



December 14, 2016

Hon. Lawrence MacAulay, P.C., M.P.
Minister of Agriculture and Agri-Food
Public Safety Canada
1341 Baseline Road
Ottawa, Ontario K1A 0C5

Dear Minister:

In September, the Canadian Chamber of Commerce concluded its 87th Annual General Meeting (AGM) in Regina. A major highlight of the Canadian Chamber's AGM is the Policy Session. It is during the Policy Session that resolutions submitted by local chambers of commerce and boards of trade from throughout Canada are debated and voted on by accredited delegates. Once approved, these resolutions become policy of the Canadian Chamber for the following three years. In 2016, our delegates issued a clear and decisive national policy mandate that we intend to pursue with the federal government over the coming months.

Our renewed national policy mandate includes the following issues that fall within your portfolio.

Emergency Slaughter – Update to the Transportation of Animals Program

While the health and welfare of all animals is of the utmost importance to all sectors of the meat producing industry, industry has a concern regarding the transportation requirements for compromised animals.

Current regulations allow compromised animals to be humanely transported to a slaughter facility using specialized provisions for transport to ensure the animals do not incur any undue suffering. However this transport provision does not include animals deemed 'unfit' that are only allowed to be transported to a veterinary establishment. By not allowing 'unfit' animals to be transported to a slaughter facility it creates the potential for food waste as well as undue costs placed on producers.

Unfit animals can be humanely slaughtered at an approved abattoir and not endure any more suffering than would be incurred being transported to a veterinarian. Oftentimes an animal being transported to the nearest approved slaughter facility is the way to have the animal addressed as quickly and humanely as possible, and this is the ultimate objective when considering animal welfare.

Office of the President and Chief Executive Officer | Cabinet du président et chef de la direction

The Canadian Chamber of Commerce | La Chambre de commerce du Canada

420 – 360 rue Albert Street | Ottawa, ON K1R 7X7 | T: 613.238.4000 | F: 613.238.7643 | info@chamber.ca
Chamber.ca | [Facebook](#) CanadianChamberofCommerce | [Twitter](#) @CdnChamberofCom

The Canadian Chamber of Commerce recommends that the federal government:

1. Update and expand the *Health of Animals Regulations Act Part XII – Transportation of Animals*, to include transportation requirements for animals deemed 'compromised', animals deemed 'unfit', and animals deemed 'non-ambulatory' to remain consistent with definitions provided in the Canadian Food Inspection policy titled *Transportation of Animals Program Compromised Animals Policy*.
2. Work with the Canadian Food Inspection Agency to update all documents regarding the transportation of compromised animals including but not limited to the *Health of Animals Regulations*, *Transportation of Animals Program Compromised Animals Policy* and the guidance document *Livestock Transport Requirements in Canada* to include that compromised animals and unfit animals may be transported to a licensed abattoir if steps are taken to prevent additional injury or undue suffering of the animal, for humane euthanization and inspection of the meat product.

Counter Diafiltered Milk Imports

Diafiltered milk imports jeopardize Canadian milk producers and disrupt the supply management system supported by the Canadian government. Diafiltered milk is a liquid milk protein concentrate used to manufacture certain products, including cheese. This product is not used in cheese production in the United States – it is imported into Canada from the United States.

Diafiltered milk is not considered a milk ingredient at the border, so it is exempt from customs tariffs levied on milk, eggs and chicken under the Canadian supply management system. However, it is considered as milk by the Canadian Food Inspection Agency (CFIA) in the application of cheese standards.

In 2015, milk protein imports reached more than 32,000 tons, compared to 21,000 tons the preceding year. The exponential growth of diafiltered milk distorts supply management and has a very negative impact on producers' incomes. Losses related to these imports are estimated to be between \$15,000 and \$18,000 a year per family farm, or \$220 million across Canada.

The Canadian Chamber of Commerce recommends that the federal government apply Canadian cheese standards established in 2007 on cheese production in Canada and, consequently, treat diafiltered milk as a milk ingredient in the application of cheese standards.

I have also written to Hon. Chrystia Freeland since aspects of this resolution fall within her portfolio.

