

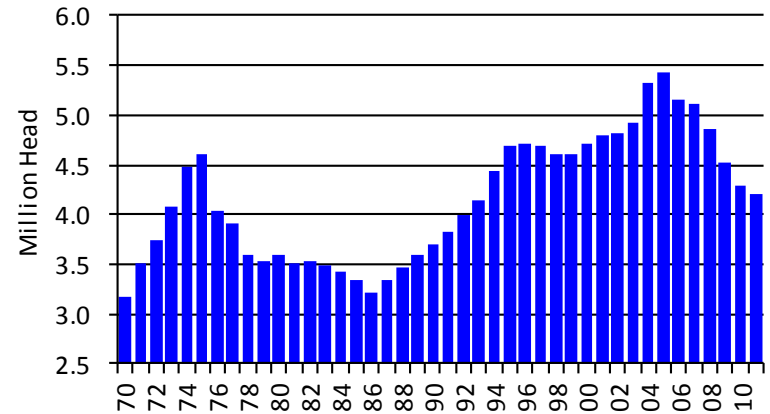
The CCA Perspective

Travis Toews, President

Canadian Cattle Inventories Stabilize

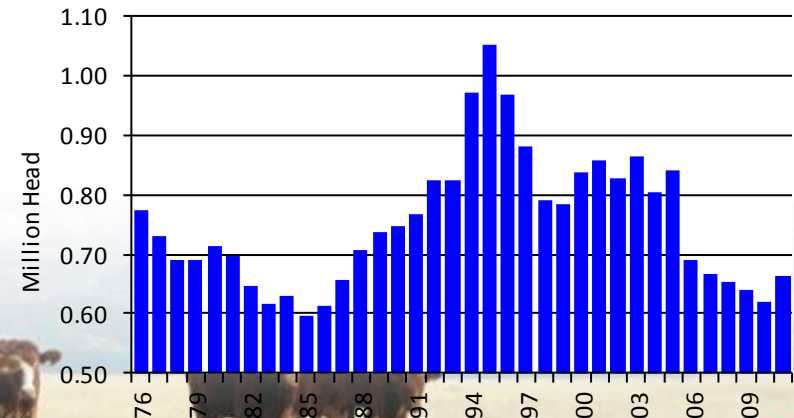
- Total inventories down 0.8% on July 1st at 13.87 million head
- Beef Cows down 2.1% at 4.2 Mill Head same as 1994 and 23% below 2005 peak
- Breeding Heifers up 6.7% at 622,200 head; 12% below long term avg of 752,000 head
 - Retention up 8% in the west and down 2.4% in the east

