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**Report Highlights:**

The Canadian cattle herd and swine herd are both expected to contract in 2021. Cattle exports are forecast to grow, beef exports are projected to increase, and Canada will continue to import U.S. feeder cattle. Canadian pork exports are expected to be steady and the United States will remain as the dominant import/export market for Canadian beef and pork products. Both sectors are vulnerable to COVID-19 pandemic impacts. Key Words: Canada, Livestock, Cattle, Beef, Swine, Pork

## **Executive Summary:**

### **Cattle and Beef**

Overall the Canadian cattle herd is forecast to further decline in 2021. Despite signals for expansion in recent years, poor pasture conditions in some regions have led to increased cow culling and a lack of heifer retention. However, some growth in the 2021 beef cow herd and calf crop is expected due to reduced cow slaughter, increased heifer retention, and improved pasture conditions. Additionally, improved pasture conditions, combined with lower fed cattle prices in early 2020, should support heifer retention. Canada will continue to import U.S. feeder cattle to supplement the Canadian supply. Increased beef exports are expected assuming market conditions continue to improve as COVID-19 related disruptions, especially in food service globally, are assuaged. Beef imports are forecast down as consumption drops slightly and assuming domestic processing disruptions experienced in 2020 are not repeated.

### **Swine and Pork**

The Canadian swine herd is expected to decline once again in 2021, however there is discussion of some finishing space expansion which should slow the decline. If space materializes, the 2021 pig crop will grow slightly, following growth in 2020 led by fertility improvements. Canadian exports of feeder swine to the United States will grow following reductions in 2020 but will remain below recent years as more finishing space is available in Canada. Pork exports will remain steady on 2020 gains as African swine fever (ASF) continues to impact pork availability in certain regions. Imports will also remain steady in 2020 as Canada supplements the domestic supply of highly valued cuts with imported products. However, Canadian pork consumption is expected to continue to decline as other animal proteins and plant proteins compete for limited space on consumer plates.

## Cattle:

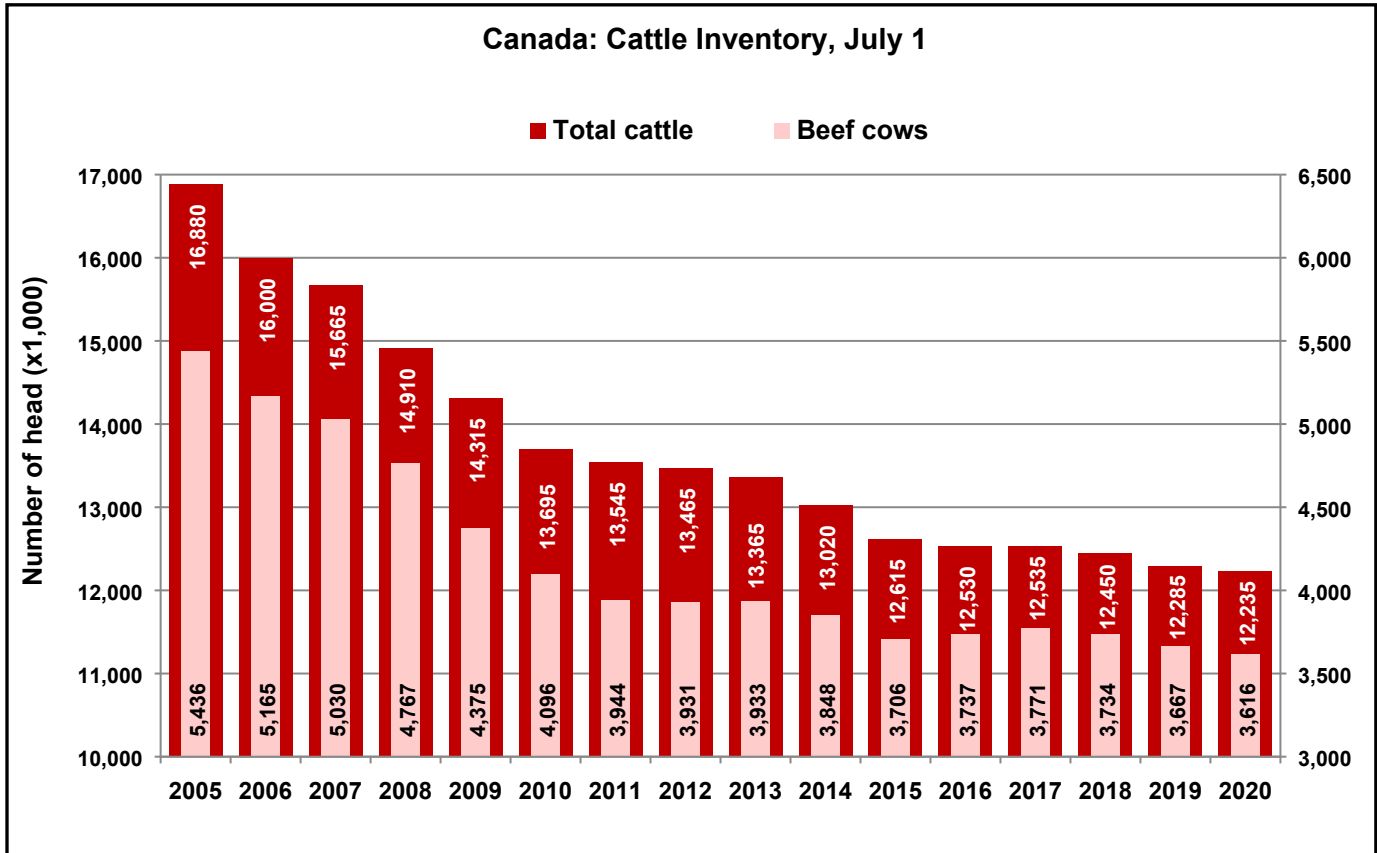
### Production, Supply and Distribution Estimates

CANADA Animal Numbers CATTLE ('000 head)	2019		2020		2021	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Estimates
Total Cattle Beg. Stks	11,440	11,480	11,094	11,240	0	11,100
Dairy Cows Beg. Stocks	978	978	981	981	0	980
Beef Cows Beg. Stocks	3,656	3,686	3,561	3,544	0	3,600
Production (Calf Crop)	4,251	4,336	4,200	4,260	0	4,300
Total Imports	275	275	250	260	0	250
<b>Total Supply</b>	<b>15,966</b>	<b>16,091</b>	<b>15,544</b>	<b>15,760</b>	<b>0</b>	<b>15,650</b>
Total Exports	725	725	660	640	0	670
Cow Slaughter	540	539	450	450	0	400
Calf Slaughter	210	219	200	200	0	210
Total Slaughter	3,625	3,601	3,450	3,500	0	3,600
Loss	522	525	510	520	0	510
Ending Inventories	11,094	11,240	10,924	11,100	0	10,870
<b>Total Distribution</b>	<b>15,966</b>	<b>16,091</b>	<b>15,544</b>	<b>15,760</b>	<b>0</b>	<b>15,650</b>

**NOTE: "NEW FAS/Ottawa" data reflect author's assessments and are NOT official USDA data**

### Cattle Production: Contraction of the Canadian Cattle Herd Continues

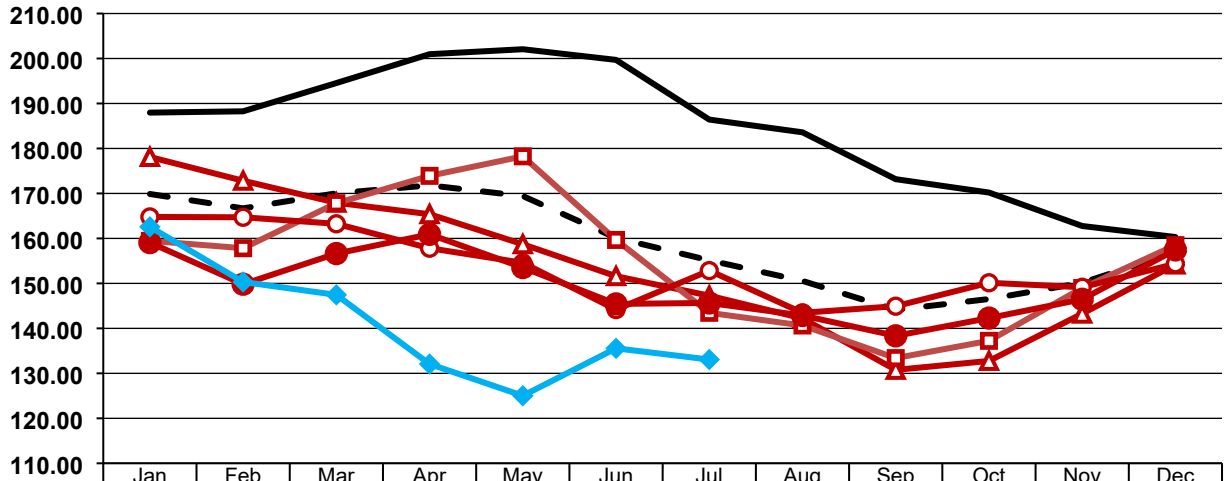
FAS/Ottawa forecasts the cattle herd to contract again in 2021. COVID-19 disruptions in processing in spring 2020 led to a two percent reduction in the 2020 calf crop and five percent decline in live imports. This follows a two percent decline from January 2019 to 2020. Despite the continued decline, improved pasture conditions following dry years in areas of Manitoba and Alberta in 2020 will support a two percent increase in beef cow stocks at the start of 2020. FAS/Ottawa forecasts a two percent increase in the 2021 calf crop on increased beef cow numbers. However, a rebound in processing activity, following 2020 COVID-19 disruptions, will see cattle numbers continue to decline through the end of 2021.



Source: Statistics Canada

Fed cattle prices are down in the first half of 2020 caused by COVID-related disruptions in the food service sector, combined with slaughter activity impacts in Canada and the United States due to COVID-19 outbreaks amongst processing plant workers. Abundant cattle on-feed numbers in Western Canada and loss of processing capacity in the spring also contributed to prices dropping well below the five-year average. While processing capacity has recovered, a backlog of over 100,000 head remains to be cleared which will continue to impact cattle pricing into the fall. Lower prices, the ongoing processing backlog, and an improved feed outlook on pastures have supported increased heifer retention in 2020 which will also contribute to the increase in 2021 beef cow beginning stocks and calf crop. However, beef cow beginning stocks will still be two percent below the five-year average.

