



Monthly Report

By Gjenna Vold

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Canada Receives Controlled Risk Rating from OIE

The Canadian Cattlemen's Association (CCA) is pleased that the World Health Organisation for Animal Health (OIE), at its 75th General Session in Paris, France, officially categorized Canada as a controlled risk country for Bovine Spongiform Encephalopathy (BSE). Canada was one of six countries (including the United States, Switzerland, Taipei-China, Chile and Brazil) to receive this rating.

The OIE's science-based categorization system provides the framework for fair and standardized international trade based on the safeguards that trading partners have implemented. The OIE has three categories of risk: negligible, controlled and undetermined. Controlled risk means the country has implemented safeguards to effectively control BSE according to the OIE international guidelines.

This status clearly recognizes the effectiveness of Canada's interlocking, multi-layered safeguards and acknowledges the work done by all levels of government, the cattle industry, veterinarians, and producers to effectively manage and eradicate BSE in

Canada, and shows the rest of the world that Canada is a safe trading partner of quality beef.

The CCA is encouraging Canadian government officials to utilize the new OIE designation as an opportunity to renew expanded market access for Canadian beef and cattle exports. In particular, we hope it will help reestablish trade with Taiwan, South Korea and China and improve the existing partial access to the United States, Mexico, Hong Kong and Japan. A recent report from Taiwan indicated that based on the OIE designation, the risk of BSE from Canadian beef is very low and if officials agree, Taiwan's ban on Canadian beef may be lifted very soon. Although Japan has not indicated its intentions, we are hopeful that a recently completed multi-year study in which Japanese researchers attempted unsuccessfully to introduce BSE in mice may result in Japanese officials reconsidering their current limitation of allowing imported beef only from animals under 21 months of age.

This Month...

- Canada Receives Controlled Risk Rating from OIE
- Positive Step for Producers Affected by Drought
- Transition Program for Enhanced Feed Ban
- WTO Negotiations
- Canada Ships Nearly 2,000 Cattle to Russia
- CCA and the BIC Announce Director of Technical Services

The CCA is the National Voice for the Beef Cattle Industry, representing over 90,000 Cattle Producers

Positive Step for Producers Affected by Drought

The Government of Canada and the Government of British Columbia's announcement on May 11, 2007 that they will be providing \$7.5 million in assistance to ranchers in B.C. affected by drought in 2006 is welcome news. The Government of Canada will invest \$4.5 million in direct payments to B.C.

producers and the Government of British Columbia is contributing \$3 million to drought-related initiatives.

The CCA has been working towards relief for producers affected by situations such as this and it is pleased that the Government of British Columbia is working with the federal government to help its producers. Over the past year, federal, provincial and territorial ministers across Canada have been working on new programs to better

respond to the needs of producers and lessen the impact of situations such as this. The CCA hopes that producers across Canada will be able to benefit from a drought program that is delivered on a national level and that a national disaster program for agriculture will be developed.

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Transition Program for Enhanced Feed Ban

The regulations that will prohibit feeding specified risk materials (SRMs) to non-ruminant species as of July 12, 2007 represent a significant change in the cattle and beef value chain. Traditionally cattle waste material, containing SRMs, is rendered into meat and bone meal (MBM). Until recently this MBM was worth about \$200 to \$220 per tonne. The new regulations will render this material nearly worthless. As a result, renderers are already indicating their intention to charge a new fee to accept waste and deadstock for processing. Beef processing companies are passing this cost back to producers in the form of lower cattle prices.

During the month of May, the CCA actively explained to government officials and Members of Parliament the need to create a transition program of up to \$25 million per year for two years. The program would provide a payment to renderers of up to \$175 for each tonne of SRM MBM they produce. The objective of the program would be to keep renderers processing the waste material for up to two years until a beneficial marketable use exists for the SRM-containing MBM.

