

INVESTING IN A **STRONG FUTURE** FOR CANADA'S BEEF INDUSTRY

CANADA'S

NATIONAL BEEF STRATEGY

STATUS UPDATE  2022-2024

SUMMARY

Covering activities from January 2020 to June 2022



The National Beef Strategy is about positioning the Canadian Beef industry for greater profitability, growth and continued production of a high-quality beef product of choice in the world.

VISION

A dynamic profitable Canadian cattle and beef industry

MISSION

To be the most trusted and competitive high-quality beef cattle producer in the world recognized for our superior quality, safety, value, innovation and sustainable production methods

“While many things were added to the list over the last two years, we are proud that several files continued to move forward,”

JAMES BEKKERING

Chair of the Beef Advisors and National Cattle Feeders' Association (NCFA)

“Canada Beef’s emphasis on the versatility of value-cuts of beef and enhanced consumer awareness about proper preparation methods was well-timed. In addition, the Canadian Beef Information Gateway is an initiative to ensure beef remains on the dinner table as higher costs for food and fuel weigh on household budgets”

MIKE KENNEDY

Chair of the Canada Beef marketing committee

THE 2020-24 NATIONAL BEEF STRATEGY WAS DESIGNED TO TAKE ADVANTAGE OF THE OPPORTUNITIES FACING THE INDUSTRY WHILE SIMULTANEOUSLY ADDRESSING THE CHALLENGES.

The 2020-24 National Beef Strategy was designed to take advantage of the opportunities facing the industry while simultaneously addressing the challenges. It has been a challenging couple of years, regardless of where you are in the supply chain, dealing with multiple supply and demand shocks. The first two years of the strategy have been dominated by covid restrictions, drought, and feed shortages. Subsequently, following the government support packages that supported consumption, recovery is now dealing with rising energy prices and food inflation reducing consumer purchasing power.

Covid was declared a pandemic on Wednesday, March 11, 2020 and most of industry implemented emergency response processes on Sunday, March 15th. These included: work from home procedures, suspended travel, and connecting with all the national groups that are part of the National Beef Strategy.

The primary focus was to ensure business continuity by keeping borders open, maintaining inspection services, and having agriculture and the food distribution system deemed as critical infrastructure and an essential service. Industry was able to coordinate advice to producers to manage sales and transportation needs.

On balance many objectives were achieved with a remarkable show of support by Canadians who chose beef as one of their preferred meal choices during these challenging times. Few experts thought that retail and home delivery could pick-up the loss in sales through dine-in food service. Similarly, many doubted that the packing plants would recover quickly and safely to above pre-covid processing levels.

Moving forward, North American beef supplies are forecast to decline going into 2023. This is expected to shift leverage back to the feedlots and increase cattle prices.

CANADIAN BEEF ADVISORS



This National Strategy Status Update is brought to you by the Canadian Beef Advisors – Beef Cattle Research Council, Canadian Beef Breeds Council, Canada Beef, Canadian Cattle Association, Canadian Meat Council, Canadian Roundtable for Sustainable Beef, and the National Cattle Feeders' Association.

SUPPORT THE COMPREHENSIVE CUTOUT ABOVE \$270/CWT, RETAIL BEEF DEMAND ABOVE 105 AND INTERNATIONAL DEMAND ABOVE 100 (INDEX 2000=100)



\$346



120



151

The USDA comprehensive cutout averaged CDN\$317/cwt in 2020 and \$346/cwt in 2021. Retail beef demand was 124 in 2020 and 120 in 2021. International beef demand was 148 in 2020 and 151 in 2021.

In 2021, Canada exported 506,000 tonnes of beef valued at \$4.4 billion, this was the sixth year in a row of hitting record export values, reflecting the industry's long-term investment in market access advocacy.

A major international trade achievement was Canada's attainment of BSE negligible risk status from the World Organization for Animal Health (OIE) in May 2021. With this new status industry is working alongside the Government of Canada to remove the remaining BSE market access restrictions, particularly within the Asian region. The Canadian beef industry continues to encourage high prioritization be placed on harmonizing Canadian and American shipping requirements to South Korea (that would not require a halt in trade should an atypical case be found) and the removal of the American requirement for segregation. To facilitate trade with the European Union (EU), a dossier regarding the efficacy of a food safety intervention used within Canada was submitted to the European Food Safety Authority (EFSA) in mid-2022. The submission of the dossier is a critical step towards eventual approval of peroxyacetic acid (PAA) and key to making the EU a more viable future market.

