



CANADIAN CATTLEMEN'S ASSOCIATION

2022 PRE-BUDGET CONSULTATION

RECOMMENDATIONS

1. Strengthen Canada's ability to respond and proactively address animal health through the creation of a national Foot and Mouth Disease vaccine bank.
2. Through investing in nature based solutions, recognize the beef sector as key partners in fighting climate change and enhancing biodiversity.
3. Enhance the economic resiliency of the Canadian beef industry through enhancements to risk management programs, adequate processing capacity and increasing labour availability.
4. Invest in long-term science and innovation funding and strengthen AAFC's internal high risk discovery research capacity; Develop stable funding for national animal health and disease surveillance.
5. Increase the capacity and efficiency of beef trade potential through:
 - a. expansion of CPTPP, negotiating a permanent free trade agreement with the UK, and exploration of new markets;
 - b. optimizing CETA access, including compensation where beef trade imbalances cannot be rectified;
 - c. attaining increased technical access for a broader array of beef products in Asian markets; and
 - d. enhance trade resources to enable the timely optimization of current trade agreements.
6. Build strong rural communities through infrastructure investments.

INTRODUCTION

As the Government of Canada looks beyond the pandemic to economic recovery, Canada's beef producers are positioned to deliver on the government's shared priorities of both economic recovery and environmental sustainability. In 2020, despite significant COVID-19 challenges, the Canadian beef sector had a 5th year of achieving record exports with significant growth on the horizon positioning our sector as a key net contributor to the stability and growth for the Canadian economy. The beef industry is one of Canada's largest agriculture sector contributing \$21.8 billion to GDP and supporting 347,672 full-time equivalent jobs.

CCA's priorities build on the Government of Canada's pandemic economic recovery as well as recent efforts of the United Nations Food Systems and COP 26 combined with the beef sector's 2030 goals to align with the Government of Canada's mandates and objectives of economic recovery and pushing further into a green economy.

ENVIRONMENT

As we look to the future that focuses on a green economy, CCA with industry and environmental partners recently set 2030 goals including; reducing the sector's GHG footprint by 33 per cent, sequestering an additional 3.4 million tonnes of carbon, reducing food waste by 50 per cent and conserving 35 million acres of grasslands. To help achieve these 2030 environment goals, CCA recommends recognizing beef producers as a key part of the solution in fighting climate change and maintaining biodiversity through;

- Further establishing ecosystem service payment type programs to directly and justly incentivize beef producers in their conservation efforts, such as the reverse auction that was announced in Budget 2020;
- Supporting habitat conservation through programs such as ALUS, MultiSAR, Cows and Fish etc. by enhancing SARPAL funding and expanding regional availability, access and capacity;
- Investing in strategic environmental research and extension capacity and programming in partnership with industry partners, including the Beef Cattle Research Council, to achieve key priorities in the 5-year [Canadian Beef Research & Technology Transfer Strategy](#).
- Investing in tools and guidance to ensure Canadian farmers and ranchers are active and confident participants in carbon offset systems;
- Including conservation and planting of native and tame grasslands, pastures and haylands in the Government's pledge to plant two billion trees; and
- Enhancing natural climate solutions such as improved grazing, grassland and wetland conservation and silvopastoral grazing to reduce fire fuel loads.

A recent report by Nature United, with 16 other research institutions, showed that Natural Climate Solutions can reduce Canada's emissions by up to 78 megatonnes of CO₂e annually and that grassland conservation and management represents the largest opportunity for 2030. To build on this opportunity, the beef industry has grown partnerships with the environmental community in recent years to deliver collaborative solutions that increase biodiversity, enhance carbon storage, build flood and drought resiliency amongst other environmental benefits. CCA encourages the government to expand and grow these existing programs that already have networks and credibility on the ground, across the country. Examples of these types of agri-environmental collaborations include work being completed include:

- MultiSAR, Cows and Fish, and ALUS that work as partners with farmers and ranchers to restore and enhance species habitat on farms and ranches;
- Ducks Unlimited Canada which partnered with Cargill and McDonald's to conserve 125,000 acres; and
- The Canadian Roundtable for Sustainable Beef (CRSB) that enables the sales of certified sustainable beef into the marketplace.

ANIMAL HEALTH

CCA fully supports the Animal Health Canada initiative to proactively address the real threat of a foreign animal disease outbreak that would be catastrophic to the Canadian beef industry.

