



# Monthly Report

MAY 2009

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## New WTO consultations against mCOOL requested

On May 7, the governments of Canada and Mexico requested formal World Trade Organization (WTO) consultations with the U.S. over Mandatory Country-of-Origin Labelling (mCOOL). The WTO consultations are a process that allows the conflicting parties an opportunity to find a negotiated outcome before going on to a full dispute.

The consultation phase will last at least until July 6; it is possible for an extension through mutual agreement.

The CCA fully supports the Government of Canada taking a strong position against mCOOL, clearly articulating Canada's position and standing up for our cattle producers. Our hope is that the consultations could result in restoring some certainty back in the marketplace by addressing the Vilsack letter. Long term, we feel that a legislative change will be required - which we believe will require a WTO panel against the US.

The CCA's main beef with mCOOL is the U.S. lack of acknowledgement that the act of transforming a live animal into meat in a U.S. facility, under U.S. rules and U.S. inspection, is a substantial operation which should result in the meat acquiring U.S. origin. The costly repercussions resulting from this denial means many U.S. cattle buyers avoid purchasing Canadian animals in order to minimize the expense in managing Canadian cattle separately from U.S.-born animals. Those Americans that do continue to buy Canadian cattle are offsetting the extra handling costs by paying less for Canadian cattle than those born in the U.S.

Stay tuned as details develop. In the meantime, visit [www.cattle.ca](http://www.cattle.ca) for more information on the implications of mCOOL to Canada-U.S. trade of Canadian cattle and beef.

## Update on mCOOL missions to Washington

Now that the new U.S. Administration has placed several of its key officials, there is a steady stream of Canadian officials and Members of Parliament (MPs) undertaking missions to Washington on a weekly basis.

The CCA encouraged all Canadian MPs travelling to Washington to remind the U.S. that we are their best, overall customer and the number one destination for U.S. agricultural exports. As such, we hope that the folks in Washington would want to attach some priority to resolving Canada's concerns over the negative impacts of Mandatory Country-of-Origin Labelling (mCOOL).

We have had good feedback from the Chairmen of Canada's Standing Committees on International Trade and Foreign Affairs in that they appreciated receiving input from CCA. And subsequently, these issues were delivered during their missions. Coming up, a similar mission by the Canadian Standing Committee on Agriculture and the CCA will certainly be supporting that mission.

Of course, the CCA remains very active in Washington. In mid-May, we organized a joint mission of the Canadian and Mexican cattle and hog industries to Washington to propose possible resolutions to mCOOL. Unfortunately, many U.S. lawmakers still do not view mCOOL as problematic for them. We therefore remain convinced that mCOOL is unlikely to change without a World Trade Organization (WTO) challenge against the U.S. We continue to keep up the advocacy and diplomatic efforts to prepare the groundwork for future resolution.

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## U.S. finds “way forward” with EU on beef issue

In early May, the United States and the European Union (EU) reported that they agreed to a two-stage, way forward with respect to Europe’s continued illegal ban on the use of growth promotants.

The EU will create a 20,000 tonne, duty-free tariff rate quota (TRQ) in each of the next three years. In return, the U.S. will remove some of its retaliatory tariffs against various EU products.

In the fourth year, the EU will increase the TRQ amount to 45,000 tonnes and the U.S. will eliminate the remainder of its retaliatory tariffs. The U.S. and EU will use the transition period to continue to discuss certain technical barriers, including the use of anti-microbial carcass washes.

## Potential EU-Canada trade deal may transform export opportunities

Canada’s efforts to strike a comprehensive free trade agreement with the European Union (EU) offers the potential to achieve the valuable diversification sought by Canadian producers for reducing reliance on North American markets. The historic EU–Canada economic partnership could knock down significant barriers to Canadian beef and open new opportunities.

The EU-Canada comprehensive trade deal is by far the biggest trade agreement we will ever work on negotiating. The EU offers the potential for the largest market for Canadian beef. On top of that, it’s been about a half-million tonnes deficient in beef over the past couple of years - particularly with the expansion of the EU block. Canada now has a real opportunity to capture this large, high-volume market; with a big population of income earners that share a similar standard of living to Canadians.

