A N A D I A N May/June 2014

# Meadisiness

The Beef, Pork & Poultry Industry Magazine

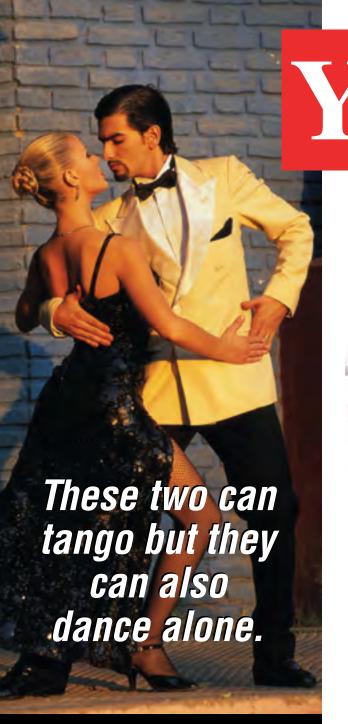
# PEDV: The Mad Cow of 2010s?

Selling meat and poultry online

Taking stock at mid-year

I ate meat on Earth Day pg. 5

es to: 106-530 Kena



## GROUP INC



#### **Patty Forming Machine**

Our ABM Line from Italy includes the F2000, F3000, and F4000 Patty Forming Machine. The F2000 standard model fitted with a single phase AC motor is ideal for the processors who only needs up to 3000 patties formed.



#### Bettcher Batter-Breading System

Features a breading system that cuts your labor by more than 70%. This Automatic Batter-Breading system can provide far more output in a lot less time – up to 3000 patties per hour. This innovative machine will provide a 40% savings over pre-breaded product.

#### Yes Group Inc.

201 Don Park Road, Unit 1 Markham, Ontario L3R 1C2

Phone: 1-800-465-3536 905-470-1135

Fax: 905-470-8417

Website: www.yesgroup.ca

Email: sales@yesgroup.ca



















### In this issue May/June 2014

- **Guest Editorial** by Cam Patterson
- PEDv: The Mad Cow of 2010s? by Scott Taylor
- 10 Policies on the horizon could threaten your bottom line by Mandy D'Autremont
- **12** Selling Meat and Poultry Online by Ronnie P. Cons
- 14 Taking Stock at Mid-Year by Frank Fisico
- **16** Assembly Line

- Test Kitchen Demos Latest Thermal Processing Technologies by Ed Sullivan
- **22** Change Science by Tom Somodi
- 24 Competition Leads to Food Price Deflation by Kevin Grier
- 5th Annual China International Meat Processing Trade Show
- Canadian government invests \$13 million in pork research



With a state-of-the-art 360° 3D laser scanning system, the Marelec Portio is the industry's most accurate portion cutter.

The Marelec Portio portion cutter features up to three laser scanner cameras for highly accurate portioning. This intelligent portioner slices all types of fresh boneless product by weight or by thickness.

As product is fed on the infeed belt,

Marelec Portio 3 Portion Cutter

three laser scanners measure its volume. A portion computer then calculates where to cut. Four stabilizing arms maintain control of the product. An ultra-fast cutting knife makes up to 1,000 precise fixed-weight cuts per minute. The economical Portio

increases throughput, virtually eliminates giveaway, reduces trim, and delivers consistent and accurate portions. Contact us for more information.

www.reiser.com

Reiser

Canton, MA • (781) 821-1290

Reiser Canada

Burlington, ON • (905) 631-6611





May/June 2014 Volume 13 Number 3

#### **PUBLISHER**

Ray Blumenfeld ray@meatbusiness.ca

#### MANAGING EDITOR

Scott Taylor publishing@meatbusiness.ca

#### **DIGITAL MEDIA EDITOR**

Cam Patterson cam@meatbusiness.ca

#### **CONTRIBUTING WRITERS**

Mandy D'Autremont, Ronnie P. Cons, Frank Fisico, Ed Sullivan, Tom Somodi, Kevin Grier

#### CREATIVE DIRECTOR

Christian Kent

Canadian Meat Business is published six times a year by We Communications West Inc.



#### We Communications West Inc.

106-530 Kenaston Boulevard Winnipeg, MB, Canada R3N 1Z4 Phone: 204.985.9502 Fax: 204.582.9800 Toll Free: 1.800.344.7055

E-mail: publishing@meatbusiness.ca Website: www.meatbusiness.ca

Canadian Meat Business subscriptions are available for \$28.00/year or \$46.00/two years and includes the annual Buyers Guide issue.

©2014 We Communications West Inc. All rights reserved.

The contents of this publication may not be reproduced by any means in whole or in part, without prior written consent from the publisher.

Printed in Canada. ISSN 1715-6726













### I ate meat on Earth Day

#### DON'T EAT MEAT on Earth Day?

Maybe we're missing the point just a little. When Wisconsin Senator Gaylord Nelson introduced a national day of environmental protest to wake up Congress over the Clean Air Bill in 1970, it triggered a worldwide movement known today as Earth Day. However, he probably didn't mean meat.

There is no doubt the clean water initiative is a problem for the Canadian meat industry, and countries the world over, must participate in developing practical solutions to resolve these environmental issues because agricultural pollutants do contribute to the problem but not eating meat is not the solution to that end, or is it?

Maybe I'm missing the point because I felt environmentally aware while wheeling my old charcoal BBQ out of the garage on April 22nd in order to not turn on lights in the kitchen, fire up the stove or spark the propane barbeque. No, I did it the old fashioned way with a bag of

charcoal, a match and seasoning spices in my dad's hand-medown barbeque salt and pepper shakers. I felt pretty hip because I was doing my part to reduce my carbon imprint. I'm not sure I even comprehend what that really is, right up until I read an article that banished meat eating.

Maybe they meant don't cook it, save electricity, light a candle, find your inner self. No, they meant don't eat it. Well too late. I like eating meat, all kinds of good, nutritious Canadian raised beef, pork and poultry products. I'm responsible with my diet and I even pay attention to my cholesterol. Can't you just smell that sizzling meat cooking on the grill? And by the



Maybe I'm missing the point because I felt pretty environmentally aware wheeling my old charcoal BBQ out of the garage in order to not turn on house lights in the kitchen, fire up the stove, or spark the propane barbeque.

way, charcoal really is better! So I'm going to enjoy it while my house is dark, the computers and televisions are off, cars are parked in the garage and the recycling bins teamed and ready to go to the curb. But I'm drawing the line with giving up my meat.

I do believe Earth Day is an important global movement that is sorely needed to heighten awareness and save this third rock from the sun for our children. Maybe the real hidden value in Earth Day is meant to help unite us around the world and for a brief moment ease the dissentions that racially, culturally, politically, environmentally, religiously, and financially separate us. We need to remember that we are all human beings sharing these precious resources and living on this planet. And for one day, we embrace that, and gain a little humanity, rekindle the drive to initiate, discuss, and hopefully resolve the major environmental problems that confront us all, and clean up the world. At least that's what this meat eater thinks. M

Cam Patterson is the Digital Media Content Editor for Canadian Meat Business Magazine.



# PEDv: The Mad Cow of 2010s?

By Scott Taylor

IN MANITOBA, MARK Fynn calls it "controlled panic." In Ontario and the United States, the panic isnt quite so controlled.

The Porcine epidemic diarrhea virus (PEDv) that has rocked Ontario and U.S. hog farms has not done the same damage in Manitoba, but Fynn, the Animal Care Specialist for the Manitoba Pork Council remains anything but over-confident.

His department, along with the province's 600-700 hog producers and the Office of the Chief Veterinary Officer has been vigilant in their efforts to keep PEDv out of Canada's Keystone province. And while summer is coming and the virus "doesn't like" Manitoba's hot, dry conditions, there are still protocols in place that are designed to keep this deadly virus away from the province's \$1.5 billion hog industry.

"We've had not nearly the number of infected farms that have turned up in the United States and Ontario," said Fynn. "A survey was done here recently and there were only eight positive results from more than a thousand samples. So while we aren't free of the virus, it's quite positive. We had one infected farm, but that was three months ago. Usually, this disease will run through the herd in six-to-eight weeks. We still need to complete the environmental clean up of that farm, but we're moving along and we should be in good shape.

"For us, right now, it's a controlled panic. This is not going away anytime soon in the United States unless a miracle vaccine comes along, so right now we're extremely careful with keeping our animals healthy and that means our emphasis is on our trucks and keeping them as clean as possible."

Porcine epidemic diarrhea virus has become the Bovine spongiform encephalopathy – Mad Cow Disease – of the 2010s. When Mad Cow struck in 2003 and 2005, there was a fear that the cattle industry – first in Canada and then in the United States – might be for forever damaged or even wiped out. PEDv is doing almost the same thing to hog farms in the United States that Mad Cow did to cattle ranches in the early 2000s.

