

CANADA PORK INTERNATIONAL

2018–2019 ANNUAL REPORT



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Established in 1991, Canada Pork International (CPI) is the export and domestic market development and promotion agency for the Canadian pork industry. CPI is a joint initiative of the Canadian Pork Council (representing Canada's 7,000 commercial hog producers) and the Canadian Meat Council (representing Canada's pork processing industry and meat trading companies). CPI is supported by a dynamic team of professional staff. The CPI head office is located in Ottawa, Ontario, with Canadian field offices in Toronto, Ontario, and Victoria, British Columbia. International field offices include Tokyo, Japan, and Shanghai, China.



VISION

Canada: the world's preferred supplier of quality pork.

MISSION

Canada Pork International is committed to improving the access, awareness and growth of the Canadian pork industry.



MESSAGE FROM THE CHAIRMAN

The fiscal year ending March 31, 2019 has been another great year for the Canadian pork industry. Canadian pork exports totalled 1,286,118 tonnes valued at 3.9 billion of dollars and shipped to over 85 countries. The United States, Japan, China and Mexico were the top export countries—together these represent 85% of total exports in value.

Free trade discussions, the imposition of tariffs and an increased level of political trade tension dominated world news and created volatility in pork markets. On a positive note, the new North American free trade agreement—the USMCA—was met with agreement by Mexico, Canada and the United States. In addition, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) with Japan and 10 other Asian countries will provide a unique opportunity for our member organizations to increase pork sales to participating countries.

On the domestic front, Canada Pork celebrated its fifth year in operation, surpassing all expectations. First developed on a trial basis, Canada Pork is now officially an ongoing Canadian marketing program under CPI's management. Congratulations to Canada Pork's staff and committee for their excellent ideas and successful work.

The Verified Canadian Pork™ (VCP) brand continues to gather momentum, creating value for our members. In addition to ongoing efforts in Japan, new VCP initiatives have been developed for China and South Korea.

The Board would like to recognize pork producers for their efforts in producing the highest quality pork, recognized worldwide for its food safety standards, nutritional value and delicious taste. Canadian pork producers, packers and processors working together continue to demonstrate this value through an increased share in key markets.

To our CPI team, seasoned veterans as well as new staff members, congratulations on another successful year. Your efforts, enthusiasm and dedication to the industry are greatly appreciated.

On another staffing note, regrettably, Michael Young resigned from CPI in March to take on the role of President of Canada Beef. Michael is sincerely missed at CPI and we thank him for his many years of commitment, creativity and expertise—he was a valued member of the CPI team and we wish him all the best for the future.

There is much to look forward to in the years ahead for the Canadian pork industry, both internationally and at home. The Board of Directors look forward to working with the CPI team to create the vision of being the world's preferred supplier of quality pork.

Best regards,

Neil Ketilson / Chair



2018–2019 CPI BOARD OF DIRECTORS

CHAIR

Neil Ketilson,
Canadian Pork Council
(Saskatchewan)

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Maple Leaf Foods Inc.

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Canadian Pork Council
(New Brunswick)

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Olymel, S.E.C. / L.P.

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Stéphanie Poitras,
Aliments Asta Inc.

Jean-Guy Vincent,
Canadian Pork Council
(Québec)

Troy Warren,
Sure Good Foods

Teresa VanRaay,
Canadian Pork Council
(Ontario)

New Member from
February 2019:
Oliver Haan,
Canadian Pork Council
(Ontario)



MESSAGE FROM THE PRESIDENT & CEO

While the past year has been challenging on several fronts, the year ended with the organization in a much more stable position.

The work for this fiscal outlined in CPI’s five-year strategic plan was only partially executed due to lack of funding to support implementation. The increased funding request that supported the plan was withdrawn in order to allow discussion of the value of the Canadian Pork Excellence Program.

Funding for Agri-Marketing was approved by Agriculture and Agrifood Canada for the first 3 years of a 5-year program. Not all activities were executed in order to better manage the tight cashflow situation of the organisation. However, I am pleased to report that at year-end CPI is well ahead in its objective to rebuild the reserve to support day-to-day operations.

