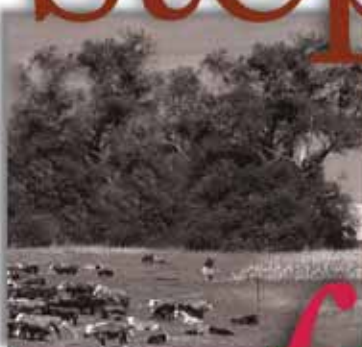


CANADIAN CATTLEMEN'S ASSOCIATION 2006-07 ANNUAL REPORT

C E L E B R A T I N G 7 5 Y E A R S

*Looking back*  
and  
*stepping*  
*forward*



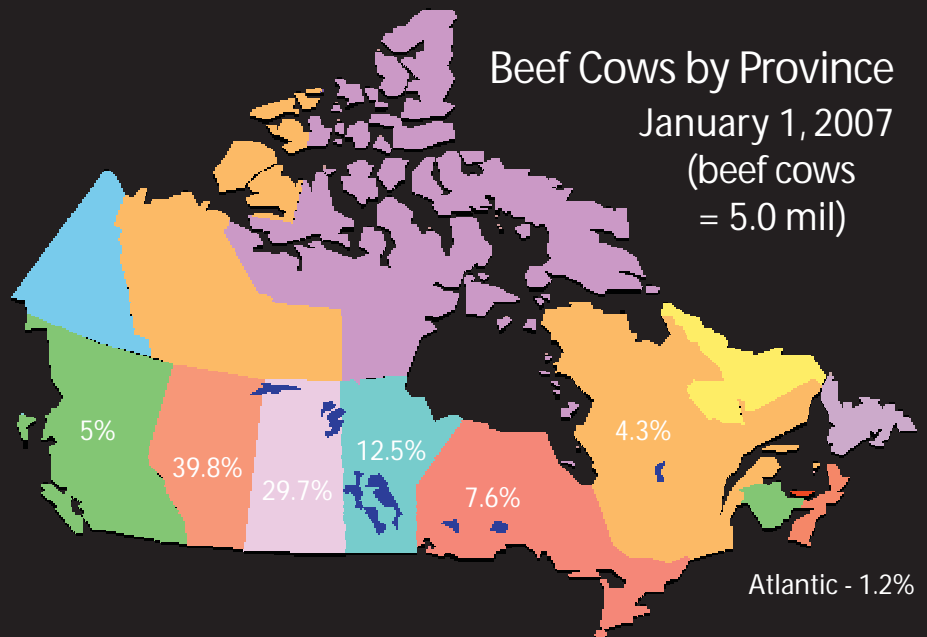
## CELEBRATING 75 YEARS



Established in 1932, the Canadian Cattlemen's Association (CCA) is the only national organization representing the interests of Canada's nearly 90,000 beef producers. The CCA board of directors consists of 27 producers representing eight provinces, providing the leadership and unity necessary to speak as one voice for the beef industry. It assists in development, adaptation to new ideas and technologies, and overall prosperity. The CCA is structured to represent every

phase of the production system: the purebred, cow/calf, backgrounding and feedlot sectors.

Canadian beef producers can provide input to the CCA through their provincial cattle associations who are members of the CCA, and producers are strongly encouraged to get involved. Provincial associations also provide the means for communication from the CCA to reach producers.



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# Welcome to the Convention



As your convention committee chair, I'd like to welcome you to the 2007 Semi-Annual Meeting and Convention in Halifax, Nova Scotia.

Established in 1932, this year marks the Canadian Cattlemen's Association's 75th anniversary. To recognize 75 years of accomplishment, the theme of this year's convention is *"Celebrating 75 Years – Looking Back and Stepping Forward"*. The key focus of the convention is on how Canada can continue to build a sustainable foundation to maintain its position as a leader in animal production, animal health and food safety.

This year's keynote speakers include:

- Dr. Jill Hobbs from the University of Saskatchewan who will discuss the research she has conducted concerning traceability through the beef supply chain
- Terry Grajczyk who will present Canada's Quality Starts Here® and Verified Beef Production program
- Allan Bloxsom of Meat and Livestock Australia who will highlight an Australia case study
- Dean Baglole, chairman of Atlantic Beef Products for a feature on value chain alliance

Delegates are also invited to the annual golf tournament, the president's reception and the barbeque and entertainment evening at Murphy's on the Water, featuring delicious Atlantic seafood combined with traditional Canadian beef.

Planning a convention requires a lot of work, dedication and resources. I'd like to thank the entire convention committee, the Nova Scotia Cattle Producers and the CCA staff. Finally, a huge thanks goes out to all of our sponsors who have once again demonstrated their commitment to the Canadian beef industry. Without their support this event would not be possible.

The CCA Semi-Annual Meeting and Convention is held each August in a different province of Canada to give local cattle producers the opportunity to view their national organization at work, discuss prevalent industry issues and listen to speakers from across Canada and around the world.

The 2008 Semi-Annual Meeting and Convention will be held in Manitoba. Visit [www.cattle.ca](http://www.cattle.ca) for further details.

Ian McKillop, Chair  
Convention Committee

# CELEBRATING 75 YEARS



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# Board of Directors



**Hugh Lynch-Staunton**  
*President*  
Alberta



**Brad Wildeman**  
*Vice President*  
Saskatchewan



**Stan Eby**  
*Past President*  
Ontario



**Ernie Willis**  
British Columbia



**Art Devick**  
British Columbia



**Darcy Davis**  
Alberta



**Tony Saretsky**  
Alberta



**Erik Butters**  
Alberta



**Travis Toews**  
Alberta



**Darcy Eddleston**  
Alberta



**Dave Solverson**  
Alberta



**Mike Kotelko**  
Alberta



**Lynn Grant**  
Saskatchewan



**Brian Weedon**  
Saskatchewan



**Mary Jane Saville**  
Saskatchewan



**Ken Crockatt**  
Manitoba



**Brian Sterling**  
Manitoba



**Larry Schweitzer**  
Manitoba



**Ian McKillop**  
Ontario



**John Gillespie**  
Ontario



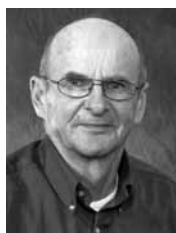
**Gord Hardy**  
Ontario



**Kim Sytsma**  
Ontario



**Kevin Antworth**  
New Brunswick



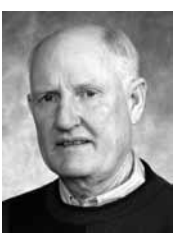
**Jim Bremner**  
Nova Scotia



**Jamie Whalen**  
Prince Edward Island



**Bob Airth**  
Canadian Beef  
Breeds Council



**Don MacKenzie**  
Canadian Beef  
Breeds Council

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# 2006 2007 Committees

## **Executive and Finance**

The Executive and Finance committees are responsible for establishing committees and committee chairmen, for implementing CCA policy, for developing annual budgets for the CCA, CanFax, and the Beef Information Centre and for preparing monthly financial statements. They are also responsible for Provincial and National Check-off administration and for communicating industry issues.

### **Executive**

Hugh Lynch-Staunton, President  
Stan Eby, Past President  
Brad Wildeman, Vice President  
Ian McKillop  
Darcy Davis  
Kevin Antworth  
Tony Saretsky  
Ernie Willis  
Ken Crockatt  
Don Curtice  
Mike Cook

### **Finance**

Darcy Davis (Chairman)  
Hugh Lynch-Staunton  
Brad Wildeman  
Stan Eby  
Don Curtice  
Mike Cook

## **Animal Health and Meat Inspection**

The Animal Health and Meat Inspection committee is responsible for ensuring the eradication of diseases of concern to the industry and making certain that regulations are based on sound, current science and do not unnecessarily impede trade. Its goal is to ensure customer confidence in the Canadian meat inspection system and to be recognized by trading partners as providing outstanding food safety assurance.

Gord Hardy, Co-Chair  
Tony Saretsky, Co-Chair  
Art Devick  
Larry Schweitzer  
Don MacKenzie  
Darcy Davis  
Darcy Eddleston  
Dave Solverson  
Brian Weedon  
Jamie Whalen  
Travis Toews  
Stan Eby

### **Foreign Trade**

The Foreign Trade committee works to ensure the Canadian beef industry has favourable access to international markets and is not exposed to unfair competition or dumping into the Canadian market. One of its top priorities is to

eliminate programs, measures and subsidies that distort world trade.

Brad Wildeman, Chair  
Darcy Davis, Vice Chair  
Darcy Eddleston  
Dave Solverson  
John Gillespie  
Brian Sterling  
Travis Toews  
Art Devick  
Tony Saretsky  
Gord Hardy  
Jim Bremner  
Kevin Antworth  
Don MacKenzie  
Lynn Grant  
Brian Weedon  
Larry Schweitzer

## **Beef Quality and Grading**

The Beef Quality and Grading committee's goal is to provide the necessary quality standards and suitable product descriptions to ensure Canada's price discovery system functions efficiently. It also provides the basis for accurate price signals from consumers back to products and allows the option of price settlements on the basis of carcass quality and yield.

Kevin Antworth, Chair  
Brian Weedon  
Bob Airth  
Darcy Eddleston

# 2006 2007 Committees continued

## Convention

The CCA Semi-Annual Meeting and Convention is held each August in a different province of Canada to give local cattle producers the opportunity to view their national organization at work, discuss prevalent industry issues and network with industry affiliates. The Convention Committee is comprised of CCA Board members and local cattle producers who assist in the planning and commitment necessary to plan such an important event.

Ian McKillop, Chair  
John Gillespie  
Jamie Whalen  
Ken Crockatt  
Jim Bremner

## Environment and Animal Care

The Environment and Animal Care committee deals with environmental and animal care issues that could affect the beef industry. It encourages environmentally sustainable production practices and works to understand and develop industry-wide acceptable practices for animal care. It communicates to the public that cattle producers care for the environment, utilize effective land management strategies and are responsible custodians of the animals they own.

Ian McKillop, Chair  
Ken Crockatt, Vice Chair  
Mike Kotelko  
Lynn Grant  
Kim Sytsma  
Jim Bremner  
Jamie Whalen  
Bob Airth

Erik Butters  
Mary Jane Saville  
Ernie Willis  
Brian Sterling,

## Domestic Agricultural Policy and Regulations

The Domestic Agriculture Policy and Regulations committee deals with non trade-related regulatory issues, such as general government policy, safety nets, and transportation regulations. This committee also makes representation to the government and works with other committees or groups on issues of mutual interest.

Ernie Willis, Chair  
Travis Toews, Vice Chair  
Mary Jane Saville  
Ken Crockatt  
Erik Butters  
Mike Kotelko  
Lynn Grant  
Larry Schweitzer  
Kim Sytsma  
John Gillespie  
Dave Solverson  
Jim Bremner  
Jamie Whalen  
Brian Sterling

## Beef Information Centre

The Beef Information Centre (BIC), funded by National Check-off dollars, funds consumer education, markets Canadian beef, develops new products and improves and promotes the safety of beef in Canada and in the United States.

Mike Cook, Chair  
Millie Boake, Vice Chair  
Lynn Willis  
Darlene Sanford  
Arnold Hanson  
Donna Noullett

Cathy Sharp  
Judy Nelson  
Mary Jane Saville  
Howard Campbell  
Art Jonasson  
Kim Sytsma  
John Gillespie

## CanFax

CanFax is a market information service providing up-to-the-minute information to its members, who are primarily feedlot, cow-calf and backgrounding operators. Brokerage firms and other agricultural groups also belong to CanFax. In addition, CanFax has a research service that is widely used and respected by provincial cattlemen's associations and government.

Larry Schweitzer, Chair  
Erik Butters  
Brad Wildeman  
John Gillespie

## Beef Cattle Research Council

The Beef Cattle Research Council sponsors research and technology development and adoption in support of the Canadian industry. It is funded by National Check-off and administers this funding by utilizing a screening process to ensure funds are allocated to meaningful research.

Don Curtice, Chairman  
Harold Starr  
Marvin Conrad  
Brenda Schoepp  
Diane Panrucker  
Robin Wiggins  
Wilfred Campbell  
Rodney Pearn  
Roger Griffiths  
John Gillespie  
Charlie MacKenzie



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# President's Report

By Hugh Lynch-Staunton



The 75th anniversary year of the Canadian Cattlemen's Association will be remembered as an exciting and rewarding year. We have been working hard in the aftermath of BSE to recover and grow into a strong industry – one that is respected and trusted around the world and I believe we are on our way.

By the time you read this, the Canadian Food Inspection Agency (CFIA)'s enhanced feed ban will be implemented. This was an important move by our government and illustrates Canada's commitment to eliminating BSE in its national herd. It was also a factor in the decision of the World Organization for Animal Health (OIE) to classify Canada as a controlled risk country. The OIE held its 75th General Session at the end of May 2007 and officially classified Canada, the United States, Switzerland, Taipei-China, Chile and Brazil as controlled risk countries. The Government of Canada submitted a detailed application to the OIE for this rating based on its interlocking, multi-layered safeguards and the CCA is very pleased with this classification. The OIE provides sound, science-based standards that are internationally recognized and we are confident that our international trading partners will recognize Canada as a

country committed to animal health and food safety and that they will not hesitate to reestablish full trade. According to OIE guidelines, there is no justifiable reason for any country to ban Canadian beef from cattle of any age. After Canada received the controlled risk rating, Taiwan lifted its four-year ban on Canadian boneless beef from cattle under 30 months of age (UTM beef). This was a positive step towards the full resumption of trade with Taiwan and the CCA is requesting that the government continue to push for full access for beef products derived from Canadian cattle of all ages. These are the science-based international standards that we expect all trade in beef and cattle to be governed by.

The enhanced feed ban will impact the way Canadian livestock producers operate. The requirements of the old feed ban are still applicable, but there are new regulations for anyone handling, transporting or disposing of specified risk materials (SRMs). Permits will be needed to transport or dispose of cattle carcasses off a producer's property and there are new transportation requirements. Delays in funding and decisions related to the implementation of the enhanced feed ban are resulting in significant costs to packing plants and renderers. Since September

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# President's Report continued

2006, the CCA has been stressing the importance of timely decisions and, with the Canadian Meat Council, advocated for a transition fund to deal with these extra costs. The CCA and the CMC requested that the federal government create a transition fund of up to \$25 million per year for two years. At the time of writing, this request has not been accepted.

We have been continuing our U.S. advocacy efforts and it has been extremely beneficial to have our Ottawa office focused on government and international relations. On January 9, 2007, the United States Department of Agriculture (USDA)'s proposed "rule 2", which will allow for greater access for Canadian beef and cattle to the United States was moved from the Office of Management and Budget (OMB) and published in the Federal Register for a public comment period that ended on March 12, 2007. At the time of this report, the USDA still hadn't completed its review of the comments, but we're expecting it to in the near future. The USDA has taken a science-based approach to trade and we trust that it will continue to follow OIE guidelines and that rule 2 will be implemented. Canada had two cases of BSE at the beginning of 2007 and although groups such as R-CALF use this to further their interests, the USDA understands that the detection of additional cases is not unexpected as we eliminate the disease from our herd. In fact, it is a testament to the strength of our surveillance system that we are detecting these animals.

For years, the CCA has been working to have bluetongue-related

trade restrictions removed from U.S. cattle coming into Canada. At the beginning of February, the Government of Canada announced that it was implementing new import regulations that would effectively eliminate bluetongue-related import requirements on U.S. cattle which has been a source of considerable frustration on both sides of the border.

Resuming full trade with countries other than the U.S. continues to be very important to the CCA. The Republic of Korea completed a free trade agreement (FTA) with the United States, however, it remains closed to Canadian beef. In 2002, Korea was Canada's fourth largest export market for beef, purchasing some \$50 million of product. To restore full access for all Canadian beef and cattle, the CCA requested that the federal government initiate WTO dispute proceedings against Korea and to suspend bilateral free trade negotiations until the matter is resolved. It also submitted a letter to the Prime Minister with the Canada Beef Export Federation requesting that the Canadian government ensure that Canadian beef be treated no less favourable in a potential Canada-Korea FTA than U.S. beef is under the U.S.-Korea FTA. The CCA also asked that Parliament not ratify any Canada-Korea FTA until the prohibition on all Canadian beef is lifted.

Throughout this report, you'll see how the CCA and its elected representatives are working for the Canadian cattle producer. In addition to the enhanced feed ban, there are issues on the horizon that could potentially affect the industry considerably. We continue to hear

about the rapidly emerging bioenergy sector, and country of origin labeling (COOL) has resurfaced in the U.S. The Canadian government is reviewing a national traceability system for agriculture and agri-foods. These will all impact the industry and the CCA is actively working on behalf of producers in response to these issues. One strategy that has been undertaken is the creation of the Value Creation and Competitiveness committee. The purpose of this committee is to create value for the Canadian beef industry in order to improve its competitiveness. Its mandate is to seek out and provide producers with technologies, goods or services that create a more profitable business climate by creating higher returns or lowering the cost of production of cattle from birth to processing.

The CCA undertook a strategic review of its structure and governance to enhance how it represents its member organizations and provides leadership to the industry. The review was completed and the recommendations put before the Board. Approval of any constitutional changes will be done at the semi-annual meeting and structural changes will be effective for the 2008-2009 year. Many thanks should be given to Stan Eby and his team for bringing this project to completion. We have already strengthened the roles and budgets of our committees which has resulted in better knowledge and discussion at the committee level. This will undoubtedly lead to better communication with our stakeholders and a more comprehensive system for setting CCA policy.

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# Executive Vice President's Report

By Dennis Laycraft



2007 is the 75th anniversary of the Canadian Cattlemen's Association. The Council of Western Beef Producers was formed in 1932 to represent the Canadian beef industry and between 1932 and 1967, it took on several names including the Canadian Council of Beef Producers. In 1967, the name was formally changed to the Canadian Cattlemen's Association (CCA).

