



# Monthly Report

By Gjenna Vold

OCTOBER 2007

## Border set to open on November 19

On September 14, the United States Department of Agriculture (USDA) announced that "Rule 2" will become effective on November 19, meaning that the U.S. border would be open to older cattle as of that day. Rule 2 allows for the export of any live animals - breeding or for slaughter - born on or after March 1, 1999 to the United States and beef products of any age.

The CCA is pleased with this announcement and agrees with the USDA's assessment that there is negligible risk associated with the resumption of trade of over-30-month (OTM) animals and products. This assessment demonstrates what the CCA has maintained all along - that Canadian cattle and beef are safe. The CCA believes that all of our trading partners should follow the World Organization for Animal Health (OIE)'s international guidelines for trade. Rule 2 sends a positive message to the rest of the world that the United States is committed to these standards.

Under Rule 2, cattle would have to be identified with an ear tag and unless they are direct for slaughter, will need some form of permanent identification such as a tattoo or a brand. Blood and blood products, casings and parts of the small intestine will also be

eligible for export, subject to certain conditions. There is no longer a "not pregnant" requirement for live cattle exports.

The CCA is actively working with the Canadian Food Inspection Agency (CFIA) on what producers' requirements will be under Rule 2 and to ensure all paperwork is in order and verification requirements are identified in advance of November 19. Key among these is our objective to establish a more streamlined method of certifying that young feeder and fed cattle satisfy the "born after March 1999" requirement.

CCA is also meeting regularly with U.S. officials and allies to reinforce the importance of implementing the rule and to gauge whether any opposition to the rule may be gaining momentum. It is expected that groups opposed to trade, such as the Ranchers-Cattlemen Action Legal Fund (R-CALF), will seek a Congressional disapproval of the rule or a Court injunction to prevent its implementation. The CCA will fight any legal challenges and continue to provide information to decision makers in Washington.

## This Month...

- Border set to open on Nov. 19
- WTO agriculture negotiations progressing
- Price downturn hitting fall calf run
- Lancet report on reduction of meat production and intake
- UK Foot and Mouth Disease update
- International Livestock Congress - Calgary

**The CCA is the national voice for the beef cattle industry, representing nearly 90,000 cattle producers.**

## WTO agriculture negotiations progressing

After being suspended for nearly a year, the chairman of the WTO negotiations, Crawford Falconer, released a text outlining the possible parameters of an agreement for the World Trade Organization negotiations. With this text as the basis to resume negotiating, the WTO members sent their agriculture teams back to Geneva in late July. After the usual August break, continuous intensive negotiations have been underway. CCA Director, Travis Toews and CCA Director of Government and International Relations, John Masswohl, traveled to Geneva to monitor the discussions and what they could mean for Canadian cattle producers.

There appears to be a commitment to

reach an agreement and it appears that all countries are prepared to move a little with the expectation that other countries will do the same. This is generating a positive atmosphere, and although complex work remains to be done, it is clear that momentum is building.

In the past, it was unclear the extent to which market access would be improved and domestic support would be cut. During September it appears that the negotiations reached an understanding on the main formula for cutting tariffs and reducing domestic support.

A truly significant moment came on September 20, when for the first time, the United States publicly stated it could live within the domestic support reduction range identified in the Falconer text. This relates to the concept of "amber box" subsidies, the most trade distorting type of

domestic agricultural subsidies. The current limit for U.S. amber spending is \$19.1 billion per year however, it has been demonstrated over the years that there are a variety of loopholes whereby the United States and other subsidizers can exceed their amber limit.

The Falconer text introduces a new limit on Overall Total Domestic Support (OTDS). The U.S. base on OTDS is \$48 billion per year and the Falconer text would bring U.S. amber spending to about \$7.6 billion and OTDS to \$16 billion. This represents a significant reduction in U.S. subsidization and will be a benefit to anyone in Canadian agriculture that has been affected by farm spending in the United States and elsewhere.

...continued on page 2

**Canadian Cattlemen's Association**

310, 6715 - 8th Street N.E., Calgary, Alberta, Canada, T2E 7H7  
(403) 275-8558 Fax: (403) 274-5686 [www.cattle.ca](http://www.cattle.ca)

...continued from page 1

In regards to market access, it has been agreed that there will be a four tier formula where the largest existing tariffs will make the deepest cuts. Tariffs currently over 75 per cent will need to be cut by 70 per cent (example: if the tariff on a product is currently 80 per cent, it would be cut 70 per cent of 80, bringing the tariff rate down to 24 per cent), while the lowest tariffs (under 20 per cent) will need to be cut by almost half (example: an existing tariff of 18 per cent gets reduced down to nine per cent). This should produce huge gains for Canadian exports. In fact, it is the CCA's belief that the tariff cuts alone will add nearly \$500 million of value to the Canadian cattle industry per year once the cuts have been fully implemented.

What remains to be clarified is how to deal with the exceptions. "Canadian agriculture exporters need to be extremely wary about these exceptions," cautions Toews. Most countries are trying to protect their sensitive products from having to make deep tariff cuts. The CCA is concerned that the EU in particular could potentially avoid providing new access for Canadian beef under the protection of "sensitive products". Indeed, Canada's biggest exports of beef, pork, grains and oilseeds are among the world's most sensitive and protected products. It is clearly in the best interest of the vast majority of Canadian agriculture to demand that the Government of Canada seek the deepest tariff cuts possible on all products, including sensitive products.

While the final decision in the WTO negotiations won't be perfect and not every country will get all that it requested, there is a lot on the table that will be beneficial for Canadian agriculture. The CCA encourages the Government of Canada to drive towards finalizing this agreement as soon as possible, stressing that if an agreement slips away in the next couple of months, the negotiations will once again fall into a period of suspension which could last several years. It is time to harvest what is on the table now and lock in the new limits.