Canadian Beef Cow Inventory
July 1



Source: Statistics Canada

Canadian Beef Heifers (Breeding)
July 1

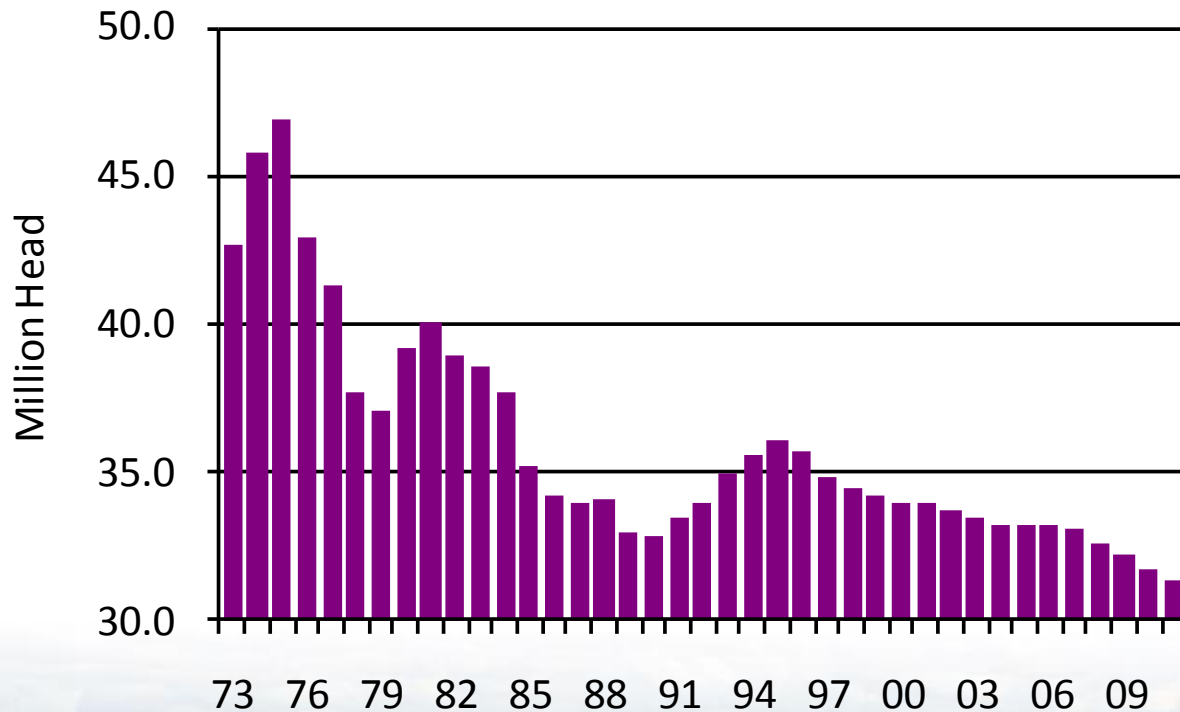


Source: Statistics Canada



U.S. cattle herd continues to contract with drought and high feed costs driving reductions