Throughout this history, the CCA fought for free market principles and free trade, and against excessive taxation, government intervention and subsidies. Some battles never end. Each decade presented new challenges and the industry evolved and adapted to survive and grow into the modern industry that now exists.

May 20th 2003 presented the greatest challenge in our history with the discovery of BSE and forever changed our industry – although my father would have told you 1952 wasn't much fun either when Foot and Mouth Disease (FMD) was discovered. This challenge was met immediately by the industry through the CCA and the provincial associations. While it seemed like an eternity at the time, the Canadian response began to change the way the world treated BSE in a matter of weeks.

Unlike other countries, Canadian consumer confidence grew even stronger. We can attribute this to the industry and government response during the initial investigation, the communication of the proactive measures that were undertaken prior to discovery, and the continued strengthening of our multilayered safeguards. Last year a survey conducted in five of our major markets by Dr. Ted Schroeder of Kansas State University showed Canadians had the highest confidence of any of the countries' consumers in their own beef supply. The discovery of additional cases, although uncommon and unwelcome, is no longer a big media event.

In August 2003, the United States and Mexico announced the resumption of trade in boneless beef from cattle under thirty months. This marked the first time the two countries had accepted product from a country with indigenous BSE. The opening might have occurred sooner had it not been for complications in the renegotiation of the Beef Export Verification agreement between the U.S. and Japan.

In 2006, the World Organization for Animal Health (OIE) revised the BSE code to a new three category classification system and moved boneless beef from cattle under



# THE OIE'S CLASSIFICATION SYSTEM

The World Organisation for Animal Health (OIE) changed how it classifies a country's BSE-risk status from a five-category system to a three category system. This change was to create a system where a country was rewarded for implementing the appropriate risk management tools. A country's risk status is currently based on a number of factors: the prevalence of BSE, the level of surveillance, the implementation of a ruminant-to-ruminant feed ban and the measures in place to control cross-contamination of feed. Instead of being based on numbers, it is now focused on the quality of the risk management measures in place in a country.

## OIE CATEGORIES

Negligible Risk  
Controlled Risk  
Undetermined Risk

## UNDERSTANDING CANADA'S BSE SURVEILLANCE PROGRAM

One factor the OIE considered when it classified Canada as a controlled risk country for BSE was its surveillance system. Canada tests its animals following the OIE's "Type A surveillance" guidelines. These guidelines specify that a country must achieve a certain number of points, depending on the number of animals over the age of 24 months it has. Any country that has over one million

animals of this age must achieve 300,000 points over seven consecutive years. Both Canada and the U.S. fall under this category. The points achieved are not strictly dependent on the number of animals tested, but they reward a country for testing animals most at risk for BSE.

Animals are categorized based on a combination of the likelihood of detecting infection and their age. For example, animals between the age of two and four receive 0.1 points if they are tested at routine slaughter, 0.2 points if they are fallen stock, 0.4 points if they are casualty slaughter (sent for emergency slaughter) or 260 points if they are clinically suspected as having BSE. Since animals exposed to BSE will likely begin to display symptoms between the ages of four and seven, animals in this age category receive 0.2 points at routine slaughter, 0.9 points if they are fallen stock, 1.6 points if they are casualty slaughter or 750 points if they are a clinical suspect. The OIE guidelines don't specify that a certain number of animals must be tested but they provide more points for animals tested between the ages of four and seven that are displaying symptoms of BSE. Canada is on target for achieving this goal and our surveillance program is working in detecting animals with BSE because we are testing the high-risk animals.

AGE OF ANIMAL	ROUTINE SLAUGHTER	FALLEN STOCK	CASUALTY SLAUGHTER	CLINICALLY SUSPECT
2 – 4	0.1 points	0.2 points	0.4 points	260 points
4 – 7	0.2 points	0.9 points	1.6 points	750 points

# Executive Vice President's Report continued

thirty months of age to the front of the code signifying it could (and should) be traded without restriction, regardless of a country's BSE classification. The new system is intended to reward countries who are doing the right things and to prevent the worldwide overreaction to BSE that we experienced. Hopefully, the paranoia that has surrounded BSE will disappear.

This past May, Canada was recognized as a controlled risk country based on the strength of its surveillance and control measures. This should lead to a resumption in trade of breeding cattle and all beef products with our trading partners. We are told that the enhancements to our feed ban were important to this decision and while the implementation of the enhanced feed ban will be costly, the new status should provide far greater market security in the future.

As we move through 2007, we have regained our position as the third largest exporter of beef and beef cattle in the world. The value of our exports will grow as we resume trade in a greater range of products to more countries. In fact, it will be essential to maximize the value of every product from every animal processed in Canada to meet the growing competitive challenges we are facing and to maintain the increased processing capacity that has been developed since 2003.

## Competitive Challenges

The impact of BSE will long be felt in our industry. The crisis had a double impact on equity. There was the clear erosion due to serious financial losses that were only partially offset by the disaster assistance that our industry

gratefully received. In addition, the cow/calf sector missed the normal peak of the cattle cycle when the highest prices are generally realized and equity is rebuilt. Today we continue to see cattle devalued due to increased certification costs and restricted market access, particularly for over-thirty-month (OTM) cattle and breeding animals.

At the same time, our currency has been one of the strongest in the world increasing from \$.67US to over \$.95US at the time of writing. This has had the combined impact of reducing our cattle prices which are set based on a U.S. floor and increasing our labor costs in relation to U.S. rates.

Labour has also been impacted by the shortages created by the energy and construction boom seen in Western Canada. An aging population is expected to put greater demands on the workplace in the years ahead across our nation.

Biofuel policies are driving up grain prices and grain production. We are very concerned about the extent of government intervention and the resulting artificial incentives for expansion. I strongly believe that development based on market forces and business fundamentals is always more sound and far less disruptive and biased. While we recognize that developments are being driven by policies in many countries and in particular the U.S., we believe that the more market neutral the policies are, the fairer it will be for all involved. Who knows...maybe when new car and truck owners find their E85 cars are 20 - 30 per cent less fuel efficient, their interest might shift to hybrids that will soon be equipped with smaller and more efficient batteries.

Either way, biofuel production will continue to grow due to mandated inclusion and will fundamentally change the grain markets for years to come. Higher grain prices will lead to increased plantings, higher yields will occur through increased inputs, and we will also see conversion of pasture lands into cultivation. Feed costs will be higher and calf prices will be impacted by the increased cost of gain in feedlots.

Restricted market access continues to affect the "cutout" value of our cattle. Hopefully the unnecessary restrictions will soon reduce and largely be eliminated as countries respond to the new OIE code. In the meantime, our cattle prices and our processors' competitiveness are being negatively impacted by limited market access to our key Asian markets and delays in the United States Department of Agriculture's next rule that would restore trade in OTM beef and all live cattle born after the proposed date of March 1999. Wider access to Mexico has also been delayed (for both Canada and the U.S.) as it waits for implementation of expanded access into the United States as a precondition to expand our access into their market.

Canada's regulatory environment needs to be streamlined so that we can approve new products with the same efficiency that other developed nations can. Many of the countries we compete with have comparable animal health and food safety standards and are able to complete product reviews and approvals in a fraction of the time that occurs in Canada. This not only affects the cost and availability of new products but also the subsequent cost and availability of the generic products which follow.



# Executive Vice President's Report continued

Our new feed policy will put our industry at a further disadvantage of between \$5 and \$20 per head versus the U.S. It will likely take several years before more competitive disposal options are available to reduce some of this disparity. The CCA has asked for a transition program to offset some of these increased costs due in part to numerous delays in funding and policy enforcement decisions. We remain concerned that any significant cost differential with U.S. processors will lead to an erosion in Canadian processing.

We can add to this list the impending threat of U.S. country of origin labeling requirements that are scheduled to come into effect in the fall of 2008. These requirements are forecast to add \$2 - \$9 billion in costs to the North American market with negligible benefits.

## Maximizing Value and Reducing Cost

The CCA is working on many fronts to meet these challenges. One of the most critical ways to address the need for improved profitability for Canadian producers is to maximize the value of each cut and product from every animal we sell.

To illustrate the significant difference that increasing the cutout value can have, the following tables illustrate the break-even calf price that feeders could pay for calves when the cost of gain is at \$.80 and \$.90 per pound at ascending fed cattle prices.

With around \$400 difference per head in calf values between fed cattle prices of \$.85 and \$1.15 per pound, there is a profound difference to the viability of many producers.

### Fed cattle break even - calf value at \$.80 cost of gain

Fed Price	Fed wt	Fed \$	wt Gain	550 Price	Calf value
\$ 0.85	1350	1147.50	800	\$ 0.92	\$ 507.50
\$ 0.95	1350	1282.50	800	\$ 1.17	\$ 642.50
\$ 1.05	1350	1417.50	800	\$ 1.41	\$ 777.50
\$ 1.15	1350	1552.50	800	\$ 1.66	\$ 912.50

### Fed cattle break even - calf value at \$.90 cost of gain

Fed Price	Fed wt	Fed \$	wt Gain	550 Price	Calf value
\$ 0.85	1350	1147.50	800	\$ 0.78	\$ 427.50
\$ 0.95	1350	1282.50	800	\$ 1.02	\$ 562.50
\$ 1.05	1350	1417.50	800	\$ 1.27	\$ 697.50
\$ 1.15	1350	1552.50	800	\$ 1.51	\$ 832.50

Canada's strength will remain in the production of high-quality, grain-fed beef. Oceanic and South American producers will clearly have pasturing advantages and are increasing their exports of both grass and grain-fed beef. Our global marketing efforts recognize that we need to differentiate our beef on the basis of quality and safety.

We need to ensure that Canadian beef is strongly positioned in every market and especially in Canada. We will also want to ensure North American demand continues to grow. The U.S. is the largest market for beef in the world and the integration that benefits both countries will continue to set the price range we operate within. Our efforts are to position ourselves as high in that range as we can and hopefully help move the range higher.

We need to regain as full a range of market access as we can in terms of both the scope of products and countries. Certain products command premiums in other markets. Our processors will need to realize those premiums to remain competitive.

Our customers are setting higher and higher specifications. The

retailers, restaurant chains, fast food chains, and branded beef suppliers that sell beef are heavily invested in their "brand reputation" and are taking more and more measures to protect the "brand". They favour suppliers who can best meet their quality specifications and can provide the strongest safety assurances. They are increasingly interested in the production systems that are used and traceback capabilities that are there to minimize potential risks.

Considering that, increasing integration at retail will have fewer and larger companies competing to provide the best possible products at the lowest possible prices.

The initiatives to enhance these capabilities will need to find the most practical and commercially efficient means possible to facilitate these services and practices. In my experience, only industry-led initiatives can meet the balance that is required.

The CCA's recently created Value Creation and Competitiveness committee will work on these issues and look at ways to help position the industry to prevail and profit.

---

# Working Together

for a Strong and Profitable Beef Industry

## Promoting the Canadian Brand and Adding Value to our Industry

As part of the Canadian beef industry's BSE recovery plan "*to recover and expand markets for beef and cattle genetics around the world ensuring a profitable, sustainable Canadian industry that results in Canadian beef and cattle being recognized as the most outstanding by Canadian and world customers*", the industry's three key marketing groups have been working together to actively promote the Canadian Beef Advantage around the world thanks to the "Legacy Fund".

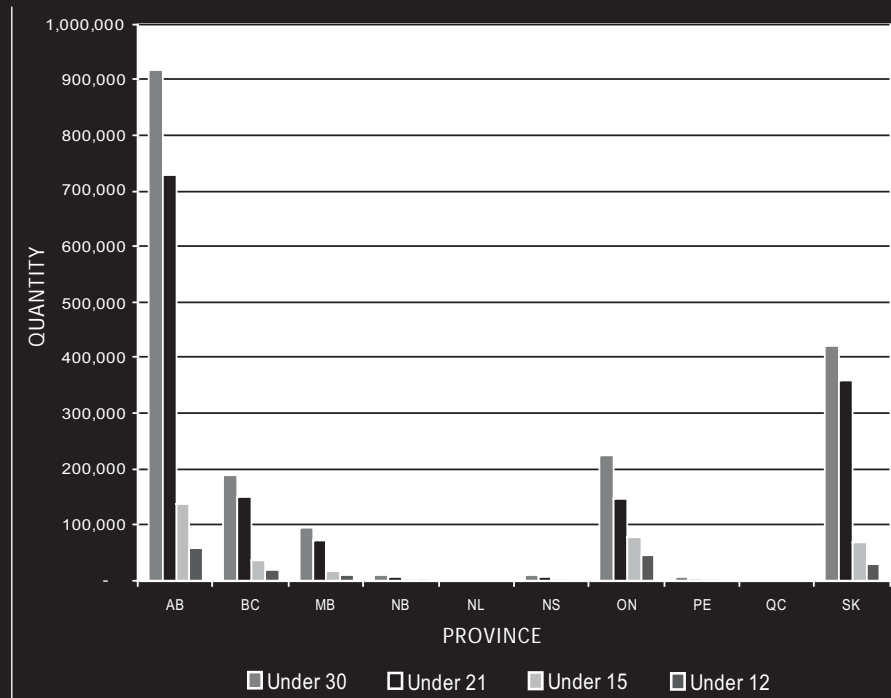
The *Canadian Beef and Cattle Market Development Fund* or the "Legacy Fund" was established in 2005 when the Governments of Canada and Alberta committed \$80 million (\$50 million and \$30 million respectively) to the industry to support long-term market development. The funding was entrusted to the CCA to administer in a strategic manner over a 10 year period and is to be matched by industry through the national and provincial check-off, paid by producers. The CCA established the Canadian Cattlemen Market Development Council (CCMDC) to

oversee the administration and allocation of the \$80 million government contributions. This funding, combined with industry funds including national and provincial check-off, is expected to provide over \$170 million for the 10-year period 2005 to 2015 – to recover and expand markets around the world for Canadian beef and cattle genetics.

The Beef Information Centre (BIC), the Canada Beef Export Federation (CBEF) and the Canadian Beef Breeds Council (CBBC) developed a \$21.5 million global marketing implementation plan for 2007/08 to promote the Canadian Beef Advantage. It was developed in consultation with the Global Marketing Advisory Committee of the CCA, the Beef Value Chain Roundtable and the major fund recipients. It analyzes the current market situation and reflects the market development activities and objectives of the groups, based on the industry's marketing vision and the goals and targets set out in the Strategic Marketing Plan developed by the CCMDC. The plan was presented to the CCA board of directors at the CCA annual general meeting at the end of March 2007

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# Working Together continued

and approved. It now has to be presented to Agriculture and Agri-Food Canada and the Alberta government for approval by the Ministers.

Members of the CCMDC also undertook a market intelligence mission to Asia to assess Canada's marketing potential there. They visited Japan, Taiwan, Korea and Hong Kong/Macau and met with beef distributors, wholesalers, retailers and food service customers. It was a successful mission in terms of learning more about what these countries are looking for. The overwhelming message was that they wanted Canada back in their respective markets as a full supplier of high-quality beef to compete with Australian and U.S. products. However, we need to supply more age-verified cattle to our packers to supply the high-value Japanese market that only accepts cattle under 21 months of age. Our focus this year is to add value to our industry and age-verification is one way for producers to help add value to their cattle.

The Government of Canada is also looking to add value to agriculture and food products and has started to work towards a national traceability system. It created the federal, provincial and territorial (FPT) Traceability Task Team (TTT) to identify government needs and initiate a National Agriculture and Food Traceability System starting with livestock and poultry.

The Canadian beef industry has long recognized the importance of a national traceability system for a number of reasons, namely that it adds value to our industry and it enhances international confidence. The Canadian Cattle Identification Agency (CCIA) was established in 1998 and developed a leading-edge identification and traceability system that is based around the three pillars of traceability: animal identification, premises identification and animal movement. The system is industry-led and cost-effective for producers. It also meets all the pre and post-BSE animal health and food safety requirements as defined by the Canadian Food Inspection Agency and is capable of meeting any requirements now and in the future. It operates under the identification requirements under the Federal Health of Animals Act and is capable of multi-species identification and traceability.

Since a national identification and traceability system in the beef industry already exists, the CCA is working with the government to ensure that it continues to be industry-led, that the CCIA infrastructure is utilized and that no duplication or fragmentation takes place. In addition, it is important that producer confidentiality be assured. A working group (the Industry Government Advisory Committee - IGAC) was established to provide a forum for industry and government to work together. The CCA understands the importance of

a national system and will continue to work with the CCIA and the government to ensure that any system put in place does not result in the industry becoming non-competitive, not impede or delay commerce, that the technology be capable of reading identification at a rate which accommodates normal commerce and that the tolerance ranges for readability are acceptable to industry standards.

## **Canadian Cattlemen Market Development Council**

Canada's beef industry continues its path to recovery since BSE was found in the domestic herd in May 2003. Through the Canadian Cattlemen Market Development Council (CCMDC), industry and governments are working together on enhanced marketing as a key element of the BSE recovery plan (noted above).

*The Canadian Beef and Cattle Market Development Fund* is comprised of an \$80 million investment by the Government of Alberta (\$30 million) and the Government of Canada (\$50 million) to support long-term market development for the Canadian beef and cattle genetics industry.

The 2007/08 Market Implementation Plan reflects the direction and priorities of the CCMDC Strategic Marketing Plan. The BIC, CBBC and CBEF have closely collaborated on the development of this plan which

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# Working Together continued

represents the 2007/08 global marketing implementation plan.

Clearly differentiated products will enable Canada to offer tangible, unique benefits to its customers. These benefits will create value for the Canadian industry in the form of more secure sales and higher product values. The cornerstone of the 2007/08 marketing implementation plan is the development of a global branding strategy for Canadian beef and cattle genetics. This will involve fully defining and backing up the value proposition, referred to in the plan as the **Canadian Beef Advantage**. Market development programs and tactics incorporate public relations as a major thrust to communicate the *Canadian Beef Advantage* to the meat trade and consumers. A key consideration is to closely integrate this strategy with value chain partners to ensure their buy-in, leverage resources and maximize market development opportunities.