In less than a year, since the virus first appeared in North America, PEDv has wiped out almost 12 per cent of the U.S. pig population and, as a result, has sent pork prices in the United States to all-time highs. According to the USDA, pork retailed for \$3.83 a pound in March of 2014, slipping past the former record high of \$3.81 set in October of 2013. In March of 2013, pork was selling for \$3.52 a pound. That's already a nine per cent increase and the USDA has warned that another three-to-four percent increase is on the way.

"I don't see any relief in terms of red meat or pork prices," said Michael Boland, director of the University of Minnesota's Food Industry Center. "I think it will play out this way throughout the year."

PEDvarrived in the United States last spring, but accelerated this past winter. The virus loves cold and damp weather and that's what it got in the winter of 2013-14, especially in the hog barns of North Carolina. The disease poses absolutely no food safety threat to humans, but it has a very high mortality rate for piglets and, so far, there is no cure.

"Estimates over the size of pig losses from PEDv have varied widely," wrote Bill Lapp of Advanced Economic Solutions in Omaha, Neb., a firm that specializes in food and commodities. "There are still a lot of question marks on how severe it's going to be."

For some producers, the damage has been tragic. According to Reuters, in Sampson County, North Carolina, 12,000 of Henry Moore's piglets died in three weeks while in Oklahoma, a farmer named John Prestage lost more than 30,000 piglets in the fall of 2013.

PEDv is the acronym for porcine epidemic diarrhea virus (PED virus or PEDv). It is a coronavirus that infects the cells in the lining of the small intestine of a pig. It is especially devastating on piglets, which suffer severe diarrhea and ultimately dehydration. It's the massive dehydration that kills the small animals. While older hogs will get very sick and lose a lot of weight, newborn piglets usually die anywhere from three-to-21 days of contracting the disease.

The disease was first discovered in Europe but it didn't take long for it to become a major issue in Asia. The highly infectious virus reached the United States last spring and got to Canada this past winter.

In fact, the first case in Canada was recorded in late January when the Ontario government investigated a hog farm in Middlesex County near London, after a laboratory discovered the virus. Soon after, one of Canada's biggest pork processors, Olymel LP, released word that tests confirmed the virus had been found at an unloading dock at its Saint-Esprit slaughter facility northeast of Montreal.

According to Steve Meyer, president of Paragon Economics in Iowa (Iowa and North Carolina are the two largest porkproducing States in the U.S.) and also a consultant to the National Pork Board, since last June more than seven million pigs have died in the United States.

However, the United States Department of Agriculture's data, released on March 1, 2014, claimed that the U.S. hog herd was now at about 63 million head, that's down nearly 11 per cent in 12 months.

As of April 26, 2014, the National Animal Health Laboratory Network has reported 204 out of 779 PEDv tests conducted at nine veterinary diagnostic labs have come back positive. According to the NAHLN, these most recent tests brought the confirmed PEDv count in the U.S. to 6,226 since last May. The American Association of Swine Veterinarians says there have now been cases of PEDv diagnosed in Virginia, which means that the disease has spread to 30 states.

Meanwhile, as prices for hogs rose to record levels at market, Don Roose, President of U.S. Commodities, told Agrimoney.com last December: "The big question is, 'where are all the hogs?" Even then, the brokers weren't sure that PEDv had wiped out as many piglets as it had.

It appears ground zero occurred in Ohio last May, although no one is absolutely certain how it got there. From Ohio, it has spread to at least 30 states. So far this year the USDA has reported that three per cent fewer hogs have arrived at U.S. packing plants than in 2013.

"The original problem we faced is the fact that it's not a reportable disease," said John Goihl, a hog nutritionist in Shakopee, Minn. "I've talked to a farmer here in Minnesota who said that the virus struck one litter in his barn in the morning and by the evening, all the piglets in the barn were stricken. No one really knows how it got here, what caused

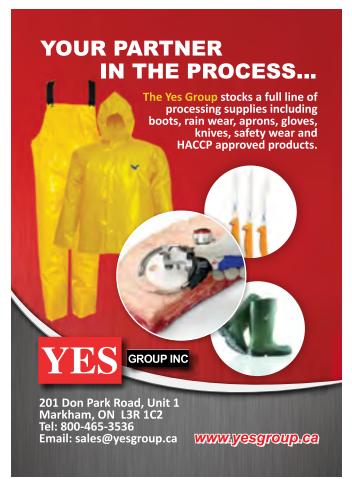




it or how its spreads. A lot of fingers are being pointed, but nobody really knows."

This particular strain of the virus is said to be nearly identical to a strain that infected pigs in China's Anhui province, according to a report published in the American Society of Microbiology journal, mBio. According to Reuters, researchers are also studying a theory that claims the widespread use of pig-blood byproducts in hog feed might have introduced the disease in North America.

Meanwhile, the national pork board has spent nearly \$2 million researching PEDv and yet the disease is still spreading. Minnesota hog farmer Greg Boerboom talked to Reuters about the devastation that's been done to the industry.



"If you have four weeks of mortality in a PEDv break, that's pretty devastating to the financial well being of that operation," Boerboom told the news agency. "I think most producers are scared. They stay up at night."

In the U.S., researchers believe PEDv is transmitted through contact with pig manure. Biologists at the USDA have even suggested that a mere teaspoon of PEDv-infected manure would be enough to infect the entire U.S. hog herd.

"It's true that a teaspoon of it could affect every pig in the United States," said Goihl. "The pig manure theory is interesting, but it could have been fecal matter that caused it and, remember, when the feces dries up, it turns to dust so it could be transported by air. That's the point, nobody is certain. It could be transported by manure on a truckers boot or on the shoe of the UPS guy.

"I've spent at least one-third of my time for the last eight months on this disease and while I have my own theories, no one is really sure why all of this is happening."

Here in Canada, it's no secret that the pork industry has had a long, committed partnership with the U.S. pork industry. If something devastating happens in the U.S., it's very likely it will affect pork production in Canada. And while, it has been a particularly nasty epidemic in Ontario, Manitoba has come through relatively unscathed.

According to Manitoba's office of the CVO, there are now 57 farms in Canada that have tested positive for PEDv -- one in Manitoba, one in Prince Edward Island, one in Quebec and 54 in Ontario. Ontario's cold, damp winter was, sadly, ideal for the transmission of the virus.

Meanwhile, Manitoba remains in regular contact with chief veterinary officers and industry stakeholders right across the country. According to the CVO, PEDv is a reportable disease in Manitoba and producers have been encouraged to remain vigilant with the necessary bio-security protocols that prevent the spread of PEDv and all producers in Manitoba must report any suspected cases to their veterinarian.

Fynn believes a combination of climate and cleanliness has, at least, kept the virus at bay in the middle of the country.

"We've been emphasizing to our (truck) drivers for a long time that they keep their trucks as clean as possible," Fynn says. "For the most part, here in Manitoba, trucks have live animals on them when they cross the border into the United States, but they almost always come back empty. These trucks are a concern for us. We tell the drivers that as soon as they drop their loads of live animals, they immediately clean and disinfect their trucks.

"If it's determined at the border that the trucks have not been cleaned and disinfected, they are sealed at the border and immediately sent to a wash and disinfectant site in Manitoba."

According to the CVO, "Producers should treat any high traffic area for pigs as potentially contaminated and follow the strict protocols for biosecurity, as described in the Guidelines developed by the Canadian Swine Health Board, for trailers returning from such facilities."

According to Fynn, one of the biggest problems with the disease is that once it's take hold in a barn, there is no vaccine to cure it. Because sow barns are so close together, the virus can spread with lightning speed.

An Iowa company, Harrisvaccines Inc., claims to have made some progress in the creation of a "magic bullet," while two of the world's pharmaceutical giants, Merck Animal Health and Zoetis Inc., have partnered with a number of Midwest American universities to work on vaccine development. But even if a vaccine is found relatively quickly, it's still years from being on the market.

In the meantime, the only thing that appears capable of slowing the spread of the disease is vigilant bio-security.

Many hog farms in Ontario and the United States completely prohibit outside visitors. At almost all hog farms in Ontario, the producers require their own workers to change clothes when entering and leaving barns.

In Iowa, truck drivers are now forced to wipe down the step into their cabs, disinfect their steering wheels and either change their boots or, more often, wear disposable plastic booties before entering farms or barns.

