



## NFU argues against Health Canada's proposal to allow ground beef irradiation

Over the summer, Health Canada held a 75-day public consultation on its proposed regulation that would allow the sale of irradiated fresh and frozen ground beef in Canada. The NFU submitted the following brief opposing the change.

The National Farmers Union (NFU) opposes the proposed amendment to the Food and Drug Regulations that would permit the use of ionizing irradiation on fresh and frozen ground beef.

The proposed amendment would allow beef processors to subject fresh ground beef to 1 - 4.5 kilorays and frozen ground beef to 1.5 - 7 kilorays absorbed dose of ionizing radiation respectively. The rationale for the regulatory change is the claim that it would offer an additional food safety measure. The request for this change is apparently in reaction to the 2012 XL Foods incident where a large quantity of beef was contaminated by *e coli* O-157, resulting in a number of illnesses and Canada's largest food recall.

A previous request asking Health Canada to approve irradiation of ground beef came from a meat industry lobby group in 1998. Notably, it was the meat industry - not consumers or retailers - who asked for it. The request led to a regulatory proposal in 2002 that failed because of the high degree of public opposition. A second, similar request came from the same lobby group in 2013, which has resulted in Health Canada preparing the current regulatory proposal.

Canada's beef packing industry is dominated by two foreign-owned multinational corporations that slaughter over 90% of federally inspected beef in Canada: JBS and Cargill, with headquarters in Sao Paulo, Brazil and Minnetonka, Minnesota respectively. JBS bought XL Foods from the Nilsson Brothers in 2013, following the *e coli* outbreak at the Lakeside plant in Alberta. Irradiation equipment is costly, thus we can assume that these two companies would be in the best position to benefit from the proposed regulatory change.

Irradiating ground beef reduces populations of disease-causing microbes (pathogens) in the meat. Carcasses become contaminated with

pathogens such as *e coli* when fecal matter from the intestines and/or hides is allowed to come into contact with the meat during processing. Proponents claim irradiation gives ground beef a longer shelf life and reduces the risk of (and potential liability for) food poisoning illness in consumers exposed to uncooked meat.

JBS and Cargill would have the capacity to spread the cost of expensive irradiation equipment over their high volume of sales. This means they could choose to use irradiation to cut costs, which would allow them to undercut smaller companies and thereby increase their market domination by driving these competitors out of business. With fewer abattoirs and packers, the options of both farmers and consumers would shrink, as they would increasingly be forced to sell/buy from JBS and Cargill. Reducing choices makes it easier for the two dominant meat companies to pay beef producers less for their animals and to charge higher prices to retailers and the consumers who ultimately buy and eat ground beef.

Ground beef irradiation is already permitted in the USA. The specific level of ionizing radiation requested by the lobby group that petitioned for the amendment mirrors the existing American regulation. If adopted, the new regulation would make it possible to import irradiated ground beef from the USA. These imports would displace beef slaughtered and processed in Canadian plants. Jobs associated with meat packing in Canada would be lost as a result. Cattle prices paid to our farmers would also be pressured downward to compete with cheaper imported US beef. The proposed amendment would not only permit irradiation of fresh and frozen ground beef, but because it is identical to the corresponding US regulation, it would effectively erase the Canadian border in regard to ground beef.

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The European Union does not allow irradiation of meat. Canadian trade negotiators highlight the increased market access for our beef that would result if the CETA deal is ratified. If there is any expectation that this market could be served, it would make sense to invest in production and processing methods that do not use synthetic hormones and prophylactic antibiotics instead of adding yet another technology that the European market has rejected. Japan is another important export market that has rejected irradiation of meat. Thus ground beef irradiation would not help Canada export more beef, yet it would make it easier for the USA to export more of its beef into our market.

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Canada's food safety system is based on the Hazard Analysis and Critical Control Point (HACCP) approach. It requires food processors to analyse their procedures and identify each point where a hazard could occur and to put in place control measures to prevent the hazard from being present when the consumer purchases the product. If ground beef irradiation is allowed, we are concerned that it will be used as a final "control point" to kill some (but not necessarily all) pathogens from fecal contamination of carcasses that occurs when processing high volumes at high speeds without adequate inspection of lines. The use of irradiation could be used as a "mop up operation" to compensate for unsanitary conditions and inadequate procedures.