More than ever, industry stakeholders are working together to develop and implement a truly global marketing strategy and plan for Canadian beef and cattle genetics. Through the significant investment and efforts of industry and government, the Canadian beef industry is strongly positioned to increase Canadian beef and cattle genetics sales and value. The development, launch and public

relations program for the Canadian beef brand will lay the foundation for the global marketing strategy in years to come. The 2007/08 marketing implementation plan is the most aggressive marketing plan yet and heralds a new era of enhanced collaboration, cooperation and integration between the marketing organizations, their respective strategies, and industry stakeholders.

## Strengthening Government Relations – Domestically and Internationally

An important strategy the CCA has adopted is to maintain positive working relationships with provincial and federal government representatives as well as with key government and industry representatives from other countries. The proximity of the CCA office in Ottawa to Parliament Hill is beneficial. In addition to the fact that CCA staff members in Ottawa are able to meet with Members of Parliament (MPs) regularly, provincial “fly-ins” are providing opportunities for each of the provinces to meet with MPs to discuss issues relevant to them and to the industry as a whole. It is important that when we take our requests/messages/issues to government that we are seen as representing the producer and that these requests/messages/issues are those of the actual beef producer.

The importance of the World Trade Organization (WTO) talks can not be over-estimated and the CCA will continue to lobby in the coming year on behalf of the Canadian beef industry. In collaboration with the Canadian Agri-Food Trade Alliance (CAFTA), the CCA has been working to encourage the Canadian government to take a leadership role in moving these talks forward and to fight for the interests of Canada’s beef producers.

As well as working with Canadian MPs, the government and international relations team maintains close relationships with key representatives of the U.S. government as well as other countries. Overall there is a good understanding of our industry’s goals and the safeguards we have in place. It is important to have these close connections especially in times of crisis and when groups such as R-CALF are working against us.

## Enhancing the Canadian Beef Industry’s Image Internationally

For a country that exports a large amount of beef, it is important that Canada show the world that its production practices are of high-quality and meet international standards, that Canadian beef is safe to eat and that Canada is a valuable trading partner. The CCA and the BIC have been actively working with U.S. industry groups to promote



Canadian cattle and beef and the CCA and the CBEFederation have been working towards this in other countries. In addition to the market intelligence mission to Asia as discussed above, the CCA has been connecting with key members of the Mexican Confederación Nacional de Organizaciones Ganaderas and recently met with the president of this association to discuss Mexico's needs and how it would benefit from Canadian cattle and beef. The implementation of "rule 2" will result in the resumption of more normalized trade with the U.S. and it will also open doors to resuming trade with Mexico.

The CCA attended the National Cattlemen's Beef Association (NCBA) conventions in January 2007 and in July 2007. These meetings provide us with an important opportunity to reiterate our stance on trade, the safety of Canadian beef and to tell the U.S. producer about the safeguards Canada has in place to control BSE. With the publishing of "rule 2", it was extremely important to calm some U.S. fears that Canada has a "wall of cattle" waiting to be exported to the U.S. In fact, there is no wall of cattle. Canada has, since BSE, increased its processing capacity and we hope to maintain this capability.

To further improve international relations and international media coverage, the BIC held a tour for U.S. trade media this year that was well received. By showing these

reporters and editors how the Canadian industry is structured, we are more likely to receive positive coverage in U.S. publications. The CCA continues to invite representatives from Australia and other countries to visit and receive an overview of the industry.

As part of the CCA's strategic goal to become increasingly active in international standard setting, delegates attended the Five Nations Beef Conference in Australia. Members of this group consist of national beef producer associations from five countries with a goal to increase the overall demand for beef while eliminating non-scientific and political trade restrictions. All five countries collaborated on industry issues and initiatives and aimed to take a consistent approach to issues. It was decided that the group will now be referred to as the Five Nations Beef Alliance to better reflect its goals and how the member countries are working together.

## **A Strong Future**

The goals of the CCA are to resume normalized trade with all trading partners, to enhance the image of the Canadian beef cattle industry, to promote Canadian beef as safe, of high-quality and demanded around the world and to represent the interests of Canada's nearly 90,000 beef producers.

Prior to BSE, Canada sent a large

number of older cattle to the U.S. to be processed because it didn't have the slaughter capacity to process all the cattle that needed to go to market. When the U.S. slaughter facilities were inaccessible, Canada shifted its practices and is now able to process approximately 105,000 head of cattle every week compared to 72,000 in 2003. For older cattle, Canada can now process as many as 18,000 head per week compared to about 8,000 in 2003. Combined with the industry's Commercial Beef Utilization Strategy, the channels have been established to utilize the ample supply of beef from older Canadian cattle. With this reduced dependence on the U.S., Canada is in a stronger position going forward.

The OIE's determination of Canada as a controlled risk country for BSE is an important step in resuming normalized trade. According to these guidelines, there should be no restrictions on Canadian cattle and beef from cattle of any age and the CCA will continue to request that the Canadian government push for this with all trading partners.

Agriculture, specifically the beef industry, has been criticized for many years as being harmful to the environment by being a large source of greenhouse gas emissions, by depleting and contaminating the world's water supply, and by using land that could and should be used for other things. With the increased

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# Working Together continued

focus on the environment and on “green” products, it is often difficult to convey the facts surrounding agriculture. In actuality, the Canadian beef industry plays an important role in environmental sustainability. The CCA and the BIC will be working to improve the image of the beef industry in the coming year and to promote the health benefits of eating beef.

According to the World Organisation for Animal Health (OIE), there should be no restrictions on Canadian cattle and beef from cattle of any age.

As the Canadian beef industry continues to strive towards its vision of having high-quality products recognized as the

most outstanding by Canadian and world customers, research and technology development play a crucial role in advancing the industry.

## **The Beef Cattle Research Council**

The Beef Cattle Research Council (BCRC) was established by the CCA in 1997 to determine research and development priorities for the beef cattle industry, and to administrate the research funding allocation of the National Check-off. In 2000, the National Beef Cattle Research, Market Development and Promotion Agency (National Check-off Agency) was implemented by the CCA. A portion of the funds collected

through the National Check-off are directed towards the BCRC to sponsor research and technology development in strategically focused priority areas of national significance to the beef industry.

The BCRC is also focused on facilitating and encouraging collaboration and coordination among researchers, funding agencies, and industry in order to maximize the benefits obtained from beef cattle research and to support the Canadian beef industry's marketing value proposition to be a leader in beef quality, animal health and food safety, and environmental stewardship.

## ***2007 Research Priorities & Projects*** *Advance and improve industry and public interactions.*

- Epidemiology, rapid diagnosis, surveillance, transmission, and prevention of zoonotic diseases and other diseases
- Environmental stewardship
- Ruminant (microbe) utilization, focusing on opportunities for the creation of bio products and enhanced nutritional attributes of beef

## ***Enhance consumer confidence and demand for Canadian beef.***

- Food safety assurance throughout the food continuum
- Production of high quality and consistent beef products

*Improve the competitiveness of the Canadian beef industry.*

- Biofuels and the beef cattle industry, focusing on the economic impact of biofuels expansion, managing and minimizing increases in feed costs, and the utilization and environmental impact of feeding cattle distillers' grains
- Examine opportunities for differentiated production systems and product attributes
- Increase production efficiency through advances in animal health, feed efficiency, utilization of alternative feed resources, and genetic improvements and technologies

The BCRC is currently funding research projects in the following areas:

- Epidemiology, rapid diagnosis, surveillance, and prevention of mycobacterium paratuberculosis (Johne's Disease)
- Prevalence, transmission, and management of E.coli O157:H7
- Antimicrobial Resistance
- The development of gene markers for trait selection
- Beef quality, tenderness, consistency, and the utilization of undervalued cuts
- Prevalence and treatment methods for bovine respiratory disease, mycoplasma bovis pneumonia, and other production limiting diseases
- Environmental stewardship – manure management, water quality and safety
- Feeding of wheat and corn distillers grains to cattle

**BCRC Research Priorities for 2007**

- To advance and improve industry and public interactions
- To enhance consumer confidence and demand for Canadian beef
- To improve the competitiveness of the Canadian beef industry

***Looking Forward***

In the coming year the BCRC will continue to focus on funding research in areas that are of key importance to the industry, and to enhance its communication with industry. Through the creation and dissemination of research fact sheets, a new website, industry updates and an annual report, the Council aims to increase awareness of research results and the uptake of relevant technologies and practices by industry. This will also demonstrate the value of National Check-off research funding and the benefits and returns it provides to industry. Enhanced communication is also expected to increase producer awareness and understanding of the BCRC and to create more support for future research and development initiatives.

The BCRC plays a key role in leveraging additional revenue for beef cattle research with industry contributions made through National Check-off being used to secure dollars from other funding organizations. Recognizing this, the

Council will continue to work with other provincial and national funding organizations to coordinate its priority setting process, research evaluation and selection process to ensure industry contributions are fully leveraged. The BCRC has also committed to working with the Beef Value Chain Roundtable, which, in its most recent meeting identified the need to develop a coordinated national beef research strategy. The intent of this strategy would be to implement a national, inclusive approach to research coordination with focused priorities and targets to address industry's short and long-term goals in terms of research and resources for research.

The BCRC is committed to funding leading-edge research to position the Canadian beef cattle industry as a global leader in beef quality, animal health, food safety and environmental stewardship.

In addition to sponsoring research and technology development in support of the Canadian beef industry, the BCRC supports the Quality Starts Here® program. This program further supports the industry's vision and falls under the auspices of the BCRC. The Quality Starts Here® program and the Verified Beef Production program are designed to add value to the industry and all producers are encouraged to get involved.

# Working Together continued



A trademark program  
under Quality Starts Here®

**Verified Beef Production™** The Verified Beef Production Program (VBP) is Canada's on-farm food safety program for beef. It was designed to enhance and maintain consumer confidence in beef products and in the practices of Canada's beef producers.

To date, approximately 5000 producers have taken a VBP workshop and 232 producers completed the registration audit. The simplified producer manual has made an audit less intimidating and most producers are finding it an achievable step.

The eligible list of equipment available through the Canadian Food Safety and Quality Program continues to attract producer interest. Producers taking a workshop are using the 50 per cent funding (up to \$750) for eligible equipment such as neck extenders for squeeze chutes, hand-held RFID readers, scale for medicated feed, animal health tracking software, and disposal containers for used medications.

## **Accomplishments**

A revised website ([www.verifiedbeef.org](http://www.verifiedbeef.org)) provides enhanced access to information including core program resources, such as the VBP producer manual,

fact sheets on good production practices and sample records. The website was designed with dial-up Internet users in mind.

A survey on the use of detectable needles indicated that their decreased cost and improved availability was not well known. A series of stories was done to promote their use and advantages which include staying sharper longer.

The popular pocket calving book was revised to include 250 calves, and is now available to producers who have taken a workshop or are interested in registering with the VBP program.

Thanks to an invitation from the BIC, a presentation on the VBP program was made to U.S. media who received a tour of our industry. This presentation was well received and resulted in interest in the VBP program.

## **Looking Ahead**

An on-line training module is being developed as a convenient option for producers who are too busy to participate in a workshop. Other tools to assist producers will include a barn wall calendar with record-keeping capability and enhanced communications efforts.

We look forward to working with new provincial coordinators in Alberta, Saskatchewan and Atlantic

Canada to enhance program uptake in these regions. We will also be participating in the CCA's Value Creation and Competitiveness committee to further develop the value of this program for beef producers.

Thanks goes to the dedicated producer committees in each province who have advised on the development and delivery of the VBP program.

## **CanFax Research Services**

Canfax Research Services (CRS) is a division of the CCA. Its purpose is to provide the Canadian beef industry with accurate statistical information and economic analysis of issues that are of importance to the industry. CRS offers expertise in the areas of cattle inventories and prices, feed grain statistics, beef production, consumption and demand, and beef and live cattle trade. The information and analysis generated by CRS is utilized by the CCA, provincial cattle organizations, Canadian beef marketing organizations, government, and other industry stakeholders to assist in policy development, business plan development, marketing decisions, and to provide economic analysis in areas of importance to the beef industry.

## **Regular Reports and Publications**

CRS currently provides several regular reports and publications:

- The Weekly Boxed Beef Report is available on a complimentary basis, with access being provided to industry through the CanFax website (<http://www.canfax.ca/>). The report includes weekly Canadian and U.S. cutout and primal values, cut prices, and load counts.
- Beef Watch is provided on a complimentary basis, on behalf of the CCA, to the Canadian Cattlemen Magazine twice a year. This four page article provides information and analysis on the beef cattle cycle and current market trends.
- The Quarterly Report is distributed quarterly on a subscription basis. It includes information and analysis on cattle inventories and prices, feed grains, beef production and grading, trade, and current industry issues.
- The Monthly Price & Grading Report provides provincial cattle prices and slaughter and grading statistics on a subscription basis.
- The CanFax Statistical Briefer is a free one page summary that is available on the CanFax website. It provides an annual snapshot of the domestic and world cattle inventories, beef production, trade, meat consumption and grain production.

- The Cattle Cycle Book was produced in 2002 and is available by order through the CanFax website. The intent of this book is to provide an understanding of the beef production and price cycle. It is expected that CRS will update and revise this publication in the next two – three years.

#### **Activities**

- CRS continues to work with the CCA in several areas including: providing statistical information and economic analysis for both domestic and export policy issues; participating in working groups and committees such as the Biofuels Task Force and the Value Creation and Competitiveness committee; and assisting with several other ongoing activities and requests.
- CRS has been contracted to work with the Canadian Cattlemen's Market Development Council (CCMDC) to develop a standardized evaluation process for all of the marketing organizations involved. CRS provides statistical and economic analysis for both the annual business planning and results reporting processes. CRS is also responsible for evaluating and monitoring major industry trends and trade performance measures to assist in the long term planning and evaluation process.

- CRS is also involved with various industry projects and requests on an ongoing basis. Industry outlooks, analysis and research are provided to provincial organizations, the National Check-off and other clients on a request basis. CRS provides the Beef Information Centre with a monthly report that contains information on prices (livestock, boxed beef, and retail), consumption, slaughter and beef production, and beef and cattle trade.

#### **Looking Forward**

CRS continues to make enhancements to the services it provides industry organizations, the CCMDC and the private sector. This included hiring a new staff member to further enhance CRS's ability to provide statistical information, economic analysis, and research coordination which were requested by industry. CRS also continues to work very closely with CanFax, with much collaboration and cooperation occurring between the two divisions as they move forward in enhancing their overall operations and services.

### **Canadian Cattle Identification Agency Report**

#### **Program Overview**

The Canadian Cattle Identification Agency (CCIA) continues to lead globally in animal identification and traceability. The mandate of the



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# Working Together continued

Agency is to establish and maintain an efficient animal health and food safety emergency traceability system in Canada. Guided by national standards and operating under the ID Regulations within the Federal Health of Animals Act, the CCIA is industry supported, sustainable and proven to provide invaluable assistance to government officials during health emergencies.

To help protect market access and ensure the industry's integrity, the CCIA has implemented a highly sophisticated database – the Canadian Livestock Tracking System (CLTS). This internationally recognized system offers the three key pillars for traceability:

- Animal Identification
- Premises Identification
- Animal Movement

It also has the capability to provide additional value-added services such as age verification.

The CLTS provides national multi-species identification and traceability services for beef, dairy, bison and sheep, and provides specific traceability for pork and poultry. As such, the CLTS further provides single-window access for animal health authorities in the event of an animal health and food safety emergency. With the support and partnership of the Canadian Food Inspection Agency (CFIA), Agriculture and Agri-Food Canada (AAFC), provincial governments,

industry groups and the Canadian Livestock Identification Agency (CLIA), the CCIA is continuing to identify, meet and further build on the needs and principles for an enhanced livestock traceability program in Canada.

The CCIA Board of Directors has identified the following key strategic enhancements for the organization:

**Develop and secure additional age verification support for audit and enhancement** – A Beef Implementation plan was developed and submitted to AAFC for consideration. Also, a proposal for funding was sent to Alberta Agriculture (AAFRD) to support additional age verification enhancements and to build on our partnership with AAFRD.

**Secure Disaster Recovery implementation funding** – As part of the Beef Implementation plan, Disaster Recovery was included as an essential item for funding consideration. In the short term, the CCIA has developed a more robust Disaster Recovery methodology.

**Increased value-added opportunities** – Additional work with interested organizations has now begun. This will see increased functionality in value-added services which can be utilized by the CCIA and its partners.

**Identify Animal Movement**

**tracking infrastructure needs** – As part of the Beef Implementation plan, initial key infrastructure requirements have been identified to facilitate Animal Movement. Our next step will be to work with key industry and government groups to finalize the Beef Animal Movement Implementation plan. We will establish a cost benefit analysis and identify and assist in pilot projects designed to identify issues with implementation.

**Establish a Premises Identification Strategy** – We have established a roll-out plan to have 100 per cent of all current producer accounts include legal land descriptions to further enhance geospatial capabilities within the CCIA system. This national plan will negate the need for any provincial premises legislation. We continue to encourage all provinces to build on the national system and work with us to populate and validate premises information.

## **Age Verification**

Age verification (AV) is a voluntary, free birth-date data program under the CCIA's National Traceability program. Since its inception, the AV program has enhanced Canada's international recognition and ensured the industry's integrity. With many of Canada's international trading partners now requesting birth-date information as a prerequisite for export, the need for AV continues to increase. To

help promote AV across Canada, the CCIA is developing an enhanced communication plan that will aid in the continued voluntary supply of age information.

