

SCENARIO NOTE – MIN # 265818

MEETING WITH CANADIAN MEAT COUNCIL (CMC)

Date and Time:	June 23, 2021, 10:00 to 10:45am
Location:	Virtual
Subject:	Discussion of red meat processor concerns associated with COVID-19 and market access issues.
Participants: <ul style="list-style-type: none">- Chris Forbes, Deputy Minister, Agriculture and Agri-Food Canada (AAFC)- Tom Rosser, ADM, Market and Industry Services Branch, AAFC <p>List of Executive Board Members</p> <ul style="list-style-type: none">- Chris White, President & CEO, CMC- Sylvain Fournaise, Chair, Olymel- David Colwell, Past Chair, JBS Foods Canada- Kerry Towle, Vice Chair, Sofina Foods <p>(See complete list of CMC Board of Directors – Annex A)</p>	
Objectives and Outcomes: <ul style="list-style-type: none">• To discuss post-COVID expectations and pressures on industry/government• To discuss future market access efforts and opportunities for the meat industry• To obtain information on CMC's views to improve market access with China• To obtain information on the changes that industry would like to see to further align Specified Risk Material (SRM) activities with the U.S.	
Context/Overview: <ul style="list-style-type: none">• The CMC is the association representing Canada's federally registered meat packers, meat processors and equipment suppliers. The CMC, through its advocacy efforts, works to secure and improve Canada's meat competitiveness, while advancing the red meat sector and growing export markets.• The meat industry is the largest component of Canada's food processing sector. The meat industry's exports exceeded \$8 billion in 2020 and manufactured shipments totaled about \$22 billion. The sector provides direct employment for some 66,000 people in both rural and urban locations from coast to coast.	
Key Messages: <ul style="list-style-type: none">• The Government of Canada is committed to supporting a strong and competitive Canadian meat industry, including ensuring the industry has access to markets around the world.	

SPEAKING POINTS

POST COVID RETURN TO NORMALCY

- The Public Health Agency of Canada (PHAC) has, to date, not made any suggestions as to what public health guidelines should stay in place as vaccination rates increase and COVID-19 cases decline nationally.
- PHAC notes it is likely that certain public health guidelines, such as physical distancing and wearing a mask, will remain in place into the foreseeable future.

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- Appropriate worker safety guidelines (related specifically to COVID-19) will be determined by provincial/territorial labour ministries as more scientific evidence becomes available. Potential funding decisions regarding support for processors to make necessary modifications are contingent on public health guideline decisions that have not yet been made.
- The Government is committed to maintaining a regulatory system that protects the health and safety of Canadians, while also supportive of economic recovery, innovation, growth, and competitiveness in the agri-food sector.
- Continual review and assessment of public health guidelines and regulations, along with consistent engagement with stakeholders, will be key to developing appropriate worker safety regulations moving forward.

MARKET ACCESS PRIORITIES

Future Trade Negotiations with the U.K.

- We are hoping to launch negotiations toward a new bilateral FTA between Canada and the U.K. in late 2021, or early 2022.
- In addition, Canada and its Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) partners have commenced the process for the U.K. to join the CPTPP and will negotiate the terms and conditions of the U.K.'s accession.
- In both initiatives, the Government will strongly defend Canada's interests, while seeking to improve market access conditions for Canadian exports of meat to the U.K.

Mercosur

- Canada has maintained virtual engagement with Mercosur and will resume negotiations when it is safe to travel.
- The Government is aware of the sector's concerns and will continue to support Canadian beef producers as negotiations move forward.