**Alberta Fed Steer Prices**  
monthly averages, C\$/cwt/live



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average (2015-2019)	169.88	166.68	170.03	171.80	169.42	160.11	155.13	150.55	144.12	146.52	150.12	156.96
2015	187.97	188.26	194.54	200.96	202.06	199.69	186.42	183.59	173.17	170.20	162.76	160.31
2016	178.10	172.82	167.93	165.38	158.70	151.60	147.27	142.21	130.77	132.76	143.26	154.19
2017	159.46	157.82	167.82	173.91	178.25	159.66	143.46	140.64	133.39	137.23	148.97	158.51
2018	164.78	164.70	163.25	157.82	154.58	144.18	152.84	143.46	144.93	150.14	149.14	154.36
2019	159.07	149.82	156.63	160.91	153.53	145.44	145.65	142.86	138.34	142.29	146.47	157.44
2020	162.57	150.31	147.45	132.07	125.02	135.56	133.07					

-- Average (2015-2019)  
— 2015  
— 2016  
— 2017  
— 2018  
— 2019  
— 2020

Source: CanFax

**Evolution of Alberta Fed Steer Prices**  
= monthly average price C\$/cwt/live =

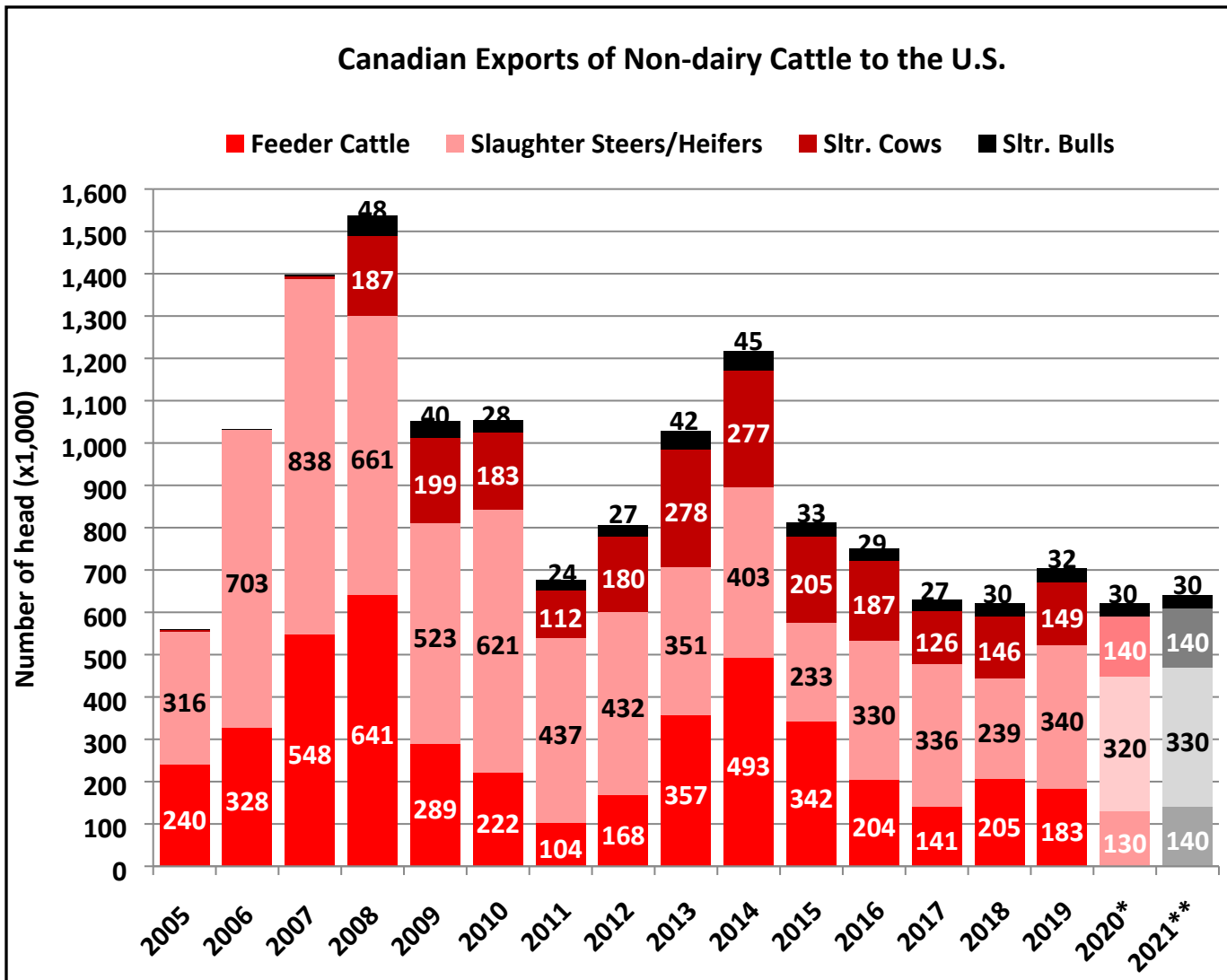


Source: CanFax

## Live Cattle Trade: Larger Exports Following 2020 Reduction

FAS/Ottawa forecasts live cattle exports to increase five percent in 2021 over 2020 export numbers. However, this follows an estimated 12 percent reduction in live exports in 2020. Export numbers in 2021 are forecast to be seven percent below the five-year average due to reduced demand from the United States.

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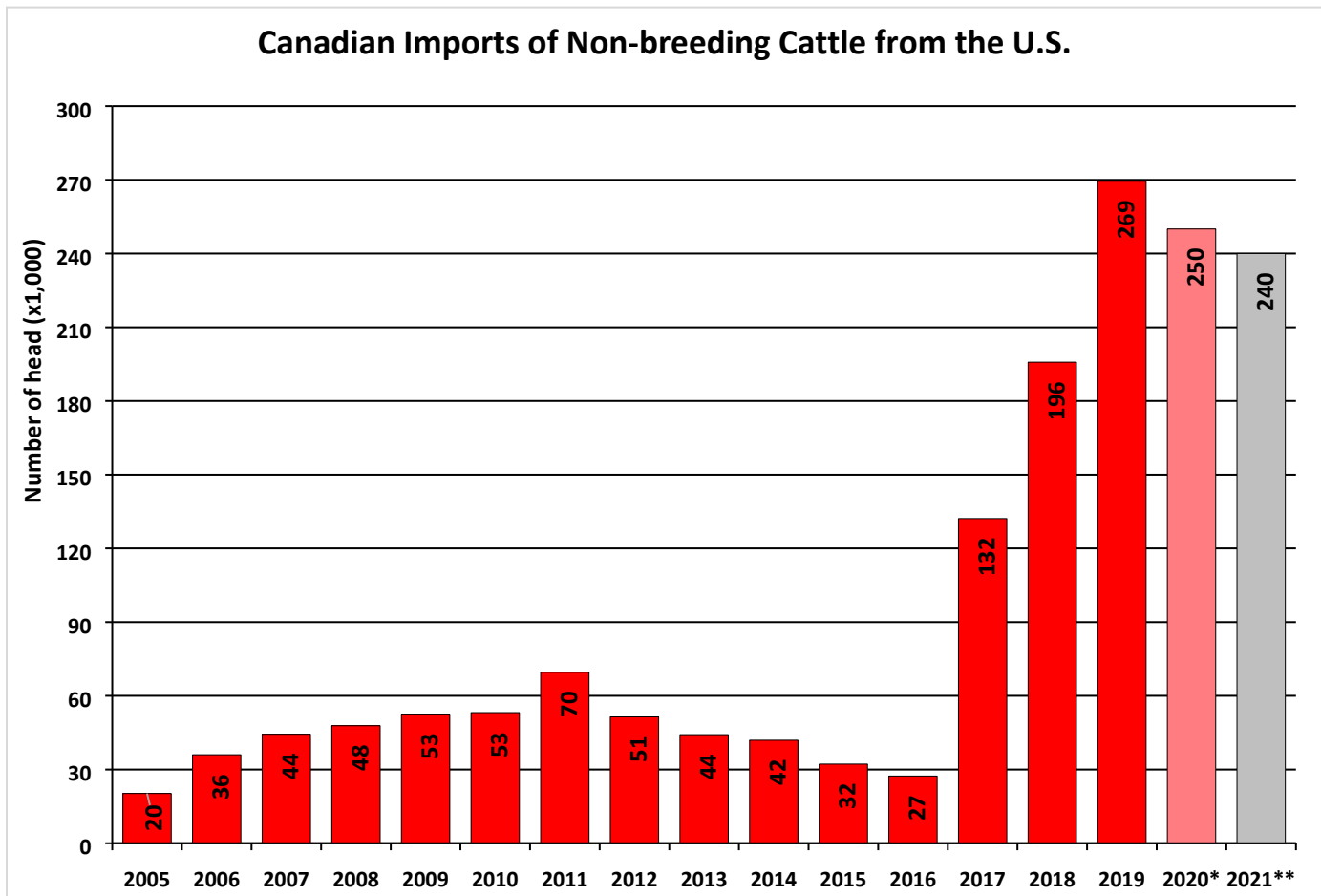


Source: Trade Data Monitor, LLC/FAS/Ottawa \*estimate \*\*forecast

Exports of slaughter bulls and cattle to the United States in 2021 are forecast to remain steady on 2020 numbers due to reduced culling activity in Canada and lower processor demand for those animals.

Fed cattle for slaughter exports will increase three percent on 2020 numbers but will remain below 2019 exports. Recovery of the U.S. processing sector from COVID-19 impacts will support the growth in fed exports as well as a clearing of the backlog of U.S. animals caused by processing disruptions. Recovery of food service demand for beef and constraints in Canadian processing capacity will also support fed cattle exports.

