



# Monthly Report

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## 2007 CCA Annual General Meeting

The Canadian Cattlemen's Association (CCA) held its annual general meeting in Ottawa, Ontario on March 27-30, 2007 and re-elected Hugh Lynch-Staunton as President and Brad Wildeman as Vice President.

As the Canadian beef industry faces new challenges, such as the rapidly emerging bioenergy sector, it is important that these issues are addressed and the best course of action is determined. The CCA has been undertaking many new initiatives to better move the industry into the future, including completing a review of the CCA's structure and operations and enhancements to the CCA policy-making process. This review, including the creation of a national leaders forum, was approved at the annual meeting.

Continued funding for enhanced advocacy efforts to achieve normalization of live cattle and beef trade and to deal with other issues such as country of origin labeling was also approved as was a \$21.5 million global marketing plan for 2007-08.

Other issues that have emerged, especially since BSE, include traceability and age verification, and

resolutions were passed to ensure that the cattle industry traceability system development is industry-led and that the Canadian Cattle Identification Agency infrastructure is utilized and that no duplication or fragmentation takes place. The CCA will also be working to communicate the work the industry and producers are doing for the environment and the animals in their care in the coming months.

On March 28, the CCA hosted its annual spring reception on Parliament Hill where President Hugh Lynch-Staunton thanked the federal government for the work it has done, such as removing bluetongue restriction requirements and to ask it to continue to push towards resuming full trade with the United States.



*James Bezan, MP for Selkirk-Interlake and Chair of the Standing Committee on Agriculture and Agri-Food addresses the spring reception.*

## New SRM Removal Protocol Fast Approaching

New safeguards intended to accelerate the elimination of BSE from Canadian cattle will come into effect on July 12, 2007. Specified risk material (SRM) will be banned on that date from all animal feeds, pet foods and fertilizers. As a result, there are new requirements for anyone handling, transporting or disposing of SRM. This includes cattle

producers as well as abattoirs, renderers, fertilizer, pet food and feed manufacturers, waste management facilities, and transporters.

BSE surveillance and investigations of cases indicate that Canada's feed ban has effectively reduced the spread of BSE since being implemented in 1997. However, even compliance with the ban's requirements left limited opportunities for cross-contamination during manufacture, transport and

**This Month...**

- 2007 CCA Annual General Meeting
- New SRM Protocol
- CFIA Investigation on 9th BSE Case Complete
- OIE Recommendation
- USDA's Rule 2 Moves to Next Phase
- Korea Free Trade Negotiations
- CCMDRC Mission to Asia

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storage. In addition, the cross-contamination and accidental misuse of feed on farms with multiple species could not be discounted.

Under the new protocol, a CFIA permit will be required for anyone handling, transporting or disposing of SRM. There will also be specific labeling requirements for any products containing prohibited material. The government has been collaborating with

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### Canadian Cattlemen's Association

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## SRM Removal Protocol

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the provinces, territories and the industry to identify and develop disposal and alternative-use options for dead stock and condemned cattle.

According to the CFIA, these changes should result in BSE eradication in approximately 10 years – less than half the time of the current feed ban. The primary goal of the enhancements is the elimination of more than 99 per cent of potential infectivity from entering the feed system.

For more information on the enhanced feed ban, visit [www.inspection.gc.ca/bse](http://www.inspection.gc.ca/bse)

## CFIA Investigation of 9th BSE Case Complete

On March 26, 2007, the CFIA issued its report on the completed epidemiological investigation of the BSE-positive bull diagnosed on February 7.

The animal was born on-farm in the spring of 2000 and remained there throughout its life. The location and age of the animal are consistent with previous cases and the BSE surveillance results to date, including this new case, still reflect an extremely low level of BSE in Canada. The feed investigation focused on feeds the animal may have been exposed to during its first year of life. A review of the manufacture, transportation and handling of these feeds did not demonstrate a link between production practices for a specific product and potential cross-contamination with prohibited material.

This case further confirms that there was an extremely low level of BSE infectivity in Canada's feed system during the late 1990's and early 2000's. The detection of this animal demonstrates the effectiveness and integrity of Canada's surveillance system. No part of the animal entered the human food supply or animal feed chain.

For more information on the CFIA report, visit <http://www.inspection.gc.ca/english/anima/heasan/disemala/bseesb/situatione.shtm>

## OIE Recommends Canada be Categorized a Controlled Risk Country

A preliminary recommendation from the World Organization for Animal Health (OIE) that Canada be categorized as a Controlled Risk country for BSE was announced on March 9, 2007.

The Honourable Chuck Strahl, Minister of Agriculture and Agri-Food stated that there is a high level of international confidence and respect for the effectiveness of Canada's BSE control measures and its commitment to protecting animal and public health, which has been demonstrated by the market recovery achieved to date.

The OIE's science-based categorization system provides the framework for fair and standardized international trade based on the safeguards that trading partners have implemented. Should the preliminary categorization be adopted, it would provide further rationale for trading partners to either resume or expand market access for Canadian beef and cattle exports. A final decision will be made at the OIE's General Assembly meeting in late May.



