September 27, 2017

Tim Fish
Policy Advisor
Ontario Ministry of Agriculture, Food and Rural Affairs
11th Floor
77 Grenville Street
Toronto, Ontario M7A 1B3

Dear Mr. Fish,

Re: Tri-National Agricultural Accord Summit

The Beef Farmers of Ontario (BFO) appreciates the opportunity to provide comments on current market development and regulatory cooperation issues of importance to the Ontario beef industry in advance of the upcoming Tri-National Agricultural Accord meetings in Denver, Colorado. BFO represents 19,000 beef producers in Ontario by advocating in the areas of policy planning, industry development and research, and domestic and export market development.

The following section provides an overview of issues that the Minister may find useful in his discussions with agricultural delegates from the United States and Mexico.

NAFTA

NAFTA has had a significant impact on beef production and trade in Canada. With a substantial increase in trade between Canada, the United States and Mexico and the development of mutually beneficial supply chains across North America, the implementation of NAFTA has resulted in a North American beef sector that is better integrated, more efficient and productive, and ultimately a greater contributor to employment and economic growth. This needs to be maintained.

The United States and Mexico are both highly valuable export markets for Canada, with the United States by far the largest destination for Canadian beef exports, and Mexico varying between Canada's second- and fourth-largest export market. In 2016, Canada exported 270,000 tonnes of beef and 760,000 head of live cattle valued in excess of $3 billion to the United States, and 16,000 tonnes of beef valued at $109 million to Mexico. Also in 2016, Canada imported $978 million of American beef and $19 million of Mexican beef.

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The reciprocal duty-free trade of beef and live cattle between NAFTA countries provides better price coordination between buyers and sellers, allows for higher levels of production, and ensures a consistent source of protein for consumers in the event of a supply disruption in their own country. A minimum objective of any NAFTA renegotiation should be to maintain the prohibition on tariffs and quotas that makes this market access possible.

- **BFO recommends that Ontario officials urge their counterparts from Mexico and the United States to, at a minimum, maintain the current prohibition on red meat tariffs and quotas currently provided under NAFTA.**

BORDER INSPECTION HARMONIZATION

More than 28,000 truckloads of Canadian meat cross the border into the United States each year, while close to 18,000 truckloads of American meat cross the border into Canada on an annual basis. However, inspection requirements and costs vary considerably between the two countries. Although meat shipments are screened by border agents on both sides of the border, every shipment of Canadian meat to the United States is subject to further inspection at 1 of only 10 United States Department of Agriculture (USDA) inspection centres along the Canada-United States border. For American meat entering Canada, only 10% is subject to further inspection at 1 of 125 Canadian Food Inspection Agency (CFIA)-registered establishments inland. The process is disproportionately time-consuming and costly for shipments of Canadian meat into the United States.

Meat inspection in both countries meets all food safety and animal health requirements of the United States and Canada. American meat exported to Canada is inspected by the USDA in accordance with CFIA requirements and marked with the “U.S. Inspected and Passed by Department of Agriculture” legend. Similarly, Canadian meat exported to the United States is inspected by the CFIA to the food safety and animal health standards of the United States and marked with the “Meat Inspection” legend. These are equivalent processes, yet Canadian meat is subject to more rigorous and costly re-inspection requirements at the border.

The Canadian Meat Council estimates that every Canadian transporter loses 2-4 hours of driving time by having to report for further inspection. Additionally, Canadian meat selected for product sampling at the border results in a loss of 3-10 days of a typical 30-day meat shelf life, which can ultimately lead to product refusal by the end customer for failure to meet quality control criteria. The impact of these requirements results in millions of dollars in added cost and lost revenue for Canadian businesses shipping meat to the United States.

- **BFO recommends that Ontario officials urge the United States to harmonize its border meat inspection practices with Canada’s system of meat inspection on American meat products.**

UNITED STATES EXPORT REQUIREMENTS FOR CANADIAN CATTLE

Canadian cattle that are exported to the United States and not bound for immediate slaughter must be permanently identified by a freeze brand or hot iron brand, or a tattoo inside the left ear. This requirement came into force in the aftermath of the BSE crisis to manage the anticipated backlash from the American beef industry regarding the movement of unidentified live Canadian cattle into the United States. At the time, Canadian officials justified the rule as a temporary measure that would allow the re-opening of the American border to Canadian cattle, and it was viewed as a short-term solution to a much larger issue.