Canada Beef continued to make strong investments to maintain consumer confidence in our products by supporting consumer marketing programs emphasizing taste, convenience, and culinary know-how; and health and nutrition programming directed at consumers and health professionals. Consumer and digital marketing delivered outreach initiatives on sustainable production

and the health and nutritional aspects of beef to key audiences over numerous platforms. Marketing initiatives shifted focus to meet the needs of consumers cooking at home during the pandemic. Canada Beef developed and curated a robust library of YouTube videos with topics ranging from how to cook a steak, to beef's nutritional benefits, to guest lectures on beef's sustainability story. In addition, the Canadian Beef Information Gateway (Gateway) is a timely initiative to ensure beef remains on the dinner table as higher costs for food, fuel and power weigh on household budgets.

Proactive video content has focused on [the environmental benefits of raising beef cattle](#) in Canada. [Guardians of the Grasslands](#) was publicly launched in May of 2021 along with the film's partners Ducks Unlimited Canada and the Nature Conservancy of Canada. The second short documentary, [Too Close to Home](#), highlights the role of cattle in mitigating fire risk to urban communities. Short videos have been created on multiple subjects – [upcycling ability of cattle](#), the [Canadian beef supply chain](#), use of [hormones](#) and [antibiotics](#), the role of [beef in a healthy diet](#) and highlighting the [national TESA recipients](#).

The [Certified Sustainable Beef Framework](#) continues to grow. The Canadian Roundtable for Sustainable Beef (CRSB) partnered with [Farm Credit Canada on their Sustainability Incentive program](#), which provides additional producer incentive for their certification. Further partnerships are currently being explored.

OPPORTUNITIES AND CHALLENGES

The beef industry continues to face stiff competition from other proteins, the growth of plant protein options, the impact of food inflation and high beef prices on demand, declining consumer culinary knowledge, and potential erosion of consumer confidence around issues such as human health and nutrition. However, opportunities exist to address these challenges through skillful application of cost-effective electronic marketing and social media tools. A strong foundation of tools and resources already exists that can be further leveraged to positively influence consumer impressions and behavior.

Our target audience identified in consumer research represents a huge opportunity for public trust. While

millennials (and younger) are more skeptical about the environmental benefits of beef production, providing examples quickly improves their perceptions. They also indicated a huge desire to learn more about beef production. This also represents a challenge for public trust communications – media consumption is increasing fragmented in the digital age and needs to be delivered to many niche, segmented markets across various channels.

In relation to the Certified Sustainable Beef Framework, there are opportunities to address some of the challenges identified by producers regarding chain of custody. A working group has been formed to explore and recommend solutions.

NATIONAL DATA SHOWS THE LABOUR SHORTAGE CONTINUES TO BE FELT AND GROWS WITH JOBS GOING UNFILLED THROUGHOUT THE PANDEMIC. HOWEVER, IT APPEARS THAT LABOUR IN PACKING PLANTS HAS BEEN MORE CHALLENGING SOUTH OF THE BORDER.

When covid restrictions went into place, the beef cattle industry (along with all agri-food production) was recognized as an essential service and part of the critical infrastructure for Canadians. This was important to keeping boarder services open and packing plants operating throughout the pandemic.

In April and May 2020, we were reminded again of the vulnerability our industry has to a major plant being closed. Set-aside programs were established to help manage the back log of cattle. The National Cattle Feeders' Association (NCFA) succeeded in working with the Canadian Food Inspection Agency (CFIA) to develop a new "Trusted Trader" designation with United States Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS). Allowing Canadian exporters of fed cattle to continue convoy shipments under one certificate.

In March 2021 the Federal, Provincial, and Territorial Governments agreed to retroactively remove the reference

margin limit in AgriStability increasing coverage by an estimated \$95 million. This change was particularly beneficial to the cow-calf sector. In addition, collaboration between provincial organizations and CCA contributed to the drought and wildfire funding.

In response to industries request, CFIA agreed to greater flexibility in long distance animal transportation in January 2022 - up to four hours additional time if all animal welfare outcomes are being met.

In June 2022, Health Canada announced an exemption for ground beef from its proposed Front-of-Package labelling regulations. Ground beef and pork were recognized for their value as a nutritious whole food, alongside all beef whole cuts. This was critical, as ground beef is at the center of many Canadian meals and represents 50 per cent of all the beef sold in Canada. In addition, during a time of incredible price inflation, ground beef continues to be one of the most affordable meat choices.

OPPORTUNITIES AND CHALLENGES

Industry is very concerned about the current margin squeeze caused by rising input costs and this is amplified a lack of progress on critical files such as the high cost of specified risk material (SRM) handling in beef processing. Managing Avian Influenza and African Swine Fever have commanded significant CFIA resources. Beef industry associations are requesting an evaluation of CFIA capacity and the ability to dedicate staff to specific files like SRM to ensure they continue to move forward in a timely manner.

When bottlenecks appear profit margins increase in order to provide the sector incentives to respond to demand. However, prolonged periods of excessive profit margins

imply that there are other barriers resulting in market failure. Price transparency is critical in identifying when those times occur and allow for monitoring to ensure markets are operating efficiently. While leverage is expected to shift from the packer to producer as North American cattle supplies tighten over the next 12 months. The Alberta study around resiliency will inform industry efforts to resume Canadian Boxed Beef reporting (since it was discontinued in March 2020) and competitive practices.



