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CUSMA Consultations Global Affairs

Canada Trade Negotiations – North America

John G. Diefenbaker Building

111 Sussex Drive, Ottawa, Ontario

VIA EMAIL: CUSMA-Consultations-ACEUM@international.gc.ca

RE: Consulting Canadians on the operation of the Canada-United States-Mexico Agreement (CUSMA)

The Canadian Meat Council (CMC) welcomes the opportunity to comment on the initiative for Consulting Canadians on the Review of the Canada-United States-Mexico Agreement (CUSMA).

CMC members strongly support maintaining and strengthening a stable, rules-based framework for free trade in North America to secure future economic prosperity, enable effective business planning, and ensure continued returns on investment.

The Canadian Meat Council supports CUSMA's continuation for another 16-year term, per the agreement's review procedures. Emerging trade irritants and barriers can be resolved using consultative mechanisms in the agreement or through other available bilateral and trilateral means. Preserving and strengthening CUSMA is integral for a thriving Canadian economy and the success of Canadian businesses, workers, and communities.

Inherently Dependent on International Trade

The Canadian meat industry's long-term viability relies on robust international trade as domestic meat consumption is expected to remain stable. Exports sustain industry strength, support Canadian workers and rural communities, and add value to every animal while raising demand for feed, made of grains, corn, and soybeans. The sector's resilience is therefore inherently tied to trade policy and market access initiatives that drive red meat export growth.

With exports accounting for a significant portion of production - almost 70 percent of pork and 50 percent of beef - the industry's success is intrinsically linked to global markets. In 2024, the Canadian meat sector's overall exports were valued at over \$10.4 billion, underscoring the critical role of trade in driving economic growth and sustaining the industry.

Trade agreements, such as CUSMA (Canada-U.S.-Mexico Agreement) play a crucial role in facilitating this international trade. These agreements help reduce tariffs, address non-tariff barriers, create more predictable trading environments and access to large markets and global supply chains. For the Canadian meat sector, continued efforts to maintain existing trade relationships and expand into new markets are essential for long-term growth and sustainability, especially given the highly integrated nature of the North American meat industry and the increasing global demand for high-quality protein sources.

CUSMA contributes to the resilience of the Canadian red meat industry

The Canadian Meat Council was actively involved throughout the NAFTA renegotiation process and was pleased with the final CUSMA outcomes. CMC then emphasized that was an important step in maintaining competitiveness and continuing to grow the meat industry in Canada. The North American meat industry is fully integrated, and having uninterrupted access across the three countries is critical, with regional cross-border trade in livestock and meat products exceeding \$22 billion annually. Secure access to the North American market is vital for the Canadian red meat industry.

There is a high level of cross-border trade in meat products that supports the integrated North American food retail and foodservice industries. Consumers share similar preferences, and both countries have comparable food safety and animal health risk profiles. Canada and the United States apply equivalent science-based risk assessment frameworks and HACCP-based food safety programs in federally registered meat plants.

The North American cattle herd is contracting, and pork producers in both countries are facing significant challenges, even as global competitors expand their herds and offer lower-priced imports. A strong Canada–U.S. supply chain enhances competitiveness and supports the prosperity of farmers and ranchers on both sides of the border.

In the meat sector, Canada–U.S. supply chains are deeply integrated, with products often crossing the border three to five times—from livestock through processing and packaging—

before reaching the consumer. These are not one-time imports or exports but products that Canada and the United States produce together.

The economic interdependence of North America's meat and livestock industries demands ongoing coordination among governments to align regulations and policies affecting production, processing, and trade. Together, these industries produce some of the world's highest-quality products, contributing significantly to food and economic security. Streamlining regulatory and customs procedures, removing non-science-based trade barriers, and enhancing collaboration on shared challenges, such as technology, sustainability, and animal disease, will strengthen resilience, cooperation, and growth across the North American meat industry.

The CUSMA agreement supports strong revenues for the Canadian meat sector

In 2024 the U.S. was Canada's largest export market for beef (\$3.9 billion), by value, and the largest value market for Canadian pork exports (\$1.8 billion). Importantly, the U.S. is also a valuable market for Canadian processed pork products (\$433 million), which augments the Canadian pork industry's revenue.

Meanwhile, Mexico was Canada's third largest beef (\$260 million) export market by value, and the fourth largest destination for Canadian pork (\$476 million). Significantly, Mexico is a key market for Canadian beef and pork with a demand for products not commonly consumed domestically. Over the years, Mexico has become a reliable trading partner, whose consumer demand for variety meats helps maximize carcass value for Canadian beef and pork producers.

The value of the U.S. and Mexican markets for U.S. meat exports, and in turn, the Canadian farm economy, cannot be overstated. These figures would not be possible without CUSMA, not only because the agreement provides duty-free and preferential access for Canadian beef, veal and pork products, but also because it has substantially streamlined customs procedures, regulations, and other barriers that stifle growth.

Because meat production is cyclical, often affected by drought, feed costs, and shifting market conditions, the American industry depends on imports to stabilize supply and meet domestic demand as herds rebuild. Canadian meat exports, typically cuts for further processing, play a vital role in this balance. US imports from Canada help curb food inflation and sustain the integrated supply chains that North American packers, processors, and consumers depend on.

CUSMA provides a stable business environment and dispute settlement mechanisms for the meat sector

CUSMA ensures a level playing field across North American meat supply chains: CUSMA upholds science and risk-based sanitary and phytosanitary (SPS) principles and includes strong consultation and dispute settlement mechanisms. The agreement requires the U.S. and Mexico to apply science-based SPS measures and improved procedures for audits, import checks, equivalence assessments, and transparency, which enhance predictability and facilitate trade across North America.