2007 has seen its challenges with age verification and many producers across the country have asked the question "Why should I age verify? I don't see any value from it." Together with our industry partners, it is our goal to provide positive messages to answer the question of why.

The need for age verification will continue to increase as we strive to expand our markets and meet the increasing demand for traceability. Although not widely distributed, cost benefits have been realized from age verification and we must continue to encourage participation.

#### ***CCIA Commitment***

As an industry-initiated and led program, the CCIA remains dedicated to working with provincial, national and international partners in new and ongoing initiatives for the benefit of the Canadian livestock industry. The CCIA is committed to ensuring that all program components continue to meet and exceed domestic and international requirements in order to maintain Canada's role as a world leader in animal identification and traceability.

#### **Canada Beef Export Federation**

Arno Doerksen, Chairman

##### ***Building Toward New Export Success***

The Federation's programs and activities continue to aggressively drive the Canadian beef value proposition in key export markets. To our industry partners, we deliver the message of Canada's animal health and food safety through seminars, food shows and publications, and by our offices directly engaging individual clients. To consumers, we support the positive points of differentiation of Canadian beef with retail and food service promotions, focusing on high-quality, grain-fed, tender and tasty Canadian beef.

Key to differentiating Canadian beef was the 2006 Beef Quality Perceptions Audit (BQPA) commissioned by the Federation to identify international buyers' quality preferences for beef and their perceptions of Canadian beef. With the BQPA, the Federation established a benchmark against which we will judge our future successes. The audit will be completed every five years to gauge changing perceptions of Canadian beef and changing market demands.

The findings of the BQPA enabled the Federation to establish a technical base to promote points of differentiation for Canadian beef. Based on this, we have developed a series of technical marketing materials for use in Asia and

Mexico. These materials include brochures on the Canadian cattle identification system, beef grading system, food safety systems, an overview of the Canadian beef industry and a guide to importing Canadian beef. Also produced was an Asian merchandising guide, now being recreated with a focus on Latin America. As always, our materials are linked to the positive images of Canada known around the world.

The technical materials are proving highly successful, generating a positive response with importers in all key markets. We are now producing these materials in a global version for use in new and emerging markets. Another major focus of the Federation this year is developing a singular consumer mark for Canadian beef that will be used in all markets outside of Canada and the U.S.

The Canadian value proposition is also generating a high level of interest at Federation seminars. Last year, the Federation delivered nineteen 'Differentiation' and 'Demand Building' seminars in Japan, South Korea, Taiwan, China, Hong Kong and Mexico. These seminars directly engaged a total of 2,345 importers and purchasers from the retail and food service sectors. Surveys of seminar participants showed that 68 per cent found the seminars to be "very valuable"; an average of 70 per cent gained a better understanding of

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# Working Together continued

Canada's value proposition of food safety and high quality beef; and 90 per cent asked for a follow-up contact from CBEF.

Last year, the Federation implemented a comprehensive performance measurement system to assess the effectiveness of its information and services and its programs and promotions. The first annual "Canada Beef Export Federation Performance Report" surveyed the Federation membership and over 600 international contacts who had dealt with the Federation in the past year.

The report found that a high majority of members feel that CBEF services and resources increase awareness and knowledge of Canadian beef in international markets and provide potential international buyers of Canadian beef with a better understanding of the competitive advantage of using Canadian beef. The majority of export members say that Federation programs and services have increased their beef exports. The vast majority of international contacts said that CBEF promotions increased their interest in purchasing Canadian beef, increased confidence in Canadian beef during the time of market closure, and helped inform their customers of the advantages of using Canadian beef. *The full findings of the report were provided to all members in March 2007.*

A detailed analysis of retail and food

service promotions held by the Federation in key markets showed that, from June 2006 to March 2007, 77 per cent more beef was sold while clients were participating in Canadian beef promotions. We believe this is contributing to sustainable, long-term export growth.

The Federation's members are focused on achieving new export success. They have set a goal of increasing Canadian beef exports to 650,000 tonnes (\$2.5 billion) by 2015, with 300,000 tonnes (\$1.2 billion) flowing to markets outside of the U.S.

We are building toward this success. We are undertaking the market research and establishing the performance measures. We are developing new materials that reflect the research as well as strategic input from industry and government partners. As access is regained, we are delivering aggressive market development programs to drive demand for Canadian beef – and increase volume sales out of international meat cases and off of international menus.

As we move forward to new export success, we are also building upon a solid foundation of established supply chain and distribution channels that promote Canadian beef. Developed over nearly two decades of Federation activities, it is a foundation that lends strong support to our efforts.

## Canadian Beef Breeds Council

Herb McLane, Executive Vice President

The role and focus of purebred cattle is the very foundation of the cattle industry. The contribution is significant to the value that is achieved in the quality and efficiency of the entire sector, and can be measured in economic and non-economic terms.

The Canadian Beef Breeds Council (CBBC, Council) represents the Canadian purebred cattle industry. Its members include national breed associations that in turn represent more than 10,000 producers of breeding stock. Associate CBBC members are exporters and service providers.

The mandate of the CBBC is to focus on issues of animal health, international market access and global market development for the purebred beef cattle industry as well as other challenges. With regard to BSE, the Council has engaged other industry organizations and government departments and agencies on the many areas pertaining to the issues and impacts of BSE on the purebred beef cattle industry.

The Council has contributed significantly to the CCA and on many issues that have faced the industry, in particular those that impacted producers of breeding

stock, and has also met challenges of concern to those of our associate members. These issues range from animal health and trade issues such as the eradication of brucellosis, revisions to bluetongue regulations (and anaplasmosis), compensation for animals ordered depopulated under the Health of Animals Act, global market access and development and the many aspects surrounding BSE, to name a few. The Council and its members have contributed to positive outcomes and solutions in a fair-minded, thoughtful, balanced, constructive and professional manner.

The CBBC is actively engaged in consultations, strategy development and lobbying at all government and industry levels to rationalize Canadian import policy and access conditions for Rule 2 in the U.S. It has also participated in the process to rationalize import/export policy as it relates to bluetongue, anaplasmosis, brucellosis and tuberculosis. Participation in the Beef Value Chain Round table, the Beef and Cattle Producers Advisory Council to the Canadian Food Inspection Agency and the Beef and Cattle Trade Advisory Group are providing opportunities and avenues for further engagement on trade issues as they relate to the purebred cattle sector.

Significant gains have been made in restoring markets for Canadian genetics, most recently in Russia

and Kazakhstan, with 104 countries open to semen, 70 to embryos and nine others to breeding cattle. The CBBC continues to consult with the CCA to identify issues, establish priorities and communicate the messages that will ensure a return to normal global marketing and the stabilization of the domestic environment. We are working with Canadian, U.S. and international decision-makers using innovative and alternative methods to complete our objectives.

The CBBC believes that the safeguards inherent in the purebred system (e.g. permanent identification, the ability to trace farm of origin and pedigree) as well as the similar mitigating factors in our integrated U.S./Canadian market, are scientifically justifiable reasons as to why trade in youthful breeding cattle ought to be restored. These and other factors were included in the comments submitted on the USDA's proposed Rule 2.

The contribution by the Federal government and the Alberta government to the "Legacy Fund" will provide much needed support to expand access to other markets. The CBBC, in relation to this funding, is participating in the consultations being conducted under the Global Marketing Advisory Committee and Canadian Cattlemen Market Development Council.

The announced funding by Agriculture and Agri-Food Canada of the "Sustaining the Genetic Quality of Ruminants" program is specifically geared to assist the purebred industry as requested under our "Genesis Fund" proposal, and is a valuable tool to assist breed associations in maintaining their existence and function. At the time of writing, we are advised that all strategies for funding have been approved and that claims are being processed.

A project currently being conducted by the CBBC and in partnership with its members and their producers is the Assessment of Member-Producers' "Risk Management Concerns" (Purebred Risk Assessment-PBRA). This project is an initiative entirely supported by the federal government to identify various perils and risks associated with the production and marketing of purebred beef genetics and to identify what solutions need to be taken to mitigate these risks. Phase one of the PBRA project included a member-producer survey, a cow-calf customer survey, evaluations of sector communications and industry focus groups and it identified seven key risk areas to the purebred sector.

In response, the CBBC Going Forward Working Group determined areas for further research to identify and clarify key producer risks. These are:

- Purebred Value Proposition/Sector Relevance

# Working Together continued

- Flow of Genetic Information through the Beef Value Chain
- Purebred Product Pricing and Financial Services
- Framework for Purebred Sector Business Model and Sharing of Resources
- Inventory and Analysis of Producer Training Products and Services
- International Trade
- Communications and Messaging of Key Risk Activities

It is important to the Council that producer representatives be selected through an electoral process. The two producer representatives to the Council have been successful in a minimum of two elections, and often three, to earn the right to represent the purebred sector on the current Board of Directors of CCA.

## Canadian Beef Cattle Research, Market Development and Promotion Agency ("National Check-off" Agency)



The Canadian Beef Cattle Research, Market Development and Promotion Agency (National Check-off Agency) has been in operation since 2002.

The National Levy Order was registered on April 14, 2005. British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia have all entered into agreements with the National Check-off Agency. As such, these provinces are in a position to collect

the levy (also referred to as "national check-off (NCO)") on beef and cattle sold in inter-provincial trade and pay the levy to the Agency. Ontario has amended its provincial legislation which will accommodate the national levy order for intra-provincial sales. The last step is the signing of a federal/provincial agreement which provides for the delegation of authority by Ontario to the Agency. Efforts continue with Quebec to clarify its agreement requirements and with the Maritimes to address collection procedures to accommodate inter-provincial sales and collection of the levies.

Current and past board of directors have worked diligently to design a national check-off system that integrates with current provincial collection mechanisms. Once all provinces have finalized their authority and entered into formal agreements with the Agency, the program will be truly national and the Agency will be able to finalize the Import Levy Order for imported animals and carcass equivalent beef products, meaning Canada can apply an equivalent levy to imported cattle and beef products.

The NCO generates an additional \$8.2 million annually to fund projects aimed at advancing the Canadian beef industry. It supports industry research and the marketing of Canadian beef both nationally and internationally by funding the

Beef Cattle Research Council (BCRC), the Beef Information Centre (BIC) and the Canada Beef Export Federation (CBEF). It does not fund policy creation or government lobbying – the CCA does not receive funding from the NCO.

Provincial organizations can utilize NCO funds to support projects that address provincial-specific research, marketing and promotion of beef and veal products. For 2007/08, NCO will fund projects from the Manitoba Cattle Producers Association, Ontario Cattlemen's Association, Fédération des producteurs de bovins du Québec and Nova Scotia Cattle Producers.

NCO is the "industry funding" used as the basis to obtain matching funds from other sources for the Canadian beef cattle industry's long-term research and marketing plans. A long-term marketing plan was developed to help the industry recover from BSE and ensure a profitable and sustainable industry looking ahead to 2015 (see the CCMDC report).

The NCO Board of Directors is focusing on communicating the importance of the NCO to the industry in the coming year. For more information on the Canadian Beef Cattle Research, Market Development and Promotion Agency and the NCO, please contact the office for a copy of the 2007/08 marketing and business plans.



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# Committee Reports

## **Animal Health and Meat Inspection Committee**

Tony Saretsky and Gord Hardy, Co-Chairs

By the end of the 2006/07 year, Canada had detected 10 cases of BSE in its herd. Although additional cases are not unexpected, any new case brings us under scrutiny. The Animal Health and Meat Inspection Committee has continued to work on BSE-related issues throughout the year. In addition, it has focused on traceability, Canada's own-use import policy, bluetongue and anaplasmosis, the implementation of the enhanced feed ban and other issues relevant to the industry.

### ***Bluetongue and Anaplasmosis***

After years of requesting that the federal government review its regulations around bluetongue and anaplasmosis, we were pleased when the Canadian Food Inspection Agency (CFIA) announced its new policy to eliminate all bluetongue-related restrictions on cattle from the U.S. As part of its commitment to science-based trade regulations, the CCA commissioned and funded vector research on bluetongue to better understand the risk involved with this disease. After careful

analysis of this research, it was determined that the risks are negligible for a number of reasons, namely that the capacity to spread the disease is extremely limited in the Canadian environment. Based on this, and the fact that bluetongue poses no human health risk, the CCA advocated to remove all import restrictions and testing requirements for healthy cattle. The CFIA is now in the process of reviewing its anaplasmosis import protocols. CCA staff has requested collaboration during this process to ensure that the protocols are practical and within the parameters that the industry can implement with minimum disruption to normal production practices.

### ***OIE Categorization of Controlled Risk***

With the OIE's official categorization of Canada as a controlled risk country for BSE, and its internationally recognized science-based standards, we are confident that our international trading partners will recognize Canada as a country committed to animal health and food safety. The CCA and Canadian cattle producers worked hard to implement rigorous standards to effectively control BSE



## TECHNICAL SERVICES UPDATE

### **Bovine Spongiform Encephalopathy**

This past year the Canadian cattle and beef industry has continued to strengthen the systems for control and prevention of BSE. This has not been without challenges and the implementation of the enhanced feed ban has highlighted the need to ensure that technical requirements are developed while fully considering related implementation issues. The CCA has maintained an active dialogue with the Canadian Food Inspection Agency on the enhanced feed ban and this will continue in the upcoming year.

Any additional measures which are proposed to further reduce the already low risk associated with BSE need to be carefully considered. This analysis must take into account not only the potential reduction to the timeframe for eradication of BSE but also any impact on the sustainability of our industry.

### **Technical Barriers to Trade**

In the era after the diagnosis of BSE in Canadian cattle there have been increased attempts to use food safety issues as a rationale to construct trade barriers to our products. Relevant examples include COOL in the United States and the ongoing restrictions on Canadian beef in key Asian markets.

Relative to COOL, there will be a significant investment of resources in the upcoming year to develop programs and technical resources to support the ability

of the Canadian industry to continue to export beef and cattle to the U.S. should COOL be implemented. This will build on the continuing efforts being made by the CCA on the political front to address this issue.

Expanded access to other international markets such as Japan is also important for our industry. The CCA will be collaborating with the Government of Canada and key industry stakeholders, such as the Canada Beef Export Federation, to remove these restrictions. The recent classification of Canada as a "controlled risk" country by the OIE provides a science-based rationale for trade consistent with the guidelines established by this body. Even with this designation we cannot assume that these markets will provide appropriate terms of access without strong and sustained advocacy efforts.

### **The Canadian Beef Advantage**

It is vital that the Canadian industry clearly communicates the attributes which support the quality, safety and profitability of our products. While the value proposition may differ somewhat between markets the importance of demonstrating the Canadian Beef Advantage in an objective manner is universal. BSE-related issues have by necessity been the focus of our industry since 2003. There is now a need and an opportunity to increase our efforts to define, measure and enhance the key attributes which support marketing efforts.

In the upcoming year a technical review of these elements will be conducted with the assistance of the scientific community and the expertise available within the beef and cattle industry. It is likely that as a result of this exercise there will be areas identified which will require further study. The Beef Cattle Research Council is well placed to encourage scientific research related to priorities identified within the supply chain.

### **Future Challenges and Opportunities**

The emergence of the ethanol sector has been a focus for CCA in the past year and the recent announcement of the ecoENERGY program by the federal government indicates this topic will continue to be relevant. As feeding practices change to incorporate co-products of ethanol production we will need to fully understand how this will impact parameters such as beef quality and safety.

There is also a need to consider how technologies such as the Internet can contribute to the success of cattle producers by making key information more accessible. It is possible that related efforts could build on existing infrastructure such as that established by the Canadian Cattle Identification System.

# Committee Reports continued

through our surveillance system and BSE eradication measures.

## **Enhanced Feed Ban**

The enhanced feed ban, which bans all specified risk material (SRM) from animal feed, pet food and fertilizers in order to accelerate the eradication of BSE from the Canadian cattle herd, is effective as of July 12, 2007. We support the CFIA in this initiative and agree that it is an important step in the eradication of BSE in Canada, in increasing market access and in securing Canada's status as a controlled risk country. However, the CCA has voiced its concerns to the federal government that the higher costs associated with the enhanced feed ban will have a negative effect on the industry, relative to its competitors. Since 2003, the cattle industry and the government have made significant investments into increasing slaughter capacity in Canada and our concern is that the added costs of the enhanced feed ban will result in more Canadian cattle going to the U.S. for processing.

Producers, renderers, processors, feed manufacturers and waste management companies now have additional requirements and the infrastructure required to meet these requirements should have been implemented long before July 12. However, delays in federal/provincial funding agreements and decisions related to the implementation of the enhanced feed ban have resulted in the

inability to ensure the infrastructure is in place. If companies are unable to process SRMs, they may refuse to accept this material into their facilities. To meet these short-term operating costs, the CCA and the Canadian Meat Council requested that the federal government create a transition fund of \$50 million for up to two years. Although to date this request has not been accepted, we will continue to impress upon the government the need for financial support during this time.

## **Traceability**

Traceability continues to be a key issue and we believe that industry, alongside the Canadian Cattle Identification Agency (CCIA) needs to continue to lead this initiative. Age verification is a top priority and is an important factor in the reopening of international markets. Countries such as Japan are looking for age-verified beef and we need to supply it. To date, approximately four million birthdates have been voluntarily reported to the national database. The need for age verification is increasing and many provinces and provincial associations have been partnering with the CCIA to assist producers and increase participation.

As interest in traceability increases at the federal level, the CCA is working with the CCIA to ensure that the cattle industry traceability system be industry-led, that the CCIA infrastructure is utilized and that no duplication or

fragmentation takes place.

## **Veterinary Pharmaceuticals Imports (Own Use)**

We have been working with Dr. Louis Desautels to develop a plan to implement a permit-based veterinary drug import program as an interim process while harmonization or equivalency recognition for product approvals can be addressed for the long term. This program would be applicable for veterinary products from the U.S. that are approved for use in Canada. The CCA will be working with other industry groups and livestock sectors on this proposal.