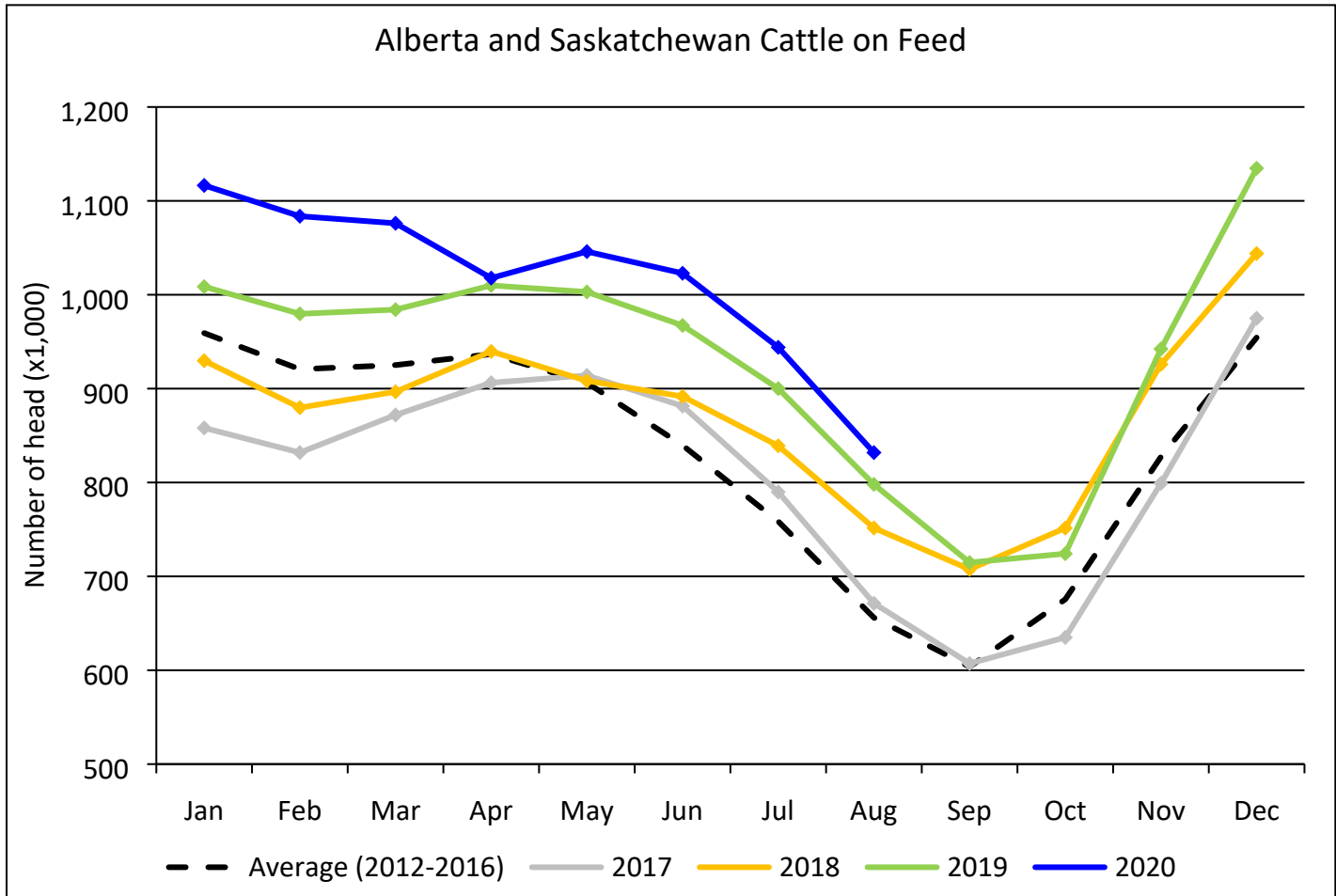
Feeder cattle exports will increase eight percent on 2020 exports but will remain below recent export trends. A contracting U.S. cattle herd and modest growth in the Canadian calf crop will support some rebound in feeder cattle exports. However, improved feed prices and fed cattle prices in Canada will support retention of feeder cattle in Canada.



Source: Trade Data Monitor, LLC/FAS/Ottawa \*estimate \*\*forecast

Following three years of increasing feeder cattle imports, FAS/Ottawa forecasts a decline in imports in 2020 and 2021. Despite this, Canada will still remain a net feeder cattle importer. Live cattle imports are forecast to decline four percent in 2021 following a five percent decline in 2020. Sources indicate that the bulk of the U.S. feeders imported into Canada continue to be dairy steers. As long as pricing of these animals remains cheap due to a lack of U.S. demand, some Canadian feedlots will continue to import these animals. While there is reportedly a learning curve to developing a ration to feed these dairy steers to achieve a beef-type carcass,

many feedlots are doing so successfully. Despite a longer finishing time, double a beef breed, the cost of these dairy steers and the carcass value continues to make these animals attractive to fill some pen space and this will continue to support imports. Feed outlook in 2021 is also expected to support large import numbers. However, the 2020 processing backlog, limitations to Canadian processing capacity, increased 2021 Canadian calf crop, and large cattle on feed numbers will act to mitigate overall import activity.



Source: CanFax

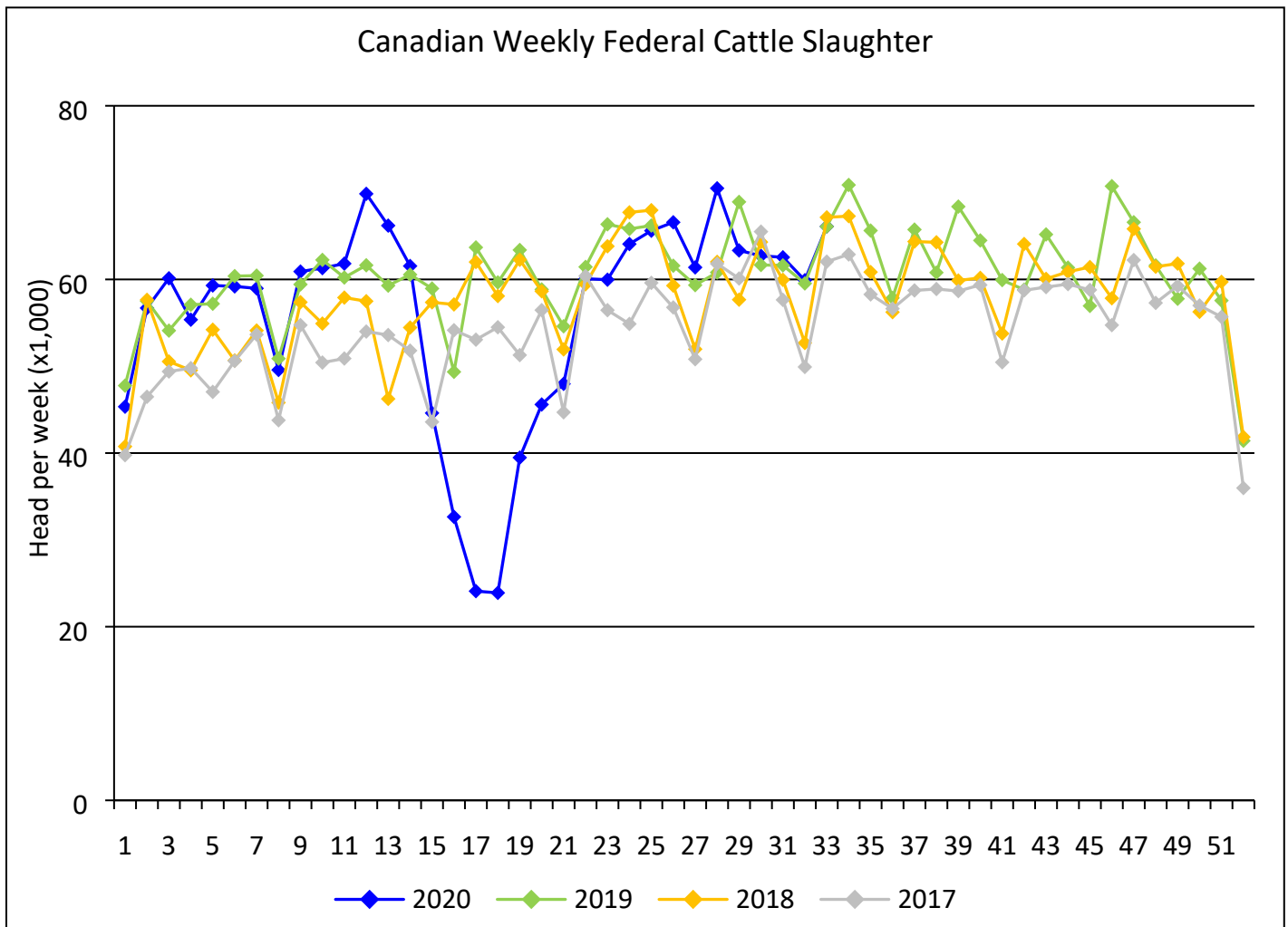
### Beef Production: Slaughter Recovers from COVID-19 Processing Disruptions

FAS/Ottawa forecasts Canadian slaughter to grow three percent in 2021 following COVID-19 disruptions in 2020. This will see slaughter return to 2019 volumes. However, this recovery in slaughter activity is contingent upon minimal COVID-19 impacts.

Slaughter capacity and consolidation of federal slaughter has been a topic of discussion as a result of slaughter impacts due to COVID-19 in the spring of 2020. Roughly 80 percent of Canadian federal slaughter capacity is consolidated between two companies and three facilities; two in Alberta and one in Ontario. When COVID-19 outbreaks hit the two largest federal processors in Canada, both of which are



in Alberta, significant disruptions occurred for the cattle sector. One plant experienced a two-week closure while the second plant saw a significant reduction in capacity as a result of having to slow to a single shift to accommodate worker absences. During peak disruption, this effectively reduced overall Canadian federally inspected capacity by approximately two-thirds. While this created a cattle backlog in Western Canada of over 130,000 head, both processors have been able to quickly recover capacity. Cattle feeders were proactive in reducing rations that slowed gains in some pens and the backlog is slowly being mitigated and is expected to be cleared in early fall 2020. Cattle set-aside programs were also implemented in Alberta and Saskatchewan to help feeders deal with added costs due to maintaining market ready cattle on feed as a result of the backlog. However, at this point these programs have not seen significant activity as feeders and processors appear to be sufficiently managing the backlog. While processing capacity remains susceptible to any COVID-19 disruptions, there are many challenges in creating additional federal processing capacity due to regulatory burdens and cost-competitiveness of smaller facilities. The relatively small size of the Canadian beef herd and a lack of meaningful herd expansion makes any increase in processing capacity unlikely.



