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## CANADIAN CATTLEMEN'S ASSOCIATION

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2022 PRE-BUDGET CONSULTATIONS

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## RECOMMENDATIONS

1. Through investing in nature based solutions, recognize the beef sector as key partners in fighting climate change and enhancing biodiversity.
2. 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.
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.
5. Develop stable funding for national animal health and disease surveillance.
6. Strengthen Canada's ability to respond and proactively address animal health through the creation of a national Foot and Mouth Disease vaccine bank.
7. Build strong rural communities through infrastructure investments.

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## INTRODUCTION

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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 5<sup>th</sup> 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.

Canada's beef producers have a unique ability to provide significant environmental services. While largely unrecognized, Canada's beef industry is the single largest Canadian protector of the quickly disappearing grassland ecosystem, an iconic and important Canadian ecosystem storing 1.5 billion tonnes of carbon. Through responsible stewardship of Canada's natural resources, the Canadian beef industry will continue to contribute to the growth of Canada's green economy.

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## ENVIRONMENT

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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 CO<sub>2</sub>e 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. Examples of these types of agri-environmental collaborations include work being completed include:

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

CCA with industry and environmental partners recently set 2030 goals including; reducing the sector's GHG footprint by 33%, sequestering an additional 3.4 million tonnes of carbon, reducing foodwaste by 50% 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 such as the reverse auction that was announced in Budget 2020;
- supporting habitat conservation through programs such as ALUS, MultiSAR etc. by enhancing SARPAL funding;
- investing in strategic environmental research and innovation adoption with the Beef Cattle Research Council;
- investing in tools to ensure Canadian farmers and ranchers are active participants in carbon offset systems; and
- enhancing natural climate solutions such as improved grazing, grassland and wetland conservation and silvipastoral grazing to reduce fire loads.

CCA remains significantly concerned that the federal carbon tax negatively impacts the competitiveness of Canadian beef producers pushing agriculture production to other jurisdictions. A study completed at Western University, found that even when exempt from the fuel tax at \$40/ CO<sub>2</sub>e the carbon tax has a -\$25 per animal impact at the feedlot level and a -\$11 per animal impact at the cow-calf level. With Canada having one of the lowest GHG footprints per kilo of production at 50% of the global average and being the key conservator of the grassland ecosystem, this pushing of production to other jurisdictions would have serious economic and environmental implications. CCA recommends the government further advance tax rebates for agriculture producers to maintain Canadian agriculture production.

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#### TRADE & MARKETING

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Canada is a world leader in the production of high-quality beef, with 50 per cent of Canadian beef exported into over 58 countries. 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. 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.

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.

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#### ECONOMIC RESILIENCY

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Business risk management (BRM) programs are crucial to managing risk, particularly as market volatility and extreme weather continues to affect agriculture. The 2021 drought and wildfires directly impacted 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 as timeliness is essential when dealing with extreme weather.

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. Events like 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 LPI helps producers better financially adapt.
- Enhance AgriStability by increasing the compensation rate for 70% to 80%; removing, or significantly increasing the current \$3 million payment cap; and increasing the payment trigger from 70% to 85%.
- Increase the interest free portion under the Advance Payments Program to \$500,000

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.

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#### INNOVATION

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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.

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#### ANIMAL HEALTH

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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.

Canada's modelling has shown that a foot-and-mouth disease (FMD) outbreak in highly populated livestock regions would require between 1.9 million and 2.7 million doses of FMD vaccine. Currently, there's a significant shortfall in available emergency vaccine, and the 14-week vaccine production timeframe to produce a vaccine represents a significant risk to our industry and an estimated \$50 billion dollar financial impact to the Canadian economy.

Given the establishment of the US FMD Vaccine Bank and the known catastrophic devastation risk of an FMD outbreak in Canada, CCA urges AAFC and CFIA to establish a Canadian FMD Bank. The projected annual cost is \$3.0 million including potency and licensing testing.

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#### STRONG RURAL COMMUNITIES

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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. 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.

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