

A high-angle photograph of several pieces of grilled red meat, including steaks and chops, arranged on a rustic wooden cutting board. The meat is garnished with fresh green herbs and coarse salt. In the bottom right corner, there are several bright red tomatoes. The background is a dark, textured surface.

2021 FEDERAL ELECTION

RED MEAT SECTOR PRIORITIES



CANADIAN MEAT COUNCIL
CONSEIL DES VIANDES DU CANADA

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WHAT THE RED MEAT SECTOR NEEDS

**Address the Critical
Labour Shortage**

**African Swine Fever
Prevention & Preparedness**

**SRM Removal Requirements to
Align to U.S. Standards**

Technology & Automation

Market Access

China

**Commitment to the Food
Supply Chain**

Grocery Store Code of Conduct





For over a century, the Canadian Meat Council (CMC) has represented Canada's federally licenced meat packers, meat processors and suppliers of equipment, services, and goods to the meat industry.

Red meat consumption and exports supported 288,000 jobs in Canada in 2016, generating more than \$6 Billion in annual revenues. Meat processing is Canada's largest food and beverage manufacturing sector. In the past three years, CMC members have created close to 13,000 jobs.

Red meat consumption in Canada is likely to grow modestly over the long term, restrained by slow population growth, changing consumer preferences and an aging demographic. On the other hand, Canada's export potential is vast. Global per capita consumption of meat is expected to rise from 33.7 kg to 34.9 kg from 2020 to 2029 and we need to ensure our processors have the tools and human resources available to meet these demands.

CANADA EXPORTS NEARLY 70% OF ITS PORK PRODUCTION AND 50% OF ITS BEEF PRODUCTION TO MORE THAN 90 COUNTRIES.

The government has an aggressive goal of \$75 billion in exports by 2025 and our industry is well poised to help grow this number. However, market disruptions caused by Covid-19, protectionism, tariffs, and foreign animal diseases (e.g.: African Swine Fever, Foot and Mouth disease) have pushed the limits of our industry's resilience.

To make this a reality, our sector, businesses and government must work together to grow and build a resilient and more reliable food system. Open borders and Canada's excellent reputation in food quality and safety provide ample opportunity for red meat exporters and we hope that CMC's recommendations will be reflected in our next government's mandate letters.

**RED MEAT
SECTOR
SUPPORTS
288,000 JOBS
ACROSS
CANADA.**

**RED MEAT
INDUSTRY
REPRESENTS OVER
\$28B TO THE
CANADIAN
ECONOMY.**

**IN 2020,
CANADA
EXPORTED
\$8.3 BILLION
OF RED MEAT
PRODUCTS TO
90 COUNTRIES.**

1

ADDRESS OUR LABOUR SHORTAGE

There is nothing temporary about jobs in our sector. We offer full-time, year-round jobs, yet our sector needs to use a Temporary Foreign Worker (TFW) program. We agree that prioritizing jobs for Canadians is important. That is why our meat processing companies participate in ongoing advertising, recruitment fairs and always hire Canadians first, only using the TFWP as a last resort.

Despite increased recruitment efforts – our sector still has a vacancy rate of over 10%. Some companies in Quebec have job vacancies over 40%, and some in Alberta are approaching 20% job vacancy rates. This is unacceptable for our meat processing companies putting their viability in potential jeopardy. Most meat processing wages are union approved. That means that whether we hire a Canadian or a TFW, the wages are already pre-approved, and they have the same pay & benefits. Our members have increased wages by 5.3%, while the national average increase is 2.5% or less. Entry-level butcher positions are the ones with the highest increase in wages.

- Vacancy Rate: 10.88%
- National Annual Wage Increase: 5.30%
- Empty butcher stations: 4,166
- Over 90% of TFWs who are allowed to stay remain working in the rural meat packing plants for more than 10 years.
- Conference Board of Canada research shows that when we fill one job vacancy, it creates 4 other jobs for Canadians in the supply chain.

The TFWP cap on meat processing is too restrictive and is a severe barrier, crippling the rural Canadian economy and impairing the opportunity to process value-added products. The cap restricts growth for abattoirs by limiting expansion plans, restricting immigration growth for rural Canada, and not allowing the industry to increase its export capacity.

CMC is thankful that the government has recognized butchers shortages by launching the Agri-Food Immigration Pilot in May 2020. However, several issues with the pilot have not been addressed and prevent industry and our butchers from accessing this pilot. CMC is hopeful that these issues will be resolved and that this pilot becomes a permanent solution for meat processors' labour shortages.

