



trace r&d | 2009

Diamond/Diamant

Canada 

Platinum/Platine



Gold/Or

Manitoba 

 Ontario



Silver/Argent

Alberta

IBM[®]


ManitobaPork

CANADIAN
Cattlemen
THE • BEEF • MAGAZINE

Bronze/Bronze

Alberta Farmer Express
Canadian Poultry Magazine
Canadian Wheat Board /
Commission Canadienne du blé

Consumer & Marketing Demand Network
Gallagher Canada
Grainnews
Intelliware Development Inc.

Manitoba Co-operator
On Trace
Trace it Solutions

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Hurdles facing traceability adoption for Canadian meat export markets: perspectives on competitiveness from an animal health economist.

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Trace R&D 2009 – Winnipeg, Manitoba

The Question

In the context of Canadian competitiveness in livestock export markets, what animal health related hurdles exist for producer adoption of NAFTS?



Outline

In the context of Canadian competitiveness in livestock export markets, what animal health related hurdles exist for producer adoption of NAFTA?

- The Threat
 - South-East Asian examples
- The Hurdles
 - How to maintain competitiveness



Competitiveness

- 1. Ability to retain or increase market share**
2. Create greater value for customers than that offered by competitors
 - Perception of value by consumers
3. Increase value at many points along the supply chain
 - more efficient, more effective at serving market, increased cost-efficiency
4. Some effort in the 1990s to standardize (OECD)
 - price indices allowing comparison with competitors



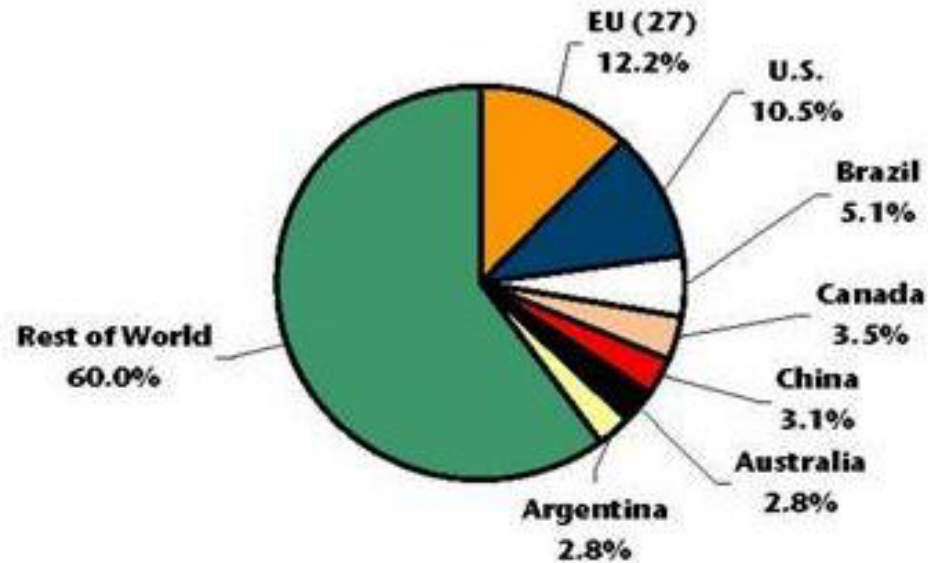
Competitiveness

- ***Not just about price!***
- **Producer**
 - technical ability, consistency, timing
- **Consumer: Beyond organoleptic qualities;**
 - trust and confidence, risk acceptance, health needs