And this race to absolute cleanliness gets even more scientific. A study out of the University of Minnesota claimed that PEDv can live at room temperature for up to 13 days, so producers in Iowa and Minnesota want their drivers to wash their trucks with fresh water as opposed to warmer

However, it's interesting to note that in Manitoba, there have been more cases of PEDv at high-traffic or environmental sites than there have on the farms.

According to a release from the CVO, "To date, one pig farm has had cases test positive for PEDv while the total number of high-traffic or environmental sites testing positive for PEDv is seven.

"Several high-traffic sites had not conducted testing before, but started because of contact with other positive high-traffic sites or PEDv positive regions outside of Manitoba. These sites are implementing control and containment plans to prevent PEDv from moving from their sites to Manitoba farms.

"Facilities moving or handling large numbers of pigs are considered high-traffic sites and include livestock assembly yards, federal and provincial abattoirs, truck-wash stations and livestock trailers."

Meanwhile, the Manitoba Pork Producers will remain vigilant. Even though there is only one farm infected and even though summer is coming and the virus doesn't spread with as much impact in a warm, dry climate, Fynn remains in "controlled panic" mode.

"We aren't facing an epidemic in Manitoba," he said. "Right now we don't even have any sick animals, but we are still extremely careful when it comes to keeping our animals healthy. Because of our prevention efforts, we have been well ahead of other pork-producing regions in North America, but we know this disease can strike from nowhere and run through a herd in two months or less. We have a lot of trade with the United States so we are all remaining very careful and very cautious in our dealings with American farms." M





# Policies on the horizon could threaten your bottom line

By Mandy D'Autremont

**AFTER A LONG** winter, the agriculture sector is gearing up for another busy year. We all know how important the right weather conditions are for producers – sometimes clouds on the horizon are welcome, other times they aren't. Similarly, government policies either help or hinder.

The Canadian Federation of Independent Business (CFIB) closely monitors the various policy discussions across the country to determine if they will help grow the Canadian economy.

Unfortunately, there are some unwelcome clouds on several fronts, including a moratorium on the Temporary Foreign Worker Program (TFWP), talks of expanded pension payroll taxes, and concerns with the rail backlog.

#### Shortage of qualified labour still a serious concern

Small businesses look to hire Canadian workers first, but for some businesses finding available Canadians can be difficult. We know it is particularly challenging to find employees in the Ag sector due to the unique demands and rural setting. A recent CFIB survey found eight- out-of-10 small businesses looking to hire staff in the last three years had difficulty doing so.

The notion that employers are hiring temporary foreign workers to save money is misinformed. The TFWP is complicated, time-consuming, and much more costly than hiring locally. Employers prefer hiring Canadians who are qualified, willing and available to do the job.

These misconceptions about the TFWP have added fuel to a public backlash against the Program and have led the federal government to close off the program to small businesses in the restaurant sector. Some restaurants may not weather this storm, and that can have serious consequences to local communities.

While pleased the Seasonal Agriculture Workers Program (SAWP) hasn't been affected, this is a serious threat to businesses in the Ag sector who cannot use SAWP. This moratorium is a threat to the TFWP as a whole, which fills gaps in the Canadian labour force. Rather than punishing small businesses that use the program appropriately, the right action is to hold those accountable who abuse the program.

Small business owners do not condone abuse in the system -- 85 per cent of CFIB members say misuse of the TFWP

8/10

8/10 small businesses looking to hire staff in the last three years had difficulty doing so.

**70**%

More than 70% increased the wages they were offering before turning to foreign workers.

CFIB



"Small business owners do not condone abuse in the system 85 per cent of CFIB members say misuse of the Temporary Foreign Workers Program should result in that business losing access."

should result in that business losing access. The CFIB is actively lobbying the federal government for an end to the moratorium and has a number of suggestions to improve the overall immigration system.

Some governments want to raise your pension payroll taxes by 40 per cent.

In 2013, federal and provincial governments discussed increasing the Canadian Pension Plan (CPP). The CFIB was successful in stopping this misguided plan that would hurt job creation and your bottom line. While pleased the federal government decided not to proceed with hiking the CPP at this time, some provincial governments are discussing creating new provincial pension plans.

Canada's economy is still fragile. Taking millions of dollars out of Canadians' pockets and stunting business growth won't help. There are better alternatives to a mandatory expansion of payroll taxes, including encouraging Canadians to save for their future, and introducing Pooled Registered Pension Plans (PRPPs) as an improved retirement savings option for small businesses and their employees.

A small step toward improving Canada's rail transportation.

If labour shortages and higher payroll taxes weren't enough, many in the agriculture sector have been impacted by the rail backlog. CFIB's recent survey among agri-business owners shows the rail backlog is hurting a lot of Western farmers:

- · 91 per cent of Western grain farmers report their business has been negatively impacted by the rail
- · 57 per cent of Western livestock producers report their business has been negatively impacted
- 30 per cent of other Western agri-businesses have been negatively impacted

We view the federal government's Fair Rail for Grain Farmers Act as a good first step, but more needs to be done to get grain moving now and ensure a reliable transportation system in the future.

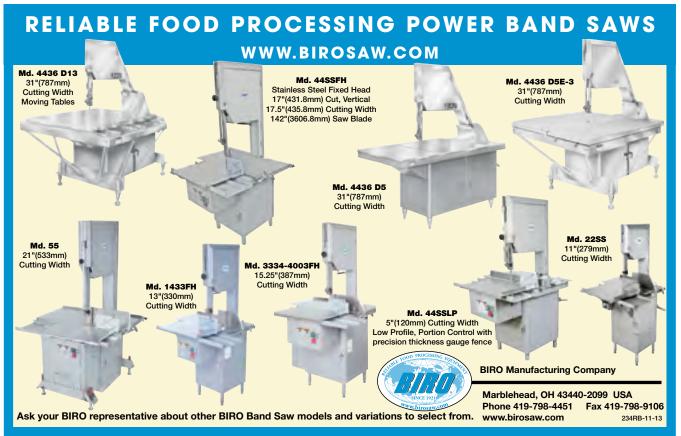
You are producing quality products for Canadians, creating jobs and helping ensure a strong economy, all while maneuvering through sector issues like the rail backlog, labour shortages, PEDv, COOL, and the list goes on. CFIB is committed to ensuring policy-makers hear that producers, like you, don't need new pension payroll taxes or roadblocks that make it more difficult to find staff. M



Mandy D'Autremont is a Senior Policy Analyst, Agribusiness with the Canadian Federation of Independent Business. She can be reached at mssask@cfib.ca

Established in 1971, CFIB is Canada's largest association of small- and medium-sized businesses,

CFIB is Powered by Entrepreneurs™. CFIB takes direction from more than 109,000 members (including 7,200 agri-business owners) in every sector nationwide, giving independent business a strong and influential voice at all levels of government and helping to grow the economy.





# Selling Meat and Poultry Online

An E-Commerce Opportunity for Canadian Retailers

By Ronnie P. Cons EVP C&C Packing

ONLINE PURCHASES BY Canadians are expected to continue growing at a rapid pace, hitting \$34 billion by 2018. That represents about eight per cent of all retail sales.

Many products and services are sold online from electronics to makeup to accounting services. However, given all the growth, online sales of meat and poultry still remain very weak in Canada. The main reason given for this is the expensive transportation costs in order to ship the meat products in this country.

In the United States, the costs are much lower due the higher density of population centres allowing shipping companies the ability to charge less. Does this mean that there are no opportunities for grocery stores and butchers to sell online?

A careful analysis of the shipping costs problem shows that it can be negated, thus allowing online sale of meat to be a profitable venture for retail meat merchants. The main problem only really arises when a stand-alone meat merchant with one location wants to ship over long distances across Canada. This problem can be avoided by partnering with the large national grocery chains with many locations in Canadian cities.



A careful analysis of the shipping costs problem shows that it can be negated, thus allowing online sale of meat to be a profitable venture for retail meat merchants.

