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Canada

Livestock

Canadian Beef and Pork Annual Update

1998

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Report Highlights:
Production levels of Canadian of beef and pork are forecast to increase in 1998. Beef production will be higher due to record heavy carcass weights while pork output increases are a result of herd expansion. The Asian economic crisis has adversely affected Canadian exports of beef and pork to the region but increased exports to the United States are helping to offset the decline in overseas sales. There is strong opposition in Canada to the proposed U.S. legislation requiring country of origin labeling for imported beef and lamb.

Includes PSD changes: Yes
Includes Trade Matrix: Yes

Annual Report
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Executive Summary

The Canadian livestock sector in mid-1998 is characterized by increased beef and pork production. Beef production increases reflect record high carcass weights while total cattle slaughter remains similar to a year ago. An increasing hog inventory and a larger pig crop are factors behind increased pork production despite a record pace of live slaughter swine exports to the United States. For 1999, lower beef production is forecast reflecting a reduced breeding herd inventory and lower cow and steer slaughter. Pork production in 1999 is forecast to demonstrate a strong year-to-year increase of at least 5 percent reflecting herd expansion and increased domestic slaughter as new and expanded processing facilities come on line.

While the Asian economic crisis has adversely impacted Canadian exports of beef and pork to Asian markets, Canadian exporters are partially offsetting overseas export declines by increasing exports to the United States. They are aided by the recent sharp decline in the value of the Canadian dollar which has lost nearly 10 percent of its value against the U.S. dollar in the first seven months of 1998.

There is strong opposition in Canada to proposed U.S. legislation to require country of origin labeling for imported beef and lamb. Canadian politicians and the Canadian Cattlemen's Association believe the proposed action is a violation of the NAFTA and the WTO and feel the action will negate the efforts of Canadian and U.S. cattle industries over the last decade to achieve an integrated market and harm the North American beef industry.

Agriculture and Agri-Food Canada expects the proposed regulation amending the Northwest Pilot Project to be approved by the federal Cabinet by September 1, 1998. The new rules are designed to facilitate the export of U.S. feeder cattle to western Canadian feedlots.

Recent labor settlements in Canada's pork processing industry were tied to workers ratifying processors' plans to lower wage rates to U.S. levels. The development points to Canada's pork industry becoming more competitive in future years.

Exchange rates: Prices and values in this report are expressed in Canadian dollars. Exchange rates are 1996, C\$=US\$.7334; 1997, C\$=US\$.7223; mid-August 1998, C\$= approximately US\$.6575.

Section 1. Cattle and Beef

Production

In the first half of 1998, total Canadian cattle slaughter paralleled the level for the first six month period a year ago but beef production in 1998 ran almost 6% percent greater reflecting higher carcass weights. The slaughter mix in first half of 1998 was characterized by increased heifer slaughter and lower cow slaughter while steer slaughter was unchanged. Live exports of Canadian cattle to the United States were brisk in the first quarter of 1998 but slowed by mid-year to register a decline of about 5%. On January 1, 1998 the cattle inventory was nearly 1.5% below the year earlier level and a similar year-to-year decline in the inventory is projected for the July 1, 1998 survey which Statistics Canada is scheduled to release in late August 1998. The reduced cow inventory and increased heifer slaughter indicates that Canadian cattlemen are not increasing the breeding inventory. Present prospects point to the year 2000 before cattle inventories begin to increase.

Canadian Cattle Supply & Distribution

PSD Table						
Country:						
Commodity:						
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin						
Total Cattle Beg. Stks	13341	13341	13075	13157	0	12950
Dairy Cows Beg. Stocks	1253	1253	1255	1242	0	1240
Beef Cows Beg. Stocks	4380	4380	4300	4295	0	4250
Production (Calf Crop)	5400	5335	5200	5200	0	5180
Intra EC Imports	0	0	0	0	0	0
Other Imports	55	44	70	70	0	75
TOTAL Imports	55	44	70	70	0	75
TOTAL SUPPLY	18796	18720	18345	18427	0	18205
Intra EC Exports	0	0	0	0	0	0
Other Exports	1400	1389	1300	1250	0	1150
TOTAL Exports	1400	1389	1300	1250	0	1150
Cow Slaughter	590	590	535	540	0	535
Calf Slaughter	365	370	350	360	0	350
Other Slaughter	2730	2661	2765	2750	0	2715
Total Slaughter	3685	3621	3650	3650	0	3600
Loss	636	553	645	577	0	555
Ending Inventories	13075	13157	12750	12950	0	12900
TOTAL DISTRIBUTION	18796	18720	18345	18427	0	18205
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Outlook: Beef and Veal

Canadian beef and veal production in 1999 is forecast to be at or slightly below the forecast level for 1998 of about 1,125,000 metric tons as the industry enters the third year of the liquidation phase. The Canadian cattle inventory is unlikely to show an increase until the year 2000.