## **Foreign Trade Committee**

Brad Wildeman, Chair

The ultimate success of the Canadian beef industry is dependent on access to all markets for all products, and Canada has regained at least partial access to seven of what were its top 10 export markets in 2002. In 2006, Canada regained its position as the third largest exporter of beef and beef cattle, following Brazil and Australia (see Figure A).

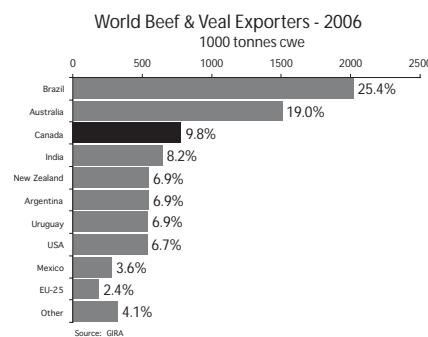


Figure A



## COUNTRY OF ORIGIN LABELING

It appears that Country of Origin Labeling (COOL) for beef will be put into practice in the United States by October 1, 2008 on some level. This may have major negative impacts on the Canadian cattle industry and the CCA is working hard to ensure it is as user-friendly as possible to the Canadian industry at the least cost.

If the legislation comes into effect as it is currently written, only beef from cattle "born, raised and processed" in the United States could be labeled as a "Product of USA". Beef from cattle born in Canada and fed and slaughtered in the United States would require a label indicating "From Cattle Born in Canada, Raised and Slaughtered in the United States". These requirements and the required verifiable recordkeeping audit trail will result in increased costs for all involved in the beef industry.

The documentation requirements in the current law are not clear. Since packers and retailers are required to have a "verifiable recordkeeping audit trail", U.S. producers will be required to have documented proof as to the origin of their cattle. If COOL comes into effect in September 2008, U.S. producers will be required to start providing documentation on calves born this year and therefore it appears that Canadian cattle entering the U.S. will be required to have documentation.

There are NAFTA and WTO implications. The CCA believes that the COOL rules, as currently written, breach the U.S. commitments under NAFTA and the WTO. The purpose of both NAFTA and the WTO is to create opportunities and efficiencies by eliminating unnecessary barriers to trade. The COOL provisions will discriminate against Canadian and Mexican cattle and beef products – undermining the agreements in place.

COOL does not ensure food safety. One of the main reasons cited to justify COOL is that consumers have a right to know where their food comes from to ensure food safety. However, all beef sold in the U.S., imported or domestic, is inspected by the USDA to ensure its safety and a label simply does not have any bearing on the safety of the product.

The exemption of poultry creates a competitive disadvantage for the pork and beef industries. With the costly and cumbersome requirements of COOL, there is a distinct advantage for the poultry industry since it is exempt from COOL. As the beef industry seeks to remain competitive compared to other protein sources (poultry, pork, seafood, etc.), the implementation of COOL puts extraordinary costs on the beef sector and will ultimately result in increased food costs for consumers.

### Timeline for COOL

May 2002	2002 Farm Bill containing Mandatory Country of Origin Labeling is signed into law. COOL to be in place by October 1, 2004.
October 2003	Proposed rule published outlining the definitions, requirements for consumer notifications and product marking, and recordkeeping responsibilities. Comment period originally ended December 29, 2003 but is extended to February 2004.
January 2004	COOL delayed to September 2006 when Congress passed the Consolidated Appropriations Bill which includes a delay in provision of funding to administer COOL.
November 2005	COOL delayed two years (until September 2008) again by Congress denying funding through passage of the Appropriations Bill.
June 2007	Proposed rule for mandatory COOL published for a sixty day comment period.

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# Committee Reports continued

To achieve this, the Foreign Trade committee has been working on several fronts to achieve market access with our largest trading partners, including the U.S. and Mexico, and with markets where high values for certain products rather than volume has traditionally been the key driver.

## ***U.S. Market Access***

In 2006, beef and cattle exports to the U.S. accounted for 38 per cent of Canadian production and the significance of this market cannot be understated. In order to increase stability and reduce future disruption of the integrated market, a core activity for the Foreign Trade committee has been its enhanced advocacy strategy. As concerns around BSE and country of origin labeling continue, it is necessary for the CCA to continue to build and cultivate relationships with U.S. producers and policy-makers. By attending and speaking at engagements with national and state cattle organizations and general farm organizations, hosting farm and legislative delegations to tour the Canadian industry, and increasing our presence in Washington, D.C., the CCA has established itself as a credible source of information and increased its profile with our U.S. counterparts.

The CCA has continued to focus on encouraging the United States Department of Agriculture (USDA) to move forward the next rule that would allow for imports of all Canadian animals born after March

1999, including feeder and slaughter cattle and breeding stock. Based on recent discussions in Washington, it appears that the USDA's desire to move the next rule to the Office of Management and Budget (OMB) is still strong. The CCA and its provincial associations submitted comments on the proposed rule. The key point in our submission was that the USDA should implement the rule but remove the "born after" date for cattle entering the U.S. for immediate slaughter. Since both U.S. and Canadian beef processing plants are required to remove specified risk material (SRM), there is no scientific justification for limiting Canadian slaughter cattle to those born after March 1999. At the time of writing, it is expected that the rule should move to the OMB before the end of summer. The OMB will then have up to 90 days to complete its review or send the rule back to the USDA for further information. After the OMB approves the final rule, the USDA will be clear to publish it in the Federal Register. The rule is expected to come into effect 60 days after it is published.

When the border opens to over-thirty-month (OTM) beef and cattle, it will be important that the government adopt the report put forward by the House Agricultural Committee to permanently eliminate the issuance of supplemental import permits in order to maintain the additional slaughter capacity in Canada. The

CCA has effectively lobbied for a harmonized approach to trade with the U.S. as it pertains to our import policy. Both Canada and the U.S. currently have tariff rate quotas which allow for a set quantity of beef to be imported from non-NAFTA countries. Once that quantity is reached, a tariff is imposed on over-quota beef. Canada has historically issued supplementary import permits when the quota has been reached – allowing additional tariff-free access for importers over and above our WTO trade commitments. The U.S. has not and this has put Canadian producers at a relative disadvantage. Since the U.S. border has been closed to OTM cattle and beef, the CCA has successfully argued that Canadian processors should be utilizing Canadian product. It is critical that Canadian producers continue to inform their politicians on the importance of maintaining a North American approach to imported product.

## **Country of Origin Labeling**

Country of origin labeling (COOL) has been a threat to the Canadian industry since prior to BSE. Included in the 2002 U.S. Farm Bill, COOL has been delayed several times, however it appears very likely that COOL will come into effect in September 2008 in one form or another. While exports to the U.S. are a significant part of Canadian production, it is still a relatively small portion of U.S. consumption at just three percent.



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# Committee Reports continued

For many reasons, the CCA is working to ensure COOL is more workable for the Canadian producer and has asked the federal government to work on the industry's behalf to ensure it is not accepted as presently worded. We believe it violates the United States' commitments under the North America Free Trade Agreement (NAFTA) and the World Trade Organization (WTO). The biggest risk for Canadian cattle producers is not necessarily that U.S. consumers will choose to avoid Canadian products, but rather that the costs for U.S. feedlots and plants to handle Canadian-origin cattle with the necessary auditable record-keeping will simply be too high. This will result in a wider basis and decreased value for Canadian producers. The CCA has been working with its allies in the United States who also recognize that the law, as it is currently written, simply will not work and will result in increased costs for all involved in the beef sector.

## **Increasing Access to Global Markets**

### ***World Trade Organization (WTO) Negotiations***

The best opportunity for increased market access still lies in the WTO negotiations. The current WTO negotiations have been on their usual rollercoaster ride since they resumed at the end of May. Crawford Falconer, chair of the agriculture negotiations, released

two "challenge" papers outlining where he perceived members' positions might converge. These were intended to promote dialogue among the members and were generally well received. It appeared that there was a real desire by the members to reach an agreement, however recently failed G4 discussions have resulted in speculation about the "collapse" of the negotiations.

A revised paper outlined the draft modalities (or parameters) based on the negotiations to date and it is anticipated that there may be increased negotiations in the fall. The CCA, along with the Canadian Agri-Food Trade Alliance (CAFTA) and its other members, is poised to attend meetings in Geneva as the negotiations continue to ensure that the needs of the 90 per cent of Canadian producers who rely on exports are met.

### ***Opening Markets***

This past year has seen a number of markets reopen to Canadian beef. A significant positive step occurred when Taiwan lifted its four-year ban on Canadian boneless beef from cattle under 30 months of age. Prior to 2003, Taiwan was Canada's fifth largest destination for beef exports with 8,000 tonnes (valued at \$42 million) being shipped in 2002. It is an important market for middle meats such as strip loin, rib eye, etc. and has historically offered the highest value per kilogram of beef

exported. With the U.S. focusing heavily on the Korean market, there may be significant opportunity for Canadian packers in Taiwan.

While this is a positive step for the industry, it is increasingly important that any new access gained is for beef of all ages. The restrictions resulting from varying levels of access to different countries create increased costs within the plants for age verifying and segregation. In addition, the lack of full access for all Canadian beef to all markets results in decreased value for Canadian carcasses. This is ultimately passed on to the producers through a wider basis as Canadian plants are less competitive than plants in the U.S. Because of this, the CCA has been advocating that all new access be in accordance with OIE guidelines – allowing trade in beef from cattle of all ages.

The government has been engaged in discussions regarding a free trade agreement with South Korea, and indications from government officials are that this could be finalized in the near future. The CCA continues to lobby for resumption in beef trade prior to the free trade agreement being signed, and it is confident that South Korea has begun the process to lift the ban on Canadian beef.

### ***Looking Forward***

This upcoming year will continue to pose great challenges for the Foreign

Trade committee as it deals with the impending implementation of mandatory country of origin labeling. A key priority for the committee will be working toward identifying possible alternatives that could make the legislation more workable and less cumbersome for Canadian and American producers, processors, and retailers. It appears likely that it will come into effect, and the less costly it is, the more likely U.S. producers and processors will continue to source Canadian cattle and encourage competitive bidding – creating more value for Canadian producers.

The second critical area of focus for this upcoming year will be to continue to improve market access. The CCA will continue lobbying in the U.S. for the implementation of the next rule. This includes being prepared for any legal complications that may arise.

### **Beef Quality and Grading Committee**

Kevin Antworth, Chair

The Beef Quality and Grading Committee works to ensure that suitable quality standards and product descriptions are in place to enable price discovery systems to function efficiently. These quality standards also provide a means for feedback from consumers to producers so that the industry may respond to market signals and

produce the product that consumers demand.

#### ***Computer Vision System***

Use of the Computer Vision System (CVS) continues to grow in the U.S. The CVS is a rapid objective grading tool that can keep up to line speeds at packing plants and, although it is not yet an official tool of the grading system, its efficiency and effectiveness is something to watch in the upcoming months.

#### ***Late Blooming Carcasses***

The pH study on late blooming carcasses was completed in February 2007 and results were inconclusive. This study was undertaken by the Canadian Beef Grading Agency (CBGA) to assess the possibility of a pH standard to predict carcasses that will eventually bloom, or turn red when exposed to air.

Interest continues to grow regarding the potential opportunity to capture more value through the use of the grading system.

### **Environment and Animal Care Committee**

Ian McKillop, Chair

Most people care about how land being used to raise and care for cattle is sustained for future generations and that animals are well cared for. The Environment and Animal Care committee works towards understanding environmental and animal care issues that affect the beef industry,

encourages environmentally sustainable production practices, establishes a national code of practice for the care and handling of beef cattle and communicates the work that beef producers do to produce high quality beef that benefits both the consumer and the producer.

The following are issues and programs the committee has been working on in the 2006/07 year:

#### ***Greenhouse Gas Mitigation and Climate Change***

It is still unclear how the Canadian federal government will decide to treat agriculture in its effort to meet the demands of the Kyoto Protocol, but the CCA continues to maintain and pursue environmental stewardship initiatives such as the Grazing Mentorship project. This project, which was submitted to the Green Cover Regional Technical Assistance Fund, was approved for funding and the provincial forage councils are very pleased to see the CCA support this initiative.

With the Soil Conservation Council of Canada (SCCC), the CCA is delivering a federal funding initiative titled “Canada’s Agricultural Producers Addressing Environmental Issues”. Thanks to the direction of a small working group, projects have been identified that will address the many environmental issues affecting cattle producers.

# Committee Reports continued

## ***Omega 3 Beef***

The CCA's proposal to the Agriculture Policy Framework (APF) Science and Innovation Program to develop a strategic plan for commercializing Omega 3 enhanced beef into the Canadian food marketplace has been approved. The approach addresses the fragmented structure of the beef production and sales activity chain by collaboratively linking beef industry stakeholders.

## ***Renewable Fuels***

This year the CCA formed the Biofuels Task Force, with an objective to "make recommendations to the Board on a course of action due to potential

implications of the expansion of the biofuels industry on the Canadian beef cattle sector". Staff and directors from the Environment and Animal Care committee are also participating in this task force.

The committee will also continue to monitor areas of renewable energy such as biodigestors and the implications of wind energy sources on agricultural land use and wildlife conservation as well as environmental and land use implications of biofuel production and feeding distillers by-products.

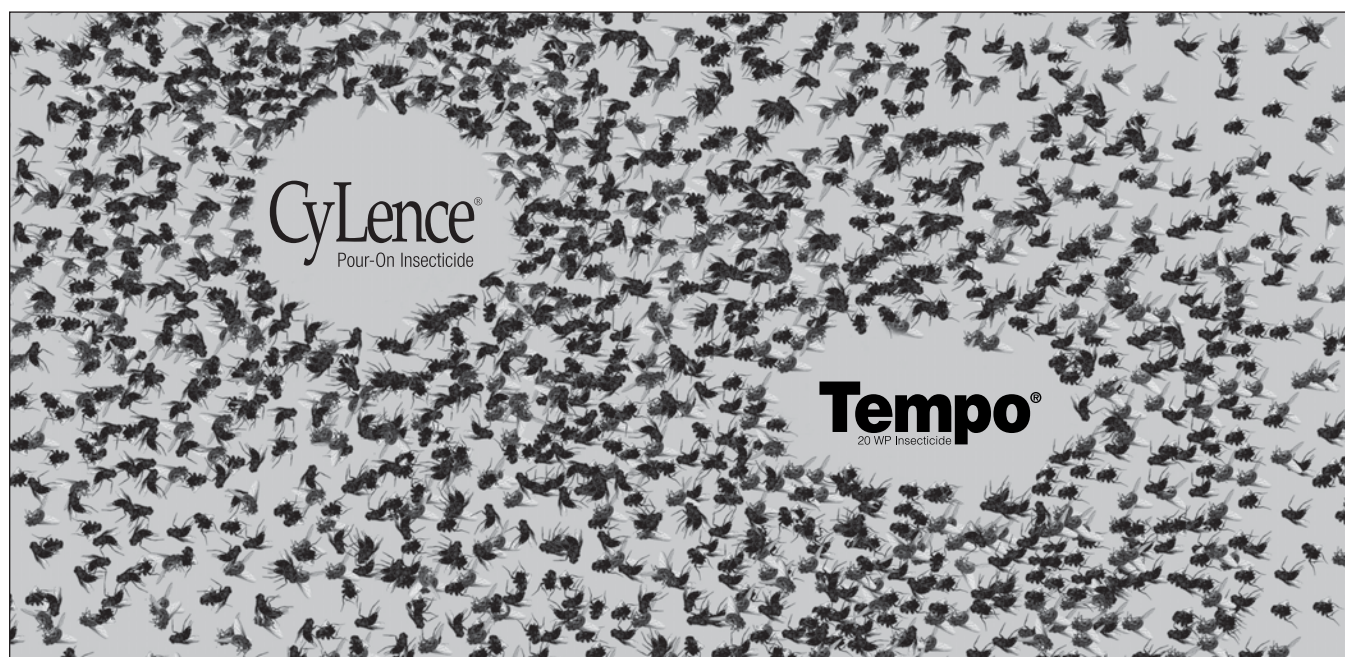
## ***Ecological Goods and Services***

Ecological Goods and Services (EGS) represent the benefits society gets

from ecosystem functions. Healthy rural landscapes provide important EGS such as wildlife habitat, groundwater recharge, flood and erosion control, carbon sequestration, biodiversity, and air and water purification.

Federal and provincial agriculture ministers are looking to the industry to develop pilot projects demonstrating the potential for payments for EGS to promote conservation and biodiversity.

Discussions with Agriculture and Agri-Food Canada (AAFC) to conduct research around case studies for market-based approaches such as environmental credit trading and




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competitive offer-based auctioning are showing promise. However, the CCA is still waiting to hear if the proposal for the “Environmental Goods and Services Market Development for the Canadian Beef Sector” submitted in October has been approved.

### ***Species at Risk Act***

The CCA is a member of the Species at Risk Advisory Committee that reports to the federal environment minister. As a member of this committee, the CCA has the opportunity to assist the government in implementing the Act effectively and efficiently in order to practice wildlife conservation.

The CCA's efforts, and those of other resource-based industry groups, to assist the government develop policy and processes to address the challenges of incidental take are continuing. The CCA is pleased to see that Environment Canada is considering a risk management assessment approach.

### ***Transportation Changes***

The CCA is taking a science-based approach in its response to the possible revisions to the animal transport regulations under the Health of Animals Act proposed by the Canadian Food Inspection Agency (CFIA). After discussions with the CFIA, the CCA has learned that transport times and loading densities may take into account distance, weather factors, animal conditions, truckers experience and

truck design. The CFIA wants to move away from blanket statements and focus on outcomes versus prescriptive limits. In addition, the transgression of the regulations without a negative welfare outcome would not lead to implications from the CFIA. Until these regulations are published for comment, the CCA will not know the full details and at this time the publishing date is still unknown.

