



ONTARIO PORK

December 10, 2008

Bette Jean Crews
President
Ontario Federation of Agriculture
Ontario Agri-Centre, Suite 206
100 Stone Road West
Guelph, ON N1G 5L3

Dear Ms. Crews,

Thank you for allowing us to comment on the proposed joint initiative between the Ontario Federation of Agriculture and the Union des producteurs agricoles concerning the Ontario-Quebec Economic Partnership Agreement which is currently under discussion.

It is imperative that any Economic Partnership Agreement between the two provinces involve discussions on agriculture. The Ontario agri-food industry is a critical economic driver for the province, being surpassed only by the auto sector.

Ontario Pork has taken time to review the proposed agreement between OFA and UPA in the context of the Ontario-Quebec Economic Partnership discussions. While we agree in principle that if agriculture is to be discussed then agriculture representatives from all commodities must be present, engaged and heard.

However, the proposed Agreement, while appealing to the government to involve agricultural representation at a grass roots level, does not propose any new approaches to the current entrenched provincial agriculture policies. The agreement confirms the present rights of each province to act unilaterally in their approach to agriculture policy. Support for supply management is clearly stated very early in the text of the Agreement, without mention of equivalent treatment for non-supply managed commodities. This is an obvious flaw.

Currently, the Province of Quebec receives substantial transfer payments from the federal government, as a lump sum, with non-restrictive parameters on how it may be allocated. Simultaneously, Quebec also provides a very rich support program called ASRA which infuses dollars heavily into its agricultural sector, particularly the hog/pork sector. The detrimental impacts of the ASRA program have been demonstrated clearly in the past few months.

As you are well aware the hog/pork industry in Canada has suffered incredible losses. In the winter of 2008, the federal government announced the Canadian Cull Breeding Swine Program with the goal of removing 10% of the Canadian sow herd. At the outset of this program the sow herds in both Ontario and Quebec had similar numbers. The program has concluded with what we consider an alarming statistic - Ontario culled eight times as many sows as Quebec.

Additionally, Ontario Pork has conducted independent research showing that Ontario and Manitoba are the most attractive provinces in the country, from an economic standpoint, for hog production to occur. With the ASRA approach to support, a more efficient Ontario industry is being forced to exit the business, while a less competitive Quebec industry is encouraged to stay in business. With Quebec pork coming into the Ontario marketplace, Ontario processors are also severely disadvantaged from a competitive standpoint.

We feel serious dialogue needs to take place about agricultural support programming within the context of the Ontario-Quebec trade discussions. There are many Ontario commodities impacted by Quebec's approach. It is time for a harmonization to occur. Ontario must be able to compete on a level playing field.

It will be increasingly important for Canada to aggressively seek strategies which lay the foundation for a world class agri-food sector. We must be bold in our outlook and avoid falling into the mindset of protectionism of supply management at all costs. Export dependent commodities rely heavily on market access.

The position of both the federal and provincial governments on supply management is detrimental to the overall Canadian agri-food community. Please do not misunderstand our position. We acknowledge the need to protect these industries, but at what cost to the rest of agriculture?

According to 2007 Statistics Canada data, five percent of the Ontario dairy and poultry farm gate receipts are worth approximately \$C133 million, while USDA Foreign Ag Service data indicates that five percent of the EU (EU 25) pork market is worth approximately \$C1.4 billion. Thus a potential gain from having access to five percent of the EU market is 10.5 times larger than five percent of the Ontario dairy and poultry market.

Total Canadian Farm cash receipts during 2007 amounted to \$C40.7 Billion. Of this amount, supply managed commodities in Canada accounted for 19.4% or \$C7.9 Billion worth of farm cash receipts. Non-supply managed commodities accounted for \$C32.8 Billion worth of farm cash receipts. If Canadian non-supply managed commodities were to increase farm cash receipts by five percent because of access to foreign markets, this would generate \$C1.64 billion at the farm level or \$C9.84 billion in economic activity if a standard multiplier of six is used.

Having access to foreign markets is critical to the success of non-supply management commodities and many provincial rural economies. Should this not be the goal of government?

Ontario Pork does agree that agriculture must be part of the Ontario-Quebec Economic Partnership discussions but we will not endorse the agreement between OFA and UPA as it currently exists. We would welcome the opportunity to discuss this further with you prior to finalizing the Agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "Curtiss Littlejohn", written in a cursive style.

Curtiss Littlejohn, Chair
Ontario Pork