

BIC Has Busy Summer

Maple Creek rancher Heather Beierbach is a Saskatchewan representative on the board of the Beef Information Centre, who has made a point of telling this magazine that producers need to know more about the important work the BIC does in support of beef industry promotion and marketing.

Based on the past couple of months performance the people at BIC clearly aren't letting any grass grow under their feet and are putting producer check-off dollars to good use.

Restaurant promotions

As part of its mandate to maximize demand for Canadian beef, BIC partners with retailers on promotional activities. Recently BIC partnered with Boston Pizza to get a new prime rib burger on the popular chain's menu.

BIC also partnered with Casey's Grill Bar in support of a AAA Ontario corn-fed beef program featuring summer themed campaign based on 16 oz T-bones. BIC expected the project to result in the sale of 4,000 steaks before it wrapped up in August.


In another partnership campaign that ran from March to May 2009 two new steak pizzas were put on the menu at Pango Pizza parlours – a surf and turf pizza and an even meatier turf and turf pie.

Meat labeling support

On another front, BIC has developed a website-supported brochure that provides information on beef labeling to Canadian meat marketers. According to BIC, food labeling involves a complex amalgam of rules and red tape.

BIC's Executive Director for Trade and Marketing, John Baker says, "The information presented in the brochure will increase retailers and packers understanding of acts and regulations pertaining to beef labeling as well as their enforcement."

Nutritional studies

BIC recently announced its involvement in four important studies intended to increase consumer confidence and awareness about the nutritional benefits of eating beef. The studies include: work being done at McMaster University on the effectiveness of beef in supporting muscle growth; a Texas A&M study on the functionality of HDL (good cholesterol) in men following increased ground beef consumption; and two University of Alberta studies – one dealing with whether trans fat found in beef reduce bad cholesterol, and another five-year multi-faceted study of trans fats. 


CBEF Charms Filipino Delegation

The Canada Beef Export Federation (CBEF) clearly understands winning back market access post-BSE is just a first step in re-establishing export sales. The Philippines provide an example of the hard work Canada's foreign market developers have been up to since that country reopened its border to all edible beef and veal products from all ages of Canadian cattle. In 2008 we exported 7,380 tonnes (\$18.4 million) of beef to the Philippines, and the CBEF sees plenty of opportunity for even higher sales.

From June 21 – 28 the CBEF hosted a delegation of seven leading Filipino beef and food industry executives, providing them with a first-hand look at the Canadian cattle industry.

Apparently Jesus Cham, managing director of Mayon Consolidated, a major Manila-based import distribution company for the food industry, was impressed by what he saw in Canada.

A July 8 CBEF news release reports Cham as having said, "We will certainly bring our association a most favourable report. The Canadian industry appears to be well organized and vibrant. Of particular interest, we found that the beef grading system has features that are not found in the US."

Cham added, "If properly promoted, Canadian beef can take a substantial market share." 

Mandatory Traceability – Disappoints CCA and Sask.

Saskatchewan's Minister of Agriculture, Bob Bjornerud, was the odd man out when his provincial counterparts and the federal minister for agriculture announced their support for the implementation of a mandatory national traceability system by 2011.

The announcement came out of the Ag. Ministers' meeting held in early July at Niagara-on-the-Lake, ON.

Following the lead of Alberta and Quebec, all ministers, with the exception of Bjornerud, endorsed a July 10 statement in support of fast-tracking adoption of a system that goes well beyond the current mandatory Canadian Cattle Identification Agency (CCIA) tagging requirements. Enhancements would include premises identification and the tracking of animal movement from birth on a producer's operation on through the marketing, finishing and slaughter systems to the consumer.

Proponents of mandatory comprehensive traceability argue that in a post-BSE world, the Canadian cattle industry should be doing everything it can to ensure food safety and win back the confidence of former international customers.

The CCIA has come out in support of the mandatory plan, indicating it fits with its mission to "take a leadership role so food safety, animal health and international trade expectations are consistently exceeded."

It is widely assumed that the development of an effective system will require the installation of electronic recording and data management systems at various

points along the supply chain. Critics argue that the technology required has not yet been perfected. However, the federal minister has announced \$20 million in financial support will be made available to livestock auction markets for upgrading their handling facilities and tracking systems.

The mandatory traceability announcement clearly took officials from the Canadian Cattlemen's Association (CCA) by surprise.