Source: CanFax

## Beef:

### Production, Supply and Distribution Estimates

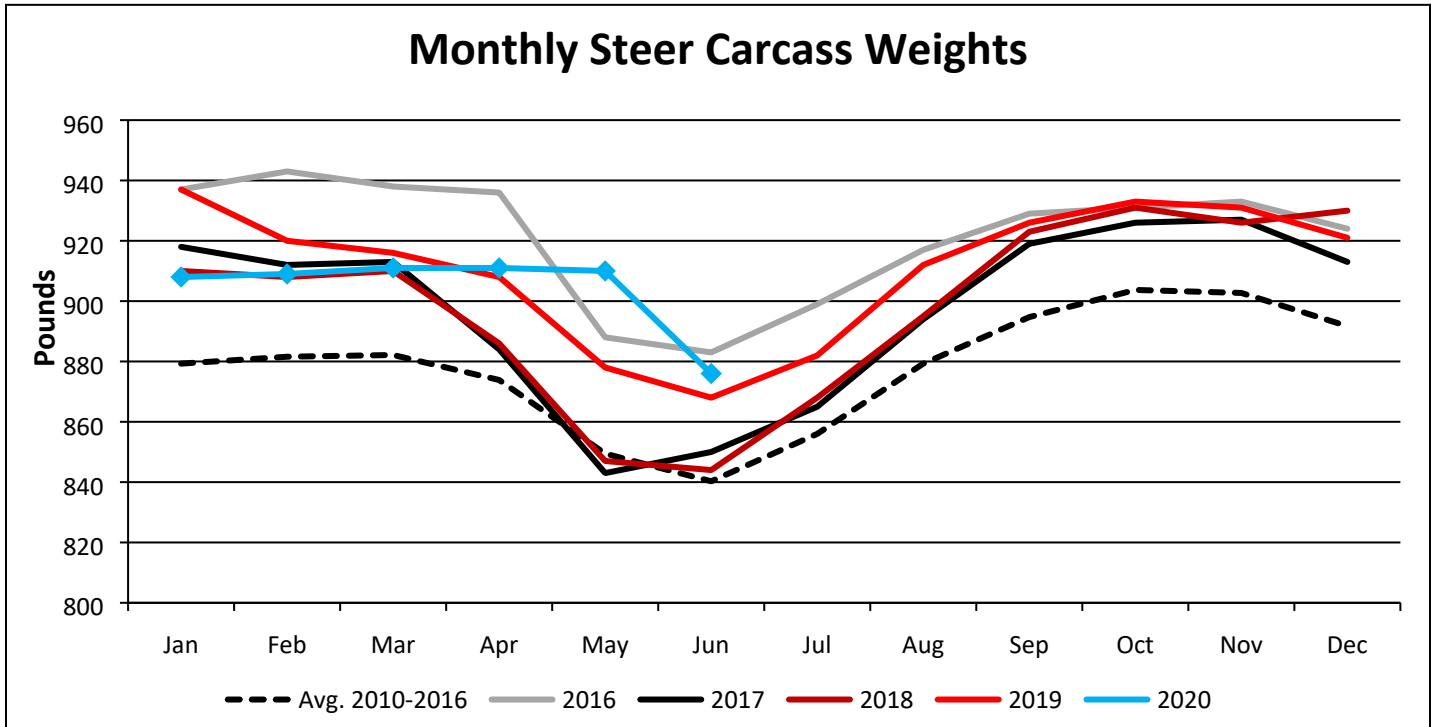
CANADA Meat BEEF and VEAL	2019		2020		2021	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Estimates
Slaughter (Reference)	3,625	3,601	3,450	3,500	0	3,600
Beginning Stocks	42	42	33	33	0	35
Production	1,340	1,342	1,280	1,310	0	1,340
Total Imports	204	204	220	230	0	200
Total Supply	1,586	1,588	1,533	1,573	0	1,575
Total Exports	525	525	500	480	0	520
Total Dom. Consumption	1,028	1,030	1,003	1,058	0	1,025
Ending Stocks	33	33	30	35	0	30
Total Distribution	1,586	1,588	1,533	1,573	0	1,575

Data in '000 metric tons, except for "slaughter" which is in '000 head

**NOTE: "NEW FAS/Ottawa" data reflect author's assessments and are NOT official USDA data**

### Beef Production: Production Returns to 2019 Levels

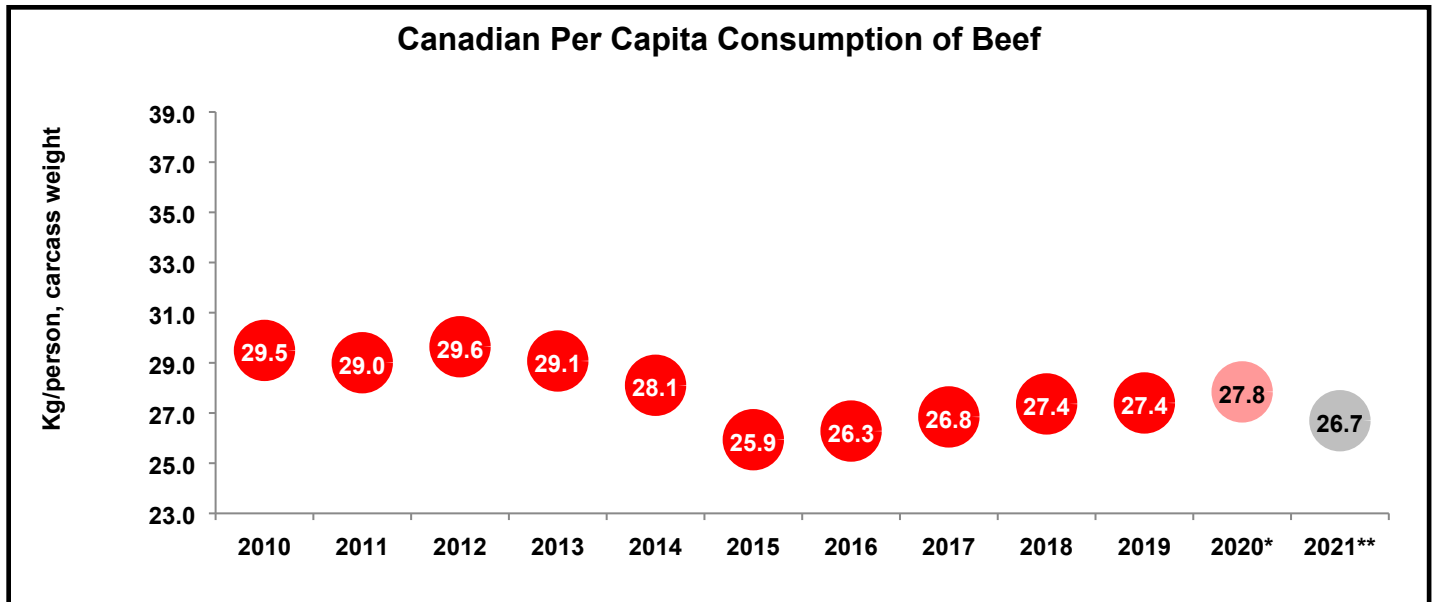
On recovery of the processing sector, FAS/Ottawa forecast 2021 beef production to grow two percent over the decline experienced in 2020. Carcass weights will be reduced in 2021 following the increase caused by COVID-19 processing disruptions and the subsequent cattle backlog in 2020. While processing plants have implemented and invested in COVID-19 mitigation measures, beef production remains susceptible to the evolution of the pandemic in Canada. Particularly, worker absenteeism issues can quickly become an issue as cases in plants are reported, regardless of whether transmission is identified as being outside of the workplace by public health authorities.