The recent COVID-19 pandemic has demonstrated the need for effective and efficient use of vaccines. In the livestock sector, the threat of Foot and Mouth Disease (FMD) is serious with the potential to have a \$50-to-\$60-billion-dollar financial impact on Canadian economy. Investing in a Canadian FMD vaccine bank would prevent catastrophic losses to the sector and broader Canadian economy. Following up on our joint letter with the Dairy Farmers of Canada requesting funding for an FMD vaccine bank, CCA urges AAFC and CFIA to establish a Canadian FMD Bank of 30 million doses, consisting of 2.5 million doses each of 12 different FMD vaccine concentrates. The projected annual cost is \$3.2 million including potency and licensing testing. We are requesting that resources be dedicated towards the establishment of a Canadian FMD Vaccine Bank in Federal Budget 2022. This is a key priority for Canadian beef producers to ensure economic viability in the future.

TRADE & MARKETING

Canada is a world leader in the production of high-quality beef, with 50 per cent of Canadian beef exported into over 58 countries. The Canadian agricultural sector is globally competitive and thrives with stable and open access to world markets. However, market access barriers are becoming more pernicious as sanitary and phytosanitary issues and non-tariff barriers increase risk and reduce export opportunity. Significant and persistent market access issues continue to negatively impact the sector and ultimately the government's ambitions of achieving \$75 billion in agri-food exports by 2025.

CCA is pleased with the improved market access that has been attained in recent years through CUSMA, CKFTA and CPTPP. CCA strongly supports the continued expansion of free trade as well as Canada's leadership to maintain and strengthen the World Trade Organization.

While Canada is fortunate to have robust trade agreements that have lowered tariffs across many markets, non-tariff trade barriers are becoming prevalent roadblocks to global trade – including in countries where trade agreements are already in force. As the growth of trade barriers continues to outpace our success in addressing issues, there is a clear and urgent need for revitalized efforts by Canada that focus on building solutions and engagement to resolve and prevent these complex challenges, especially in key emerging markets.

In 2021, CCA worked closely with the Government of Canada to see the application for BSE negligible risk come to fruition. This change in risk status will help facilitate expanded access to foreign markets for various beef products currently limited by BSE era restrictions.

CCA recommends increasing capacity to address market access challenges. One such example would be expanding our efforts in the Indo-Pacific region by creating a new Indo-Pacific Diversification Office.

This Office should have the mandate to prevent and resolve agricultural market access issues in the region through a multi-disciplinary staff of experts covering plant and animal health, regulations, agricultural and trade policy. The Office would complement current staff in the region and provide much needed technical resources to address new and ongoing market access issues, deepen connections, support regional capacity building and prevent new trade barriers from arising.

Asia remains a priority for potential economic growth for beef producers. CCA encourages the expansion of CPTPP and broadening market access for Canadian beef offals and over thirty-month beef in numerous Asian markets. Canada's higher tariff rate into the South Korean market than competitors and current export limitations within the market make Canada-South Korean negotiations a high priority for beef producers.

CCA also foresees the U.K., our largest trading partner under CETA, as an integral market for Canadian beef and recommends forging ahead with a full free trade agreement built upon the foundations of CPTPP. While there is opportunity, current trade challenges must also be addressed. For example the overall Canada-EU beef trade deficit (which includes the U.K.) was \$0.5 million in 2018, \$17.3 million in 2019 and \$96.8 million in 2020. CCA is significantly concerned with how beef trade with the EU and U.K. has progressed and has recently requested compensation to address the concerning imbalance caused by a number of trade limiting factors.

Continued and increased promotional activities that differentiate Canadian products and leverage Canada's reputation for high quality and safe food is key to continued growth. CCA recommends promoting healthy eating of Canadian agriculture products, including beef, within Canada and abroad. Additionally Canada needs to enhance market access trade resources to enable the timely optimization of current trade agreements similar to what competing countries are doing.

ECONOMIC RESILIENCY

Farmers and ranchers see firsthand the impacts of changing environments and climate change. Business risk management (BRM) programs and investments in crucial infrastructure are key to managing risk, particularly as market volatility and extreme weather continues to affect farmers and ranchers. The 2021 drought and wildfires directly impacted beef producers from British Columbia through to Ontario and impacts to the entire industry will be felt in coming months and years. CCA's recommendations will help producers make economically viable decisions and become increasingly resilient to the climate, market and production risks they face.

