

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Canada

### Livestock and Products Annual

**2017**

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**Report Highlights:**

Canadian cattle numbers continued to decline in 2017 due to producer attrition and to higher slaughter.

By contrast, Canadian swine sector growth is expected to continue through 2018 on strong export demand. Though the United States will continue to be Canada's dominant source for imported beef and pork as well as Canada's largest beef and pork product export market, increased shipments to Asian markets are projected to drive total exports of Canadian beef and pork higher in 2017 and 2018.

Key Words: Canada, CA17035, Livestock, Cattle, Beef, Swine, Pork

**Commodities:**

Animal Numbers, Cattle  
Meat, Beef and Veal  
Animal Numbers, Swine  
Meat, Swine

## **Executive Summary:**

### **Cattle & Beef**

Despite an anticipated expansion, Canada's cattle herd is forecast to continue to decline through 2017. FAS/Ottawa projects that beef replacement heifer retention should slowly increase in 2018, which, along with decreasing total slaughter, will mitigate the decline in cattle numbers in 2018 as herd rebuilding gets underway. Live cattle exports to the United States are forecast to rise in 2018 due to higher feed costs in Canada. Canadian total slaughter is projected to decline in 2018, but beef production should remain high on increased carcass weights. FAS/Ottawa expects continued beef export growth in 2018 on sustained demand from U.S. and Asian markets, though the snapback in the Japanese tariff rate for frozen beef is expected to reduce potential exports through the first quarter of calendar year 2018.

### **Swine and Pork**

FAS/Ottawa forecasts continued expansion of the swine herd in 2018, as sow productivity remains high, though new finishing facilities would be needed to support further expansion. Impacts of the 2017 Manitoba Porcine Epidemic Diarrhea virus (PEDv) outbreak are expected to be minimal with losses offset by increased sow productivity nationally. Slaughter is forecast to increase in 2018 with new capacity expected to come online in Alberta, Manitoba, and Quebec. Increased slaughter capacity in the United States, coupled with lower feed prices, will see exports of feeder piglets and slaughter hogs grow in 2018. Canadian pork exports are projected to continue to reach record high levels in 2018 driven by consumption patterns in Asian markets. Pork exports to the United States are expected to decline in 2018, following U.S. swine herd and slaughter capacity expansion.

## Cattle:

### Production, Supply and Distribution Estimates

CANADA Animal Numbers CATTLE ('000 head)	2016		2017		2018	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Forecast
Total Cattle Beg. Stks	12,035	11,900	12,065	11,850	0	11,725
Dairy Cows Beg. Stocks	959	945	960	945	0	945
Beef Cows Beg. Stocks	3,827	3,773	3,825	3,748	0	3,730
Production (Calf Crop)	4,350	4,297	4,350	4,300	0	4,310
Total Imports	33	33	35	60	0	30
<b>Total Supply</b>	<b>16,418</b>	<b>16,230</b>	<b>16,450</b>	<b>16,210</b>	<b>0</b>	<b>16,065</b>
Total Exports	766	766	690	665	0	730
Cow Slaughter	423	423	425	475	0	430
Calf Slaughter	223	235	225	225	0	210
Other Slaughter	2,420	2,434	2,485	2,600	0	2,510
Total Slaughter	3,066	3,092	3,135	3,300	0	3,150
Loss	521	522	500	520	0	520
Ending Inventories	12,065	11,850	12,125	11,725	0	11,665
<b>Total Distribution</b>	<b>16,418</b>	<b>16,230</b>	<b>16,450</b>	<b>16,210</b>	<b>0</b>	<b>16,065</b>

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

#### Canada's Cattle Herd Continues Decline

FAS/Ottawa forecasts a further one percent decline in the cattle herd for 2018 following four straight years of decline in cattle inventory. Expansion of the Canadian cattle herd has been highly anticipated for several years, but current data trends suggest that this expansion is unlikely to occur in 2018. At present, Canada does not appear to be retaining sufficient numbers of heifers to realize a significant cattle expansion until 2019 at the earliest.

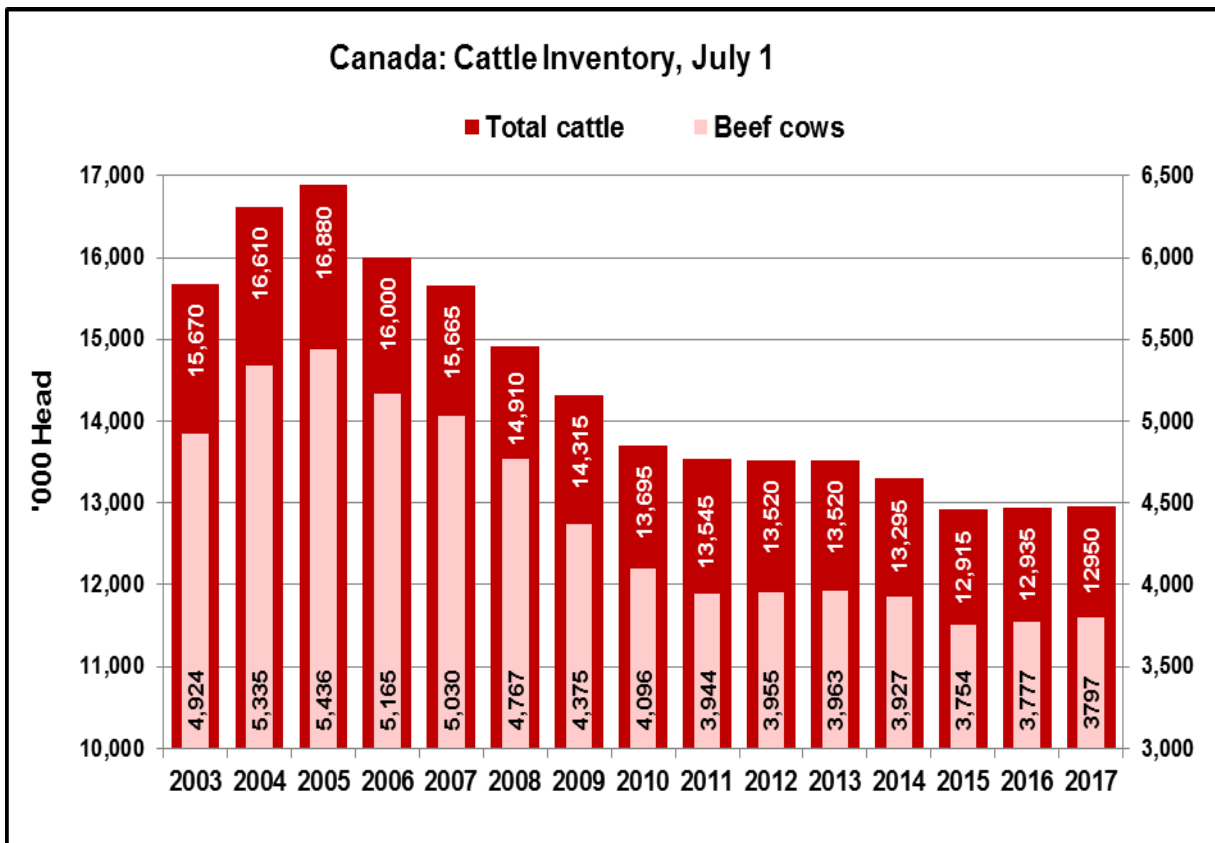
Though 2016 estimates by Statistics Canada had anticipated a slight rebound in 2017 cattle numbers, those projections were revised downward in the July 1, 2017 inventory data release. While cattle prices dropped in 2016 from the highs seen in 2015, lower feed costs due to an abundance of North American feed grains had producers sending cattle for marketing rather than retaining animals, as had been anticipated earlier in 2016. As a result of these cattle being pulled ahead and coming to market sooner than expected, carcass weights through July 2017 were down from the record levels seen in 2016 despite the abundant feed grains.

