



Message from the President

CSBA continues as a strong proponent for registration of pigs from its 118 members. The number of registrations has continued at a high level for 2007. The number of litters registered is down from 2006, since most members had already brought their herd registrations up to date in 2006. With a greater number of litter registrations on line, costs have been reduced contributing to another good financial year for CSBA.

Demand for Canadian purebred pigs, especially for export, has increased individual pig registration certificates as well as transfers to the new owners. The success of Canadian Swine Exporters Association members in their export activities is to be commended in growing sales of purebred breeding stock. Large scale sales of gilts and boars to China, Russia and Central European countries have been made in 2007.

Rare breeds have been in the news recently. Rare Breeds Canada is concerned that rare breeds in Canada (Tamworth, Large Black, Berkshire, Lacombe) be maintained. Several of the breeds have been recognized in newspaper articles so the public has become more aware of the concern for keeping biodiversity in our swine population. CSBA will likely fund the storage of DNA samples provided from sires of registered pigs. We need to negotiate the cost of storage for the number of anticipated samples. Costs of registration and transfer of minor breeds has been reduced to encourage maintaining pedigrees in CLRC.

The issue of allowing new breeds into the Canadian Herd Book needs to be resolved by member vote soon. PIC continues to ask for membership in CSBA to allow the recognition and registration of specific lines of pigs. Each line must meet the requirements of the Animal Pedigree Act and requires approval by Agriculture Canada. Note the list advantages and disadvantages included with this Newsletter for further clarification prior to the mail ballot.

We wish all the best for CSBA directors Madeleine Hayeur (QC) and Donald Dietrich (ON) who are suffering from health problems, and for all CSBA members a happy and healthy New Year.

Alfred Wahl, P.Ag.

Hog industry in crisis

The high Canadian dollar, coupled with soaring feed costs and low pork prices in Canada and around the world, threatens to put many pork producers in Canada out of business in coming weeks. The Canadian Pork Council has proposed improvements to existing risk management programs as well as a new Federal loan program for producers. In spite of supportive recommendations from Agriculture Committees from both the House of Commons and the Senate, we are not seeing the same support from those in Ottawa with the power to help producers. Hog producers are being encouraged to contact their local Members of Parliament to share their own stories and make it clear to the Federal government the need for immediate support beyond what was announced earlier this month. The Federal government needs to understand the urgency for more support and producers are called on to help get this message through. More information is available from the Canadian Pork Council and from member provincial producer associations.

Support programs fall short of industry needs

Canada's hog industry is facing its worst economic crisis in 30 years and says support programs announced last week by the federal government fall far short to help them survive the next two years.

The Canadian Pork Council, which represents the country's 11,000 hog producers, says they need improved safety nets and a short term loan program that goes beyond the recent announcements to accelerate payments under existing farm support programs such as the Canadian Agriculture Income Stabilization (CAIS) program, AgriStability, AgriInvest and the Kickstart program along with changes to the Advance Payments Program. The Council says that an enhancement of existing programs, while welcomed, does little to help producers right now. Producers are victims of circumstances beyond their control that fall clearly into areas of government responsibility.

There is little doubt that the Canadian hog industry is one of the most modern and efficient livestock industries in the world. Last year, pork producers raised about 31 million pigs.

... continued on page 2

Support programs fall short of industry needs

(continued from page 1)

The quality of Canadian pork is unsurpassed. As a result, the Canadian industry is a major exporter. Canadian pork ended up in more than 100 countries. That represents a total value of C\$2.5 billion.

The Canadian hog industry says it – like all industries – is not immune to economic peaks and valleys. Under normal circumstance, it has been well-prepared in the past to deal with these predictable downturns. But today, the industry is not going through just another economic cycle. It is facing a very real threat of a massive downsizing – with many farmers being forced out of business, threatening the livelihood of their families and employees.

The huge jump in feed prices, spurred by a soaring demand for ethanol, has prompted feed costs to jump 60% alone in the past year or so. Feed represents more than 70% of pork production costs. And, unlike conventional manufacturers who can simply close up their operations when times get tough, hog farmers still must feed their pigs. Hog farmers, like all livestock producers, can't just simply turn the key and walk away.

The Canadian hog industry has repeatedly asked the federal government for short-term loans to help them bridge the gap between hog prices that have recently plunged to 85 Canadian cents a kilogram from the long-term average of C\$1.35-C\$1.50 per kg.

Other governments around the world with major hog industries have already stepped in to help their beleaguered industries. The Canadian government has announced assistance but that simply represents money from existing programs. It does nothing to alleviate the current crisis.

The industry is not asking for hand-outs or grants. All that is needed is a short-term loan program – at no cost to the government -- to get them through the next 20 months while producers adjust to the Canadian dollar and feed costs.

Canada's hog farmers say this is an industry clearly worth saving but need help to do that. This is a problem the Harper government can quickly resolve. It needs to act now.

