

Canadian Pork Council

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Introduction

Industry Challenges - Cumulative impacts of:

- Circo-virus
- Currency
- Feed costs
- Recession
- US COOL
- H1N1

Industry Response

- Strategic Transition Plan
 - Recognizes industry adjustment
 - Requests assistance

Industry Adjustment

Where we expect to be in 2014

DOMESTIC

Domestic Disappearance

- 150,000 tonnes
- increase from current levels to reach 88% of market share

Domestic slaughter

- 21.5 million animals

Total production

- 25.5 million animals

EXPORTS/IMPORTS

Live hog exports

- 4 million animals
- down from nearly 10 million

Pork exports

- 1 million metric tons
- near current levels

Programs

2009 Programs

- Hog Farm Transition Payment Program (HFTP)
- Hog Industry Loan Loss Reserve Program (HILLRP)
- International Pork Marketing Fund

2008 Programs

- Emergency Advance Payment Program
- Cull Breeding Swine Program
 - 128,225 sows.

Hog Farm Transition Program (HFTP)

Program value of \$75 million over two fiscal years

- Assist eligible producers set aside all hog production for three years

Operates through a national tendering process

- November 4, 2009
- December 9, 2009
- January 20, 2010
- March 10, 2010

Producers

- Submit total value needed to comply with program requirements
- Each bid converted to a per animal unit equivalent basis for comparison purposes

HFTP

Bidding system

- Lowest per animal unit bids accepted first
- Remaining bids accepted until funds for that tender have been exhausted

Payments

- Made upon confirmation that the barns have been emptied

Results to date:

- 432 successful bids
- \$71.7 million
- 137,022 sows

HFTP - Comments

Many more producers bidding than funding available

- Expect all \$75 million to be used

Improvement over Cull Breeding Swine Program

- Producers determine what they need, rather than accept a set figure
- Producers keep the value of the animals

Hog Industry Loan Loss Reserve Program (HILLRP)

Main elements

- loans to restructure existing debt
- short term debts are paid over a longer period of time
- must repay outstanding 2008 Advance Payments Program (APP)

Applications

- through participating financial institutions

HILLRP - Comments

- **Confusing at first**
 - What was needed
 - Who was eligible
 - What institutions were participating
- **Still see low uptake**
 - Not turning out to be the solution hoped for
280 (estimated) producers have taken the program – less than participation in HFTP

HILLRP - Comments

- **Producer concerns (responses to survey)**
 - Didn't want or need more debt
 - Didn't want to repay APP prior to required date of Sept. 2010
 - Interest rate too high
 - Difficult to develop a viable business plan
 - Availability to producers – financial institution reluctance to lend
 - Other concerns

What's next?

Export Markets

- Canadian Pork International
- International Pork Marketing Fund
- Expand and strengthen existing markets
- Bilateral trade agreements
- Canadian pork exported to over 110 countries

Production

Canadian Quality Assurance program

- Vital to regaining access to Chinese market
- Under review to enhance program

Animal Care Assessment for hog producers

- Sow stalls
- Humane handling of live animals
- US Ag industry refers to situation as “Clear and Present Danger”
- Undercover video’s
- Castration

Review Code of Practice

Business Risk Management Tools

Consultation Process on the Future of Business Risk Management

- Growing Forward: The Agricultural Policy Framework

AgriStability

AgriInvest

AgriInsurance

AgriRecovery

Producer involvement

Participate in the development of the new Agriculture Policy Framework

- Program could be implemented in 2012,2013 for 4-8 years
- Fed/Prov consultations to create common understanding (Phase 1)
- Policy development will be discussed in Phase 2
- 2 national meetings
- 13 meetings across Canada
- Producers should be able to submit written suggestion or online consultations
- Provincial government consultations

Reality

- Federal and Provincial governments are tightening expenditures
- Minister's currently focused on affordability and predictability

Consumer Awareness

- National levy on imported pork products
- National promotion
- Public information to identify properly labeled pork
- Enforcement of Canadian regulations on product identification, and nutritional information

Industry Restructuring

Farmer share of producer \$ decreasing

How do we change this?

GIRA report identified

Differentiation

Branding

Producer Investment Fund

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