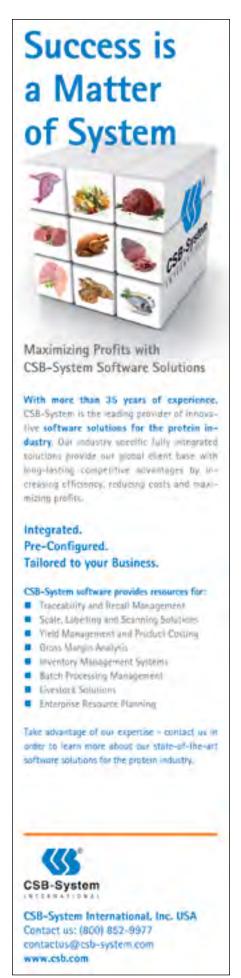
It's also important to have a great website. On-line merchants could profitably set up their online meat and poultry store as follows:

- 1. Their product line should focus on higher quality cuts and meats that are usually sold at a premium. These products are more likely to be bought online as they will more easily absorb the transportation costs. They can include items such as dry aged steaks and speciality products. In addition these products are not always found locally.
- 2. The site should promote specials of the week and blogs on recipes and products to encourage the consumer to visit often.
- 3. The site should offer a guarantee of satisfaction to encourage purchases. If a customer is not 100 per cent satisfied that his purchase will be refunded, there could be problems. This guarantee will help overcome the perceived risk of the first time buyer.
- 4. Distribution should be from specially selected centres of the national chain that are already located across Canada. This will reduce transportation costs and ensure next day delivery. One option would be to designate 1-2 meat departments of that chain in each city to prepare, pack and ship the orders. Depending on demand, they may have to add personnel. Of course the right training and management of the program will be a must.
- 5. Packaging in insulated bags with cold packs will ensure safety of product.
- 6. The website should be promoted nationally by the marketing department of the chain. The chain should also provide in-store displays for each of the local merchants to promote the service. Facebook advertising, Twitter and other social media advertising should be employed as well because their users will make up the main market for this service.
- 7. One main market segment who will use this service is married couples aged between 20-50 years old who are both working professionals. They are usually tech savvy and make a lot of online purchases. This demographic must be considered when making the adverting messages geared to them. The message must focus on high quality meats, convenience and next day delivery.

Following the above advice should result in increased meat and poultry profits for Canadian online retailers. In addition the retailer will attract new loyal customers who will then proceed to buy other products sold by the chain at the local level. M



Ronnie P. Cons is EVP of C&C Packing Inc., a leading Canadian distributor of meat and poultry. He can be contacted at rcons@ccpacking.com.







# Taking Stock at Mid-Year

How the Meat Industry can Package Efficiency and Creativity to Realize its Growth Potential

By Frank Fisico

JUST SIX MONTHS ago, the Canadian meat industry – the largest sector of the country's food processing industry – appeared poised for a prosperous 2014. According to the Canadian Meat Council, the efforts of meat processors, retailers and packagers generated more than \$24 billion in total sales and \$4.7 billion in exports in 2013. That momentum carried into the start of the year, as Canadian processors exported nearly 6,000 more tons of beef and veal during January and February 2014 than they did in that same window during 2013 – and generating a 45 per

cent increase in revenue intake in the process according to Statistics Canada research.

Despite these recent strides, the industry still must overcome several familiar challenges - including supply and labour shortages and inconsistent consumer spending habits - to achieve its vision and truly flourish in 2014. As processors develop their game plans for the remainder of the year, a closer look at the effectiveness of their packaging materials and systems may be in order. While an often overlooked component, enhanced packaging technologies offer operational and brand-building benefits that can ultimately drive sales and reduce costs.

#### Sealing up Shortage Gaps

The Porcine Epidemic Diarrhea virus (PEDv) that ravaged several North American pig farms earlier this year reinforced the industry's susceptibility to the domino effect brought by shifting supply. As the resulting shortage escalated pork prices, consumer demand - and subsequently prices - for beef and poultry also rose.

For processors and retailers, building confidence in product quality can help offset consumer price hesitations. One increasingly popular quality validation solution among Canadian retailers is vacuum packaging. This format's tightto-the-product seal forms a "second skin" that limits oxygen exposure and ensures products remain fresher longer. Additionally, this vacuum-sealed exterior protects products from freezer burn, granting consumers the flexibility to store products in the fridge or freezer and potentially capitalize on retail sales and deals by purchasing for future use. For retailers, shelf-life extension provides longer distribution and merchandising windows - in both instances, products are less likely to be wasted.

#### Automate, Sanitate, Alleviate,

As meat processors and retailers navigate the complications of varying supply volumes, they must also identify the most adequate staffing plan to execute operations. While the Canadian meat industry often relies on foreign workers to fulfill labor needs, tighter government regulations including higher labour application fees and competition from the energy industry in Western Canada have raised the difficulty of securing appropriately skilled workers.

These labour obstacles present an opportunity for the meat industry to explore automating processing and packaging procedures. Automating even basic manual tasks, such as loading rotary chambers and labelling and sealing packages, reduces the challenges of recruiting and training workers while accelerating production speed and accuracy. With fewer employees handling products, plants also can benefit from decreased cross-contamination opportunities and worker safety risks.

While full-scale automation is not appropriate for every processing and packaging operation, identifying opportunities to replace manual labour with system efficiency can yield a safer, more productive workflow.

#### Labeled for Success

Changing consumer mindsets are also shaping the direction of the meat industry. Canadian consumers are taking greater interest in the origins and contents of their food, motivated not only by health considerations, but a perceived need to validate paying higher prices for value added products.

Formeatprocessors and retailers, this increased engagement opens the door to leverage packaging as a branding tool and differentiates themselves from competitors. Greater on-package transparency is becoming the norm, meeting growing consumer demand for clean labelling. As a result, headlines such as "gluten free", "organic" and "low sodium" are more common. Active packaging technologies, such as those that remove oxygen or odour from the package, offer another potential avenue to make cleaner label products available. Maximizing packaging's branding potential also includes consumer friendly functionalities. Features such as easy-open, re-closable or portioned packaging can drive consumers to a specific product.

In such a dynamic, heavily regulated and scrutinized industry, packaging technologies will not be the answer for every challenge. However, leveraging innovative packaging solutions to maintain quality, offset labor needs and differentiate products is not only vital to meeting some of the Canadian meat industry's most pressing challenges, but also in preparing to surpass the global obstacles that lie ahead for exporters. M



Frank Fisico is the Regional Sales Director -Canada at the Sealed Air Food Care Division





Assembly Line is an opportunity for companies to feature new products for the meat producing, processing, packaging and distribution industry. To include information about your new product e-mail alan@meatbusiness.ca.

### BinMaster Introduces Adjustable Rotary for High Level Detection

BINMASTER INTRODUCES A new adjustable rotary level indicator for use as a high level indicator in bins, tanks and silos. This top-mounted rotary features an adjustable coupling that can be moved up and down the length of a rigid shaft extension which allows the rotary to be adjusted to accommodate differing levels. The coupling can be adjusted from 6" to 72" dependent on the length of the rigid extension. Changing the desired high level alert in the vessel can occur when material levels are adjusted seasonally or when the material in the bin is alternated and a different level of inventory is desired. The ability to adjust the coupling allows managers to easily make changes to the high level alert without entering the bin, changing out, or replacing the device.

"The new adjustable rotary was developed by BinMaster to allow the customer more flexibility in inventory management," stated Todd Peterson, vice president of sales for BinMaster. "Instead of purchasing an additional rotary at a new length, the adjustable rotary can simply be lengthened or shortened to the desired high level alert level."

The adjustable rotary feature is available for both the BMRX and MAXIMA+ rotary power pacs. These point level indicators feature rugged construction and a simple, dependable design, including a screw-off cover for easy access to internal components and dual conduit entrances to simplify wiring. Standard features include a switch selectable, high/low fail-safe to alert to power loss and a de-energizing motor for extended operational life. BinMaster offers a large selection of paddles suitable for use with any material, which are all compatible with the adjustable rotary level indicator.

BinMaster's advanced MAXIMA+ rotary level indicator features a complete fail-safe system that alerts to the loss of power, failure of the motor, or failure of the electronics. A red LED indicator light on the top of the unit indicates its status, providing for quick visual monitoring of the unit. In applications where the status and performance of the rotary is critical, the MAXIMA+ provides reliability and immediate notification to prevent overfilling when used as a high level indicator.

For more information, visit www.garnerindustries.com

### Continuous Linking and Hanging with Alginate Casing Now Available

HANDTMANN CANADA TODAY announced the availability of the new Handtmann ConProLink system with a hanging function that takes sausage production to another level, combining the advanced Handtmann engineering that enables linking and hanging in a continuous process with state-of-the-art Handtmann co-extrusion technology and the advantages of species-neutral vegetable alginate casings.

According to Graham Dalziel, Handtmann Canada

Business Development and Sales Manager, the new higher volume ConProLink 400 and 200 modular configurations consist of either a Handtmann VF 628 or VF 616 portioner and Handtmann KVLSH 162 Automatic Hanging unit with a Handtmann VF 608 that flows the alginate solution to the proprietary linking/co-extrusion head, enabling innovative product solutions and assuring the speed and efficiency of highly-economical continuous production.

Handtmann technology portions the filling and meters the alginate casing precisely to within 1% of the specified weight then uses its linking/co-extrusion head and voider to link the products and hang them in pairs for further processing.

