



Canadian Cattlemen's Association

News Release

Canadian Cattlemen's Association Works to Displace Imports of Off-Shore Beef

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Imports of offshore beef into Canada have decreased 65% since the same timeframe last year. From January 1 to June 12, there were 27,205 tonnes of offshore beef imported, compared to 76,823 tonnes during the same timeframe the previous year. Imports of beef from the U.S. have decreased 92%, from 42,826 tonnes to 3,485 tonnes. The decrease is attributed to a combination of strong Canadian demand for Canadian beef together with lower prices, making Canadian beef more competitive with imported beef.

Each tonne of displaced offshore beef represents a market for approximately four older cattle, since offshore beef is usually very lean and similar to cow beef. Under World Trade Organization (WTO) rules, Canada is obligated to import 76,409 tonnes of offshore beef tariff-free each year. For the past several months the Canadian Cattlemen's Association (CCA) has represented cattle producers on an advisory committee seeking to balance the needs of cattle producers with the demand of further processors for access to a steady supply of the lean beef they need to make their products.

Brad Wildeman, Chair of the CCA Foreign Trade Committee, represents CCA on the advisory committee. He says further processors have argued they need to be permitted to import supplementary offshore beef without tariffs in order to ensure a steady supply of the lean beef they require to manufacture their products. Further processors say there are not adequate numbers of older cows being slaughtered in Canada to meet their needs on a steady basis.

Next to reopening the border to the export of live cattle, expanding slaughter capacity in Canada is the single biggest factor that can favourably influence cattle prices in the short term. Cow prices have seen the biggest decline of all classes of cattle. The CCA has taken the position that the Federal Government should encourage the expansion of cow slaughter within Canada rather than permitting broader access to off-shore beef.

While some existing plants are poised to increase slaughter within the next three to six months, the majority of these plants focus their business on slaughtering younger cattle. Wildeman believes further processors present a niche market for plants willing to service them with a steady supply of lean cow beef manufactured to their specifications. He says the Minister of Foreign Affairs and International Trade can encourage cow slaughter in Canada by resisting demand for further imports of tariff-free offshore beef.

The advisory committee has recommended to the Minister that future allocation of the 76,408 tonnes of tariff-free beef be based on companies' usage during 2002 rather than their usage during subsequent years. This will prevent companies from being penalized for buying Canadian beef, and discourage them from buying lean offshore beef rather than lean Canadian beef to retain their share of the tariff-free quota. Acting on this recommendation is one way the

Federal Government can encourage the expansion of cow slaughter in Canada. The Canadian Cattlemen's Association is continuing to lobby the Federal Government on this issue.