PS&D Beef and Veal

PSD Table						
Country:	Canada				<-Conversion factor for CWE	
Commodity:	Cattle					
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1997		01/1998		01/1999
Slaughter (Reference)	3685	3621	3650	3650	0	3600
Beginning Stocks	23	23	21	24	0	26
Production	1046	1074	1050	1125	0	1115
Intra EC Imports	0	0	0	0	0	0
Other Imports	250	252	250	230	0	230
TOTAL Imports	250	252	250	230	0	230
TOTAL SUPPLY	1319	1349	1321	1379	0	1371
Intra EC Exports	0	0	0	0	0	0
Other Exports	340	360	340	365	0	375
TOTAL Exports	340	360	340	365	0	375
Human Dom. Consumption	958	965	956	988	0	973
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	958	965	956	988	0	973
Ending Stocks	21	24	25	26	0	23
TOTAL DISTRIBUTION	1319	1349	1321	1379	0	1371
Calendar Yr. Imp. from U.S.	0	125	0	110	0	109
Calendar Yr. Exp. to U.S.	0	331	0	346	0	351

Consumption

According to Statistics Canada, Canadian per capita beef and veal consumption slipped to 32.0 kilograms in 1998 continuing a slow downward trend since the early 1980s. Contributing factors include 1) a shift in immigration to origins where beef is not part of the traditional diet, 2) the lack of "quick prepare" beef items suitable to modern shoppers and family eating habits and 3) competition from other meats, especially chicken.

Canada: Per Capita Beef & Veal Consumption					
Units: kilograms (carcass basis)					
		1994	1995	1996	1997
Beef		31.4	31.4	31.1	30.6
Veal		1.3	1.4	1.3	1.4
Beef & Veal		32.7	32.8	32.4	32.0
Source: Statistics Canada & Post Forecast					
pcapbeef.wk4					

Prices

Canadian cattle market prices in the first half of 1998 averaged below the comparable period a year earlier. Although domestic cattle slaughterings in the January to June period of the current year ran close to last year's level, record high carcass weights placed downward pressure on prices and are expected to do so for the remainder of the year.

Alberta Steer Prices Preliminary data April through July 1998

Prices Table					
Country:					
Commodity:					
Year:	1998				
Prices in (currency)	$Cdn	per (uom)	hundredweight		
Year	1997	1998	% Change		
Jan	79.71	84.69	6.2%		
Feb	84.12	82.56	-1.9%		
Mar	87.15	83.00	-4.8%		
Apr	86.30	85.80	-0.6%		
May	84.69	86.70	2.4%		
Jun	82.31	83.30	1.2%		
Jul	83.00	79.50	-4.2%		
Aug	83.55	-	-100.0%		
Sep	80.19	-	-100.0%		
Oct	84.00	-	-100.0%		
Nov	87.20	-	-100.0%		
Dec	85.81	-	-100.0%		

Trade

Beef and Veal: Product Weight Trade

Import Trade Matrix		Meat		
Country:			Units:	TMT Prod. Wt.
Commodity:			Partial Begin:	Jan
			Partial End:	May
Exports for	1996	1997	1997	1998
	Full	Full	Partial	Partial
U.S.	89937	84501	31451	30925
Others				
New Zealand	46775	43427	21879	26025
Australia	26983	37154	15051	13401
Uruguay	138	8273	2500	845
Argentina	0	1	0	201
Total for Others	73896	88855	39430	40472
Others not listed	30	64	16	5
Grand Total	163863	173420	70897	71402

Total Canadian beef imports in 1998 are expected to decline from year earlier levels. Imports from the United States are forecast to fall about 10 percent reflecting increased Canadian beef production, greater Canadian supply brought on by reduced Canadian exports to Asia, and aggressive marketing by major western Canadian packers in eastern Canada, the traditional stronghold of U.S. high quality beef. For non-NAFTA countries, Canada's tariff rate quota for beef remains at 76,409 metric tons with two country-specific allocations: New Zealand, 29,600 MT, Australia, 35,000 MT, and 11,809 MT, called the MFN reserve, for imports from all other eligible suppliers, including those from New Zealand and Australia once their country-specific allocations are filled. Beef and veal imported in excess of the minimum access level incur a high rate of duty (28.0 percent effective Jan.1, 1998). A provision exists for supplementary imports when shortages of domestic product occur. It is GOC policy to not issue supplementary import allocations for product which is priced less than similar product landed in the United States. Trade data show that a small amount (201 MT) of Argentine beef (mostly for grinding) entered Canada in the January to May period of 1998, but most industry observers believe that the United States is the main target market for Argentina in North America and that only small quantities will come to Canada initially.