Expanding Canada's Export Capacity through Harmonizing Agri-Food Cross-Border Trade Regulations

The ability for Canada's agri-food industry to swiftly and efficiently deliver their product to cross-border markets is hampered by cross-border trade inefficiencies. In 2012, Canada-U.S. agri-food trade exceeded \$44 billion. The Canada-U.S. agri-food trade is Canada's largest bilateral relationship.

There are differences in Canada-U.S. legislation, regulatory authority, coverage, standards, measurements, and in the handling of real and perceived risks of agri-food product trade to the other nation's domestic food safety, environmental security and responsiveness to its own public. These different regulatory challenges limit smooth cross border movement.

On February 4, 2011, the Canada-United States Regulatory Cooperation Council (RCC) was created to facilitate closer cooperation between Canada and the U.S.A. with the objective to develop more effective approaches to regulation in order to enhance economic strength and competitiveness of both countries. As an exporting nation, Canadian businesses are dependent on smooth, fast and free trade. The RCC is an essential program for identifying impediments to trade across numerous sectors. Canadian businesses are sure to see tremendous benefit when RCC recommendations are implemented.

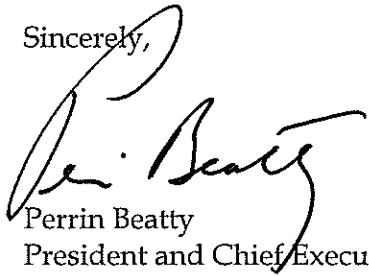
The Canadian Chamber of Commerce recommends that the federal government:

1. Support the efforts of the Canada-United States Regulatory Cooperation Council (RCC) in its initiative to harmonize regulatory requirements and practices on meat and agri-food trade between Canada and the United States of America.
2. Ensure that all re-inspections of Canadian meats and agri-food products exported to the United States of America only be conducted at United States Department of Agriculture sanctioned processing facilities.
3. Eliminate current border re-inspection fees on Canadian meats and agri-food products exported into the United States of America.

I have also written to Hon. Chrystia Freeland, since aspects of this resolution fall within her portfolio.

A copy of the complete text of these resolutions is attached. I invite you or your staff to contact us if you wish to discuss them further.

Sincerely,

A handwritten signature in black ink, appearing to read "Perrin Beatty". The signature is fluid and cursive, with a large initial "P" and a long, sweeping underline.

Perrin Beatty
President and Chief Executive Officer

Attachments

Emergency Slaughter - Update to the Transportation of Animals Program

Issue

In order to reduce food waste, and to keep beef stock off the black market, producers and licensed abattoirs need the ability to work with the Canadian Food Inspection Agency (CFIA) and veterinarians to assess both compromised and unfit animals for possible transport to slaughter facilities.

Background

The health and welfare of all animals is of the utmost importance to all sectors of the meat producing industry. The Canadian Food Inspection Agency states "Protecting animal welfare in Canada is a shared responsibility between governments (federal, provincial, and territorial), and industry (producers, transporters and staff in registered slaughter establishments).¹ With this statement in mind, industry currently has a concern regarding the transportation requirements for compromised animals. With the current regulations in place that deem 'unfit' animals only available for transport to a veterinary establishment there is the potential for food waste, as well as undue costs being placed on producers to send these animals to the veterinarian.

Industry states that certain compromised animals can be humanely transported to a slaughter facility using specialized provisions for transport to ensure the animals do not incur any undue suffering, however this transport provision does not include animals deemed 'unfit' who are only allowed to be transported to a veterinary establishment. The CFIA "recognizes that some degree of suffering by all animals is inevitable"² and in these cases the animal would incur the same amount of discomfort being transported to a veterinary clinic as it would being transported to an approved slaughter facility, and would be treated with the same utmost care upon arrival. Federally inspected slaughter plants are already required to follow policies related to handling of non-ambulatory animals as referenced in the *Transportation of Animals Program Compromised Animals Policy*.

The 'Rationale' section of the Canadian Food Inspection Agency's *Transportation of Animals Program Compromised Animals Policy* states:

"Loading and unloading a non-ambulatory animal with the intent of providing veterinary diagnosis or treatment does not expose the animal to unjustified and unreasonable suffering. In fact, veterinary diagnosis or treatment has an associated animal welfare benefit for either the transported animal or the herd of origin.