According to a statement given by CCA President Brad Wildeman on July 17, the announcement disappointed the CCA because it "disregards the principles established by producers for tracing cattle."

The CCA has indicated that while it was the first agency to support adoption of a national identification and comprehensive traceability system for cattle, it has always insisted that "the system be designed in an efficient and cost effective manner."

Wildeman added, "also important to keep in mind is that the requirements should not exceed the current technological capabilities. It is difficult to see how the technology we envision as being needed will emerge in the two years agreed to in the ministers meeting."

It is probably fair to say that in some quarters of the beef industry the traceability announcement is

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On the Cutting Edge

2009 grazing school

Manitoba Grazing School



*nov 30th, dec 1st & 2nd
brandon, manitoba
register: www.mbforagecouncil.mb.ca
(204) 622-2006*



continued from page 13

reminiscent of the implementation of new rules for disposal of Specified Risk Materials (SRMs) in 2007. Under the leadership of the CFIA, a more stringent regimen for SRMs than had been the case following implementation of the ruminant-to-ruminant feed ban and the initial SRM removal rules was imposed. With minimal consultation the industry was informed that most SRMs would now have to go to approved disposal sites.

Packers suddenly found themselves having to pay for the removal of offal that they had previously been obtaining payment for. A further frustration was the short time frame that packers and abattoirs were given to adapt and comply. Making matters worse, Canadian packers

found themselves at a competitive disadvantage to their US counterparts who faced far less stringent SRM rules. Cattle industry groups have argued that the added costs of overly zealous safety measures typically wind up being reflected in lower returns to producers.

The point stressed by critics of the traceability plan is that we shouldn't be imposing mandatory policies and setting implementation deadlines without allowing for appropriate adjustment periods and until the necessary systems and technology have been developed and can be put in place.

In a CCA report on an interview given by Saskatchewan's Bjornerud on July 17, the minister is quoted

as saying he prefers that this sort of initiative be industry led. And furthermore, that he doesn't want to see hard-pressed prairie cow-calf producers end up stuck with the tab for such a system, having to pay to implement mandatory traceability on top of premises identification, age verification and other recent initiatives.

Bjornerud is also reported to have said, the Alberta government in particular seems to feel that there is a pot of gold at the end of the rainbow with such a system in place, but he remains to be convinced.

Alberta has already announced that after 2010 it will no longer allow cattle which have not been age verified to be marketed in the province. 🇨🇦

Panama's Market Opens to Canadian Beef

Panama has reviewed Canada's food inspection system and as of Aug. 11, 2009 agreed to open its borders to Canadian beef. The Panamanian market had been closed to Canadian beef since BSE appeared in 2003.

The positive decision on beef coincided with the conclusion of negotiations for a comprehensive Canada-Panama Free Trade Agreement. 🇨🇦

Producer Cash For On-Farm Food Safety

Producers who participate in the CCA's Verified Beef Production (VBP) program will have access to funding to support the purchase of On-Farm Food Safety related equipment.

An Aug 17 announcement from the VBP indicated that eligible producers who purchase items such as weigh scales, squeeze chutes and head gates with neck extensions, or record keeping software can receive up to 50% of total cost up to \$750.

To be eligible for funding producers must have sold \$2,500 worth of cattle in the previous year and attended a VBP workshop.

For further information regarding the VBP, producers can contact Jodie Horvath Provincial Coordinator Sask. VBP

1-888-675-6177 or email jhorvath@sasktel.net 🇨🇦



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Regina Retail Price Check

There are plenty of good sources for cattle price statistics, CanFax and the Western Producer, for example, provide quality market reviews. We have noticed however, that when retail beef prices are published they are generally described in aggregate figures. Few of the readily available industry reports provide regular detailed store to store retail price reporting.

It occurred to us that producers might have an interest in seeing what's going on with retail pricing in a Saskatchewan city. To that end we plan to provide a regular retail price review for three of the major retail food chains with stores in Regina – Sobeys, Safeway and Extra


Foods (a division of Loblaws). Data will be collected once every two months during the week prior to our publication deadline.

As is often the case, survey data is most revealing over the course of time as trends emerge. Our initial survey results (provided below) are the first step in that process. Nonetheless, there are a few things that jump out from our initial data set. For example, cutout prices for nearly all products appear relatively low given that we are in the final throes of barbecue season.

