

Canadian Cattlemen's Association

Working Together for a Profitable Beef Industry

In This Issue

[Rule 2 to be Implemented
November 19](#)

[WTO Negotiations
Progressing](#)

[To Age Verify or Not...](#)

[Looking for Qualified
Workers?](#)

Quick Links

[CCA Home](#)

[CCA Monthly Report - Sept](#)

[In the News](#)

[Recent News Releases](#)

[Update of Events](#)

[Marketing Canadian Beef](#)

[Environmental Effects Kept On
Check on Farm](#)

Sign up today!

[Join Our Mailing List!](#)

September 2007

Greetings!

This past month has seen the beef industry in the news frequently. We were pleased when the U.S. Ninth Circuit Court of Appeals ruled that R-CALF did not have a case against the USDA to seek a permanent injunction of Rule 1 relating to trade of under-thirty-month cattle and beef. On September 14, the USDA announced that Rule 2 would be [published for final implementation](#) on September 18. This means that effective November 19, following the 60 day waiting period, older cattle will be eligible for export to the United States if they meet certain conditions. For more information on the details of this rule, see the article below.

As I write this, the WTO negotiations are continuing in Geneva. Our director of government and international relations is representing the Canadian beef industry at these talks. While it's been difficult at times, there has been progress and we're hoping to see some positive results for Canadian agriculture.

I was very disturbed to read a report entitled *Food, livestock production, energy, climate change and health* that was published in the prestigious British medical journal The Lancet. This report states that greenhouse gas emissions (GHG) from agriculture account for about 22 per cent of global total emissions, more than transportation and that we should reduce consumption of meat and milk in high-income countries which should also lead to health benefits.

The report neglects to point out that inefficient animal agriculture in developing countries is responsible for higher GHG emissions than in developed countries. It also ignores the fact that cattle and goats on grasslands provide a livelihood to millions of people, supporting economic diversity while sharing that space with wildlife.

Methane emissions in the Canadian beef industry account for only 0.05 per cent of global greenhouse gas emissions (National Inventory Report, 1990-2004 - Greenhouse Gas Sources and Sinks in Canada, Environment Canada). Compared to the 22 per cent



[Apply today!](#)

Support the Canadian beef industry by using your CCA Mosaik MasterCard. Every time you purchase something using your card a contribution is made to the CCA by BMO Bank of Montreal at no cost to you!



attributed worldwide to agriculture in the Lancet report, in Canada, agriculture as a whole contributes only 7.3 per cent of total greenhouse gas emissions whereas transportation contributed 22 per cent. However, Canada as a country only contributes two per cent of all **global** greenhouse gas emissions and so Canadian agriculture only contributes 0.15 per cent of **all** global emissions.

As Canadian producers, we should be proud of the work we do to preserve the environment and reduce greenhouse gases.

Sincerely,

Hugh Lynch-Staunton
President, Canadian Cattlemen's Association



Rule 2 to be Implemented November 19

The USDA announced that Rule 2 would be published on September 18 to be implemented on November 19. This is good news for our industry and also sends a positive message to the rest of the world. The rule follows the World Organisation for Animal Health (OIE)'s science-based, international guidelines for trade that we believe all of our trading partners should follow.

Under this rule, cattle would have to be identified with an ear tag and unless they are direct for slaughter, will have to have some form of permanent identification such as a tattoo or a brand. Blood and blood products, casings and parts of the small intestine will also be eligible for export, subject to certain conditions. There is no longer a "not pregnant" requirement for live exports.

The CCA is actively working with the Canadian Food Inspection Agency (CFIA) to determine what producer's requirements will be under Rule 2 and to ensure all paperwork is in order and verification requirements are identified in advance of November 19.

Unfortunately, we expect groups such as R-CALF to oppose this rule and possibly seek an injunction to prevent its implementation. The CCA will continue to fight these legal challenges.

WTO Negotiations Progressing *by John Masswohl*

For the past few years the WTO agriculture negotiations have lurched along, alternating between periods of intense activity and long stretches of inactivity. After being outright suspended for nearly a year, a new text outlining the possible parameters of an agreement was released by the chairman of the negotiations, Crawford Falconer, in July. Almost every country has criticized this Falconer text saying that it makes their country pay too much and does not force others to do enough. That sort of reaction, where nobody gets everything they want, but everyone gets something may signal that a successful compromise is near.



With this text as the basis to resume negotiating, the WTO members sent their agriculture teams back to Geneva at the end of July. After the usual August break (when all of Geneva shuts down) continuous intensive negotiations have been underway since Labour Day. CCA Director Travis Toews and CCA Director of Government and International Relations John Masswohl traveled to Geneva to monitor the discussions and what they could mean for Canadian cattle producers.

There seems to be an overall commitment to reach an agreement. In the past, most countries would stick to their well worn positions that they had done enough and it was up to someone else to move. Now it appears that everyone is prepared to move a little with the expectation that others will do the same. This is generating a positive atmosphere which, although it is still movement by inches, is still movement. Although much complex work remains to be done, one can feel that momentum is building.

"I believe that a good deal for Canadian agriculture is within reach", said Toews. All three of the main "pillars" are coming into focus. It had already been agreed in 2004 that all export subsidies will be eliminated, but the stumbling blocks were the extent to which market access would be improved and domestic support would be cut. In the past couple of weeks, it appears that the negotiators have reached an understanding on the main formula for cutting tariffs and reducing domestic support.