Canadian Beef and Veal Exports (Product Weight)

Export Trade Matrix		Meat		
Country:			Units:	TMT Prod. Wt.
Commodity:			Partial Begin:	Jan
			Partial End:	May
Exports for	1996	1997	1997	1998
	Full	Full	Partial	Partial
U.S.	230762	268612	112933	119975
Others				
Japan	6209	13179	5646	5081
South Korea	1465	4735	1783	242
Taiwan	607	1257	471	355
Cuba	87	299	46	172
Hong Kong	188	235	111	44
France	208	197	72	102
Total for Others	8764	19902	8129	5996
Others not listed	1431	749	329	490
Grand Total	240957	289263	121391	126461

Canadian beef exports to all important markets other than the United States declined in the first five months of 1998. As shown on the accompanying trade matrix, product weight exports to the United States increased by more than 6 percent reflecting increased Canadian cattle slaughter, heavier carcasses for export and increased sales linked to a steadily declining Canadian dollar. During the first half of 1998, the Canadian dollar lost about 8 percent of its value from the 1997 annual average of 72.23 U.S. cents. In early August 1998 it is hovering around 65.50 U.S. cents.

The decline in exports of Canadian beef to other markets is related to the Asian economic crisis. In the January to May period of 1998, official product weight beef exports to the top Asian markets fell 26 percent from levels realized during the first five months of 1997. The Canadian Cattlemen's Association remains hopeful that Asia will become an increasingly important market for Canadian beef when the economic situation in the region improves. Increased Canadian exports of fresh or frozen Canadian beef to the United States in the first half of 1998 are a direct result of beef backing up on domestic processors due to lower sales to Asia. For 1998 as a whole, Canadian beef exports are projected to increase over the 1997 level as increased exports to the United States more than offset declines in exports to Asia.

Carcass Weight Equivalent Conversion Tables

Total Canadian beef and veal exports in the beef and veal supply and distribution table are expressed in carcass weight equivalent derived from the application of numerous conversion factors to product weight imports and exports. The following tables show total imports and exports on a carcass weight basis using the Canadian conversion factors. In some instances, processed beef and pork trade items share the same HS code. Consequently, their proportion is shown in parenthesis.

Beef Imports, 1997, in CWE

Total Canadian Beef and Veal Imports in kilograms CWE, 1997				
HS Code	Description	Product Weight	Factor	Carcass Weight
0201.10	Beef & Veal Carcasses	10,273	1.00	10,273
0201.20	Bone-in cuts	5,226,360	1.00	5,226,360
0201.30	Boneless	73,223,680	1.40	102,513,152
0202.10	Carcasses, frozen	27,785	1.00	27,785
0202.20	Cuts, bone-in, frozen	1,162,114	1.00	1,162,114
0202.30	Boneless, frozen	93,769,352	1.40	131,277,093
0210.20.00.00	Salted, dried, smoked	133,465	1.18	157,489
1601.00.19.00	In airtight contain. (50%)	241,717	0.85	102,730
1601.00.99.10	Salami (50%)	694,698	1.10	382,084
1601.00.99.20	Weiners (80%)	2,186,340	0.80	1,399,258
1601.00.99.30	Sausages (90%)	1,309,826	0.85	1,002,017
1601.00.99.40	Sausage, cured (50%)	1,592,160	1.10	875,688
1601.00.99.90	Other (50%)	2,982,536	0.85	1,267,578
1602.50	Prepared meals	12,906,833	0.50	6,453,417
	Total Beef and Veal	195,467,139		251,857,036

Beef Exports; 1997 in CWE

Total Canadian Beef and Veal Exports in kilograms CWE, 1997				
HS Code	Description	Product Weight	Factor	Carcass Weight
0201.10.20	Veal carcasses	4,186,149	1.00	4,186,149
0201.10.90	Beef carcasses	1,374,208	1.00	1,374,208
0201.20.90	Beef cuts, bone-in	121,072,547	1.00	121,072,547
0201.30.00	Beef, boneless	125,617,144	1.40	175,864,002
0202.10.20	Veal carcasses, frozen	20,520	1.00	20,520
0202.10.90	Beef carcasses, frozen	32,622	1.00	32,622
0202.20.00	Beef cuts, bone-in, froz.	4,339,239	1.00	4,339,239
0202.30.00	Beef, boneless, frozen	32,441,437	1.40	45,418,012
0210.20.00	Salted, dried, smoked	894,479	1.18	1,055,485
1601.00.10	In airtight cont. (50%)	1,389,065	0.85	590,353
1601.00.90	Other (50%)	10,537,109	0.85	4,478,271
1602.50.10	Prepared meals	1,199,669	0.50	599,835
1602.50.20	Other, in airtght. cont.	83,472	0.50	41,736
1602.50.90	Other	2,563,597	0.50	1,281,799
	Total Beef & Veal	305,751,257		360,354,777

Policy

Northwest Pilot Project

On June 20, 1998 the Canadian Food Inspection Agency published the proposed regulatory amendments to facilitate the flow of U.S. feeder cattle to Canada under the Northwest Pilot Project. A thirty day public comment period reportedly resulted in no obstacles for final implementation of the plan which is expected to receive Cabinet approval by September 1, 1998.