U.S. Beef Cow Inventory
July 1



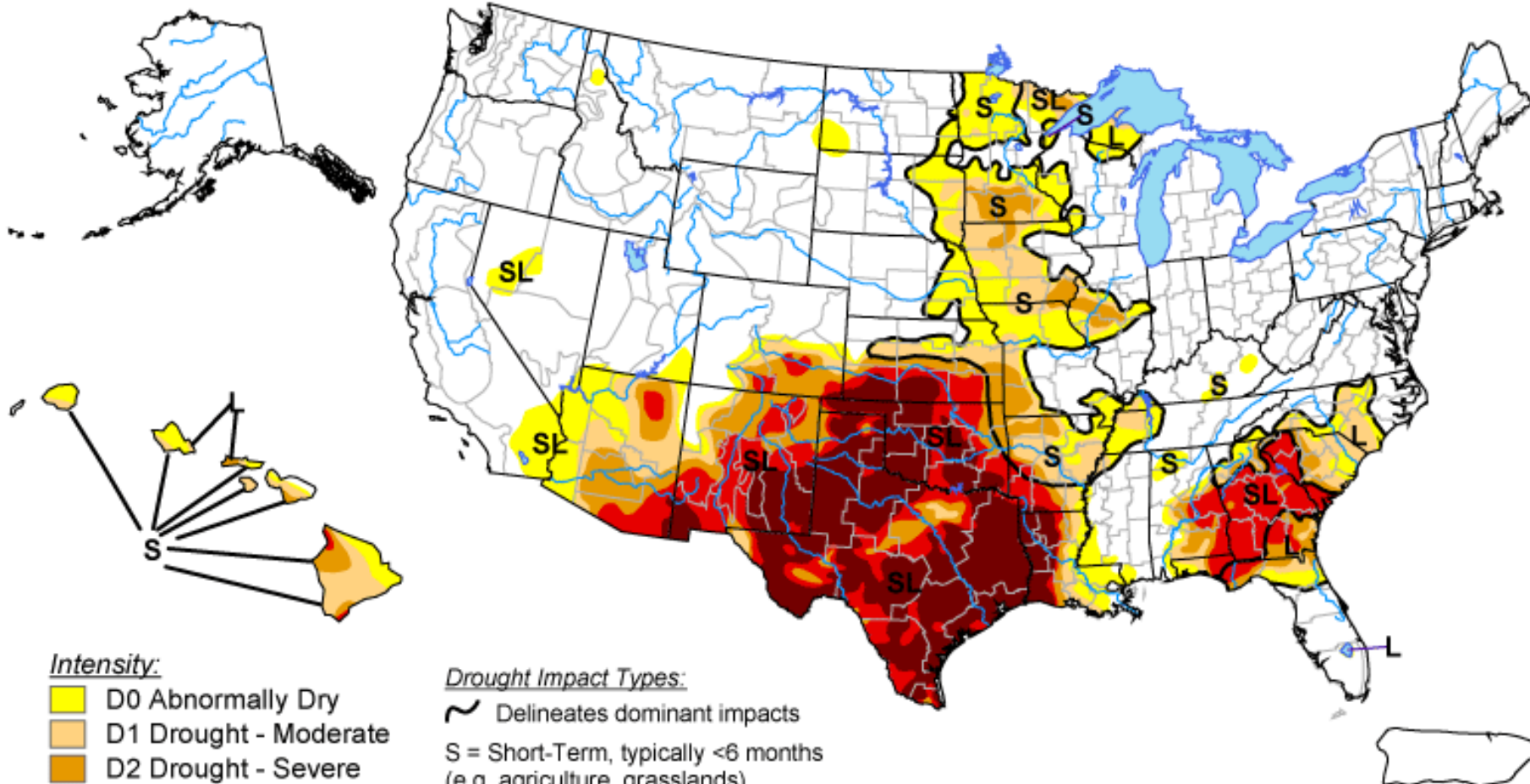
Source: USDA, Cattlefax








U.S. Drought Monitor

October 18, 2011


Valid 8 a.m. EDT



Intensity:

-  D0 Abnormally Dry
-  D1 Drought - Moderate
-  D2 Drought - Severe
-  D3 Drought - Extreme
-  D4 Drought - Exceptional

Drought Impact Types:

-  Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>

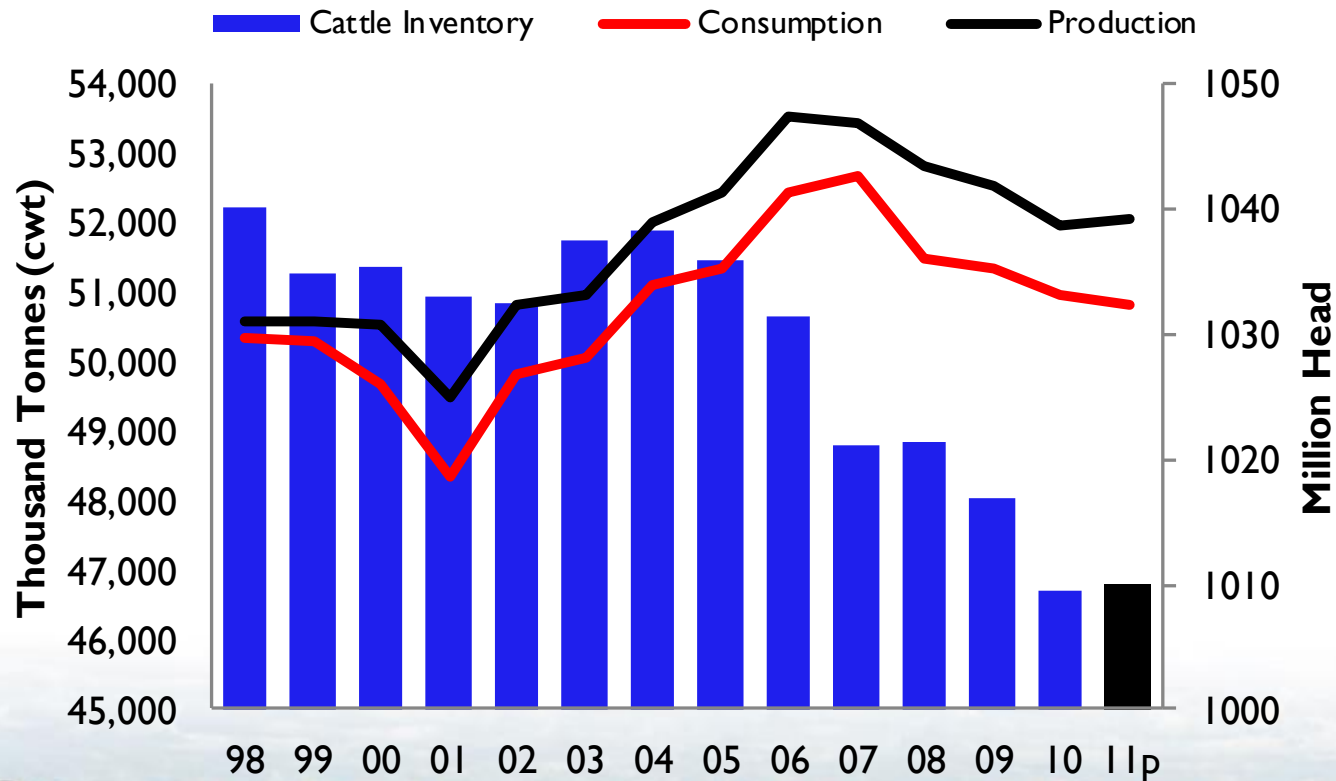


Released Thursday, October 20, 2011

Author: David Miskus, NOAA/NWS/NCEP/CPC

Global cattle inventories down 3% since 2004

World Cattle Inventories vs. Demand



Source: GIRA

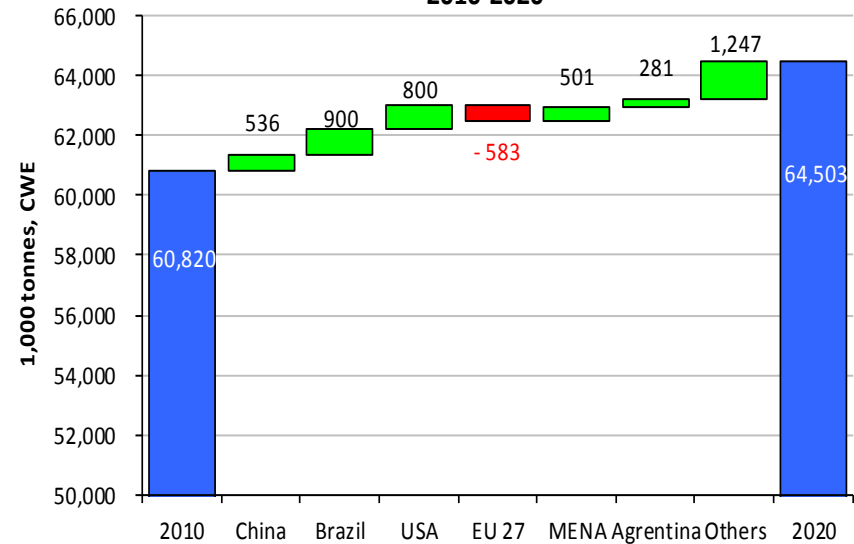


Global Supply Dynamics

The Competition ...

