



CANADIAN
CATTLEMEN'S
ASSOCIATION



CCA IS THE NATIONAL VOICE OF CANADA'S 60,000 BEEF FARMS

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Register now for CCA 2019 Annual General Meeting

Registration for the CCA's 2019 Annual General Meeting (AGM) is now available [online](#). The CCA's 2019 Annual General Meeting (AGM) will take place in Ottawa, March 20-22, 2019, at the Ottawa Marriott Hotel (100 Kent Street, Ottawa, ON). Please direct any questions to Paula Jenkins at jenkinsp@cattle.ca If you would like to attend the AGM, please note that WestJet is offering the CCA discounts on flights to Ottawa. [Click here](#) for further details.

CPTPP update – CCA goes to Japan, Vietnam implements agreement

CCA Executive Vice President Dennis Laycraft was in Japan over the weekend to promote Canadian beef, this time as part of Minister of International Trade Diversification Jim Carr's trip to attend the inaugural meeting of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Commission in Tokyo. As part of this trip, the Minister attended an event hosted by Shinzo Abe, Japan's Prime Minister, to mark the CPTPP's entry into force and met with industry representatives to discuss market access for Canadian products, including beef and other key exports, to the lucrative Japanese market. Laycraft was last in Japan in December to promote Canadian beef prior to the CPTPP coming into force on December 30, 2018.

On January 14, 2019, Vietnam implemented the CPTPP, making it the latest member country to do so. Their implementation includes initial reductions in import duty rates for beef from CPTPP member countries including Canada.

Vietnam joins the initial six CPTPP signatories of Japan, Mexico, Singapore, Canada, New Zealand and Australia, for whom the agreement came into force on Dec. 30. Vietnam's later ratification and implementation date placed them in catch up mode to match the two tariff cuts that have occurred since Dec. 30. Vietnam's initial two tariff cuts immediately lowered the tariff on bone-in beef to 6.6 per cent and boneless beef to five per cent, with both set to drop to zero in 2020. Vietnam's tariff on beef variety meat dropped to six per cent and is scheduled to decline to zero over the next four years. All told, Vietnam will eliminate 31 per cent of tariff lines on agri-food products with additional cuts over 15 years, according to the Canadian Agri-Food Trade Alliance.



Vietnam is an emerging market with important growth potential for Canadian beef. In 2017, Canadian beef exports to Vietnam were \$3.9 million with a 20 per cent tariff.

Given beef from CPTPP signatories Australia and New Zealand already enjoy duty free access to Vietnam under existing trade agreements with the Association of Southeast Asian Nations (ASEAN), the U.S. Meat Export Federation (USMEF) anticipates that Canada and Mexico will benefit most from the tariff reductions.



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CANFAX MARKET BRIEFS

Week ending January 18th, 2018

(in Cdn\$)	This wk.	Change
↓ Fed Steers	160.54	-0.15
↑ Fed Heifers	159.67	+0.17
↑ Feeder Steers	---	+0.23
↑ Feeder Heifers	---	+1.29
↓ Cdn Feeder Index	191.74	-1.59
↑ Cdn Calf Index	209.93	+0.80
↑ D2 Cows	83.00	+0.33
↑ Slaughter Bulls	94.36	+3.79
(in US\$)		
↓ CDN Spot Dollar	75.22	-0.34
↑ Feb Live Cattle	127.10	+2.22
↓ Jan Feeder Cattle	141.43	-5.32

CUSMA update: U.S. government shutdown

Canada, the U.S., and Mexico signed the Canada-U.S.-Mexico-Agreement (CUSMA) on November 30, 2018, to modernize and replace the North American Free Trade Agreement (NAFTA) once each country ratifies the new agreement through their respective legislative processes. But last week, the U.S. government partial shutdown earned the distinction of becoming the longest such shutdown in U.S. history. The many practical issues resulting from the shutdown will impact progress on the ratification of the agreement, both directly and indirectly, in the U.S. where it is called the U.S.-Mexico-Canada Agreement (USMCA). For example, the International Trade Commission, which must complete an economic analysis of the impact of the USMCA on the U.S. economy before implementing legislation is introduced, is shut down, as is the office of the United States Trade Representative, which is charged with drafting that legislation.

In addition, the change in the majority in the U.S. House of Representatives from Republican to Democrat in last November's election further complicates passage, as the democrats are in no mood to give President Donald Trump a win, at least not without exacting some concessions. In truth, anyone predicting when passage is likely is simply guessing. As Prime Minister Justin Trudeau

has stated that he does not want to present the text of the agreement to Parliament prior to the U.S. proceeding with their procedures, given the changes which may be made in the U.S., the timing in Canada is complicated as well.

There may not be sufficient time for Parliament to pass the legislation before it rises in June and Parliament will not resume sitting until after the October 2019 election.