### ***Code of Practice***

The Code of Practice for the Care and Handling of Beef Cattle was reviewed in a November workshop, bringing together all sectors of the industry to review work to date on the Code and to discuss some of the more contentious issues in loading densities and transport time. The process of updating the Code continues and the draft is currently at the provincial level for comment. Once these comments are received, the Committee will finalize it before it is sent to further stakeholders for review.

### ***Domestic Agricultural Policy and Regulations Committee***

Ernie Willis, Chair

The CCA has always looked to find market-driven solutions to provide more value to producers. This can include providing producers with the tools that they need to improve the profitability of their operations or can focus on reducing obstacles and costs. The Domestic Agricultural Policy and Regulations committee focuses on working with

government on the programs that are available for producers and the priorities and principles that drive government action.

As we move away from the BSE crisis, Canadian cattle producers are now dealing with new challenges. From rising feed costs to a cumbersome regulatory environment, the industry continues to face additional costs that impact its competitiveness. With substantial changes underway, the federal and provincial governments are continuing to work on the development of a policy that will drive agricultural programs for the next five years. “Growing Forward” is the new vision that will guide the development of the next agricultural policy framework. The CCA has provided input into the development of this framework, ensuring that the need to focus on increasing opportunities by expanding markets is met. In addition, the CCA was a key stakeholder in a project with the George Morris Centre that worked to identify future opportunities and direction for the Canadian agri-food sector.

With the establishment of a framework for “Growing Forward”, it is critically important that the CCA and its provincial members are part of the federal/provincial process to ensure that the needs of the beef cattle industry are met.

A significant portion of the Domestic Ag committee's time has focused on improving the business



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# Committee Reports continued

risk management programs offered by the government in order to provide producers with the ability to deal with unpredictable interruptions. As evidenced during BSE, the need for a disaster program is critical, and we were pleased to see the government's recognition of this with its announcement of Agri-Recovery as part of its suite of business risk management programs.

The CCA advocated for disaster relief to address the 2006 drought that affected many regions in B.C., Alberta, Saskatchewan, and Ontario. The B.C. government and the federal government announced disaster relief in June, although it was disappointing that the programs were not extended to the other provinces affected by the drought.

The Agri-Invest program was established. This producer savings account replaces the top tier of the Canadian Agricultural Income Stabilization (CAIS) program. In order to develop a program that was more timely, bankable and transparent, the CCA and other industry stakeholders had been requesting a program based on producer contribution.

With the implementation of the new suite of business risk management programs, the Domestic Ag committee will be able to deal with other critical issues facing the industry.

## **Beef Information Centre**

Mike Cook, Chair

The Beef Information Centre (BIC) is in the second year of a 10 year strategic plan. The vision set out in this plan is for a sustainable, profitable beef industry where Canadian beef is recognized as the most outstanding by our domestic and export customers. Under the plan, BIC will work to maximize demand for Canadian beef and optimize the value of Canadian beef products for the benefit of Canadian cattle producers.

A cornerstone of BIC's strategy is to build a stronger overarching identity for Canadian fed and non-fed beef in the domestic and U.S. market. This will include quality attributes and points of differentiation versus other proteins and importing competitors.

More than half of BIC's funding now comes from non-check-off sources. BIC has been able to effectively maximize the impact and benefit of producer dollars by leveraging producer funding against industry development funds and private industry partners.

### ***Strong Support from Domestic Market***

Efforts to maximize demand in Canada have supported and helped sustain an increase in domestic disappearance of Canadian beef. The 2006 beef disappearance data released by Statistics Canada shows total disappearance was up 31,430

tonnes (3.1 per cent) to 1,035,315 tonnes versus 2005. Per capita consumption was up 2.2 per cent. Canadians are also continuing to choose Canadian product versus imports as domestic beef enjoyed an 86 per cent share of the Canadian market in 2006. In 2006, 887,677 tonnes of domestic beef was consumed. This is up one per cent or 10,208 tonnes from 2005. While total beef disappearance was up, beef demand dropped by half a per cent due to the average retail price of beef remaining level despite inflationary pressures. Retail beef prices in 2006 averaged \$11.58/kg versus \$11.59/kg in 2005. Beef demand measures the relationship between the price consumers are willing to pay, and the quantity consumers are willing to buy, of a given product. Canadian beef's overall strength in domestic market share demonstrates the continued commitment of the foodservice and retail sectors to feature Canadian beef. Since 2002, Canadian beef's share of the domestic market has risen 19 per cent.

### ***Improving Consumers' Perceptions on Beef's Healthfulness***

Consumer research indicates that health concerns are the number one reason for eating less beef - therefore BIC developed a targeted campaign to remind consumers that beef is a lean and healthy food choice. The goal of this multi-year campaign is to achieve a measurably improved attitudinal shift among consumers towards beef's nutritional benefits.



Phase one launched with the August issues of Canadian Living, Chatelaine, Reader's Digest and their French equivalent publications, reaching 1.7 million consumers in Ontario and Quebec. This phase also included a 16-page 'Lean Beef' recipe booklet inserted in the September issues of Chatelaine and Canadian Living. The booklet was also available in 3,472 grocery stores nationally – integrating the campaign with other BIC programs. Finally, in August and October, the lean beef message was heard on 93 radio stations across Canada with an audience reach of approximately 33 million. Ads will appear throughout the year in the Dietitians of Canada Journal and dietitians will also be mailed a special booklet with more facts about the nutritional benefits of lean beef.

The research on phase one shows the campaign was effective with growing awareness of the 'beef is a lean, nutritious meat choice' message. Research also shows that of those who recall the booklet when shown it, almost half read it and 88 per cent kept the resource.

Phase two of the integrated marketing campaign promoting beef's nutritional value is now underway. The campaign will reinforce the message that beef is a naturally nutrient-rich, lean option to create a positive shift in consumer attitudes targeting women 25 to 49. In phase two, 1.7 million Ontario consumers will be reminded to 'Make Every Bite Count' with

beef through print advertising, advertorials and the consumer booklet 'Lean Ground Beef: Get Grilling!' in May, June and July. A follow-up study will measure consumer awareness of the campaign and changes in attitudes regarding beef and nutrition after completion of phase two.

#### ***HealthCheck™***

One of BIC's most powerful tools to improve the nutritional perception of beef is its participation in the Heart and Stroke Foundation's HealthCheck™ program which identifies healthy food choices. According to recent research, consumers overwhelmingly respond positively to the HealthCheck™ logo, and feedback indicates that HealthCheck™ makes consumers feel better about eating beef.

Eight cuts of beef (Eye of Round, Inside Round, Sirloin Tip, Top Sirloin, Flank, Strip loin, Cross Rib, and Outside Round at zero inch trim) as well as lean and extra lean ground beef qualify for the HealthCheck™ program. BIC is working with retailers to meet HealthCheck™ licensing requirements and encourage their participation in the program.

#### ***Nutrition and Food Safety Policy and Issues Management***

BIC protects beef producer interests by working with government in areas such as food safety, nutrition recommendations and labeling. By providing credible, balanced and practical responses to proposed

regulatory policy, BIC has played an important role as a voice for the beef industry.

BIC was invited to provide consultation, along with a number of other stakeholders, in the revision of Canada's Food Guide to Healthy Eating. BIC also participated on the national multi-stakeholder trans fat task force, mandated to develop recommendations to reduce trans fat to the lowest level possible.

#### ***Increasing Canadian Beef Sales at Retail and Foodservice***

BIC works extensively with the retail and foodservice sectors across Canada to maximize demand for Canadian beef and optimize the value of Canadian beef products for the benefit of Canadian cattle producers. These efforts resulted in increased beef sales through: featuring new beef menu items, branded beef programs at retail and foodservice, increased carcass use through new cuts, as well as maintaining consumer confidence in Canadian beef products.

The creation of the Seasonal Merchandising Planner provides retailers with detailed marketing information well in advance of seasonal execution, as a cross channel opportunity to help sell beef. Four campaigns are developed each year to complement the planner.

Promotional activities in the foodservice sector have focused on menu diversification using under-

# Committee Reports continued



utilized and heavy cuts. On average, BIC has been able to leverage partner funding at a rate of approximately 5:1. BIC recently partnered with abc Country Restaurants to help them introduce a new Canadian Angus Beef (CAB) program in more than 31 locations throughout Western Canada. New menu items are value-added products including: Carved Roast Beef Dinner, Steak Pot Pie, Beef Dip Sandwich and Country Pot Roast Sandwich.

## ***New Beef Products Create More Opportunities for Canadian Beef***

A key aspect of increasing the size and maintaining a higher share of the domestic market has been the development of new products and reformulation of existing products.

Since the inception of the Partners Program just over two years ago until March 2007, 73 projects involving fed and commercial beef with a total value of over \$8 million have been managed by BIC. Of that total, approximately \$1.46 million was funded through BIC. These partners programs are cost sharing and have been funded by various levels of government, as well as producer check-off dollars.

## ***Commercial Beef Utilization Strategy***

In response to the BSE crisis and its impact on the cow beef market, BIC implemented the Commercial Beef Utilization Strategy in the fall of 2004 to expand the size and share of the domestic market for Canadian commercial beef.

The tactics established to achieve these goals include: conducting research on the safety and quality of Canadian commercial beef; information transfer and technical assistance to industry partners; development of source ground beef programs to increase the value of trimmings beyond price points for regular, medium and lean ground beef; promoting ground beef and underutilized cuts to consumers; and preserving the integrity of ground beef as a nutritious and convenient choice. BIC is strategically aligned with the product and promotional efforts of the majority of quick service chain restaurants and has partnered with national chains such as Burger King and McDonald's to increase commercial beef sales. BIC also developed the Product Development and Reformulation Partners Program, working with processors, retailers and foodservice operators to utilize Canadian beef in product formulations that previously utilized import raw materials and to develop new products that will increase demand.

The commercial beef strategy was successful in supporting the growth of the commercial beef market and increasing the domestic share of this market. From 2002 to 2006, the market share of domestic over-30-month (OTM) beef increased from an estimated 25 per cent to 80 per cent. Domestic utilization of beef from older animals was up significantly in 2005 and 2006, at

159,389 and 189,314 tonnes, respectively. This compares to 119,000 tonnes in 2004, and 73,000 tonnes in 2003. While the initial strategy funded by the Canadian Adaptation and Rural Development Fund, the National Beef Industry Development Fund and the Alberta Beef Producers ended in March 2007, BIC will continue to implement a commercial beef program as part of its 2006/07 and 2007/08 business plans.

***U.S. Continues to be Strongest Export Market***

BIC works with U.S. trade clients to

mitigate the potential impact of U.S. country of origin labeling and to build awareness of the Canadian Beef Advantage. The Canadian Beef Advantage positions Canadian beef as a brand with identifiable quality attributes such as: superior genetics, excellent animal health management, individual animal identification, world renowned food safety system, superior grading, excellent supply capability and improved profitability.

BIC hosted a series of ***Partners for Success*** seminars in the past year to introduce the Canadian Beef

Advantage to U.S. buyers, distributors, retailers and foodservice operators. Approximately 86 buyers attended four workshops held in Philadelphia, Santa Monica, Boston and San Jose. The U.S. team has also attended 12 trade shows and developed an advertising campaign to raise awareness among the U.S. foodservice, retail and processing industries of BIC's programs that will help build their business with Canadian beef.

A U.S. meat trade media visit to Canada was held in April to enhance the image of Canadian beef



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# Committee Reports continued

in the U.S. Attending the tour were 11 media representing 12 publications from across the U.S. and Canada. The tour has resulted in a commitment for coverage from five key trade magazines to date.

One of BIC's key U.S. strategies is to grow Canadian beef opportunities within specific market segments. For example, the Hispanic market is the largest and fastest growing ethnic group representing approximately 14.7 per cent of the U.S. population in 2004, with an average annual beef spending by an individual consumer at \$326 versus \$230 by non-Hispanics. This market values some of the key Canadian beef advantages and there is less attachment to USDA grades and more weight given to the quality of the beef and its ability to meet expectations.

The U.S. is the largest export market for Canadian beef. In 2006, Canada exported 370,000 tonnes of beef on a carcass weight basis to the U.S., accounting for 27 per cent of Canada's production. The U.S. market combined with Canadian beef consumed in Canada, accounts for 1.26 million tonnes or 93 per cent of all Canadian beef production. Exports of Canadian beef to the U.S. in 2006 were down 21 per cent from 2005, due primarily to a 74 per cent increase in live cattle exports.

## **Moving Forward**

Under the new strategic direction, BIC will continue to pursue a shared

vision with CCA for a sustainable, profitable beef industry in order to maximize demand for Canadian beef and optimize the value of Canadian beef products for the benefit of Canadian cattle producers.

## **CanFax Report**

The Canadian cattle herd declined in 2006 after building to record large numbers the years prior due to the loss of market access caused by the BSE crisis. The inventory of all cattle and calves in Canada on January 1, 2007 fell by 515,000 head (Figure A). The January 1, 2007 inventory was 14.3 million head compared to 14.8 million on January 1, 2006 and 15.0 million on January 1, 2005. The two biggest factors contributing to the reduction in Canadian cattle inventories during 2006 were the historically large domestic cow slaughter volumes and strong U.S. demand for Canadian fed and feeder cattle. Domestic cow slaughter in 2006 was just over 800,000 head, while fed cattle exports totaled 703,825 head and feeder cattle exports totaled 327,062 head. Contraction of the Canadian cattle herd is expected to continue through 2007, with both fed and feeder cattle exports currently above the levels they were a year ago. In addition, while domestic cow slaughter is projected to be down about four per cent from last year's record high it is still expected to remain historically large.

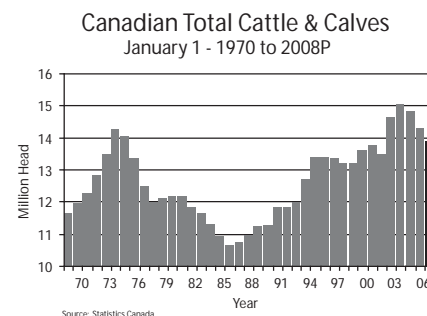


Figure A

Canadian slaughter volumes (Figure B) are following the same trend as cattle inventories. After peaking in 2004 and 2005 at 3.66 million head annually, federally inspected slaughter declined by nine per cent in 2006 to 3.33 million. In 2007, year-to-date federally inspected slaughter is down three per cent and expected to total approximately 3.25 million head for the year. Although domestic slaughter volumes declined in 2006, total beef production was higher in 2006 due to large slaughter cattle exports that more than offset reduced domestic slaughter volumes. Canadian beef production in 2006 was 3.65 billion pounds as compared to 3.57 billion pounds in 2005. Beef production in 2007 is expected to be slightly lower, approximately 3.57 billion pounds, due mainly to the projected reduction in domestic slaughter.

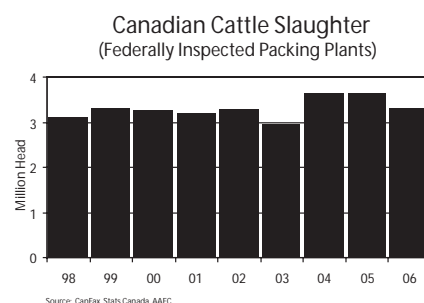



Figure B




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Feeder cattle values were mostly higher throughout much of 2006 when compared to the same periods in 2005, as strong domestic and U.S. demand pushed prices higher. The noticeable exception would be in the third quarter of 2006 when skyrocketing feed grain prices forced feeder cattle prices to drop

substantially. The CanFax monthly average price for an 850 lb steer in Alberta during August 2006 was \$113.56/cwt and by December of 2006 the CanFax average price had dropped to \$95.56/cwt. The long term historical trend is for feeder cattle values to be relatively steady throughout this timeframe. Feeder cattle prices (Figure C) have climbed through the first half of 2007 due to a stronger fed cattle market during the first five months of the year. Feeder

cattle prices continue to remain very susceptible to the increased volatility in the world feed grain market. With strong demand for feed grains expected to continue for the rest of 2007 and beyond, feeder cattle prices will continue to trade at lower levels than what has been seen in recent years.

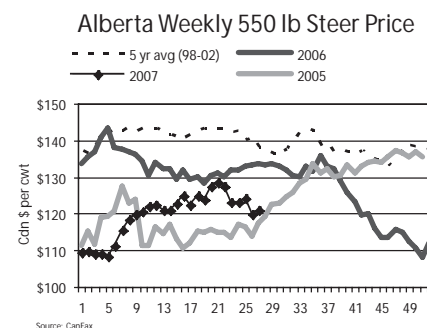


Figure C

The fed market saw prices remain relatively flat for most of 2006. After starting the year in the mid-\$90's, prices declined through the first quarter of the year and from April through to the end of the year prices were range bound around \$85/cwt. Prices have followed a more seasonal pattern throughout the first half of 2007, with spring highs occurring in April at \$102.50/cwt and moving lower into summer where a potential summer low in the low \$80's is expected. Prices are expected to recover and trend slightly higher through the last half of 2007. Unlike fed cattle prices, basis levels continue to run counter-seasonal to the long term trend. Basis levels in 2006 and in 2007 to date (Figure D) have been wider than normal in the first four months of the year and narrower than normal between May

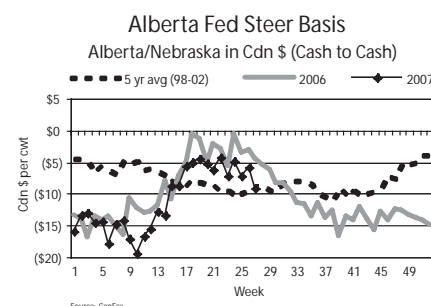


Figure D



# Committee Reports continued

and August. Basis levels during the last four months of 2006 were wider than normal and are expected to be again in 2007.

