



August 29, 2019

The Honourable Marie-Claude Bibeau, PC, MP
Minister of Agriculture and Agri-Food Canada
1341 chemin Baseline
Ottawa ON K1A 0C5

Subject: Strategic measures in support of Canada's pork sector

Dear Minister Bibeau:

Pork producers in Alberta have been impacted by political trade tensions beyond their control. These include tariffs imposed by China and Mexico on U.S. pork as a result of American sanctions on aluminum and steel imports, and more recently, China's ban on Canadian pork imports, which has halted our exports to that market.

These adverse market conditions are causing significant financial losses to pork producers in Alberta and across Canada. For producers in Western Canada, this is especially difficult as the current nature of the market means Western producers earn, on average, \$7-9/pig less than producers in Eastern Canada, even before factoring in the negative impact of the current political tensions.

While market conditions for Canadian pork have suffered due to trade friction and diplomatic tensions, other pork-producing nations in Europe and South America are benefiting from the opportunity to supply the rapidly increasing demand for pork in the highly profitable Chinese market. The spread of African Swine Fever in China and most countries of Southeast Asia has upended markets and dramatically increased the price of pork. Pork-producing countries that are able to export to China are benefiting most from this situation, while countries like Canada are missing out due to tariffs and political barriers.

As a result of the conditions in China, pork exports from the European Union and Brazil are increasing significantly. Canada would have been able to capitalize on the situation if our exports had not been halted. Our competitors will take advantage of the additional revenues generated by Canada's absence in the market to invest, modernize and increase their production capacity, thereby strengthening their global agri-trade position.

Twice in the past year, the U.S. Government has allocated significant funding supports totaling \$28 billion to counter the effects of China's tariffs on U.S. exports. In 2018, hog producers in the U.S. received \$8/pig (to a maximum of \$125,000 per producer, and in 2019, they received \$11/pig (to a maximum of \$250,000 per producer).

Given the need to operate transparently in the North American free trade environment, Canada's pork industry is fully integrated with the U.S. pork industry. As a result, pork prices for Canadian producers

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are established based on prevailing prices in the U.S., which means Canadian producers are feeling the full effect of the U.S. trade war with China. However, producers in Canada are not currently receiving equivalent supports to their U.S. counterparts. This imbalance in subsidies has negatively affected the Canadian pork industry domestically and globally.

Pork producers have had no control over the negative market conditions that have impacted them for more than a year. Our competitors have continued to develop under more favourable conditions, either by avoiding trade and diplomatic tensions or by receiving prompt and substantial financial support.

Canadian pork producers participate in provincial and federal business risk management (BRM) programs and have been told repeatedly that these programs are the support mechanisms that work for all in agriculture. Unfortunately, time and time again, it has been demonstrated that these programs – as designed – offer little support. It is especially difficult for pork producers to accept this given trade-related supports afforded to other Canadian agriculture commodities.

Under these circumstances, our hope is that the Government of Canada will implement support mechanisms for Canada's pork sector so that it can remain competitive in the global market, given the nature of the negative trade situation. **Alberta Pork asks that the Government of Canada take a position to help counter these conditions by implementing strategic measures that would see federal funding of \$12/pig to support our sector.**

Sincerely,

A handwritten signature in dark ink, consisting of a stylized 'B' followed by a long horizontal stroke.

Brent Moen
Chair

cc: Hon. Amarjeet Sohi
Randy Boissonnault
Hon. Kent Hehr

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