Irradiation may also instill a false confidence in the meat's safety. Any harmful toxins produced by dangerous bacteria that were living in the meat prior to irradiation would remain in the meat. Furthermore, once most or all microorganisms are killed by irradiation, any pathogens that remain alive or come into contact with the meat afterward would proliferate quickly, as they would not face any competition from harmless microorganisms that would otherwise be present.

Numerous reports, including the 2013 Auditor General's report, have criticized cutbacks to frontline meat inspection staffing levels and changes to procedures. The shift from actual inspection of the lines

to auditing of the companies' HACCP plan compliance paperwork means that food safety has become largely a matter of industry self-regulation. Canadians are legitimately concerned about the safety of their meat. We believe these concerns should be answered by rebuilding a robust, independent meat inspection system that has the funds and tools necessary to enforce cleanliness and prevent pathogen contamination of ground beef.

Excessive line speed and high turnover rates of workers due to low pay and dangerous working conditions contribute to food safety problems with ground beef. Irradiation will not solve these problems. If the proposed regulation leads to more ground beef imports from the US, there would be even more pressure on Canadian meat packers to cut costs by increasing line speeds and reducing wages, worsening the related food safety problems.

When a ground beef irradiation regulation was proposed in 2002, Canadians rejected it because there were too many questions and concerns about the safety of the process and the quality of the product. Irradiation can destroy vitamins, affect flavour and odour, mask unfreshness, and does not eliminate toxins produced by pathogens prior to irradiation. If there is increased public acceptance of irradiation since 2001 the change in opinion does not reflect more confidence in irradiation, but rather less confidence in a meat inspection system that now relies heavily on industry self-regulation.

The recent controversy around the decision by Earl's restaurant chain to use an American supplier of humane-certified beef raised without the use of antibiotics or added hormones indicates that a significant group of Canadian consumers are concerned about how their food is produced, how it is killed and where it comes from. Earl's was unable to find a Canadian processor that could supply the whole chain with the beef it required, and after much public outcry, it has begun to contract smaller Canadian suppliers who can provide beef to its restaurants at a regional level. Other fast food suppliers, such as the A&W chain, are seeking out beef produced without added steroids or antibiotics. They report increased beef sales as a result, even though the trend in the larger Canadian beef market is downward. If irradiation is allowed in Canada these popular restaurants will probably need to add "not irradiated" to their beef branding in order to keep their customer base.

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The proposed regulation would require prepackaged irradiated ground beef to be labelled as such when sold; bulk sales would require the label to be placed nearby. This measure does not provide full transparency because many people who would consume irradiated ground beef would not be purchasing it directly. Institutions such as school lunch programs, health care facilities and homes for the aged are considered to be the important markets for irradiated ground beef in the USA. These institutions serve vulnerable populations. While some may argue that ground beef irradiation would protect them, irradiation can also promote a false sense of security as stated above.

The USA has allowed meat irradiation since 1997, but massive food safety incidents still occur. A Colorado meat packer recalled 13.5 tons of beef on July 3, 2015 due to concerns over *e coli O-157* contamination. A Nebraska plant recalled 83 tons of ground beef contaminated with *e coli O-157* on November 1, 2015. A Michigan plant recalled 900 tons of *e coli O-157* contaminated ground beef on May 19, 2014. Irradiation is not a food safety panacea.

Canada has the capacity to ensure our food system is capable of delivering safe ground beef without

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irradiation. Consumers are increasingly concerned about where their food comes from and how it is produced. Permitting the irradiation of fresh and frozen ground beef would damage the Canadian brand in the eyes of many consumers and would allow increased imports of ground beef from US facilities that use irradiation.

We urge Health Canada to reject the proposed amendment to the Food and Drug Act and instead focus on improving the meat inspection system and promoting appropriate and effective regulations that will support a diversified, regional food processing strategy. These actions would increase Canadians' confidence in meat packers to provide them with clean, wholesome ground beef produced by Canadian farmers.