We are concerned that without this transition fund, when "Rule 2" with the United States comes into effect, many Canadian cattle producers will seek to sell their OTM cull animals to the U.S. in order to avoid a SRM handling discount. Probably the only positive thing that resulted from BSE was the increase in Canadian slaughter capacity. We want to ensure that there is no such exodus of OTM cattle to the U.S. which would jeopardize this new capacity.

WTO Negotiations

The CCA is encouraged that the agriculture negotiations have resumed in Geneva after being on hold for 10 months. This is the opportunity Canada needs to address issues such as high tariffs and global subsidies that distort production and prices.

The reduction of extremely high tariffs in important feed export markets such as Europe, Korea and Japan is a high priority for the Canadian cattle and beef industry. Canadian agricultural exports generally face some of the highest tariffs remaining in existence. Currently, the average world tariff on agriculture is 60 per cent, distorting the international market by \$US 29 billion annually, and meat is the most "protected" commodity in the world with an average tariff of 80 per cent. In comparison, the average industrial tariff is four per cent.

The CCA believes there should be significant cuts to global subsidies that distort production and prices. Up to \$US 12 billion is spent by 25 WTO member countries in export subsidies, distorting the world market by \$US 7.3 billion annually. The successful conclusion of the WTO agriculture negotiations is Canada's best chance to address market distorting subsidies.

It is important that Canada be at the table when tariff cuts are being discussed to ensure Canadian agriculture is represented. Currently, Canada's negotiator is not permitted to be in the room when "sensitive products" are being discussed, which is of great concern to the CCA especially since Europe intends to designate beef as a "sensitive product". Canada has a responsibility to its producers and the industries built on them to negotiate aggressively at the WTO to push for rules that will create meaningful market access opportunities, substantially reduce trade-distorting subsidies and eliminate all forms of export subsidies.

Canada Ships Nearly 2,000 Cattle to Russia

On May 4, nearly 2,000 purebred cattle (1,000 Black Angus beef cattle and 975 Holstein dairy cattle), valued at approximately \$7.5 million (CDN) were shipped to Russia - the largest international shipment of breeding cattle since May 2003.

Alta Exports International Ltd., a member of the Canadian Beef Breeds Council (CBBC) and the Canadian Livestock Genetics Association, shipped the cattle after having sourced them from more than 250 producers from Alberta, Saskatchewan, Manitoba, Ontario and Quebec. The cattle were destined for two private Russian entrepreneurs as part of a Russian strategy to renew its beef and dairy industries. They arrived in Russia two weeks ago.



This is great news for our industry and is an indication that, with the OIE classification of Canada as a controlled risk country, we are on track and are moving ahead.

Canadian Cattlemen's Association and the Beef Information Centre Announce Director of Technical Services

The CCA and the Beef Information Centre (BIC) are pleased to announce the appointment of Mark Klassen to the position of Director of Technical Services effective June 4, 2007.

The Director of Technical Services is a new shared position between the BIC (60 per cent) and the CCA (40 per cent). The position was created to deliver a stronger value proposition based on animal health and beef safety as outlined in the Canadian Cattlemen Market Development Council (CCMDC) Strategic Marketing Plan. Mark will work closely with key stakeholders providing services on food safety, animal health, research and policy. Key areas of activity will be: further identifying and developing key professionals to further differentiate our products; monitoring, analysis and response to food safety and animal health policy issues along with market access and regulatory requirements impacting Canadian beef both domestically and abroad. This will enhance the CCA's capacity to administer the CCMDC "Legacy Funds" and improve coordination with industry partners.

2007 CCA Semi-Annual Meeting and Convention

The CCA is pleased to host its 2007 convention and semi-annual meeting in Halifax, Nova Scotia on August 13-17. To recognize our 75th anniversary, the theme of this year's convention is "Celebrating 75 Years - Looking Back and Stepping Forward", featuring speakers from around the world including Australia and the United States, as well as from right across Canada.

The key focus of this year's convention will be on how Canada can maintain its position as a leader in animal production and health and beef safety.

To register today, inquire about sponsorship opportunities, or for more information, call the CCA office at (403) 275-8558.