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Canadian Cattlemen's Association Monthly Report **January, 2006**

By Cindy McCreath, CCA Communications Manager

Happy New Year

The Directors and staff of the Canadian Cattlemen's Association wish you a happy and prosperous 2006.

Election 2006

The Canadian Cattlemen's Association has sent a letter to each of the major political parties to provide the parties with the opportunity to comment on a number of issues facing the Canadian beef cattle industry.

The letter has been posted on the CCA website at

<http://www.cattle.ca/newsroom/NewsCurrent/2006%20election.htm> Responses will be posted as they are received.

Japan Market Re-Opens

Canadian Cattlemen's Association (CCA) President Stan Eby commended the Government of Japan on its decision to re-open its border to beef from Canada and from the U.S. Japan was Canada's third largest market for beef prior to the market closing in 2003 following diagnosis of BSE in Canada. In 2002 Canada exported just over \$81 million worth of beef to Japan. Japan was an important market for certain products that are difficult to sell in Canada. Selling these products into Japan helped increase the value of Canadian cattle.

"I'd like to express the appreciation of Canadian cattle producers to Canada's team of negotiators that has worked hard to regain access to the Japanese market," says Eby. "I would also like to acknowledge those who were serving on the Canadian Cattlemen's Association Board at the time Canada's cattle identification system was conceived. The Canadian Cattle Identification Agency had the foresight to build a system that is flexible enough to meet the industry's changing needs. When the system was launched in 2001 we did not envision that we would need to be able to verify when our animals are born, but when the situation arose, we already had a system in place.

"Canada's age verification system may prove to be a big advantage for Canada in the Japanese market. I urge all cattle producers to register their animals' birth dates. I look forward to Canada's aggressive re-entry into the Japanese beef market."

World Trade Organization

While there was no major breakthrough at the World Trade Organization (WTO) negotiations, Canadian Cattlemen's Association (CCA) representatives who attended on behalf of Canadian beef producers say modest progress was achieved. Progress includes establishing a timetable for tariff reduction formulas and domestic support reduction formulas, and agreement to eliminate all export subsidies by 2013.

CCA Director of Government and International Relations John Masswohl believes the beef industry has a key role to play in WTO negotiations. Masswohl says it was important to have beef, pork, grain and oilseed representation at the WTO talks to explain the importance of exports to these sectors. "There are other agriculture interests in Canada that are not export oriented. Their main interest is to prevent the Canadian negotiators from achieving an ambitious result."

A photo of Canada's beef industry representatives in Hong Kong is available at <http://www.cattle.ca/media/pictures/photos.htm>

Corn Duties

Members of the Animal Industry Corn Users Coalition are concerned with the decision to impose provisional duties on imports of U.S. grain corn. The duties imposed December 15 amount to \$1.90 CDN (\$1.65 US) and will add a feeding cost of up to \$100 CDN per head of cattle finished in corn-feeding regions such as Ontario. The Animal Industry Corn Users Coalition is comprised of the Canadian Cattlemen's Association, Canadian Pork Council, and Animal Nutrition Association of Canada.

The duty on corn imports means Canada's feed costs will be higher than those in the U.S. and Canadian cattle feeders will be less competitive. U.S. cattle feeders will be able to outbid Canadian cattle feeders for cattle and increased livestock exports to the U.S. could draw further trade challenges. The BSE crisis encouraged processing capacity expansion in Canada. The duty will discourage the feeding and processing of animals in Canada and will undermine the livestock industry's recovery efforts.

The Coalition is exploring with government the use of drawback and remission programs to safeguard their domestic and export interests. The Canadian International Trade Tribunal will issue a final injury decision in April.

Cattle Market Year-End Review

"We're ending 2005 in much better shape than we came into the year," says Anne Dunford, Canfax senior market analyst. "We've seen prices, especially for under 30 month cattle, significantly better than we've seen for two-and-a-half years."

Average fed steer and heifer prices for 2005 will be \$85.50 per hundredweight. That's an increase of \$10 compared to the start of the year. Prices as year's end were in the range of \$100 per hundredweight. Feeder cattle prices jumped 25 percent during the year.

The number of cattle being processed in Canada increased two percent in 2005 to 4.1 million head of cattle. Total beef exports for the year will reach 480,000 tonnes, an increase of five percent over 2004. Canadian beef exports to the U.S. will be at or slightly above the 2002 figure of 380,000 tonnes.

"We're continuing to see very strong demand from U.S. cattle feeders for Canadian feeder cattle. Exports are above the five year norm prior to BSE," adds Dunford. Canfax figures show between 15,000 to 20,000 head of finished cattle and 9,000 to 10,000 head of feeder cattle are being exported weekly.

Beef Information Centre

The Beef Information Centre (BIC), a division of the Canadian Cattlemen's Association, has received the 2005 Pinnacle Award for Supplier of the Year from Foodservice and Hospitality Magazine. The award recognized

BIC's efforts in response to the BSE crisis and its outstanding contribution to the foodservice and hospitality industry.

BIC was instrumental in keeping the foodservice industry informed about the implications of the BSE situation. Through phone calls, newsletters and ongoing industry updates BIC assured their industry partners that Canadian beef was safe and offered information that foodservice operators could pass along to their customers. BIC also provided materials to restaurants across Canada enhancing their positive message around support for the beef industry. As a result, consumer confidence remained strong.

BIC worked directly with foodservice representatives to keep Canadian beef on their menus, and in light of the supply situation this meant providing information on new beef cuts that may not have been previously utilized. As a result restaurants tweaked their menus to include secondary cuts. New menu items as well as commitment from restaurants to continue to use Canadian beef benefited beef producers across the country.