A spike in cattle prices in the first half of 2017 has helped push heifer slaughter numbers up twelve percent and cow slaughter up sixteen percent over 2016 levels. With cattle prices declining, feeders have ceased pulling cattle forward and a large supply of fed cattle heading into the Fall should help to suppress upward pressure on prices and drive carcass weights higher through 2018. Though the supply of fed cattle at the conclusion of 2017 should be large enough to keep cattle prices down heading into 2018, crop conditions across Canada could continue to drive feed costs higher. Drought conditions in Western Canada and too much rain in Eastern Canada could reduce supplies of domestic feed and fodder

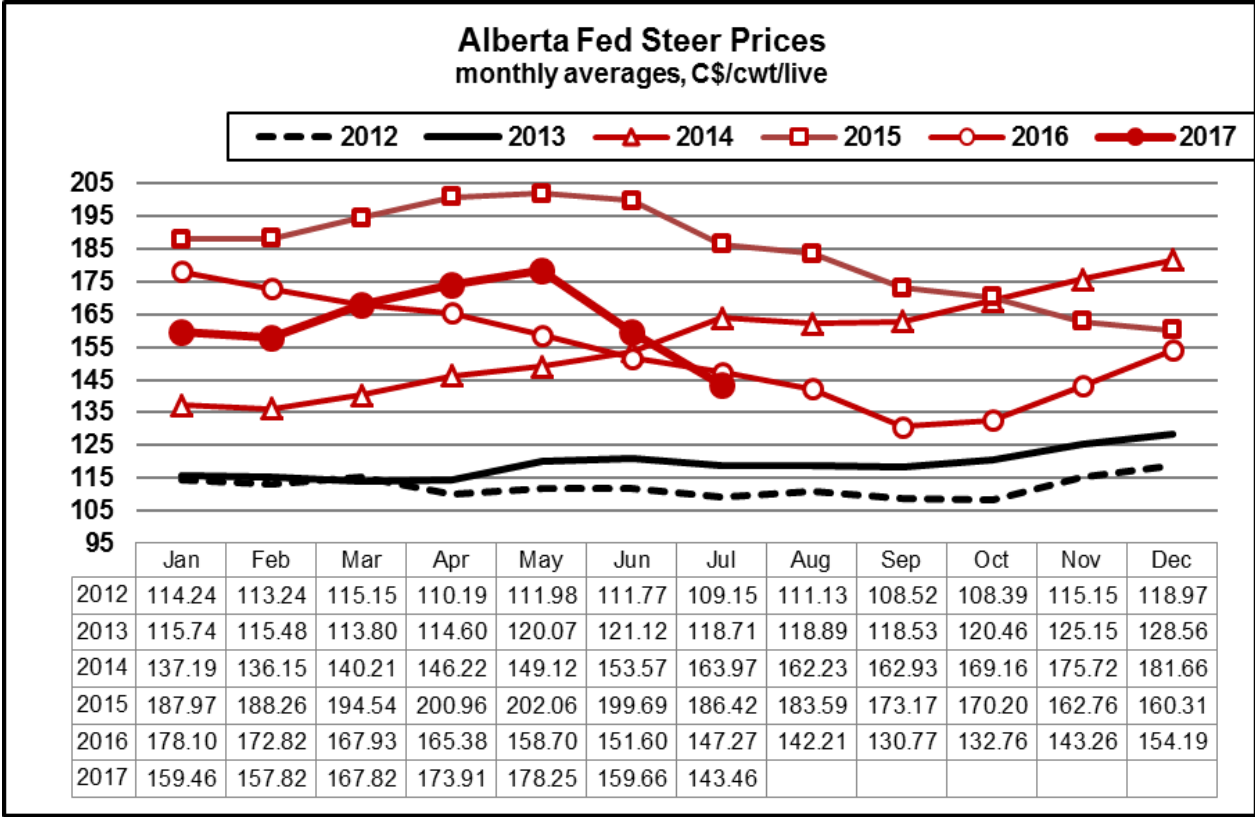
well in to 2018. Prairie provinces are already coping with reduced pasture and increased hay prices, while forecast declines in the barley crop could further erode the profit margins of feeding operations.

In addition to price pressures drawing more cattle into marketing than expected in early 2017, Canadian cattle farm numbers have continued to contract as ranchers retire out of the industry without a successor. The number of cattle farms has fallen by 17 percent since 2010 and by 35 percent since 2005. Though increases in the average number of cows per farm (up 19 percent since 2005) indicate consolidation in the industry, the loss of farms continues to outpace the rate of growth in cattle per farm, dragging down the size of the total cattle herd.

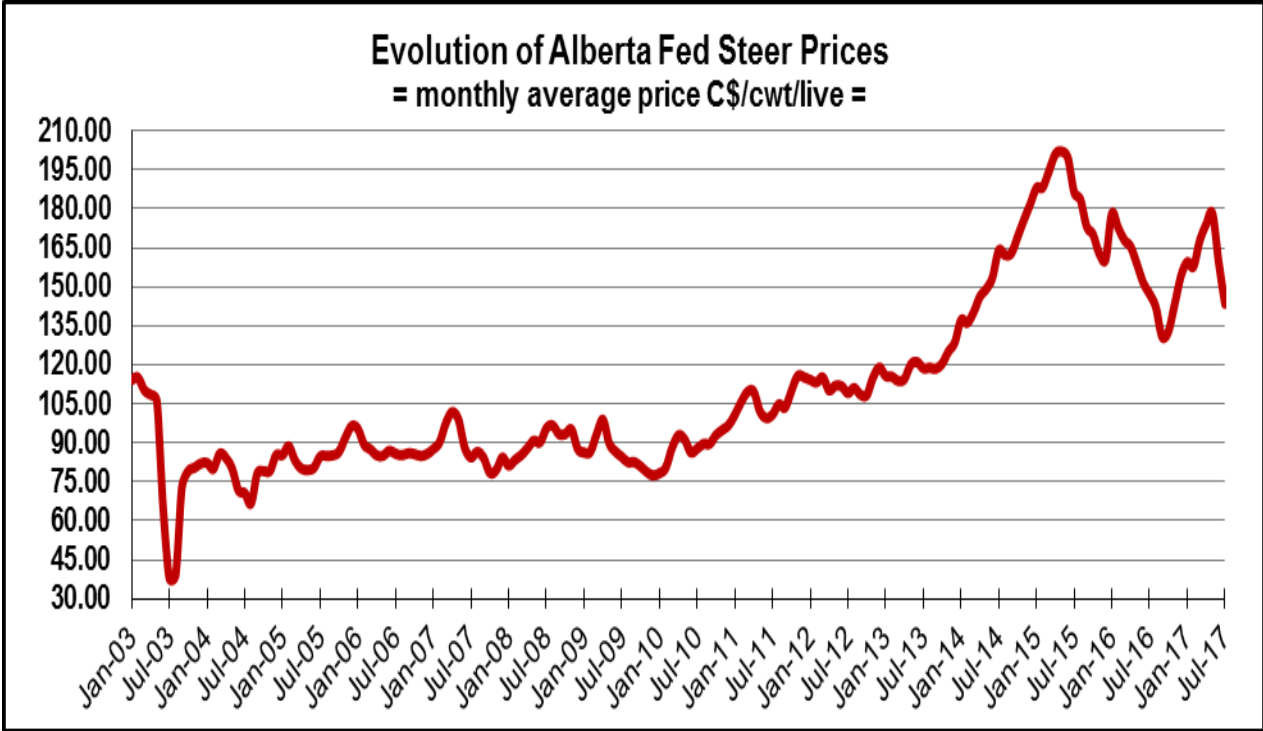
The Canadian herd size should remain flat through 2017 on anticipated higher slaughter levels and a modest calf crop. With July 2017 inventories indicating a 0.6 percent increase (or 4,000 head) in beef heifer retention for breeding and a 0.5 percent increase (or 19,700 head) in the beef cow herd, FAS/Ottawa estimates that cow and heifer slaughter will decline in 2018, generating a one percent increase in the calf crop and helping to halt the recent decline in the cattle herd. Lower live cattle prices in Canada, along with an expanding U.S. herd, could provide sufficient incentive for Canadian producers to retain greater numbers of breeding stock and to begin the long-awaited herd expansion in 2018.