National Checkoff Update

The Canadian Cattlemen's Association continues to work on the development of a national checkoff system to fund promotion and research. Enabling legislation was passed in March 1993 by Canada's Parliament (see CA3025), no national agricultural organization has yet developed a national checkoff scheme. Currently, the plan has the support of the provinces of B.C., Alberta, Saskatchewan, and Ontario and from Quebec in principle. Manitoba is seeking ratification from its provincial cattle organizations this summer. The CCA will be campaigning for support in the Atlantic provinces in August 1998 and is hopeful it can proceed with a national program by early 1999. The program will operate similar to the U.S. National Beef Promotion and Research Program. When finalized, the Canadian program is expected to apply about $C1 per head on all cattle marketed or imported and another checkoff (amount to be determined) for domestic and imported beef.

Canadian Cattle Identification Program

The Canadian Cattle Identification Agency (CCIA) was incorporated in March, 1998 and has a mandate to develop a individual traceback system for Canadian cattle (dairy and beef) for animal health and product safety and the need to ensure buyers in export markets that Canada is developing a credible traceback system. The CCIA is currently conducting identification tag field trials on 80 herds throughout Canada. The goal of the CCIA is to introduce an traceback program for health and safety to the industry by 1999 on a voluntary basis for possible implementation of a mandatory system by the year 2000. The CCIA feels that a mandatory system is necessary to protect an industry that is dependent on the export market for more than 50% of its total sales. The CCIA points out that a mandatory system is not new for Canada. In the late 1970s and early 1980s, Agriculture Canada implemented a mandatory system for brucellosis control which resulted in Canada being declared free of brucellosis in 1986.

Country of Origin Labeling Proposal

Canada's cattle and beef industry is opposed to the U.S. proposal to require country of origin labeling for imported cattle, beef and lamb. At the Canadian Cattlemen's Association annual convention held in Edmonton, August 6-8, 1998 the prevailing opinion among Canadian cattlemen, processors and politicians was that the labeling proposal, if implemented, would harm Canada/U.S. bilateral trade in cattle and beef, raise North American beef prices, and reduce imports of U.S. feeder cattle under the Northwest Pilot Project. For details on the reaction in Canada to the labeling proposal see CA8038.

Marketing

The declining purchasing power of the Canadian dollar and the aggressive marketing campaign by the major Alberta packers to capture a larger share of the high quality beef market in eastern Canada resulted in lower Canadian imports of U.S. beef in 1997. The trend to reduced imports from the United States continued in the first part of 1998. In the January to May period of 1998, Canadian imports of U.S. fresh or frozen beef and veal fell nearly 2% to 30,925 metric tons from 31,451 metric tons during the same period a year ago. Canadian beef grading statistics show that in the first half of 1998, beef carcasses grading AAA (triple A) were up nearly 25% from the year earlier level. The Canadian industry is working with retailers in Canada to feature triple A grades at retail and acceptance by Canadian consumers is reported to be favorable. In addition, Canadian packers are reportedly promoting the triple A grade at the foodservice industry as an alternative to imported U.S. beef.

Canadian food industry research shows that Canadians are more likely to prepare meals from scratch than Americans. Marinated portion control meat items are less likely to be seen in Canadian retail stores and may offer U.S. exporters a marketing opportunity. Marinade sachets are beginning to appear at point of sale at Canadian meat counters and the Beef Information Center, the promotional arm of the Canadian Cattlemen's Association, recently launched a new naming system for retail beef cuts which incorporates the cooking method into the beef cut name. The new system is voluntary for retailers, but according to the Canadian Council of Grocery Distributors, many major chains and independent stores are already employing it (for further information see CA8023). At least one Canadian beef packer is exploring the market for prepared pot roast kits, but the concept of meal kits has yet to be as popular among shoppers as is the case in the United States.

Section 2. Swine and Pork

Production

Situation and Outlook

In the last seven years (since 1991), the annual average growth rate of the Canadian hog inventory is 2.2 percent. For the mid-term (3-5 years) increased growth is forecast reflecting increased investment in efficient, technologically advanced facilities in the major producing provinces. Expansion investment is concentrated in western Canada supported by proximity to cheap feed grains, less dense human populations, and new packing plant construction and expansion. Western Canadian hog industry expansion is heavily reliant on exports to the United States and Asia. Ontario and Quebec account for more than 60 percent of production, but environmental constraints limit the rates of potential future increases in percentage terms. In 1997, Canada exported 3.2 million live hogs to the United States representing close to 15 percent of the country's total pig output. Live exports to the United States increased in the first half of 1998 reflecting labor related shutdowns at major Ontario and Alberta packing operations. As a result, total live hog exports to the United States could reach 3.8 million head during 1998. For 1999, the planned start up of operations at the new Maple Leaf Foods plant in Manitoba and the closure of the Thorn Apple Valley plant in Michigan (a heavy importer of Ontario live hogs) is expected to reduce total live exports to about the 3.3 million head level and result in increased domestic slaughterings, greater pork production, and increased pork exports to the United States.