One factor that has worked to limit gains in the live cattle market is the appreciation of the Canadian dollar versus the U.S. dollar. The Canadian

dollar (Figure E) has appreciated in value almost 40 per cent since May 2003

when it traded for \$0.6865 U.S. to the current level of \$0.94 - \$0.95 U.S.

The dollar has risen in value almost \$0.10 in the first half of 2007 and some analysts are predicting the dollar to trade at par with the U.S. dollar by the end of the year.

The value of the Canadian dollar strongly influences the value and quantity of exports of both live cattle and beef.

Exports of beef and beef products (Figure F) were down 20 per cent in 2006 to 368,000 tonnes from 458,000 tonnes in 2005. The total value of beef exports dropped as well in 2006. Beef exports were valued at \$1.33 billion in 2006 compared to \$1.88 billion in 2005. The U.S. continues to be Canada's largest customer of beef accounting for 81 per cent of all beef exports followed by Mexico then Hong Kong and Macau. Total beef exports up to the end of April 2007 are 10 per cent above levels a year ago.

## TAKING THE CANADIAN BEEF ADVANTAGE TO MARKET



*Developing Global Markets for Canadian Beef*

Around the world, the Canada Beef Export Federation is creating recognition and demand for Canadian beef. Building upon Canada's leading animal health and food safety systems, we are differentiating Canadian beef for its competitive advantages – and positioning it as the world-wide symbol of excellence and quality.

**Our Services include:**

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- CANADA BEEF Seminars   ■ Retail & Food Service Promotions   ■ Food Shows
- VIP Beef Awareness Missions   ■ Partners Market Development Program
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Find out more about the Canada Beef Export Federation.  
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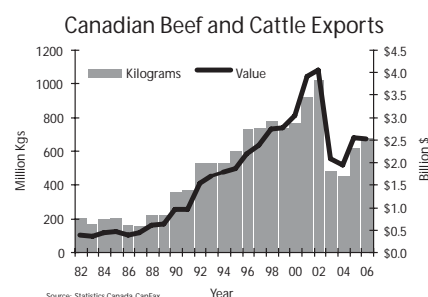


Figure F

Many factors will continue to affect the markets in 2007 and beyond. Feed grains are expected to trade in a higher range than previous years due to increased demand from the growing biofuels sector. The same is expected of the Canadian dollar. Other factors such as the enhanced feed ban being implemented in 2007 and packing plant utilization rates will influence the prices of Canadian cattle and will need to be monitored. As usual, there will be no end to the factors CanFax will be monitoring in order to aid producers with their marketing decisions.

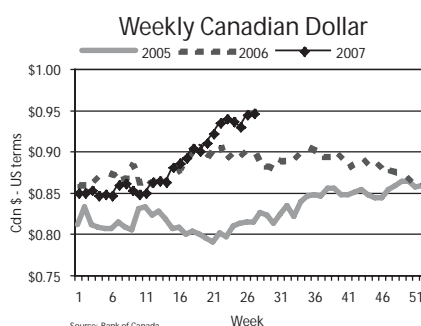


Figure E

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# Provincial Association Reports

## **British Columbia Cattlemen's Association**

Bob France, General Manager

The B.C. Cattlemen's Association (BCCA) has had another busy and productive year. Over and above ongoing projects, the association has taken on several new projects and responded to emerging industry issues and needs.

### ***Mountain Pine Beetle***

Cattle producers in B.C. continue to wrestle with the Mountain Pine Beetle (MPB) scourge that is affecting the province. The beetle made significant advances southward in the past year and has now affected almost all pine forest areas in the province. While being primarily perceived as a forestry issue, MPB has taken a huge toll on the ranching industry as the epidemic drastically alters the working landscape. Producers are challenged with the many ensuing cost and time pressures that result from damage to infrastructure (fences), changes in water/hydrology, herd management/health and land access issues.

Immediate steps need to be taken on affected rangelands to deal with dead timbers that threaten fence lines and render roads, trails and rangelands impassable. Landowner

management of this issue is challenged by some of the forestry legislation and especially the high stumpage rates that make individual landowner management of these issues cost prohibitive. The BCCA has hired a contractor to coordinate the government-funded *Mountain Pine Beetle Natural Barriers Mitigation Program*.

While MPB comes at a huge cost to industry, the opening up of forest canopies also creates opportunities for increased forage production that need to be explored. The BCCA has been working closely with government on both MPB mitigation as well as recommending forest management practices that generate opportunities for the ranching sector. We will continue to actively pursue government support on this issue as the short and long term challenges and opportunities of MPB surface. For more information on MPB or for program information please contact the BCCA office at (250) 573-3611 or Debby Fisher (Mountain Pine Beetle Mitigation Program Coordinator) at (250) 398-7490.

### ***B.C. Beef Industry Strategy***

The BCCA is completing a draft of priority recommendations to government for the B.C. Beef

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# Provincial Association Reports continued

Industry Strategy. The overall strategy is intended to raise the profile of beef in the province and to promote a successful and sustainable cattle industry. This set of priorities will help to steer BCCA objectives over the course of the next few years. The initial set of priorities was drafted through a process in which a consultant polled our membership and collated member recommendations. The BCCA has reviewed the report and has selected high priority items to pursue with government in the immediate future.

## ***Agricultural Land Reserve (ALR) Member Consultation***

Our directors passed a resolution to look into the issue of the ALR in B.C. and we are beginning a consultation process this fall. The ALR has been controversial since its inception and generates varied opinions among our membership. The purpose of our consultation process is to survey our membership and collect opinions, concerns and suggestions about the ALR in order to direct policy in the future. We will carry out the survey process at a regional level (17 regional associations) and hope to have a report completed by our next annual general meeting in May 2008. Questions regarding this process can be directed to Andrea Barnett at the BCCA office at (250) 573-3611.

## ***Drought***

Much of the northern portion of the province was affected by serious drought conditions last year that caused significant reduction in forage yields. The problem of feed

shortages was compounded by an unusually long and severe winter. Most producers paid significant amounts of money to buy additional feed. On May 11, the provincial and federal governments announced a \$7.5 million 60/40 federal/provincial Drought Funding Program intended to assist producers in affected areas. While funds were appreciated, they were not commensurate to the scale of the problem. Overall, the BCCA was dissatisfied with government support on this issue. The BCCA is working with government to develop programs that will address drought issues and minimize the need for ad hoc programming in the future.

The BCCA looks forward to another productive year and increasingly positive industry trends.

## **Alberta Beef Producers**

Rich Smith, General Manager

The current situation facing cattle producers in Alberta and the Alberta Beef Producers (ABP) as an organization representing these producers can be described well by a Bob Dylan song title and an ancient Chinese curse. Dylan wrote a song called, "The Times They Are A-Changin'", while the Chinese curse states, "may you live in interesting times." I think it is very safe to say that beef producers in Alberta and across Canada are living in changin' and interesting times. Since ABP's mission is to strengthen the sustainability and competitiveness of our beef industry, and our producers being greatly challenged on both these fronts, these are interesting times for us as well.

Clearly, access to U.S. and international markets is a critical factor affecting the competitiveness of our industry and ABP has been active in trade activities, both in support of the CCA and through the work of our own members. Past Chair Darcy Davis is currently serving as the vice president of the Canadian Agri-Food Trade Alliance (CAFTA) and has been very involved in trade missions and World Trade Organization (WTO) negotiations. His commitments even included an interesting trip to Lahore, Pakistan this spring. ABP is also providing strong support for the CCA trade advocacy and legal initiatives related to Rule 2 and country of origin labeling (COOL) in the United States.

One of the major challenges affecting the competitiveness of our producers is a growing regulatory burden that imposes significant costs of compliance on our industry. The costs of regulations affecting all aspects of production from registration of grain varieties through environmental standards for cattle operations to the requirements for SRM disposal have a substantial impact on our margins. ABP is devoting a large amount of staff resources and delegate efforts toward a wide variety of regulatory issues.

Our cattle industry council and public affairs committee have been working together to influence the development of new federal transportation standards and to ensure they do not interfere with good business and animal handling practices. We have been working

with the provincial government on the direction and priorities for funding to deal with implementation of the enhanced feed ban. Our corporate counsel and animal health & welfare manager have been compiling the input of our delegates and leading the cattle industry response to the

development of legislation and regulations under a new Animal Health Act in Alberta. Our counsel is taking a lead role in the creation of the regulations under the newly enacted Livestock Identification and Commerce Act and is hoping to have the same level of influence in the development of the Animal Health Act regulations.

A key factor in our ability to represent producers well on regulatory and policy issues is our relationship with senior government

officials at both the federal and provincial level. With a new premier trying to establish his priorities, a new Minister of Agriculture and Food who is learning his portfolio, and a new Deputy Minister of Agriculture and Food, we are struggling to establish a friendly and productive relationship with the Alberta government. While our staff members are working with the

senior bureaucrats, Chair Erik Butters and Vice Chair Rick Burton have been meeting informally with the Minister. At the federal level, our directors are continuing to fly to Ottawa for meetings with MPs that are arranged by the CCA's Ottawa office.

A major government policy challenge in Alberta is the desire of our provincial government to be a national leader in traceability and age verification. We continue to encourage our producers to age verify their cattle and are planning to increase our communication efforts in this area through the producer liaison committee, but we are absolutely opposed to mandatory age verification. We also support animal and premises (home quarter or headquarters) identification through the Canadian Cattle Identification Agency (CCIA) system, but believe that full movement tracking must be driven by market forces. The Alberta government is discussing paying age verification incentives to producers in a process leading to mandatory age verification. Our government also believes that full animal movement information is necessary for dealing with emergencies or foreign animal diseases and will provide us with marketing benefits. Obviously, we need to continue discussions within our industry and dialogue with our government on both of these issues.

A fundamental pillar supporting the sustainability of our industry is maintaining access to the land and water resources we need to raise cattle. In Alberta, a rapidly growing

The graphic is a rectangular box with a light gray background. At the top, it features the 'Vantage' logo, which consists of a stylized white 'V' with a black outline, followed by the words 'Cattle Performance Program' in a small, black, sans-serif font, and the word 'VANTAGE' in a large, bold, black, sans-serif font. Below the logo, the text 'Is Here Sign Up Today!' is written in a large, bold, black, sans-serif font. Underneath this, a smaller line of text reads: 'Vantage is setting the standard in safety, efficacy, performance and convenience. If that's what you've been waiting for, Vantage is for you.' At the bottom of the graphic, there is a black curved line that sweeps from the left side towards the right. Below this line, the 'Intervet' logo is displayed, which includes the word 'Intervet' in a stylized font with a small 'i' and 'n' connected, and the tagline 'RESEARCH • PERFORMANCE • INTEGRITY' in a smaller, black, sans-serif font below it.

**Cattle Performance Program**  
**VANTAGE**

**Is Here  
Sign Up  
Today!**

Vantage is setting the standard in safety, efficacy,  
performance and convenience.  
If that's what you've been waiting for,  
**Vantage** is for you.

For more information, contact your veterinarian  
or call 1.800.268.4257 to find out more.

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# CELEBRATING 75 YEARS





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# Provincial Association Reports continued

population and feverish levels of economic activity are placing intense pressure on our land and water resources. The Alberta government is trying to address this pressure through a renewed Water for Life strategy and the development of a provincial Land Use Framework. ABP is actively involved in both these initiatives through the participation of our delegates and staff members. We believe the marketing and education projects of our promotions committee and the stewardship activities of our public affairs committee are tremendous assets in gaining public support for our continued use of these resources. The government affairs committee has been tackling the problems of surface rights and wildlife damage, while also beginning to look at the more positive wildlife values possibilities.

One of ABP's major strategies for improving competitiveness is enhanced research and development work related to primary production. We have been urging the federal and provincial governments to strengthen their commitments in this area and we are prepared to contribute a portion of our funds to the work. Our cattle feeder council and technical committee are working with government and industry partners to encourage a greater level of applied research on cattle feed grains. Another component of competitiveness is risk management and we are working with both levels of government to develop improved disaster and risk management programs.

A top priority in our strategic plan was to enhance our ability to manage issues and develop policies. Over the past few years, we have significantly increased our capacity in these areas through the hiring of people with expertise in legal, environmental, animal health and welfare, policy and communication matters. ABP believes that talented and dedicated staff working in support of knowledgeable and committed producers will help our industry weather the storms of these changin' and interesting times.

## **Saskatchewan Stock Growers' Association**

Dennis Fuglerud, President

Our lobbying efforts with government and contact with other producer associations were increased this past year. At the request of the CCA, we sent a producer delegation to Ottawa in June and September of 2006 to meet with our Saskatchewan MPs in their Ottawa offices. We also arranged meetings during the Thanksgiving break with the MPs we weren't able to meet with during our September trip. These meetings were held in their riding offices. In January 2007, we met once again with all of our Saskatchewan MPs in their riding offices. We worked closely with CCA staff to co-ordinate these meetings and identify and research the issues we would be speaking about. We attended the CCA's annual and semi-annual meetings and also had representation at the Manitoba Cattle Producer's Association and the Alberta Beef Producer's annual meetings last fall, as well as the North Dakota and South Dakota

State meetings. I was able to attend the National Cattlemen's Beef Association (NCBA) annual meeting and convention in Nashville, Tennessee this past January. It's sometimes hard to realize the value of being at these meetings until you have been there and have seen the merit in making and maintaining contacts throughout the industry.

One of the main issues this past year has been livestock traceability. Saskatchewan's Agriculture Minister Mark Wartman created an Industry Advisory Committee that met with him four times over the last year. Representatives from the Saskatchewan Stock Growers' Association (SSGA), Saskatchewan Cattle Feeders Association (SCFA), Saskatchewan Livestock Markets and Order Buyers Association, and Heartland Livestock all shared common concerns with the Minister about the feasibility and potential costs of some of the proposals made by the Federal/Provincial/Territorial Task Team. Saskatchewan Agriculture and Food is conducting a pilot project this year in one of its community pastures in order to learn more about the actual cost of tracking movement in cattle.

We have had some staff resignations in our office and are currently looking for a policy analyst for the Saskatchewan Beef Industry Committee (a sub-committee of SSGA and SCFA) and we are also looking for a general manager for the SSGA. In the meantime, AgriBiz Communications Corp. has been hired to provide office management until a new GM is in place.

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# Provincial Association Reports continued

In the coming year we plan to continue to actively lobby on behalf of producers. Traceability will probably continue to be the main issue, along with the enhanced feed ban, Rule 2, country of origin labeling, and more. The SSGA continues to maintain that any changes made in our industry must be feasible and cost-effective for producers.

## **Manitoba Cattle Producers' Association**

Ken Crockatt, President

After the General Manager's chair was vacant for several months, the Manitoba Cattle Producers' Association (MCPA) is pleased to welcome Sheila Mowat to the position. She brings with her first-hand experience as a cattle producer and extensive experience as a municipal administrator. Maureen Cousins handles our communications, assisted by Andrea Dyck, who looks after ad sales and the layout for Cattle Country. Val Bell is the office manager and Deb Walger is our bookkeeper. Contract staff includes Betty Green, Quality Starts Here - Verified Beef Production coordinator, and Karen Emilson, trade show coordinator.

Work continues on getting the federal Advance Payment Program (APP) for livestock delivered. The MCPA established a wholly-owned subsidiary – the Manitoba Livestock Cash Advance Inc. (MLCA) – to administer the APP. The goal is to have applications in producers' hands by the end of summer. There are ongoing dealings with the federal government in this area.

The MCPA has been busy on a number of other fronts.

Concerns remain that the Government of Manitoba will create its own traceability system for the local livestock sector. The MCPA is lobbying the provincial and federal governments to use the Canadian Cattle Identification Agency's respected traceability system.

The MCPA is requesting that the provincial government implement financial or other incentives to help producers adapt to its new nutrient management and water quality regulations.

In recent months, the MCPA made two presentations to the Manitoba Clean Environment Commission, which is reviewing the environmental sustainability of the hog industry. That industry is currently under a government-imposed "pause" on development, and there are concerns this pause could be extended to other sectors. The MCPA is advocating for a science-based approach to new environmental regulations.

The MCPA made a presentation to the House of Commons Standing Committee on Agriculture and Agri-Food during its May visit to Manitoba. We asked that future farm programs be trade neutral, more transparent, more predictable, less bureaucratic, and better able to respond in times of crises, such as a trade dispute or a natural disaster. We also raised concerns about the impact of the growing ethanol and biofuels sectors on the livestock industry.

The lingering effects of the BSE crisis are still being felt. Recent data from Statistics Canada confirms that several hundred cattle producers have left the Manitoba industry in recent years. When the BSE crisis first hit, the provincial government announced BSE Recovery Loans to help producers. Although producers remain committed to repaying these loans, some are finding it challenging. The MCPA has asked the provincial government to consider implementing an interest-free period on these loans until one year following the restoration of the OTM trade.

Other lobbying continues in traditional areas of concern, such as predator control, bovine TB surveillance and management, and land use planning, to name a few. There have also been discussions with the provincial government about the possibility of introducing a livestock insurance program.

September 1st marks one year since the Manitoba Cattle Enhancement Council (MCEC) started collecting a \$2/head levy on cattle sold in Manitoba. The provincial government announced the creation of the MCEC in March 2006 as a new industry fund to invest in slaughter capacity. At the time of writing, the MCEC has yet to fund any local slaughter projects. The industry waits with interest for new developments related to slaughter and processing.

Over the next few months, the MCPA will be engaging in some short and long-term strategic planning. Also, some projects that were temporarily on hold in the absence of a GM, such as updating the MCPA's emergency management plan, will be revisited.

## **Ontario Cattlemen's Association**

Dave Stewart, Executive Director

The Ontario Cattlemen's Association (OCA) continues to focus on government relations and communication initiatives as two of the major producer needs identified during the preparation of the Strategic Plan (2006-2010). With this increased focus on addressing producer needs, a number of programs and services have already been successfully launched.