Source: Statistics Canada



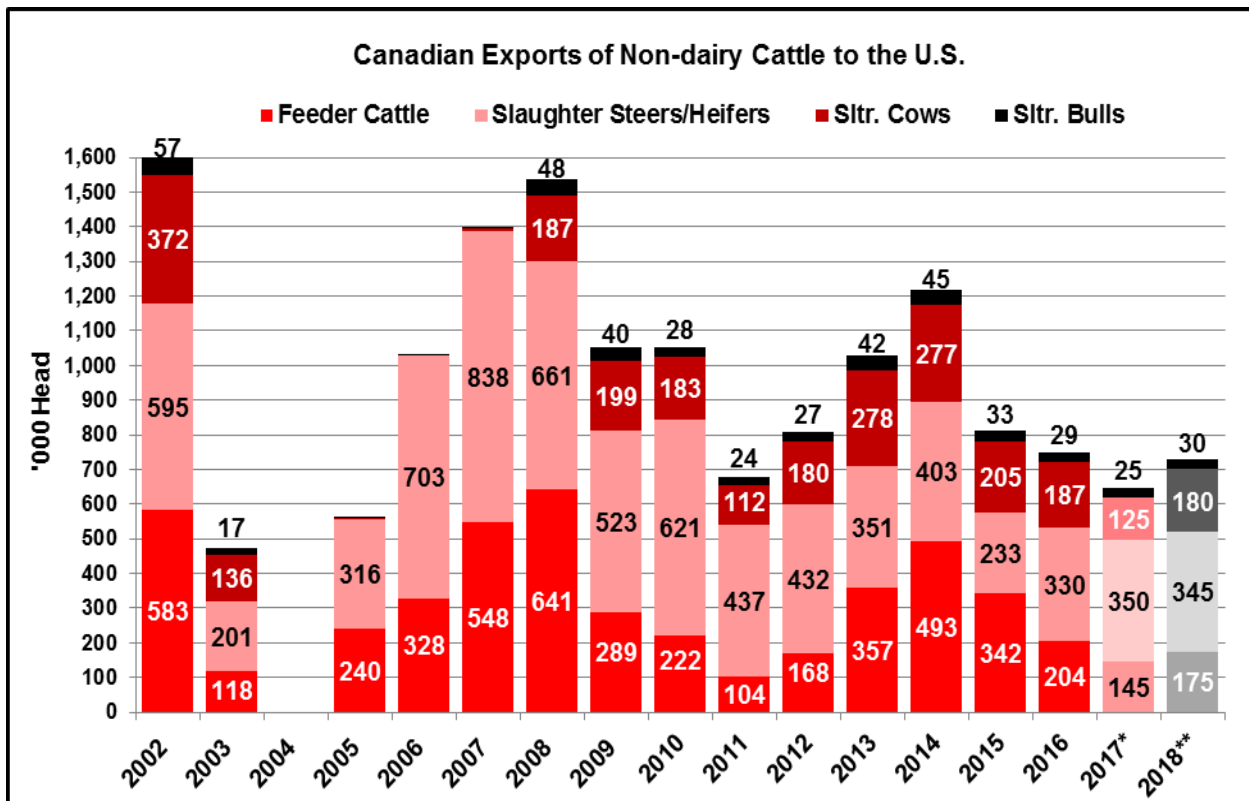
Source: Canfax



Source: Canfax

### Cattle Exports Increase Following Year of Decline

After falling thirteen percent in 2017, FAS/Ottawa expects Canadian cattle exports to increase ten percent in 2018 to 730,000 head. Following bumper feed grain crops in 2016, Canada held a feed price advantage over the United States through early 2017, leading to higher numbers of Canadian cattle remaining in the domestic market for finishing. As result, Canadian live cattle exports in 2017 are likely to be at their lowest level in the last five years. Though forward contracts with packers should keep Canadian cattle in the domestic market through the end of the year, cattle exports should begin to rebound in 2018 now that earlier feed price advantage has evaporated and continued higher feed costs could be in the offing. Industry sources suggest, despite drought issues in the United States and a large cattle supply, a strong Canadian dollar will see cattle shipped south for feeding although ownership may be retained. This will drive up exports of slaughter bulls and fed steers to the United States. After falling for four consecutive years, feeder cattle shipments to the United States should rebound in 2018. Declining beef prices in Canada will also see packer demand slow on diminishing margins, pushing more cattle for slaughter to the United States in 2018.