PS&D Swine

PSD Table						
Country:						
Commodity:						
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin						
TOTAL Beginning Stocks	12101	11483	12300	11842	0	12200
Sow Beginning Stocks	1169	1130	1190	1191	0	1220
Production (Pig Crop)	19400	19772	19800	20800	0	21200
Intra EC Imports	0	0	0	0	0	0
Other Imports	2	3	30	10	0	20
TOTAL Imports	2	3	30	10	0	20
TOTAL SUPPLY	31503	31258	32130	32652	0	33420
Intra EC Exports	0	0	0	0	0	0
Other Exports	3085	3180	2700	3800	0	3300
TOTAL Exports	3085	3180	2700	3800	0	3300
Sow Slaughter	395	395	410	410	0	420
OTHER SLAUGHTER	15105	14997	15790	15390	0	16280
Total Slaughter	15500	15392	16200	15800	0	16700
Loss	618	844	630	852	0	870
Ending Inventories	12300	11842	12600	12200	0	12550
TOTAL DISTRIBUTION	31503	31258	32130	32652	0	33420
Calendar Yr. Imp. from U.S.	0	3	0	9	0	0
Calendar Yr. Exp. to U.S.	0	3180	0	3800	0	3300

Canadian Pork PS&D

PSD Table						
Country:	Canada			1.51	<-Conversion factor for CWE	
Commodity:	Swine					
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1997		01/1998		01/1999
Slaughter (Reference)	15500	15392	16200	15800	0	16700
Beginning Stocks	13	13	12	20	0	25
Production	1255	1257	1305	1290	0	1360
Intra EC Imports	0	0	0	0	0	0
Other Imports	54	58	50	60	0	60
TOTAL Imports	54	58	50	60	0	60
TOTAL SUPPLY	1322	1328	1367	1370	0	1445
Intra EC Exports	0	0	0	0	0	0
Other Exports	410	420	390	400	0	450
TOTAL Exports	410	420	390	400	0	450
Human Dom. Consumption	772	760	828	813	0	835
Other Use, Losses	128	128	132	132	0	135
TOTAL Dom. Consumption	900	888	960	945	0	970
Ending Stocks	12	20	17	25	0	25
TOTAL DISTRIBUTION	1322	1328	1367	1370	0	1445
Calendar Yr. Imp. from U.S.	0	53	0	55	0	55
Calendar Yr. Exp. to U.S.	0	237	0	264	0	297

Consumption

Increased domestic supplies, falling market prices for hogs and retail pork features are expected to boost total Canadian pork consumption in 1998 to about 26.8 kilograms, 6 percent above a year earlier, but still below the 1992-1994 three year average.

Canada: Per Capita Pork Consumption							
Units: kilograms (carcass basis)							
PORK	1992	1993	1994	1995	1996	1997	1998F
	28.2	27.4	28.2	27.5	25.7	25.2	26.8
F = forecast							
Source: Statistics Canada & Post Forecast							

Prices

Canadian hog prices fell sharply in the last quarter of 1997 and declines deepened as the labor dispute continued at Ontario's Maple Leaf plant and the first adverse effects of the Asian economic crisis dampened export sales. Increasing hog supplies and continued lower exports to Asian markets in early 1998 kept downward pressure on prices and are expected to do so for the remainder of the year. Prices are not forecast to improve until 1999.

Prices Table					
Country:					
Commodity:					
Year:	1998				
Prices in (currency)	$Cdn	per (uom)	kilogram		
Year	1997	1998	% Change		
Jan	1.87	1.27	-32.1%		
Feb	1.88	1.30	-30.9%		
Mar	1.77	1.27	-28.2%		
Apr	1.97	1.32	-33.0%		
May	2.11	1.62	-23.2%		
Jun	2.10		-100.0%		
Jul	2.14		-100.0%		
Aug	2.04		-100.0%		
Sep	1.82		-100.0%		
Oct	1.70		-100.0%		
Nov	1.63		-100.0%		
Dec	1.51		-100.0%		

Canadian Swine Imports

Canada’s pseudorabies regulations and accompanying strict quarantine procedures (see Policy section) restrict the importation of live swine to Canada to purebred stock.

Import Trade Matrix		Animal Numbers		
Country:			Units:	1000 HEAD
Commodity:			Partial Begin:	Jan
			Partial End:	May
Exports for	1996	1997	1997	1998
	Full	Full	Partial	Partial
U.S.	1	3	1	5
Others				
United Kingdon	1	0	0	1
Total for Others	1	0	0	1
Others not listed				
Grand Total	2	3	1	6

Canadian Pork Imports

Imports from the United States dominate Canadian pork imports. Imports have grown moderately in recent years reflecting increased Canadian demand for certain U.S. pork cuts to fill the void caused by Canadian exports to the Asian market. U.S. exports are making additional inroads into value added processed pork products such as luncheon meats, sausages and weiners. Despite soft Canadian sales to Asia in early 1998, which may be expected to increase domestic supplies, U.S. exports of pork to Canada rose sharply in the first five months of 1998 compared to the year earlier level. For 1999, U.S. pork exports to Canada face increased competition from increased Canadian pork supplies and prospects for a continued weak Canadian dollar. Post forecasts total Canadian pork imports in 1999 to remain close to the 1998 level.

