



*Canadian Cattlemen's Association  
Canada Beef Export Federation  
Canadian Meat Council*

## News Release

### **Beef Industry Roundtable Determines Contingency Plans**

(June 11, 2004) The Beef Industry Value Chain Roundtable (BVCRT) met June 9 and 10 in Calgary to discuss contingency plans for the beef industry in the event of a prolonged border closure to live cattle and other issues. The Roundtable is an industry-government steering group established to develop joint strategies for market success in the beef sector.

“Depressed prices for Canadian cattle are due to a lack of processing capacity in Canada for all of the cattle coming to market, not a lack of markets for beef,” concludes Dennis Laycraft, Canadian Cattlemen’s Association Executive Vice President and Chair of the BVCRT. “We’ve recovered our beef sales into the United States, our largest export market. Canadian beef consumption is up 5%. There are more cattle coming to market than can be processed, and that is driving prices down.”

"There are 23 markets around the world open to Canadian beef or beef genetics," says Ben Thorklakson, Chairman of the Canada Beef Export Federation (CBEF). "Beef sales to our second largest export market of Mexico have increased dramatically, surpassing even pre-BSE levels. We have positive signals from Hong Kong and Taiwan that they plan to re-open to Canadian beef in the near future. The Canadian government, assisted by CBEF, is consulting extensively with countries that, prior to May 20, 2003, were valued markets for Canadian beef. We are striving to re-enter these markets and expand our list of eligible products to those markets that have partially re-opened to our beef."

“Through the efforts of the Canadian packing sector, slaughter is up 16% in 2004 compared to the same timeframe last year,” says Willie Van Solkema, President of the Canadian Meat Council. “However without additional capacity coming on line, it’s been estimated there will be up to 320,000 head of cattle in 2004 in excess of slaughter capacity. The Roundtable has determined that expanding slaughter capacity is the single biggest factor that can favourably influence cattle prices in the short term. The Canadian Meat Council has given its commitment to the industry to make every effort to see that this is achieved.”

Actions to be taken to increase capacity within the next several weeks include:

- Members of the Canadian Meat Council will meet to determine opportunities to expand production within currently operating facilities. Options being explored include increasing operating hours and expanding cooler space.
- Governments will be lobbied to fast-track approvals needed to expand existing facilities, re-open closed facilities or build new operations.

In the longer term, the issue of tax incentives to encourage investment in Canadian processing facilities will also be explored.

“Lack of slaughter capacity is a short-term crisis, and we’re taking the steps to deal with it,” says Stan Eby, President of the Canadian Cattlemen’s Association. “However we’re also dealing with the long-term viability of our industry. The Roundtable also discussed issues such as inventory management, set aside programs and price stabilization schemes. Work in these areas will continue. However it was recognized that these are complex issues and in most cases will take a great deal of time to implement. Producers need short-term solutions. Continued expansion of slaughter capacity is the quickest way we can achieve our immediate goals.

“We must all continue to work together to make it through this situation.”

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