Source: Global Trade Atlas/FAS/Ottawa \*estimate \*\*forecast

**Beef:**

**Production, Supply and Distribution Estimates**

CANADA Meat BEEF and VEAL	2016		2017		2018	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Forecast
Slaughter (Reference)	3,066	3,092	3,135	3,300	0	3,140
Beginning Stocks	42	41	50	35	0	45
Production	1,130	1,130	1,160	1,155	0	1,160
Total Imports	254	254	250	235	0	240
<b>Total Supply</b>	<b>1,426</b>	<b>1,425</b>	<b>1,460</b>	<b>1,425</b>	<b>0</b>	<b>1,445</b>
Total Exports	441	441	450	450	0	465
Total Dom. Consumption	935	949	955	930	0	940
Ending Stocks	50	35	55	45	0	40
<b>Total Distribution</b>	<b>1,426</b>	<b>1,425</b>	<b>1,460</b>	<b>1,425</b>	<b>0</b>	<b>1,445</b>

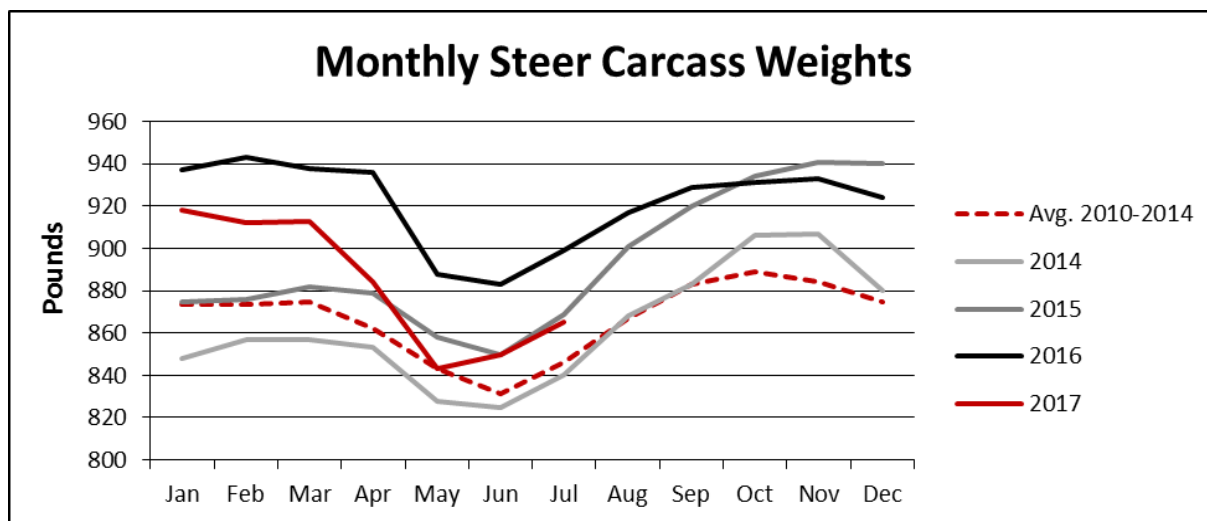
Data in '000 metric tons, except for "slaughter" which is in '000 head

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

**Production to Remain High in 2018 Despite Slaughter Decline**

FAS/Ottawa forecasts a slight decline in total slaughter for 2018 at 3,140,000 head or a five percent decline from the estimated levels for 2017. Lower heifer slaughter numbers are expected to lead the reduction in total slaughter as producers engage in rebuilding the herd. Total beef production is forecast to remain high as carcass weights continue to trend upward despite reduced slaughter numbers. Additionally, sustained cow slaughter is expected through 2018, as older breeding stock exits the herd in favor of younger animals as part of the rebuilding process.

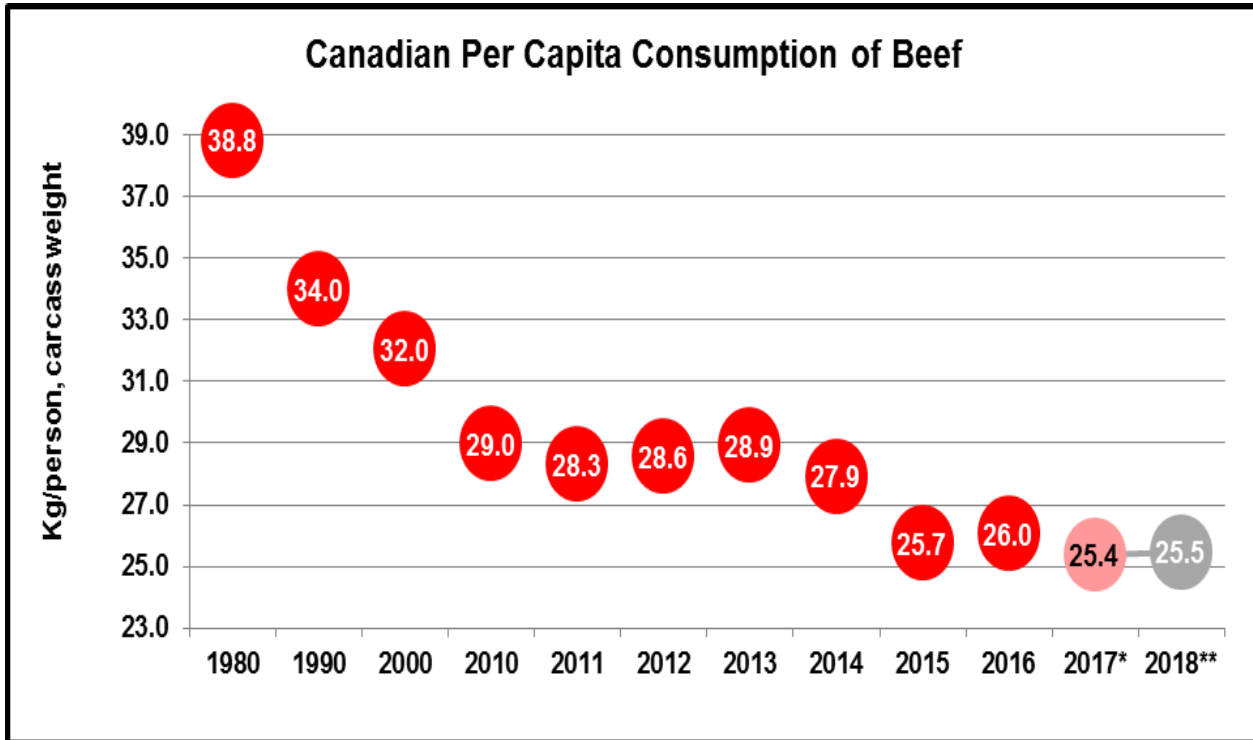
Total beef production is forecast to increase to 1,160,000 metric tons (MT), a 0.4 percent increase following an estimated 2.2 percent increase in 2017. Lower beef prices are also anticipated to encourage increased carcass weights as reduced slaughter numbers pressure increased production from fewer animals.



Source: Canfax

### Consumer Demand for Beef Remains Stable

High beef prices in 2015 turned consumers towards other sources of protein however, this trend began to reverse in 2016 and beef demand is expected to remain relatively stable in 2018 with a slight increase over 2017 due to lower prices as a result of a larger number of slaughter animals anticipated at the end of 2017. Increasing pork and poultry prices is also expected to see consumer behavior trend towards increased beef purchasing although consumption will remain low relative to historical per capita consumption. This will be driven by increased competition from other protein sources and changing medical advice resulting in a more negative perception of red meat consumption.

