



April 8, 2020

The Honourable Marie-Claude Bibeau, Minister
Agriculture and Agri-Food Canada
1341 Baseline Road
Ottawa, Ontario K1A 0C5

Dear Minister Bibeau:

Re: Risk to Supply Chain Continuity and Farm Viability for Beef Sector in Eastern Canada

We recognize the unprecedented demands being placed on our leaders as our country attempts to mitigate the impacts of the COVID-19 pandemic. On behalf of the more than 30,000 beef farmers in Eastern Canada, we would like to thank you and your colleagues for your exemplary efforts to ensure business continuity throughout the supply chain.

However, we must draw your attention to the continued and intensified threat to the continuation of the food supply chain and viability of the beef sector in Eastern Canada. The Eastern Canadian beef sector has been in the midst of a crisis for close to two years. Week after week, deep losses have challenged farms to stay in business, with the security of local beef supply now at a critical tipping point.

The COVID-19 pandemic has intensified the losses for our farmers, and increased the supply bottleneck, resulting in delays getting cattle processed and beef products into the homes of Canadians. The loss of a competitive marketplace for beef farmers in Eastern Canada has led to financial losses not experienced since the BSE crisis.

Minister, we need help. Beef farmers need an immediate infusion of financial support. Not loans. Direct support. Be that through immediate enhancements to Business Risk Management (BRM) programs as our sector has requested, ad-hoc programs, or a combination of both to deliver support payments quickly. Our farmers cannot borrow their way out this crisis.

Moreover, the recent disruptions at processing plants including the shut-down of the Olymel pork plant in Quebec, the Harmony beef plant Alberta, and the JBS beef plant in Souderton, Pennsylvania, due to COVID-19 outbreaks, give serious pause for concern about the impact of a potential disruption at the Cargill Guelph plant, where three of every four head of cattle in Eastern Canada are processed. Production decreases in the dairy sector have further exacerbated the current backlog in processing with the recent influx of cull cows on the market.



However, we can help mitigate the impact of the current supply backlog, and get ahead of a potential processing disruption if our call for the immediate implementation of a cattle set-aside program is fulfilled. Representatives from the Beef Farmers of Ontario and the Canadian Cattlemen's Association presented an overview of the mechanics of this program at a meeting with AAFC officials on March 9 in Ottawa. Set-aside programs were used successfully during the BSE-crisis and governments at both levels are familiar with this type of program.

If implemented quickly, the program will help spread out the supply of cattle in a coordinated fashion, which would allow processors to clean up the existing supply of market ready cattle, and delay the marketing of other animals in the system.

Unlike other livestock sectors that maintain short production cycles, the beef production cycle, by comparison, takes two years or more to raise a calf to market weight. We cannot simply shut down the production chain that is already well underway. A set-aside program can, however, help slow that cycle down and ease pressure on an already-stressed processing sector that could become much worse should an interruption at one of our major processing plants occur.

At the same time, financial losses on beef operations have been mounting for months with no relief or end in sight. In 2019, feedlot losses averaged between \$175-\$300 per head. Ontario market price data shows average losses for feedlot operators since the beginning of March have averaged \$375 per animal. Similar losses in the cattle feeding sector have plagued Quebec and the Maritimes, and have trickled down to cow-calf producers in what is simply a continuation and intensification of the pre-COVID-19 trend.

To help our farm families weather this storm, the beef producing provinces in Ontario, Quebec, Nova Scotia, New Brunswick, and Prince Edward Island are calling for swift action by the government for:

1. an immediate financial infusion to keep producers afloat during these most challenging times. Not loans. Direct support. Be that through enhanced BRM programs, ad-hoc programs, or a combination of the two that can deliver support payments quickly and efficiently; and
2. an immediate establishment of a feeder/fed-cattle and cull-cattle set-aside program, similar to the programs offered during BSE.

Farm families need stability now more than ever. Eastern Canada's 30,000 beef farmers and their families are counting on your leadership and the leadership of our provincial Ministers of Agriculture to ensure that Canadians' access to nutritious beef products is not put at further risk.

Sincerely,





Rob Lipsett, President
Beef Farmers of Ontario



Claude Viel, President
Les Producteurs de Bovins du Quebec



Donald Bettle, Chair
New Brunswick Cattle Producers



Larry Weatherby, Chair
Nova Scotia Cattle Producers



Kevin Simmons, Chair
Prince Edward Island Cattle Producers

cc: Hon. Ernie Hardeman, Minister of Agriculture, Food and Rural Affairs, Ontario
Hon. André Lamontagne, Minister of Agriculture, Fisheries and Food, Quebec
Hon. Ross Wetmore, Minister of Agriculture, Aquaculture and Fisheries, New Brunswick
Hon. Keith Colwell, Minister of Agriculture and Minister of Fisheries and Aquaculture, Nova Scotia
Hon. Bloyce Thompson, Minister of Agriculture and Land, Prince Edward Island
Canadian Cattlemen's Association