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## NFU provides input to Agriculture Ministers Meeting on the next Agriculture Policy Framework

*The annual Federal, Provincial and Territorial (FPT) Agriculture Ministers meeting was held in Calgary in July. Their main agenda item was to come to consensus on priorities for the next policy framework that will follow Growing Forward 2 (GF2). It will be the foundation for federal-provincial cost-shared funding of safety net programs and strategic investment in agriculture. The NFU provided input prior to the meetings via the following letter to federal Minister MacAulay and each of the provincial ministers.*

**T**he next FPT agriculture policy framework will be an important tool for shaping the future of farming in Canada. The NFU advocates for maintaining the family farm as the primary food producing unit in Canada. As a general farm organization, our membership reflects the diversity of production systems, farm sizes and farmer demographics across the country. We promote food sovereignty, which is a holistic approach that puts people, food and nature in the centre of the policy picture, and makes democratic control of the food system its priority. Numerous surveys and opinion polls indicate non-farming Canadians generally share these values and support policy that enables farmers to obtain fair returns from producing wholesome

food in an environmentally friendly way. We encourage you and your fellow ministers to use the lens of food sovereignty when assessing the implications of each element being considered for the successor to *Growing Forward 2*.

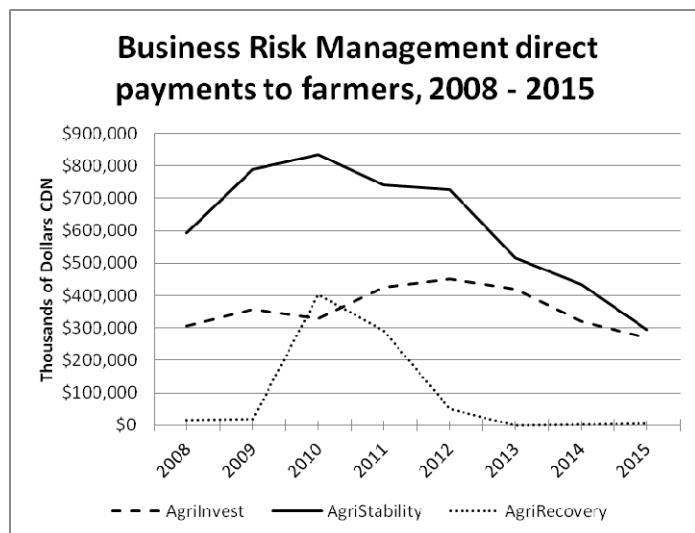
We expect the next agriculture policy framework will continue to have two main areas of focus: safety net, or Business Risk Management (BRM), programs for farmers and Strategic Initiative funding to support programs with broader policy goals.

Agriculture and Agri-Food Canada research has shown that the BRM program, AgriStability, is used disproportionately by larger farms. When GF2 was

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being designed, the NFU called for a cap on per farm payouts. We also recommended maintaining AgriStability's 15% margin loss trigger. However, GF2 did not cap payments and it changed the trigger to 30% below reference margins. The result was only those sectors with both extreme volatility and highly specialized operations could benefit from the program. In addition, GF2 capped the margin loss payout at the lesser of a farm's reference margin or its eligible input costs, effectively making the program irrelevant to low-input operations. *(Graph #1 shows there has also been an overall drop in total AgriStability payouts since 2010.)* Smaller farms are largely excluded from AgriStability because the cost of paying an accountant to do all the paperwork required to apply for it cannot be justified by the program's risk reduction potential. Thus, both the cost of participating and the structure of GF2's AgriStability program favour larger scale, specialized, high-input farms, while low-input diversified farms have had to manage the risks such as disease outbreaks, price volatility and market issues due to currency fluctuations, without public support.



Graph #1

Source: Statistics Canada

When designing the next FPT agriculture policy framework, we urge you to ensure that BRM programs are accessible, relevant and useful for farms of different sizes and production systems and to ensure that payouts are capped so these programs do not incentivize excessive expansion and risk-taking by the largest farms.

We also urge you to recognize the importance of farmer-controlled marketing institutions as the most effective method of reducing business risk for farmers. In