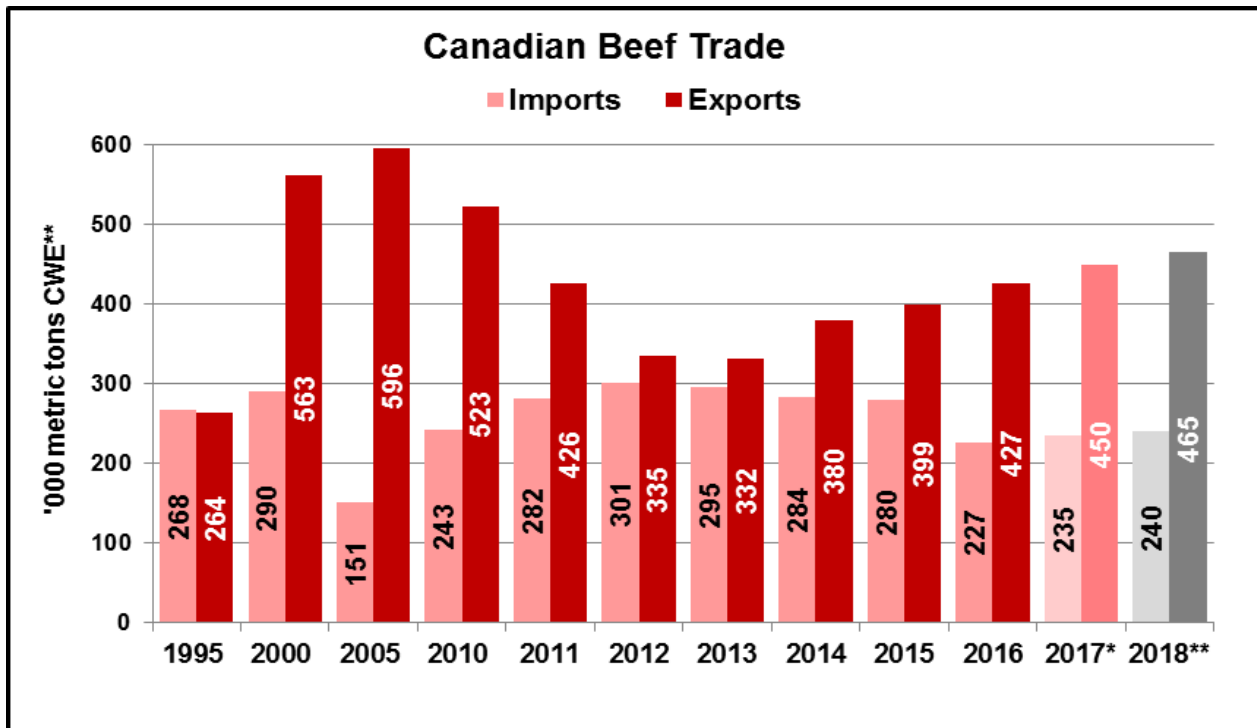


Source: Statistics Canada/FAS/Ottawa \*estimate \*\*forecast

### Beef Exports Continue Upward Trend

FAS/Ottawa forecasts 2018 beef exports to continue to increase reaching 465,000 MT, a 3.3 percent (or 15,000 MT) increase of 2017 estimates. The Canadian dollar has strengthened through 2017 but will still remain low enough to create a competitive export environment. Chinese market demand will continue to remain strong while recently imposed safeguard measures by Japan will cool that market slightly.





Source: Global Trade Atlas/FAS/Ottawa \*estimate \*\*forecast

The United States will continue to be the dominant market for both Canadian beef exports and imports. Imports in 2018 are forecast to increase, up two percent from 2017 estimates (to 5,000 MT) driven by a slightly stronger Canadian dollar, rebuilding of the domestic cattle herd, and a slight increase in consumer demand. The 2017 U.S. market share of exports is up over year-to-date 2015 and 2016 numbers, and as the herd expansion continues and Canadian slaughter slows, imports of U.S. beef should continue to grow. Sustained competition from Australia and New Zealand in Asian markets as well as a tighter Canadian beef supply could temper Canadian exports to the region in 2018.

Canada: Beef Imports, January - June (metric tons, CWE*)								
	Unit	Quantity			% Market Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
<b>World</b>	<b>CW T</b>	<b>144,694</b>	<b>137,919</b>	<b>122,645</b>	100.00	100.00	100.00	<b>-11.09</b>
United States	CW T	80,375	74,928	78,021	55.55	54.32	63.62	4.13
Australia	CW T	29,601	26,639	13,405	20.46	19.31	10.93	-49.68
New Zealand	CW T	16,681	15,251	13,846	11.53	11.06	11.29	-9.21
Uruguay	CW T	16,004	14,237	11,457	11.06	10.32	9.34	-19.53
Brazil	CW T	732	4,312	2,696	0.51	3.13	2.20	-37.47
All other countries		1,301	2,552	3,220	0.90	1.85	2.63	26.18

Source: Global Trade Atlas / \*Conversion to carcass weight equivalent (CWE) at 1.4 for fresh, chilled and frozen meat, and at 1.79 for salted and processed meat

**Canada: Beef Exports, January - June (metric tons, CWE\*)**

	Unit	Quantity			% Market Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
<b>World</b>	<b>CW T</b>	<b>183,299</b>	<b>203,613</b>	<b>219,527</b>	100.00	100.00	100.00	<b>7.82</b>
United States	CW T	145,911	163,955	167,583	79.60	80.52	76.34	2.21
Hong Kong	CW T	7,810	12,482	12,128	4.26	6.13	5.52	-2.84
Japan	CW T	8,055	9,257	13,741	4.39	4.55	6.26	48.43
Mexico	CW T	9,058	7,083	8,291	4.94	3.48	3.78	17.05
China	CW T	7,332	3,682	5,869	4.35	1.81	2.67	59.43
Korea South	CW T	696	3,455	2,536	0.38	1.70	1.16	-26.6
Saudi Arabia	CW T	1,129	1,575	642	0.62	0.77	0.29	-59.25
All other countries		3,308	2,124	8,737	1.80	1.04	3.98	311.35