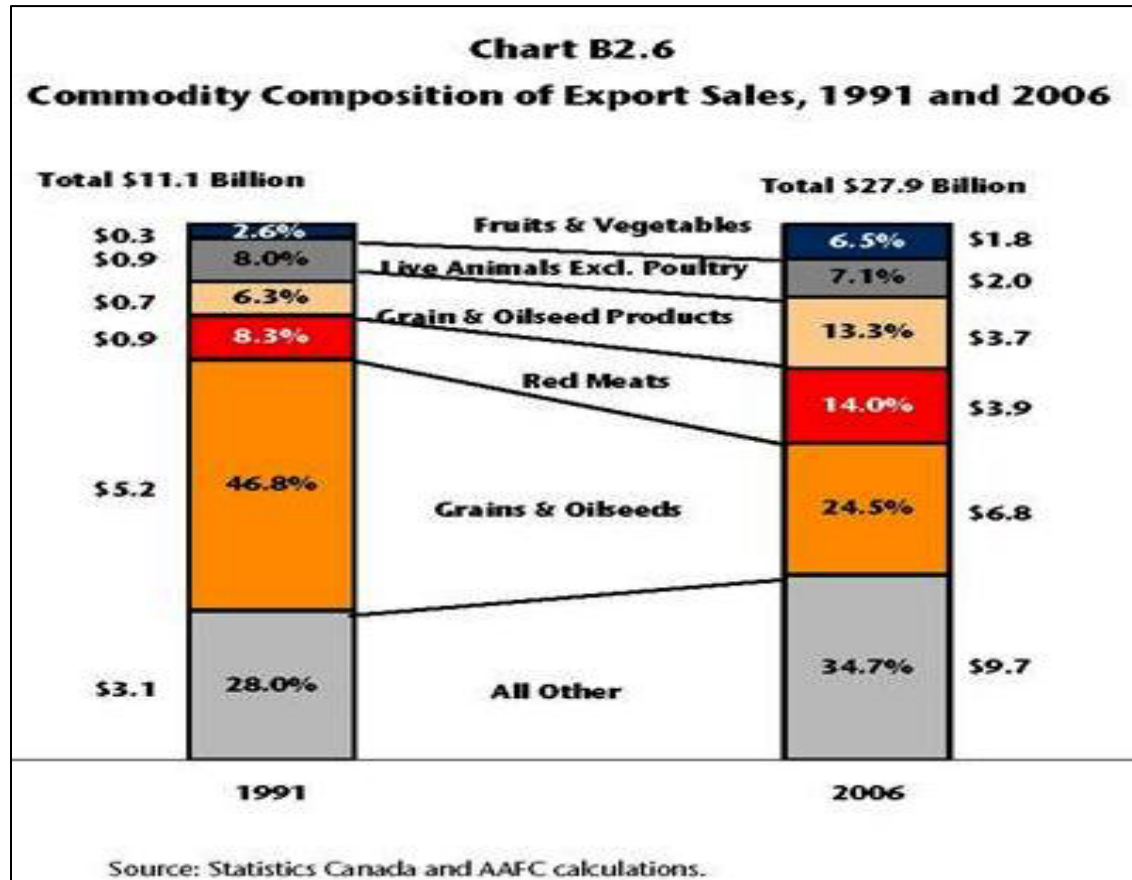
Canada accounts for 3.5% of world agriculture

Chart B2.1
World Agricultural and Agri-food Export Share by Country of Origin, 2006



Source: Agriculture Canada, 2007

Canada animals and meat as % agr exports – from 16.3% (1991) to 21.1% (2006)

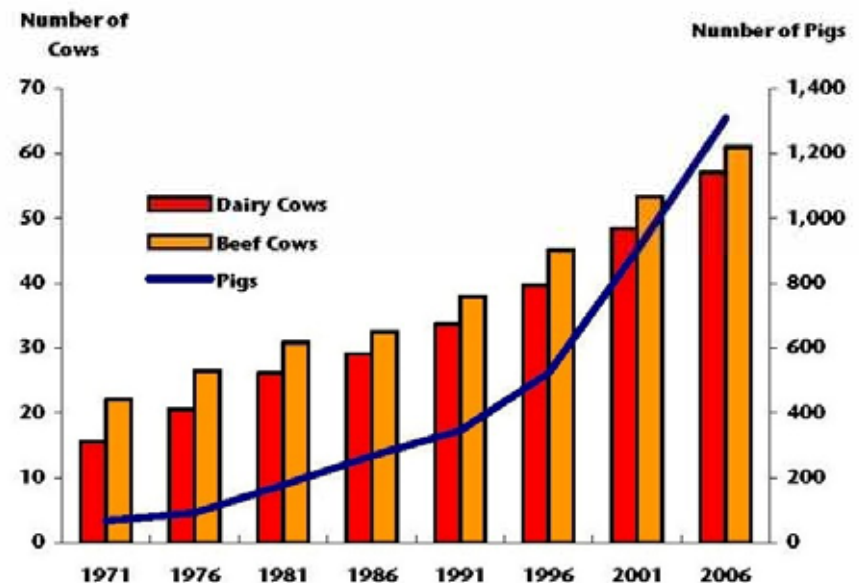


Canada – average herd size (pigs)

- In 2006, farms which reported pigs continued to have the largest average herd size (1,308 pigs per farm) and herd size grew by 150% over the last 10 years. Average herd size continues to increase due to consolidation and expansion.