The bite, texture, thickness, color and taste of the alginate casing can be customized in a variety of ways. Graham Dalziel, Handtmann Canada Business Development and Sales Manager, notes "customers have commented that the alginate casing really enhances their product's particle definition versus hog casing and is not only cheaper and continuous, but gies the added advantage of providing a clean bite into meat with no after-bite or chewiness."

The flexibility of many different product attribute options delivered by the casing is creating completely new opportunities for companies that want to rapidly develop, design and market innovative products to meet ever changing customer and consumer demands.

Dalziel also notes that "customers say the added equipment flexibility of 8 different co-extrusion heads is creating a real advantage for their product development teams by opening up possibilities and reducing development time."

The ConProLink's continuous production system also supports excellent shelf-life with its hygienic design and easy cleaning, which also makes it ideal for Kosher, Halal and vegetarian products. A consistent premium appearance with well-formed ends - even with semi-viscous procuts - is a hallmark of Handtmann ConPro produts. ConProLink also enables production costs reductions up to 40% when compared to equivalent natural or artificial casing products and provides these benefits in a diverse range of applications for fresh, cooked, mold-ripened and raw sausage products. And, because of its flexibility adjustments and precise control, ConProLink even offers enormous potential with pasty products.

Whiel ConProLink systems deliver renowned Handtmann weight accuracy, they also reduce give-away and create their consistently natural looking ends at up to 300 portions/minute (depending on product and lengths) in caliber ranges from 13-28 mm and in lengths from 80 mm.

Finally, ConPro's continuous production design lowers labor requirements, improves hygiene, reduces energy consumption and minimizes space requirements. Proof of value for Handtmann ConProLink is visible in the quality of your product and felt in the efficiency of your line. Contact your Handtmann Territory Manager today for more information or a demonstration.

For more information, visit www.handtmann.ca

# BEACON... YOUR ONE STOP SHOP FOR ALL OF YOUR PROCESSING EQUIPMENT NEEDS

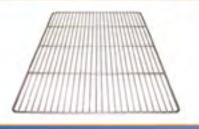
Beacon has been manufacturing Stainless Steel Further Processing Equipment for over 60 years. Put that experience to work for YOU.













Beacon has worked with hundreds of processors to engineer custom processing equipment that will;

- LAST LONGER
- INCREASE YIELDS
- LOWER PROCESSING COSTS

Our extensive product line includes;

- Trucks, Racks & Cages
- Processing Screens / Shelves
- · Patented Bacon Hangers
- · Patented Pressing Trucks
- Nesting Baskets & Dollies
- · Wire Molds
- . Smoke sticks, Springs & Hooks

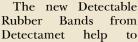
For more information visit our web site at: www.beaconmetals.com on call toll five 800-445-1205.

BEACON, INC



Assembly Line is an opportunity for companies to feature new products for the meat producing, processing, packaging and distribution industry. To include information about your new product e-mail alan@meatbusiness.ca.

# Detectable Rubber Bands from Detectamet Help to Reduce Contamination



reduce the risk of contamination because a food product or food ingredient contaminated with one of these rubber bands or part of a rubber band can be identified by the detection systems and rejected.

Elasticated bands are used for a number of essential jobs in the food chain, but they have also found their way into finished product. Rubber bands in ready prepared salads, in packets of nuts, and in soup are just a few that have been reported.

A grower of fresh produce can use rubber bands to hold bunches of products such as spring onions, asparagus and carrots. Many of them go into retail outlets, but these products may also be directed into a food processing operation for inclusion as ingredients in sauces soups ready meals and ready to eat salads.

Within a product process rubber bands may be used to close bags containing semi-prepared ingredients before they are transferred into the next process area where they are emptied into the mix, perhaps together with a damaged band that snapped apart.

"That 'lost' rubber band reappearing on the plate in the ready to eat food would not be welcomed" says Sean Smith. "We have been asked several times by rubber band users and multiple retailers if we could supply detectable and food safe rubber bands." he explained. "So if the band is detectable and gets into the food it can be 'seen' by the detection system and rejected" Detectamet's CEO concluded.

The new strong bands are at the moment available in 80x6mm, 70x6mm and 60x6mm sizes. There are plans to add to these sizes in the future and special dimensions can be produced on request.

Because these high quality industrial strength rubber bands are intended for direct contact with food they have been tested and approved for food contact according to the US FDA regulations and the EU regulatory requirements.



### New Portable and Easy-to-Handle Compact Scale

METTLER TOLEDO is pleased to introduce the ICS226 Compact Scale—an exciting and innovative scale that takes checkweighing to a new level and relates to a wide variety of industries seeking a portable, easy to handle, and economically priced scale.

Designed and engineered for dry to light washdown applications, the ICS226 is the basic level continuation of the highly acclaimed ICS4x9 and ICS6x9 product series. With full stainless steel construction and IP65/IP67 protection, the ICS226 offers one-of-a-kind keypad design (duplicated Zero/Tare buttons) for greater operator ergonomic ease and efficiency. The front-mounted display terminal can be easily converted to a back-mounted position, or attached to an optional column if a column version is desired.

The ICS226 features a large and excellent visibility, 6-digit, backlit LCD display which provides outstanding readability in all lighting conditions. Its intuitive graphic checkweighing indicator displays weighing results faster and more accurately. A high quality stainless steel load cell provides dependability and ruggedness that aluminum load cells cannot. Dual removable carrying handles and a high quality, long life Ni-MH rechargeable battery make the ICS226 a fully portable and mobile scale for flexible operation everywhere throughout a facility.

For more information, visit www.mt.com/over-under-checkweighers.



The cooking and chilling systems demonstrated at the Maastricht test kitchen include the latest continuous systems of various capacities that can provide very substantial productivity as well as dramatically increased yields and other benefits for the cooking and pasteurizing of various products.



European food processors have already visited, or are booking appointments to bring in product and run tests on the actual equipment they are considering purchasing.

# Test Kitchen Demos Latest Thermal Processing Technologies

Located in the Netherlands, this new test kitchen enables food processors to test advanced cooking and chilling systems that can provide important economic and quality advantages.

By Ed Sullivan

PRODUCT YIELDS, THROUGHOUT, food safety and more labour- and energy-efficient ways to address increasingly diverse consumer preferences are concerns of food processors everywhere.

To address those issues on behalf of food processors in Europe, a manufacturer of advanced thermal cooking, pasteurizing, and chilling/freezing systems has inaugurated a leading-edge test kitchen in Maastricht, Netherlands that will enable processors seeking productivity and quality improvements to conveniently see and test the latest systems for cooking protein, vegetable, and bakery products.

"This facility demonstrates many of the most efficient technologies for processing foods that many consumers are looking for today," says Bartosz Psiuch, director of Polish food processing equipment distributor Alimp. "It creates a highly promising opportunity for large and small processors to try out systems that have never been seen before in Europe, and can enable them to better service their markets, whether ready-to-eat, food services or institutional."

Situated less than an hour from European capitals Dusseldorf, Brussels and Cologne, a tour of the Maastricht test kitchen is an easy day trip for most processors located on or visiting the continent via train, air, or even automobile.

Designed and operated by Oklahoma-based Unitherm Food Systems Inc., the cooking and chilling systems demonstrated at the Maastricht test kitchen include the latest continuous systems of various capacities that can provide very substantial productivity as well as dramatically increased yields and other benefits for the cooking and pasteurizing of various products. Examples of system capabilities include inline smoking and browning, small footprint "spiral" ovens, and continuous pasteurizing and grilling of vegetables such as onions and peppers. The equipment in the test kitchen is arranged in in-line configurations, so that processors can experience how continuous systems fit and work together.

Psiuch emphasizes the value of guest companies being able to test run their products in this facility, not only to see firsthand how various equipment performs, but also to determine how it can optimize their processes – before they make any investments.

#### Decisive tests

Unlike some equipment demonstrations, the systems available at the Maastricht test kitchen are available for processors to perform realistic trial runs of their products. For example, one recent visitor test-cooked approximately 500 kilograms of chicken, says Unitherm's Francisco Sierra, who is based at the Netherlands facility. He adds that processors can benefit from improving profitability and quality, but can also gain important flexibility by using some of the new continuous cooking systems.

"Many companies are producing snack items such as chicken wings," says Sierra. "They want to develop a product with a very nice colour, using their own recipes, whether teriyaki-style wings, Buffalo-style wings, or any other flavor. Using our Spiral Oven they can achieve that while at the same time increase their yields substantially."

Sierra explains that when chicken wings are cooked in a conventional "batch" oven, they must first be placed in trays. "It takes considerable labour and time to load those trays," he says. "In total, each batch takes about 50 minutes, on average. But using a continuous cooking line, that same amount of chicken will likely take about 20 to 22 minutes. This system maximizes the effects of colour development and minimizes shrink. So, productivity is increased, quality and yield are improved, and the cost of labour is reduced."