Source: Global Trade Atlas / \*Conversion to carcass weight equivalent at 1.4

**Swine:**

**Production, Supply and Distribution Estimates**

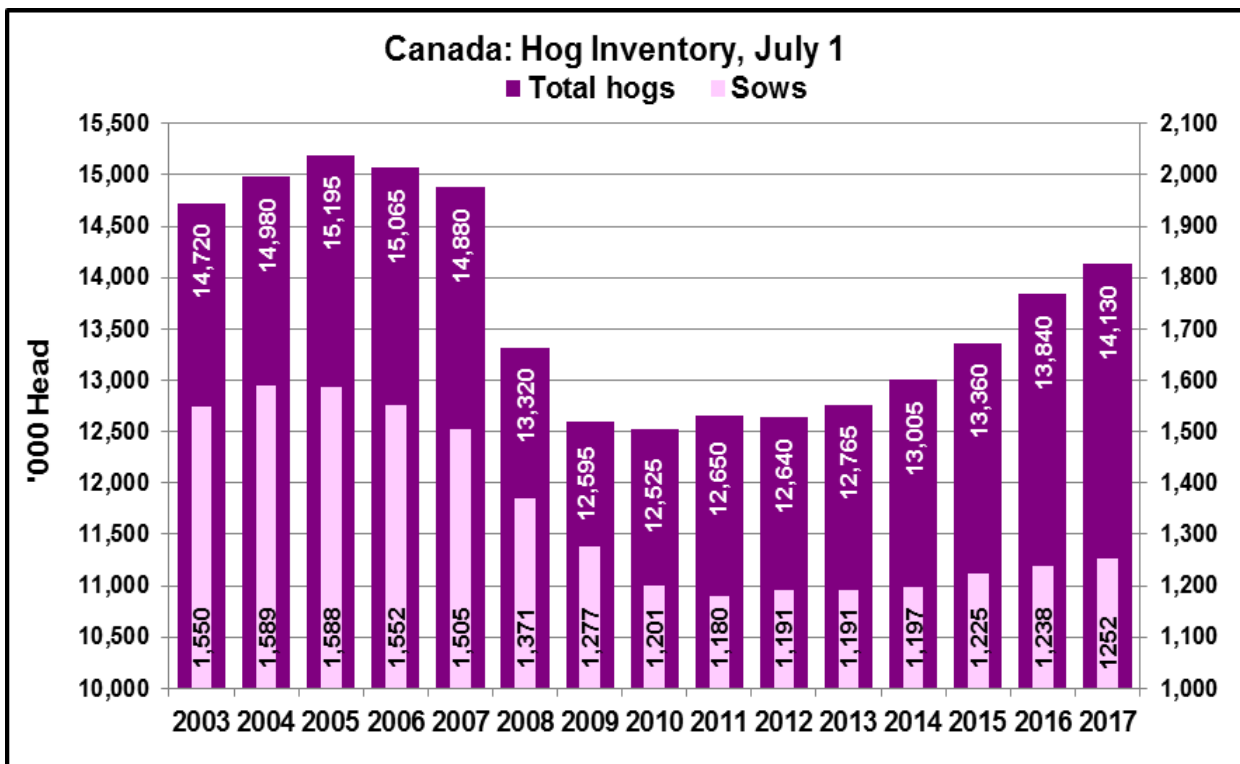
CANADA Animal Numbers SWINE ('000 head)	2016		2017		2018	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Forecast
Total Beginning Stocks	13,510	13,575	13,725	13,760	0	14,100
Sow Beginning Stocks	1,213	1,228	1,228	1,248	0	1,250
Production (Pig Crop)	28,718	28,691	28,950	29,307	0	29,382
Total Imports	3	3	5	3	0	3
<b>Total Supply</b>	<b>42,231</b>	<b>42,269</b>	<b>42,680</b>	<b>43,070</b>	<b>0</b>	<b>43,485</b>
Total Exports	5,667	5,671	5,750	5,790	0	5,960
Total Slaughter	21,420	21,424	21,800	21,750	0	21,900
Loss	1,419	1,414	1,410	1,430	0	1,400
Ending Inventories	13,725	13,760	13,720	14,100	0	14,225
<b>Total Distribution</b>	<b>42,231</b>	<b>42,269</b>	<b>42,680</b>	<b>43,070</b>	<b>0</b>	<b>43,485</b>

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

### Swine Sector Continues to Grow

FAS/Ottawa forecasts a 2.5 percent increase in total hog inventories for 2018. Sow productivity is estimated to increase by 0.5 percent for 2017 and is forecast to remain stable through 2018. Sow numbers are forecast to remain steady through 2018 owing to a lack of capacity for sustained expansion until new facilities are constructed. Regulatory issues and limited profit margins are negatively impacting the need for newer facility creation. With new slaughter facilities opening in Iowa and Michigan, Canadian producers may see more incentive to push forward with new barn construction in 2018 to increase farrowing operations and supply of weanlings for export to the United States. Through 2017 the number of farms reporting live hogs has remained steady.

Porcine epidemic diarrhea virus (PEDv) has been an ongoing issue in Manitoba (responsible for approximately 30 percent of national pig production) through the first half of 2017. Though Manitoba has fewer swine producers than Alberta, Quebec, or Ontario, herd sizes are 2-3 times larger, creating the potential for substantial losses during disease outbreaks. As a result, 2017 losses, nationally, are estimated 1.1 percent (or 16,000 head) greater than 2016 levels. Disease spread mitigation strategies are in place and the impact of the 2017 Manitoba PEDv outbreak is expected to be offset by an overall increase in sow productivity nationally.



Source: Statistics Canada

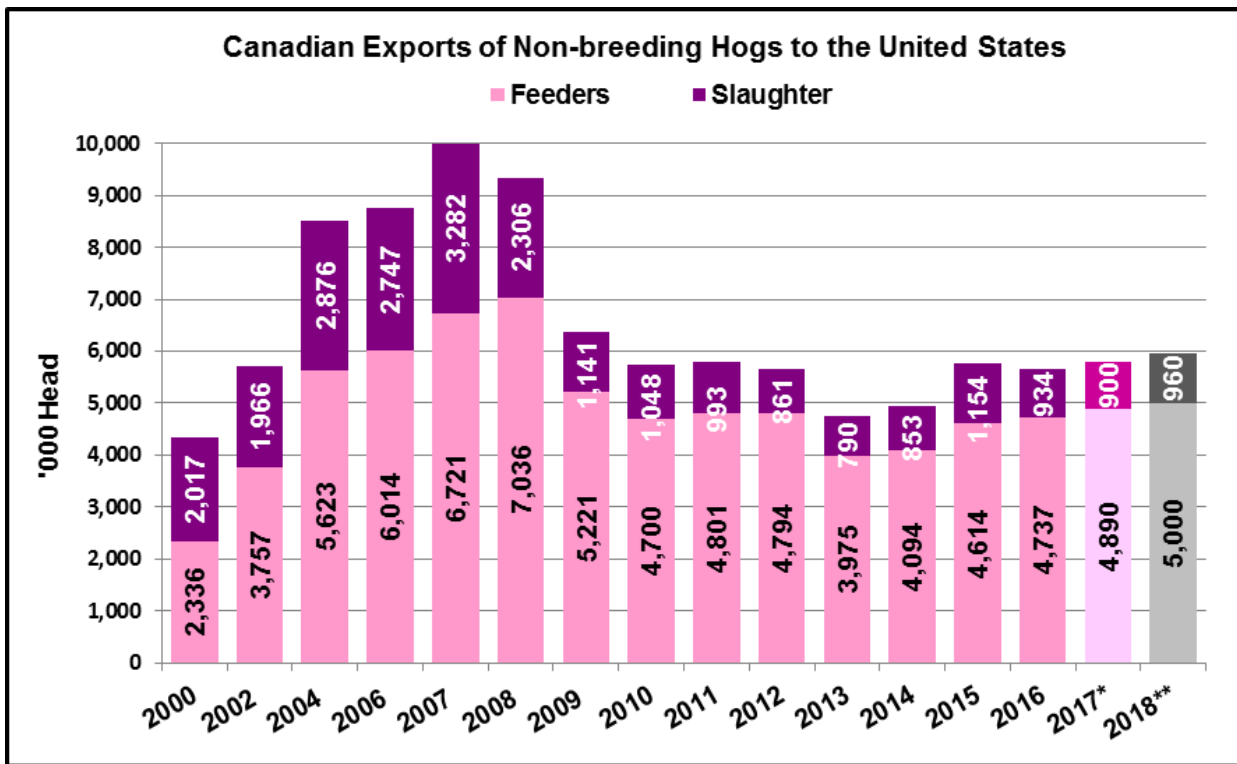
Industry sources have indicated that processors Olymel and HyLife have continued moving towards a vertical integration model while expanding their processing capacity. Expansion from both of these companies will see increased processing ability in Alberta, Manitoba, and Quebec with construction expected to be completed in 2018. HyLife in Manitoba is approximately 80 percent vertically integrated with 20 percent of its slaughter capacity being sourced from independent producers. The expansion of their Manitoba facilities will see production increase by approximately 15 percent from a slaughter

capacity of 1,650,000 head annually to 1,900,000 head. Olymel’s expansion will see them increase product by at least 6,000 MT annually to 20,000 MT.