Import Trade Matrix		Meat		
Country:			Units:	1000 MT Product Weight
Commodity:			Partial Begin:	Jan
			Partial End:	May
Exports for	1996	1997	1997	1998
	Full	Full	Partial	Partial
U.S.	24103	34781	13673	18052
Others				
Denmark	2915	3482	1371	1622
Australia	3	0	0	61
Finland	25	108	18	50
New Zealand	0	0	0	21
Italy	1	6	0	15
Netherlands	0	0	0	2
Total for Others	2944	3596	1389	1771
Others not listed	1	10	0	0
Grand Total	27048	38387	15062	19823

Canadian Swine Exports

Canada exported a record 3.2 million head of live swine (slaughter and feeder) to the United States in 1997 and labor related plant shutdowns in Canada boosted live swine exports to new record levels in the first half of 1998. Post forecasts total Canadian swine exports to the United States for 1998 to reach 3.8 million head. The pace of live swine exports should be tempered in 1999 by 1) the startup of Maple Leaf Foods new Manitoba plant, which is expected to come on stream by mid-1999, 2) by increased slaughter capacity at Fletcher's Fine Foods in Alberta and, 3) the closure of Thorn Apple Valley Ltd., of Detroit, Michigan which steadily imported up to 7,000 Ontario slaughter hogs per week. Presently, post forecasts 1999 live swine exports to the United States to reach about 3.3. million head.

Export Trade Matrix		Animal Numbers		
Country:			Units:	1000 HEAD
Commodity:			Partial Begin:	Jan
			Partial End:	May
Exports for	1996	1997	1997	1998
	Full	Full	Partial	Partial
U.S.	2779	3178	1284	1691
Others				
South Korea		2	0	0
Mexico		1	0	0
Total for Others	0	3	0	0
Others not listed				
Grand Total	2779	3181	1284	1691

Pork Exports

Prior to the Asian economic downturn, Canadian pork exports to the region were on an upswing that accounted for more than 25 percent of total Canadian pork exports. The optimism for anticipated continuing growth in sales to Asia is an important factor behind the Canadian hog industry's strategy for herd and processor expansion. Weaker sales to Asia in the first half of 1998 appear not to have dissuaded the industry from plans to increase pork production and the industry seems content to weather the downturn. Increased pork sales to the United States, Russia and Hungary in early 1998 have partially offset reduced sales to Asian destinations. On balance, Canadian pork exports for calendar year 1998 are forecast to decline only 4-5 percent from 1997 levels.

Export Trade Matrix		Meat		
Country:			Units:	1000 MT Prd.wt.fr/froz
Commodity:			Partial Begin:	Jan
			Partial End:	May
Exports for	1996	1997	1997	1998
	Full	Full	Partial	Partial
U.S.	156080	156816	60999	63166
Others				
Japan	36310	57867	24478	17254
Russia	16334	14054	6148	6500
South Korea	4631	10712	5732	1190
Hungary	1967	3041	1120	5340
Australia	3592	6857	2447	2120
New Zealand	3687	4658	1951	2132
Hong Kong	2549	5471	1909	2142
Cuba	2426	1519	686	1598
Total for Others	71496	104179	44471	38276
Others not listed	15253	18337	4938	7077
Grand Total	242829	279332	110408	108519

Total Canadian Pork Imports on kilograms CWE, 1997				
HS Code	Description	Product Weight	Factor	Carcass Weight
0203.11.00.00	Carcasses	33,375	1.10	36,713
0203.12.00.00	Hams & shoulders	2,713,952	1.10	2,985,347
0203.19.00.10	Spare ribs	240,092	1.10	264,101
0203.19.00.20	Back Ribs	177,719	1.10	195,491
0203.19.00.91	Cuts, n.e.s.	9,129,301	1.23	11,229,040
0203.19.00.99	Other	13,558,206	1.40	18,981,488
0203.21.00.00	Carcasses, frozen	13,490	1.10	14,839
0203.22.00.00	Hams & should., froz.	454,607	1.10	500,068
0203.29.00.10	Spare ribs, frozen	963,169	1.10	1,059,486
0203.29.00.20	Back ribs, frozen	2,784,506	1.10	3,062,957
0203.29.00.90	Cuts, frozen, n.e.s.	8,317,761	1.10	9,149,537
0210.11.00.10	Hams & shldrs., bone-in	880,139	1.10	968,153
0210.11.00.20	Shoulders, bone-in	3,861	1.10	4,247
0210.12.00.00	Bellies	109,570	1.10	120,527
0210.19.10.00	Salt pork in barrels	31,926	1.10	35,119
0210.19.90.00	Pork cured, n.e.s.	1,101,073	1.10	1,211,180
1601.00.19.00	Sausage; air.cont. (50%)	241,717	0.85	102,730
1601.00.91.00	Other pork sausage	2,502,822	0.85	2,127,399
1601.00.99.10	Salami (50%)	694,698	1.10	382,084
1601.00.99.20	Weiners (10%)	2,186,340	0.80	174,907
1601.00.99.30	Sausage, other (10%)	1,309,826	0.85	111,335
1601.00.99.40	Sausage, n.e.s., (50%)	1,592,160	1.10	875,688
1601.00.99.90	Other (50%)	2,986,097	0.85	1,269,091
1602.10.90.00	Preparations, other	43,176	0.80	34,541
1602.41.10.00	Hams in airtight cont.	318,271	1.40	445,579
1602.41.90.00	Hams, other	508,955	1.40	712,537

