



Monthly Report

By Gjenna Vold

MAY 2007

Beef for our Troops

On April 28, 2007, the CCA and the Beef Information Centre (BIC) were honoured to demonstrate cattle producers' support for Canadian soldiers by donating 1,700 steaks for a welcome home dinner for the troops of the 1st Royal Canadian Regiment (1RCR) and their families. The 1RCR has recently rotated back home to Canada after serving a one year tour in Afghanistan.



The dinner took place at CFB Petawawa in Ontario, located about two hours north east of Ottawa. Several CCA, Ontario Cattlemen's Association and BIC Directors made the trip to the base to serve up the steaks and thank the over 1,500 troops and their families, on behalf of the Canadian beef cattle industry, for a job well done.

The troops enjoyed two inch thick Sterling Silver striploin medallions barbequed to perfection by the military crew with the BIC chefs lending a hand. CCA Director Ian McKillop says, "We saw that the soldiers are well taken care of by a professional military cooking corps, but we were pleased to go there and help out with a special meal of extremely high quality beef. I was proud to get up on the stage after dinner and directly tell the soldiers and their families that Canada's beef producers support them."

Plans are being made to hold further steak dinners for troops returning to additional Canadian Forces bases across Canada.



This Month...

- Beef for Our Troops
- CCA Committee Revisions
- Korea Free Trade Negotiations Update
- Regulatory Enhancements to Feed Ban
- Confirmation of BSE in British Columbia
- Beef Cattle Research Council Update
- WTO Negotiations
- 2007 Semi-Annual Meeting and Convention

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

CCA Committee Revisions

Two committee revisions were made during the CCA's Annual General Meeting last month. The Beef Quality and Grading committee was replaced by a new committee called the Value Chain and Competitiveness committee. This standing committee will continue to address quality and grading issues, but its mandate will be expanded to identify areas for improvements that could increase the value for Canadian cattle

and beef. This may include determining ways to improve communication throughout the value chain and identifying how our industry can improve Canada's reputation as a leader in animal health and food safety. The committee will work to develop the terms of reference and identify priority issues in the next few months. The Environment and Animal Care committee has been separated into two committees: the Environment committee and the Animal Care committee. Animal care continues to be a growing issue.

As international standards are developed through the OIE, it is important that the Canadian industry stay closely involved in these processes. To better address these issues, a separate committee was formed to focus solely on animal care issues.

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

Korea Free Trade Negotiations Update

Canadian beef industry representatives were on hand in Seoul, Korea during the negotiating session that took place April 22—26, 2007. However, no agreement to provide access for Canadian beef was reached.

Much of the discussion on beef focused on learning what access Korea had agreed to provide for U.S. beef under the Korea-U.S. (KORUS) free trade agreement (FTA) reached in late March. The Korean tariff on U.S. beef will be eliminated in 15 equal annual steps subject to a “safeguard volume”. We believe the Canadian negotiators must insist that Canadian beef be treated at least as favourably as U.S. beef and that they should not conclude the negotiations before verifying the final KORUS written text.

We were encouraged by the media reports of Minister MacKay’s discussions with the Koreans and we hope that Korea will indeed open its border to Canadian beef soon, allowing access for all beef from cattle of all ages and offals. If Korea allows access for only boneless beef from cattle under 30 months of age, the CCA will insist that the federal government not ratify any Canada-Korea FTA until the prohibition on all Canadian beef is lifted.

Regulatory Enhancements to Feed Ban

As of July 12, under the enhanced feed ban, livestock feed, pet food and fertilizer will no longer be able to include “specified risk materials” (SRMs) from cattle as an ingredient or input. It has been prohibited to feed ruminant byproducts to cattle and other ruminants since 1997, but the new rule will include the prohibition of SRMs in livestock and animal feed, including pet food. The industry is committed to implementing this new regulation.

One issue to be addressed is that many of the packers and abattoirs that produce the SRMs and the renderers that process the SRMs will not have all their equipment or other infrastructure upgrades in place by July 12. It will be very difficult for many of these companies to make a business decision to handle these materials until their equipment is ready. The CCA is concerned that unless the federal government creates a transition program to meet the short-term operating costs that will be incurred until infrastructure is ready, many companies will comply with the new rules by simply refusing to accept SRMs into their facilities.

To avoid this situation, on April 20 the CCA and the Canadian Meat Council requested that Agriculture Minister Chuck Strahl create a \$50 million transition fund for up to two years. The objective of the fund will be to encourage renderers to keep accepting SRM material and rendering it. The CCA is encouraging the government to

create this transition program as soon as possible.