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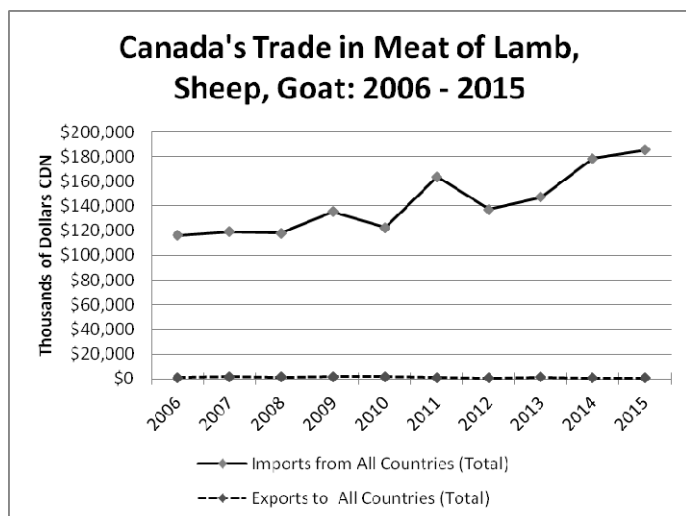
the late 1990s, provincial single desk marketing agencies for hogs were eliminated. The resulting exposure to price volatility means the sector is now highly dependent on BRM programs. The farmer-directed single desk Canadian Wheat Board formerly provided equitable market access, premium prices and a powerful voice of advocacy for western wheat and barley farmers. Its destruction has reduced farmers' income potential and increased the need for some to draw upon the BRM programs to continue operating. In contrast, the supply managed sectors have not needed to use GF2's BRM programs. The assurance of a market and a fair price allows these farmers to invest in their farms while producing the right amount and quality of product at the right time. Our supply management system has proven its worth to farmers, consumers and the public treasury alike. We urge you defend supply management from ill-advised calls to abandon it, as well as to speak out against illegal milk-protein imports that weaken our dairy sector.

Under GF2, the Strategic Initiative programs were primarily used to promote innovation, competitiveness and export markets. Most of GF2's Strategic Initiative programs are strongly focused on increasing exports. Yet, since GF and GF2 have been in place we have seen some sectors lose significant ground to imports. For example, in 2005 Canada's imports and exports of processed fruit and vegetables were nearly balanced; by 2014 the value of imports exceeded that of exports by close to \$1.5 billion. Lamb imports have been rising steadily, while Canada still exports almost no lamb at all. Some of these imports come from places like California that are experiencing severe climate change impacts. Others come from places like New Zealand that are so far away that transporting the products contributes excessive greenhouse gas emissions. The result is Canadian consumers' grocery dollars are increasingly leaving Canada to

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pay for imported food— including food that could be reliably produced on our own farms, and processed and marketed here with a smaller environmental footprint and with greater benefit to our own economy. (See Graph #2)



Graph # 2 Data Source: Statistics Canada & US Census Bureau

We would like to see the next policy framework do much more to develop our food system’s capacity to develop and retain domestic markets for Canadian farm products. Improving our processing, storage and distribution capacity along with creating and strengthening effective, farmer-controlled marketing institutions will provide the infrastructure needed for Canadian farmers in every province to provide more food to their urban neighbours. These investments will be strategic, as they will reduce the risks of food shortages and sharp price increases resulting from our reliance on distant suppliers that are vulnerable to climate change. This approach would also reduce the uncertainty caused by imported food prices changing with currency exchange rate fluctuations that are beyond farmers’ and consumers’ control.

**The new policy framework should also include Strategic Initiative funds to help farmers adapt to climate change effects such as flooding, drought, new insect and disease problems, less predictable frost dates, lack of snow cover — through research, education and outreach — not by product development and commercialization.**

We are aware that “social license” is on the ministers’ radar. We urge you to avoid providing Strategic Initiative dollars for a public relations approach to consumer concerns. Instead, ensure that the fundamentals that earn consumers’ trust in the food system are in place – an accountable, transparent, regulatory system where rules are both created and properly enforced to protect the public interest. Any Strategic Initiative program funding in relation to social license issues should be used to help develop or enhance the kinds of farming practices that respond to consumer demand.

Climate change is having ever greater impacts on farmers as we experience severe weather and climate effects more frequently. We would like disaster relief programs to reflect the reality that some disasters create problems that last longer than one year. Increased total funding as well as program design changes should be put in place to recognize the need for multi-year assistance.

We also recommend that all strategic investments be evaluated for their impact on climate change. If countries fail to reduce global GHG emissions, the world’s ability to produce food will be severely impaired and climate instability will make farmer livelihoods less certain. Projects should not be approved if they would increase GHG emissions. Instead, the priority should be on initiatives that help farmers and others in the food industry reduce their GHG emissions. The new policy framework should also include Strategic Initiative funds to help farmers adapt to climate change effects such as flooding, drought, new insect and disease problems, less predictable frost dates, lack of snow cover — through research, education and outreach — not by product development and commercialization. Investing in GHG mitigation and climate adaptation strategies will also help reduce business risks by helping farms become more resilient. We would like to recognize the good work done by Manitoba already, and encourage the next policy framework to build upon the Agriculture Risk Management Review Task Force’s final report.

