ASF Executive Management Board for a three-year period.
- Funding of the CanSpotASF enhanced passive surveillance program including the necessary network lab capacity and logistical costs of sample collection/submission. The program needs to be ready for rapid scale-up for outbreak surveillance in the event of a disaster.
- Building of the integrated electronic data platform for managing disease surveillance, epi investigation and movement permitting
- Additional resourcing of CFIA's Animal Health Directorate with epidemiological expertise. Resources are needed to ensure that CFIA can support the operationalization of a national ASF Compartmentalization Program, now in development, and deploy all necessary resources for an epi investigation in the event of an outbreak.
- Research: Surveillance, disease modelling, and mass euthanasia and disposal methods have been identified as key factors for which solutions are not readily apparent. Wild pigs, an invasive species, pose not only a risk to the environment but also to the security of the pork supply. A comprehensive, national eradication strategy—supported by solid research—is required if this risk is to be addressed. Canada should be in the forefront of global research on an ASF vaccine plus diagnostic tools.
- Further funding for enhanced on-farm biosecurity via the Canadian Pork Excellence Program and movement tracking via PigTrace.

Recommendation #6: That the government allocates \$1.92 USD million to strengthen our ability to respond and proactively address animal health and care through the creation of a national Foot and Mouth Disease vaccine bank.

CMC 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. We currently have a significant shortfall in available emergency vaccine, and the 14-week timeframe to produce a vaccine represents a significant risk to the livestock industry and to the Canadian economy.

Given the establishment of the U.S. 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.