Confirmation of BSE in British Columbia

The Canadian Food Inspection Agency (CFIA) confirmed the diagnosis of BSE in a mature dairy cow in British Columbia. It is currently investigating the case and will release its report when it is completed. Preliminary information indicates that the age of the animal (66 months) falls well within the age range of previous cases detected in Canada under the national BSE surveillance program.

Most countries with home-grown cases of BSE have detected animals born after a ruminant feed ban, so it was not unexpected. Approximately 160,000 animals have been tested under the national surveillance program in Canada since 2003 and it is expected that there will continue to be a small number of cases detected over the next 10 years as the risk of BSE continues to decline.

It is important to note that the infected animal did not enter the human food or animal feed systems. We are confident in the processes the Government of Canada has developed to ensure the health of Canadians and to deal with BSE in this country. This finding should not impact Canada’s recommendation by the OIE to be recognized as a controlled risk country.

Beef Cattle Research Council Update



The Beef Cattle Research Council (BCRC) was implemented in 2000, as an operating division of the CCA. Its purpose is

to sponsor research and technology development in support of the Canadian beef industry’s vision to have high-quality Canadian beef products recognized as the most outstanding by Canadian and world customers.

Any individual or organization (academic institution, private industry, government or non-government), from Canada or elsewhere, with a proven ability to carry out research projects in areas that could be useful to the Canadian beef industry are eligible to apply for research funding.

The BCRC holds an annual priority-setting meeting to identify areas in need of further research. The beef industry is currently facing challenges around the need to dispose of specified risk materials from cattle after slaughter and from animal mortalities on farms and feedlots. Consequently, a key priority for the BCRC is

research that addresses these challenges and ensures safe handling practices and environmental safeguards.

Another research priority revolves around the cost of feeding cattle in Canada relative to the change in feed costs in the United States and the rapid expansion in the production of biofuels in North America. Research is required to address different aspects of distillers' grains to maintaining competitive costs of feeding cattle in Canada in general.

One recently completed study was "Market Power in the Alberta Red Meat Packing Industry". This study was funded by the BCRC and the Canada-Ontario Research Development Program to assess the extent to which the U.S. border closure in 2003 increased the market power of red meat packers in Alberta. The study reveals that with the closure of the border, Alberta fed steer prices declined drastically while U.S. fed steer prices saw a sharp increase. When the border opened to under-30-month beef in September 2003, the Alberta fed steer price increased, but Alberta and U.S. prices did not resume their pre BSE trends. While U.S. prices still had a significant impact on Alberta prices, the research found that Alberta and U.S. fed steer prices were no longer integrated and a major restructuring of the fed steer market occurred.

The second part of the study measured the extent of market power exercised by packers in Alberta since the border was reopened to muscle cuts in September 2003. The study revealed that the level of power held by Alberta packers did increase in the post BSE period. While Alberta packers were able to exercise increased market power prior to the border reopening to live cattle exports in 2005, the results are not consistent with the coordinated exercise of market power and actually indicate that the actual behavior was more competitive than might have been expected.

To read the complete report, visit <http://www.cattle.ca/research%20and%20development/bcrc/Final%20Market%20Power%20Report.pdf>

For more information on the BCRC, its research priorities and projects, visit <http://www.cattle.ca/research%20and%20development/bcrc/bcrc.htm>

WTO Negotiations

After several months of behind-the-scenes efforts by several countries to resuscitate the WTO agriculture negotiations, few tangible results have emerged. However, on April 30, Chairman of Agriculture Negotiations Crawford Falconer produced a paper summarizing the state of the negotiations. The

Chairman's paper dismisses some countries' extreme positions and seeks to identify a feasible range where a negotiated consensus might lie. The paper has sparked outrage from those whose unsustainable positions have been discarded. This would include the small, but vocal segment of Canadian agriculture that hopes to maintain high tariff protection for "sensitive products".

The CCA acknowledges the purpose of the paper and that although it leaves much unresolved, it provides a frank assessment of what is going to have to occur to reach a consensus among the approximately 150 countries. It does not propose a resolution but it represents an effort to have countries acknowledge the reality of what is outside the feasible set and get back together to try to complete a deal. If the negotiations can resume on such an understanding, then the paper will have accomplished what it set out to do.

The CCA's main concern with the paper is that it leaves too much scope for "sensitive products" and if it is an accurate depiction of the feasible outcome, the European Union will retain the ability to designate beef as sensitive and be unlikely to provide any meaningful access for Canadian beef. The CCA believes sensitive products have to expand their quota access to 10 per cent or more of domestic consumption in order to get a meaningful tariff result for Canadian beef into Europe.

2007 CCA Semi-Annual Meeting and Convention

The CCA is pleased to hold its 2007 convention and semi-annual meeting in Halifax, Nova Scotia on August 13-17, hosted by the Nova Scotia Cattle Producers. 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.