**Live Swine Exports Following U.S. Slaughter Capacity Expansion**

FAS/Ottawa forecasts live swine exports to continue to increase in 2018 up 2.9 percent from 2017 estimates. The opening of new slaughter facilities in Iowa and Michigan will see a sustained export market with higher feed costs and a lack of finishing facilities in Canada also seeing producers looking to export weanlings. FAS/Ottawa forecasts a 0.7 percent increase in slaughter for 2018 with the capacity of Canadian slaughter not expected to increase substantially through 2018. Labor sourcing issues will remain as a restriction for Canadian processing abilities through 2018.

Swine imports are expected to remain steady for 2018, as Canadian import demand for breeding animals remains unchanged.



Source: Global Trade Atlas/FAS/Ottawa \*estimate \*\*forecast

## Pork:

### Production, Supply and Distribution Estimates

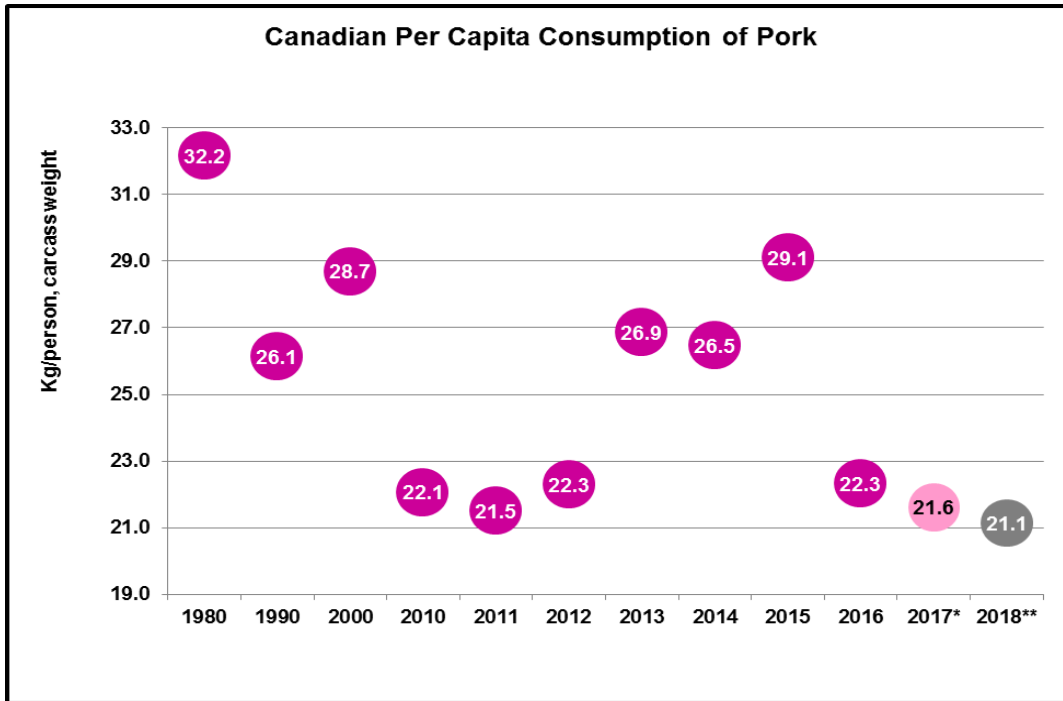
CANADA Meat SWINE	2016		2017		2018	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Forecast
Slaughter (Reference)	21,420	21,424	21,800	21,750	0	21,900
Beginning Stocks	71	71	66	67	0	75
Production	1,955	1,914	1,950	1,960	0	2,000
Total Imports	215	215	215	220	0	220
<b>Total Supply</b>	<b>2,241</b>	<b>2,200</b>	<b>2,231</b>	<b>2,247</b>	<b>0</b>	<b>2,295</b>
Total Exports	1,319	1,320	1,300	1,380	0	1,450
Total Dom. Consumption	856	813	865	792	0	780
Ending Stocks	66	67	66	75	0	65
<b>Total Distribution</b>	<b>2,241</b>	<b>2,200</b>	<b>2,231</b>	<b>2,247</b>	<b>0</b>	<b>2,295</b>

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

#### Pork Production Up as Consumption Falls

FAS/Ottawa forecasts 2018 pork production to increase 2 percent to 2,000,000 MT from 2017 estimates which were up 2.5 percent over 2016 levels. Increased slaughter and carcass weights will push production higher, with FAS/Ottawa forecasting carcass weights to increase by a further 1.3 percent for 2018. Sustained export demand will continue to be the driver for increased pork production.

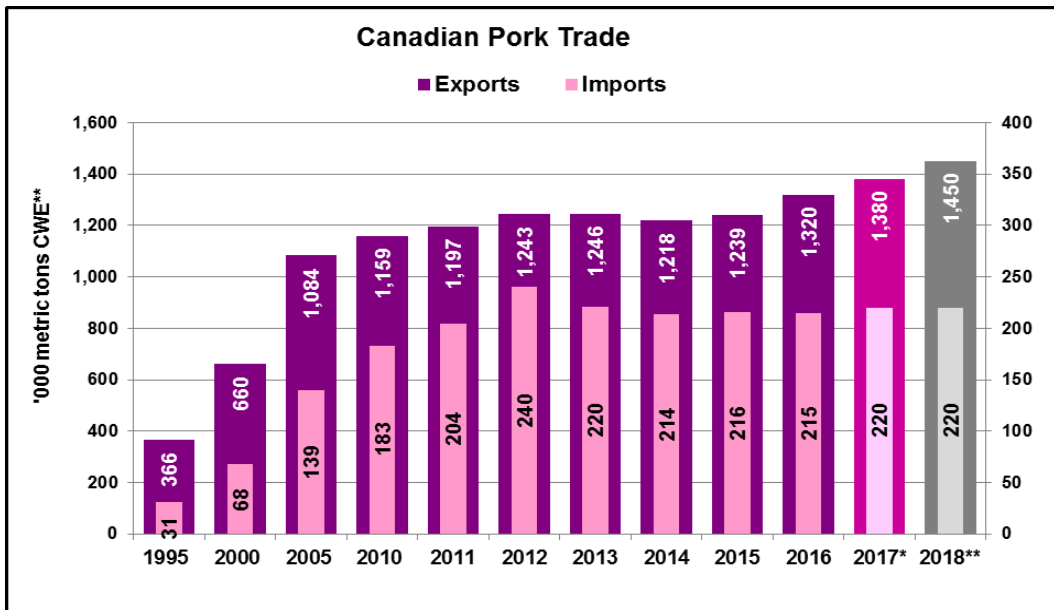
Following a peak in 2015, Canadian domestic consumption is forecast to continue to decline through 2018. High beef prices in 2015 helped push value-conscious consumers towards increased pork consumption, however, as beef prices have lowered and as consumer attitude towards red meats has shifted, pork consumption has trended downward. Pork consumption is estimated at 21.6 kg/person for 2017, a 2.3 percent decline from 2016, and forecast to decline by a further 2.3 percent in 2018 to 21.1 kg/person as beef prices are anticipated to remain competitive and consumer preference for leaner proteins, like poultry and fish, remains strong.