This situation was noted by CanFax in its Aug 9 report, and was attributed to; an unusually cool grilling season in many parts of Canada; competition

from cheap beef alternatives; low global demand due to the recession; and the strengthening of the Canadian dollar.

Other items of interest include the close competition and pricing for ground beef as opposed to somewhat larger fluctuations in prices for middle cuts. We were not able to gather many comparatives for end cuts (chucks, shoulders, rump, etc.) because some of these products were not available on the day we sampled.

Your comments on how we might improve this survey are welcome. 

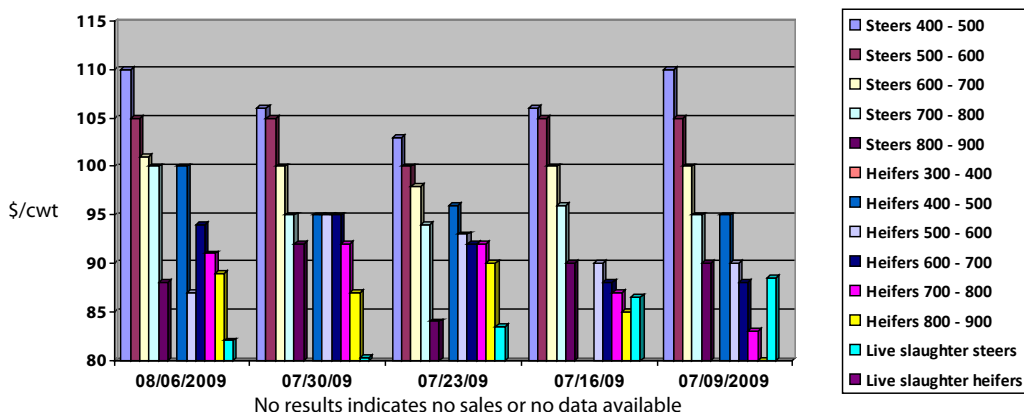
RETAIL MEAT PRICE SURVEY as of August 17, 2009

CUTS	SOBEYS		SAFEWAY		EXTRA FOODS	
Ground beef/regular	\$5.53/kg	\$2.50/lb	\$5.53/kg	\$2.50/lb	\$5.48/kg	\$2.48/lb
Ground beef/lean	\$6.41/kg	\$2.90/lb	\$6.41/kg	\$2.90/lb	\$6.29/kg	\$2.85/lb
Roast/cross rib	\$10.16/kg	\$4.60/lb	*		\$9.90/kg	\$4.50/lb
Roast/rib	\$18.70/kg	\$8.48/lb	\$20.70/kg	\$9.39/lb	*	
Roast/outside round	\$10.72/kg	\$4.90/lb	*		\$9.99/kg	\$4.53/lb
Steak/tenderloin	\$26.41/kg (2/pack)	\$12.00/lb	*		\$35.73kg (2/pack)	\$16.20/lb
Steak/ribeye	\$22.50/kg	\$10.20/lb	\$29.52/kg	\$13.39/lb	\$22.39/kg	\$10.15/lb
Steak/sirloin	\$12.60/kg	\$5.70/lb	\$15.85/kg	\$7.12/lb	\$10.99/kg	\$4.99/lb
Steak/T-bone	\$10.76/kg	\$4.88/lb	\$22.69/kg	\$10.30/lb	*	
Steak/round	*		\$12.32/kg	\$5.59/lb	\$10.68/kg	\$4.84/lb

* these items were not in the display case at these stores

Live Cattle Prices

\$ amounts reflect the weekly highs



CULL COW PRICES

\$/cwt

AB only	08/14/09	08/07/09	07/31/09	07/24/09	07/17/09	07/10/09	07/03/09
D1-D2	37-51	34-52	40-55	39-55	41-57	42-57	42-56
D3	28-44	28-46	28-49	30-49	30-49	28-46	28-48
Railgrade	78-84	85-90	90-91	90-94	93-95	93-95	93-95

Cow Culling Due to Drought - *not happening in a big way according to the numbers*

Based on coffee row talk and media reports, one gets the impression that drought conditions in Alberta and parts of west-central Saskatchewan are so bad that producers are moving (or at least trying to move) huge numbers of breeding animals and young calves to market.

Many of us have heard stories about whole cow herds going to the sale barn in Alberta and being sold for peanuts or instances where people who wanted to sell at auction couldn't find any buyers.