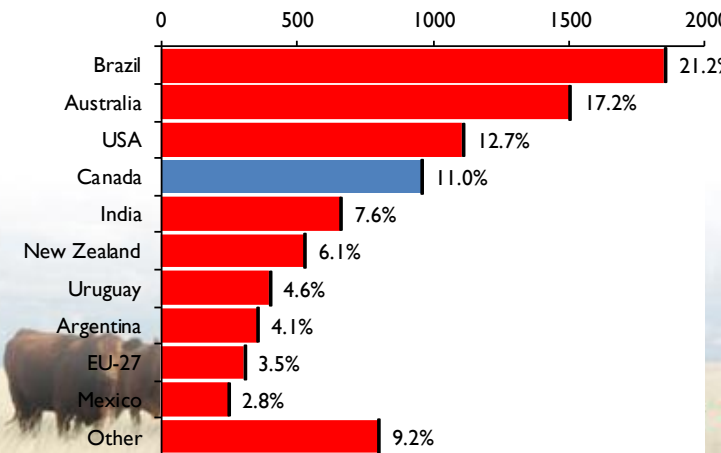
- Cost differential narrowing in SA
 - Currency
 - Labor
 - Land
 - Major volume exporters
 - Brazil, Australia, USA, & Canada
 - High reliance & focus on trade
 - New Zealand, Uruguay, Australia & Canada
- Brazil, Australia, Argentina and Canada all entering a growth phase.

Beef Production growth by Country/Region
2010-2020



Source: GIRA

World Beef & Veal Exporters - 2010
1000 tonnes cwe



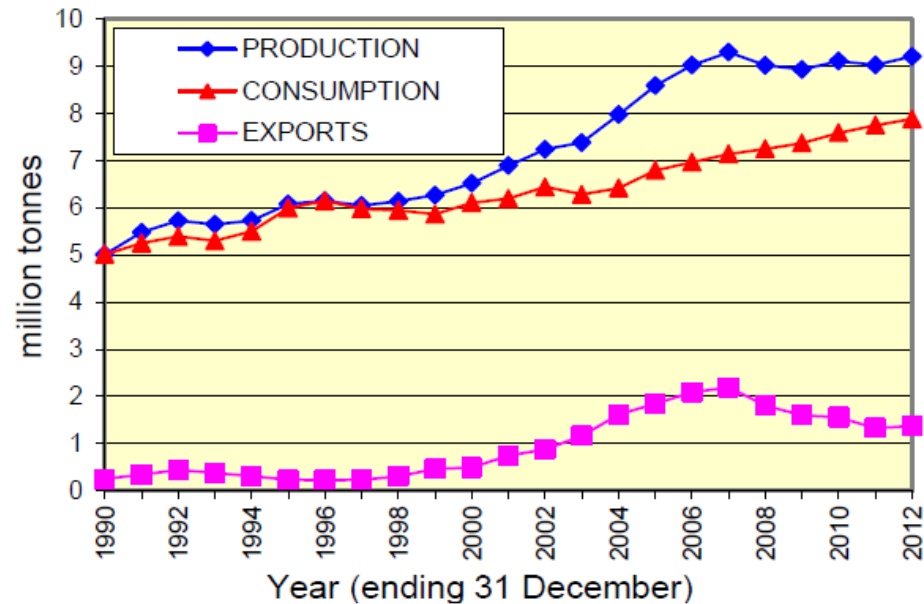
Source: GIRA



Brazilian growth sustainable?

- **Largest beef exporter in the world – 21% of total trade**
- Inventories have rebounded from low prices which resulted in the 2005-07 sell off and have since been growing with the higher cattle prices
- **Inventories** likely to stabilize as grains provide a better return and competition for land increases
- Focus on growing domestic market
- Consumption is growing faster than production pulling product away from export
- Only export 19% of production
- Increase in grain-fed beef production is sma

CHART 11 BRAZIL PRODN AND CONS



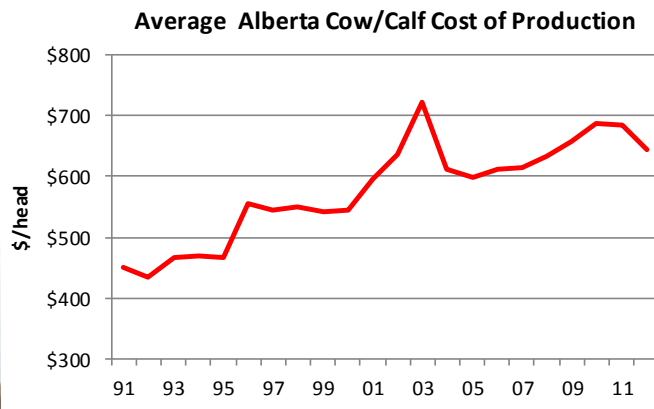
Factors driving consolidation/expansion

Consolidation:

- Rising Costs of Production – Higher Input/Feed Costs
- Land use competition
- Other factors influencing producer decisions
 - Lost Equity
 - Credit Availability
 - Producer's age and willingness to take on additional risk
 - Uncertain NA demand and economy

Expansion:

- Shrinking global cattle inventories and improving market access opportunities resulting in higher prices
- Low interest rates
- Canada has ample land base and resources to support growth



Foreign Trade & the Canadian Beef Industry

Top Foreign Trade Priorities

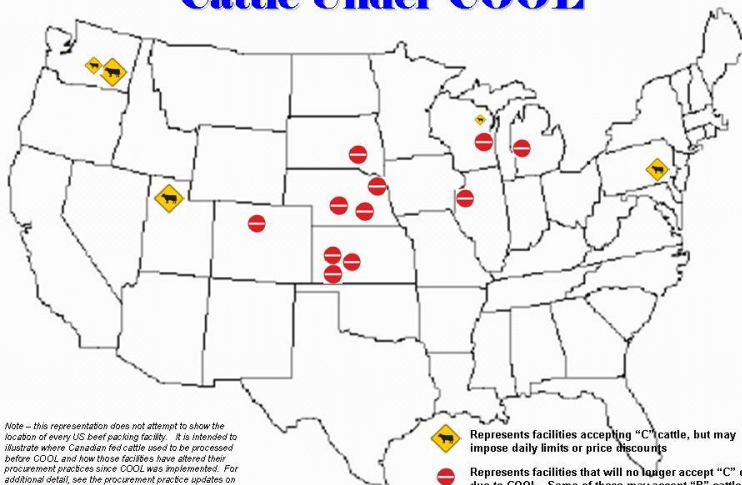
- UTM access to Korea (FTA)
- UTM access to Japan
- Trans Pacific Partnership Trade Agreement
- OTM access to Mexico
- Access to European Union (CETA)
- US mCOOL



US mCOOL

- Panel ruling November 18 2011
- CCA participation
- Advocacy phase (new Congress)
- Work with US allies

US Packer Procurement of "C" Cattle Under COOL



*"B" cattle are born outside the US, but raised in the US. "C" cattle are imported to the US for immediate slaughter.

US Packer Procurement of "C" Cattle Under COOL Final Rule



*"B" cattle are born outside the US, but raised in the US. "C" cattle are imported to the US for immediate slaughter.



Traceability and BIXS

Traceability

- Disease control, response & eradication
- Market access
- Consumer confidence
- Completing premise ID is next step.
- Phased in movement tracking would follow.



Beef InfoXchange System



- A voluntary national cattle and beef information exchange system based on RFID.
- Data or information flows into and out of the database across the chain linked to the animal's RFID tag identifier.
- www.bixs.cattle.ca



Federal Issues at Play

Regulatory Burden

- Approvals and access to inputs
- BSE's long cost shadow
- Export approval and market access
- Labeling



Perimeter Security and Regulatory Cooperation Commission

1. Remove the Requirement for Re-inspection
2. Eliminate Microbial Testing of Meat Products at the Border
3. Implement Electronic Export Certification
4. Build on the Established Equivalency of the Food Safety Systems
5. Harmonize the Approval Process for Veterinary Drugs
6. Establish Equivalency Agreements for Label Claims and Quality Related Specifications