As you prepare the framework for the next agriculture policy framework you will also be considering how you will measure its performance. We urge you to define success as more farmers, more farms, a lower average age of farmers in Canada, and an increase in the amount and kinds of food produced in Canada that is sold and consumed domestically. – nfu–

*The Canadian Grain Commission recently held consultations on its proposal to require producer car loading facilities to be licensed as primary elevators. Currently they are exempted from licensing because they do not buy grain and therefore do not need to maintain a security bond for producer payment protection. Their licensing exemption includes conditions designed to safeguard the quality of Canadian grain and protect the interests of farmers using the facilities. The consultation outlined new risks that the CGC believes could be addressed through licensing. (See <http://tinyurl.com/jq7wlln> for the CGC's consultation document.)*

*The NFU submitted the following brief detailing our analysis of these risks and ways to alleviate them that do not require licensing.*

## **NFU Submission to the Canadian Grain Commission regarding its proposal to license producer railway car loading facilities**

**T**he National Farmers Union (NFU) does not support licensing of producer car loading facilities. The CGC's concerns about risks to the quality standards of Canada's grain associated with producer car sites can be dealt with by improving allocation and spotting of producer cars, reinstating inward inspection and adjusting the conditions for license exemption. Licensing is not necessary. It would introduce confusion regarding producer payment protection as well as costs that could lead to the loss of some producer car loading sites, which would be against the interests of producers and thus contrary to the CGC's mandate. We further recommend the establishment of a new Producer Car Receiver under the *Canada Grain Act*.

Section 87 of the *Canada Grain Act* confers the right of producers to order and load railcars to ship grain to terminal or process elevators or other consignees. This right was established as a necessary check on the oligopoly power of grain companies and railways by providing farmers with access to rail transportation and a statutory alternative to delivering to grain elevators. Canada's grain trade is dominated by three companies—Cargill, Richardson and Viterra—which together control approximately 60% percent of western Canada's primary elevator capacity. Producer car loading facilities are a small but critical part of the grain transportation infrastructure because they make it possible for farmers to exercise their right to use producer cars and thereby provide discipline regarding the rates grain companies charge for loading and shipping grain. The continuing viability of producer car loading facilities is in the interests of producers, so any change to regulations governing them must be done in accordance with the objects of the CGC as stated in Section 13 of the Act:

13. *Subject to this Act and any directions to the Commission issued from time to time under this Act by the Governor in Council or the Minister, the Commission shall, in **the interests of the grain producers**, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets.*

The proposed regulatory change would eliminate the annual licensing exemption for producer car loading sites and require them to meet a modified version of the primary elevator license. The rationale for the proposed change is to reduce risk to grain quality, to increase the accuracy of the CGC's system-wide statistics, to ensure accurate weighing and documentation of grain delivered, and to give producers access to the CGC arbitration process in the event of a dispute over weight.

The NFU does not agree that licensing of producer car loading sites is necessary. We believe that the problems can be solved other ways. Licensing would introduce costs and confusion that would be detrimental to farmers.

The CGC has concerns about risks to the quality of Canada's grain that may result from the producer car facilities' increasing use of leased cars along with the grain companies' use of producer car loading sites to access leased cars for their own shipments. The root cause of these new risks appears to be problems with producer car allocation by the railways.

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*(NFU submission to the Canadian Grain Commission, from page 6)*

Because producer cars are not provided in a timely way, producers have had to turn to leased cars in order to get their grain to its destination. Risks related to potential intermingling of leased cars could be reduced by reinstating the provision that producer cars have top priority in car allocation, along with improving the regulation, procedures and enforcement of car allocation to ensure that producer cars are available when needed. Better enforcement is required to prevent grain companies from fraudulently ordering producer cars. Legitimate producer car orders should be given priority and spotted first. Today the opposite is often the case. Railways seeking to minimize costs are giving priority to unit-trains and high-throughput elevators, providing cars to producer loading sites only when grain volumes are low. If adequate producer cars are spotted when needed the use of leased cars will decline, reducing or eliminating the risk of intermingling producer car loads with grain company loads. Without timely access to cars, the right to load producer cars becomes hollow.

