



# Monthly Report

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## Enhanced feed ban implemented

The Canadian Food Inspection Agency's (CFIA) new animal feed regulations came into effect on July 12, 2007. The new rules prohibit specified risk materials (SRMs) as an ingredient or input in animal feed, pet food or fertilizer. This means strict new handling and disposal requirements for these waste materials adding a significant cost to the Canadian industry, not incurred by U.S. facilities.

For several months the CCA has been cautioning the federal government that the enhanced feed ban would trigger restructuring in the Canadian beef processing sector without adequate transitional funding. Some federal/provincial transition fund agreements have been announced, but lengthy delays in establishing these agreements have prevented the industry from readying itself in an efficient manner. Furthermore, there have been unforeseen costs that the transition programs were not designed to address. Unfortunately the current situation is that some processors have decided that

the best way to comply with the new rule is to simply stop processing certain cattle. Since the new regulations were implemented on July 12, nearly 600 jobs have been eliminated at two major beef processors. Some smaller facilities have announced that they will no longer process cattle that are over 30 months of age.

The CCA is working harder than ever to stress to the federal government that without an immediate acknowledgement of this problem and a commitment to adequately support the industry in this period of transition, the Canadian beef processing industry will continue to undergo a major structural change. In April, the CCA requested that the federal government create a transition fund of up to \$25 million per year for two years to meet the short-term operating costs that will be incurred until the proper infrastructure is in place. To date, this request has not been accepted.

## This Month...

- Enhanced feed ban implemented
- R-CALF litigation continues
- COOL update
- Environmental impacts of the beef industry
- CCA Executive Vice President in attendance for WTO negotiations
- "Celebrating 75 Years - Looking Back and Stepping Forward"

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

## R-CALF Litigation Continues

On July 13, in Portland, Oregon, the U.S. Appeals Court heard oral arguments from the Ranchers-Cattlemen Legal Action Fund (R-CALF) on restricting Canadian beef imports—specifically under-30-month (UTM) cattle and beef.

R-CALF is looking to overturn the April 2006 decision of Judge Richard Cebull of the United States District Court in Montana to uphold the United States Department of Agriculture's (USDA) rule to open the U.S. border to UTM cattle and beef. In June 2006, R-CALF appealed to Judge Cebull's District Court ruling to the Ninth Circuit Court of Appeals. Although the USDA filed a

motion for "summary affirmance" with the Ninth Circuit Court, outlining that the Ninth Circuit had already heard, considered and rejected all of R-CALF's arguments, the court decided in November 2006 that R-CALF would be allowed to make its arguments regarding "Rule 1".

The CCA and its affiliates, along with the Government of Canada, the American Meat Institute and others, filed an *Amicus* Brief in support of the USDA's science-based approach to trade and its rule to allow UTM cattle and beef to be exported to the United States.

According to the international standards of the World Organisation for Animal

Health (OIE), there is no justifiable reason why the U.S. border should be closed to Canadian cattle and beef of any age. Both Canada and the United States were awarded the designation of a controlled risk country for BSE based on the multi-layered safeguards in place to control BSE and ensure potentially infective material does not enter the human food supply.

John Masswohl, director of government and international relations for the CCA, was present in Court representing Canadian cattle producers. The Court did not make a ruling at that time and it may be a few months before it does. We hope it accepts the decision of the United States District Court and put an end to this litigation.

## Canadian Cattlemen's Association

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## COOL update

Country of origin labeling (COOL) for beef continues to be debated by the House Agriculture Committee. COOL was included in the 2002 U.S. Farm Bill and requires that all beef sold at retail in the United States be labeled as to the country of its origin. As it is currently written, only beef from cattle “born, raised and processed” in the United States could be labeled as a “Product of USA”.

Three categories of labeling are being discussed: one that indicates the product was born, raised and slaughtered in the United States; one that indicates the product was not exclusively born, raised and slaughtered in the United States; and one that includes products entirely derived from foreign countries. Ground meat product may be labeled with a list of countries where the product may have originated. There are still ongoing discussions as to what the specific requirements will be. Everyone involved in the beef industry will be impacted by COOL and verifiable record keeping audit trails and labeling requirements will result in added costs.