Suite of risk management programs for 2007

Federal, provincial and territorial governments have signed agreements to launch a new suite of business risk management programs for 2007. This suite of

programs replaces the Canadian Agricultural Income Stabilization (CAIS) program. Although the industry is requesting more support, producers can expect some benefits, such as an initial "kickstart" deposit to farmer accounts based on 2.63 per cent of a farmer's average Allowable Net Sales from previous years. For more information check the Agri-Invest web site at www.agr.gc.ca/agriinvest or call toll free 1-866-367-8506. In Quebec, call La Financière agricole du Québec at 1-800-749-3646.

The distinct identity of Canadian swine at risk

As hog producers, Canada's genetic suppliers are experiencing the same effects of the crisis as other commercial producers. However, they are also feeling the economic impact from a severe drop in breeding stock sales. Producers' choices are more between paying the feed bill, and even just staying in business. Purchasing breeding stock is by no means near the top of the priority list during the current crisis. This adds to the pressures on breeding stock suppliers, creating serious concerns that we may lose a substantial portion of valuable genetics with distinct pork quality, production efficiency and disease resistance that has been created through intense selection over many years. Once a top level purebred nucleus herd is lost, it cannot simply be recovered when times are better. The genetics are gone forever. This has important implications for the longer term success of the whole Canadian industry, which recognizes that Canadian genetics has been the backbone of the distinct identity of Canadian pork around the world.

CCSI and CSBA have been working with support from the Canadian Pork Council to raise awareness of the implications of losing genetic resources. John Vande Glind, CSBA member from Lacombe, Alberta and Chair of CCSI, has written a letter to Honourable Minister Ritz, met with policy advisor Mr. Donald Boucher and requested support for the breeding sector. We do not want the short term crisis to result in a loss of Canadian swine genetics that will be a critical part of the future success of our industry. Request has been made for both short term support with special consideration to breeding stock and longer term investments in research and development. Although the meeting was positive, the government support is still awaited.

CSBA AGM March 26, 2008, Stratford, Ontario

Please mark your calendars and plan to attend the next Annual Meeting for CSBA which is to be held in **Stratford, Ontario** in conjunction with Ontario Swine Improvement's AGM on **March 26, 2008**. More detail and confirmation of this date will be provided in the next newsletter.



Registration of PIC Lines

Advantages and Disadvantages expressed by CSBA members

Scenario 1 would be if CSBA members vote in favour of accepting PIC lines for registration in a new herdbook. This option is preferred by Agriculture Canada (AAFC). Following is a summary of the advantages and disadvantages / concerns that have been expressed by CSBA members.

Advantages

- CSBA would remain the only association in Canada representing purebred swine breeding stock
- CSBA members would be fully aware of and in control of the rules of eligibility for the new lines
- CSBA would be responsible for the production of pedigree certificates and could make a clear distinction between PIC lines and the regular herdbook
- CSBA would have increased representation of Canadian breeding stock suppliers by accommodating PIC and potentially other companies such as Hypor, which has also expressed interest in registering their nucleus populations
- There would be an increase in registrations by about 30% and a corresponding increase in revenue
- There could be opportunity for the breeding industry to cooperate with PIC in its genetic research so as to benefit the entire Canadian breeding industry

Disadvantages / Concerns

- PIC is a multi-national company based in England and not in Canada
- Allowing the registration of new breeds or lines could be detrimental to the “recognition” of the Association breeds worldwide
- Existing members could lose some competitive advantage in export markets
- Breeders have invested more than 100 years to maintain the Canadian herdbook, and someone shouldn't be allowed to “jump in”
- The National Swine Registry in the US has expressed concern, but they have indicated that they shouldn't have a problem if the PIC pedigrees are kept separate from the regular herdbook

Scenario 2 would be if CSBA members do not accept PIC lines for registration under CSBA. In this case, PIC would work with AAFC on other options such as use of the General Stud and Herdbook or setting up a new association. Although PIC has indicated a preference to register through CSBA, work on this option has already begun in case CSBA does say no. It appears this would proceed relatively quickly, and would give the recognition from government that PIC requires for exports.

Advantages

- There would be no perception of compromise to the reputation of CSBA

Disadvantages / Concerns

- If AAFC accepts another option, CSBA would lose its position as the only association representing purebred swine in Canada
- This would be a precedent that other companies may follow, including some existing CSBA members
- There would be no revenue from PIC coming to CSBA
- CSBA would not be fully aware nor in control of PIC registrations or certificates

Other comments and considerations

- The Animal Pedigree Act is sufficiently flexible that new breeds can be introduced if they meet the requirements for pedigree. The oversight for the breeding program lies with AAFC and it would assure that requirements for purebred breeding have been met.
- Recognition of new breeds is not unprecedented. The first Lacombe were introduced in 1958 as a pure breed, with eligibility to register pedigrees.
- The eight lines that PIC wishes to register include 5 PIC recognizable breeds - Yorkshire, Landrace, Duroc, Hampshire and Pietrain. As preferred by most members and National Swine Registry in the US, these would be introduced as distinct lines such as "PIC Yorkshire" and **NOT** eligible for strain-crossing with animals in the regular herdbook.