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FROM THREAT TO OPPORTUNITY: AN ACTION PLAN TO DIVERSIFY AND INCREASE COMPETITIVENESS FOR CANADA'S RED MEAT INDUSTRY

The Canadian Meat Council (CMC) is the national voice of Canada's meat industry, representing the entire value chain of red meat production in Canada, including all beef and pork sold internationally. Serving more than 90% of the sector, CMC advocates for over 162 federally licensed manufacturing, services, distribution, and retail members. The Canadian red meat industry contributes over 20 billion dollars to the economy and supports 300,000 jobs across the country.

CMC members feed Canadians, drive rural economies, and demonstrate global leadership in agri-food excellence. Members operate in communities that rely on the stability and vitality of an integrated North American meat industry. Products often cross the border 3-5 times, from livestock to packaging, before ending up on a dinner plate. In 2023, Canada's total red meat trade with the U.S., including imports and exports of hogs, pork, cattle, and beef was CAD \$11.1 billion. This number is supported by an even larger figure which captures the packaging, equipment, and ingredients that feed into the red meat industry.

The Canadian meat industry is facing a significant financial threat in the form of shifting trade dynamics. With this threat, however, comes a pivotal moment to enhance the industry's long-term competitiveness. The following measures focus on implementable solutions which strengthen the resilience of Canadian meat producers and processors, as well as those who provide services to the industry.

1. Trade & Market Access as a Strategic Priority

With over half of our products destined for export markets, securing and expanding market access is critical. Prioritizing efforts to strengthen and diversify market access will yield far-reaching benefits for our industry and bolster its long-term sustainability. It is essential to expedite technical approvals, certifications and inspection system audits to translate access provided through trade agreements into commercially viable opportunities for food processors. Below are key actions:

Trade:

- a) **United States:** Ensure CUSMA continuity, resolve key irritants, enhance regulatory coherence.

- b) **CPTPP:** Engage in accession negotiations with relevant potential partners, particularly ASEAN members, resolve key irritants such as the UK ascension, implement good regulatory practices.
- c) **UK:** Finalize FTA talks for comprehensive agreement with robust SPS chapter.
- d) **EU:** resolve key irritants, implement good regulatory practices to leverage CETA.
- e) **Expedite access to new markets** (i.e. Indonesia, Ecuador & ASEAN by ratifying free trade agreements and expediting technical approvals).
- f) **WTO and International Standards Setting Bodies (OIE, WOHA ...):** increase Canadian presence to shape global rules and ensure adherence to international guidelines.

Market Access:

- g) **China:** re-engage with China to re-establish pork and beef access, leveraging the newly instituted Canadian Meat Advocacy office in Beijing.
- h) **Korea:** accelerate tariff rate quota (TRQ) reductions for Canadian meats to match U.S. schedule. Ensure Canadian meat establishments appear on Korean authorities' list.
- i) **Vietnam:** Remove microbiological testing requirements and restrictions on beef from imported animals.
- j) **Dominican Republic:** expedite discussions for beef and pork access in 2025.
- k) **ASF:** Continue to sign ASF zoning agreements with Japan, South Korea and the Philippines.

2. Remove Domestic Barriers

Canadian red meat production is a highly regulated industry. These regulations allow us to put meat on the market that is safe and that meets high-quality standards. However, a regulatory landscape must be balanced with business continuity and viability.

The Canadian Food Inspection Agency (CFIA) plays a crucial role in enabling our industry's competitiveness and many of the measures listed below are directed toward streamlining decision-making processes, reducing unnecessary barriers to competitiveness and reducing production costs within that department. The resource limitations CFIA faces, such as the veterinarian shortage, plays out as a limitation of our industry's success. Overall, CFIA must balance its dual mandate as regulator and service-provider for industry to succeed.

In addition, our industry is a major employer and a major exporter. Opportunities to strengthen our sector also include labor policies, transportation and internal trade as detailed below.

a) **Modernize Feed Ban Standard**

Canada should fast-track harmonization of its Enhanced Feed Ban (EFB) with U.S. regulations, leveraging its 2021 negligible BSE risk status to reduce regulatory burden and harmonize regulations with customers and competitors. This would help reduce costs and increase efficiencies for beef processors and benefit the Canadian beef industry while maintaining food safety standards.

Responsible Department: Canadian Food Inspection Agency

b) Address CFIA inspection inconsistencies, especially for DRG

Variability in interpretation of CFIA's regulations and guidance documents across Canada causes operational misalignment of practices leading to challenges, increased costs and competitive disadvantages for processors across Canada.

