



August 30, 2007

Open Letter to Canadian Hog and Pork Producers

Fellow Producers,

There is no question that over the past year, the Canadian swine and pork industry has struggled to survive between 'a rock and a hard place'. We have felt ourselves gripped in a bitter tug of war between a number of polarizing elements, pulling at us from every angle and demanding more from us, as producers.

We have seen an unprecedented rise in the value of the Canadian dollar, jumping more than 50 per cent against the U.S. dollar over the past five years. In turn, this has contributed to a significant jump in pork imports into our domestic market, as well as increased competition in our global export markets. A sharp increase in input costs, such as feed prices, is flowing from the competition for corn and other grains from ethanol processors in Canada and the United States. Slaughter capacity restructuring, due to serious losses in the processing sector, is further cause for concern. Hog producers are faced with many increasing regulatory burdens in areas such as the environment, animal transportation and matters dealing with medicated feeds and the use of edible residual materials. There is also the ever-looming threat of foreign animal disease outbreaks and present-day animal health challenges, such as porcine circovirus and PRRS.

The Canadian Pork Council recognizes that the industry is experiencing enormous economic challenges. On your behalf, CPC has worked, and will continue to work, on initiatives to minimize the hardships and increase market opportunities for Canadian hog and pork producers.

They include:

- Successful efforts to achieve an accelerated federal review of applications for porcine circovirus vaccines, getting them into the hands of veterinarians and producers more quickly, and collaborative joint industry-government task group efforts, resulting in a \$76 million federal commitment to pork industry animal health;
- An aggressive competitiveness initiative currently underway, in partnership with Canada Pork International and the Canadian Meat Council, to seek the assistance and partnership of government in looking at:
 - cost recovery relief for producers;
 - export market development support;
 - improvements in the current foreign worker program;
 - significant reductions in production costs, and;

- innovative ways to be more competitive on a global scale, such as through improvements to the federal drug and vaccine approval process, as well as by seeking pricing parity with the U.S.;
- Meaningful liaison with the Bank of Canada to discuss the impacts of the appreciating dollar relative to agricultural production in Canada;
- Effective collaboration with other value chain members through the Pork Value Chain Roundtable, which includes input supplier, producer, processor, trader, foodservice, government, science, and other relevant stakeholder groups, to address industry-wide challenges affecting producers, including the threat of foreign animal diseases, such as foot-and-mouth disease;
- Active participation and valuable input into discussions with government regarding safety net programs for producers, including the new producer savings account, improvements to the existing Canadian Agricultural Income Stabilization (CAIS) Program (soon to be known as the AgriStability Program under AAFC's new 'Growing Forward' plan, which will replace the Agriculture Policy Framework in 2008), as well as proposed production insurance for livestock producers;
- Vigorous pursuit of improved trade access through the World Trade Organization and regional trade agreements, such as an agreement with Korea, one of Canada's most important export markets with important growth potential, as well as with Peru, Columbia, and the Dominican Republic;
- Enhanced disease risk reduction initiatives, including an identification and traceability system for our sector that will allow the industry to provide information on all Canadian swine premises, and trace back and forward all live hog movements on a real-time basis, and;
- Collaborative work in alliances with provincial members and similar-minded commodity organizations on issues of important economic consequence for Canada's hog farmers. Examples include:
 - Working with the feed industry and beef producers to oppose efforts to impose permanent duties on imported U.S. grain corn,
 - Joining the Canadian Agri-Food Trade Alliance (CAFTA) to promote WTO results favourable to Canada's agri-food exporting industries,
 - Joining with our members and the Canadian Cattlemen's Association in attempting to influence U.S. lawmakers to avoid country-of-origin rules that discriminate against Canadian swine and pork exports to the United States, and,
 - Participating as a member of the Canadian Federation of Agriculture to lobby the Government of Canada on agriculture support and other issues.

What lies ahead for hog and pork industry over the *next* 12 months is, as yet, unknown. What I do know, however, is this. By rallying and working together, as well as with government and the entire pork value chain, we will better equip ourselves to effectively address our sector's challenges and weather our industry's 'perfect storm'.

The Canadian Pork Council will continue to make every effort, on your behalf, to effect positive changes for hog and pork producers, examine ways to make us more competitive on a domestic and global scale, and best represent your interests in national and international industry discussions.

Sincerely,

A handwritten signature in cursive script that reads "Clare Schlegel".

Clare Schlegel,
President