RESPONSIVE: China - COVID-19 measures impacting exports of Canadian meat/seafood

- *We appreciate the collaborative support of the Canadian Meat Council and its members on this important market access issue.*

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- *We continue to closely monitor the impact of China's COVID-19 import measures on Canada's agricultural sector. China's measures are impacting a number of countries, not just Canada.*
- *Canada is engaging with China to reinstate the suspended Canadian establishments and minimize disruptions to trade. We are also working with other trading partners and through multilateral fora, including the WTO, to voice our concerns.*

RESPONSIVE: China's Decree 248 and Decree 249

- *Canada is concerned about the potential impacts of China's new Decrees, which may create additional barriers, delays, and administrative costs for Canadian exporters.*
- *Specifically, we have urged that China provide further clarity on the requirements under the new Decrees, and that China delay implementation of the new measures for 18 months.*
- *Canada is also engaging with like-minded trading partners to discuss opportunities for further cooperation. The EU, Australia and the U.S. have also requested that China delay or suspend implementation of the new Decrees.*

Country-of-Origin Labelling (COOL)

- **As you are aware, there are frequent initiatives in the United States on Country of Origin Labelling (COOL).**
- **Canada will continue to firmly oppose any new proposals from the U.S. to resurrect mandatory COOL for beef and pork.**
- **We are following two recent U.S. initiatives which include language relating to COOL – the China package, which recently received approval in the U.S. Senate, and also the National Cattlemen's Beef Association petition which they filed with the Food Safety Inspection Service requesting changes to the voluntary "Product of U.S." label.**
- **We will continue to monitor all COOL-related activity in the U.S. and work closely with our embassy, allies and our Canadian industry, to examine proposed labelling measures in order to prevent trade restriction or disruption to supply chains.**

RESPONSIVE on Canada's Advocacy against Voluntary COOL:

- *Canada will continue to firmly oppose any new proposals from the U.S. to implement mandatory COOL for beef and pork that are not consistent with WTO.*
- *Our advocacy has focused on highlighting that we remain concerned about any measures that may cause disruptions to the integrated American and Canadian livestock supply chains or to the trade between our two countries that so many in the supply chain depend on.*

RESPONSIVE on Product of Canada:

- *The use of Canada's 'Product of Canada' guidelines remains voluntary, and it is not a mandatory requirement. These guidelines remain compliant with international standards.*

- *If a company wishes to use a “Product of Canada” claim, it must be truthful and not misleading.*

Product of Canada and the CFIA 2019 consultation.

There is an outstanding letter from CMC/CCA that was sent last summer on the PoC consultation. CFIA is waiting for signal from MinO to send.

- *As you know, in 2019, Agriculture and Agri-Food Canada (AAFC) led a consultation with industry to develop proposed revisions to the voluntary “Product of Canada” guidelines. This was followed by a second, broader consultation with Canadians led by the Canadian Food Inspection Agency (CFIA).*
- *We appreciate the input you provided on the residency requirement that was relayed in your letter following these consultations. This will be taken into consideration.*
- *The results of these consultations have not yet been released, and you may wish to follow up with my counterpart at the CFIA regarding its status as this progresses*

RESPONSIVE on California’s Proposition 12:

- *Canada is concerned about the effect that Proposition 12 will have on the integrated hog and pork market in North America – specifically, the impact on Canadian pork producers and meat processors.*
- *We have relayed those concerns to the Department of Agriculture in California.*
- *We note that California has released its draft regulations on May 26, with a deadline to submit comments by July 12.*
- *The Government of Canada will be submitting formal comments to this process. We have been in touch with industry contacts on this.*

Specified Risk Material

- *An Industry and CFIA working group has been established to develop a common list of priorities and an action plan now that Canada has obtained its negligible risk status.*
- *It is important to keep in mind that the OIE needs to be consulted for any change to the current system as the new status has been obtained based on the current system.*
- *You may raise the industry desired changes to SRM list at your next top-to-top meeting with President Mithani.*

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BACKGROUND**Free Trade Negotiations**

Canada is pursuing an ambitious free trade agenda, including possible agreements with Mercosur (Argentina, Brazil, Paraguay and Uruguay), the United Kingdom (U.K.), India, Indonesia and the Association of Southeast Asian Nations (ASEAN).