Aspects of BRM programs provide inequitable coverage amongst agriculture sectors and regions. To improve BRM programs, CCA recommends:

- Make Livestock Price Insurance (LPI) a permanent BRM program and not dependent on renewal under each agriculture policy framework. Broaden LPI to enable participation by cattle producers across Canada so the national beef industry can grow, including in the Maritimes, where there is not currently LPI. Young beef producers benefit greatly by LPI as it increases their ability to secure financing and survive downturns in the market.
- Make modifications to the Livestock Tax Deferral provision that would enable producers to self-elect when the tool can be utilized and ensure all cattle are eligible under the deferral provision. More frequent events like widespread drought, flooding or fires often force producers to sell animals such as calves and breeding stock earlier than anticipated, resulting in more than one

sale in a fiscal year with debilitating tax implication and the tax deferral helps producers better financially adapt.

- Increase funding for AgriStability and AgriRecovery programs to improve the protection for farmers and ranchers against adverse weather events and extraordinary market volatility.
- Increase funding for enhanced infrastructure that builds resiliency against the likelihood of more frequent and severe weather events such as water infrastructure including, well and dugout development, irrigation and proceeding with the outlet channel at Lake Manitoba and Lake St. Martin.

Following the BSE negligible risk status earlier this year, CCA recommends the government update Canada's Specified Risk Material removal requirements that make Canada's processing industry less competitive compared to international competitors.

Labour continues to be a limiting factor to Canada's beef exports and growth potential. The beef sector is short 1,700 workers (CAHRC Survey, 2017) and it is anticipated that by 2029 the sector will be short more than 14,000. CCA recommends the Government ensure the new Agri-Food Immigration Pilot achieves its objective of filling labour shortages and prioritize increasing the skills and labour supply of workers in primary agriculture and agri-food processing.

CCA recommends the Government ensure competitiveness of Canada's processing sector through aligning our regulatory environment with the US and work to ensure Canada has a resilient processing sector that can deal with seasonal surges or any potential interruptions in processing.

INNOVATION

Canada's beef industry has the opportunity, and demonstrated ability, to continually improve productivity and its environmental performance, while maintaining stewardship of air, water and soil resources. Continual innovation benefits producers and the economy while also ensuring the maintenance of crucial grasslands that contribute to carbon sequestration, biodiversity, and wildlife habitat. To ensure a thriving and sustainable agricultural industry, CCA recommends the Government increase applied agriculture research funding that support industry productivity and economic sustainability that also advances Canada's environmental objectives. Funding for long-term, high-risk research is also critical in areas including plant breeding and variety development, genetic improvement, etc. to take advantage of opportunities presented by emerging technologies.

Strengthening AAFC's research infrastructure, including AAFC's federally inspected research abattoir in Lacombe, to support pre-commercialization research related to productivity, automation, quality, and food safety is paramount to supporting both export and value-added production objectives.

The ability of Canadian agriculture to address the threats posed by animal pathogens, and emerging antimicrobial resistance will have major implications for the short and long-term health of Canadian agriculture, both domestically and internationally. Adequately funded, coordinated national surveillance networks are essential to target research, regulatory, and policy priorities related to animal health and sanitary and phytosanitary trade-related concerns. The current surveillance funding framework, or lack thereof, has relied heavily on inconsistent piecemeal provincial programming whereas Canadian agriculture spans across provinces and relies heavily on international exports. The CCA recommends that the government ensure the development of a stable, long term funding framework for national animal health, disease, and antimicrobial surveillance.

STRONG RURAL COMMUNITIES

To access the building blocks of a significant portion of our national economy people must be willing and eager to live and work in Canada's rural communities which will strengthen essential supply chains in Canada. CCA applauds the federal government's recent investments under the Rural Broadband Fund as part of a broader suite of rural supports. CCA recommends committing essential financial investments in rural infrastructure that includes; irrigation, schools, health care, roads, bridges, expanding rural broadband internet access, and flood mitigation. These investments will ensure rural Canada remains an attractive place to live and work and ensure the continued flow of essential goods in Canada and around the world—many agri-food products coming from and across rural Canada.

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