### ***Government Relations/Lobbying***

Staff and directors, in response to producer requests, are now allocating more time and effort on lobbying. It has been a very good year with a number of successes. We were successful in convincing the federal government to announce support for retroactive implementation of PIP2 inventory coverage under the Canadian Agricultural Income Stabilization program (CAIS), and in convincing our provincial government to match this program. Based on the Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA) estimates, we expect this change to put about \$90 million into the Ontario beef industry.

Other successes include:

- Increasing feeder finance splits, and raising the limit to \$250,000
- Administering the federal Cash Advance Program for beef through the Feeder Finance program
- Achieving a workable solution in the issue of emergency slaughter

### ***Canada-Ontario Research and Development IV Program***

The Canada-Ontario Research and Development (CORD) program falls under the Agricultural Policy Framework. The Ontario beef industry's allocation of the CORD program is \$3.6 million and OCA is responsible for coordinating the research and development priorities and projects. Funds have already been approved for a number of beef research projects and industry development initiatives:

1. Regional Marketing Initiative
2. Beef Industry Impact on the Ontario Economy
3. Emergency Planning and Information Transfer
4. Ontario Calves for Market Access (Market Access Program)
5. 10-Year Vision for the Ontario Beef Industry
6. Public Opinion Poll – Voters Support Agriculture
7. Phase 1 of Youth Strategy

For more details on these initiatives, please contact the OCA office at (519) 824-0334.

### ***Bill 43 - Clean Water Act (CWA)***

On July 3, 2007 the Clean Water Act and the regulations identifying source protection areas and constituent municipalities were proclaimed and came into effect. It is expected that the source protection committee membership and the terms of reference will greatly influence the final source protection report and the public policy recommendations that could impact cattle producers. There is a need for people who understand livestock agriculture and the cattle business to be involved with their local source protection planning process.

Municipalities have the ability to appoint one-third of the members to each committee for their source protection area. Unfortunately, other sectors do not have the ability to name their own members. Instead the Source Protection Authority has the mandate to appoint the other source protection committee members, including those that "reflect the interests of the agricultural, commercial and industrial sectors of the source protection area's or source protection region's economy".

The challenge for agricultural organizations is to influence the source protection nomination process and at the same time establish a fair and democratic process for naming agricultural-sector representatives. The Ontario Farm Environmental Coalition (OFEC) is coordinating this process with the understanding that the

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# Provincial Association Reports continued

Source Protection Authority will recognize the OFEC agricultural representative selection process.

The deadline for applications and nominations is August 3. General meetings to elect the agricultural-sector source protection committee members will be held in each source protection region during the month of August.

## ***Beef Cattle Marketing Act***

Over the last five years, OCA has been working towards changes to Regulation 54 of the Beef Cattle Marketing Act (BCMA) and for the federal provincial agreement (FPA) that will allow the OCA to legally participate in the National Check-off Agency (Canadian Beef Cattle Research, Market Development and Promotion Agency). At the end of June, the amendments to Regulation 54 and the FPA were approved by the provincial Cabinet. It is expected that the federal Cabinet will give its approval by the end of July at which time the amendments to Regulation 54 will be filed to become law.

This means that the changes are likely to come into effect by August or September 2007. The changes include a check-off increase to \$3.00 (\$2.00 to OCA and \$1.00 to the National Check-off Agency), a breakdown showing the number of each class of cattle for those remitting check-off, and a seven day dealer exemption. The additional funds that will stay in Ontario will

be used to promote market development initiatives for Ontario beef, as well as to defend market access rights.

## ***Market Development Partnership Program***

The OCA Market Development Partnership Program is phase two of the CORD IV funded Regional Marketing Initiative to support producers in their development of a gate to plate or value chain strategy. The objective of the program is to support Ontario beef producers and processors with a regional/local marketing process that will assist them in developing their gate to plate, value chain strategy, and provide them with options in the marketing of their products.

## ***Industry Development Fund***

In June 2004, the Ontario Minister of Agriculture, Food and Rural Affairs announced an investment of \$7 million through the Mature Animal Abattoir Fund (MAAF) for operators of licensed abattoirs to expand the province's capacity to slaughter cull animals. The Industry Development Fund (IDF) is the result of several abattoirs fulfilling their obligations to repay a portion of the grants they received under the MAAF. The IDF is estimated to be \$320,000/year for five years for a total of \$1,600,000.

To the ruminant meat livestock industry, the IDF will support value added, sustainable, Ontario-based, producer/processor partnerships that

increase access to markets on a regional or provincial basis. The objectives are to fund initiatives between ruminant meat producers and Ontario abattoir/processor operators and/or other value chain partners to capitalize on regional or local markets and to help increase demand and create a competitive market for Ontario ruminants and ruminant meat products.

## **Prince Edward Island Cattlemen's Association**

Rinnie Bradley, Executive Director

The P.E.I. Cattlemen's Association (PEICA) received recognition as a commodity board on January 20, 2007, when Cabinet approved the Marketing Plan for the Prince Edward Island Cattle Producers (PEICP). This had been a priority of the association for the past few years as it seeks the ability to participate in the National Check-off. As a commodity group, the P.E.I. Cattlemen's Association was unable to apply a non-refundable levy. All levies were refundable so we were forced to go through this significant change in order to become eligible to participate. The new organization is currently in transition, with completion slated for the fall of 2007. Producers will see few changes in the day to day management of their organization. Much will remain the same with the exception of the implementation of National Check-off. Our goal is to contribute to CCA's ability to research and improve the marketing of beef.

The old adage that “time stands still for no man” is very apparent in P.E.I. Recently, the new provincial government announced a 90 day period for Atlantic Beef Products Inc., the only federally inspected plant in the Maritimes, to come up with a plan for profitability or sustainability for the future, or it will pull its support and place the plant in receivership. Ninety days may seem like a significant length of time to the government, but for the group assigned to turning this ship around, it doesn’t even come close. Members of the PEICP are painfully aware of what the loss of this plant will mean to their industry. Shipping finished cattle to Ontario or Quebec for processing is costly and the plant was seen as the solution to this problem. Producers put up a substantial amount of their own money to see the plant built. They have been supportive since inception, and their directors are closely involved in the current review process, hoping to find the magic bullet that will save the plant from certain closure. Time will tell if we have been successful in finding a solution, but right now; September is looming large in this race against the clock.

P.E.I. producers face yet another major challenge. Immediately following the recent election, the P.E.I. media released an announcement saying the previous government had negotiated a \$14 million loan with Cavendish Farms to build a bio-digester to handle all of its potato waste. For more than

30 years, Island producers have been providing an environmentally sustainable option for disposing of tonnes of potato culls and waste from the potato processing industry. This has become a feed staple for the feedlot industry and many producers are wondering what they will be feeding their cattle once the bio-digester is completed. PEICA directors have met with Cavendish Farms and some agreements may be reached to continue to acquire the potato waste. These discussions are still in the preliminary stages.

The PEICA continues to offer programs to its members including the Herd Health Program, which encourages whole herd vaccination, and the Verified Beef Program. We offer for free the use of a set of portable scales to those who don’t have access to any, and we continue to partner with the provincial government and the Dairy Farmers of P.E.I. to offer deadstock removal services. We are presently working toward having the cash advance program offered to our producers, and we continue to work with government, industry and the Canadian Food Inspection Agency (CFIA) to deal with the enhanced feed ban.

We are currently promoting beef through the Linking of Land and Sea promotion which travels to all Island exhibitions. We have partnered with Atlantic Beef Products in providing beef for various events including the Chefs’ competition at the Prince Edward

Island Culinary Institute, and the Tour de P.E.I., an international women’s bicycle racing event.

Directors of the PEICP represent their members on various committees including the CCA Board of Directors, the Maritime Beef Council, the P.E.I. Federation of Agriculture, the Environmental Farm Planning Committee, the Agriculture Sector Council, the Farm Income Improvement Committee and the Farm Centre Association. They are extremely dedicated in their roles, in light of the seemingly insurmountable obstacles they face.

### **Nova Scotia Cattle Producers**

Patton MacDonald, General Manager

The beef industry in Nova Scotia is active and moving forward despite significant challenges and the Nova Scotia Cattle Producers (NSCP) is actively working to obtain a fair return for our producers. We are working on a number of fronts to make that happen on a long-term and sustainable fashion.

The NSCP participates in the Maritime Beef Council and works regularly with the New Brunswick Cattle Producers and the Prince Edward Island Cattlemen’s Association. We are working towards a regional levy collection structure that is easy to use in all three provinces. We believe we are close to achieving a system that reflects the unique needs we have in this region. Marlin Beever, chair of the



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# Provincial Association Reports continued

National Check-off Agency attended a meeting in Nappan N.S. recently and provided excellent input. We are still continuing to move ahead as per existing regulations and have introduced new volume buyer reporting forms to assist the current process, which will also fit well as we move to a more streamlined methodology.

Producer communication is vital to our organization and we have been conducting producer meetings, as well as our annual meeting, for producers to meet and discuss issues and solutions. We held three sets of zone meetings in each of our six zones in the past 10 months, and our annual meeting had 72 people despite a significant ice and snow storm. So far this calendar year, we have also sent out three producer newsletters highlighting our activities. Our web page is finally coming together after a delay due to many challenges which required our attention.

The Nappan research station is a matter of concern for the whole region and we have actively pursued ways to ensure it is maintained as a centre for beef industry research. Through the Maritime Beef Council, we have shared and received the support of the N.B. and P.E.I. associations, and are working together to obtain the "A" base support and other resources to ensure Nappan's excellence and innovation will continue for years to come. The requirements of the enhanced

feed ban are challenging and we are working with the province, the CFIA, the N.S. Federation of Agriculture and the P.E.I. and N.B. beef associations to make this more manageable for our producers and others. We continue to meet with producers, abattoirs and other key stakeholders and have made progress for a short-term solution.

We believe a large piece of the industry's future success will result from greater value chain participation and taking advantage of opportunities in the marketplace. To this end, we are almost finished several proposals to develop market opportunities and are currently evaluating business cases for value-added initiatives and will be participating in the infrastructure and other programs as we complete this work. We are also looking at ways to reduce producer costs and are well into a project to see how tag sales might be of further benefit.

Our producer registration has gone very well and we now have nearly 1,000 registered producers. However, we want all of those producers to be experiencing a profitable farming experience, and there is much to do to make that happen.

The NSCP board has formed an animal welfare committee to address the issue of animal welfare more fully. This will be done in conjunction with CCA representatives, Maritime Beef

Council partners and both provincial and federal government representatives.

Of course, many economic challenges continue, and we provided an industry plan to the provincial government. The response from the government in December 2006 was not quite what we expected and we continue to devote enormous efforts to finding ways to benefit from the resources being provided.

The Advanced Payment Program for Livestock has been of great interest to some beef producers. We arranged to become involved in the program and have partnered with Pork N.S. to bring it to our producers. The program is new, and interest continues to grow.

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# Environmental Stewardship Award

Winners



**The Milton family  
Valleyview Ranch – Malakwa,  
British Columbia**

British Columbia Cattlemen's Association  
provincial TESA winners



**Brian & Shaunere Lane & family  
Brown Creek Ranch Ltd. -  
Claresholm, Alberta**

Alberta Beef Producers provincial TESA  
winners



**Mark Johanson & Deb Haupstein  
M&D Cattle Enterprises Ltd. –  
Stockholm, Saskatchewan**

Saskatchewan Stock Growers' Association  
provincial TESA winners



**Dave and Connie Spencer  
Rife Creek Farm – Guelph,  
Ontario**

Ontario Cattlemen's Association  
provincial TESA winners

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# CCA Partners

## Associate Partners

Royal Bank of Canada



Bank of Nova Scotia



Intervet Canada Ltd.



## Affiliate Partners

Bayer Inc.



CIBC



For what matters.

Canada Beef Export  
Federation



Ivomec/Merial Canada Inc.



Agricore United

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# The Canadian Beef

## Industry and the Environment

For many years, agriculture, specifically the beef industry, has been the target of critics on a number of fronts. They claim that the beef industry is a large source of greenhouse gas emissions, that it depletes and contaminates the world's water supply, and that it uses land that could and should be used for other things.

In actuality, the Canadian beef industry plays an important role in environmental sustainability and is an important source of food protein for people.

We need protein. If we don't get it from meat, we must get it elsewhere. Cattle are often raised on land that is unsuitable for producing grain or vegetable crops and they eat grasses that people can't digest. This land could be cultivated to try and grow food crops but this process would destroy natural habitat and wildlife. Cattle production is an effective and efficient way to provide a nutrient-dense protein by converting non-human quality forage/crop products into meat products.

### ***Greenhouse Gas Emissions***

While cattle are able to digest grasses that people can't, in the

process of doing this, they produce methane. According to a report titled "Livestock's long shadow: Environmental issues and options" by the Food and Agriculture Organization (FAO) of the United Nations, livestock are responsible for 18 per cent of greenhouse gas (GHG) emissions along the entire commodity chain - more than transportation. However, it is important to consider two things: in its report, the FAO included both poorly-managed and well-managed livestock production systems worldwide and it considered GHG emissions related to the entire commodity chain (i.e. fertilizer production and transportation).

Through research and technology, Canadian cattle producers are leaders in the environmental management of the land and in management practices to reduce the level of methane that is produced. They understand that GHG emissions are losses of valuable inputs to cattle production and represent inefficiencies in production so they reduce these inefficiencies as much as possible. Methane emissions from cattle are largely a factor of feed quality and digestibility. As feed quality

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# The Canadian Beef Industry continued

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increases, methane emissions per pound of meat produced decreases. The quality of feed and pastures which Canadian cattle are provided far exceeds that of most countries.

With the level of care Canadian producers take, methane emissions in the beef industry account for only 0.05 per cent of global GHG emissions (National Inventory Report, 1990-2004 – Greenhouse Gas Sources and Sinks in Canada, Environment Canada).

Specifically, when GHG emissions are measured according to the Kyoto rules, Canada contributes only two per cent of all global GHG emissions. Of this two per cent, agriculture as a whole contributes only 7.3 per cent of

total GHG emissions or 0.15 per cent of global anthropogenic GHG emissions. Methane emissions from beef cattle production in Canada account for only one-third of the total agricultural GHG emissions or 0.05 per cent of global GHG emissions. In contrast, in Canada in 2004, transportation was the source of 22 per cent (169 mega-tonnes) carbon dioxide equivalent of total Canadian GHG emissions – two-thirds more than agriculture.

## ***Conserving the Environment***

Canadian cattle producers pride themselves in being environmental stewards of the land while producing a high-quality, safe food. They utilize management practices that protect water sources and work towards the maintenance of a sustainable agro-ecosystem. By practicing rotational grazing they maintain biodiversity and wildlife habitat and prevent erosion. Grazing animals on this land more than doubles the land area that can be used to produce food in Canada.

## ***Conserving Water***

A mature beef animal will drink between 35 and 66 litres of water per day, depending on the temperature. Most of the water cattle drink returns to the soil as part of the natural recycling process. To help put it into perspective, it takes 35 litres of water to process one can of vegetables and 5,678 litres to produce a barrel of beer.

The process of producing beef is environmentally sustainable and Canadian cattle producers utilize management practices that protect the health of the animal, protect the environment and reduce greenhouse gas emissions.

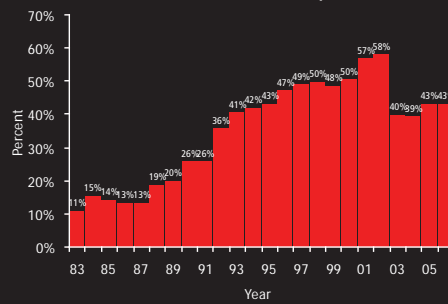
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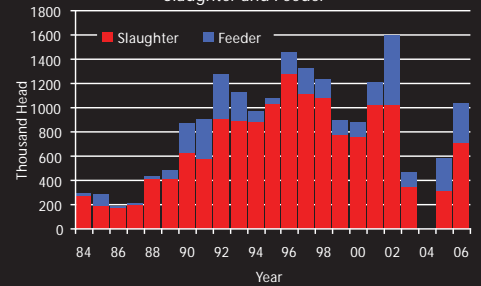
# TRADE STATISTICS



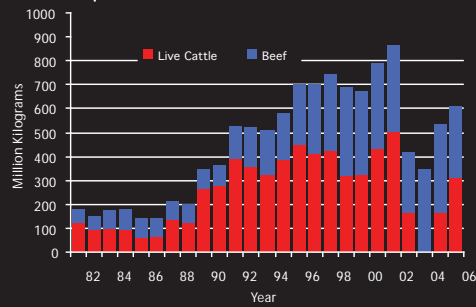
% Beef Production Exported



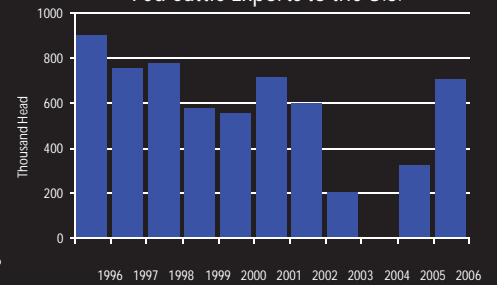
Canadian Cattle Exports  
Slaughter and Feeder



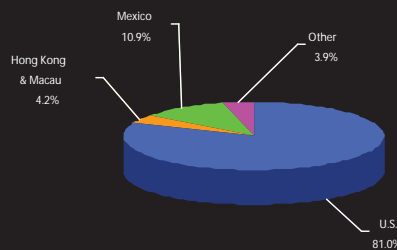
Exports of Cattle and Beef to U.S.



Fed Cattle Exports to the U.S.



Canadian Beef Exports by Country -  
2006



Data courtesy of CanFax



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