Despite all the uncertainty in the U.S., the CUSMA is still anticipated to come into force eventually. Thus, earlier this month, CCA attended meetings in the U.S. to discuss with key U.S. industry allies and partners implementation and other trade issues, as well as areas for further regulatory cooperation within the North American market. CCA also participated in American Farm Bureau Federation meetings in New Orleans, LA, the National Western Stock Show in Denver, CO, and later this month will take in the National Cattlemen's Beef Association (NCBA) annual convention, also in New Orleans. The CCA is scheduled to travel to Washington, DC, again later this month to discuss regulatory cooperation on matters including re-inspection of meat at I-Houses and the timelines for getting live cattle across borders.

CBGA's top five most asked questions about the new five yield classes

Last week, the *Safe Food for Canadians Act* came into force, bringing with it a number of revised regulations, including an update to the Canadian beef yield standards. As of January 15, 2019, Canada's beef yield grade standards changed to five yield classes (replacing the former three classes), to mirror the United States (U.S.) yield grade standards.

The Canadian Beef Grading Agency (CBGA) has communicated the changes to industry and producers and has come up with a top five most asked questions about the five yield class standards to share with readers:

Q1. What is the main difference between the old three classes and the new five classes?

A1. The former three classes reflected the prediction of lean meat in a carcass (that is minus fat and bone). The five classes reflect a prediction of cutability or the yield of boneless, closely trimmed retail cuts from the round, loin, rib and chuck. In other words, there is no direct relationship between the old and the new predictions for yield classes.

Q2. How are the five yield classes determined?

A2. Agriculture and Agri-Food Canada's Lacombe Research and Development Station developed an algorithm or formula to facilitate an objective prediction of cut yield the same as the five yield classes in the U.S. It takes into account the rib eye and fat measurements and carcass weight and kidney, pelvic and heart fat to predict a class of cut yield.

Q3. Why were the yield predictions changed?

A3. The industry proposed the change since the North American market for slaughter cattle is integrated. Using the same cut yield prediction as U.S. packers would support the ability of cattle feeders to evaluate economic returns in Canada versus the U.S. A distribution of carcasses across five classes facilitates informed management decisions.

Q4. Why change the yield classes now?

A4. The yield classes were among the many items modernized under the *Safe Food for Canadians Act*, which came into force on January 15, 2019.

Q5. What impact will the different yield classes have on industry?

A5. From a packer's perspective it will facilitate further segregation of carcasses for the cutting floor which should result in higher processing efficiencies. From a feedlot perspective, it will facilitate the identification of cattle that were inefficient in the feedlot (producing more fat than lean as they increased weight) facilitating future discussion for feeding efficiencies; from a cow-calf perspective, when feedback is communicated from the feedlot regarding yield performance it should facilitate the identification of more desirable genetics.

Adoption of the US Five Yield Classes: Rationale and Next Steps

This is the first of a three part series examining the impetus for Canada's adoption of the U.S. five yield class system for beef carcass grading and what lies ahead.

By Mark Klassen and Charlie Gracey

More than a decade in the making, Canada has very recently adopted the U.S. five yield class system for beef carcass grading. Like the harmonization of Canadian marbling standards in 1996 to mirror those used by the U.S. Department of Agriculture (USDA) for its top three quality grades, this change will allow greater price transparency in the integrated U.S./Canadian cattle market. Beyond this key consideration there are a number of other reasons for this change that are important for Canadian cattle producers to be aware of. These are outlined in the text that follows.

The purpose of yield grading is to quantify the yield percentage. There are some key differences in how these terms are defined in the three and the five class systems which will be addressed in the second installment in this series of articles. While two carcasses may have identical weights the amount of muscle (beef) often varies significantly. Receiving yield grade information supports efforts to enhance production efficiency by cattle producers. An accurate measure of yield also helps inform the packer of the estimated amount of boxed beef that will be obtained when the carcass is fabricated.

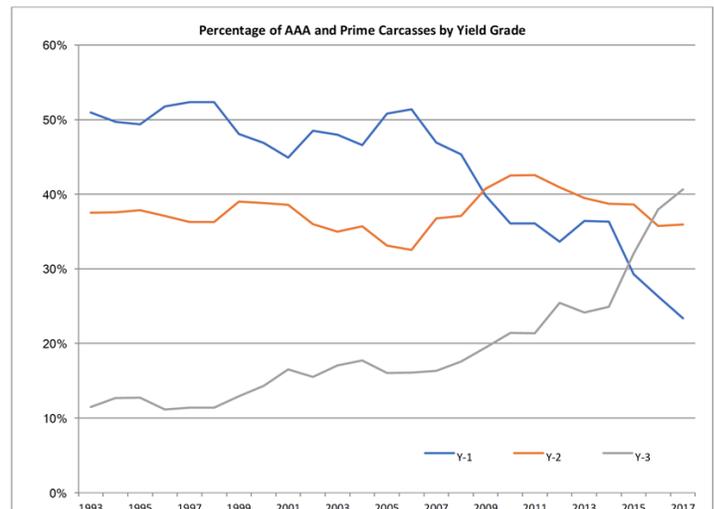
The Canadian three class yield grade (YG) system could be seen as a means to rank carcasses as “high” (YG1), “medium” (YG2) and “low” (YG3). For 19 consecutive years (1993 to 2011), more than 50 per cent of the Canadian fed cattle population have been classified as YG1. By accumulating more than half of Canadian fed cattle in one yield grade category, the ability to identify superior genetics and/or to evaluate management approaches using yield grade information has been limited. Market forces have also dictated an average increase in steer carcass weights of approximately seven pounds per year for most of the last four decades. Consequently, the yield percentage has become increasingly difficult to maintain and the 35 per cent of carcasses assigned YG1 in 2018 was approximately half the level achieved in 1997/98.

