



CANADIAN
CATTLEMEN'S
ASSOCIATION

National Voice Of Cattle Producers

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Response to the Invitation for Written Submissions – Inquiry into the Impact of the Canada-United States-Mexico Agreement (CUSMA) on Alberta agriculture.

Prepared for the Standing Committee on Alberta's Economic Future-Updated March 11, 2019

The Canadian Cattlemen's Association (CCA) and Alberta Beef Producers (ABP) are pleased to submit the following information in response to the request for information regarding the impact of the Canada-United States-Mexico Agreement on Alberta agriculture.

The CCA is the national voice of Canada's 60,000 beef farms and ABP is the provincial voice of Alberta's 18,000 beef farmers and ranchers. The CCA and ABP both represent every phase of the cattle production system including the purebred, cow/calf, backgrounding and feedlot sectors.

In regard to beef production in Canada, Alberta leads the way with 41% of the national beef cattle herd, 70% of the feedlots and fattening, and 75% of Canada's domestic total processed beef supply. Alberta leads the nation in \$4.8 billion in cattle and calf market receipts (in 2017).

The CCA and ABP have both been long time advocates for free trade, open markets and, of particular relevance to this consultation, CUSMA. The experience of the beef cattle industries of Canada, Mexico and the United States under the North American Free Trade Agreement (NAFTA) is testament to the value of these trade agreements.

All three of our countries' beef cattle industries have benefitted significantly from NAFTA, as the Agreement has encouraged the development of highly coordinated supply chains across all three countries. For example, CCA's members export feeder cattle to the U.S., where they are fed U.S. produced corn and soybeans. The cattle are then slaughtered in the U.S. with the meat sold both domestically and exported around the world, including to Canada and Mexico. Indeed, the three countries are amongst each other's leading trading partners for beef and cattle.

The implementation of NAFTA led to significant growth of the Canadian beef sector. Canadian beef exports to the U.S. grew 54% in volume and 300% in total value from 190,000 metric tonnes valued at \$500 million in 1995 to 295,000 tonnes valued at \$2 billion in 2018. Similarly, beef exports to Mexico grew 1450% in volume and 2873% in value from 1,000 tonnes valued at \$3.7 million in 1995 to 15,400 tonnes valued at \$110 million in 2018.

In addition, Canada exported 630,000 head of live cattle to the US in 2018 worth approximately \$1.2 billion, for a total amount of beef exports worth \$3.2 billion per year. The U.S. is consistently Canada's top export market, taking about 70% of Canada's beef exports and virtually all live cattle exports, and Mexico varies between Canada's second and fourth largest market. The US continues to also be Alberta's largest market, accounting for 38% of total agri-food exports.

Under both NAFTA and CUSMA the beef industries of Canada, the United States, and Mexico have/will enjoy reciprocal duty-free trade between our countries. We can access each other's markets without tariffs or quotas on either beef or live cattle. This is how free trade should work, and preservation of this trade access was a high priority for the Canadian beef industry in the NAFTA renegotiation process.

On the import side, Canada imported \$998 million of U.S. beef and \$19 million of Mexican beef in 2018.

In recent years, Canada and Mexico have been the first and second largest U.S. beef export markets, although they now have slipped behind Japan and Korea which currently top the list of export markets for U.S. beef.

The value of NAFTA and the future implementation of CUSMA cannot be overstated in regard to the positive impact on the Albertan and Canadian economies. Today the Canadian beef industry contributes \$17 billion to Canadian Gross Domestic Product (GDP) while generating 228,000 jobs with further growth on the horizon. Every job in the beef sector yields another 3.56 jobs elsewhere in the economy. Over 80% of beef is processed domestically with the majority of this being done within the province of Alberta.

The benefit of a strong beef industry is also not only economical in nature but also environmental. The beef industry across all three borders protects through sustainable use, the at-risk North American Great Plains ecosystem. Here in Canada, beef producers protect and sustainably utilize 44.2 million acres of grasslands.

The CCA was extremely pleased that CUSMA was signed during the fall of 2018 as it brought market clarity at a critical financial time of year for cattle producers. We were pleased that access was maintained for beef and livestock and that country of origin labelling was not included as part of the text. The one area, that was not fully achieved, was further regulatory cooperation however we do see potential and value for this through the regulatory cooperation council.

In conclusion, the Alberta and Canadian beef industries are key economic drivers as well as protectors of the iconic Canadian grasslands, a resource that is foundational to Canadian beef production. We are well positioned to grow the green economy and the continued free trade between Canada, the U.S. and Mexico increases our ability to do so.

Should you have any further questions please don't hesitate to reach out to ABP staff Tom Lynch-Staunton, toml-s@albertabeef.org or CCA staff Fawn Jackson at jacksonf@cattle.ca.

Sincerely,



David Haywood Farmer
President, Canadian Cattlemen's Association



Charlie Christie
Chair, Alberta Beef Producers