Among cattle herds, farms reporting dairy cows averaged 57 cows per farm, a 44% increase over the last 10 years. The average herd size of farms reporting beef cattle is slightly higher at 61 cows per farm, but growing somewhat slower at 35% over the last 10 years.

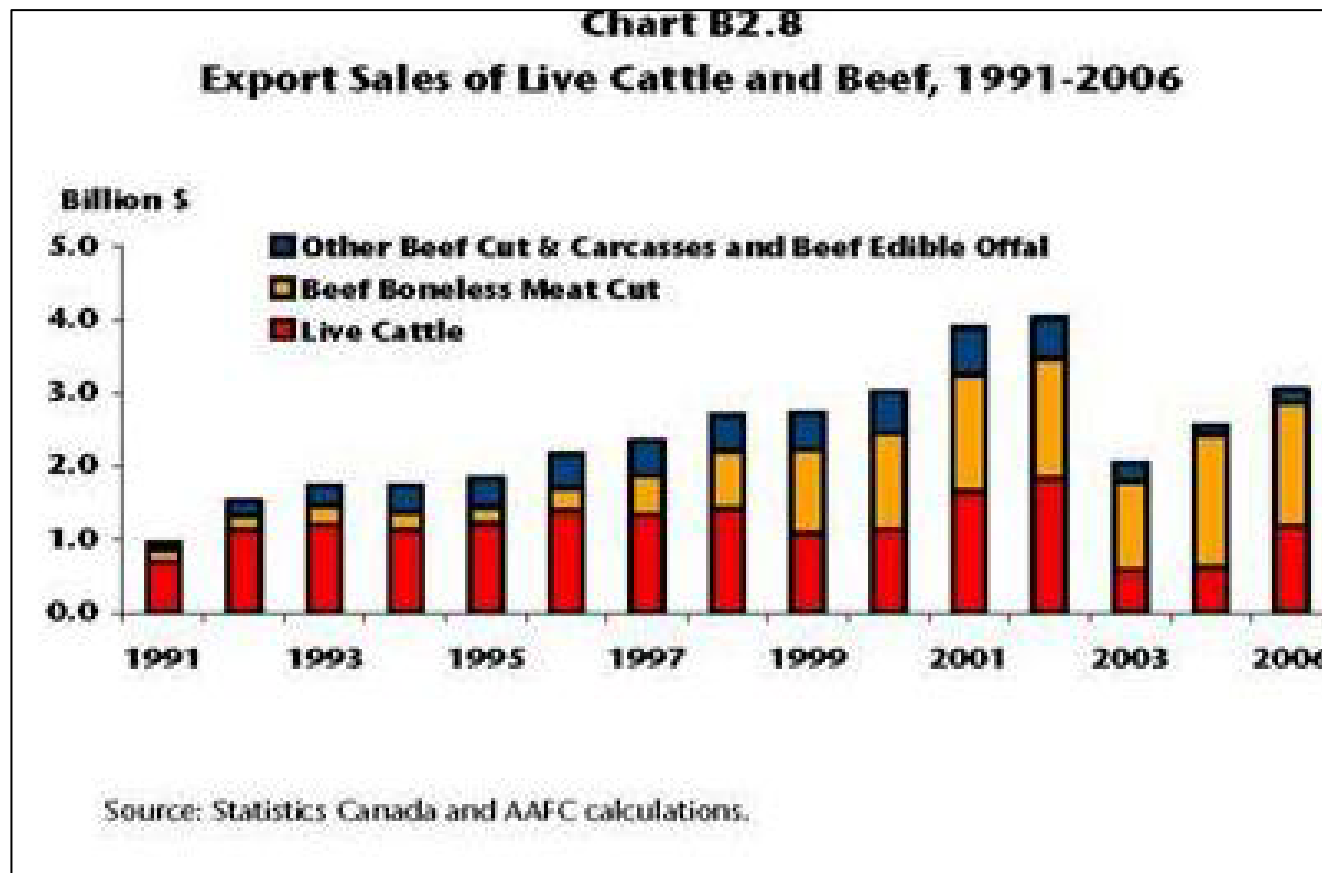
Chart A1.2
Average Herd Size, 1971-2006



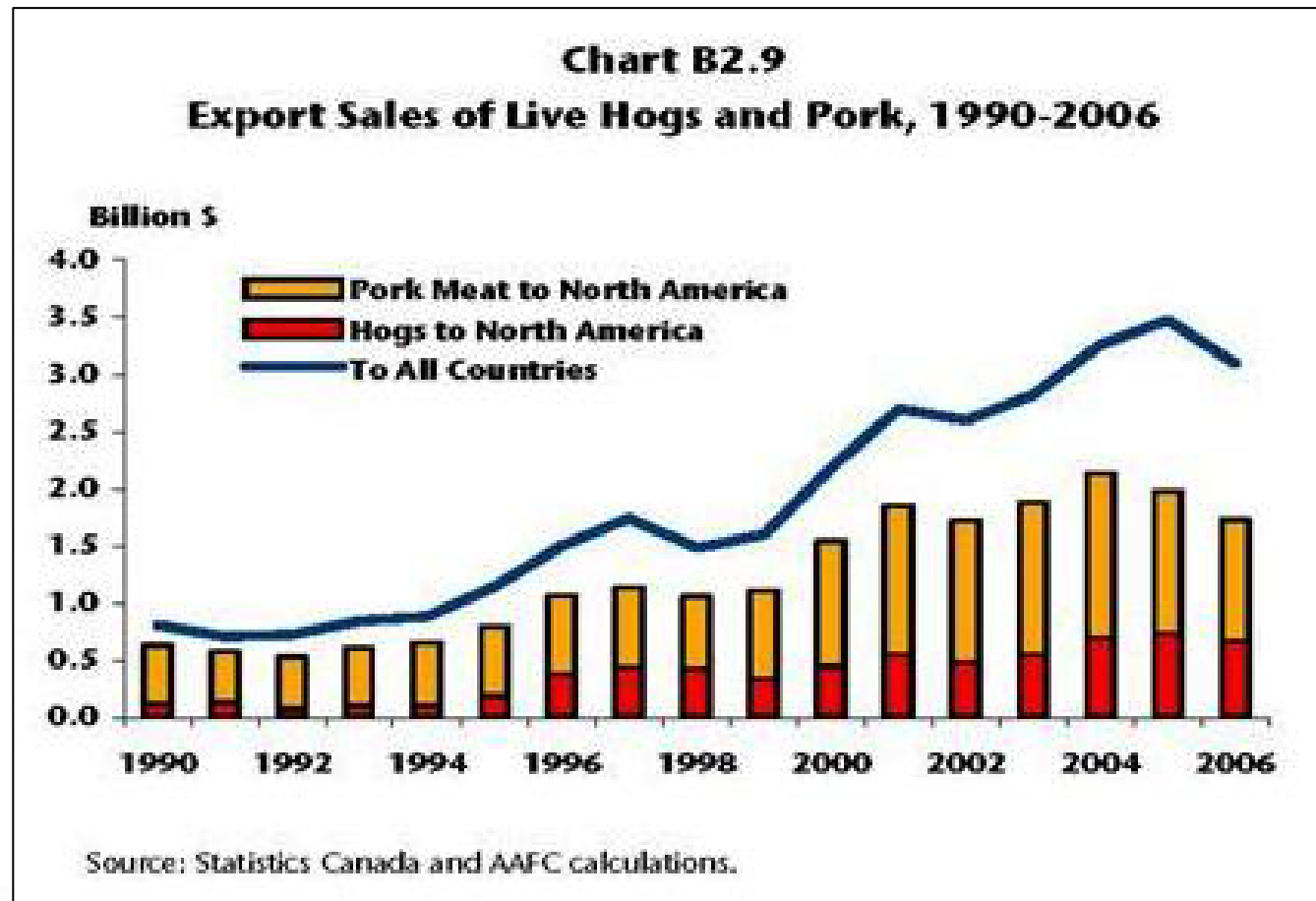
Source: Statistics Canada, Census of Agriculture, various years.