Internationally, CPI has seen Asian Swine Flu (ASF) in China have a significant impact on the global pork trade. The spread of ASF is reported to be up to 35% of the Chinese swine population and is reportedly spreading

to other Asian regions. This spread throughout Asia will have a serious long-term impact on global pork markets. While ASF is a major threat to the Canadian industry, it could also present a global multi-year opportunity to increase profitability for the Canadian pork industry. CPI has been working actively with government and industry associations to develop proactive policies and biosecurity plans to protect Canada from ASF contamination.

In good news for exports, CPI efforts in Japan continue to grow the industry. This year Canadian fresh chilled pork exports to Japan surpassed those of the United States. In total, Japanese imports of Canadian pork were 264,636 tonnes for a value of \$ 1.275 billion, approximately 33% of Canada’s total exports in value.

There are many opportunities ahead for the industry and for CPI. I want to thank CPI staff as well as the Board of Directors for their support over the past year.

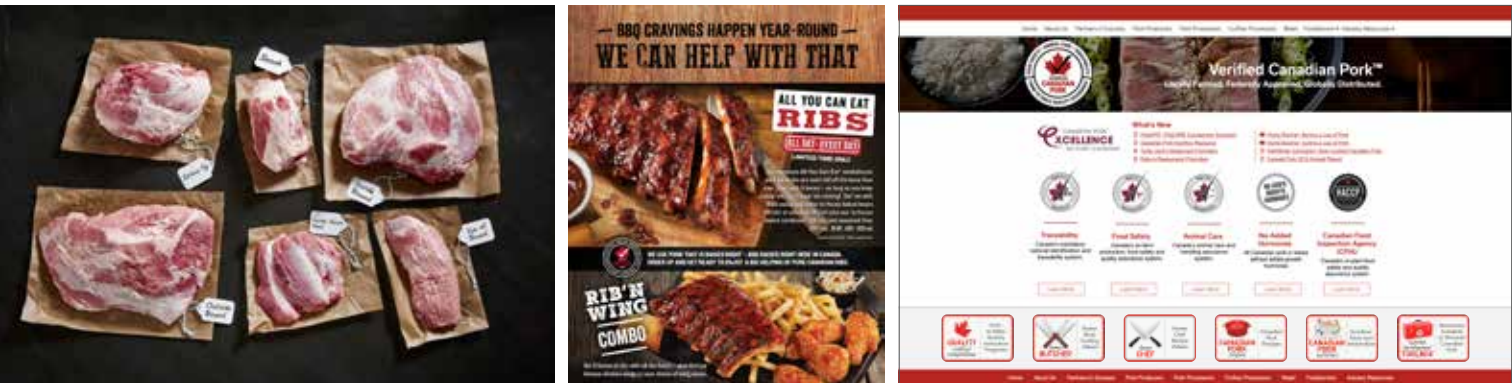
Martin Lavoie
Martin Lavoie / President & CEO

EXPORT MARKET DEVELOPMENT PROGRAM

The export market development program provides CPI member funding based on eligible cost-shared activities that have a direct impact on CPI member initiatives to expand the market share of Canadian pork in the export marketplace. Funding support is available for activities and initiatives that range in the following categories.

EMD PROGRAM ACTIVITY 2018–2019

68 EMD PROJECTS APPROVED AND FUNDED	11 EMA PROJECTS APPROVED AND FUNDED	97 EMI PROJECTS APPROVED AND FUNDED	8 GENERIC INITIATIVES APPROVED AND FUNDED (6 in Japan / 2 in South Korea)
ALBERTA PORK EXPORT MARKET DEVELOPMENT PROGRAM ACTIVITY 2018–2019			21 PROJECTS approved and funded



DOMESTIC INITIATIVES

CANADA PORK KEY HIGHLIGHTS AND ACTIVITIES

- Produced an advertising campaign with four insertions in two industry magazines (Foodservice & Hospitality Magazine and Canadian Grocer) to support two demand-building programs: fall/winter Slow-Cooking and spring/summer Thrill of the Grill.
- Added 9 new Verified Canadian Pork™ licensed users increasing the VCP base to 57 licensed end-user partners.
- Expanded VCP co-branded products in the marketplace to a total of over 130 branded VCP products.
- Partnered with industry organizations to co-brand 12 “Home Slicing Techniques” videos.
- Updated the VCP website including new photography and a “What’s New” section with links to provide users easy and quick access to valuable Canada Pork resources.