IMPROVE PRODUCTION EFFICIENCIES THROUGHOUT THE SUPPLY CHAIN. DURING DROUGHT THE FOCUS WAS ON MAINTAINING EXISTING PRODUCTIVITY; ENSURING PRODUCERS HAD ACCESS TO ALTERNATIVE FEED STRATEGIES, TOOLS TO ANALYZE FEED TEST RESULTS, DECISION MAKING TOOLS AND WEBINARS.

Collaboration across the Canadian beef industry has never been greater and specifically as it relates to the seedstock sector and the advancements in standardizing genetic data collection and communication. Through the ongoing development of the Canadian Beef Improvement Network (CBIN) which is being led by the Canadian Beef Breeds Council (CBBC), numerous Canadian beef breed associations are actively collaborating to standardize genetic data collection and improve the resources and communication to commercial beef producers.

The BCRC is on track to maintain the renewal of key research capacity, enhance surveillance systems, and has seen significant infrastructure investments made by government and provincial beef organizations. With over 100 BCRC projects currently underway or awaiting co-funding, research is ongoing in all areas. See the relevant Research Topics at www.beefresearch.ca to become more familiar with specific projects and initiatives underway. The increase in Canadian Beef Cattle Checkoff to \$2.50 (and corresponding increase to BCRC funding) allowed the BCRC to both invest in the Science Clusters program (26 projects across 2018-23) as well as funding between 9 to 19 new three-year projects during each intervening year. In addition, the BCRC is also now able to fund 4 to 7 new “proof of concept” trials to validate research ideas on a small scale to determine whether a larger investment is needed or justified.

OPPORTUNITIES AND CHALLENGES

Provincial governments continue to reduce (or eliminate) their agricultural extension programs. While covid prevented many traditional extension activities, the BCRCs focus on electronic communication allowed our activities to proceed with minimal challenges and encouraged hesitant producers to become more familiar with these technologies. Lack of access to broadband internet remains a significant challenge in many rural areas. While monitoring Knowledge and Technology Transfer (KTT) outputs, web analytics, numbers of publications and attendance is straightforward, quantifying actual producer adoption is an ongoing challenge which the BCRC continues to tackle through producer surveys and information available through other industry programs (e.g., VBP+ and the COP network).



ENHANCE INDUSTRY SYNERGIES AND CONNECT POSITIVELY WITH GOVERNMENT AND PARTNER INDUSTRIES. ONGOING EFFORTS ARE UNDERWAY TO COORDINATE COMMUNICATION BETWEEN NATIONAL ORGANIZATIONS AND ENHANCE TRANSFER OF INFORMATION TO PROVINCIAL ORGANIZATIONS.

Leader calls were convened each week involving the senior staff of the national organizations. Virtual town hall meetings were organized and provided a new service to keep producers as well informed as possible. Increasing coordination amongst the national and provincial organizations has allowed industry to centralize issue response and effectively mobilize spokespeople to handle media requests at local, regional, and national level. This was seen during the pandemic as well as with other issues including the 2021 drought, CP Rail strike, and proposed front-of-package labelling on ground beef.

In September 2020 and April 2021, the Canadian Beef Advisors launched a suite of 2030 goals. The goal topics covered recognize the breadth of benefits from beef production beyond supplying global protein demand. This suite of goals highlights the work of the Canadian beef industry as integral for climate change mitigation and the sustainability of our food system. Raising cattle in Canada is good for the environment and these goals demonstrate how we are striving to make every sector of the industry even better.

The Canadian beef industry has made a concerted effort to partner with varied stakeholders to leverage messaging and ultimately shared outcomes, particularly

across the environmental and sustainability files. The CCA and Nature Conservancy of Canada hosted dialogues to inform the United Nations Food Systems Summit (UNFSS) bringing together experts from the meat industry, conservationists, and nutritionists. This was an important initiative given anti-meat rhetoric from some factions within the UNFSS. Meat industry alignment contributed to Canada bringing forward more inclusive language on the key role of sustainable livestock systems in global food systems.

OPPORTUNITIES AND CHALLENGES

There continues to be pressure from a vocal minority to reduce meat consumption globally and particularly in developed countries. CCA and its partners will continue to engage on the international level to ensure the role of beef in a sustainable and nutritious global food system continues to be recognized. These conversations will be achieved through advocacy and intervention with various global and United Nations agencies such as the COP, Food and Agriculture Organization (FAO), the Private Sector Mechanism (PSM), International Meat Secretariate (IMS), Global Roundtable for Sustainable Beef (GRSB) and Global Meat Alliance (GMA).



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