Source: Statistics Canada

### Pork Exports Remain Strong

FAS/Ottawa forecasts pork exports to set new records in 2017 and 2018 on continued strong demand from key Asian markets, though a stronger Canadian dollar could temper the pace of growth. After reaching a record high level in 2016, Canadian pork exports are forecast to climb 4 percent in 2017 and 5 percent in 2018, reaching a total of 1.45 million metric tons in 2018.



Source: Global Trade Atlas/FAS/Ottawa \*estimate \*\*forecast

Chinese demand for pork products has softened in 2017, with Canada seeing a decrease in pork export volumes while simultaneously realizing a four percent increase in market share over 2016. As China continues to focus on domestic production, the volatility of this market is anticipated to increase. Canadian exports to South Korea have declined on increased export competition from European Union (EU) countries, which have been flooding Asian markets with frozen pork since Russia closed its market to most EU pork exports in 2014. However, increased shipments to Japan and other Asian markets will drive Canadian pork exports higher through 2018. Exports to the United States will continue to decline through 2018 as U.S. pork supplies are expected to expand.

FAS/Ottawa forecasts Canadian imports of foreign pork will remain flat in 2018 at 220,000 MT, matching 2017 levels. As Canada continues to import specific cuts to meet consumer demand, FAS/Ottawa estimates a stronger Canadian dollar will help to drive imports up four percent in 2017 before leveling off in 2018. The United States should continue to be the major supplier of pork to the Canadian market, with European Union countries rounding out the top five sources of pork imports through 2018.

Canada: Pork Imports, January - June (metric tons, CWE*)								
	Unit	Quantity			% Market Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
<b>World</b>	<b>CW T</b>	<b>105,707</b>	<b>101,915</b>	<b>105,737</b>	100.0 0	100.0 0	100.0 0	<b>3.75</b>
United States	CW T	95,687	85,533	90,622	90.52	83.93	85.71	5.95
Germany	CW T	2,513	3,533	2,365	2.38	3.47	2.24	-33.05
Spain	CW T	1,270	3,139	2,182	1.20	3.08	2.06	-30.49
Poland	CW T	1,971	2,929	3,776	1.87	2.87	3.57	28.93
Denmark	CW T	1,582	1,894	2,076	1.50	1.86	1.96	9.59
All other countries		2,684	4,887	4,716	2.54	4.80	4.46	-3.50

Source: Global Trade Atlas / \*Conversion to carcass weight equivalent at 1.3

**Canada: Pork Exports, January - June (metric tons, CWE\*)**

	Unit	Quantity			% Market Share			% Change 2017/2016
		2015	2016	2017	2015	2016	2017	
<b>World</b>	<b>CW T</b>	<b>598,518</b>	<b>649,363</b>	<b>663,505</b>	100.00	100.00	100.00	<b>2.18</b>
United States	CW T	242,457	223,610	210,124	40.51	34.44	31.67	-6.03
China*	CW T	33,131	165,522	154,012	5.54	25.49	23.21	-6.95
Japan*	CW T	121,553	121,017	135,955	20.31	18.64	20.49	12.34
Mexico	CW T	45,980	46,920	51,172	7.68	7.23	7.71	9.06
Korea South*	CW T	25,991	20,294	18,451	4.34	3.13	2.78	-9.08
Philippines*	CW T	14,410	14,479	21,299	2.41	2.23	3.21	47.11
Australia	CW T	20,258	11,194	12,610	3.38	1.72	1.90	12.65
Taiwan	CW T	27,763	10,991	21,267	4.64	1.69	3.21	93.50
Chile	CW T	8,252	6,857	9,206	1.38	1.06	1.39	34.26
Hong Kong	CW T	10,683	6,091	1,776	1.78	0.94	0.27	-70.84
New Zealand	CW T	8,094	4,776	5,296	1.35	0.74	0.80	10.89
Colombia	CW T	4,322	2,396	2,509	0.72	0.37	0.38	4.69
All other countries		35,624	15,216	19,828	5.95	2.34	2.99	30.31

Source: Global Trade Atlas / \*Conversion to carcass weight equivalent at 1.3

## Policy

### CETA

The Comprehensive Economic and Trade Agreement (CETA) between the Canada and the European Union is provisionally expected to enter into force on September 21, 2017. As reported previously, Canada will gain tariff rate quotas (TRQs) over six years of almost 50,000 MT for beef, of 3,000 MT for bison, and of 75,000 MT for pork. For Canadian beef exported to the EU within the existing high-quality beef quota, the duty will drop from 20 percent to zero upon entry into force. All beef exports to the EU will continue to be subject to EU requirements regarding growth promotants, antimicrobial treatments, and sanitary inspection equivalence.

### China



A Canadian shipment of pig feet to China tested positive for ractopamine in May 2017. To date the positive appears to be an isolated case from one processor and no trade restrictions have been announced. However, China has indicated that it will increase testing rates of Canadian shipments. As a result, the Canadian Food Inspection Agency has recalled all shipments *en route* to China from the test positive processing plant and banned further export shipments to China until investigations into the ractopamine positive have been completed.

### **Japan**

On August 1, 2017, the Japanese volumetric special safeguard on imports of frozen beef was triggered, raising tariffs on frozen beef from countries without a free trade agreement with Japan from 38.5 percent to 50 percent. Frozen beef from Australia will continue to enter at a preferential rate (currently 27.2 percent) as a result of the Japan-Australia Economic Partnership Agreement, while frozen beef from three of Japan's top suppliers (the United States, Canada, and New Zealand) will be subject to the snapback duties through March 2018. As Japan is Canada's third-largest beef export market through the first seven months of 2017, the impact of the snapback duties could create additional impetus for Canada to pursue ratification of a TPP 11 agreement (i.e., a revised version of the Trans-Pacific Partnership agreement that would enable the agreement to enter into force without the United States, which has withdrawn from the pact).

### **South Korea**

Under the Canada-Korea Free Trade Agreement (CKFTA), 2017 beef tariffs have been reduced to 32 percent for fresh, chilled and frozen cuts, to 57.6 percent for processed and prepared beef, and to 13.1 percent for beef offal. Pork tariffs have been reduced to 9-10 percent for fresh, chilled and frozen cuts, to 7.2-15 percent for processed and prepared pork, and to 7.2 percent for pork offal in 2017.

### **Ukraine**

The Canada-Ukraine Free Trade Agreement (CUFTA) entered into force on August 1, 2017. Under the agreement, Canada will eliminate tariffs on 99.9 percent of agricultural imports from Ukraine, excluding supply-managed products. In return, Canada will see tariffs on beef and fresh and chilled pork phased out over seven years and an increased TRQ on frozen pork and certain pork offal and fat to 20,000 MT over seven years.