Evolving Comparative Advantage of NAFTA Countries in Livestock: Hogs

NAAMIC  May 21-23, 2008

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Canadian Pork Council
Feed supply

- Surplus or deficit
  - Basis (export or import)
  - Security of supply
- Access to food and fuel processing by-products
- Competition from other uses such as biofuels
- Acceptance of GMO grains and oilseeds
- Regulatory (e.g., licensing of new varieties)
- Phytosanitary regime impacts on alternatives
- Research motivations (role that grain exports play)
Animal Health and Food Safety

- Credibility of agriculture and food regulatory system
- Capability to create zones in the event of a foreign animal disease outbreak
- Number of bordering countries and animal health status of those countries
- Veterinary infrastructure
- Performance of veterinary drug and vaccine approval system
- Veterinary training (private practitioners as well as regulatory veterinarians)
Risk Management / Government Subsidies

- Subsidy environment
  - Degree of neutrality in government policy between livestock and grain
    - Grain sector is a disproportionate beneficiary of US farm subsidies, while in Canada, is whole farm
  - Availability of forward contracting, futures and options markets
Exchange Rates

• How rapidly currency changes is as important as magnitude of change
Canada/U.S. Price Comparison

Jan 2003 = 100

US Price
Cdn Price
Competitiveness Circumstances

- Opportunities to achieve economies of scale
  - Social acceptance of large farms
  - Land area to utilize manure
  - Environmental considerations
- Access to new products (e.g., vaccines) and genetics
- Acceptance of new technologies (e.g., genetically modified crops, animals)
- Legal system (IP protection)
- Labour (supply, foreign workers programs, training)
- Industry organization (ability to organize and self-deliver quality assurance, traceability, etc.)
- Country’s GHG commitments (down the road)
### Some Rough Guesses on How Regions Fare

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<th>N.Am</th>
<th>S.Am</th>
<th>EUR</th>
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<td>Animal Health and Food Safety</td>
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