## USDA's "Rule 2" Moves to Next Phase

Despite requests to extend the public comment period for Rule 2, it concluded as scheduled on March 12. The USDA is now in the process of reviewing the submissions and preparing responses to them. The number of comments, although not insignificant at around 400 submissions, pales in comparison to the 3400 submissions received on Rule 1 in 2004. It took the USDA seven and a half months (a period which also spanned the 2004 U.S. elections) to review the comments on Rule 1. If the USDA can complete this review and submit Rule 2 to the White House's Office of Management and Budget (OMB) by late spring, we are hopeful that OTM and breeding cattle could move to the United States by late summer or early fall.

In their submissions, the American Meat Institute, the National Meat Association and a number of U.S. packing companies echoed the CCA's request to eliminate the requirement for slaughter cattle to be born after March 1, 1999. However, these organizations also requested that if the born after date for imports of Canadian slaughter

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## “Rule 2”

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cattle is not removed, then a matching born after date for imports of Canadian beef needs to be imposed.

Most of the comments opposing the rule were economically motivated. A couple of state cattle organizations stated that they had no concern regarding the health or safety of Canadian cattle or beef, yet they oppose Rule 2 on economic grounds. Several U.S. dairy organizations provided submissions stating that they had no objection to allowing older Canadian slaughter cattle, but they opposed the importation of Canadian breeding heifers on economic grounds. Many individual cattle producers submitted comments believing that Rule 2 would cause them personally to lose a certain amount of money based on a grossly exaggerated assumption that cull cow prices would drop by about 20 cents per pound (we believe the impact will be less than a penny per pound). We are confident that the USDA will be able to adequately respond to such comments.

Several opposing submissions suggested that the rule was premature in light of the February 7 BSE-positive bull in Alberta and the feed recall in Saskatchewan. The CFIA's completion of its report on the investigation of the Alberta bull is helpful. We believe that the USDA will understand that the feed recall in Saskatchewan is an example that Canada's feed ban is in fact seriously enforced. An OIE ruling of both Canada and the U.S. as controlled risk countries for BSE, expected for late May, will also be very helpful in responding to such objections.

## Korea Free Trade Negotiations

The United States reached a free trade agreement (FTA) with Korea on Saturday, March 31, a few hours before the President's deadline to fast track it and inform Congress under the terms of his "Trade Promotion Authority". It is still unclear what access will be provided for U.S. beef under this agreement, although early details indicate phasing out Korea's 40 per cent tariff for U.S. beef over 15 years. The issue that is still unresolved is Korea's BSE restrictions on U.S. beef. Theoretically Korea is open to boneless UTM U.S. beef, but in practice, no shipments have made it past Korean inspectors. NCBA has stated it will oppose the FTA until the BSE restrictions are fully lifted for bone-in and OTM beef. Key U.S. Senators and Congressmen have stated they will delay ratifying the FTA until it is clear that Korea is open for U.S. beef. Korea has indicated a willingness to revisit the terms of its ban after the OIE ruling in May.

Canada is also hoping to reach an FTA with Korea very soon. The CCA is insisting that Canadian negotiators

must secure tariff treatment no less favourable for Canadian beef than U.S. beef will enjoy. Of course, we also have the same over-arching issue as the United States with respect to Korea's continuing BSE prohibition. Until Korea provides full access for all Canadian beef, including bone-in and OTM beef, the CCA will be seeking a commitment from Members of Parliament that a Canada-Korea FTA will not be ratified.

## CCMDC Mission to Asia

Members of the Canadian Cattlemen Market Development Council (CCMDC) recently undertook their first market intelligence mission since being charged with overseeing the "Legacy Fund", a contribution of \$50 million by the Government of Canada and \$30 million by the Government of Alberta to support long-term market development for the Canadian beef and cattle genetics industry.

The mission to Asia, important for assessing Canada's marketing potential there, was structured into two parts: a trip to Japan and Taiwan and a trip to Korea and Hong Kong/Macau. Representatives of the major beef packing plants in Canada and executive members of the Canada Beef Export Federation (CBEF) were also part of the first portion of the mission. They met with beef distributors, wholesalers, retailers and food service customers in both countries. The overwhelming message was that these countries wanted Canada back in their respective markets as a full supplier of high-quality beef to compete with Australian and U.S. products.

One of the major challenges we face in accessing a larger share of the Japanese market is in supplying beef from cattle under 21 months of age on a consistent year-round basis and the message was clear that we need more age-verified cattle.

The CCMDC was established by the CCA to oversee the administration and allocation of the \$80 million government contributions. These funds were entrusted to the CCA to administer over a 10 year period and in combination with matching industry funds, they are expected to provide over \$170 million for industry marketing efforts. Through the CCMDC, industry and governments are working together to enhance marketing as a key element of the BSE recovery plan *"to recover and expand markets for beef and cattle genetics around the world ensuring a profitable, sustainable Canadian industry that results in Canadian beef and cattle being recognized as the most outstanding by Canadian and world customers"*.