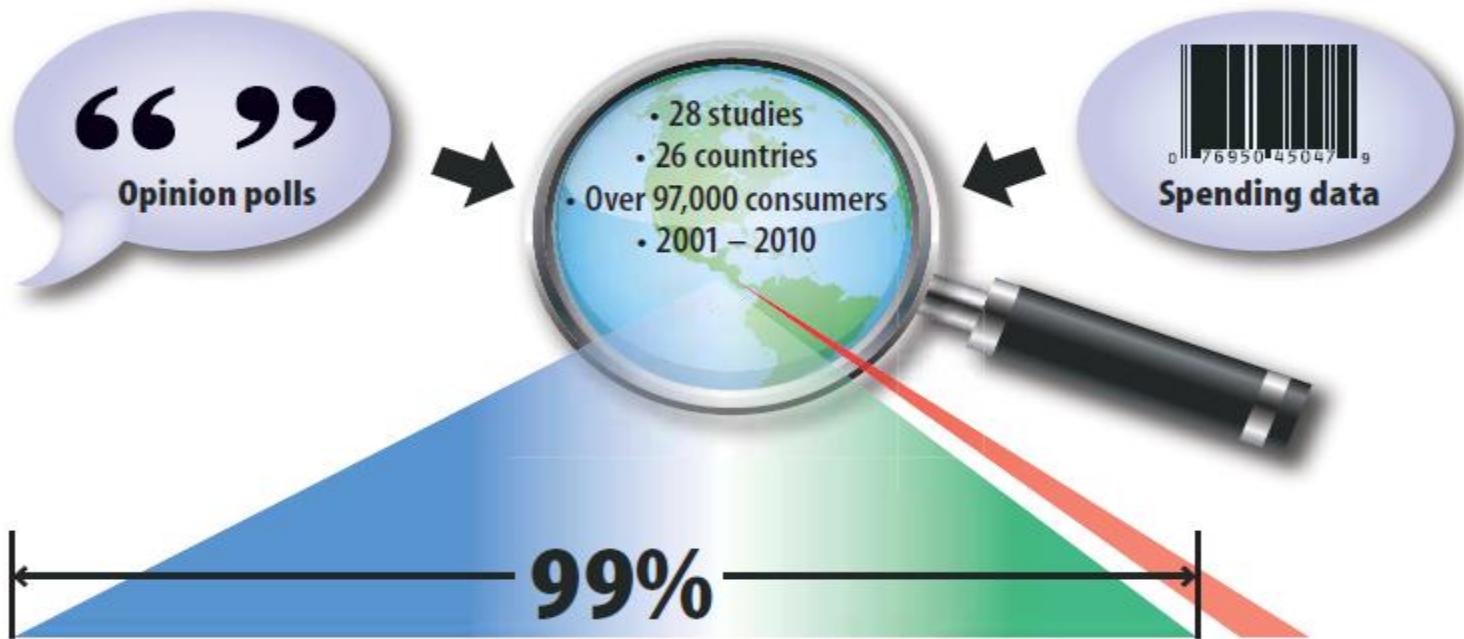
Growing Forward 2

Canadian Farm Bill

- Research and innovation
- Market development
- Competitiveness
 - Market access
 - Regulatory
- BRM
 - Predictable and consistent Disaster Assistance
 - Cattle Price Insurance Program



The International Consumer Attitudes Study (ICAS)



