Industry Priorities

1. Industry Profitability
   - Competitiveness
     - Production competitiveness
     - Regulatory competitiveness
   - Market access
   - Value creation
   - Innovation

2. Advocacy - Positive Public Attitudes
   - Positively positioning the importance of cattle producers and the beef cattle industry
   - Public Confidence

3. Crisis Management Preparedness
NATIONAL STRATEGY
Strategy Pillars & Goals

Connectivity
- Enhance synergies within industry and connect positively with consumers, the public, government, and partner industries

Productivity
- Increase production efficiency by 15% by 2020

Competitiveness
- Reduce cost disadvantages compared to main competitors by 7% by 2020

Beef Demand
- Increase carcass cutout value by 15% by 2020
Strategy Vision & Mission

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.
Beef Demand:
Increase carcass cutout value by 15%

Focus areas:
1. Domestic and Global Marketing
2. Market Access
3. Validate and Enhance the CBA
4. Consumer Confidence
5. Social License
**Competitiveness:** Reduce cost disadvantages compared to main competitors by 7%

Focus areas:

1. Supportive Regulatory Environment
2. Access to Competitively Priced Inputs
3. Maintain and Enhance Research Capacity
4. Sustainability
Productivity:
Increase production efficiency by 15%

Focus areas:
1. Genetic Selection
2. Research and Development
3. Technology Development and Adoption
4. Enhance Information Flow
1. Effective delivery of Crisis and Issues communications/ coordination within industry
2. Development of a **Reputation Management** and Issues Management strategy
3. Increase number of future leaders and advocates for the beef industry
4. Increase stakeholder engagement, coordination and relationships (inc consumers, government, industry partners)
The Canadian Beef Industry Outlook
Canadian cattle herd steady
January ‘16 beef cow inventories steady at 3.83 million
Total inventories +0.3% to 12 million

Canadian Beef Cow Numbers
January 1

Source: Statistics Canada
U.S. cattle herd expanding
January ‘16 beef cow inventories +3.5% at 30.3 million
Total inventories +3.2% to 92 million

U.S. Beef Cow Inventory
January 1

Source: USDA, Cattlefax
Calf prices lower

Alberta 5-600 lb Steer

Source: CanFax
Grow the Herd

• Cattle cycle indicators signal slight shift toward Canadian herd expansion
• To sustain expansion, producers need to be confident that price signal will not disappear over the next 2-3 years
• Canadian expansion lagging behind U.S.
• Profitability driven by production efficiency, beef demand and market expansion will be key factors to growth
Production Competitiveness

• Animal Health and Welfare
• Feed Grains and Feed Efficiency
• Forage and Grassland Productivity
• Animal performance
• Genetic Leadership
• Access to technology and public acceptance
• Verification tools that will efficiently meet growing customer requirements
Grow the Market

- Export Market access opportunities offer growth
- Domestic market is our most secure and largest market but is changing
- MCOOL is gone – North American market normalization – opportunities for regulatory cooperation
Global Opportunities Trade

- Flat global beef supplies
- Import demand from developing countries
- Strong prices in the global market

**Global Beef Production**

Source: USDA, FAS

**Beef Import Growth by Region 2012/14 - 2024**

Source: OECD-FAO Agricultural Outlook 2015
Competing Meats

- FAO is projecting increased meat consumption in the next ten years:
  - Beef +7.3 million tonnes (+11%)
  - Pork +10 million tonnes (+8%)
  - Poultry +22 million tonnes (+20%)
The Competition – Major Beef Exporters

Major volume exporters – India, Brazil, Australia, US, & New Zealand - Canada’s major competitors – Australia, US, New Zealand, Mexico & Brazil

Top 10 Beef Exporting Nations, 2016f
(Excludes Live Slaughter Exports)

India: 20.2%
Brazil: 19.2%
Australia: 15.8%
United States: 11.6%
New Zealand: 6.1%
Canada: 4.3%
Uruguay: 3.9%
Paraguay: 3.9%
European Union: 3.3%

Source: USDA

Import Suppliers to Canada's Top 4 markets

Australia: 22%
Canada: 15%
USA: 13%
Mexico: 7%
New Zealand: 7%
Brazil: 4%
Other: 32%

Source: GIRA 2015
TRADE & MARKET ACCESS OPPORTUNITIES
Trans-Pacific Partnership (TPP)-Canada Japan bilateral (CJEPA)