The Canada-U.K. Trade Continuity Agreement (TCA), which entered into force on April 1, 2021, includes an obligation for Canada and the U.K. to launch negotiations towards a new bilateral free trade agreement (FTA) within one year of this date. As such, Canada is expected to launch negotiations for a bilateral FTA in late 2021 or early 2022. In addition, on June 1, 2021, Canada and its Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) partners have commenced the process for the U.K. to join the CPTPP. The Parties have now established an Accession Working Group (AWG) to begin negotiating the terms and conditions of the U.K.'s accession to the CPTPP. As next steps, the U.K. is expected to demonstrate how it will meet existing CPTPP rules.

The CPTPP is designed for expansion through accessions. This provides for a path to secure preferential access to new markets for Canadian agriculture and agri-food products and to expand high standard rules across the Asia-Pacific region and beyond.

Prior to the global pandemic, Canada had been engaging in FTA negotiations with Mercosur. No new rounds have been scheduled; however, technical discussions on non-controversial issues are underway in order to advance work in a number of areas

negotiations will resume once it is safe to travel again.

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Country of Origin Labelling (COOL)

When COOL requirements for beef and pork were implemented in September 2008, they had a significant negative impact on the Canadian cattle and hog industries. In December 2008, Canada challenged this measure at the World Trade Organization (WTO) and it was found to discriminate against imports of Canadian livestock and to be in violation of the U.S.'s trade obligations. In 2015, Canada was granted final authorization to retaliate close to \$1 billion on U.S. exports to Canada, which prompted

U.S. Congress to repeal the COOL requirements for beef and pork that same year. Despite the WTO victories and the subsequent repeal of COOL for beef and pork, there remains a strong desire by some in the U.S. industry for mandatory COOL. Multiple actions have been taken since 2015, at both the federal and state levels, in an attempt to enact the same or similar requirements. Recently, more attempts are being made with respect to voluntary measures, instead of mandatory measures, in part due to the WTO rulings.

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During their respective confirmation hearings in February 2021, Secretary of Agriculture Vilsack and United States Trade Representative (USTR) Tai were asked about their views on pursuing COOL for beef and undertaking changes to the voluntary "Product of USA" label for beef (pork was not mentioned). Both Secretary Vilsack and USTR Tai responded by noting their willingness to discuss origin labelling in a WTO-compliant manner. U.S. meat industry allies are concerned that imported meat may be captured and are seeking an amendment in the U.S. House to include reference to the federal meat Inspection Act, which would ensure imported meat is deemed and treated as domestic.

There continues to be activity in the U.S. (i.e., in Congress, certain state legislatures) to attempt to introduce voluntary or mandatory COOL schemes that could restrict trade. The Government of Canada's approach is to work closely with key allies and otherwise, remain responsive on the matter to not fuel the COOL rhetoric in the U.S.

Product of Canada

Canada's current requirements for mandatory origin labelling for meat and other products are and will remain consistent with international Codex Alimentarius guidance. The use of Canada's 'Product of Canada' guidelines is voluntary. If a company wishes to use a "Product of Canada" claim, it must be truthful and not misleading and should follow the guidelines. However, there is no requirement to use the claim. In 2019, AAFC led a consultation with industry to develop proposed revisions to the voluntary "Product of Canada" guidelines. This was followed by a second, broader consultation with Canadians led by the CFIA. Results of the consultations have yet to be compiled and released.

Proposition 12 in California

California Proposition 12, the Farm Animal Confinement Initiative or Prevention of Cruelty to Farm Animals Act, was passed as a ballot initiative during California's general election in 2018. The initiative was to:

- establish minimum space requirements based on square feet for calves raised for veal, breeding pigs, and egg-laying hens, and
- ban the sale of (a) veal from calves, (b) pork from breeding pigs, and (c) eggs from hens when the animals are confined to areas below minimum square-foot requirements.

This regulation could have a negative effect on hog producers in Canada, both if they do not meet the requirements and also from an audit and certification perspective. Meat processors and distributors in Canada may also be implicated with needing to keep the certification paperwork connected to the specific cuts of meat throughout the supply chain, which could be difficult and costly.

The regulations take effect on January 1, 2022 for pork. However, California has only recently released the draft regulations (May 26, 2021) with a deadline for comment by July 12, 2021. A notice was sent to the industry and provinces on June 3rd relaying this information.