The EU consumes over eight million tonnes of beef per year. As of now, Canada has virtually zero commercially-viable access in to the EU, so it’s difficult to quantify the tonnage that could end up in the EU with preferential access. No matter what - the EU is a great fit for our high-quality, grain-fed beef.

However, it’s important to remember that this is the start of the process - and the conclusion could take a year or more to negotiate at least 20 different areas. Because of such complexities, there are many perils and opportunities for failure facing Canada’s beef cattle industry so we mustn’t get too excited that the agreement will happen very quickly.

The CCA will remain in close contact with the trade

negotiators to ensure a good outcome is achieved for Canadian beef. The industry is glad to see the federal government is starting with an objective to achieve a comprehensive, ambitious result. For Canada’s beef cattle producers, the potential market opportunities with the EU could rival Canada’s export market into the U.S.

## Colombia restores access

On May 22, Colombia announced that it will open its borders to Canadian beef - the first South American market to restore access to Canadian beef since the border closed in 2003 due to BSE.

The agreement re-opens the market for a wide range of Canadian beef and value-added beef products, initially yielding annual export levels of nearly \$6 million in beef and \$1 million in livestock and genetics.

Now that the BSE (bovine spongiform encephalopathy) trade restrictions will be lifted, Canadian beef will be positioned to capitalize on the improved market access of the new Canada-Colombia Free Trade Agreement (FTA) when it comes into effect. The new agreement eliminates the 80 per cent tariff on Canadian beef over a 12-year period, however until the tariff is completely eliminated, Colombia will immediately allow duty-free imports of up to 5,250 tonnes of Canadian beef and offals. With the FTA in place, Canadian beef exports to Colombia could climb to more than triple, exceeding \$20 million annually.

CCA representatives joined the Andean trade mission to provide the industry and technical expertise required to move the negotiations forward on a science-based footing, which improved access to the Colombian market. The Colombian agreement establishes a significant in-road for trade negotiations, based on the scientific guidelines issued by the World Animal Health Organization (OIE) guidelines.

Achieving full OIE access in foreign markets is our ultimate goal. Although with some markets it will take a more graduated approach to achieve full access, this agreement demonstrates that global demand continues to grow for high-quality, safe Canadian beef.

## Updated CCA policy direction on BRM programs

The provincial ad hoc programs of the last couple of years shine a light on the shortcomings of the federal suite of safety net programs. Although the CCA put forward suggestions to improve the programs, there has not been enough agreement among federal and provincial governments to get those changes

implemented.

While those suggestions remain on the table, it is important that the separation between provinces does not grow further. As a first step in returning to a national program, the CCA is asking Minister Ritz and the provincial Ministers to recognize and compensate for the fiscal inequities resulting from individual provincial program design and payments.

This recognition of the problem and moving to fix the inequities is growing in importance as Alberta is close to rolling out a price and basis insurance program for fed cattle this summer. This program will be funded by premiums without government participation. Even without government participation in the program, its availability in only one province will mean further inequity in the Canadian industry.

CCA's policy is that business risk management (BRM) programs should be national in nature in order to maintain a level playing field for all Canadian cattle producers. This Alberta model can serve as a base model for development of a national price and basis insurance program. We have requested the federal government focus on this more than looking at disease-based production insurance. As production insurance is provincially delivered, this too will be in need of provincial government support to see implementation beyond Alberta. We are working with provincial members to move this forward.

Federal and provincial agriculture ministers meet twice each year to look at policy and programs. The CCA has appeared at these meetings in the past to provide our suggestions for policy improvements. We hope to do this again in the near future. The aim is to move forward on price and basis insurance, formalize the AgriRecovery process followed in Manitoba and examine other potential ways to improve the BRM program for cattle producers.

Growing Forward's BRM program's federal-provincial agreement was signed in March of 2008 for a five-year term. Getting agreement to change in the early part of that term may prove difficult. Currently a strategic review of BRM programs, including the inadequacies of the AgriStability section, is taking place but industry has not been a part of this discussion to date. Hopefully, out of this review, we can make some meaningful changes to benefit our industry in the future.