CANADA PORK EDUCATION PROGRAMS

DISTRIBUTOR EDUCATION PROGRAMS (DEP) SESSIONS

- This year the Canada Pork team presented 11 DEP sessions:
- 4 sessions with national and regional foodservice distributors, an event with a member primary processor;
 - 1 event with a value-added further processor;
 - 3 sessions with professional meat cutting students;
 - 1 event with a trading house member;
 - 1 event at a regional pork producer seminar.

CANADA PORK VIDEO PRODUCTIONS

- This year Canada Pork developed and launched 5 instructional videos.
- 2 videos support the Slice & Save value theme featuring Home Meat Cutting Techniques: How to bone a fresh pork leg; How to utilize a 6-piece boneless pork leg with shank.
 - 3 videos support Home Chefs: five ideas for “Posh Bacon”; “Lean Ground Pork Bavarian-Style” with seven recipe ideas; “Grill like a Pro and Plate like an Artist” grilling and presentation tips.

CANADA PORK DEMAND-BUILDING PROGRAMS

Demand-building programs focus on opportunities at retail and foodservice to position Canadian pork as the protein of choice as well as a versatile meal solution. These programs promote seasonal cooking methods and themes as well as highlighting optimal internal doneness temperatures, all of which lead to increased end-user customer confidence and consumer satisfaction.

Themes include Thrill of the Grill for Spring/Summer season; Perfect Pork Roasts and Slow-Cooking for the Fall/Winter season and Year-Round Slice & Save Value themes. Licensed Canada Pork members and end-user partners customize the programs for their own use, providing an expanded return on investment.

This year the Slow-Cooking demand-building program was developed and launched for the Fall/Winter season.



INTERNATIONAL INITIATIVES

JAPAN KEY HIGHLIGHTS AND ACTIVITIES

- Produced and distributed over 17 million Verified Canadian Pork™ (VCP) brand tray pack stickers for retail end-user customers in Japan
- Participated in Japan Meat Industry Fair to promote the VCP program (April 2018)
- Partnered with 2 CPI processor members to conduct competitive benchmarking events at the Japanese Federal Meat Academy (April & September 2018), total 3 times.
- Participated in 10-day BB Fest in Tokyo to promote VCP brand (April/May 2018)
- Participated in the Cooking Grand Prix Competition in Osaka, Japan (July 2018)
- Presented a luncheon with seminar in Osaka with representatives from Canadian consulate (Aug 2018) / 80 guests
- Participated in foodservice promotion with Canadian craft beer company at Café Hooop in Tokyo (summer 2018)
- Participated in restaurant promotion with restaurant chain Anrakutei / 224 locations (fall 2018)
- Partnered with Costco Japan to present sampling demos at 26 Costco warehouse locations (October/November/December/January)
- Partnered with 25 new retail chains across Japan to present sampling demos to promote Canadian pork (October/November/January)
- Participated in Yakiniku Business Fair with foodservice distributor Marushoku Foods, Osaka (February 2019)
- Costco Japan lists frozen Canadian organic ground pork in addition to frozen Canadian pork sliced product (February)
- Participated at Foodex Japan 2019 / 88,000 visitors (March 2019)
- Distributed digital VCP consumer marketing information, recipes and promotional updates through the CPI Japan website
- Conducted 2,135 in-store tasting events in Japan to support the VCP brand and premium quality Canadian pork supply partners
- Presented 17 Distributor Education Program (DEP) Sessions for local importers and distributors of imported pork with over 500 attendees in total. (April 2018 – March 2019)
- Japanese website: number of PV: 40,699 (PC site) and 54,138 (smart phone site) Total 94,837
- Produced consumer marketing materials promoting the VCP brand, web site campaign, posters and consumer brochures for the retail sector
- CPI Japan initiated 10 VCP advertisements in the Japanese industrial newspapers and meat magazines (April 2018 – March 2019)
- Supported incoming missions, market access programs and worked with the Canadian embassy and Provincial trade commissioners