Despite the horror stories and continuing bleak news on the climate front, the statistics have not yet demonstrated that we are in the midst of a major cow sell-off.

For example, Agriculture and Agrifood Canada's weekly Beef Supply at a Glance publication indicates that

non-fed slaughter in western Canada for June and July of 2009 has been considerably lower than for the same two months in 2008.

Non-fed slaughter figures for western Canada

	2009	2008
June	28,654	49,653
July	32,239	34,743

Assuming the stats are accurate, if there are a lot of cows coming off parched grass in Alberta, it doesn't appear they are going to the kill plants in record numbers just yet—at least not in the same numbers as last year when drought wasn't such a significant problem.

That said, culling rates for 2008 were exceptionally high as pent up post-BSE inventories were sold off and producers discouraged by years of low returns exited the industry and others cut back on cow numbers.

While it appears at first glance that an exodus was not underway in June and July 2009, that doesn't mean it isn't coming. The biggest months for cull cow slaughter in 2008 were November, December and January. It could be there is still enough grass around that producers are managing to get by – and the cull cow deluge could still be coming in the fall.

Alternatively, given the large breeding herd reductions that occurred in 2007 and 2008, it could be that the figures provided above do represent a significant sell-off given that the overall size of the western breeding herd is now smaller.

No doubt the picture will become clearer as we head into the fall and gain a better understanding of winter feed availability. $\frac{3}{4}$



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For more information contact us at:

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Saskatchewan Regional Office
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Regina, SK S4P 4K5

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Do BSE Risk Status Issues Threaten New Trade Woes?

There is a bit of paranoia circulating among some of our beef industry trade promoters. It has to do with the possibility that the US might soon be in a position to obtain a change in its BSE risk status. There may indeed be legitimate grounds for concern. And the worries of our trade advocates could add impetus to calls for mandatory age verification and additional traceability requirements in Canada.

The background

Assessing the potential problems that a change in US BSE risk status could present to Canadians requires a review of some BSE history.

Back in September 2006 the United States Department of Agriculture (USDA) failed in an attempt to get a change in its BSE risk status. At that time USDA officials were encouraged by a change in the risk classification system employed by the World Organization for Animal Health, known commonly by the French acronym OIE.

There are three risk categories recognized by the OIE: "negligible", "controlled" and "undetermined". The US is seeking a shift from controlled risk to negligible status, which is reserved for countries with the smallest risk of BSE.

Under the rules in place when the first BSE case was discovered in the US (December 2003) a country had to wait seven years after its most recent reported case of BSE to get its status changed from controlled risk to negligible risk. The 2006 rule change allowed that a country now only has

to wait 11 years after the birth date of the last native-born cow discovered with the disease.

According to a Dow Jones news agency report from August 28, 2006, USDA officials believed that achieving negligible status would help the US to market bone-in beef into China.

In its 2006 submission the USDA argued that its most recent case involving a native born cow was discovered in March of 2006 and that the cow in question was over 10 years old. It appears that questions around accurate age determination may have worked against the US in 2006. However, as the years roll by the USDA is expected to make another application. Even if the veracity of the age claim was questionable in 2006, at some point objective criteria such as dentition or ossification could come into play (assuming the necessary evidence was recorded and/or preserved).

"The big question for Canadian exporters is, what would happen if the US got a better OIE risk status than Canada? Could importers accept US beef but deny access to Canada because of its higher risk status?"

Provided that no additional younger cases are found in the US, the USDA will likely be able to prove the 2006 cow was at least five when she died. Under this scenario the US would move to negligible status by 2012 at the latest. If they can prove to the satisfaction of the OIE that she was

older than five, their status could conceivably change even sooner.

Is this a problem?

At present both Canada and the US are recognized by the OIE as controlled risk countries for BSE. Canada's running total stands at 15 identified cases since 2003, while the US has just three reported cases – two of which have been attributed to imported Canadian cattle. So, currently when the US tries to get markets that were closed to it due to BSE it has no advantage over Canada with respect to BSE risk status.

Canadian beef marketers like Brian Nilsson of XL Foods have argued that having the same risk status as the US is advantageous for Canadian exporters. In his address to the SSGA's AGM in June, Nilsson stated that since the US has such considerable political and economic clout they are more capable of getting post-BSE markets reopened than Canadians. However, international trade agreements and the WTO make it extremely difficult for countries to keep Canadian beef out once they have opened their borders to US beef (since we have the same risk status). Once the US muscles its way into a market, Canadians are well-positioned to demand similar treatment.