Meanwhile, we will keep working to gain acknowledgment of the shortfall of the programs over the last several years, get the inequities these programs

have created fixed and make sure this situation does not get repeated.

## Amendments to federal loans program improves farming future

The Government of Canada proposed an undertaking to improve opportunities in Canadian agriculture with the introduction of amendments to the Farm Improvement and Marketing Cooperative Loans Act.

The changes aim to improve access to capital for primary farm operations and farm cooperatives involved in processing, marketing or distributing farm products. The proposed changes recognize the challenges and realities in agriculture today.

Increasing capitalization demands different structures and also makes it hard for people to get into the business. There is a positive future for agriculture in Canada. Removing barriers to entry is important so that new producers can participate in that future. By relieving some of the restrictions on farm co-operatives, this should also lead to innovation and improved marketing opportunities for producers.

Credit availability is a growing concern to all producers. Demographics in agriculture, as in most industries, point to a big turnover of assets in the coming years. The ability to diversify through value-added processes and improved marketing opportunities increases the viability of farm operations and the sector long-term. The proposed changes to this federal loan program should also help in succession planning, providing more farm families with the option of retaining their operation's assets for future generations.

CCA looks forward to seeing this legislation make its way quickly through both the federal House of Commons and the Senate to become law.

## Highlights from April BVCRT

On April 21 and 22, the Beef Value Chain Roundtable (BVCRT) met to discuss strategies on plant variety registration/plants with novel traits; outcome-based regulations; ethanol and its implications for feed grain, the Canadian Cattlemen Market Development Council's 2009/10 Implementation Plan, the beef science cluster and Growing Forward/Agri-Flex.

The International Markets Working Group and U.S. team meetings also met to discuss updates and strategies as they move forward.

### Highlights from the meeting include:

*Minister Ritz meeting with the BVCRT*  
Fortunately, Minister Ritz was able to join the BVCRT



Minister Ritz joins the BVCRT on its second day of meetings.

on the second day of meetings. While there, the BVCRT commended Minister Ritz for his efforts to regain meaningful market access in world markets. Minister Ritz solidified his commitment to the industry and discussed his plans to travel to large markets in the near future and through the coming year. He also confirmed his plans to move the Market Access Secretariat ahead by adopting the 25 recommendations put forth by the BVCRT in late 2008.

#### Market Access Secretariat

The BVCRT is very supportive of the efforts made to-date around the Secretariat. All are anxiously looking forward to the next steps, which include:

- Naming the head of the Secretariat
- Getting the needed resources in place
- Following through with the remaining 24 recommendations

#### What is the BCRC?

The Beef Cattle Research Council (BCRC) was established in 1999 to oversee research funding allocated from the National Check-off. All research funding goes towards areas of priority to Canada's beef cattle industry.

Since the BCRC's inception, it has contributed over \$4 million in funding to over 60 different projects and initiatives. The total estimated cost of these projects, including BCRC's contribution, is over \$20 million - which clearly demonstrates the importance of BCRC funding in leveraging federal and provincial research monies. Specifically, for every \$1 the BCRC contributes to research, \$5 in other funding has been leveraged.

A large portion of BCRC funding has been allocated towards research on animal health and welfare,



enhancing production efficiency, food safety and quality research and environmental issues and forage production.

Examples of some of the projects currently underway or completed are:

- Improving tenderness of under-utilized beef cuts
- Anti-microbial use and resistance in western Canadian feedlots
- Examining market power in the red meat packing industry
- Prevention and control of Johne's disease in western Canadian beef herds
- Developing the technologies for the early detection of disease in receiver calves
- Improving the yield and digestibility of barley triticale silage
- Developing optimal feeding strategies for the use of wheat-based distillers grains in feedlot rations evaluation
- Evaluating the risk of bluetongue infection in western Canada and bovine anaplasmosis
- Effect of oil field emissions on beef cattle health

Information on all projects funded by the BCRC (both completed and in progress), as well as the BCRC itself, are available under "Research and development" at [www.cattle.ca](http://www.cattle.ca).