CHINA KEY HIGHLIGHTS AND ACTIVITIES

- A number of CFIA-approved meat establishments became eligible to export chilled pork to China—the first step in establishing a protocol to expand distribution of pork products in China (April)
- Partnered with Beijing Hualian Group (BHG) for an in-store promotion of Canadian pork products / 12 stores / Beijing (August 2 - October 30)
- Partnered with Hot Pot restaurant chain / 80 locations / Shanghai (September)
- Participated in the “Canada Agri-food meets Sichuan Cuisine” event and reception (40 chefs) with the Consulate General of Canada / Chongqing (October)
- Partnered with Green Maple, an importer of Canada pork products, on a promotion with the Wu Shang Group / 9 superstores / Wuhan (December)
- First meeting of CPI China Advisory Committee (March)



INTERNATIONAL EVENTS

- CPI Seminar in Buenos Aires, Argentina (July 30, 2018) / 40 attendees & in Santiago, Chile in partnership with Canada Beef (August 1, 2018) / 100 attendees
- CPI 2019 Annual Conference: Building on Value (February 21, 2019), Toronto, Canada / 140 attendees
- CPI partnered with Canada Beef to present the International Meat Secretariat (IMS) Marketing and Communications Workshop (March 12 - 14, 2019), Banff, Canada / + 40 attendees



TRADE SHOWS AND TRADE MISSIONS

INTERNATIONAL TRADE SHOWS

- Food & Hotel Asia 2018 (April 24 – 27, 2018) Singapore / 8 CPI members, 81,896 attendees
- Seoul Food & Hotel 2018 (May 1 – 4, 2018) Seoul, South Korea / 9 CPI members, 45,092 attendees
- SIAL China 2018 (May 16 – 18, 2018) Shanghai, China / 18 CPI members, 110,635 attendees
- SIAL Paris 2018 (October 21 – 25, 2018) Paris, France / 18 CPI members 310,000 attendees
- Food & Hotel China 2018 (November 13 – 15, 2018) Shanghai, China / 18 CPI members, 90,000 attendees
- Expo Carnes 2019 (February 2019), Monterrey, Mexico / 16 CPI members, 6,500 attendees

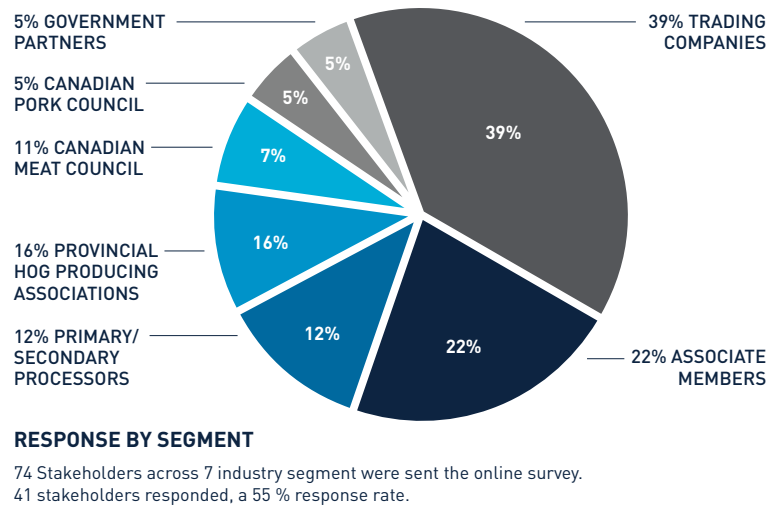
TRADE MISSIONS

- Ministerial mission to Argentina and Chile (August 2018)

PERFORMANCE MEASURES

CPI MEMBER SATISFACTION SURVEY 2019

CPI conducted an online satisfaction survey of member companies and stakeholders to evaluate the programs and services offered by CPI. The survey consisted of four questions to evaluate awareness of CPI activities and the effectiveness of programs and services.