"This facility demonstrates many of the most efficient technologies for processing foods that many European consumers are looking for today."

Bartosz Psiuch, Alimp

#### Dramatic results

Another advanced system that processors can execute at the facility, IR (infrared) Inline Smoking and Browning process. "This will be a breakthrough to companies that use a traditional process for smoking ham," says Sierra. "We can literally say, 'What is taking you five hours, you can now do in 60 seconds' through inline smoking and browning."

Sierra notes that, as an example, he recently visited a large manufacturer of smoked hams that was dunking cooked hams in a vessel and then transporting them to a smokehouse where they were smoked for three hours.

"This was a labour-intensive and messy process," he explains. "Each ham in a batch had to be dunked before the group was transported, which exposed all of the hams to cross contamination for up to 35 minutes. After installing the IR Inline Smoking and Browning system, the company is able to produce in three to four hours the volume that previously took all day. Also, the new system smokes with condensates, which creates more genuine flavour and appearance, with greater uniformity. And because the system smokes, browns and caramelizes in one pass, the company is simultaneously improving efficiency, reducing labour costs, reducing the size of the footprint involved, while improving on food safety."

#### Something for everyone

Unitherm's Maastricht test kitchen includes advanced systems that can be highly beneficial to food processors of many sizes and categories.

Systems such as the Micro Spiral Oven are affordable for even small businesses and startups, and require only a small footprint. This highly flexible system can be used for producing a wide array of products, ranging from chicken and bacon bits to pies and potatoes. It is also a practical system for replacing outdated impingement ovens and

moving from a batch process to a much more consistent and efficient continuous process. The Micro Spiral Oven also meets the EC of perspective on pass-through cooking.

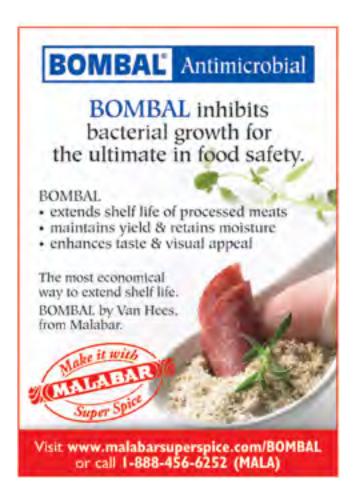
In addition, a flame grill with the most ribbon burners in the industry that produces authentic bar-marks for a flame grilled appearance; and a newly released machine called the Tunnel of Fire that can flame roast chicken in 30 seconds.

For the many processors who cook vegetables such as onions and peppers, a Unitherm flame pasteurization system will demonstrate a quantum increase in throughput and yield improvement. For example, the traditional way to peel onions is a mechanical process that reduces onion weight by 25 to 30 per cent. Using flame pasteurization the onions are peeled much more quickly and weight loss is minimized. The same system is ideal for peeling peppers, grilling tomatoes and tomatillos, and cooking other products.

Unitherm CEO David Howard explains that the mission of the test kitchen is to provide processors with the opportunity to view new thermal cooking technologies and to gain handson experience through the use of the equipment to test run their own products.

"The future of purchasing food processing machinery is going this way, where the customer can demand to go into a kitchen and actually try out their product on the machinery," says Howard. "Only then can they feel confident that the equipment best serves their operational parameters and expected results." M

Ed Sullivan is a Hermosa Beach, California-based writer. He has researched and written about high technologies, health care, finance and real estate for over 25 years.



# You & Your Business are NAMA's Top Priorities

### North American Meat Association

regulatory I education I partnership

NAMA

### Just a Few Important Reasons to Join NAMA Now!

#### + REGULATORY SERVICES

NAMA specialists will work "at the front lines" to insure we help you solve any in-plant inspection issues that might arise.

#### + ADVOCACY

A new and much bigger association brings strength in numbers - NAMA offers you greater impact in Washington DC, Ottawa and eventually Mexico City.

#### + WORKPLACE ISSUES SERVICES

NAMA gives you comprehensive, courtesy advice on workplace and employment issues through the law firm of Alaniz & Schraeder.

#### + EXPERT PATHOGEN CONTROL HELP

Members have free access to dozens of well-respected regulatory and scientific experts, including Dr. James Marsden, NAMA's Senior Science Advisor.

#### + NETWORKING OPPORTUNITIES

Grow your business through NAMA's unmatched networking opportunities, especially at the Outlook Conference, MEATXPO '13, and the Meat Industry Management Conference.

#### + FOOD SAFETY & CULINARY EDUCATION

With NAMA's food safety workshops and Center of the Plate Training®, members have access to more than 20 educational events every year.

#### + THE NAMP MEAT BUYER'S GUIDE®

Both in print and online, this is the industry standard. The online version gives you more than 120 exclusive video clips and information supplied by nine major specie groups.

We invite you to join the new

#### North American Meat Association (NAMA)

which is like no other group in the industry.

NAMA is the new North American meat industry organization created by the consolidation of the National Meat Association (NMA) and the North American Meat Processors Association (NAMP).

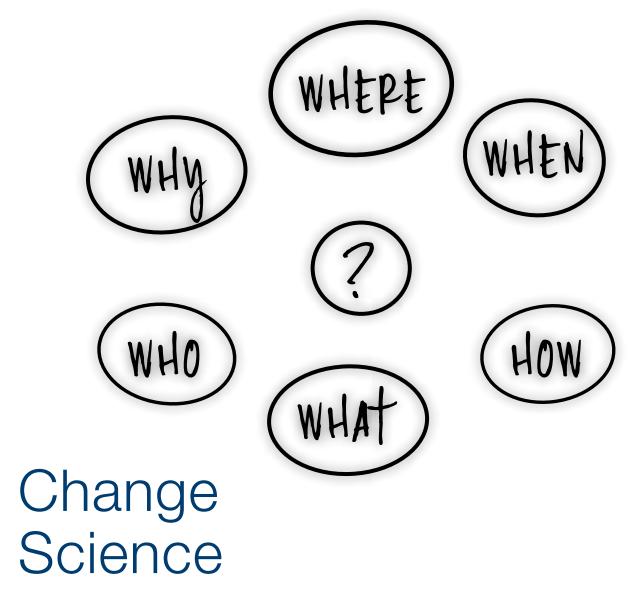
NAMA members are quality-driven meat θ poultry processors, center-of-the-plate specialists, distributors and suppliers dedicated to providing the finest quality products and services.

### Ask for your copy of our membership brochure,

a comprehensive guide to the benefits that NAMA can bring to your business.

Email Membership Director Jim Goldberg at jgoldberg@meatassociation.com or call him at +1 703.758.1900 ext 104.

www.meatassociation.com



An Organizational Structure that Works for Change

By Tom Somodi

MANY, IF NOT most people, would argue that the ability for an organization to change over time is critical to that organization's long-term survival. To this end, literature is full of theories, methodologies, recommendations and analysis on how an organization should be structured in order to maximize the likelihood of obtaining successful change.

It is explained that organizations need to be structured to provide employee empowerment, lean operating techniques, and continuous improvement philosophies as just a small sampling of examples. Yet, we still hear about organizations failing to obtain desired change even though they possessed exemplary efforts to support such structural recommendations.

The reality is that if we want to see advancement in this arena, a major paradigm shift needs to occur regarding the dynamics of change and organizational structure, and the best place to begin this shift is by leveraging off of concepts found in "change science."

Step One – Develop and communicate a proper perspective of change in the organization

One of the first things change science tells us is that change is constantly and continuously occurring around us on a universal basis. Therefore, it is important for everyone in the organization - from the board of directors down to individuals in frontline administrative and production positions - to recognize this fact.

Every time a new customer order is received - an engineering drawing is created, a product is produced, an invoice is generated, and the list goes on - a change has occurred within the organization. Therefore, an organization is continuously inundated with change, and assuming that the organization has managed to survive, this change (both expected and unexpected) on a whole has been successful.

So, step one is for everyone to stop thinking of change as strictly specific efforts and/or events and recognize that the organization is already successfully dealing with a continuous stream of change at every level in the organization.

Step Two - Develop an organization-wide understanding of responsibility



The reality is that if we want to see advancement in this arena, a major paradigm shift needs to occur regarding the dynamics of change and organizational structure...

So how does an organization manage all this continuously occurring change? The answer is simple – delegation of responsibility. From the person who pushes the button to start the production machine, to the person who enters the customer order and to the manager that resolves a conflict, responsibility for the control of these various changes has been delegated.