#### NEW CanFax Website

CanFax has launched its new website ([www.canfax.ca](http://www.canfax.ca)) featuring:

- Easier navigation and increased user friendliness
- Different levels of website access, customized depending on operation, subscription rate and participation in the Showlist.
- NEW! Online payment through PayPal. Don't wait to receive an invoice by mail to send a check, you can now print your invoice when subscribing and pay online.
- The subscription process has been simplified for those interested in individual reports or annual memberships. Adding reports to your current account is easier than ever.
- The "What's New" section on the home page will provide information on new and noteworthy publications and events.

- Members will now be able to change their passwords and profiles in the “Member’s Only” section of the website.
- Check out the updated content under Reports, FAQs and on the Member’s Home page.
- All of the information members are used to (spreadsheets, charts, historical reports) is still available. Free reports available on the website include the monthly ‘Cattle on Feed’, the bi-annual ‘Statistical Briefer’ and the weekly ‘Boxed Beef’.

If you have any trouble finding something, contact the CanFax office at 403.275.5110.

### High profile of Canadian beef at Costco Canada warehouses

The Beef Information Centre (BIC) has partnered with Costco Canada to bring the new Canadian beef brand mark to Costco’s national AAA beef program.

Costco Canada has a long-standing commitment to Canadian AAA beef and is a market leader in the Canadian retail sector. With the recent launch of the Canadian beef brand mark, they are leading the market in leveraging the value Canadian beef provides and the positive image Canadian beef has with Canadian consumers.

Costco’s new Canadian AAA beef promotion program will result in all Costco stores in Canada displaying the new Canadian beef brand logo on the wall above the fresh meat case. Over the next few weeks, over two million on-pack labels featuring the Canadian beef brand logo will be introduced on Costco’s Canadian beef sub-primal and retail cuts. As well, all Costco outlets in Canada will display and encourage consumers to pick up the new ‘Canadian Beef - Goodness in Every Bite’ booklet at the meat case. This resource supports the consumer positioning that Canadian beef is healthy and nutritious.

“The strong commitment by Costco for Canadian AAA beef is proof positive that premium Canadian beef offers a competitive advantage in the retail meat case,” says John Baker, BIC’s executive director of trade.

“Costco’s Canadian beef sales have shown tremendous growth in recent years and BIC values the relationship with Costco and Canadian beef. They are a very good partner for our industry – they are committed and innovative, and always looking for ways to improve their product offerings to their members,” he adds. “Having such a large presence in a market that caters to consumers, as well as foodservice and retail operators, offers opportunities to continue strong growth of

Canadian beef sales, based on the value the product represents.”

Consumer research confirms that 96 per cent of Canadian consumers prefer beef that is produced in Canada versus imports.

BIC has partnered with Costco on several other initiatives, including the ‘Slice & Save’ program where Costco offers detailed cutting information for consumers who purchase full sub-primal cuts, demonstrating how to effectively slice them properly. BIC also works with Costco to grow full case purchases where Costco targets small business, such as restaurants, caterers, etc., and offers them direct sales of boxed beef.

### CCA website undergoing a facelift

If you recently visited our website, ‘www.cattle.ca’, you will notice it looks significantly different at the end of the month, than previously. It’s undergoing a major facelift to enhance our service to our industry, any interested visitors and the media. Please be sure to check this out. Although it’s still undergoing some fine-tuning, we’re sure you’ll find the new look more user-friendly and easier to stay on top of how CCA is taking action on behalf of Canadian beef producers.

The ‘Taking Action’ panel on the homepage provides quick access to the latest news and developments in key business areas. While you’re there, click on ‘Reports & Publications’ and check out our 2008 annual report.

Be sure to provide us with your feedback, or contact us if you can’t locate something you’re used to finding on our website. E-mail ‘feedback@cattle.ca’ or call the CCA Communications staff at 403.275.5885.