



Monthly Report

NOVEMBER & DECEMBER 2008

In this edition...

- Mandatory COOL so far...
- Canadian government initiates WTO consultations on COOL
- Enhancing Canada's export market access strategy
- Beef Value Chain Round Table update
- BIC supports training on carcass utilization
- CCA hosts E. coli O157:H7 Strategy Workshop

Written by Natalie Arnieri

Edited by Sharon Jensen

Mandatory COOL so far...

Now a few months into living with mandatory Country-of-Origin Labeling (COOL), our anticipated concerns are as expected. Each week, new impact comes to light and the law becomes a little more restrictive and costly for the Canadian cattle industry.

Most U.S. packing companies previously accepting Canadian-born cattle implemented coping strategies that either restrict processing of Canadian cattle to certain facilities or certain days of the week, or both, or have discounted Canadian cattle. This has reduced revenue by \$40 to \$50 per head while increasing costs. The combined impact of lower revenue and increased cost, on average, is about \$90 per head. The Canadian packers factor this into their domestic bids, so we can roughly apply the loss of \$90 per head to all cattle, whether exported or not.

To remain current on the evolving cattle procurement practices of U.S. facilities, the CCA established a U.S. COOL Working Group with other industry associations, companies and cattle exporters. As new information becomes available, the CCA distributes it to the industry through electronic updates and posting on the CCA's website under "COOL Updates", at www.cattle.ca. It features a U.S. map highlighting current marketing options for Canadian-fed cattle into U.S. facilities.

The CCA actively works on U.S. industry relations, with representatives attending several U.S. state cattle association meetings. Some U.S. groups agree with us - COOL is bad for everyone. However for each one opposing COOL, many others actively support it, or choose to remain on the fence as they need firsthand experience of its negative impact to realize what has been inflicted on them. The CCA will continue to work on increasing awareness.

Options for legal challenges may exist in the U.S. courts, which are being carefully explored. A feedlot company, in Washington State, initiated a lawsuit; however it's not expected to proceed very far in the courts. Other lawsuits may follow. Unfortunately, these legal and advocacy options play out over a long period of time.

The CCA remains active while waiting for changes to take place in the U.S. market and we continue to push hard to improve the Canadian government's ability to negotiate the restoration of our access to global markets. Progress to restore under-30-month access with Korea looks promising. We continue

...continued on page two

Canadian government initiates WTO consultations on COOL

On December 1, 2008, the Government of Canada initiated formal WTO Consultations with the U.S. as the first formal step before a trade dispute settlement panel on COOL can be established under WTO rules. The CCA fully supports this federal government action and is working with them to prepare for a possible trade challenge. We congratulate federal Agriculture Minister, Gerry Ritz, and Stockwell Day, Minister of International Trade, for initiating this process to stand up for Canadian cattle producers.

The first round of consultations will likely take place before Christmas. It provides Canada an opportunity to explain its concerns over COOL, plus explore the U.S. government's willingness and ability to make any changes. The CCA will be fully engaged with government officials during this process. The minimum duration of the consultation period is until the end of January.

Canadian Cattlemen's Association

310, 6715 - 8th Street N.E.

Calgary, Alberta T2E 7H7

Tel: 403.275.8558 Fax: 403.274.5686

www.cattle.ca

*...continued from page one,
Mandatory COOL so far...*

to work on increasing Japan's 21-month age limit up to 30-months. Further openings of Russia, Hong Kong, Taiwan and Mexico also appear within reach. Improved access to these markets easily represents an additional \$100 per head. In November, CCA Foreign Trade Committee Chairman, Travis Toews, participated in a senior government official trip to Taiwan, Tokyo and Seoul. We also asked Prime Minister Harper to appoint a special, cabinet-level beef envoy, whose sole responsibility would focus on restoring our lost market access.

Enhancing Canada's export market access strategy

The CCA and its partners developed a comprehensive roadmap to enhance Canada's export market access capabilities for agriculture. The roadmap lays out 25 key recommendations, based on in-depth consultations with major meat-exporting nations, Canadian market-access professionals, plus a comprehensive survey of exporters responsible for more than 90 per cent of Canada's beef exports. If adopted by the federal government, this strategy could significantly improve the industry's outlook.

The strategy's recommendations focus on a number of key areas.