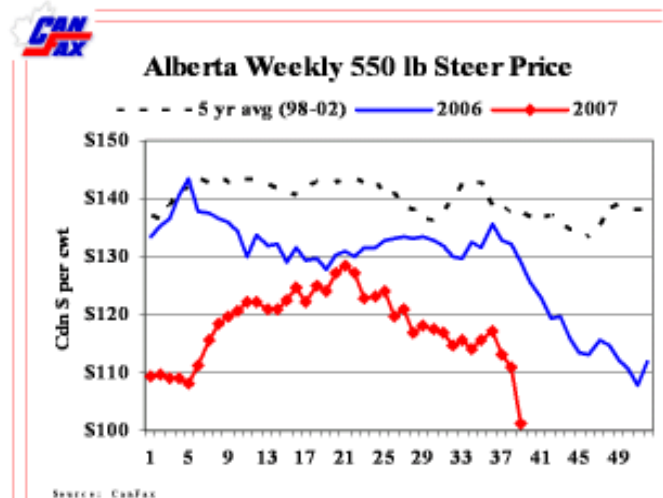


The CCA will continue to monitor the negotiations and provide updates to industry on the status of the WTO agriculture talks.

*CCA Director, Travis Toews and CCA Director of Government and International Relations, John Masswohl, stand outside of the WTO agriculture negotiations in Geneva.*

## Price downturn hitting fall calf run

As they do every year, cattle producers will be looking in the fall to place the calves that were born in March and April into feedlots. Unfortunately, the cumulative toll of sky-high grain prices, regulatory burden and labour issues in slaughter facilities and a strong Canadian dollar are causing calf prices to fall.



There are a number of things that can be done to alleviate this situation. For many months, the CCA has been making constructive suggestions to government to address biofuel policies that artificially drive up the price of grains and to take action on factors that impair the competitiveness of slaughtering cattle in Canada. The CCA will continue to encourage governments to adopt such policies and actions.

## Lancet report on reduction of meat production and intake

The UK's leading medical journal, the Lancet, published a paper examining the impact of meat production globally in the creation of greenhouse gas (GHG) emissions. The report states that the world needs to:

- reduce GHG emissions per unit of meat or milk produced
- reduce consumption of meat (especially ruminant red meat) and milk from the current high levels in high income countries, with predicted health benefits
- taper the rise in consumption of meat and milk in developing countries, also with predicted health benefits

According to the researchers, these health benefits would include a “very likely” decrease in colorectal cancer and heart disease.

The report neglects to point out that inefficient animal agriculture in developing countries is responsible for higher GHG emissions than in developed countries. The CCA and Canadian cattle producers understand that GHG emissions represent inefficiencies in production so they work to reduce these inefficiencies as much as possible.

With the level of care Canadian producers take, methane emissions in the beef industry account for only 0.05 per cent of global GHG emissions (National Inventory Report, 1990-2004 - Greenhouse Gas Sources and Sinks in Canada, Environment Canada). In addition, over 90 per cent of Canada’s total beef production is based on pasture which is a carbon sequestering process.

In regards to meat consumption, scientific and medical communities agree that eating lean beef as part of a balanced diet is beneficial for your health. Lean beef is filled with 13 essential nutrients that your body needs every day including zinc for healthy growth, iron for oxygen, and protein to build and repair your body. In fact, according to Eating Well with Canada’s Food Guide, Canadians should be consuming one to three servings of meat and alternatives per day. A balanced diet combined with physical activity is good for everyone.

## UK Foot and Mouth Disease update

On September 30, the eighth case of Foot and Mouth Disease (FMD) was confirmed on a farm in Surrey in the United Kingdom.

According to the UK Department for Environment, Food and Rural Affairs (DEFRA), it is committed to eliminating FMD in this area and it has made minor changes to the FMD Protection Zone and Surveillance Zone in the area. Veterinary experts have concluded that a number of cattle on four premises in the vicinity of this latest outbreak have been exposed to infection of FMD to such a degree that they are likely to develop disease. These cattle and any other susceptible livestock on these four premises will be humanely culled.

A national movement ban - affecting cattle, sheep, pigs and other ruminants - has been imposed throughout England, and parallel arrangements are being made by the Scottish and Welsh administrations.

As was encouraged in August, Canadian producers are

asked to exercise caution and vigilance. Ensure you know who (workers, visitors, etc.) is on your farm/ranch, who has been there and where they have been. If you plan to travel to the UK or any country that has FMD, please exercise caution and if you are visiting a farm, ensure you have clean clothes brought to you at the airport when you return and disinfect clothing that was worn overseas.

## International Livestock Congress - Calgary



On October 2, 2007, the International Livestock Congress (ILC) - Calgary offered the industry’s best single-day perspective on the broadest range of essential issues. Hosted by the CCA, the International Stockmen’s Education Foundation and the Calgary Stampede, the theme of this year’s ILC was “Beef 2007: Canada and the evolving world of production, trade and retail”.

The ILC program featured a distinguished group of high-impact speakers including Fiona Boal, Executive Director, Food and Agri-Business at Research Rabobank International; Dr. Peter Barnard, General Manager of International Markets and Economic Services from Meat and Livestock Australia; William Kerr, Van Vliet Professor of Agriculture Economics at the University of Saskatchewan; Ted Schroeder, distinguished professor of Agriculture Economics from Kansas State University, and many more.

In addition, as part of ILC’s commitment to the future, the conference once again hosted an international student program. Twenty-five students attended the event, touring beef production facilities while being interviewed and judged on their observations.

ILC is an educational and networking opportunity like no other. Don’t miss ILC 2008! Visit <http://www.ilccalgary.com/> for more information.