

June 10, 2009

Dear Sirs,

Federal Government Support for the Canadian Pork Industry

Canada's pork industry is on the brink of collapse. While Canada's swine herds have been reduced by over 20% in the last three years alone, economic losses continue. The reduced herd numbers are now threatening the viability of Canada's slaughter industry in general, and, in particular, any further reduction in the sow herd could result in further contraction or closure of Canada's pork processing industry. Such a scenario is unacceptable with respect to present and future sustainability and growth of Canada's food production sector.

This unprecedented situation is the result of several key factors coming together at the same time:

- ***Rising grain prices.*** Grain represents more than half the cost of raising a hog to slaughter weight. Grain pricing has risen to a new commodity plateau while red meat prices (pork, beef) have not kept pace. The resulting negative margins have meant over 2.5 years of consecutive losses for Canada's pork producing sector;
- ***American introduction of COOL (Country of Origin Labeling).*** This American policy has injured pricing for Canadian origin hogs and pork;
- ***Purchasing uncertainty surrounding the H1N1 virus.*** Perceived health threats by buyers of Canadian (and in particular Alberta based) hogs and pork has further reduced demand and therefore pricing, for both in the short term;
- ***A rising Canadian dollar.*** The rising Canadian dollar has negatively impacted export potential, resulting in lower prices offered for both hogs and pork.

The Red Deer Chamber of Commerce urges the Government of Canada to support the Canadian Pork Council in its bid to secure federal government funding during this period of unprecedented losses. The Federal Government support should be combined with industry, and provincial dollars, to establish a trade neutral production/processing fund. As the crisis is so urgent, the release of immediate funding would allow for the short-term survival of the remaining industry. This fund, once established, should be voluntary, giving producers the opportunity to opt in or out. This structure lays the foundation for the long-term sustainability of our pork industry, by supporting market-based, industry-driven, value-added structures.

Thank you for your consideration in this serious and pressing matter. I look forward to your response.

Sincerely,

Mike Axworthy
President