Total Canadian Pork Imports on kilograms CWE, 1997 (continued)				
Code	Description	Product Weight	Factor	Cold Dressed Carcass Weight
1602.42.10.00	Shldrs, in airtight cont.	569,996	1.40	797,994
1602.42.90.00	Shoulders, other	16,630	1.40	23,282
1602.49.10.00	Prepared meals	171,758	0.50	85,879
1602.49.91.10	Luncheon meat	486,832	0.50	243,416
1602.49.91.90	Other	1,971,773	0.50	985,887
1602.49.99.00	Other	231,172	0.50	323,641
	Minus re-exports	231,172	1.40	323,641
	Total Pork Imports	56,264,562		58,057,969

Total Canadian Pork Exports in kilograms CWE, 1997				
Code	Description	Product Weight	Factor	Cold Dressed Carcass Weight
0203.11.00	Pork carcasses	10,994,633	1.10	12,094,096
0203.12.10	Hams, bone-in	37,039,842	1.10	40,743,826
0203.12.20	Shldrs. & cuts, bone-in	11,381,890	1.10	12,520,079
0203.19.10	Spare ribs	636,678	1.10	700,346
0203.19.91	Bellies	16,597,507	1.23	20,414,934
0202.19.99	Other	67,846,854	1.40	94,985,596
0203.21	Pork carcasses, frozen	118,782	1.10	130,660
0203.22	Hams, shldrs., frozen	9,972,444	1.10	10,969,688
0203.29	Cuts, n.e.s., froz.	124,743,271	1.40	174,640,579
0210.11.10	Hams and cuts	102,806	1.10	113,087
0210.11.20	Shoulders & cuts	1,592,548	1.10	1,751,803
0210.12.10	Side bacon	9,295,386	1.10	10,224,925
0210.12.90	Other	369,726	1.10	406,699
0210.19.10	Back bacon	1,315,527	1.10	1,447,080
0210.19.90	Other	3,490,470	1.10	3,839,517
1601.00.10	In airtight cont. (50%)	1,389,065	0.85	590,353
1601.00.90	Other (50%)	10,537,109	0.85	4,478,271
1602.10.00	Homogenized preps.	74,538	0.80	59,630
1602.41.10	Hams in airtight cont.	10,917,390	1.40	15,284,346
1602.41.90	Other	4,860,042	1.40	6,804,059
1602.42.10	Shldrs. in airtight cont.	573,439	1.40	802,815
1602.42.90	Other	1,917,119	1.40	2,683,967
1602.49.00	Other	8,825,672	0.50	4,412,836
	Total Pork Exports	334,592,738		420,099,190

Policy

Labor disputes at two of Canada's major pork processors disrupted Canadian hog slaughter patterns in the first half of 1998. A plant shutdown at Maple Leaf Foods (Ontario) and a slowdown at Fletcher's Fine Foods (Alberta) were related to attempts by the processors to bring wages in line with hog packing plant workers in the United States. The disputes were settled when workers agreed to accept wage cuts, buyouts, and lump sum payments. Canada's pork processing industry is expected to become more competitive as a result of the labor settlements.

In May 1998, the Ontario Court ruled in favor of Schneiders Corp. (A large Canadian pork processor) in its bid to sell operations to Smithfield Foods of the United States. Maple Leaf Foods and certain Schneider Corp. Class A shareholders had launched earlier legal action to support Maple Leaf Foods offer to buy Schneiders. The recent court decision is being appealed by the plaintiffs. According to the trade, Schneiders has begun an alliance with Smithfield Foods to import fresh pork for processing.

Pseudorabies Regulatory Proposal

Canada's pseudorabies regulations were published as a regulatory proposal in the Canada Gazette on June 14, 1997. The proposal would allow for imports of live U.S. swine (from certain states) for immediate slaughter. Currently, U.S. slaughter swine are prohibited entry into Canada unless they meet a strict quarantine measure (30 days) for pseudorabies, a swine disease. The quarantine effectively prevents Canadian packers from importing U.S. live slaughter hogs. Because the proposal is not without controversy in the Canadian hog industry, Canadian Food Inspection Agency (CFIA) held a Slaughter Swine Regulations meeting in December 1997 with U.S. and Canadian animal health authorities and U.S. and Canadian swine and pork industry representatives. A Canadian government/industry mission to visit U.S. states and hog disease safeguard controls was conducted in the spring of 1998. AAFC has released a discussion paper which includes draft operating procedures for the protocol and an impact analysis of disease outbreak. A public comment period runs until August 31, 1998 after which time the CFIA will put regulatory proposal forward for federal Cabinet approval. Implementation of a final regulation permitting the importation of certain live U.S. slaughter swine to Canada is possible in the final quarter of 1998.