It is important to recognize that the concept of employee empowerment automatically exists as soon as that individual is given responsibility for managing and controlling the change that has been assigned to them. What is most often lacking is a top-to-bottom organizational recognition of the fact that not only is there a significant amount of change continuously occurring in the organization, but through the assignment of responsibility, all the employees in the organization are already masters at managing and executing all of that change.

Step 3 – Recognize and communicate two broad categories of change within the organization

Given that organizations are already managing and executing a continuous flow of change, why all the discussion about how organizations struggle with change? The answer lies in the fact that organizations have allowed the lines of responsibility between day to day operational change and strategic change to get blurred. More importantly, the lines of responsibility have not only become blurred but it is common that the interrelationship between operational change and strategic change has become disconnected.

Strategic change is in response to both internal opportunities for improvement and reaction to external influences that can threaten the organization.

Operational change focuses on the short-term expected and unexpected change that needs to be executed in support of the customer and is based upon strategic change that has occurred within the organization on a historical basis.

It is critical that everyone in an organization understands that both operational change and strategic change is equally important in order for the organization to survive. There needs to be an understanding and an acceptance on the part of all individuals within the organization that operational change needs to be continuously executed in order to support the customer in the here and now, while strategic change needs to be continuously executed in order for the organization to survive into the future.

Step 4 – Adjust organizational responsibility to clearly support operational and strategic change

Assuming an organization is successful in steps one through three, it can still face challenges when addressing

change within the organization if there is not a clear delineation of responsibility for operational and strategic change amongst the workforce.

The following guidelines will help:

- Drive responsibility for day to day operational change as far down the organizational pyramid as possible. Ideally, the more operational change that can be executed and controlled at the administrative and production levels of the organization, the better. These are the people closest to the operational change and generally have the greatest ability to address opportunities and issues that may arise.
- · Clearly indicate (i.e. including through appraisal and compensation arrangements) that the primary responsibility over strategic change is from the lowest management levels on up to the executive and board level. There will always be operational change that requires involvement at the higher levels of management. Even a major customer contract could easily require signoff by the CEO. However, it should be clear that the main responsibility for management should be related to the accomplishment of strategic change.

There should be a clear understanding at the ground operational level that it is management's responsibility to make sure there is continuous strategic change occurring in the organization with an objective of long-term improvement and survival of the organization. However, it is also important to make sure a communication loop exists that supports the delineation of responsibility. This includes communication of the whys and what behind strategic change to those with a primary responsibility over operational change along with feedback communication to those responsible for strategic change regarding the performance of strategic change initiatives and other opportunities for improvements that might exist.

By following these four steps, the formula associated with an organizational structure that will greatly enhance the ability to support the change required for growth and long-term survival is really quite simple. The real challenge lies in executing the paradigm shift that requires a clear understanding by everyone in the organization that change is already constantly successfully executing within the organization and a new delineation of responsibility between strategic and operational change is required.

Tom Somodi is a speaker and expert on change, applying his extensive domestic and international business experience, including reorganizations, acquisitions, strategic change initiatives, and taking a company public during the difficult 2011 financial markets. He is also author of the book, The Science of Change: Basics Behind Why Change Succeeds and Fails. For more information, please visit www.changescienceinstitute.com or email info@changescienceinstitute.com.





# Competition Leads to Food Price Deflation

By Kevin Grier

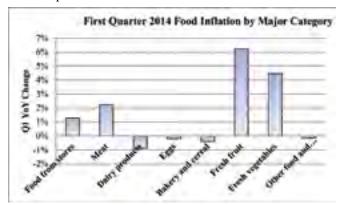
THERE HAS BEEN considerable attention in the media about the sharp pricing increases in pork and beef prices. The pork and beef price increases are related to significant reductions in North American supplies. There has also been a focus on the drought in California and its impact on fruit and vegetable prices. Each of these events are very real and have had significant impact on the prices Canadians pay at the cash register at the grocery store. With that noted, though, overall food price inflation in Canada has only increased by a modest 1% in the first quarter of this year. That means that while some prices have been up sharply, others have actually declined. This paper looks at some of the surprising pricing dynamics at the grocery store in the first quarter.

#### Modest Increases in Food Prices

First quarter Consumer Price Index data shows, that the increase in the price of food purchased from stores is lagging behind the overall rate of inflation. According to Statistics Canada data, the overall rate of inflation increased in the first quarter by 1.4%, compared to the first quarter of 2013. The price of food purchased from stores increased by 1.3% in the quarter compared to last year, while restaurant prices increased by 1.1% over the same period. Over the past five years through the first quarter of 2014, all items have increased by 9% compared to 10% for food from stores.



Looking within the food numbers to the more specific commodities shows that the Q1 food inflation was driven largely by fresh meat and produce. Fresh fruit and vegetables increased by about 4-6% in the first quarter this year, compared to 2013. Meat increased by just over 2%. The price increases in those items would have been driven by supply challenges mostly, and by the immediate cost impact of the depreciated Canadian dollar.



In other words, whatever little inflation there is at the grocery level it is being driven by fresh meat and produce. Grocers have been taking an immediate hit by taking on higher costs due to reduced supply and the depreciated C\$. As a result, they have been gradually pushing the shelf prices higher.

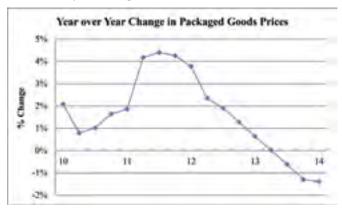
#### Pricing Deflation for Packaged Goods!

What is, perhaps, more interesting is the fact that it is only the fresh commodity-based items that are driving pricing. The other broad-based categories, surprisingly including eggs and dairy, are showing year over year declines.

Looking deeper into the packaged goods pricing reveals that grocers have been enduring pricing deflation in 2014. From cheese to pasta, cereal, canned goods and frozen foods, prices have declined materially in the first quarter of 2014 compared to last year.



As a last point with regard to this development, the year over year decline is a relatively new occurrence. The year over year quarterly decline in packaged goods pricing as reported by StatsCan started in the third quarter of 2013. With that noted, the order of magnitude of the decline has been steadily widening.

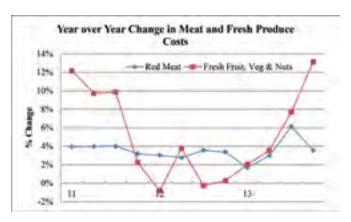


In summary, on the price or revenue side, modest inflation at retail is being entirely driven by meat and produce price increases. The middle of the store and even the dairy aisle is seeing price deflation at grocery. Those developments then turn the attention more closely to the cost side of the grocer equation.

#### Cost Performance

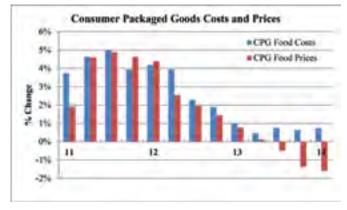
First with regard to meat, it is noted that in the last quarter of 2013, meat product costs to grocers increased about 4%, compared to the last quarter of 2012. Grocers would have been trying to pass those costs along in the first quarter of 2014, but succeeded in gaining only a 2% increase in meat prices, according to StatsCan. With regard to produce, fourth quarter 2013 produce costs increased in Canada by 12-14%. In the first quarter of 2014 grocers only succeeded in increasing produce prices by 4-6%. In other words, grocers had not been able to pass along all of the 2013 fourth quarter cost increases for meat and produce, as of the first guarter of 2014.

Furthermore, in the first quarter of 2014, meat prices at the packer-grocer level have increased by about 20% for beef and over 50% for pork. Fresh produce pricing has increased by about 30% in the first quarter. Both the first quarter meat and produce costs are supply driven increases, which grocers have simply had to absorb. Grocers will be trying to force produce and meat pricing higher in the second and third quarters in order to recoup these increases.



#### The Squeeze is On

The point of note is, while grocery inflation is being driven by meat and produce, the reality is that the inflation is far behind the costs that the grocer has to pay to supply these products. The other key point, of course, is that there is deflation occurring at the packaged goods level. While there is deflation at the packaged goods level at retail, the cost increases, while moderating, are still positive. Packaged goods cost increases have moderated over the past year or two from about 4-5% down to less than one percent. Grocers are clearly losing or being squeezed on those transactions as well



The bottom line is that the pricing data for the first quarter and the latter part of last year are simply a reflection of the competitive situation facing grocers. There is no other logical explanation for packaged goods pricing declines, or the inability to pass along fresh product price increases.



