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Canadian Cattlemen's Association Monthly Report

May, 2006

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BSE Update

Canada's BSE surveillance program, which automatically tests animals exhibiting neurological symptoms, confirmed a fifth case of the disease in a dairy cow in British Columbia on April 16. Diagnosis of a few additional cases of BSE in Canada is not unexpected and should not impact current trade in beef or live cattle.

Canada has been testing the target risk animals for BSE at levels above those recommended by international animal health authorities. Last year Canada tested 57,768 animals, and in the first quarter of 2006 has tested nearly 22,000. While the animal was born after the introduction of the feed ban, almost every country with BSE has found and continues to find a few cases born after the introduction of feed controls.

The United States Department of Agriculture (USDA) continues to work on the proposed rule that would restore trade for breeding cattle, over thirty month (OTM) cattle and OTM beef. The proposed rule will also remove a number of costly technical requirements on young cattle, such as pregnancy checking, sealing of trucks, extra paperwork, etc.

Canada's Agriculture Minister, Chuck Strahl, met with U.S. Agriculture Secretary Mike Johanns in Washington on April 20. Although the Secretary acknowledged that Canada's latest cases would prevent him from meeting the timetable previously laid out to former Minister Mitchell, the Secretary did confirm that he remains committed to the objective of full normalization of cattle and beef trade. In addition, the Minister met with the National Cattlemen's Beef Association (NCBA) and the American Meat Institute (AMI). CCA commends Minister Strahl for making this trip, establishing a good working relationship with the Secretary, and for taking the time to meet our industry allies who wield a significant amount of clout in Washington.

Bluetongue and Anaplasmosis

While the bluetongue and anaplasmosis issues that are of significant interest to the United States are not yet resolved, CCA acknowledges a genuine effort at the Canadian Food Inspection Agency (CFIA) over the past few weeks to resolve it. There seems now to be an understanding in CFIA that resolution of this U.S. concern is linked to USDA's rulemaking on Canadian cattle. There is further understanding that while these diseases pose almost no risk to the Canadian livestock industry, the ongoing U.S. BSE restrictions are costing the Canadian cattle industry at least \$1.2 million every day. It is expected that CFIA is to publish a consultation paper with a recommendation on changes to bluetongue regulations. CCA is also recommending a pilot project to address concerns on Anaplasmosis.

Feed Ban

Since the latest BSE case, there are renewed concerns that Canada is on an irreversible track to go further than the U.S. in prohibiting specified risk materials (SRM) from all animal feed.

While the CCA supports enhancing the feed ban, the concern is the extent of SRM that will be prohibited from the animal feed chain. There are currently two options; 1) the same list of SRM being removed from human food (long list) and 2) a more targeted list of SRM representing nearly all the potential infectious material (short

list). Assessments tell us that both are effective, and the primary difference is that the long list would achieve our claiming “eradication” of the disease in a slightly shorter time frame.

The main concern with using a different list than the U.S. is that the Canadian beef cattle industry could have an economic and competitive disadvantage due to higher costs for handling and disposing of the SRM. In addition, there could be complications in trade with the U.S. if our respective regulations are not harmonized or deemed to be equivalent. The CCA continues to discuss these implications with government.

Legal Update

The Canadian beef cattle industry overcame a major hurdle on April 5th when Judge Cebull in Montana issued a decision to deny R-CALF’s request to close the border to Canadian cattle and beef. R-CALF has since announced that it will not appeal this decision to the 9th Circuit. This announcement by R-CALF conclusively closes the book on litigation over USDA’s first rule. However, at the same time, R-CALF has confirmed that there will be further battles over USDA’s next rulemaking and it is their objective to keep imported OTM cattle and OTM beef out of the United States.

Report Released on Animal Agriculture in North America

Over the past 18 months, the CCA has been involved in the development of a study investigating the challenges and opportunities that the North American livestock industry faces, both domestically and on the global front. This project was directed by a steering committee organized by the Farm Foundation, an independent think-tank that focuses on economic and policy issues facing agriculture, the food system, and rural communities.

“This study differs from so many others in the past because it takes a comprehensive, wide ranging look at the entire North American animal industry as a whole, rather than as a commodity-specific or domestic view solely,” commented Brad Wildeman, Vice President of the Canadian Cattlemen’s Association. “It has brought a truly 360 degree assessment of what the industry is, what it can be, and some direction on how to get there.” The CCA will be using this report as it proceeds with its strategic planning process. With the growth and opportunity available in new emerging markets, the future for animal agriculture holds much more potential for growth and value appreciation.

CCA and other participants in the study examined the industry’s challenges and opportunities in seven basic areas: economics of production, processing and marketing, consumer demands, global competitiveness and trade; food safety and animal health; environmental issues; community and labour; and animal welfare.

The full report is available at www.farmfoundation.org.

Trade Remedies

The CCA wishes to commend the Government for two important developments on the trade remedies front. First is the April 18 decision of the Canadian International Trade Tribunal not to impose duties on imports of U.S. corn. This decision means that the Canada Border Services Agency (CBSA) can no longer collect anti-dumping and countervailing duties on imports of grain corn, and all duties collected during the provisional period (since December 15) must be refunded.

The second development is the April 27 announcement of an agreement to resolve the softwood lumber issue. There appears to be a considered effort in Ottawa to work cooperatively with Washington to find pragmatic resolutions to issues. This approach is greatly appreciated by cattle producers.