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Government officials are currently reviewing the regulations and anticipate that the GoC will provide comments to the State of California.

Specified Risk Material (SRM)

With the recognition from the OIE on May 27, 2021 of Canada's negligible risk BSE status comes the further steps of changes requested by the cattle sector. One of the key priorities are:

Alignment of SRM removal with the US.

- The industry's ultimate goal of the SRM list review would be to harmonize with the US to maintain competitiveness. Currently Canada's SRM list for feed is the same as for food, whereas the US list for feed is significantly shorter (the brain and spinal cord from cattle 30 months and older -tissue weight is approximately 1-3 lbs. vs 114 lbs. in Canada).

Annex A

Canadian Meat Council Board of Directors 2020-2022

Guy Baudry, HyLife Foods LP
Sylvain Fournaise, Chair, Olymel S.E.C/L.P.
Robert Bielak, St. Helen's Meat Packers Ltd.
Kerry Towle, Vice Chair, Sofina Foods Inc.
David Colwell, Past Chair, JBS Canada
Stéphanie Poitras, Aliments Asta Inc.
Matt Gibney, Secretary, Cargill Food Limited
Ray Price, Trochu Meat Processors Ltd/ Sunterra Farms
Arnold Drung, Conestoga Meat Packers Ltd.
Troy Warren, Sure Good Foods
David Flomen, Treasurer, Viscofan Canada
Krystal Darling, Tri-Mach Group of Companies
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Randy Belcot, Reiser (Canada) Co.
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Nestor Plawiuk, CSB-System Canada Inc.

Chris White, President and CEO



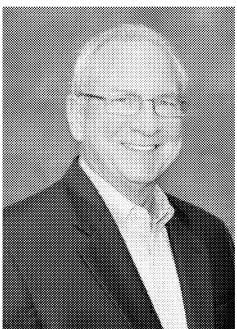
Mr. White has been with CMC since March 2017. Prior to the CMC he served as the vice-president of government relations at the Canadian Credit Union Association. He has worked in the political, public and private sector in finance, automobiles and insurance.

Sylvain Fournais, Olymel
CMC Board of Directors – Chair



Dr Fournais is Vice-President Food Safety and Technical Services at Olymel, which he joined on April 1, 1998. He holds a Doctorate in Veterinary Medicine which he obtained in 1985 at the Faculty of Veterinary Medicine of the University of Montreal in St-Hyacinthe and a Masters in Food Science and Technology which he completed at Laval University. He has over 33 years of food processing experience including 12 years with the Canadian Food Inspection Agency. M. Fournais is also very involved in several committees of different associations including the Canadian Meat Council where he holds the position of Chairman of the Board of Directors, the Canadian Council of Egg and Poultry Processors, the Canadian Pork Council, Quebec Swine Breeders, Food and Beverage Canada and many others.

David Colwell, President of JBS Canada
CMC Board of Directors – Past Chair



David Colwell Served as Chair of the Board of the Canadian Meat Council from 2018-2020. With more than 2900 team members, JBS Food Canada is one of the largest employers in Southern Alberta and one of Canada's largest beef processors. In the fall of 2018, JBS acquired Mountain Creek Farms (MCF), and in May 2020 acquired Vantage Foods in Belleville, Ontario, both are consumer ready packaging plants. David Colwell has been with JBS for over 16 years and has been a part of various leadership roles within Sales/Marketing and Operations throughout North America. In 2016, David assumed the position of President of JBS Food Canada and currently resides in Calgary, Alberta.

Kerry Towle, Vice President, Industry and Government Relations, Sofina Foods
CMC Board of Directors – Vice Chair



Kerry Towle is Vice President, Industry and Government Relations with Sofina Foods Inc. She has an extensive background of experience working over 20 years in agriculture, business and politics. Prior to joining Sofina, she served as Member of the Legislative Assembly for the riding of Innisfail/Sylvan Lake in Alberta. Ms. Towle serves on a number of boards including Food and Beverage Canada, Food and Beverage Ontario, Canadian Poultry and Egg Processors of Canada and Chicken Farmers of Canada.

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