However, there are no animal health or food safety arguments that support the requirement for live cattle exported from Canada to the United States to be branded or tattooed. The identification requirement that continues to be enforced by the United States has surpassed its useful life and continues to create unnecessary and avoidable costs for Canadian producers and exporters. Branding or tattooing of cattle is typically done immediately prior to departure once the decision to export to the United States has been made. This practice creates additional processing costs for producers and places extra and unnecessary stress on animals prior to loading. Furthermore, the requirement to unload and reload cattle at the border so that brands and tattoos can be verified by American border officials increases the risk of injury to inspectors and animals alike. This creates additional inspection costs and transit delays that could otherwise be avoided.

- ❖ **BFO recommends that Ontario officials urge the United States to eliminate the marking requirement for Canadian cattle exported to the United States.**

ENHANCED COOPERATION ON LIVESTOCK TRANSPORT

a) Short-term export and re-entry to country of origin

Millions of livestock are transported in Canada and the United States on an annual basis, often close to the Canada-United States border. Given current export-import restrictions and border crossing delays, Canadian and American trucks that are not destined for the other side of the border travel within their respective country, despite potentially shorter routes available outside the domestic border. Transport times and the stress placed on animals in transport could be significantly reduced if a responsive process was developed to allow sealed trucks to be re-routed through the United States or Canada to avoid longer domestic transport routes. This would be particularly beneficial for long-haul trips through the Great Lakes region.

- ❖ **BFO recommends that Ontario officials advocate for the development of an improved and expedited process to allow sealed livestock trucks to be re-routed through the United States or Canada to avoid longer domestic transport routes.**

b) Nipigon River Bridge contingency plan

The Nipigon River Bridge in Northern Ontario is part of the Trans-Canada Highway and serves as the only commercially viable connection between Eastern and Western Canada. On January 10, 2016, the newly constructed Nipigon River Bridge heaved apart and closed the highway, halting all meat and livestock trucks in transit for more than 24 hours, along with all other transport. Despite a commitment made by the CFIA to develop a contingency plan with the USDA to re-route high-risk shipments such as fresh goods and live animals, no plan has been developed (to our knowledge). The absence of a contingency plan to re-route high-risk shipments, in particular live animals, represents a serious gap that Canada must work to address in partnership with the United States.

Ontario beef feedlot operations and processors rely on sourcing hundreds of thousands of cattle from Western Canada each year on trucks that ultimately pass over the Nipigon Bridge. According to West Hawk Lake data, more than 3,000 cattle truck-crossing events occurred between Ontario and Manitoba in 2012 alone. Canada must prioritize the development of a contingency plan with its American counterparts for this vital crossing as soon as practically possible.

- **BFO recommends that Ontario officials encourage Canadian officials to uphold their commitment to develop a contingency plan for the Nipigon River Bridge in Northern Ontario with their counterparts in the United States.**

REGULATORY HOUSEKEEPING *RE: MARCH 1, 1999 RULE*

It remains an American regulatory requirement that all live cattle imported from Canada be animals born after March 1, 1999. The USDA considers March 1999 as the effective date of the 1997 ruminant feed ban imposed in Canada. However, there are virtually no cattle in Canada that were born before March 1999 that would be exported to the United States for food purposes. Furthermore, Canada does not maintain a similar restriction on live American cattle exported into Canada.

Canada should seek the support of the United States to eliminate the outdated and unnecessary March 1, 1999 rule for Canadian cattle imported into the United States. Common sense would dictate that cattle exported to the United States were born after 1999, but unfortunately the rule, and the associated paperwork for age verification, remains a requirement.

- **BFO recommends that Ontario officials seek the support of the U.S. to eliminate the outdated and unnecessary March 1, 1999 rule for Canadian cattle exported into the U.S.**

COUNTRY OF ORIGIN LABELLING (COOL)

Continued segregation policies at some American beef processing plants reduce the competition and value of Canadian and Mexican cattle. The United States' segregation policies also hurt the red meat industry in the United States by adding processing costs, given the high level of integration between our countries. Any movement to reinstate mandatory COOL or implement a modified mandatory program in the United States will have detrimental effects on the red meat sectors in Canada, Mexico and the United States.

- **BFO recommends that Ontario officials resist any movement or discussion about the reinstatement of mandatory country of origin labelling in the United States or any modified mandatory program.**

- **BFO further recommends that Ontario officials reiterate Canada's commitment to maintain its World Trade Organization retaliation rights if future segregation-focused programs are initiated in the United States.**

We are pleased by the government's engagement in helping to address the various technical barriers and regulatory differences currently undermining meat and livestock trade between Canada, the United States and Mexico.

On behalf of the Beef Farmers of Ontario, we thank you for the opportunity to comment on current market development issues of importance to the Ontario beef industry in advance of the upcoming Tri-National Agricultural Accord meetings.

Sincerely,

Matt Bowman
President

cc: BFO Board of Directors
Tom Lewis, OMAFRA
Shannon McCarthy, OMAFRA
Brendan McKay, OMAFRA