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as well and that a funding level closer to the actual cost of the program will be achieved either through fundraisers or other initiatives. Anyone wishing to donate a cow or cash to the program may still do so. Information can be found at the Ottawa Food Bank website at <http://ottawafoodbank.ca/2014/06/10th-annual-food-aid-day-a-success>

Also, the Beef Farmers of Ontario recently announced a partnership with the Ontario Association of Food Banks for \$40,000 to develop a new beef program with a goal to provide 28,000 servings of ground beef to families and children in need throughout Ontario.

Labour, demand drivers hot topics at agribenchmark conference

Canfax Research Manager Brenna Grant attended the 12th agri benchmark Beef and Sheep Conference held earlier this month in Italy. More than 25 countries are represented in the global cost of production network including Brazil, Australia, Argentina, the United Kingdom and United States. Topics discussed included the key drivers and impediments to labour productivity as well as how production, consumption and consumer preferences drive international beef trade. The following is Grant's take on those two discussions.

Labour woes a global issue

Shortages of qualified labour in the cattle industry are not unique to Canada. Many countries (AU, BR, DE, AR) face intense competition for labour from other industries (e.g. mining in Australia, construction in Brazil) and higher wages either from market forces or minimum wage legislation. In some cases, as children move to urban areas, agricultural skills are lost reducing the pool of qualified labour. Whatever the root cause, labour shortages can have unintended consequences; preventing producers from adopting new technology that would improve productivity and ultimately their bottom line.

Some countries have found ways of dealing with these shortages by increasing the amount of seasonal and contracted labour, increasing labour productivity through larger farm sizes, or adopting labour saving technology and infrastructure (e.g. remote water sensors and cameras). However, in some regions of Canada finding seasonal or contract labour can be just as difficult as finding full time staff, and increasing size is limited by availability of land. This leaves substituting labour inputs with technology. New technology frequently means a substantial investment and training that can be time consuming up front; therefore adoption of these technologies can be limited even if it means saving time later.

Canada has some of the highest agricultural wages in the world. As other countries find ways of addressing their labour shortages through productivity improvements, Canada cannot stand still or will risk falling behind. Adoption of technology cannot be limited to only those that save time, but must also include productivity improvements that will keep Canadian products competitive internationally.

The right product for the right market

It is not just different parts of the animal that drive trade, but frequently different types of animal or qualities of beef for different markets and consumers within a market. In Asia, for example, rapidly growing demand is changing the world scene, particularly for frozen low quality and manufacturing cuts. This growth is predominately for lean beef and is influenced by traditional beef use and cooking methods (e.g. hot pot). There is niche demand for high quality items in these markets that is still developing.

Production, consumption and consumer preferences are the main drivers of the beef trade. Here's a look at the underpinning factors:

Comparative advantage

Large areas of pasture mean Australia and South America are high consumers of beef and major net exporters. Lack of land makes the islands of Asia have low beef consumption and are major net importers. Cold winters create need for winter feeding and use of grain in the Northern hemisphere. Government policies can mean these comparative advantages are helped or hindered by domestic production support, self-sufficiency programs, export subsidies and market access restrictions due to disease.

CANFAX MARKET BRIEFS			
Week ending June 20th, 2014			
(in Cdn\$)		This wk	Change
→	Fed steers	153.56	+0.15
	Fed heifers	n/a	n/a
↑	Feeder steers	---	+2.86
↑	Feeder heifers	---	+2.51
↑	Cdn Feeder Index	207.29	+5.16
↓	Cdn Calf Index	223.77	-9.18
↑	D1/D2 cows	109.33	+0.83
↑	Slaughter bulls	120.25	+1.00
(in US\$)			
↑	Cdn spot dollar	92.40	+0.28
↑	Jun live cattle	148.00	+2.00
↑	Aug feeder cattle	207.55	+1.70



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Beef quality is in the eye of the beholder

Beef isn't just beef – hundreds of cuts come from a single carcass. Different cuts provide different textures that the consumer can taste and may prefer or dislike. Culture, tradition, and lifestyle largely govern what consumers cook and the way they cook it (e.g. stews, grilled, thinly sliced, etc.). This largely determines what beef products they prefer. Preferences are also impacted by type of product that has historically been available in that part of the world (e.g. grain or grass fed, lean young bulls, mature cows or youthful fed animals).

Types of animals traded

France is a country where beef production equals consumption. However 80 per cent of beef consumption comes from female animals. To cover this specific demand, females are imported from Germany and young bulls are exported to Italy. These differing preferences drive live cattle trade within Europe.

Cuts traded

No animal is produced specifically for export markets anymore; many countries just divert a few items that are not in demand at home. The U.S. is a major exporter to Japan and South Korea but it is really only one cut; 70 per cent of U.S. beef exports to Japan are grain-fed brisket (short-plate) and 60 per cent of their exports to Korea are short ribs. U.S. forequarter cuts and offal (e.g. tongue) are also diverted to the export market.

Korea is a major consumer of single rib belly cuts, which drives imports but makes carcass valuation for domestic producers extremely difficult.

Seventy per cent of Australia's beef exports to the U.S. are manufacturing beef from cull cows and trim from prime animals. While a net exporter, Australia imports rump from New Zealand, a product that is discounted in North America, but preferred there. Similarly Canada is a net exporter with thin meats going into the Hispanic market and offal overseas; but as a deficit producer of loin cuts, that product is imported from the U.S.

Conclusion

The industry is becoming more sophisticated in how to find the best prices for each cut around the world. Product is being cut and packaged differently to meet demand from niche markets. Case in point – Australia. Historically Australia used to send full sets to Asia but now individual primals and cuts are being divided up. As opportunities arise with growing global demand exporters need to evaluate which cuts are the most appropriate for each market.

Improving barley and triticale feed

Continued improvements in the yield and nutritional quality of barley grain and annual forages are essential to maintain a competitive cattle feeding sector in Canada.

Research currently underway, funded by the National Check-off (<http://www.beefresearch.ca/about/funding/national-check-off.cfm>) and Canada's Beef Science Cluster (<http://www.beefresearch.ca/about/funding/canadas-beef-science-cluster.cfm>), is working to develop varieties of barley (grain and forage) and triticale (forage) with improved nutritional quality, yields, yield stability, disease resistance, and water use efficiency. This research will also expand the germplasm resources available to ensure that varietal development continues into the future.

To learn more about this research, see the BCRC fact sheet: <http://www.beefresearch.ca/factsheet.cfm/improving-barley-and-triticale-feed-140>