



Monthly Report

By Gjenna Vold

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Rule 2 faces opposition

U.S. legislators in both the House and Senate have introduced resolutions of disapproval for the United States Department of Agriculture (USDA)'s Rule 2.

U.S. Senator Byron Dorgan from North Dakota introduced a formal "Resolution of Disapproval" to block Rule 2 along with a group of co-sponsors. Dorgan's resolution could be considered by the full Senate under expedited procedures for "major" rules if 30 Senators support it. At last count, the resolution had the support of nine Senators. A similar process must also occur in the House.

If Rule 2 is disapproved by both Chambers of Congress, President Bush would then have to agree to disapprove it in order for the rule to be overturned.

On October 29, the Ranchers-Cattlemen Action Legal Fund (R-CALF) filed a lawsuit in a South Dakota District Court aimed at obtaining an injunction to prevent Rule 2 from coming into effect. The CCA is developing a legal strategy to oppose this complaint.



This Month...

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

The price of calves

The surge in the Canadian dollar and the high price of grain has resulted in lower calf prices during this year's fall run. In addition, costs associated with the enhanced feed ban are working their way down to the cow/calf producer and resulting in lower prices on both calves and cull cows.

The CCA and the provincial associations have been asking the government to address biofuel policies that artificially drive up grain prices and to reduce the regulatory burden on slaughter facilities, which includes the cost of implementing the enhanced feed ban. We recognize the need to prevent further slaughter

cutbacks to increase the competitiveness of slaughtering cattle in Canada and to encourage those facilities that remain to pay more for cattle. The CCA will continue to address these issues with governments and it also encourages producers to talk to their Members of Parliament about the price downturn throughout the cattle industry and across the country.

The CCA's approach is to work toward improving the competitiveness of the Canadian red meat industry, investing in research aimed at improving feed grain and forage availability and quality, and addressing continuing market access issues.

It has identified several options in the short-term that could address some of the issues facing the industry, including the following:

1. Advocate a lower Bank of Canada interest rate recognizing the economy as a whole is cooling off.
2. Seek changes to the Canadian Agricultural Income Stabilization (CAIS) program to ensure national uniformity and greater responsiveness to the rapid change in currency value as well as the rapid escalation in feed costs driven by government intervention in biofuels.

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3. Decouple the cash advance from CAIS.
4. Establish a new dedicated Trade Directorate that can pull together resources from the CFIA, Agriculture and Agri-Food Canada (AAFC) and the International Trade Canada (ITC) to initially focus maximum resources on market access agreements for Canadian cattle, beef, and beef products.
5. Address the uncompetitive regulatory costs facing the industry including
 - a) Ensure the costs of the enhanced feed policy are addressed and where necessary are offset to ensure a level playing field with U.S. industry.
 - b) Suspend user fees and meat inspection costs.

Beef: meeting consumers' demands

The International Livestock Congress (ILC) - Calgary was held on October 2, 2007 with a theme of *Beef 2007: Canada and the evolving world of production, trade and retail*. It featured several speakers from around the world and presentations on subjects ranging from the economic state of the beef industry to what consumers are looking for when purchasing beef.



Many factors, such as new regulations, the weakening U.S. dollar, high feed costs and strong competitors both in the beef industry worldwide and in the pork and poultry sectors, are having a large impact on the Canadian industry.

Gail Hall, a professional caterer and food consultant in Edmonton, Alberta and featured speaker at the ILC, is part of the baby boomer generation. According to Hall, baby boomers are seeking healthy foods to increase longevity. They are also asking how animals are raised, what animals are fed, and how they can buy locally and support their local farmers.

Ken Clark, meat manager for the Overwaitea Group, a chain of food stores in Alberta and British Columbia, described how companies such as Overwaitea support local brands. The Western Family Beef Brand, in partnership with the British Columbia Cattlemen's Association and Alberta Beef Producers, supplies stores with case-ready beef that is certified at a federally inspected plant from local ranchers who meet certain specifications.

Ted Schroeder, agriculture economist with the University of Kansas, stated that although there has been a 17 per cent overall global increase in beef consumption, it still

falls behind pork at 46 per cent and poultry at 37 per cent. Overall, according to Schroeder, people want safety, tenderness, flavour and convenience at a competitive price.

ILC-Calgary 2008 will be held in July and is produced in partnership with the CCA and the International Stockmen's Education Foundation. Visit www.ilccalgary.com for event details.

E. coli 0157:H7 investigation

On Friday, October 26, the Canadian Food Inspection Agency (CFIA) issued a news release that it was investigating possible linkages between *E. coli* cases that occurred earlier this summer in Canada. It is also investigating the possibility that this unique pattern of *E. coli* was the same one that was found in the United States and may have been a source of the outbreak of *E. coli* that was linked to the Topps Meat Company - the American company that had a massive recall of beef patties in September.

This same pattern was identified in meat products from Rancher's Beef Ltd. in Alberta. Although Rancher's Beef ceased operations in August, some product remains in storage and was sampled and tested by the CFIA as part of the joint investigation of the Topps recall and as part of CFIA's own investigation into 45 illnesses in Canada from *E. coli* 0157:H7. The "DNA fingerprints" from this meat was provided by the CFIA to the USDA's Food Safety and Inspection Service (FSIS).

The Canadian beef industry supports the effective implementation of food safety standards and the important contribution of the CFIA. The beef industry has, and continues to carry out extensive research and has petitioned for numerous interventions that can reduce or eliminate *E. coli* 0157:H7. Producers and processors take care to ensure that the risk of *E. coli* is minimized. In addition, processors follow mandatory food safety programs and have adopted multiple interventions to control and prevent the occurrence of *E. coli* 0157:H7 in beef products.

We don't expect this to impact our trading relationship with the United States. *E. coli* 0157:H7 is commonly found throughout the world. Canadian cattle producers cooperate with cattle producers around the world to ensure consistent, effective intervention. Both the United States and Canada have adopted similar procedures and safeguards. Consumers are reminded to thoroughly cook meat to prevent *E. coli* 0157:H7 related illness and to always use safe handling practices to prevent cross-contamination.

Alta Exports International ships 2,217 head of Canadian purebred cattle to Russia

The Canadian Beef Breeds Council (CBBC) and the Canadian Livestock Genetics Association (CLGA)'s mutual export member, Alta Exports International Ltd., shipped 2,217 head of Canadian purebred cattle to customers in Russia.

The cattle were sourced in six provinces from more than 400 farms and the combined sales nets close to \$4 million CDN for the purebred producers involved. The cattle left by ship from Quebec on October 23, 2007 and will arrive in Novorossiysk, Russia. This shipment is the largest exportation of beef cattle since the Bovine Spongiform Encephalopathy (BSE) crisis of 2003.



Trucks carrying pelleted feed for the over 2,000 cattle left by ship from Port du Bécancour, Québec, for the journey to Novorossiysk, Russia.