The big question for Canadian exporters is, what would happen if the US got a better OIE risk status than Canada? Could importers accept US beef but deny access to Canada because of its higher risk status? Is there a chance that our US market access could be threatened? No doubt

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R-CALF would have something to say about a difference in Canada-US risk status.

According to our limited understanding of OIE rules there is technically little difference in the way trade is treated between the negligible and controlled risk categories. At least one senior USDA official came to this same conclusion back in 2006.

"We should generously lend the US all the CFIA inspectors we can convince them to take."

In its August 28, 2006 article, Dow Jones reported USDA Under Secretary of Agriculture for farm and foreign agriculture services, J.B. Penn, saying, "from a practical point of view, in terms of what you can trade it makes no difference whether you're in the negligible category or whether you're in the controlled risk category, you can trade the full range of products – boneless beef, bone-in beef, variety meats, offal and processed meats from animals of any age – if you're in either one of those categories."

So technically we shouldn't have a problem if the US gets its status upgraded. In reality, however, there is more involved in obtaining market access than the technical criteria set by the OIE. If this was not the case, the US would not have been so excited about the prospect that negligible risk status would win them access to the Chinese market back in 2006. Recent experience tells us that perception,

politics and protectionism can have as much to do with market access as science and international agreements.

Is there more to be worried about? For Canadians, there remains concern over CFIA diligence. Unlike the Americans, who find it very difficult to discover BSE cattle, the CFIA are experts. It is difficult for Canadians to zero in on when we might get our status raised to negligible risk because for us, it's a moving target. Whenever we seem to be getting a bit closer to a status improvement the CFIA finds a new case. Let's not even go into the worst case scenario whereby the CFIA finds so many new cases in rapid succession that retaining controlled risk status becomes a shaky proposition.

In a more positive vein, it is true that Canada's traceability and age verification systems put us in better stead than the US when it comes to providing the evidence required to trigger a status change. After all, there is a chance the US would already be classed as negligible risk if it could prove that last cow was over 10. There are some compelling reasons for being ahead of our competitors when it comes to traceability.

Obviously our Canadian marketing people are considering the implications of a US status change and developing strategies to deal with it. One of the suggestions made at the foreign trade forum held at the CCA's AGM in Regina was to generously lend the US all the CFIA inspectors we can convince them to take. ☞

Russians, US and Taiwanese Purchasing More Canadian Beef

Canada's beef exports climbed 1.5% over last year during the first four months in 2009, due in large part to increased sales into the US and Russia.

According to the Canadian Beef Export Federation the rise in export sales to Russia is due to enhanced Canadian government and CBEF pursuit of market access and increased interest by Canadian exporters in the market.

The net increase in sales occurred despite the fact other markets saw significant decreases. Exports into other key markets such as Asia and Mexico actually declined by 20% from last year. The CBEF maintains this is a reflection of the effects of global recession and the rise in the value of the Canadian dollar.

Taiwan was the exception in Asia. It is showing signs of economic recovery and its purchases of Canadian beef are up by 94% over this time last year. ☞

Saskatchewan Producers Missing Out on New Financing Option

by Amber Fletcher

For the past three years, some cattle producers in Saskatchewan have seen an important addition to their financing options. But, it appears that many producers remain unaware of the relatively new Advance Payments Program (APP) for livestock.

Designed as an equivalent to the federal cash advance programs, which have been offered to grain growers for years, the purpose of the APP livestock advance is to give cattle producers access to alternate sources of financing at competitive interest rates. These loans give producers the flexibility to sell their livestock when market conditions are most favourable. Importantly, it also allows growers to finish their feeder cattle before they leave the farm gate.

Some administrators of the program also offer the loans to feedlot operators, allowing them to buy and sell throughout a 12-month term, showing proof of sale along with payment at the end of the term. This helps operators to avoid the constant submission of payments and sale slips.

Although he hasn't yet accessed the program, Saskatchewan producer Stan Elmy understands how the livestock advance could be beneficial when finishing feeder cattle, particularly when factoring in the cost of feed inputs: "I can see how a loan like this, with low interest rates, would be good for feeder cattle...so farmers can buy feed and then sell their cattle later".

