



## U.S. Packer procurement policies for Canadian Cattle

Update – as of Friday, April 24, 2009

The following summary provides an overview of procurement practices at U.S. plants. This information is subject to change as plants continue to adjust to country of origin labeling (COOL) requirements. Historically U.S. plants would have bought Canadian cattle when local supplies were tight and the price was right. Therefore some plants rely on Canadian cattle due to geographical closeness, while C cattle are not typically bought by other plants due to distance.

### Cattle Classification under COOL

**A** – born and raised in the U.S.

**B** – Canadian born feeders, fed in the U.S.

**C** – Canadian fed cattle imported for immediate slaughter

**'D'** – foreign meat imported into the U.S. labeled 'Product of Canada'

**'E'** – ground beef must be labeled with all countries that may be reasonably contained;  
may be in any order.

Note: foodservice and processed foods are exempt.

**Cargill** expects to be taking B cattle at Plainview, TX (Mexican born) starting in March labeled "Product of the US and Mexico". B cattle are not expected to start being taken at Fort Morgan, CO until April or May due to available supplies, these will be labeled "Product of the US and Canada". Contracts on B cattle starting February 1<sup>st</sup> will have a \$4 under basis for Canadian cattle and \$5 under basis on Mexican cattle. These animals will probably be slaughtered in batches on a separate day. These cattle will not be sorted as much – as they will not be used in branded or premium programs. Cargill is taking Canadian cows at Wyalusing, PA and Milwaukee, WI. Cargill has announced they will comply with the intent of the MCOOL law and expect to have a minimum of 70% of product meeting the "Product of the USA" labeling standard by January 2009.

**Tyson** is taking Canadian B and C cattle at Pasco, Lexington and Geneseo (Joslin) on limited days. At Pasco C cattle are being taken on Tuesdays and Fridays. While age and source verification is not required it is preferred. There are no formal discounts on B or C cattle at this time, it varies with the market. Tyson intends to use the US. or Category A label on all premium beef programs in early 2009 and label all beef and pork cuts from livestock born, raised and processed in the US with the Category A label by mid-2009. It is estimated that 90% of fresh, retail beef and pork cuts in the US will qualify for the US label. Cattle and Hogs will be labeled as Category B or C in the least cumbersome manner allowed by USDA.

**JBS** is taking B cattle at Hyrum and Greeley, slaughter will be daily. Age verification is not required, and they are not being seen on the market at this time. Only B cattle imported before

July 15<sup>th</sup> 2008 are being taken at Grand Island. C cattle are being taken at Hyrum daily. C cattle which were being taken at Greeley on Fridays will be shipped to Hyrum as of Oct 31<sup>st</sup> 2008. JBS is taking C cattle at Greeley starting March 20<sup>th</sup>.

**Smithfield** is taking C cattle at Moyer (both cash and contract cattle) with slaughter 4-5 days per week. Contracts have been extended out to one year. This is a significant improvement over the three month window that had been being used. Cash cattle are being taken at Packerland - Green Bay. (*Note: The Sale of Smithfield Beef Group and Five Rivers Cattle feeding operations to JBS was approved by the DOJ and the sale completed on October 23<sup>rd</sup>.*)

**National Beef** are not currently and will not be taking Canadian cattle after January 1<sup>st</sup> at any of their plants. They are too far away to compete. (*Note: The Sale of National Beef to JBS was challenged by the DOJ and the acquisition terminated on February 23<sup>rd</sup>.*)

**Washington Beef** has not made any changes to their procurement policy for Canadian cattle. No set discounts these are determined by the market. They do not have any specific day of the week set for Canadian cattle. There is some interest in age verification with premiums paid. Basically it is business as usual, accepting quality cattle. They are following the law and will continue accepting Canadian fed and feeder cattle on limited days.

**American Foods Group** has been taking Canadian cows at Green Bay, WI, South St. Paul, MN and Long Prairie, MN since the border opened in November 2007. They are taking Holsteins and second cut cattle at Greenbay for grinding and foodservice where no label is required as well as some very good quality fed cattle for trim.

In general, we are seeing segregation of plants and shifts with U.S. packing plants:

- 1) Not slaughtering Canadian cattle, taking only A cattle for ease of reporting;
- 2) Slaughtering B or C cattle on certain days in order to separate labels; or
- 3) Purchasing Canadian cattle, mostly cows, for grinding or foodservice where the country of origin label is not required.

The flexibility in the Final Rule has encouraged plants that were intending to accept only B or C cattle to accept both with processing on the same production day. We anticipate that as the enforcement period approaches in April, that U.S. packers will become increasingly stricter about their segregation practices.

This information has been supplied voluntarily by individual packing plants. For additions and/or changes to be included in the next update please notify the CanFax office.

**US Packers**

	<b>A</b>	<b>B</b>	<b>C</b>
<b>JBS Swift - Greeley CO</b>			
Greeley, CO	v	v	v
Grand Island, NE	v		
Hyrum, UT	v	v	v
<b>Smithfield Beef</b>			
Souderton, PA (Moyer)	v		v
Green Bay, WI (Packerland)	v		v
Plainview, MI	v		
<b>National Beef - Kansas City, MO</b>			
Liberal, KS	v		
Dodge City, KS	v		
<b>Tyson Foods - Springdale, ARK</b>			
Holcomb, KS	v		
Dakota City, NE	v		
Lexington, NE	v	v	v
Denison, AI	v		
Geneseo, IL	v	v	v
Pasco, WA	v	v	v
<b>Cargill - Wichita, KAN</b>			
Schuyler, NE	v		
Fort Morgan, CO	v	v	
Wyalusing, PA (Taylor Plant)	v		VCOWS
Dodge City, KS	v		
Milwaukee, WI	v		VCOWS
Fresno, CA	v		
<b>AB Foods - Agri Beef Co</b>			
Washington Beef	v	v	v
<b>American Foods Group</b>			
Green Bay, WI	v		VCOWS
South St. Paul, MN	v		VCOWS
Long Prairie, MN	v		VCOWS