Recovering lost markets due to BSE



Declining export sales of hogs & pork (\$3.3B in 2004 to \$3.1B in 2006)



The Threat

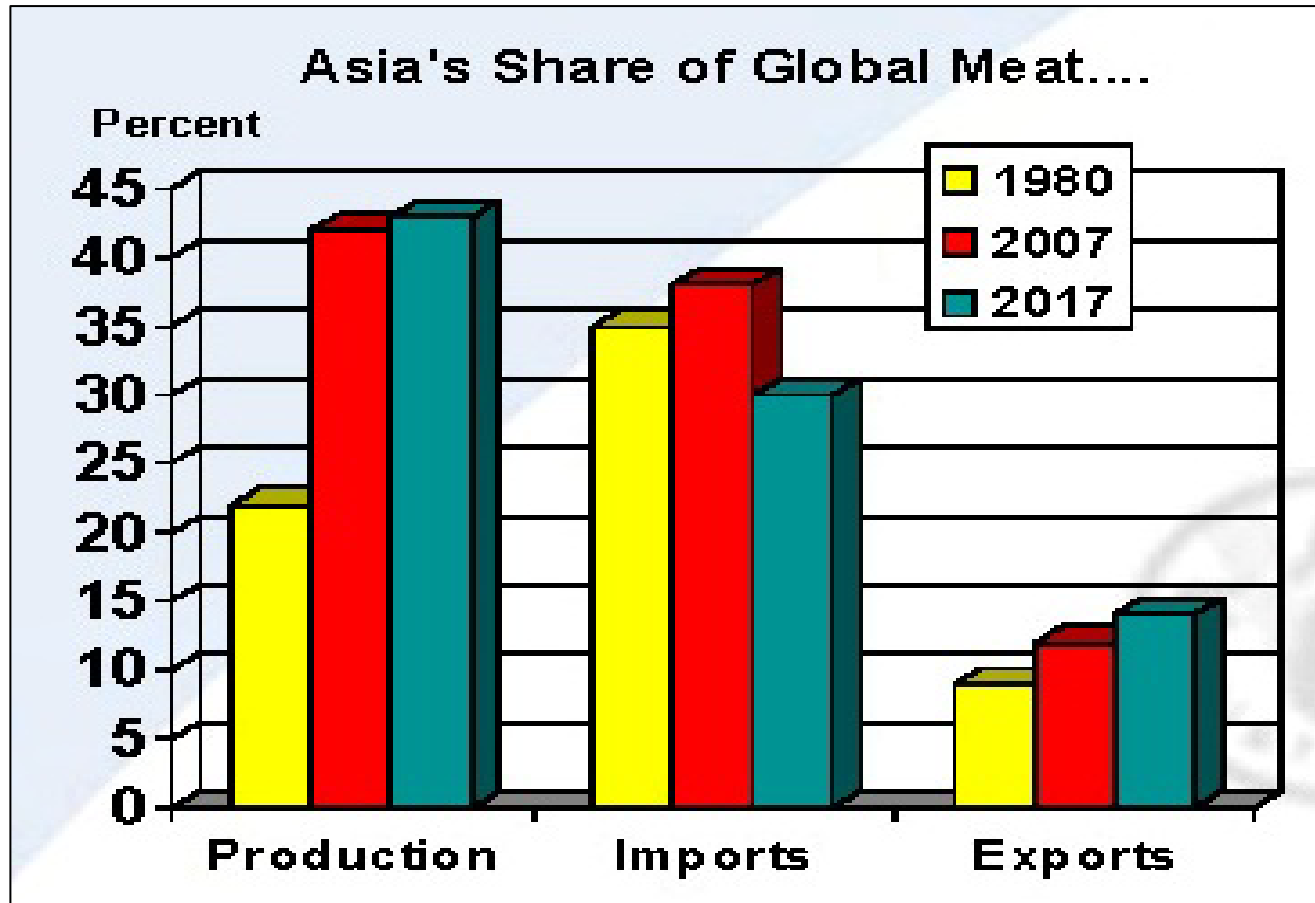
- A few examples from SEAsia
- capacity in animal health services
- Vietnam – SPS measures
 - WTO accession, January 2007
- Cambodia – pig “feedlots”
 - WTO accession, October 2004
- Lao PDR – veterinary capacity
 - expression of interest in joining WTO



