



Monthly Report

By Gjenna Vold

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Taiwan opens to Canadian beef

On June 23, Taiwan announced that it was ending its four year ban on Canadian imports. Access has been granted for Canadian boneless beef derived from cattle under-30-months (UTM) of age. This access has been granted on a system-wide basis, meaning all federally-inspected Canadian beef processing establishments are eligible for export to Taiwan.

This was a welcome announcement and represents a step towards the full resumption of trade with Taiwan according to World Health Organization (OIE) guidelines. Taiwan represents a sizeable market for beef exports. Last year, Taiwan imported approximately 100,000 tonnes of beef products. Export volumes of Canadian beef to Taiwan reached their highest level in 2002, with 8,000 tonnes of beef being shipped for a value of \$42 million. It is an important market for meats such as striploin, rib eye, etc. and has historically offered the highest value per kilogram of beef exported.

The CCA expects the Canadian government to continue to push for full

access according to OIE guidelines so that all beef products from Canadian cattle of any age are eligible for export.

WTO negotiations update

After 10 months of being on hold, the World Trade Organization (WTO) agriculture negotiations resumed in Geneva this past month. These negotiations represent an important opportunity for Canada to address issues such as high tariffs and global subsidies that distort cattle production and prices. Unfortunately, the talks appear to be breaking down again. The troubled round of negotiations was pushed to the brink of collapse after a crucial meeting between the leading players. Although not due to agriculture issues, negotiations between the United States, the European Union, Brazil and India broke down two days ahead of schedule.

The WTO's director-general acknowledged that the breakdown was a serious blow, but stated that discussions would continue with all WTO members in Geneva next week. There continues to be hope that there will be a breakthrough although time is rapidly running out until the WTO's deadline at the end of July for a draft agreement.

Rule 1 update

The U.S. Appeals Court has scheduled an oral hearing for arguments from the Ranchers-Cattlemen Action Legal Fund (R-CALF) on restricting Canadian beef imports. This is the continuum of R-CALF's litigation related to Rule 1 and UTM beef and cattle. The U.S. border is currently open to UTM beef and cattle but R-CALF has been working to close it. Oral arguments have been scheduled to proceed on July 13 in Portland, Oregon.

In April 2006, Judge Richard Cebull of the United States District Court in Montana upheld the United States Department of Agriculture (USDA) rule to open the U.S. border to UTM cattle and beef. In June 2006, R-CALF appealed Cebull's District Court ruling. R-CALF submitted its briefs to the Ninth Circuit at the end of 2006 and the USDA submitted its reply brief at the beginning of 2007. Amicus briefs in support of the USDA were submitted by the CCA, Alberta Beef Producers, the Government of Canada and others.

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

Although we do not believe the border will be reclosed to UTM cattle and beef, the process will cost the Canadian industry more money in legal fees.

Canada has shown that it has multi-layered safeguards in place to control BSE and according to OIE guidelines, there is no justifiable reason why the U.S. border should be closed to Canadian cattle and beef of any age.

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

SRM Feed Ban in effect July 12

New regulations regarding the removal and disposal of specified risk materials (SRM) will come into force on July 12, 2007. SRM's will be banned from all animal feed, pet food and fertilizer. Under the enhanced feed ban there are new regulations for anyone handling, transporting or disposing of SRM's. It is also important to note that the requirements under the old feed ban continue to apply.

The enhanced feed ban will also impact the way Canadian livestock producers operate. Permits will be needed to transport or dispose of cattle carcasses off a producer's property and new transportation requirements are as follows:

- Cattle deadstock and raw SRM remaining on a farm's premises are not subject to any specific Canadian Food Inspection Agency (CFIA) requirements. On-farm disposal methods must respect municipal and provincial/territorial regulations. All material, including any composted cattle remains, must stay on the premises.
- A permit issued by the CFIA is required to move SRM in any form, including cattle deadstock, from a farm's premises. As well, a visible stripe must be applied down the backs of carcasses containing SRM, and raw SRM must be dyed.
- A CFIA permit is also required to transport edible carcasses containing SRM for cutting or processing. Carcasses of cattle older than 30 months of age must be stained with a meat dye to mark the spinal cord or vertebral column. Eviscerated carcasses of cattle UTM of age that no longer contain the intestine are considered free of SRM and are not subject to CFIA transportation requirements.
- Records of all SRM and deadstock must be kept for 10 years.

Additional information about the enhanced feed ban can be found on the CFIA website at www.inspection.gc.ca/bse. To request a SRM permit, producers should call the CFIA at 1-800-442-2342.

Significant delays in funding and decisions related to implications will result in significant costs to packing plants and renderers. Since September, the CCA has stressed timely decisions and transition funding to deal with the extra costs.

BSE action against Federal government

A Quebec Superior Court ruled that a billion dollar class action suit on behalf of nearly 20,000 Quebec cattle producers against the Federal government will proceed to trial.

The claim alleges that negligence on the part of the Federal government caused the BSE crisis in Canada and the corresponding loss of income to Canadian cattle producers. In April 2005, class action claims were filed cooperatively by a team of lawyers in the courts of Quebec, Ontario, Saskatchewan and Alberta on behalf of all commercial cattle farmers of resident in Canada as of May 20, 2003.

The CCA is not directly involved in this situation but will stay informed and updated on this current legal case.

U.S. Corn Import case

The Federal Court hearing on the matter of whether the Canadian International Trade Tribunal (CITT) erred in deciding that imports of U.S. corn were not causing injury to Canadian corn producers was rejected on June 5, 2007.

CCA had participated in the case as part of the Animal Industry Corn Users Coalition, alongside the Canadian Pork Council and the Animal Nutrition Association of Canada. If the case hearing had not been successful, the Federal Court could have returned the case to the CITT to be reheard. If the CITT had reversed its decision, anyone who imported grain corn into Canada from the United States after December of 2005 would have had to pay retroactive duties.

COOL update

Country of Origin Labeling (COOL) for beef will be put into practice in the United States by October 1, 2008 and may have major negative impacts on the Canadian cattle industry. Only beef from cattle "born, raised and processed" in the United States could be labeled as a "Product of USA". Beef from cattle born in Canada and fed and slaughtered in the United States would require a label indicating "From Cattle Born in Canada, Raised and Slaughtered in the United States".

To ensure that products are correctly identified as to their country of origin, a verifiable recordkeeping audit trail is required which will increase costs throughout the beef chain. Cattle producers, feeders, packers and retailers will all see negative cost implications as a result of COOL.

COOL was passed as part of the 2002 Farm Bill, but its implementation for meat and livestock has been delayed twice, with the current effective date being in 2008. There was some speculation that if the Republicans had held Congress in last November's elections, implementation could have been further delayed or even abolished. With the Democrats now in control of Congress, COOL is again a top priority.

The CCA is consulting with its legal counsel to identify the best strategy to deal with COOL and is collaborating with other sectors in Canada and the United States who are negatively impacted by COOL. In addition, the Beef Information Centre has developed its U.S. marketing plan with a focus on the foodservice sector which is exempt from COOL requirements, and is developing branded programs that mitigate the potential effects of COOL.

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.