In this regard, the suffering that the animal will endure is not undue. The Regulations refer to "undue suffering," recognizing that some degree of suffering by all animals is inevitable. The qualifier "undue" prevents the word "suffering" from being taken literally. Therefore, the loading of a non-ambulatory animal can be carried out in accordance with the Health of Animals Regulations to provide veterinary diagnosis or treatment."

With this rationale in mind, it can also be argued that transportation of an unfit animal to an approved slaughter facility does not cause 'undue suffering' as the animal will receive an ante-mortem inspection from a licensed inspector which will be beneficial to the producer and potentially the herd of origin, and the animal can be salvaged for processing which solves a food waste issue that is also of concern with compromised animals.

¹ Canadian Food Inspection Agency
<http://www.inspection.gc.ca/animals/terrestrial-animals/humane-transport/eng/1300460032193/1300460096845>
Accessed June 1, 2016

² Canadian Food Inspection Agency
<http://www.inspection.gc.ca/animals/terrestrial-animals/humane-transport/compromised-animals-policy/eng/1360016317589/1360016435110#aboutthecfia>
Accessed June 1, 2016

Current Health of Animals Regulations prohibit the movement of some compromised animals to an accredited slaughter facility, allowing these animals to only be transported for veterinary treatment. Part X11, section 138, point 2 states:

“(2) Subject to subsection (3), no person shall load or cause to be loaded on any railway car, motor vehicle, aircraft or vessel and no one shall transport or cause to be transported an animal:

(a) that by reason of infirmity, illness, injury, fatigue or any other cause cannot be transported without undue suffering during the expected journey;

(b) that has not been fed and watered within five hours before being loaded, if the expected duration of the animal’s confinement is longer than 24 hours from the time of loading; or

(c) if it is probable that the animal will give birth during the journey.

(2.1) For the purpose of paragraph (2)(a), a non-ambulatory animal is an animal that cannot be transported without undue suffering during the expected journey.

(2.2) Despite paragraph (2)(a), a non-ambulatory animal may be transported for veterinary treatment or diagnosis on the advice of a veterinarian.”

According to a CFIA guidance document entitled *Livestock Transport Requirements in Canada* certain compromised animals may be transported directly to an “appropriate slaughter establishment” if steps are taken to prevent additional injury or undue suffering; however, this excludes animals that are deemed “unfit”. Excluding an entire section of animals from being transported to a slaughter facility, but allowing them to be transported to a veterinary establishment does not assist the animal from any suffering during transport. Unfit animals can be humanely slaughtered at an approved abattoir and not endure any more suffering than would be incurred being transported to a veterinarian.

Oftentimes an animal being transported to the nearest approved slaughter facility is the way to have the animal addressed as quickly and humanely as possible, and this is the ultimate objective when considering animal welfare.

Recommendations

That the federal government:

1. Update and expand the *Health of Animals Regulations Act Part XII – Transportation of Animals*, to include transportation requirements for animals deemed ‘compromised’, animals deemed ‘unfit’, and animals deemed ‘non-ambulatory’ to remain consistent with definitions provided in the Canadian Food Inspection policy titled *Transportation of Animals Program Compromised Animals Policy*.
2. Work with the Canadian Food Inspection Agency to update all documents regarding the transportation of compromised animals including but not limited to the *Health of Animals Regulations*, *Transportation of Animals Program Compromised Animals Policy* and the guidance document *Livestock Transport Requirements in Canada* to include that compromised animals and unfit animals may be transported to a licensed abattoir if steps are taken to prevent additional injury or undue suffering of the animal, for humane euthanization and inspection of the meat product.

Counter Diafiltered Milk Imports

Issue

Diafiltered milk imports jeopardize Canadian milk producers and disrupt the supply management system supported by the Canadian government.

Background

Diafiltered milk is a liquid milk protein concentrate used to manufacture certain products, including cheese. This product is not used in cheese production in the United States; it was developed essentially to avoid customs tariffs. It is imported into Canada from the United States.