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Issues of quality and statistical gaps now being raised by the CGC are due to the absence of inward inspection. The NFU opposed the *Canada Grain Act* amendment that eliminated inward inspection in 2012. The problems we anticipated then seem to be occurring now. In our 2012 brief, *Response to Proposed Amendments to the Canada Grain Act in regard to the Canadian Grain Commission*, the NFU stated:

*Inward inspection is the weighing and grading of grain that arrives at export terminals from the countryside. It serves as a continuous audit so that grades and volumes issued at primary elevators match those at terminal position. It is also essential to the functioning of producer cars so that they are graded when they arrive at the terminals....*

***The NFU recommends that inward inspection remain and that CGC employees carry out this duty. The idea of accredited service providers being selected by the receiving elevator as proposed would again put the power of the elevator company ahead of farmers and their institution. One could see pressure by the accredited agency to lean towards favouring the one it viewed as its customer (the grain company). An accredited agency does not have the legislated mandate to act in the grain producers' interest. This is the inherent problem with the concept of accreditation and the questions remain: To whom does the accredited employee owe his allegiance and who pays the wage? The same would apply to accredited private service providers. [See <http://tinyurl.com/zp3k7v3> for the full brief]***

We are also concerned that licensing producer car facilities would lead to confusion regarding producer payment protection. It is widely understood by farmers that licensed elevators must provide bond security to cover outstanding payments in the event of the licensed company's insolvency. Producer car loading facilities do not buy grain, thus producer payment protection is not necessary. However, among farmers, licensing is synonymous with producer payment protection. If producer loading facilities became licensed but were not required to maintain a security bond, it would be confusing.

The fact that producer car loading facilities do not buy grain is relevant to the need for oversight of weighing equipment and documentation of weights. The scales used at producer car loading facilities are used primarily for ensuring railcar loads are not overweight, not for commerce. Community scales are adequate for this purpose. The actual sale does not occur at the loading facility. However, with the loss of inward inspection by the CGC, there may be situations where weighing at the destination may be questioned. Therefore, we recommend the reinstatement of inward inspection.

In addition, we recommend an amendment to the *Canada Grain Act* to establish an independent Producer Car Receiver. This body would have the authority to negotiate producer car sales with the receiving terminal and ensure unloading and grading is done promptly. The body would be responsible for allocating the grain to the respective terminals, however

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Star City, SK Producer Car loading facility. *Photo credit: Vanishing Sentinels: Saskatchewan*

*(NFU submission to the Canadian Grain Commission, from page 7)*

ownership of the grain would not be transferred to the terminal until the producer car receiver was satisfied with all aspects of the transaction, including weights, grade, and payment.

Producer car loading facilities are meant to be the farmers' check on the monopoly power of elevator companies. The cost of establishing and maintaining a facility needs to be manageable by relatively small groups of producers, otherwise the right to producer car loading is nullified. Requiring new, inspected scales may lead to some of the smaller facilities being shut down, to the detriment of farmers. In the original 1912 *Canada Grain Act*, ten producers could petition to have a producer car loading site constructed. The NFU recommends that this right reinstated. The current proposal for licensing would make it more difficult to maintain existing producer car infrastructure, much less establish new facilities. We also recommend that railways' authority to close producer car loading sites be rescinded.

Currently, producer car loading facilities must operate within the parameters of their licence exemption, which is set by the CGC. The exemption requires the following:

- The facility will only handle grain on behalf of producers which is intended to be loaded into producer railway cars (with provision for the use of leased cars as well).
- The facility will have posted at all times a notice advising producers that the facility is not licensed under the *Canada Grain Act* and that the Canadian Grain Commission will not be involved in disputes between the facility and the producer other than disputes which arise at the port location.
- The facility shall not purchase or sell grain.
- The facility shall allow the Canadian Grain Commission access to its records.

It would be possible to adjust licence exemption conditions to mitigate the identified risks. In fact, the only differences between the current license exemption and the proposed license subclass is the subclass would require the facility to issue a document to record the receipt of grain by type and weight in a form acceptable by the CGC, take representative samples from each load, and ensure its scales comply with Measurement Canada's standards. With the establishment of a Producer Car Receiver under the Canada Grains Act, the remaining concerns would be alleviated.

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