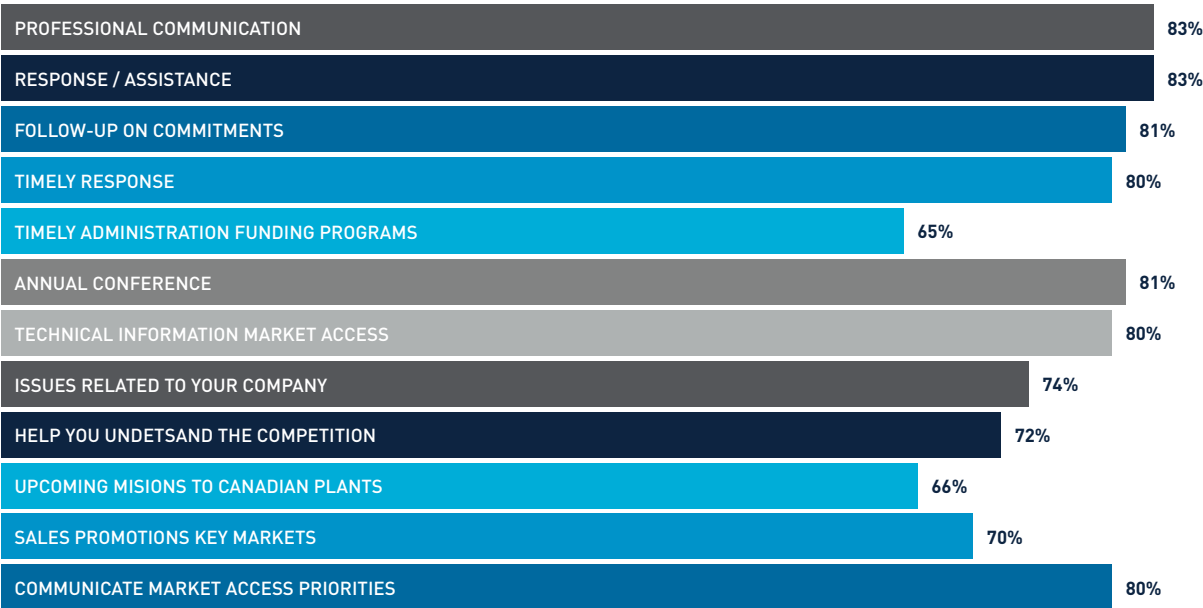


OVERALL RATING:
AN AGGREGATE SCORE OF THE EVALUATION OF CPI ACTIVITIES, COMMUNICATIONS AND EFFECTIVENESS GAVE CPI AN OVERALL RATING OF 7.7 OUT OF 10.

AWARENESS/QUALITY/EFFECTIVENESS OF CPI ACTIVITIES



EFFECTIVENESS OF CPI COMMUNICATION AND ACHIEVEMENT OF PRIORITIES FOR YOUR ORGANIZATION

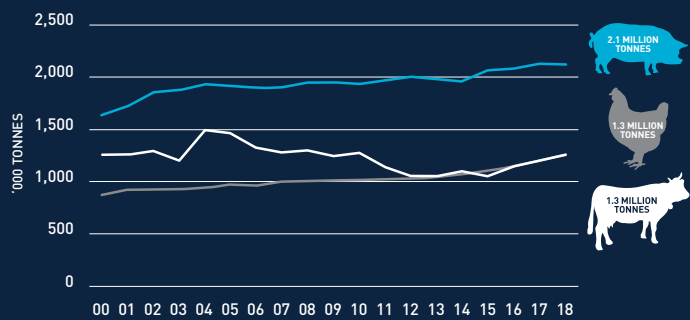


WOULD YOU AGREE THAT CPI PROGRAMS / SERVICES PROVIDE INTERNATIONAL CANADIAN PORK BUYERS WITH A BETTER UNDERSTANDING OF THE FOLLOWING?

	YES	DON'T KNOW	NO
QUALITY ADVANTAGES	78%	17%	5%
SPECIFICATION/YIELD ADVANTAGE	73%	17%	10%
ON-FARM FOOD SAFETY	66%	27%	7%
TRACEABILITY SYSTEMS	63%	29%	7%
IN-PLANT FOOD SAFETY	71%	20%	10%
ACCESS AND REGULATIONS	76%	20%	5%
OVERALL VALUE PROPOSITION	78%	12%	5%
INCREASE CUSTOMER CONFIDENCE	80%	15%	5%
INCREASED ACCESS TO NEW CUSTOMERS	61%	24%	15%
INCREASED YOUR PORK EXPORTS	63%	20%	17%
PROVIDE MARKET INTEL	78%	17%	5%
UNDERSTANDING EXPORT REQUIREMENTS	68%	17%	12%