One example is the inconsistent interpretation and implementation of CFIA guidelines for Dorsal Root Ganglia (DRG) removal in over thirty-month cattle across regions. CFIA should ensure consistent implementation, increased flexibility, and enhanced training on DRG removal guidelines to ensure all establishments adhere to the same standards, thereby improving the industry's efficiency.

Department Responsible: Canadian Food Inspection Agency

c) Streamline labelling changes and allow more flexibility in enforcement

Implementing labelling changes requires at least two years. Overlapping government labelling initiatives and delays in the release of guidelines have created shorter timelines to comply and implement changes. This results in waste and increased costs for businesses. Any type of change in current labels may have the same consequences (e.g. ingredients changing of category). Government must streamline its approach to labelling changes by communicating across departments and take a flexible approach to enforcing labelling changes within a certain period.

Department Responsible: Canadian Food Inspection Agency

d) *Trichinella* status recognition:

The last case of human *trichinellosis* associated with Canada's domestic pig supply occurred in 1980. Canada produces pork in an advanced production systems with controlled standards to avoid exposure to wildlife or rodents led by our on-farm food safety program (Canadian Pork Excellence) and strict biosecurity measures. Due to weather conditions in Canada, most of the pigs are raised in controlled and confined housing. Canada has also committed to the World Organisation for Animal Health (WOAH)'s annual requirements for surveillance, testing and reporting.

Canada must achieve official recognition of *trichinella*-free status to remove unnecessary export requirements, particularly for the EU.

Department Responsible: Canadian Food Inspection Agency

e) Freeze the LMIA Fee Increase

Employment & Social Development Canada (ESDC) is reviewing fees for Labour Market Impact Assessments (LMIAs), which could further burden meat processors relying on the Temporary Foreign Worker (TFW) Program. Recruiting a TFW costs employers between \$7,000 - \$15,000 per worker.

The government should freeze LMIA fee increases to maintain industry access to critical labor.

Additionally, with the expiration of the Agri-food Immigration Pilot, there is no federal pathway to permanent residency for new Canadian residents who work in our sector. Our sector offers year-round, permanent jobs and a pathway to permanent residency is required to ensure our plants have the labor they need to operate.

Department Responsible: Employment & Social Development Canada (ESDC) and Immigration, Refugees & Citizenship Canada (IRCC)

f) Support inter-provincial meat trade with one federal standard

Meat processed at provincially inspected facilities cannot be sold outside the province. While provincially inspected meat only accounts for 5% of Canada's red meat supply, it nevertheless creates a multiple-tiered inspection system in Canada and limits market access. Provincial inconsistencies that vary across jurisdictions may affect the confidence of Canadian consumer or the consumers around the world where we export. Audits by foreign trading partners may not accept provincial food safety standards which could risk access to international markets.

The government should facilitate interprovincial trade by eliminating the multiple-tiered inspection systems, by ensuring that provincially inspected facilities meet equivalent food safety standards as federally inspected establishments.

Department Responsible: Canadian Food Inspection Agency, Agriculture and Agri-Food Canada

g) Ensure business continuity along key transportation corridors

Our members spend considerable resources creating and maintaining relationships with customers worldwide; when companies cannot fulfill their orders reliably, this jeopardizes the relationships our members have worked hard to maintain. To position Canada as a competitive trading partner in the global economy, businesses must be able to get goods to and from market reliably and efficiently.

We recommend that the Government work with partners, employers, and unions to amend the Canada Labour Code to safeguard against economic disasters by providing the Minister of Labour with dispute resolution tools (like binding arbitration) to ensure no work stoppage shuts down critical supply chains, and jeopardizes Canadian families' health, safety, and livelihoods. In addition, the government should identify and adopt labour dispute resolution mechanisms tailored to Canadian strategic infrastructure operations.

Department Responsible: Employment & Social Development Canada (ESDC), Treasury Board Secretariat

3. Promote Canadian Red Meat in Global Markets

Approximately 50% of Canadian beef and 70% of Canadian pork is exported. While Canadian red meat is highly appreciated by those who know it internationally, we remain underrepresented in global markets. Many potential customers are unaware of the superior quality and value of Canadian products. A unified industry effort which combines producers, processors, marketing bodies like



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Canada Beef, Canada Pork, and government should focus on promoting Canadian meat products globally. This will help us grow our market share, establish a strong international presence, and position Canadian red meat as a premium product worldwide. A strong, diversified portfolio of global trade relationships is critical to our success.

Next Steps:

We urge the government to act swiftly on these adjustments to support Canada's red meat industry in the transformative change that is needed amidst rising trade challenges. We have a generational opportunity to help Canadian businesses achieve their potential. We look forward to continued collaboration on these priorities.