

Backgrounder



“Canadian Pork” Label

Why is Pork Marketing Canada launching the “Canadian Pork” label?

Consumers deserve choice. The new label gives pork consumers the opportunity to choose Canadian. Up until now, consumers didn’t know if the fresh pork they selected from the meat case was Canadian grown or imported.

Will consumers choose “Canadian Pork” over imports?

According to studies, if given the choice, Canadian consumers will choose Canadian products over imports. They want high-quality foods that are safe and produced under environmentally sustainable practices. A study¹ by the Canadian Federation of Agriculture found that 90% of consumers felt Canadian-grown product should be easily identifiable in stores. Further, 95% of consumers would prefer to buy Canadian-grown product that is competitively priced.

These findings are consistent with an Agriculture and Agri-Food Canada study² that found the quality of food produced in Canada is viewed as better than food produced in other countries. Canadian consumers continue to believe that Canada has better production practices and standards and more rules and regulations than other countries.

Not surprisingly, the demand for local food continues to rise. With heightened concerns for the environment and an increasing focus on food safety, people are more interested than ever in the food on their plate. The new labels clearly identify fresh pork produced in Canada, providing consumers with peace of mind and confidence.

Why should consumers choose “Canadian Pork” over imports?

Canadian pork producers are committed to providing a safe, quality product to consumers. In 1998, Canadian Quality Assurance® (CQA®) was launched to the industry to help ensure on-farm food safety.

The CQA® program is a proactive, practical on-farm, food safety program focusing on good production practices and detailed record keeping. The program is based on the principles of HACCP (Hazard Analysis Critical Control Points), an international, science-based approach to food safety.

The program requires that producers meet a very strict set of standards and maintain extensive records. An external party reviews these documents and examines the farm facilities to ensure that all the program standards are being met.

CQA® is a stringent food safety program and a core element of pork production in Canada. It is our industry's commitment to consumers that producers work hard everyday to produce high quality pork for you and your family.

What difference will choosing “Canadian Pork” make to Canada’s economy?

It's important to choose Canadian for many reasons. Not only does it let consumers meet their need for Canadian and locally produced food, it supports the local and domestic economies. Canada's pork industry makes a significant contribution to the nation's trade balance and a healthy economy. The industry's farm gate income totals \$3 billion and accounts for 100,000 jobs. In 2006, pork and live animal exports from Canada were valued at a healthy \$1.8 billion.

Choosing Canadian pork also helps support Canadian pork producers who are facing the toughest economic times in 10 years. While pork producers are committed to maintaining high product quality and consumer satisfaction, it's becoming increasingly difficult to make a living. More and more pork is coming into Canada from other countries and a 25% increase in pork imports is forecast for 2008.

Where can I find “Canadian Pork”?

Fresh Canadian pork is available just about everywhere – from the meat counter at your favourite grocery store or butcher shop, from farmers' markets and from farms that sell direct. Be aware, however, that pork in grocery stores may be imported. Look for the “Canadian Pork” label at participating stores. If the fresh pork isn't labeled, be sure to ask where it comes from.

What makes “Canadian Pork” so good for you?

Pork is the most popular meat in the world. It's known for its delicious taste and versatility. Pork is easy to prepare and a low-fat protein source that's highly nutritious.

Pork contains many nutrients recommended by Health Canada to build and maintain a healthy body, including six essential vitamins, four important minerals, protein and energy. An average 100g (3 1/2 oz) cooked serving of pork provides a generous amount of Thiamin (B1), Niacin (B2), Vitamin B6, Vitamin B12, Iron, Zinc, and Protein.

Making pork a regular part of your diet makes good sense, especially when you consider that Canada's Food Guide recommends two to three servings of meat and alternatives every day.

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Status of Canada's Pork Industry

Canada's pork industry is in crisis. Historic changes in pork production are proof.

As of January 1, 2008, hog numbers in Canada were estimated at 14 million, down 6% from a year ago. Even more telling is their reduction by 2.4% in the last quarter of 2007 alone. The hog population in the Atlantic region dropped almost 20%. In the main pork producing provinces, Ontario numbers dropped 6.3%, Quebec dropped 4.8%, Saskatchewan fell 11.2%, Manitoba declined 2.3% and Alberta slid 11.1%.

Why is Canada's pork industry in crisis?

The industry has been hit by several negative forces simultaneously with no simple answer in sight.

- **Pork prices:** Canadian pork producers are struggling with pork prices being at the lowest they have been since the 1998 pork financial crisis. Today's losses, however, are much steeper than they were 10 years ago.
- **Feed prices:** Skyrocketing feed prices have sent production costs through the roof. Feed grain prices surged over 50% in 2007, putting feed price ratios into the lowest ranges ever seen.
- **Effect of the Canadian dollar:** The rapid appreciation in the Canadian dollar from 63 cents in 2002 to parity plus has had a dramatic impact on Canada's competitiveness for processing and production. It has also greatly affected export sales of both live animals and pork worldwide.
- **Processing issues:** The Canadian processing sector is also under pressure. Domestic processing has declined steadily from the 2004 record and was down 2.4% for 2007. Longstanding structural inefficiencies, labour shortages, tight commodity margins, expansion moratoriums and supply chain issues are forcing processors to implement radical reorganization, including the closure of several plants.
- **Increase in imports:** More and more pork is coming into Canada from other countries, primarily the U.S. and Denmark. In fact, a 25% increase in pork imports is forecast for 2008.

What is likely to be the effect of this crisis?

The combination of these negative forces is crippling for Canada's pork producers – many of whom are fighting to stay in business. There are also significant consequences for the Canadian economy.

- **Negative impact on Canadian economy and employment:** Every dollar lost from a primary industry means several dollars and jobs lost to the overall economy. An increase in exports, due to domestic processing issues and the strong Canadian dollar, will cause market prices to fall by at least transportation and border crossing costs to the U.S. Taken to the next level, the Canadian economy could lose billions and tens of thousands of highly skilled jobs.

- **Potential trade actions:** Protectionist forces in the U.S. are a constant threat. Pork industry experts expect a potential trade action in the next six to 12 months. Although Canadian pork producers are trimming production, U.S. economists predict an increase in the number of Canadian pigs sent south of the border for processing. Economists also predict a money-losing year for U.S. producers. These factors could prompt the U.S. to protect its pork market by putting a duty/tariff on Canadian pigs shipped in for processing.

How is Pork Marketing Canada supporting pork producers?

Pork Marketing Canada expects the “Canadian Pork” label campaign to help boost sales of Canadian pork and help mitigate some of the financial issues faced by the industry. The organization will continue to look for solutions to help Canadian pork producers.

Funding provided in part by Agriculture and Agri-Food Canada’s Advancing Canadian Agriculture and Agri-Food Fund (ACAAF). In Ontario, ACAA is delivered by the Agricultural Adaptation Council.

Participation in the Choose Canadian program is voluntary.

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¹ CFA Canadian Label Project: Branding Canada at Home, June 2007

² Canadian Consumer Perceptions of Food Safety and Quality Wave 2 Tracking, 2006

For more information, please contact:

Roy Kruse
Manager
Pork Marketing Canada
Direct: 403-256-2764 x 221
Cell: 403-850-3278
roy.kruse@albertapork.ca

Karen Lewis
AdFarm
Direct: 905-873-7834
Cell: 416-993-1908
karen.lewis@adfarmonline.com