Source: CanFax

### Beef Consumption: Slightly Less Demand

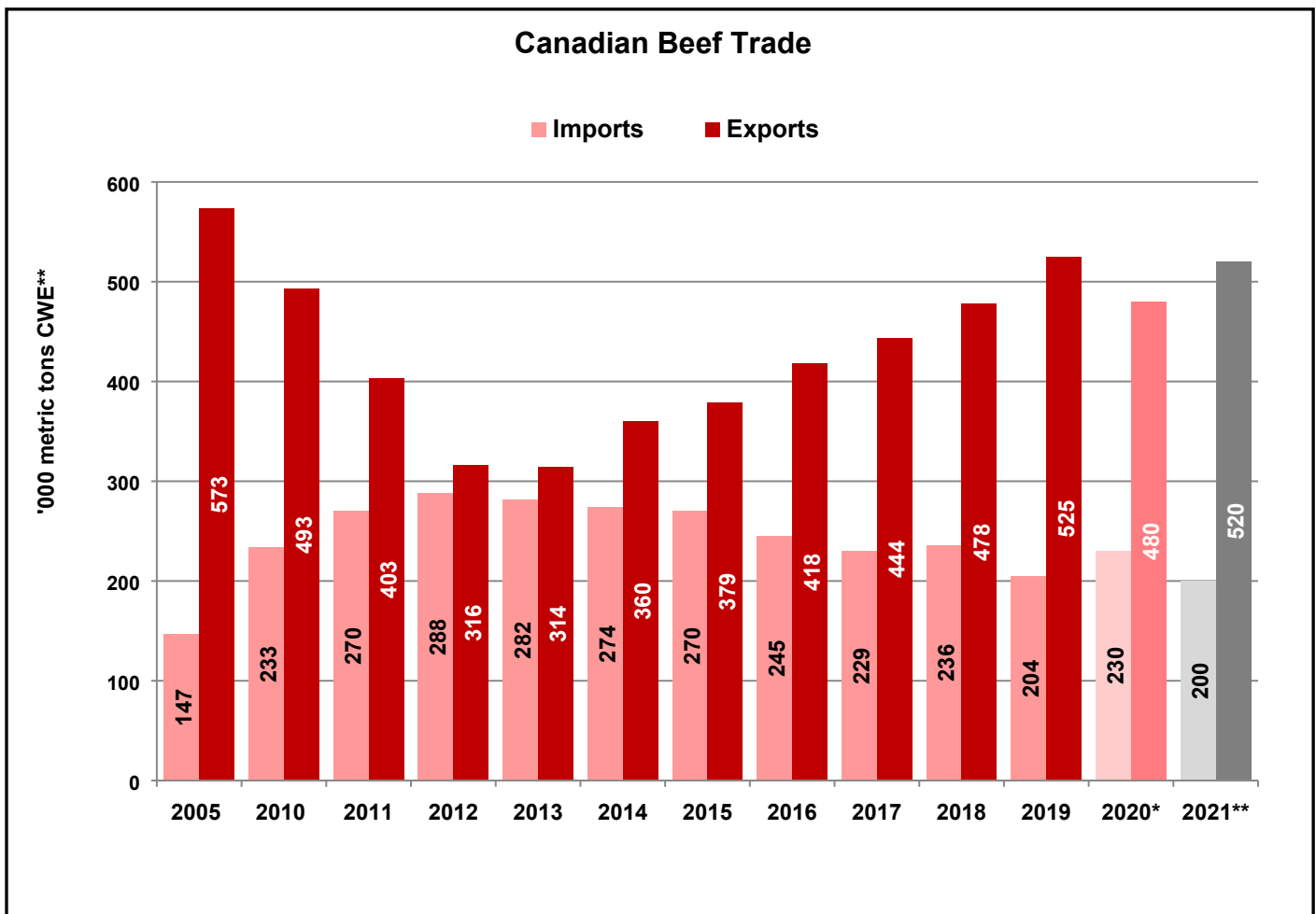
Despite an initial increase in beef consumption in early 2020, spurred by freezer stocking activities due to COVID-19, beef consumption will drop slightly in 2021. Competition from other meat proteins and from the alternative protein sector will continue.



Source: Statistics Canada/FAS/Ottawa \*estimate \*\*forecast

## Beef Trade: Export Growth

FAS/Ottawa forecasts an eight percent growth in Canadian beef exports in 2021 following a nine percent decline in 2020. Beef exports experienced a challenging environment in 2020 as a result of food service impacts caused by restrictions and lockdowns globally in response to COVID-19. Processing impacts in Canada which decreased cattle slaughter also contributed to reduced export activity in 2020. Recovery of food service demand and increased cattle slaughter will support growth in export activity in 2021. However, competition with U.S. exports for Asian markets will impact export activity. With ASF continuing to impact China, Canada grew exports to the Chinese market in 2019. However, the COVID-19 outbreak at one of the large federal processors exporting to China has impacted export potential in 2020. The volatility of the Chinese market for Canadian beef is likely to remain a constraint in 2021 as well.



Source: Trade Data Monitor, LLC/FAS/Ottawa \*estimate \*\*forecast

Due to geographic proximity, the United States will remain an important export market for Canadian beef. Exports to Japan and South Korea are also expected to grow following 2020 declines as food service activity increases following 2020 COVID-19 restrictions. Exports to the EU continue to struggle with technical barriers around carcass wash approvals that persist for Canada.

## Canada Beef and Veal Exports

January to June (metric tons, CWE\*)

Partner	Quantity			Market Share(%)			Change 2020/2019	
	2018	2019	2020	2018	2019	2020	Volume	Percent
<b>World</b>	<b>222,508</b>	<b>259,800</b>	<b>228,479</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-31,321</b>	<b>-12.06</b>
CPTPP	23,494	34,819	29,848	10.56	13.40	13.06	-4,971	-14.28
EU 28	514	1,256	1,218	0.23	0.48	0.53	-38	-3.01
<b>United States</b>	<b>176,520</b>	<b>195,227</b>	<b>177,066</b>	<b>79.33</b>	<b>75.15</b>	<b>77.50</b>	<b>-18,161</b>	<b>-9.30</b>
Japan	15,308	26,842	24,004	6.88	10.33	10.51	-2,839	-10.58
Hong Kong	12,218	8,417	7,095	5.49	3.24	3.11	-1,322	-15.71
Mexico	7,860	7,975	5,843	3.53	3.07	2.56	-2,132	-26.74
China	3,754	12,730	5,345	1.69	4.90	2.34	-7,385	-58.01
South Korea	1,841	3,253	2,616	0.83	1.25	1.15	-637	-19.59
Vietnam	333	442	2,143	0.15	0.17	0.94	1,701	384.61
All other countries	4,674	4,914	4,367	2.10	1.89	1.89	-547	-11.13

Source: Trade Data Monitor, LLC. \*Conversion to carcass weight equivalent (CWE) at 1.4 for fresh, chilled and frozen meat, and at 1.79 for salted and processed meat

FAS/Ottawa forecasts beef imports to return to 2019 levels following a 13 percent growth in 2020. The growth in 2020 imports was primarily driven by processing disruptions as well as imports of lean trim following an increase in ground beef demand. With Canadian consumption forecast to decline in 2021, and if processing disruptions do not reoccur, import requirements will be reduced. The United States will continue to remain the

dominant source market; however, Australia, New Zealand, and South America will remain important markets for certain products such as lean trim.

<b>Canada Beef Imports</b>								
<b>January to June (metric tons, CWE*)</b>								
<b>Partner</b>	<b>Quantity</b>			<b>Market Share(%)</b>			<b>Change 2020/2019</b>	
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Volume</b>	<b>Percent</b>
<b>World</b>	<b>123,992</b>	<b>104,030</b>	<b>125,870</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>21,839</b>	<b>20.99</b>
CPTPP	17,957	16,171	21,288	14.48	15.55	16.91	5,117	31.65
EU 28	916	2,730	12,202	0.74	2.63	9.69	9,472	346.98
<b>United States</b>	<b>75,564</b>	<b>63,868</b>	<b>70,887</b>	<b>60.94</b>	<b>61.39</b>	<b>56.32</b>	<b>7,019</b>	<b>10.99</b>
New Zealand	14,316	11,465	14,315	11.55	11.02	11.37	2,851	24.86
Uruguay	10,493	9,228	10,766	8.46	8.87	8.55	1,539	16.68
Australia	15,606	10,989	9,158	12.59	10.56	7.28	-1,831	-16.66
Mexico	2,397	3,671	5,874	1.93	3.53	4.67	2,202	59.99
United Kingdom	175	1,689	3,439	0.14	1.62	2.73	1,750	103.59
All other countries	5,441	3,120	11,431	4.39	3.01	9.08	8,311	266.38

Source: Trade Data Monitor, LLC. \*Conversion to carcass weight equivalent (CWE) at 1.4 for fresh, chilled and frozen meat, and at 1.79 for salted and processed meat

**Swine:**

**Production, Supply and Distribution Estimates**

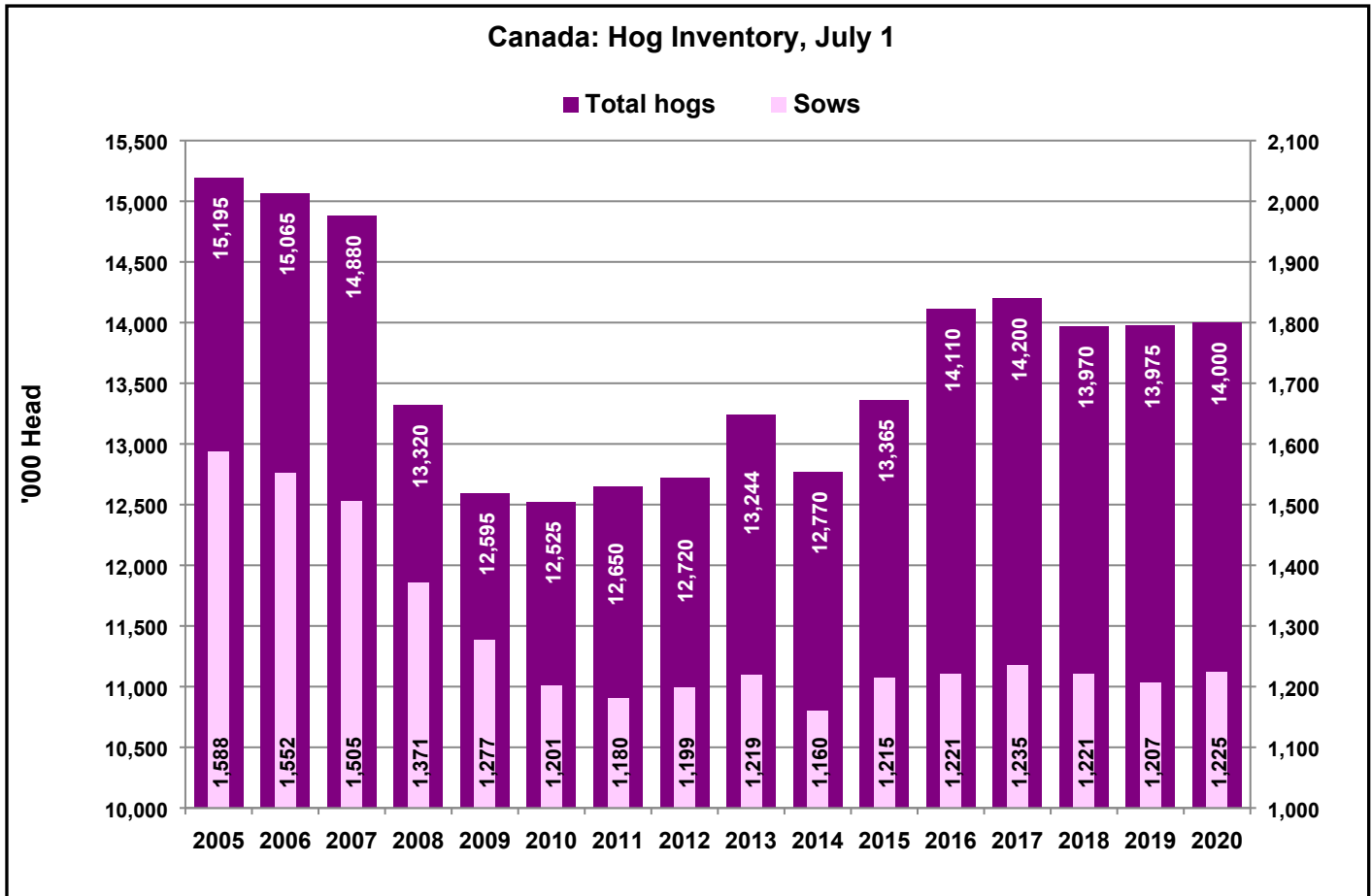
CANADA Animal Numbers SWINE ('000 head)	2019		2020		2021	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Forecast
Total Beginning Stocks	13,960	13,960	13,875	13,930	0	13,594
Sow Beginning Stocks	1,232	1,235	1,224	1,227	0	1,230
Production (Pig Crop)	28,272	28,305	28,650	28,650	0	28,750
Total Imports	6	6	3	4	0	3
<b>Total Supply</b>	<b>42,238</b>	<b>42,271</b>	<b>42,528</b>	<b>42,584</b>	<b>0</b>	<b>42,347</b>
Total Exports	5,116	5,112	4,925	4,930	0	4,980
Total Slaughter	21,839	21,840	22,600	22,650	0	22,600
Loss	1,408	1,389	1,403	1,410	0	1,380
Ending Inventories	13,875	13,930	13,600	13,594	0	13,387
<b>Total Distribution</b>	<b>42,238</b>	<b>42,271</b>	<b>42,528</b>	<b>42,584</b>	<b>0</b>	<b>42,347</b>