The CCA does not disagree with the concept of COOL, however, our legal analysis indicates that both the North American Free Trade Agreement (NAFTA) and World Trade Organization (WTO) clearly establish that the origin of meat is the country in which the animal was slaughtered. In other words, these trade agreements establish that if Canadian cattle are slaughtered in the United States, the beef is then of U.S. origin. Therefore, the U.S. law requiring cattle and hogs to be born, raised and slaughtered in the United States in order for the meat to be labeled as “U.S.” is a violation of the trade agreements.

In addition, poultry is exempt from COOL and this will create a competitive disadvantage for beef and pork. The CCA is working with the Canadian Pork Council to request the Canadian government be prepared to challenge laws that are non-compliant under NAFTA and the WTO.



## Environmental impacts of the beef industry

A study assessing the effect of the Japanese beef cow-calf system on global warming, water acidification and energy consumption was completed by Akifumi Ogino of the National Institute of Livestock and Grassland Science in Tsukuba, Japan. The study looked at calf production, animal management and the effects of producing and transporting feed. By combining this information with data from their earlier studies on the impact of beef fattening systems, the researchers were able to calculate the total environmental load of a portion of beef.

The study indicates that a kilogram of beef is responsible for the equivalent amount of CO<sub>2</sub> emitted by the average European car every 250 kilometers. Most of the greenhouse gas (GHG) emissions are in the form of methane gas released from the cattle’s digestive systems.

Canadian cattle producers work hard to ensure environmental sustainability and understand that GHG emissions are losses of valuable inputs to cattle production and represent inefficiencies in production and are working to reduce emissions as much as possible. Methane emissions from cattle are largely a factor of feed quality and digestibility. As feed quality increases, methane emissions per pound of meat produced decreases. The quality of feed and pastures which Canadian cattle are provided far exceeds that of most countries.

With the level of care Canadian producers practice for the environment and for their cattle herd, 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)

Specifically, when GHG emissions are measured according to the Kyoto rules, Canada contributes only two per cent of all global GHG emissions. Of this two per cent, agriculture as a whole contributes only 7.3 per cent of total GHG emissions.

Through research and technology, Canadian cattle producers are leaders in the environmental management of the land and in management practices to reduce the level of methane that is produced.

## **CCA Executive Vice President in attendance for WTO negotiations**

CCA Executive Vice President, Dennis Laycraft, attended the WTO agriculture negotiations in Geneva recently to ensure the interests of Canada's beef producers were represented. These negotiations represent an important opportunity for Canada to address issues such as high tariffs and global subsidies that distort cattle production and prices. The troubled round of negotiations was pushed to the brink of collapse after a crucial meeting between the leading players last month, explaining the importance of having an industry representative in attendance.

### **“Celebrating 75 Years - Looking Back and Stepping Forward”**

Celebrating 75 years in the beef industry, this year's CCA convention and semi-annual meeting will be held in Halifax, Nova Scotia from August 13 - 17. Featuring speakers from around the world, this year's convention will focus on how Canada can continue to build a sustainable foundation to maintain its position as a leader in animal production and health and beef safety. Come out and meeting producers from across the country as well as industry affiliates and learn about important issues affecting the Canadian beef industry, while enjoying the picturesque countryside Nova Scotia has to offer.

In addition to the President's Reception, annual golf tournament and barbeque evening, the 2007 convention program features Dr. Jill Hobbs from the University of Saskatchewan and her discussion on a recently completed study exploring the feasibility and implications of extending the current cattle identification system to a full chain traceability system from farm to retail.

Allan Bloxsom from Meat and Livestock Australia will be highlighting the Australian cattle industry and its "whole of chain" approach to the production of safe and wholesome beef. As well, Dean Baglole from Atlantic Beef Products will discuss the benefits of a value chain alliance and building strategic partnerships with cattle producers and retail and foodservice customers.

Get more information and register today by visiting [www.cattle.ca](http://www.cattle.ca) under "Calendar", or phone (403) 275-8558.