

An Update for Pork Producers and Supporters of the Ontario Pork Industry:

As you are aware, the word crisis does not do justice to the incredibly dire position in which the Canadian pork industry finds itself.

The H1N1 outbreak and the closure of a number of major export markets to Canadian and US pork has flooded domestic North American markets – driving down prices just at the point when we were beginning to see some seasonal price support. Consequently, the recovery expected this year has been replaced by more industry losses.

For Ontario pork producers, this means that the period of negative margins has extended into its fourth year for many producers. Cost of production continues to be high owing to historically higher than average feed prices which have been impacted by subsidized ethanol corn production in the United States and Canada. Demand has also deteriorated owing to recessionary economic conditions worldwide and the collapse of the export market owing to the H1N1 outbreak. In Canada the additional difficulty of U.S. Mandatory Country of Origin Labeling (MCOOL) has also essentially shut out our US export business.

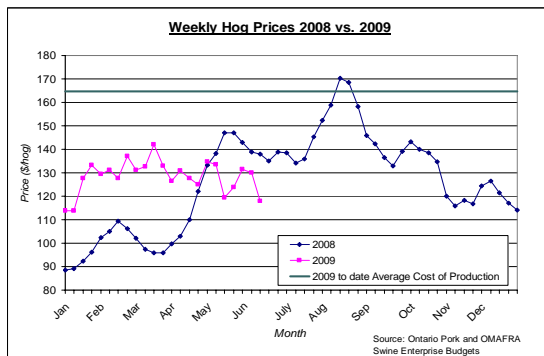
On a per hog basis, through 2008 and into 2009, Ontario producers have lost roughly \$40.00/hog. In 2008, this amounted to a loss of over \$250 million for Ontario producers in total. While some of this loss has been funded through AgriStability and other program payments, a substantial loss still remains to be funded by producers from their now exhausted equity base.

The Entire Value Chain is at Risk:

This loss to hog producers is also being felt by the entire value chain. All aspects of the chain, including employees, feed companies, truckers and animal health providers are affected. As fewer hogs are produced, and as our livelihood becomes threatened, ultimately the entire value chain is threatened as well.

The University of Guelph has recently concluded that the Ontario pork production and slaughter industry is worth about \$2.3 billion dollars to the Ontario economy in direct and indirect contributions and sustains over 12,700 jobs. The potential negative impact on the entire upstream and downstream industry, including our significant value added processing industry, is roughly double these amounts.

Currently, Ontario is processing about 90% of its 100,000 per week slaughter capacity. Utilization could go significantly lower should producers continue to exit the industry to stop the losses they are now experiencing. It is difficult to know where the bottom would be and which processing firms would have to curtail or stop production entirely.



Ontario Pork Update On Government Financial Assistance Request

Government Update:

The Canadian Pork Council has met with and put forward a request to the Hon. Gerry Ritz, Minister of Agriculture and Agrifood Canada for a \$30/hog payment based on 2008 production (with lesser amounts for feeders and weaners), which totals approximately \$825 million across the Canadian industry. The federal government has stated that a payment on a per hog basis could contravene trade agreements. Consequently the CPC, including Ontario Pork representatives, are working with officials from Agriculture and Agrifood Canada to find a trade neutral solution.

In addition, to this federal CPC focus, the Chair of Ontario Pork, Wilma Jeffray has been keeping the Ontario Minister of Agriculture, Food and Rural Affairs, the Hon. Leona Dombrowsky, other members of Cabinet and MPP's informed of the federal funding request and has asked the province to also lobby the federal minister on behalf of the industry and provide provincial cost sharing dollars. Ontario Pork also asked the Ontario Minister for additional top-up funding to support and upgrade the Ontario pork value chain to help it to grow and be more sustainable in the future.

Beginning in April, 2009 the Chair, Wilma Jeffray and Vice Chair, Mary Ann Hendriks and other Directors have held discussions with the Ontario Minister on four separate occasions at her Queen's park office or in her constituency to inform the minister and to advocate for emergency government funding.

On May 15th a province-wide campaign began with a County Association Presidents and Secretaries conference call. Materials from the CPC were distributed and all County Associations were engaged to lobby their local MPs.

These producers have individually worked hard for their industry and collectively are achieving results.

As well, on May 13th, Ontario Pork hosted all MPPs, their staff and Premier McGuinty at a reception at Queen's Park featuring Ontario pork. The purpose of the event was to lend political support and media attention to the H1N1 issue and the high quality and safety of Ontario produced pork products.

Over 200 MPP's, cabinet ministers, staff and media attended the event in the government caucus room in the Legislature Building.



What can I do?

We would like you to phone, write, visit or e-mail both your local MP and MPP and urge them to encourage federal minister Ritz to find a solution and get funds flowing to our industry as soon as possible. All the information you need to contact your MP and MPP can be found at the Parliament of Canada or Legislature of Ontario websites at:

<http://www.parl.gc.ca>
<http://www.ontla.on.ca>

Or visit the Ontario Pork website for further information and links.