- **Elevating the profile and perceived importance of agriculture market access within the federal government**
Creating a Cabinet Committee on Agriculture Market Access and establishing a Vice-President for Market Access to annually report on progress; encouraging more senior level participation in activities.
- **Improving government and industry collaboration in market access initiatives**
Joint participation is needed to set priorities and strategies, plus create a more prominent role for industry participation in outgoing/incoming trade missions and negotiations.
- **Ensuring sufficient resources and communications to achieve agricultural market access objectives**
This starts with employing enough people to get the jobs done and ensures assigning the right kind of people to the right tasks. It offers career advancement opportunities within a market-access track, plus establishes succession-planning strategies.

2 • Enabling Canada to learn from the best practices of other countries

Australia and New Zealand are successful exporters of their agricultural products despite their size and geographic disadvantages. Canada can learn a great deal from their experience.

If implemented, the potential benefit of these recommendations to Canada's economy is huge. The initial impact of restoring all Canadian export markets would almost immediately add \$100 of value to every head of cattle produced; creating optimism and encouraging growth throughout the cattle and other agriculture sectors.

By 2015, industry exports could increase by \$6.3 billion per year. This would create over 93,000 jobs on farms, plus transportation, processing, sales and service sectors.

Of course, it will take some time for the government to respond and implement these recommendations. Appointing a special Cabinet-level beef envoy, dedicated to "closing the deal" that re-establishes or expands beef trade in a number of countries, whose technical work is well advanced. This position could serve as a bridge until the government implements CCA's proposed roadmap.

To view the full recommendations, visit the CCA website at www.cattle.ca.

Beef Value Chain Round Table update

In early November, the Beef Value Chain Round Table (BVCRT) representatives from the CCA, industry partners and the federal government gathered in Ottawa to discuss international trade issues. The joint government-industry committee, established in 2003, provides advice to the Minister of Agriculture on important issues facing the beef value chain. During this session, several unanimous decisions were reached by the industry members, including approving the CCA's proposed roadmap to enhance Canada's export-market, access capabilities for agriculture. Members requested timely adoption and implementation of its 25 recommendations.

In response to the Round Table's recommendation for strong, immediate action on the U.S. mandatory COOL, the federal government initiated the first step in the WTO challenge process.

Timely restoration of meaningful access to key markets is crucial to our industry. A list of markets, and their respective levels of access considered commercially meaningful, was

submitted to the minister by the Round Table. To read the full letter, visit the CCA website at www.cattle.ca and click on "COOL Updates".

BIC supports training on carcass utilization

The Beef Information Centre (BIC) helps companies increase their profitability through improved meat utilization - maximizing demand and optimizing value of Canadian beef products.

As part of this profitability strategy, in partnership with the North American Meat Processors Association (NAMP), it's offering 'Centre of the Plate Training Plus' at the University of Guelph from February 17 - 19, 2009. This two-and-a-half-day course covers major center of the plate protein items including beef, veal, lamb and pork.

During the course, BIC works with participants to enhance understanding of quality and safety aspects of Canadian beef. They learn about yields and profitability of various beef specifications, utilization options for heavy beef carcasses, plus items to consider when purchasing beef products.

Participants learn the international trading numbering system (International Meat Purchase Specification (IMPS)/NAMP), purchase specified options and common industry standards; meat items, as described by IMPS and by NAMP's Meat Buyer's Guide; where meat products originate and how this affects their final use; current trends in the foodservice industry, new menu ideas and options, plus discover how value is determined for different meat products and how quality parameters affect this.

Presented in an open-discussion format, participating chefs share preparation ideas for cuts of meat; processors offer new ideas to foodservice buyers; plus researchers note trends in customer purchases.

CCA hosts E. coli O157:H7 Strategy Workshop

E. coli O157:H7 continues to present a significant challenge to the North American beef and cattle industry. While progress has been made, additional interventions could be considered to further reduce the already low risk.

The Workshop focused on a range of interventions, from pasture-to-plate, which could enhance capabilities to deal with the bacteria. Industry and academia presented, followed by

enhance capabilities to deal with the bacteria. Industry and academia presented, followed by working group discussions to closely examine different approaches. All agreed that to determine the effectiveness of interventions, such as vaccination and direct-fed microbials, requires further research. Further consultation will be conducted with the national associations who attended.

The workshop also considered evidence that other strains of E. coli pose a risk to human health, which may result in new industry regulations in the future.

To view the presentations given, visit the CCA website at www.cattle.ca and click on "E. coli Strategy Workshop".

Dates to remember...

