

October 27, 2009

Honourable Minister Gerry Ritz  
Minister of Agriculture and Agri-Food Canada  
930 Carling Ave  
Ottawa, ON K1A 0C5

Dear Minister Ritz,

We, as representatives of beef and dairy cattle and beef processing industry organizations, have appreciated the opportunity to speak with you several times with respect to the cost disadvantage of slaughtering cattle in Canada. The primary cause of this disadvantage is the cost of removing and disposing of specified risk materials (SRMs). A survey of Canadian slaughter facilities conducted this summer indicates that the average cost of complying with the 2007 federal SRM removal and disposal regulation is \$31.70 per animal over 30 months old (OTM).

The Beef Value Chain Roundtable reviewed this matter at its September 15 meeting and made the following recommendation: *"The Beef Value Chain Roundtable supports the findings of the Canadian Meat Council with regard to the costs associated in complying with the enhanced feed ban. The Roundtable asks Governments to promptly implement a plan to offset the costs associated with meeting the requirements of the enhanced feed ban. This recommendation would serve to be a transition measure only until a remedy is found to restore competitiveness."*

The undersigned organizations request that the Government of Canada immediately create an OTM Cattle SRM Disposal Compensation Program. Specifically, we request a payment of \$31.70/head be made to abattoirs for every OTM animal slaughtered in Canada. Both federally and provincially inspected facilities should be eligible for this payment. With an estimated annual OTM slaughter of 750,000 head, the program would cost approximately \$24 million per year.

The primary objective of any assistance must be to maintain OTM slaughter capacity in Canada. If we fail to achieve this objective, we will lose thousands of jobs throughout the nation, and Canadian beef and dairy cattle producers will be at the mercy of any disruptive US trade rules that may be introduced in the future. All the excellent work you are doing to re-establish market access for Canadian beef will be wasted if we lose the capacity to slaughter our own cattle in Canada. We are already seeing that with reduced OTM slaughter in Canada, beef imports have increased dramatically in 2009. Neither beef nor dairy cattle producers want to return to the pre-BSE practice where large numbers of Canadian OTM cattle went to the US for processing while large quantities of non-NAFTA beef were imported to satisfy Canada's beef demand.

We request that this OTM Cattle SRM Disposal Compensation Program remain in effect until the SRM removal and disposal policies of Canada and the United States can be harmonized. As an industry, we are committed to work closely with your officials to reduce the volumes and costs of SRM removal. There are several critical actions, that when achieved, can have a significant impact on improving our competitive position with our American counterparts. But it is also widely recognized that any of these beneficial measures will take time to implement, and that immediate need for cash remains in the short term. We recommend that a review process be formalized to ensure these improvements are implemented and the OTM Cattle SRM Disposal Compensation Program can be adjusted when necessary.

In closing, we thank you for your recognition of this serious matter and we urge you to respond quickly. As we are now entering the peak OTM slaughter season, our request requires urgent attention to ensure that Canadian facilities can compete for their fair share of this business.

Sincerely,



Brad Wildeman, President  
Canadian Cattlemen's Association



Michel Dessureault, President  
La Fédération des producteurs de bovins du Québec



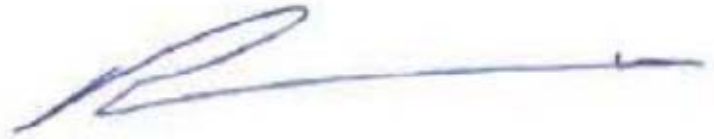
Jacques Laforge, President  
Dairy Farmers of Canada



Serge Michel, Chairman of the board  
Levinoff-Colbex SEC



Laurent Pellerin, President  
Canadian Federation of Agriculture



Brian Nilsson, President  
XL Foods



Brian Read, Chair - Beef Committee  
Canadian Meat Council



Shane Murphy, President  
Atlantic Beef Producers



Dennis Laycraft, Industry Co-Chair  
Beef Value Chain Roundtable



Kevin Golding, President  
Canadian Renderers Association



Scott Entz, Vice President and General Manager  
Cargill Beef