**NOTE: "NEW FAS/Ottawa" data reflect author's assessments and are NOT official USDA data**

**Supply: Swine Sector Sees Decline in Inventories**

FAS/Ottawa forecasts the Canadian swine herd to decline for the second consecutive year in 2021. Inventories in 2021 will fall two percent on sustained slaughter activity. Sow herd numbers are estimated to recover slightly in 2021 following a one percent decline in 2020. Statistics Canada semi-annual data indicates that sow fertility has increased, since seeing a reduction in 2017 largely attributed to PEDv, and fertility is expected to be maintained into 2021. This will support a slightly larger pig crop on 2020's growth and the reported expansion of finishing spaces in certain provinces will facilitate this increase. The majority of expansion is taking place in Manitoba due to a favorable regulatory environment supporting finishing space construction in the province. However,

expansion will be somewhat limited through the remainder of 2020 and into 2021 due to market volatility, COVID-19 concerns, and high construction costs.



Source: Statistics Canada

**Production: COVID-19 Concerns Remain**

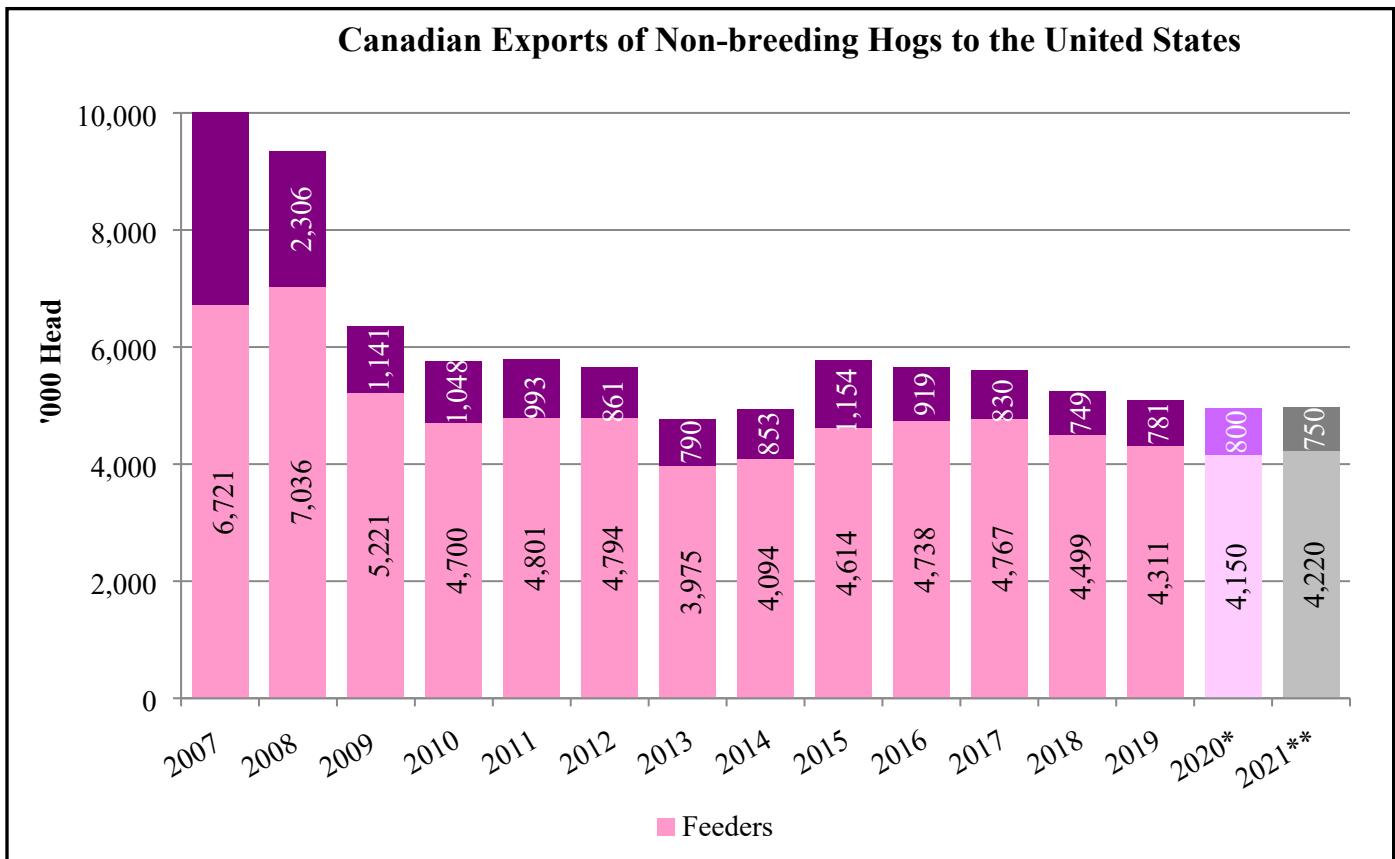
Production for the remainder of 2020 and into 2021 will largely be driven by fall and winter COVID-19 impacts. Slaughter activity has persisted despite COVID-19 outbreaks in Canadian slaughter facilities. Cash prices for hogs have been impacted by the processing disruptions in Canada and the United States and, while producers want new pricing schemes in certain provinces/regions, this has not occurred. In Western Canada, producers and packers have met to discuss the situation with some packers offering short-term premiums. Strong export activity is sustaining strong demand for market hogs from packers but producers are looking for higher prices in order to increase production.



## Trade: Exports Rebound Following COVID-19 Disruptions

FAS/Ottawa forecasts live hog exports to increase one percent in 2021 following a four percent decline in 2020. However, exports will remain nine percent below the five-year average as a result of increased hog supplies in the United States and more finishing space capacity becoming available in Canada. Sources report that contract weanling trade to the United States has yet to be significantly impacted during 2020. The largest impacts are on cash weanlings where Canadian producers have taken significant losses. FAS/Ottawa is aware of limited welfare euthanasia of weanlings, due to processing disruptions earlier this year and a scarcity of finishing space in Canada, but overall the number remains small. Due to the current finishing space constraints in Canada, the United States remains an important market for live export and critical to the business model of some Canadian operations.

FAS/Ottawa forecasts live imports will drop closer to the historic mean in 2021. This will be the second year of import declines following a jump in live imports in 2019. Import numbers in 2019 were likely the result of recovery of losses from PEDv and PRRS outbreaks. Live imports are not significant in the overall picture of the Canadian swine herd given the small numbers.



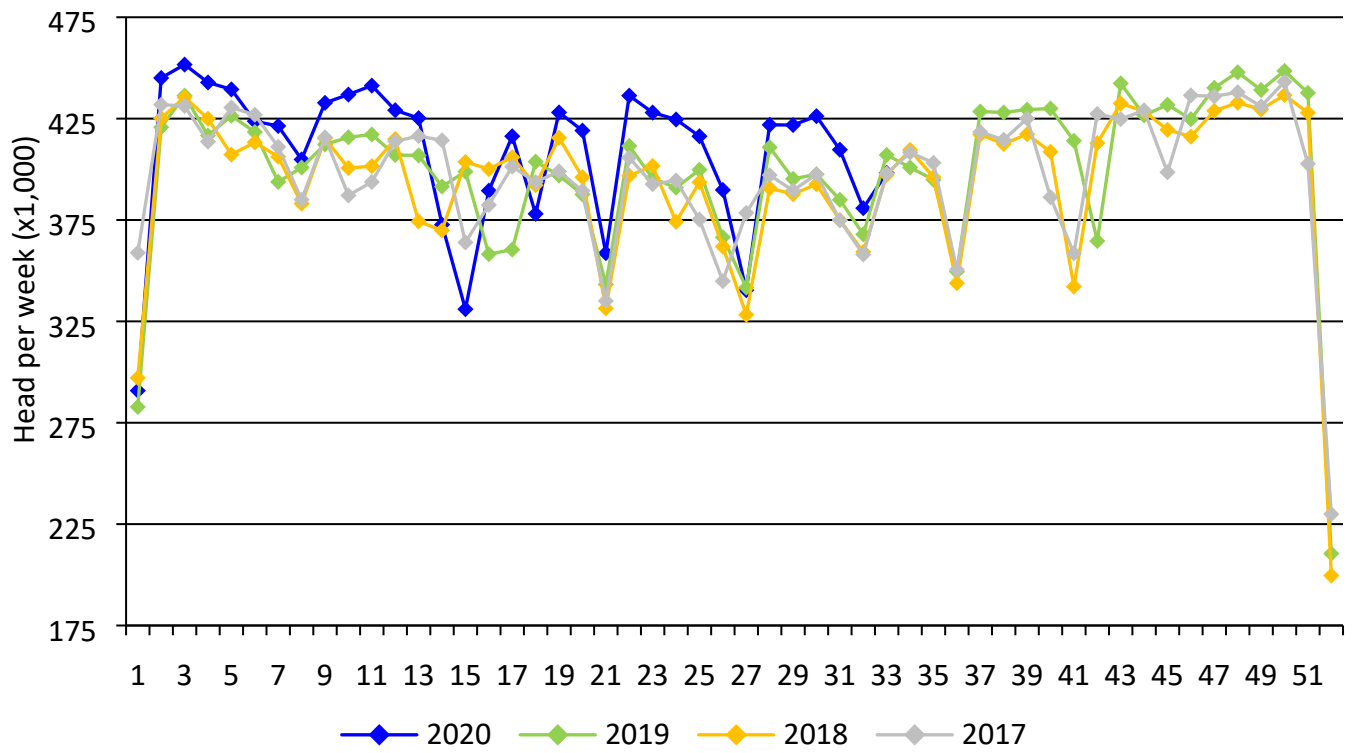
Source: Trade Data Monitor, LLC/FAS/Ottawa \*estimate \*\*forecast