OUR ASK

That the government makes the Agri-Food Immigration Pilot a permanent program and do a reset on the cap, providing an equal playing field for all meat processors and allowing them to grow Canada's processing capacity and to maximize our red meat export potential.

2

AFRICAN SWINE FEVER PREVENTION & PREPAREDNESS

Canada is the most export-dependent country in the world with about 70% of its pork production being exported. An outbreak of African Swine Fever (ASF) in Canada would immediately result in trading partners closing their markets causing a price collapse given the massive backup in the number of hogs that would be unable to move through the supply chain, the mass depopulation of 50% of the herd, and the layoff of 50% of skilled manpower working in pork plants.

Prevention, response and business continuity activities are essential to maintain the economic activity and all the jobs created by the meat industry. The pork processors, from federally licenced establishments, have slaughtered in 2020 about 21 million hogs which contributed to Canada's GDP about \$7 billion. As 50% of the herd will need to be destroyed, it is calculated that the cost to recover the industry (producers and processors) in the first year will be \$2 billion (excluding euthanasia of pigs).

That the government, if ASF hits Canada:

- **Invest \$2 billion in the first year to recover 50% of the pork industry to produce \$3.5 billion in GDP for Canada.**
- **Financially support skilled employees in meat plants that will need to be layed off during the crisis. It is critical to support financially qualified manpower to allow a return to work once industry is recovered.**
- **Provide financial support to euthanize half of the herd in Canada with approximate cost of \$1.2 billion.**
- **Zoning agreements to be consolidated with important trading partners for Canada (e.g.: Japan, Philippines, Taiwan, Vietnam, South Korea, Mexico, among others).**

OUR
ASK



3

SRM REMOVAL REQUIREMENTS TO ALIGN TO U.S. STANDARDS

Canada has now been recognized by the OIE as a negligible risk status country for the presence of BSE (bovine spongiform encephalopathy).

Canada's current SRM removal requirements were developed in 2003 and further enhanced in 2007. Today, with global BSE cases reaching almost negligible levels Canada's SRM removal protocols need to better align 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 increase 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.

Disposal costs of SRM from 500,000 OTM cattle in Canada costs our packers almost \$6 Million more than our competitors in the US – and we have the same BSE status in the eyes of the OIE. This does not take into account the extra labour, loss of raw material or the decrease in sustainability impact of rendering by-products. CMC has presented a position paper to the CFIA and discussions are ongoing to hopefully find a solution to this discrepancy.

**OUR
ASK**

That the government updates Canada's SRM removal requirements to more closely align to U.S. standards now that Canada is recognized by OIE as Negligible Risk Status for BSE.

4

TECHNOLOGY & AUTOMATION

If Covid-19 has demonstrated anything, it is that automation could help the red meat sector considering employees work in close quarters. However, meat packing – mainly the cutting of meat, is a highly skilled manual activity and robotics cannot replace the dexterity of the human hand and the human eye, despite growth in technologies.

Manual labour will always be a part of our sector but the fact is that automation, which is adopted for good reasons, is more likely to be sustainable and have a good economic return. Investing in equipment to make cutting faster and safer makes sense, especially when it helps end-users meet the demand for specialized cuts and products. Safer and more consistent product, processed more safely by workers, represents a win all the way around.

Greater automation can be done through several routes; primarily through investments in innovation that support technology development. Greater access to government innovation funding would speed up the adoption process given there is often risk and large capital expenditures involved, as well as plant downtime and human resources that tend to slow the willingness to adopt.

OUR ASK

That the government provide greater access to innovation funding to help speed up the adoption process for meat processors.



5

MARKET ACCESS



The CFIA needs to increase the number of Veterinarian Specialists with strong technical expertise to help resolve market access issues and support increased exports of red meat products.

While the Government of Canada has been successful in negotiating new trade agreements (such as CETA, CPTPP, CUSMA and others), we need to take advantage of these opportunities. This requires CFIA technical staff to negotiate the conditions and develop agreed documentation to be able access these markets. CFIA continues to limit the number of issues they can work on because of a lack of human resources.

While funds have been provided to CFIA, there remains a critical staff shortage in order for us to maximize these trade agreements and resolve market access issues. Since we have achieved Negligible Risk for BSE status with the OIE – there are many markets that have still not given full access to all Canadian beef. The remaining restrictions need to be removed.