A truly significant moment came on September 20, when for the first time, the United States publicly stated it could live within the domestic support reduction range identified in the Falconer text. What does this mean? Most readers are familiar with the concept of "amber box" subsidies - these are the most trade distorting type of domestic agricultural subsidies. The United States' current limit for amber spending is \$19.1 billion per year. However, we have clearly learned over the years that there are a variety of loopholes whereby the U.S. and other huge subsidizers can exceed their amber limit. Therefore, the Falconer text introduces a new limit on "Overall Total Domestic Support" (OTDS). The U.S. base on OTDS is \$48 billion per year. The Falconer text would bring U.S. amber spending to about \$7.6 billion and OTDS to \$16 billion. This represents a significant reduction in real U.S. subsidization and will be a huge benefit to anyone in Canadian agriculture that has been affected by farm spending in the U.S. and elsewhere.

On market access, it has been agreed that there will be a four tier formula where the largest existing tariffs will have to make the deepest cuts. So tariffs currently over 75 per cent will need to be cut by somewhere within a point or two of 70 per cent, while the lowest tariffs (under 20 per cent) will need to be cut by about 50 per cent. This should produce huge gains for Canadian exports. In fact, the CCA's analysis is that the tariff cuts alone will add nearly \$500 million of value to the Canadian cattle industry per year once the cuts have been fully phased in.

Mostly what remains is to clarify how to deal with the exceptions. "Canadian agriculture exporters need to be extremely wary about these exceptions," cautions Toews. Most countries are trying to protect their "sensitive products" from having to make deep tariff cuts. The CCA is concerned that the EU in particular will try to wriggle out of providing new access for Canadian beef under the protection of "sensitive products". Indeed, Canada's biggest exports of beef, pork, grains and oilseeds are among the world's most sensitive and protected products. It is clearly in the best interest of the vast majority of Canadian agriculture to demand that the Government of Canada seek the deepest tariff cuts possible on all products, including sensitive products.

In sum, while the deal won't be perfect and not everyone will get all that they want, there is a lot on the table that will be beneficial for Canadian agriculture. The CCA encourages the Government of Canada to drive towards finalizing this agreement as soon as possible. We fear that if an agreement slips away in the next couple of months, then the negotiations will once again fall into a period of suspension which could last several years. It is time to harvest what is on the table now and lock in the new limits. It will be a good deal.

The CCA will continue to monitor the negotiations and provide updates in future issues of this newsletter.

To Age Verify or Not....

While the CCA strongly encourages producers to age verify their cattle, there has been resistance for a number of reasons. Premiums have been inconsistent and many cow/calf producers have questioned whether it is worth their time and effort. We believe it is definitely worth it and is one of the easiest ways to start adding value to our industry.

The requirements of international markets for products produced from animals of a specified age remain and are important, however there are other significant reasons to age verify your animals.

With the age requirement attached to Rule 2, in order to export cows to the United States, they will need to be age verified. The sooner we start the better. Age verifying can help prevent discounts on cattle that have had their second teeth erupt before 30 months.

Reducing or eliminating the risk of incidental over-thirty-month (OTM) animals in a run of under-thirty-month (UTM) animals for slaughter will also reduce the costs of handling specified risk material (SRM) which will flow through the entire value chain. In addition, age verifying can help reduce discounts on grass backgrounded cattle that are finished and slaughtered in the 24 to 30 month age range (including heiferettes).

Age verification is not mandatory so it is ultimately the producer's choice. However, it is an easy way to add value and is a long-term investment in our industry. It is time to "raise the bar".

Looking for Qualified Workers?

With the labour shortage affecting much of Western Canada, many people are looking for qualified workers. There are a number of groups that can help you.

The Temporary Foreign Worker (TFW) Program is offered through the Government of Canada. Its purpose is to help employers meet immediate skill requirements when qualified Canadian workers cannot be found. Employers may recruit workers for any legally recognized occupation from any country.

For more information about the Government of Canada's Temporary Foreign Worker Program, visit HRSDC at www.hrsdc.gc.ca or CIC at www.cic.gc.ca.

Global Horizons Canada, Inc. offers labour-recruiting and labour-providing services to meet the temporary and permanent needs of employers worldwide. It recruits

quality workers from all over the world. A client can hire workers in one of three ways: direct hire, temporary hire and hiring through Global Horizons. In this last case, the worker is on Global Horizons's payroll for a certain number of hours and then after the contracted hours are complete, the client has the option to hire the applicant as their employee.

For more information on Global Horizons Canada, call toll free: 1-888-LABOUR NOW (1-888-522-6876).

There are various options out there for recruiting help and it would be worthwhile to research these options fully before you make a decision.

Enhanced Animal Health Protection from BSE

www.inspection.gc.ca/bse



The Canadian Food Inspection Agency's enhanced feed ban became effective on July 12, 2007. Click on the above image to learn more about your responsibilities under this ban.

Established in 1932, the [Canadian Cattlemen's Association \(CCA\)](#) is the only national voice representing the interests of Canada's nearly 90,000 beef cattle producers. It represents every phase of the production system: the purebred, cow/calf, backgrounding and feedlot sectors.