## **Swine Slaughter: Slight Decline with Increased Live Exports**

FAS/Ottawa forecasts 2021 slaughter to decline slightly by 50,000 head as a result of the increase in live exports over 2020. Slaughter in 2020 is estimated to be four percent above 2019 due to a larger pig crop, reduction in live exports, and growth in pork export demand. Canadian slaughter capacity is not projected to see any significant changes in 2021. Capacity in Eastern Canada continues to be well utilized while capacity in Western Canada will continue to see underutilization from their listed capacity. Manitoba capacity could be increased with a second shift at the Brandon plant, but the population of available hogs and labor challenges has resulted in chronic underutilization at this plant. Despite some additional finishing space projected in the province in 2021, most of these hogs will be destined for a different packer.

Hog slaughter began 2020 with a sustained increase over 2019 slaughter activity but Canada's hog processing sector saw disruptions due to COVID-19 outbreaks which lasted through August 2020. Statistics Canada did adjust 2019 pig crop numbers up on their July 2020 release which better explains the increased pace of slaughter. While FAS/Ottawa estimates that overall slaughter will increase in 2020, the sector has been hit by two COVID-19 closures in federal plants to date. These closures occurred in Quebec and Ontario, with a two-week and one-week closure, respectively, at the end of March and April. Industry estimates placed the backlog at approximately 150,000 hogs and there were concerns that welfare euthanasia would need to occur in order to manage numbers due to space constraints. Fortunately, packers and producers worked together to manage the backlog which has since been largely cleared. Eastern Canada, mainly Quebec, has a larger number of processing facilities and thus increased ability to move animals and mitigate backlogs. In Western Canada, a plant closure would be more significant as there are fewer processing plants and substantial distances between plants. Working with local public health officials, processing plants have implemented a number of COVID-19 health and safety protocols and learned from earlier outbreaks. However, community transmission and susceptibility of workers to such events remains a concern. Absenteeism can quickly become an issue when cases are reported and disruptions in production can result if there is a significant reduction in the labor force. Processing activity will remain susceptible to how the pandemic evolves in Canada through the remainder of 2020 and into 2021.

### Canadian Weekly Federal Market Hog Slaughter



Source: Agriculture and Agri-Food Canada

**Pork:**

**Production, Supply and Distribution Estimates**

CANADA Meat SWINE	2019		2020		2021	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Estimates
Slaughter (Reference)	21,839	21,840	22,600	22,650	0	22,600
Beginning Stocks	69	69	80	80	0	60
Production	2,020	2,000	2,115	2,110	0	2,100
Total Imports	242	242	250	260	0	260
Total Supply	2,331	2,311	2,445	2,450	0	2,420
Total Exports	1,284	1,284	1,450	1,460	0	1,460
Total Dom. Consumption	963	947	925	930	0	895
Ending Stocks	84	80	70	60	0	65
Total Distribution	2,331	2,311	2,445	2,450	0	2,420

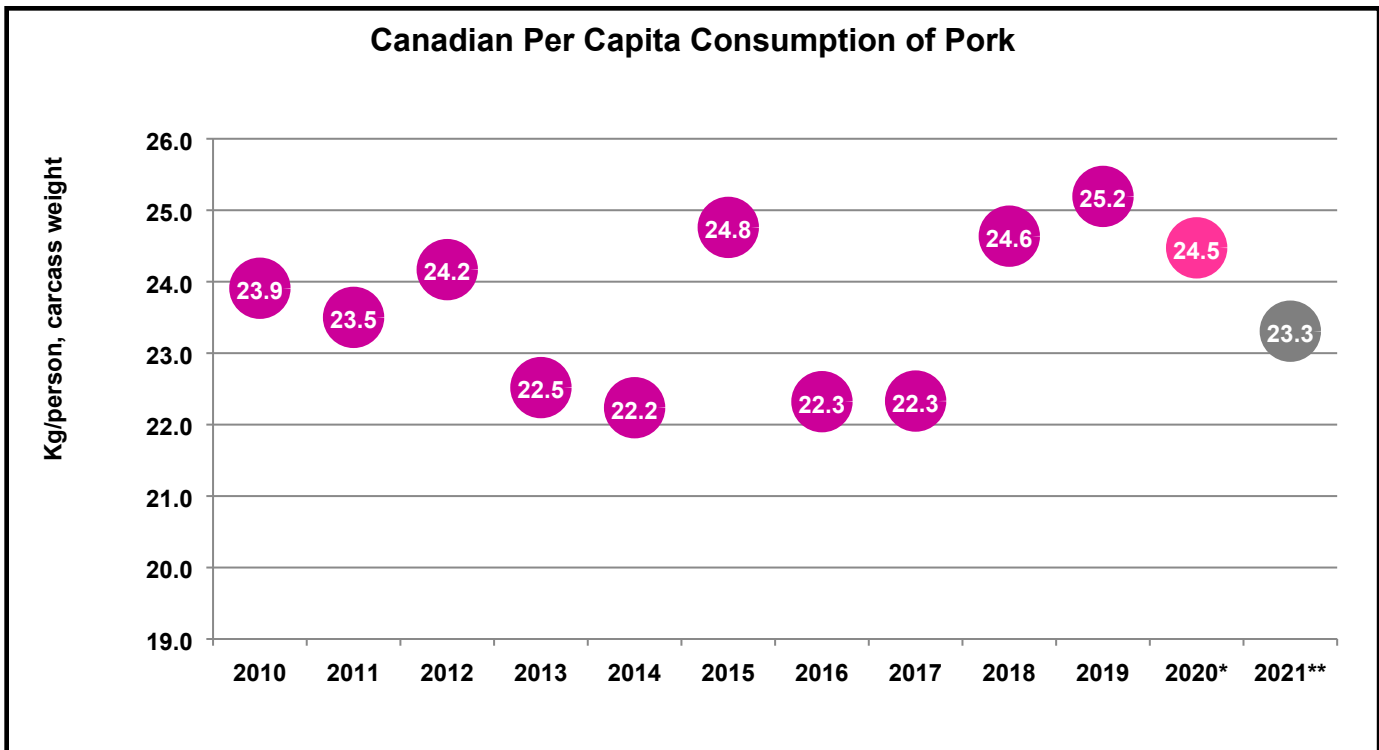
**NOTE: "NEW FAS/Ottawa" data reflect author's assessments and are NOT official USDA data**

**Pork Production: Slight Decline from Lower Slaughter Numbers**

FAS/Ottawa estimates that pork production will decline marginally in 2021 due to a slight reduction in slaughter numbers. This follows five percent growth in pork production in 2020 over 2019. Despite the 2021 reduction, pork production is expected to be six percent above the five-year average. Canada has been growing its pork production for several years, the result of increased slaughter numbers as well as increased carcass weights.

Carcass weights in 2021 will remain stable on 2020 numbers. Carcass weights in 2020 will see a modest one percent gain over 2019 weights. Weights were already up over 2019 prior to the first COVID-19 disruptions at Canadian processing plants and have remained that way despite the cleared backlog. Carcass weights have trended upward year-over-year in Canada but with space restrictions in barns they are expected to stabilize in 2021. Strong export and domestic demand will support sustained production trends. Pork has been less impacted by food service closures which occurred as a result of COVID-19 food service restrictions.