Marketing

Despite the trend to increased Canadian pork exports, demand in Canada for U.S. pork is also increasing (see trade matrix). Demand for certain Canadian pork cuts in Asian markets results in domestic shortages filled by U.S. product. Ontario and Quebec are the major importers of U.S. pork and pork products. The strongest demand is for bellies and boneless pork cuts, but imports of valued added U.S. pork items such as sausages, luncheon meats, and weiners are also increasing (see the breakdown . U.S. need to be aware that Canada's Meat Inspection Regulations stipulate standard sizes (in metric units) for most processed pork items. The regulations can be viewed on Canadian Food Inspection Agency's Internet site at:

http://www.cfia-acia.agr.ca/english/actsregs/meatreg/sched2.html

Small- and medium-sized U.S. pork exporters who may be exporting for the first time are advised to request a copy of "Marketing in Canada", a guide for U.S. exporters, prepared by the Office of Agricultural Affairs, U.S. Embassy, Ottawa, telephone (613) 238-4470, ext. 267; email: usagr@istar.ca

Section 3. By-Products

Hides & Skins

PSD Table						
Country:	Canada			23	<MT piece conversion	
Commodity:	Hides & Skins, Bovine					
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1997		01/1998		01/1999
Beginning Stocks	0	0	0	0	0	0
Production In MT	85	85	84	86	0	84
Production In Pieces	3685	3621	3650	3650	0	3600
Intra EC Imports	0	0	0	0	0	0
Other Imports	38	39	40	37	0	38
TOTAL Imports	38	39	40	37	0	38
TOTAL SUPPLY	123	124	124	123	0	122
Intra EC Exports	0	0	0	0	0	0
Other Exports	96	96	98	98	0	100
TOTAL Exports	96	96	98	98	0	100
Domestic Consumption	27	28	26	25	0	22
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	123	124	124	123	0	122
Calendar Yr. Imp. from U.S.	0	37	0	35	0	36
Calendar Yr. Exp. to U.S.	0	51	0	55	0	60

Trade

Canadian Hides & Skins Imports

Import Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:			
Imports for	1997		1998
U.S.	36802	U.S.	35000
Others		Others	
Italy	289		200
Total for Others	289		200
Others not listed	2334		1800
Grand Total	39425		37000

Canadian Hides & Skins Exports

Official trade data show that Canadian hides and skins exports to important traditional markets in Taiwan, Japan, and South Korea fell sharply in the first five months of 1998 from the same period last year. However, these declines were offset by increased exports to the United States, China and Italy. Post forecasts for calendar year Canadian hides and skins exports are shown below.

Export Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:			
Exports for	1997		1998
U.S.	51138	U.S.	55000
Others		Others	
Taiwan	20715		15500
China	5768		5900
Italy	3964		5600
Thailand	1141		3400
Japan	5887		2500
South Korea	4408		1750
Total for Others	41883		34650
Others not listed	3627		8350
Grand Total	96648		98000

Tallow

PSD Table						
Country:	Canada					
Commodity:	By-Products,Tallow & Grease					
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1997		01/1998		01/1999
Beginning Stocks	0	0	0	0	0	0
Production	255	255	252	260	0	250
Intra EC Imports	0	0	0	0	0	0
Other Imports	43	43	42	42	0	40
TOTAL Imports	43	43	42	42	0	40
TOTAL SUPPLY	298	298	294	302	0	290
Intra EC Exports	0	0	0	0	0	0
Other Exports	205	208	200	220	0	215
TOTAL Exports	205	208	200	220	0	215
Domestic Consumption	93	90	94	82	0	75
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	298	298	294	302	0	290
Calendar Yr. Imp. from U.S.	0	43	0	42	0	40
Calendar Yr. Exp. to U.S.	0	45	0	45	0	45

Trade

Canadian Tallow Imports

Import Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:	Cal. Yr.		
Imports for	1997		1998
U.S.	42757	U.S.	42000
Others		Others	
France	4		4
China	2		3
Total for Others	6		7
Others not listed	0		0
Grand Total	42763		42007

Canadian Tallow Exports

Export Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:	Cal. Yr.		
Exports for	1997		1998
U.S.	44989	U.S.	45000
Others		Others	
Belgium	69877		70000
Japan	46811		45000
Netherlands	24488		42000
Algeria	9585		5000
South Korea	7378		5000
China	1788		1000
Germany	1500		1000
Mexico	0		5000
Total for Others	161427		174000
Others not listed	1280		1000
Grand Total	207696		220000

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