MARKET INDICATORS

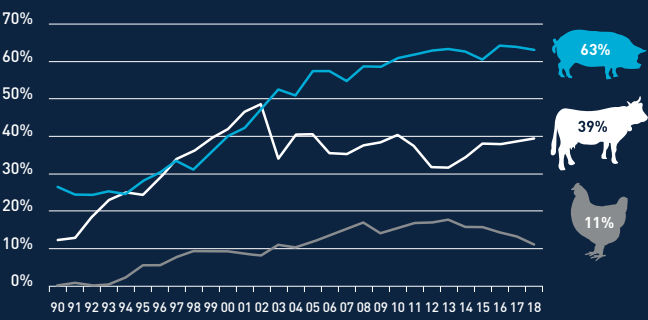
In 2018, Canadian exports of pork and pork products reached 1,262,061 tonnes and pork export value was of \$3.86 billion.



CANADIAN MEAT PRODUCTION
PORK | CHICKEN | BEEF | 2000–2018

Source: Agriculture Canada, Statistics Canada

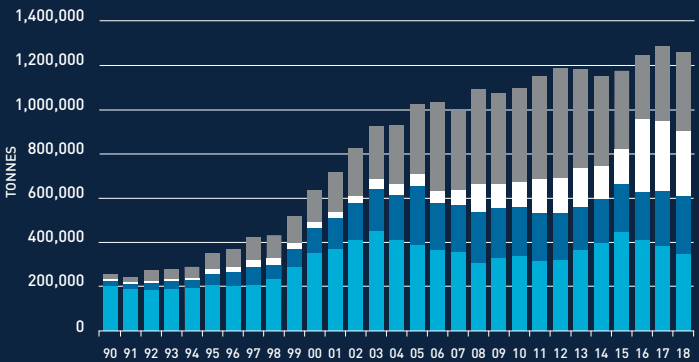
— PORK — CHICKEN — BEEF & VEAL



CANADIAN MEAT EXPORTS % OF PRODUCTION

Source: Statistics Canada

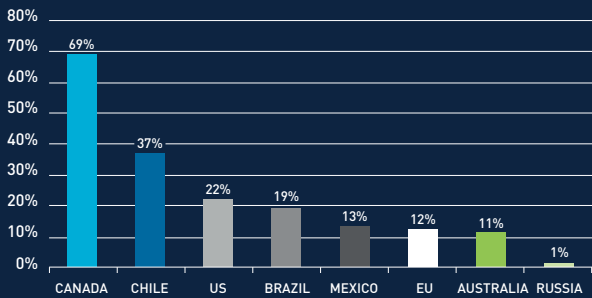
— PORK — CHICKEN — BEEF



CANADIAN PORK EXPORT VOLUME | 1990–2018

Source: Statistics Canada

■ OTHER ■ CHINA/HK ■ JAPAN ■ US

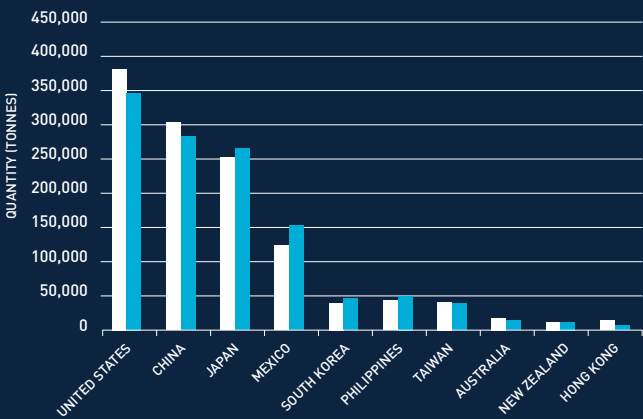


PORK EXPORT DEPENDENT COUNTRIES
% OF PRODUCTION EXPORTED

Source: GTIS, AgriTrends

KEY FINDINGS

- Canadian pork export volume has increased by 167,560 tonnes (+15.3%) in the last 10 years
- Canadian pork export value has increased by \$1.12 billion (+41%) in the last 10 years
- The US continues to Canada's largest export market by volume representing 346,834 tonnes in 2018
- China continues to be Canada's second largest market by volume representing 283,350 tonnes in 2018
- Japan continues to be Canada's highest value market accounting for over \$1.27 billion, representing 33% of total export value
- Canada's top ten export markets in 2018 represented 95.8% of total export volume and 96.8% of total value
- Canada's top ten export markets in 2018 (volume): USA, China, Japan, Mexico, Philippines, South Korea, Taiwan, Australia, New Zealand and Hong Kong