• The CCA strongly supports the Trans-Pacific Partnership (TPP) Agreement reached in October
• Japanese beef tariffs to be reduced from 38.5% to 9%.
• Under the TPP Canadian beef exports to Japan could double or triple to nearly $300 million.
• CCA intensifies lobby efforts to ratify
  – David Haywood-Farmer and Dennis Laycraft in Asia
  – Presentations to Standing Committee on International Trade
• CCA advocates a bilateral agreement with Japan
Canada EU Comprehensive Economic & Trade Agreement (CETA)

• New 50,000 tonne duty free quota
  – 35,000 tonnes fresh + 15,000 tonnes frozen
  – Hilton quota (11,500 tonnes) to drop to 0% duty from 20%

• Key – need resolution of longstanding technical barriers
  – Particularly with CDN packing plants ➔ carcass washes
  – Applications for additional interventions
  – Pursue changes to allow equivalence and systems approvals

• CCA protocol documents for cow-calf producers and feedlot operators at www.cattle.ca/market-access
China

• Has now become the 2\textsuperscript{nd} largest export market for Canadian beef, up from 5\textsuperscript{th} in 2014
• Value of Canadian beef exports more than doubled in 2015
• Further potential when access is expanded to bone-in beef
• Ractopamine ban
Other International Access Priorities

• Changes to the OIE BSE code – either shorten the number of years to receive negligible risk or move to two categories – controlled or undetermined

• Continued work and collaboration to ensure Codex and JECFA achieve sound science based outcomes
SUSTAINABILITY PUBLIC CONFIDENCE & PROFITABILITY
How do we maintain public confidence

TRUST
TRANSPARENCY
CONSUMER ENGAGEMENT
DEMONSTRATION
PROGRAMS
Changing the Conversation

• Key is to normalize current and emerging practices by creating awareness and understanding
  – eg) “I know producers use antibiotics to treat sick animals and that’s okay because it’s the humane thing to do. I also know they must follow proper processes so the treatment doesn’t effect the beef I eat.”

• Recognizing gaps and striving for continuous improvement

• Proactive vs. Reactive
  – Building resources and promoting understanding of industry practices on a regular basis through a variety of communications channels
  – Ultimately prevents crises before they happen and provides a stronger platform to speak from when they do
Building Confidence

• Trust in modern practices and science
  – Antimicrobials
  – ex) “I know producers use antibiotics to treat sick animals and that’s okay because it’s the humane thing to do. I also know they must follow proper processes so the treatment doesn’t effect the beef I eat.”

• Social license
  – Public confidence
• **Environmental**: making sure you don’t take more than what you put back in (maintaining or enhancing ecological integrity; stewardship)

• **Economic viability**: long-term viability

• **Social well-being**: animal welfare, human health, water quality, young beef producers, social license, continuity, fair working conditions

• **Continual Improvement**
• VBP Plus is the addition of modules in Animal Care, Biosecurity, and Environment

• Working closely with the CRSB and McDonald’s to encourage alignment with sustainability indicators and audit requirements

• VBP has the potential to link end-users and producers in an industry-led, credible, cost effective manner
Reducing Emissions

CLIMATE CHANGE IS A TOP PRIORITY FOR THE TRUDEAU GOVERNMENT

• Feed efficiency
• Herd fertility, health, and animal performance
• Carbon sequestration
  – Grasslands conservation
  – Conservation tillage

Canada’s cattle industry can be a good news example - Reduced GHC’s in Canada by 15% since 1981. Continue our work.
Environment

• Preserving grasslands
• Biodiversity – one of our greatest strengths
• Preserving marginal lands and diverse landscapes
• Water management
  Water quality and use
  Riparian management
• Soil conservation and fertility
• Sequestration
Beef Quality

- Carcass Efficiency
  - Eating Quality
  - Predictability
  - Yield
  - Real time systems to measure and reduce defects and trim

- Next generation of technology
  - Vision system created 25 years ago

- Utilizing larger carcasses – REDUCING FAT TRIM
Safety

• Anti-Microbial Use -

• Post-harvest interventions
  – New systems and technology to overcome EU impediments
  – Irradiation
Animal Health and Production

• Next generation treatments
• Genetic
• Epigenetic?