Food Buyer: 95%

- Taste
- Cost
- Nutrition

Lifestyle Buyer: 4%

- Luxury/Gourmet
- Organic/Local
- Gardens

Fringe

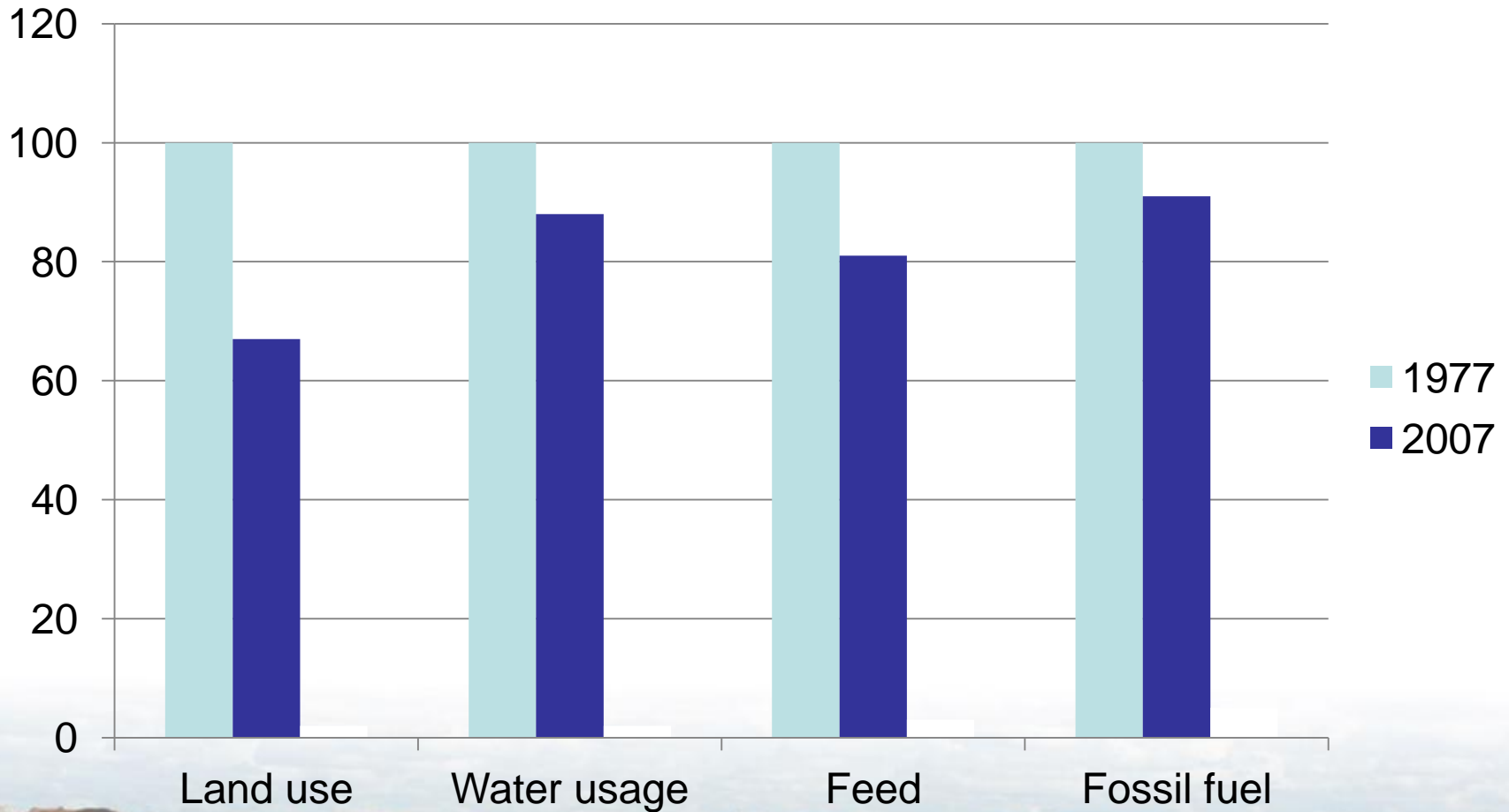
- Food bans
- Restrictions
- Propositions

Analysis of 28 studies that looked at consumer attitudes and behaviors regarding food purchases shows that 99 percent of people choose to eat traditionally grown foods, lifestyle foods or both. Only a tiny percentage wants to eliminate food choices by banning specific agricultural technologies and/or methods.

Taken from "Making safe, affordable and abundant food a global reality" by Jeff Simmons, Elanco



Sustainability Gains



Cattlemen's Young Leaders Development Program

Cattlemen's Young Leaders (CYL) Development Program

- Provides industry-specific training and mentorship to beef enthusiasts between, the ages 18-35
- Explore a potential fulfilling career choice or involvement with an industry leader within a provincial/national producer or affiliate organization
- Grooming beef advocates