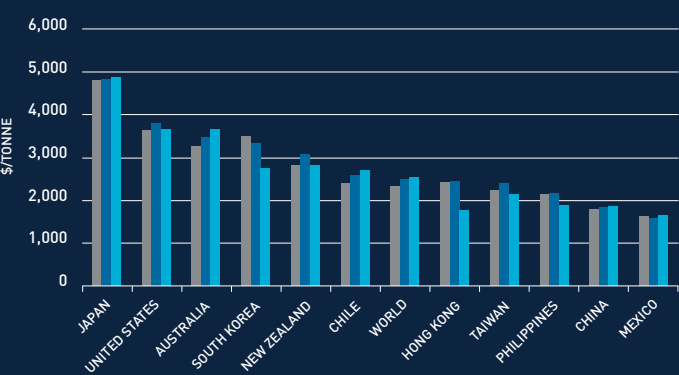


CANADA'S TOP TEN MARKETS 2017 vs. 2018

In 2018, the top ten represented 97% of the value and 96% of the volume

Source: Statistics Canada

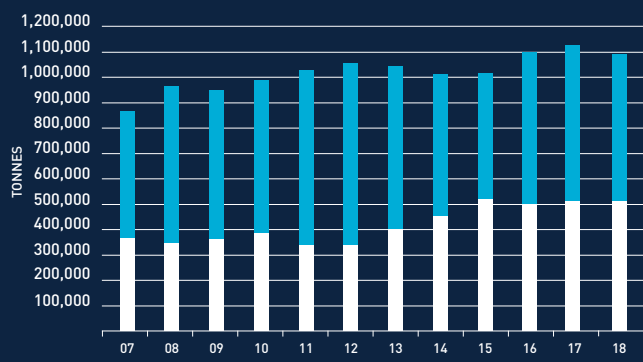
■ 2017 ■ 2018



TOP UNIT VALUE MARKETS
CANADIAN PORK EXPORTS | 2016–2018

Source: Statistics Canada

■ 2018 ■ 2017 ■ 2016

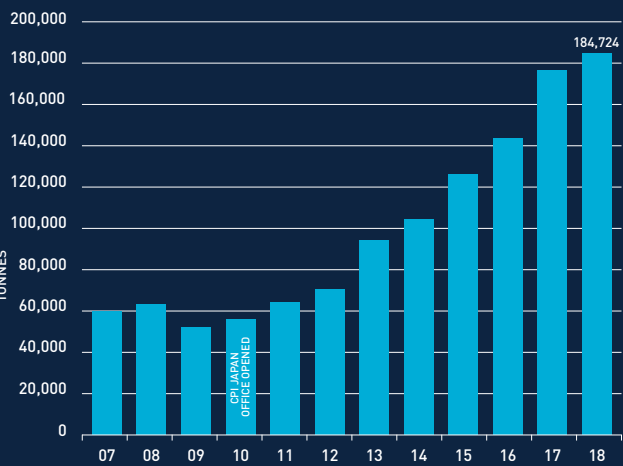


CANADIAN FRESH/CHILLED
AND FROZEN PORK EXPORTS

Source: Statistics Canada

■ TOTAL FRESH/CHILLED PORK – ALL COUNTRIES
■ TOTAL FROZEN PORK – ALL COUNTRIES

* including Cuts and Offal
* excluding Pork Fat and Processed Pork



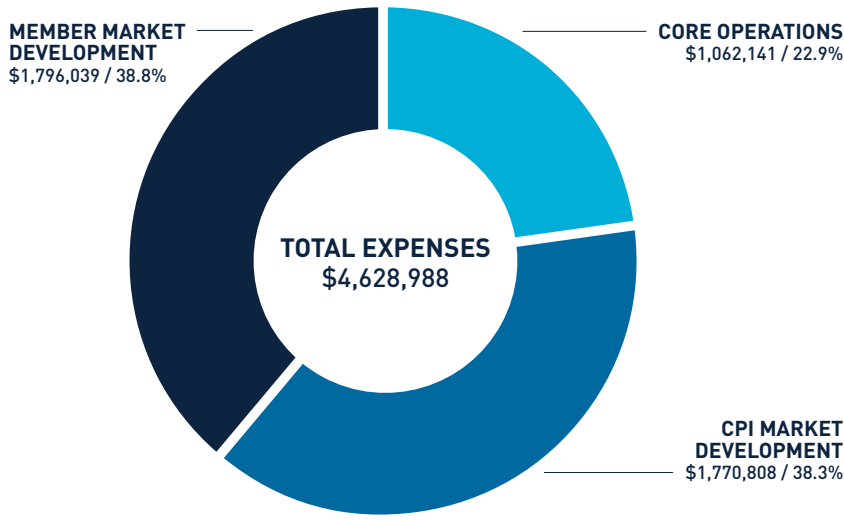
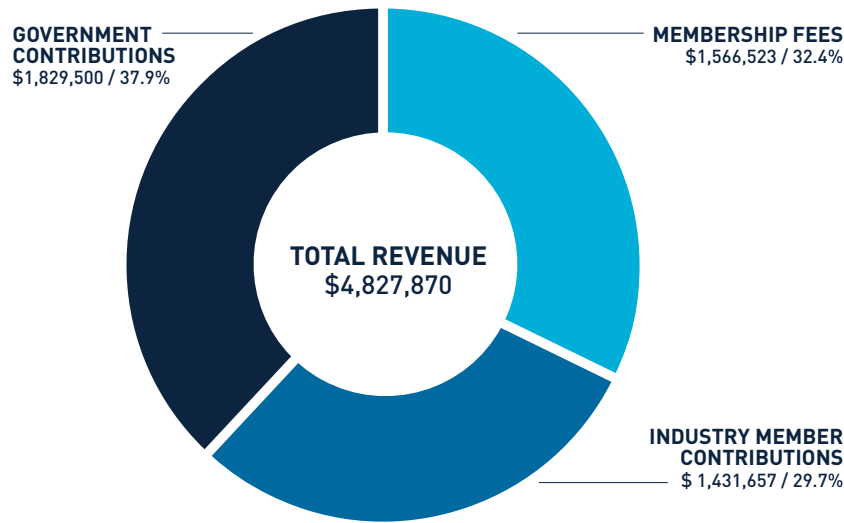
CANADIAN CHILLED PORK GROWTH
JAPAN | 2007–2018

Source: Trade Statistics of Japan, Ministry of Finance

2018–2019 FINANCIAL REPORT

	2019	2018
STATEMENT OF FINANCIAL POSITION		
March 31, 2019		
ASSETS		
Cash	594,137	664,152
Accounts Receivable	1,716,202	417,726
Prepaid Expenses	55,246	205,554
Current Assets	2,365,585	1,287,432
Capital Assets	—	1,200
TOTAL ASSETS	2,365,585	1,288,632
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable and Accrued Liabilities	1,657,001	685,307
Deferred Contributions	112,496	343,162
Deferred Revenues	170,973	33,930
Total Liabilities	1,940,470	1,062,399
Restricted Net Assets		
Unrestricted Net Assets	425,115	225,033
Total Net Assets	425,115	226,233
TOTAL LIABILITIES AND NET ASSETS	2,365,585	1,288,632
STATEMENT OF OPERATIONS		
For the year ended March 31, 2019		
REVENUE		
Membership Fees	1,566,523	1,591,478
Industry Member Contributions	1,431,657	635,302
Government Contributions	1,829,500	2,927,428
Other	190	29,501
TOTAL REVENUE	4,827,870	5,183,709
EXPENSES		
Core Operations	1,062,141	1,038,332
CPI Led Market Development	1,770,808	1,799,248
Member Initiated Market Development	1,796,039	2,180,684
TOTAL EXPENSES	4,628,988	5,018,264
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	198,882	165,445

2018–2019 FINANCIAL REPORT



*The 2019 excess of revenue over expenses is: \$198,882

CANADA PORK INTERNATIONAL

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