OUR ASK

That the government adequately fund the CFIA Market Access Division for Canada to maximize their trade agreements and resolve market access issues.

CMC also supports CAFTA's recommendation for a Chief of Trade Implementation at Global Affairs.

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CHINA

China is a key market for the Canadian meat industry and Canada as a whole, as trade diversification is important to sustainable economic success of our sector and the country, but also the sheer size of the potential opportunities is critical to capitalize on. Dealing in China requires the development of personal relationships, which take time and needs to outlast people changing.

Currently, 65% of Canadian pork processing capacity does not have access to China. The Chinese market adds at least an additional \$20 value to the carcass that supports the financial sustainability of the pork industry. The by-products Canada produces are valued significantly more in China than anywhere else in the world.



OUR ASK

That the government reinforce how serious it takes Canada China agricultural relations by appointing an Assistant Deputy Minister level lead to the Agriculture Department at the Embassy in Beijing. This needs to be followed by additional resources for trade negotiators and a more strategic approach, developed in partnership with the Canadian pork industry.

That the government appoint a special envoy to China, that will work more closely with industry to build personal relationships with Chinese officials and gain more access for industry.



COMMITMENT TO THE FOOD SUPPLY CHAIN

EMERGENCY PREPAREDNESS & PANDEMIC RECOVERY

It is imperative that Canada learn from our recent experiences to strengthen the country's food system in the long-term. Canada must embrace a renewed commitment to tracking, analyzing, modelling, and understanding the interactions, interconnectivity, risks, and potential of the full-food supply chain – including primary agriculture, food and beverage manufacturing, distribution, retail and other input and supporting sectors. Achieving this will be a challenge.

A main focus of Agriculture and Agri-food Canada is primary agriculture, only one part of our food system. At the same time, while many federal departments touch on the broad range of issues critical to Canada's food supply – such as food safety, manufacturing practices, transportation, IT and connectivity, energy, labour, regulatory measures, and health – there is little federal coordination of the impact on the food system. In the context of COVID-19, this fragmented approach left Canada without an integrated emergency response plan for the full-food system and raised significant risks for Canada's food sovereignty. We cannot let this happen again.

It is critical that Canada's federal government, as well as provincial and territorial counterparts, broaden its focus and adopt an integrated approach to regulating and to developing policies and programs that impact Canada's food system. Key to this is enhancing the understanding, research, analysis, and policy capacity focused on all sectors along the food supply chain, as well as the integrated food system. This would ensure Canada achieves food sovereignty and leverages the strength of its food system to support economic prosperity for Canadians, and to interact with provincial governments for a coordinated approach to these measures.

OUR ASK

That the government empower and resource a central department or agency with responsibility for Canada's entire food supply chain with a mandate to develop a coordinated approach to all federal policy and economic measures impacting Canada's food system.

That the government continues to fund the Food Policy initiatives and encourage this work continue in a new mandate.

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GROCERY STORE CODE OF CONDUCT

As governments explore what is needed to support investment and strengthen the food supply chain, the creation of a Grocery Code of Conduct must be a key consideration. A code could create greater balance in the food supply chain, and create parameters to instill a level of certainty that suppliers will be paid on time, at the negotiated price, and will not be subject to surprise or retroactive fees levied at the whim of the retailer. This would help reduce practices that create disincentives to investment and innovation in Canada's agri-food sectors. A Grocery Code of Conduct should ensure that the principle of fair dealing is applied to all stakeholders, whether they are suppliers or grocery retailers.

Retailers have made unsubstantiated claims that measures by governments to address unfair practices and inefficiencies would increase the cost of food, but the evidence proves otherwise. In countries where steps have been taken to address retailer behaviours, food inflation has been significantly lower than in Canada. In the seven years since the United Kingdom established its grocery code of conduct, food prices, when adjusted for inflation, have actually decreased by over 8% while Canadian food prices have increased by 4% in the same period. Addressing inefficiencies and unfairness in our food supply chain helps everyone: farmers, processors, retailers, and Canadian consumers.



OUR ASK

That the government introduce a Grocery Store Code of Conduct to strengthen our country's food supply chain. Research shows that more than three-quarters (77%) of Canadians support government action to encourage food suppliers and grocers to adopt a Grocery Code of Conduct in Canada. This Code is about restoring balance in Canada's food supply chain by levelling the playing field and addressing the heavy-handed ways in which our country's largest grocers deal with their suppliers.