David Warner, a producer in the Meadow Lake area, has been using the APP program since the spring of 2008. Warner's experience with the program has been positive. "The best thing about it," Warner reports, "is the zero

per cent interest [portion]...and it was very easy to use".

Through the program, producers like Warner can borrow up to \$100,000 interest-free, with access to another \$300,000 at competitive interest rates. The amount available to a producer depends on the number of live animals he or she currently has, and the interest rate varies depending on the commercial bank rate. The loan must be repaid within 18 months, or upon proof of sale, with the loan period running from April 1 to September 30 (of the following year). Farmers can apply anytime, up to March 31st of the production period. In addition, advances are also available to feedlot operations for a period of 12 months. In Saskatchewan, the Manitoba Livestock Cash Advance (MLCA) is the only administrator of the feedlot advances.

The federal government guarantees the advances, which are secured against the producer's live cattle. In addition, several forms of protection are available for producers. For those who encounter a loss through disaster, the advance is secured by the federal government's Business Risk Management program. Also, for the 2008-2009 program year, the Minister of Agriculture and Agri-Food issued a special dispensation to livestock producers enrolled in the APP, extending the payment deadline by twelve months. This measure expires September 30, 2010.

But, like most other programs, there is some fine print: in order to be eligible for the advance, producers must be enrolled the federal AgriStability program, and the amount available for borrowing is dependent on

the producer's credit. For mixed operations, the total amount borrowed from a combination of APP loans (for grain, cattle, and other livestock) cannot exceed \$400,000. The program is also not available for breeder cattle.

Saskatchewan producers can obtain the APP livestock advance through one of two different producer organizations – either the Canadian Livestock Advance Association, (or CLAA, administered by the Canadian Canola Growers Association), or the MLCA, which is a subsidiary of the Manitoba Cattle Producers Association. Both organizations offer financing to producers who intend to retain ownership of their cattle before selling them at a later date, and both require payment if the cattle are to be retained as breeding stock. Both organizations can advance the funding to producers within 10 days of application, provided that all forms submitted are correct and complete. However, a key difference between the two providers is that the MLCA covers feedlot operators, while the CLAA does not.

Another difference between the two organizations is their administration fees: the CLAA charges \$150 to apply, along with a 3% holdback fee. The MLCA application fee is \$250, along with a surcharge of \$1 per head, and maintains a 1% holdback fee. In both cases, the holdback fee is later reimbursed onto the producer's outstanding loan balance.

According to the MLCA, current advances for Saskatchewan cows and calves are rated at 50 per cent of market value, which amounts to \$343 per head for a 400- to 700-pound

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feeder calf, \$402.71 per head for 700- to 900-pound feeder cattle, \$505.00 per head for finished cattle up to 1250 pounds, and \$600.00 per head for finished cattle over 1250 pounds.

Despite its benefits, producer organizations report that the number of Saskatchewan producers taking advantage of the program remains low. The MLCA reports that, in the 2008-2009 year, only 67 Saskatchewan producers applied, compared with 610 Manitoba producers. However, the MLCA has seen an increase so far this year, with 45 Saskatchewan producers applying within the first 5 months of the current production period. For the CLAA, applications for the first two years averaged over 400 applicants.

According Janet Morgan, Manager of Program Administration at CLAA, the low program uptake is in part

due to the program's youth. "We started the program three years ago and since then we've experienced a steady increase in the number of applications. With the flexibility that the APP offers to cow-calf operations, we anticipate continued growth over time as more producers hear about the program's benefits."

Producers may also be satisfied with their existing credit options and not inclined toward making new arrangements for what might appear to be a marginal financial advantage under the APP advance. For example, some producers may choose to maintain current arrangements with their local bank or Credit Union, and others may prefer the higher financing limits available through the Cattlemens Financial Corp (CFC), which offers an advance of 100 per cent market value, as opposed to 50

per cent offered through the APP. However, the CFC places restrictions on the markets through which feeder cattle may be purchased.

Local feeder associations have traditionally offered another avenue for producers to obtain advances on feeder cattle. Located throughout the province, and varying in size, the feeder associations provide advances to their members through a co-operative style program that is overseen by the provincial Livestock Loan Guarantee Program (LLGP). The LLGP is also available to assist feedlot producers with expansion.

In order to obtain a feeder advance, the producer provides a down payment (10 per cent down for a breeder loan with five years to repay, or 5 per cent down for a one-year feeder loan) and the feeder

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