Kevin Grier is a respected market analyst and editor for The George Morris Centre, a national, independent, not-for-profit economic research institute focused exclusively on the agriculture and food industry. The Centre provides industry decision makers with critical information and analysis on issues affecting the Canadian agri-products sector. For more information, email kevin@georgemorris.org



### 5th Annual China International Meat Processing Trade Show

THE CHINA FOOD and Packaging Machinery Industry Association (CFPMA) in co-operation with the China Meat Association (CMA) will be holding their 5th Annual Trade Show and Forum on July 15 and 16, 2014 in Jining City, Shandong Province (China's largest meat production area).

This major international event is hosted by the CFPMA, the only industry association recognized and approved by the Minister of Civil Affairs of the People's Republic of China.

The goals of this event are: to promote the application of advanced meat processing technology and equipment; to drive the overall development of the meat processing industry; and to strengthen the exchange of information of equipment applications through international technology.

At the 2013 event, the CFPMA had 266 companies participate including Marel Stork, Heat and Control, Meyn, Linco, Poly-Clip, Banss, SFK, MPS, VDMA, GMA, MLA, DMFC, AMI, GEA, handtmann, Bizerba, CSB-System, MADO, Busch, Jarvis, Multivac, Travaglini, Syleps, Bayle, etc.

The need for this event has grown in relation to increasing domestic meat product market in China as well as the international requirements to meet increasing demands for advanced technology and quality equipment.

As an integral part of this event, Chinese officials in this market are able to arrange introductions and meetings between producers, manufacturers, distributors and suppliers along with assisting in direct negotiations if needed and setting up visits to some of China's largest meat processing facilities.

For more information, contact Henry Lin at henrylin.shineway@gmail.com or 416-938-6869.

#### Correction!

in our March/April issue entitled Organic Meat Sector Growing which

not \$3.5 million.

confusion it may have caused with our

more, this updated guidebook is

#### Ashwroth Bros., Inc. Announces the Retirement of Marty Tabak



**CONVEYOR BELT** MANUFACTURER

Ashworth Bros. Inc. announced today that Marty Tabaka, Sales Director of the Americas, after 31 years with

Ashworth has decided to retire.

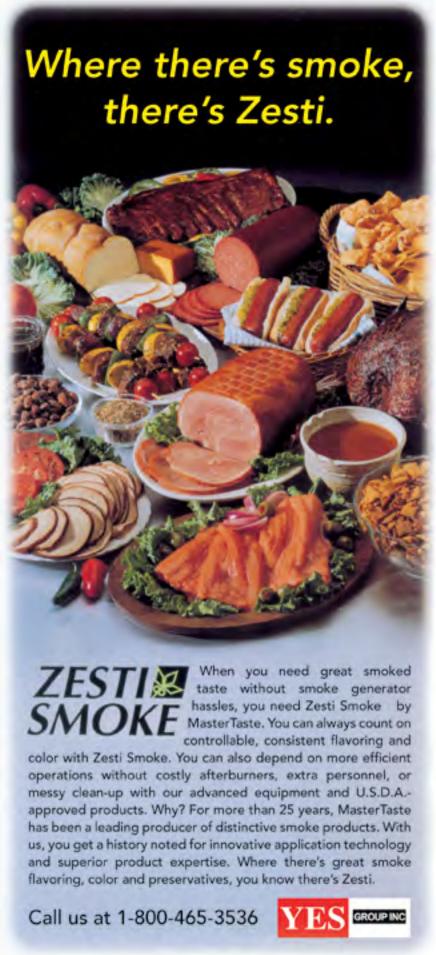
Marty Tabaka is a graduate of Bowling Green University. Marty's tenure began with Ashworth in December 1982 as an Outside Salesperson. He progressed through the sales organization in managing the state of New York, then the New England sales region. In 1994, he was promoted to Eastern Regional Manager and a year later relocated his family from New Jersey to Ashworth's offices in Winchester, VA. In 2006, Marty was promoted to his current position of Sales Director of the Americas.

Throughout his impressive career, Marty has built a reputation for developing strong customer relationships. He has become widely known and respected throughout the industry for his integrity, knowledge, and professionalism. "Marty is a true salesman and has been a very important leader of Ashworth's sales division, assisting us as we grew to be the company that we are today," said Mr. Lackner, Vice President. "We will miss his insight, experience, judgment, loyalty, and most of all his friendship," added Mr. Lackner.

Ashworth Bros., Inc. is the only conveyor belt company that manufactures and services both metal and plastic belting for straight running, turn-curve, lotension and self-stacking spirals - offering customers the best solution for their specific requirements. With over 65 years of innovating the future of conveyor belts, Ashworth continues to lead the market with the most conveyor belt patents in the food processing, can making, and material handling industries. Companies around the world depend on Ashworth's quality products, reliable customer service, innovative solutions and experienced Factory Service team to maximize throughput and minimize lifecycle costs.

Everyone at Ashworth wishes Marty a long, happy and healthy retirement, enjoying time with his grandchildren, family and friends.

For further information go to www. ashworth.com or contact Kenneth King, Commercial Support Manager, at 540-662-3494 or kking@ashworth.com



### BEACON, INC

#### STAINLESS STEEL TRUCKS / RACKS



Let Beacon customize one of our standard Truck designs for your processing requirements. Our experts have 80 years of experience in engineering the right Truck for the right job. Whether it is a Nesting, Bacon, Sausage or Ham Rack, we will design the unit for your needs. We do not over design and add cost or under design and give our customers a Truck that will not perform.

BEACON, Inc. 12223 S. Laramie Ave, Alsip, IL 60803 Phone (708) 544-9900 Fax (708) 544-9999 beaconmetals.com

















# Canadian government invests \$13 million in pork research

CANADA'S SWINE INDUSTRY has received a \$13 million investment from the federal government for a pork research cluster that will help the sector to keep pace with changing consumer demands, enhance disease resilience and continue focusing on animal welfare measures.

"The continued health of the pork sector is crucial to the Canadian economy. Our government is proud to work with industry on efforts to stay ahead of the curve by investing in clusters that foster adaptability and sustainability," says Agriculture Minister Gerry Ritz.

This investment, being made under the AgriInnovation Program (a \$698-million initiative under the five-year Growing Forward 2 framework), will help the sector to build on the work done under the previous \$9.5 million swine cluster (2010–13). The new cluster, led by Swine Innovation Porc, will help industry experts, scientists and academics to increase market share and competitiveness by enhancing the nutritional value of pork products.

"This new program is designed to enhance competitiveness, drive innovation, accelerate the adoption of innovative technologies and practices and ensure the long-term growth and sustainability of the Canadian swine industry," states Stewart Cressman, Chair of Swine Innovation Porc.

Swine Innovation Porc works with industry, government and academia to facilitate research, technology transfer and commercialization initiatives designed to enhance the profitability of the Canadian pork value chain.

"This suport from both the AgriInnovation Program and industry partners for a second round of the swine cluster will enable us to continue the work that was initiated during Growing Forward," adds Ritz.

The investment includes \$2 million for Agriculture and Agri-food Canada researchers to participate in trials that help reduce production and feed input costs and enhance product attributes and profitability. Industry partners are providing \$4.3 million to support the research cluster.

Jean-Guy Vincent from the Canadian Pork Council cites minister Ritz□s leadership for championing the investment that will allow the pork industry to engage the best Canadian scientists on critical production and product issues. "Our focus is on research that is aimed at reducing cost and creating more 'game changers' through greater and quicker innovation breakthroughs that will further strengthen our industry," Vincent added.

The first cluster included industry participation from more than 22 organizations representing all aspects of the pork value chain, and helped improve the quality of Canadian pork by using genomic information and introduced a precision feeding system that reduces feed costs by as much as \$8 per pig, among other successes.

That is significant and given the Pork industry is faced with the PEDv outbreak, the investment for the second cluster could turn the tables for bio-security research and practises.

# YES GROUP INC



Yes Group Inc.
201 Don Park Road, Unit 1
Markham, Ontario
L3R 1C2

Phone: 1-800-465-3536

905-470-1135

Fax: 905-470-8417

Website:www.yesgroup.ca

Email:sales@yesgroup.ca

Now stocking PUR! Saeplastin PUR!

## Hold it...

**UniPac** now stocks Promens Saeplast™ PUR containers, buggies and pallets for all your food transportation and storage needs.

Our Promens Saeplast™ PUR containers, are made with high quality polyethylene resin and are North American Food Grade Approved. That means they are food safe, easy to wash and durable — a winning combination for all your food storage and handling needs.

Our buggies and

Our commitment to the food industry shows. Call UniPac today and speak to one of our knowledgeable sales and customer service representatives. Learn more about about our selection of Promens Saeplast™ PUR containers.



Serving our customers Canada-wide: 1-800-661-3860 • email: sales@unipac.ca • www.unipac.ca