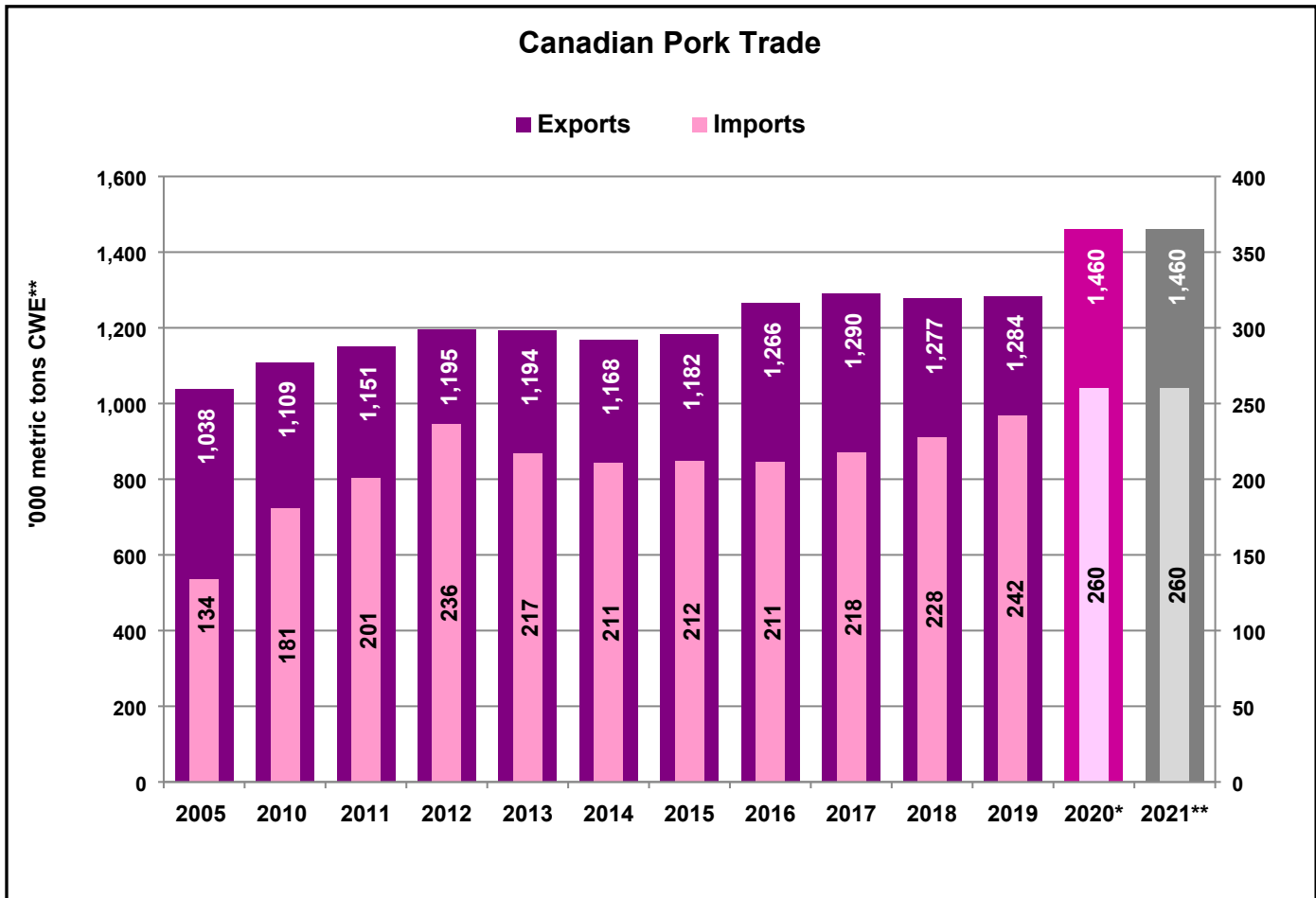
Similar to changing consumer behavior regarding food service, how Canadians shop for groceries is evolving. During the initial lockdown period in March and April, consumers tended to demonstrate stockpiling behaviors. Consumers reduced their grocery store trips while buying more per trip and filling fridges and freezers. Lower pork retail prices, compared to beef, likely resulted in more pork purchases during this time of economic uncertainty. While consumption is forecast to decline from 2019 levels as a result of increased competition from other animal and plant proteins, pork will remain a staple item for Canadians in 2021.



Source: Statistics Canada

**Pork Trade: Steady on 2020 Growth**

FAS/Ottawa forecasts Canadian pork trade to remain stable in 2021. Canada will look to continue strong trade with China amid continued impacts from ASF in that country. Imports will be used to feed Canadian demand for certain cuts and to supplement supply gaps created by export activity.



Source: Trade Data Monitor, LLC/FAS/Ottawa \*estimate \*\*forecast

FAS/Ottawa forecasts 2020 Canadian pork exports to grow 14 percent. Continued impacts of ASF in China and other Asian markets will support this growth along with recovery of food service activity in foreign markets like Japan. Canadian pork exports to China declined in 2019 driven by a 5-month suspension from the market. With export protocols and certificate issues rectified, China has been a strong market for Canadian pork exports in 2020 and is expected to remain into 2021. Canada will also look to recover COVID-19 disrupted export activity to Japan. Given geographic proximity, the U.S. market will remain important to Canadian exports. Exports to the EU continue to struggle given EU pork production volumes and technical barriers around carcass wash approvals that persist for Canadian products.

However, global pandemic activity in the remainder of 2020 and into 2021 could create additional disruptions impacting trade. Canada does have one federal plant that has voluntarily suspended pork exports to China as a result of COVID-19 cases linked to the plant. While the suspension is believed to be temporary, there has been no indication of the date at which exports may resume.

## Canada Pork Exports

January to June (metric tons, CWE\*)

Partner	Quantity			Market Share(%)			Change 2020/2019	
	2018	2019	2020	2018	2019	2020	Volume	Percent
<b>World</b>	<b>647,711</b>	<b>657,906</b>	<b>752,786</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>94,881</b>	<b>14.42</b>
CPTPP	213,823	212,617	185,693	33.01	32.32	24.67	-26,925	-12.66
EU 28	1,195	1,275	634	0.19	0.19	0.08	-641	-50.24
China	142,540	215,133	331,964	22.01	32.70	44.10	116,831	54.31
<b>United States</b>	<b>182,522</b>	<b>151,112</b>	<b>157,012</b>	<b>28.18</b>	<b>22.97</b>	<b>20.86</b>	<b>5,901</b>	<b>3.90</b>
Japan	147,494	146,083	138,466	22.77	22.20	18.39	-7,618	-5.21
Mexico	54,143	56,069	39,086	8.36	8.52	5.19	-16,982	-30.29
South Korea	24,541	22,579	15,379	3.79	3.43	2.04	-7,200	-31.89
Philippines	29,031	16,249	15,275	4.48	2.47	2.03	-974	-6.00
Vietnam	216	123	12,591	0.03	0.02	1.67	12,468	10138.67
All other countries	67,224	50,558	43,013	10.38	7.69	5.72	-7,545	-14.92

Source: Trade Data Monitor, LLC. \*Conversion to carcass weight equivalent at 1.3

FAS/Ottawa forecasts 2020 imports to grow seven percent over 2019 as a result of the growth in export activity. The United States will remain the main source market for imports. Geographic proximity supported increased imports of U.S. pork in the first half of 2020. A weaker Canadian dollar will continue to support more competitively priced imports from the United States compared to the EU.

## Canada Pork Imports

January to June (metric tons, CWE\*)

Partner	Quantity			Market Share(%)			Change 2020/2019	
	2018	2019	2020	2018	2019	2020	Volume	Percent
<b>World</b>	<b>109,833</b>	<b>120,254</b>	<b>127,731</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>7,478</b>	<b>6.22</b>
EU 28	17,150	15,123	13,978	15.62	12.57	10.95	-1,145	-7.57
CPTPP	1,053	1,736	954	0.96	1.44	0.75	-782	-45.03
<b>United States</b>	<b>91,354</b>	<b>103,364</b>	<b>112,671</b>	<b>83.18</b>	<b>85.96</b>	<b>88.21</b>	<b>9,308</b>	<b>9.00</b>
Germany	2,863	3,197	3,728	2.61	2.66	2.92	531	16.62
Denmark	2,975	3,981	3,089	2.71	3.31	2.42	-891	-22.39
Poland	5,259	2,006	1,435	4.79	1.67	1.12	-571	-28.46
All other countries	7,382	7,706	6,808	6.71	6.40	5.33	-898	-11.65

Source: Trade Data Monitor, LLC. \*Conversion to carcass weight equivalent at 1.3



## **Policy:**

### **COVID-19 Support**

On May 5, 2020 the Government of Canada announced [support measures](#) for producers and food processors to help offset additional costs incurred due to COVID-19. A CDN \$77.5 million Emergency (Food) Processing Fund was announced to help food processors manage additional costs as a result of facility changes to provide COVID-19 mitigation measures. Support for hog and cattle producers was announced under the pre-existing [Agri-Recovery](#) framework of CAD 50 million in federal funding each, for both hogs and cattle, to help manage backlogs created by COVID-19 disruptions in processing plants. Where Agri-Recovery is typically a 60:40 cost-share program between the Canadian government and provincial or territorial governments, under this announcement the Canadian government funding is being made available regardless of whether the provinces add additional funding. The provincial governments are responsible for initiating these support programs. [Alberta](#), [Ontario](#), and [Saskatchewan](#) have announced programs. Both Alberta and Saskatchewan have already implemented their cattle set-aside programs. Adjustments were also made to the [Western Livestock Price Insurance Program](#) which is available to producers in Manitoba, Saskatchewan, Alberta, and British Columbia. Additionally, the Government of Canada has also provided CAD 50 million for a [Surplus Food Rescue Program](#) to help manage food surpluses created by disruptions in the food service sector and to redirect this food to food insecure communities. This is a multi-commodity program.

### **China**

As of the writing of this report, Canadian meat processors are voluntarily suspending exports to China if a COVID-19 case is identified at the plant. Finalized details on when plants may resume exports following detection of cases have not been fully identified at this time. This initiative follows action by China earlier in 2020 which saw several plants export eligibility to China suspended as a result of COVID-19 outbreaks in those facilities. FAS/Ottawa is aware of one beef plant which was suspended by China and one pork plant which has voluntarily suspended exports at this time.

### **Pork Promotion and Research Agency**

The proclamation for a [Canadian Pork Promotion and Research Agency](#) (PRA) was released in Canada Gazette Part I on Saturday March 7, 2020. The published proposal would see a levy collected on the marketing of hogs for interprovincial or export trade as well as an import levy on live hogs and pork products imported into Canada. The current proposal calls for a national levy amount of CDN \$0.75 per head which would be applied to all imports; provincial levies may vary but only the national will apply to imports. For pork imports, a conversion formula will be used to adjust the weight of the imported product to apply the levy.

## **USMCA**

On November 30, 2018 the United States, Canada, and Mexico signed the new [United States-Mexico-Canada Agreement](#). This agreement updates the 1994 North American Free Trade Agreement (NAFTA) and came into force on July 1, 2020.

## **Transport Regulations**

In February 2019, CFIA announced [new regulations](#) surrounding maximum durations for animal transport before feed, water, and rest must be given. These regulations apply to animals being imported and animals being exported, as well as movement within Canada. As a result of industry concerns, an amnesty period remains in place on the prescriptive regulations on maximum transport durations to allow for industry to adjust. CFIA will still enforce the regulations as they pertain to overall animal health and welfare during transport.

## **Attachments:**

No Attachments