Its strengthened disciplines on technical barriers to trade (TBT), including greater regulatory alignment, make it easier for Canadian meat exporters to access U.S. and Mexican markets. The SPS and TBT committees under CUSMA ensure issues are identified, prioritized, and resolved, preserving open market access and minimizing unnecessary testing and documentation barriers.

CUSMA's updated customs and trade facilitation provisions further reduce regulatory burdens by standardizing procedures, improving transparency, and expediting import and export processing. Alongside these mechanisms, modernized committees on agriculture, biotechnology, and regulatory practices provide structured platforms to address and resolve trade challenges collaboratively.

As a result, Canadian meat producers enjoy broad and predictable access across North America. CUSMA's consultative, technical, and dispute settlement systems effectively manage issues, making any renegotiation of the agreement unnecessary and counterproductive.

Thanks to these provisions, the Canadian meat industry faces fewer regulatory barriers when exporting to the U.S. and Mexico than in other markets around the world, a key competitive advantage for the North American red meat industry on the global stage. Other matters, such as labeling or rejected shipments, are best addressed through prompt collaboration among technical experts from food safety agencies - the CFIA, USDA's Food Safety and Inspection Service, and Mexico's SENASICA—and through cooperative forums like the Canada–U.S. Regulatory Cooperation Council. These challenges do not justify reopening or renegotiating CUSMA, whose framework is already equipped to manage most regulatory and legal disputes and trade irritants.

Opportunities for Growth: Recommendations

To ensure Canada's economic interests, CMC recommends the following strategic priorities:

1. **Continuity and Stability:** The review should focus on ensuring the continuity of the Agreement's provisions rather than renegotiation. A disruptive renegotiation would harm businesses across all three countries that rely on the stability and predictability of the trilateral trading relationship. Maintain and strengthen CUSMA's duty-free provisions and ensure stable, uninterrupted cross-border flows of meat products and ingredients, as well as including, facilitating trade of bison meat products.
2. **Proactive Resolution of Key Irritants:** In advance of the review, Canada should prioritize minimizing and resolving key irritants to ensure a constructive process in 2026. This includes addressing the 'low hanging fruit', if any, that can be easily resolved.
3. **Improve North American competitiveness** notably by enhancing regulatory coherence and reduce compliance costs across North America, including:
 - Leveraging existing bilateral and trilateral mechanisms:
 - Utilize the Canada-U.S. Regulatory Cooperation Council for ongoing and regular bilateral efforts.
 - Engage the Committee on Good Regulatory Practices (Article 28.18 of CUSMA) as a central coordinating body for trilateral cooperation.
 - Enhancing the role of the Committee on Good Regulatory Practices to facilitate regular dialogue and collaboration on regulatory issues.
 - Considering specific regulatory improvements in the meat industry:
 - Allow product inspections at either Canadian or U.S. establishments, rather than solely at I-houses, to improve efficiency.
 - Harmonize regulations on veterinary medications to align with U.S. practices while maintaining food safety standards.
 - Implement a single-window digital customs systems, to reduce redundant paperwork, and develop a trilateral regulatory review mechanism to resolve industry-specific irritants efficiently.
 - Simplify and modernize this process by allowing pallet-level stamping when appropriate, and push for greater regulatory harmonization and

mutual recognition of inspection regimes between Canada, the U.S., and Mexico for meat and meat-derived ingredients.

- Monitor and prevent any complexities arising from Country of Origin labeling requirements, including voluntary schemes, from hindering trade.
 - CMC has expressed concerns about the voluntary Product of USA label final rule, which became effective in March 2024 and with which establishments must comply by January 1, 2026. CMC maintains implementation of the final rule must comply with international trade commitments and obligations.
 - Cattle, hogs, beef, and pork flow relatively seamlessly across the CUSMA region and this integration has bolstered the competitiveness of the North American meat industry in the global marketplace, yielding benefits for consumers and companies across the continent, and reducing our reliance on supply chains in more volatile regions.
 - CMC encourages the Canadian, U.S., and Mexican governments to preserve supply chain integration by ensuring the rule's scope, as intended, does not extend to products exported from the U.S., particularly by discouraging the imposition of product and live animal segregation schemes.
- Mitigate the impact of state-specific regulations like California's Prop 12 and similar laws, which affect both Canadian and U.S. industries.

About the Canadian Meat Council (CMC)

The **Canadian Meat Council** (CMC) is the voice of Canada's meat industry, representing the entire value chain of red meat processing and distribution in Canada, including all beef and pork sold internationally. CMC members directly employ over 64,000 people in rural and urban locations nationwide and support an additional 300,000 jobs along the supply chain. Encompassing beef, pork, bison, lamb, and veal, the Canadian meat sector is heavily reliant on international trade, which remains vital to its long-term growth and sustainability.

The Canadian meat sector is one of Canada's largest manufacturing sectors, and the largest food manufacturing employer, contributing substantially to the nation's economy and employment. Trade has become a major driver of growth for the Canadian meat sector over the past few decades. Exports now account for a significant share of production for key meats. For instance, Canada exports almost 70 percent of its pork production and 50



220 Laurier Avenue W. Suite 900
Ottawa, ON K1P 5Z9
613-729-3911

percent of its beef production to more than 90 countries around the world. Overall, trade has become deeply integrated into the business models and growth strategies of the Canadian meat companies and producers, enabling an economically and environmentally sustainable sector.