Diafiltered milk is not considered a milk ingredient at the border, so it is exempt from customs tariffs levied on milk, eggs and chicken under the Canadian supply management system. However, it is considered as milk by the Canadian Food Inspection Agency (CFIA) in the application of cheese standards. It is worth noting that these cheese standards were accepted by the trading partners during Trans-Pacific Partnership negotiations.

In 2015, milk protein imports reached more than 32,000 tons, compared to 21,000 tons the preceding year. The exponential growth of diafiltered milk distorts supply management and has a very negative impact on producers' incomes. Losses related to these imports are estimated to be between \$15,000 and \$18,000 a year per family farm, i.e. \$220 million across Canada.

These last few years, the Canadian government made great efforts to protect Canada's supply management systems for certain agricultural products, particularly during Trans-Pacific Partnership negotiations. Accordingly, it must take measures to ensure that this regime's application rules help to stabilize this industry.

According to experts consulted by the FCCQ, the best solution would be to uphold the spirit and the letter of existing cheese standards in order to treat diafiltered milk as a milk ingredient.

This is an important economic issue for several regions of Canada. According to the Canadian Dairy Information Centre (of the federal government), in 2014 Canada had nearly 12,000 dairy farms generating over \$6 billion in revenues. The country's 444 milk processing plants deliver manufacturing shipments worth \$17.3 billion.

It is critically important to avoid destabilizing this industry. There is an urgent need to act because imports are increasing rapidly and will have an increasingly negative impact on Canadian agricultural producers' incomes.

Recommendation

That the federal government apply Canadian cheese standards established in 2007 by the federal government on cheese production in Canada and, consequently, treat diafiltered milk as a milk ingredient in the application of cheese standards.

Expanding Canada's Export Capacity through Harmonizing Agri-Food Cross-Border Trade Regulations

The ability for Canada's agri-food industry to swiftly and efficiently deliver their product to cross-border markets is hampered by cross-border trade inefficiencies. In 2012, Canada-U.S. agri-food trade exceeded \$44 billion.

Canada-U.S. agri-food trade involves a wide range of fresh, processed and frozen foods, meat, beverages, floral and nursery products, pre-packaged consumer foods/beverages and bulk shipments of grains, oilseeds, food oils among other products. There are differences in legislation, regulatory authority, coverage, standards, measurements and in the handling of real and perceived risks of agri-food product trade to the other nation's domestic food safety, environmental security and responsiveness to its own public. It is clear that some of these different regulatory challenges can and do limit smooth cross border movement however, the Canada-U.S. agri-food trade is Canada's largest bilateral relationship.

For Canada-U.S. cross border trade, it is critical that the scarce public and private resources focus increasingly on those product shipments not in line with border measures. This should, in turn, result in allowing greater amounts of trade – including agri-food trade – to flow more easily. These day-to-day operational challenges tend not to be reflected in trade policy analyses, but they do affect overall product movements between the two countries, and ultimately the competitiveness of those traded products.

On February 4, 2011, the Canada-United States Regulatory Cooperation Council (RCC) was created to facilitate closer cooperation between Canada and the U.S.A. with the objective to develop more effective approaches to regulation in order to enhance economic strength and competitiveness of both countries. As an exporting nation, Canadian businesses are dependent on smooth, fast and free trade. The RCC is an essential program for identifying impediments to trade across numerous sectors. Canadian businesses are sure to see tremendous benefit when RCC recommendations are implemented. Both Prime Minister Justin Trudeau and President Barack Obama have committed to a strong U.S.-Canada working relationship.

Currently, there are 10 inspection centers conducting food product re-inspection at the U.S. border. These privately owned businesses charge exporters large fees to conduct a second inspection of the food product, rendering one of the inspections redundant. This lengthy process costs exporters both time and money, increasing compliance costs for Ontario's agri-food industry. By harmonizing inspection protocol with the U.S., these redundant border inspections can be eliminated.

Recommendation

That the federal government:

1. Support the efforts of the Canada-United States Regulatory Cooperation Council (RCC) in its initiative to harmonize regulatory requirements and practices on meat trade between Canada and the United States of America.
2. Ensure that all re-inspections of Canadian meats and agri-food products exported to the United States of America only be conducted at United States Department of Agriculture sanctioned processing facilities.
3. Eliminate current border re-inspection fees on Canadian meats and agri-food products exported into the United States of America.