The U.S. five yield class system now adopted by Canada could be equated to a report card where cattle receive the academic grades A (YG 1), B (YG2), C (YG3), D (YG4) and F (YG5). While the proportions in Canada remain to be seen, the percentages of carcasses in the U.S. receiving YG1 has been in the range of 10 per cent or less. The ability to identify this top fraction is genuinely useful and, by extension, so is the means to identify the worst performing 10 per cent. This latter value is roughly the proportion of cattle falling into yield classes 4 and 5.

As the number of yield classes increases so does the challenge of assigning carcasses accurately to the proper yield class. At larger plants, which process more than 90 per cent of Canadian fed cattle, carcasses move continuously as they are graded. Accordingly, there is not sufficient time for yield grade rulers to be routinely utilized. Fortunately, instruments which utilize computer vision technology can be placed on the carcass in the seconds available and very accurate measurements obtained. This equipment is more than capable of assigning five yield classes. The ideal scenario, where each percentage of yield is measured, is entirely

feasible. Relative to efforts to enhance yield grade performance, payments made in direct proportion to yield will support the greatest rate of improvement.

The ultimate goal for the Canadian industry is to produce a high proportion of carcasses that are of both top quality and high yield. The blue line in the chart shows the historical proportion of fed cattle carcasses that achieved the AAA or Prime quality grade and the Canadian YG1 designation.



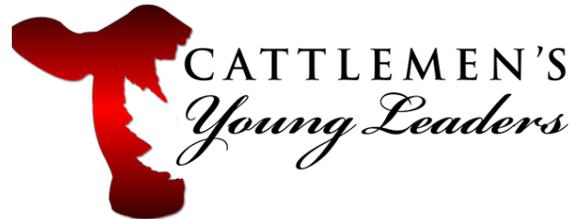
The trend in the percentage of carcasses with the combination of top quality and the highest yield is evident and current levels are the lowest ever achieved. Right up to about 2007 the percent of YG1 carcasses within the Prime and AAA grades hovered around 50 per cent before declining to 23 per cent in 2017. Conversely, the trend in the lowest yielding YG3 carcasses (grey line) within the AAA and Prime grades have just broken through 40 per cent, rising from just 12 per cent in 1993.

With market forces likely to continue to support heavier carcasses, a key objective is to develop genetic and production management approaches to increase the amount of muscle versus fat while maintaining a high-quality grade. This will have the dual benefit of reducing production costs for the producer while limiting the amount of external fat which must be trimmed by the packer and which captures little or no return. The move from a three to a five-yield class system is a step in the right direction in this regard.



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Applications for 2019 CYL program being accepted



Applications for the 2019 term of the Cattlemen's Young Leaders program (CYL) are now being accepted online. CYL is one of the most sought-after mentorship and leadership programs in Canadian agriculture. To apply and/or to learn more about the Canadian beef industry and the unparalleled mentorship and travel opportunities available through the CYL program, please visit the website at www.cattlemensyoungleaders.com The deadline for applications is March 31, 2019.

How to increase your odds of having healthy calves

Calving is a natural process, but sometimes disease, weather, and many other factors can cause stress. How can beef producers best prepare newborn calves to get a healthy start? What are some effective ways to enable calves to be resilient against bugs like bacteria, viruses or other pathogens they will encounter? How can farmers and ranchers manage disease if and when it strikes?

For tips on preventing problems before they start, having a game plan for when things go wrong and dealing with sick calves, visit:

<http://www.beefresearch.ca/blog/how-to-increase-your-odds-of-having-healthy-calves>

BCRC webinar: Adaptive grazing and grazing resources

BCRC WEBINAR

**ADAPTIVE GRAZING AND
GRAZING RESOURCES**

TUESDAY FEBRUARY 12, 2019

[Click for details and free registration](#)

Link: https://zoom.us/webinar/register/WN_pqUKMh7_TwGUDR4AKw9z7w



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CCA Action News

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