December 31, 2008

Deadline for on-farm equipment purchase assistance

Producers participating in a Verified Beef Production (VBP) workshop have until December 31 to apply for equipment purchase assistance. Copies of all equipment invoices must be submitted to your VBP provincial coordinator at that time.

For producers purchasing equipment in December but facing time constraints, arrangements must be made ahead of time to participate in a January 2009 workshop. Do this through your provincial VBP coordinator.

A current list of coordinators is available on www.verifiedbeef.org under "VBP Across Canada". A list of Alberta workshops is found at www.beefsafety.ab.ca and a list of Saskatchewan workshops is found at www.qualitystartshere.sk.ca.

For all other provinces, call the coordinator.

January 22, 2009

Tiffin Conference Series in Lethbridge, Alberta

"Lessons Learned in Red Meat Industry" will be an afternoon and evening of world-class learning opportunities for primary producers, agri-business and agricultural students.

For more information, visit www.tiffinconference.ca.

To register, contact the City of Lethbridge Ticket Centre at 403.329.7328.

Mentors help develop whole-farm strategies for the future

In an age of such uncertainty it is easy to become overwhelmed and feel powerless. The traditional cycles in the cattle industry are no longer predictable, nor are the market signals consistent with past patterns. In recent years, producers have faced everything from border closures to misconstrued information about the impact of livestock on global climate change. Working within a very slim profit margin (if there is any), every decision made could significantly impact an operation's well-being.

Lee Pengilly, editor of the National Sustainable Grazing Mentorship Program's quarterly newsletter, says the well-being of an operation also refers to its personal side, in addition to a producer's finances. "It seems we automatically feel responsible for things we can't control. It's easy to forget that we are exceptionally fortunate, especially those of us living in a rural environment. At this time of year, we need to take stock of all we have going for us, and remind ourselves daily - especially when frequently faced with unsettling news in the media."

Pengilly says the true power in the Grazing Mentorship Program comes from its peer-to-peer approach. "Coast-to-coast, livestock producers face similar situations. By exchanging thoughts and ideas, creative options and solutions come to surface."

Grazing Mentor, Dean Manning, says that any time you share ideas, new ideas seem to take shape. "People need encouragement in order to change any aspect of their operations. There is nothing worse than having your ideas repeatedly beat down. Mentors are a gateway to greater ideas."

Canada's network of 60 experienced grazing mentors help producers improve their grazing management practices. Sharing their extensive hands-on experience and knowledge, they offer suggestions to increase profits, efficiency, forage productivity, plus land and water resource utilization through improved grazing management. Mentors help assess all aspects of a producer's practices from grazing resources to fencing, watering systems, grazing systems, plant growth, forage species selections, dormant season grazing, winter feeding strategies or other related areas.

To set up the mentoring process with a member in your region requires a small investment of \$100. This funding compensates the mentor for their time devoted to creating the client's grazing plans, developing systems, and performing economic analyses of the client's enterprise - approximately

4 16 hours in total.

The Sustainable Grazing Mentorship Program is also funded by the Environmentally Sustainable Agriculture Initiatives Program (ESAIP), administered by ARECA, and Greencover Canada Regional Technical Assistance Program, administered by the Canadian Cattlemen's Association.

For more information contact Jim Stone, National Sustainable Grazing Mentorship Program Coordinator, via email at JStone05@telus.net or via phone at 403.438.0172.

FoodLogiQ now signed on to work with the CCA

In mid-December, FoodLogiQ, the leading provider of On Demand food safety and traceability software, signed an agreement with the CCA to provide a value-added traceability solution to our members.

The expertise provided by FoodLogiQ will be of great benefit to the Canadian Beef Advantage (CBA). The new CBA branding program will market and communicate the advantages of Canadian beef in both international and domestic markets. The ultimate goal is to show that product can be CBA-verified to the very end of the supply chain.

FoodLogiQ will deliver a Value Chain Knowledge System that enables cow/calf producers, feedlots and packers to share value-added information. The system will link to the Canadian Cattle Identification Agency's national database and provide further capabilities to improve producer collaboration, information sharing and data capture for information on animal performance, health and grading.

A pilot will be live for producers and feedlots by February 28, 2009, and for packers by March 31, 2009. Beyond the pilots, the CCA committed to a three-year term to use FoodLogiQ's On Demand Food Safety software to manage the CBA.

COOL - Keep up-to-date

Visit our website at www.cattle.ca and click on "COOL Updates" to learn the latest developments on this trade-inhibiting law. Procurement listings provide the most recent status on U.S. packers and processors accepting Canadian cattle.