Source: UNDP, 2008



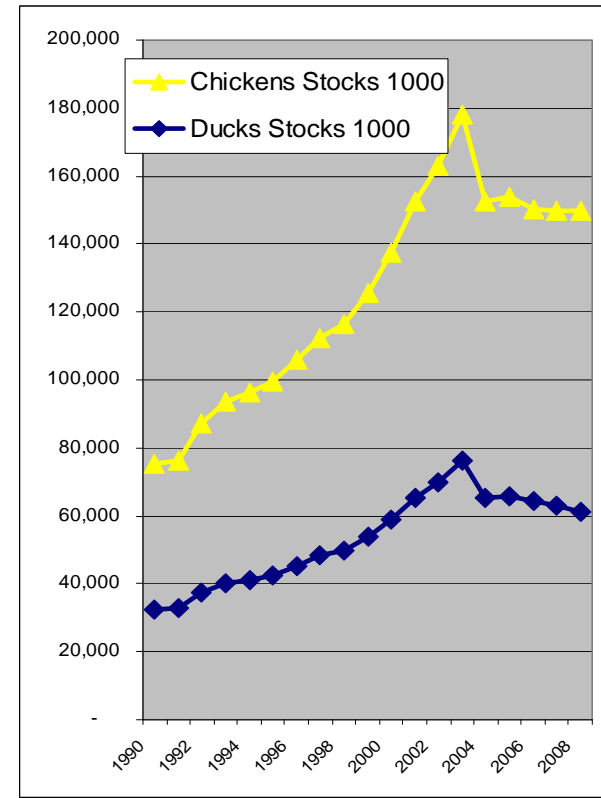
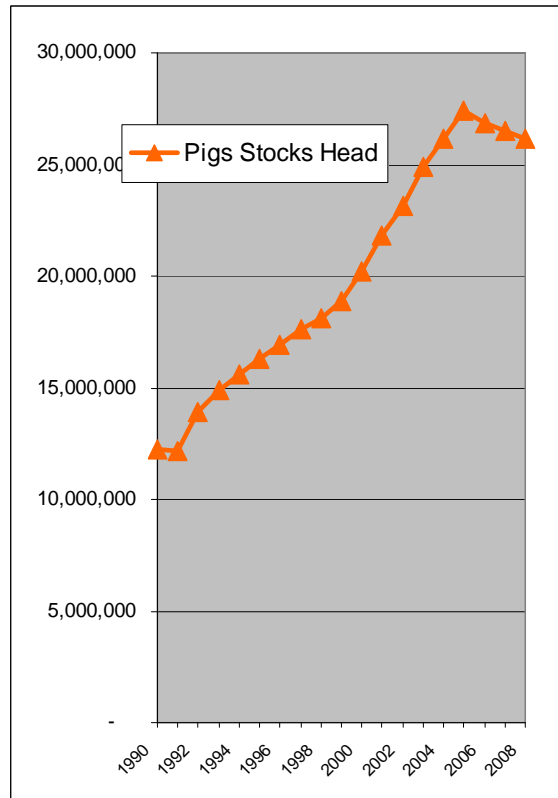
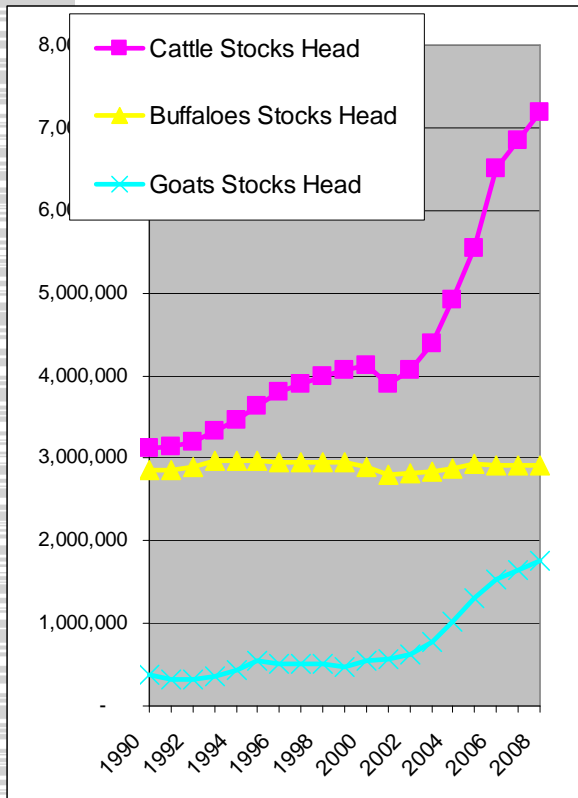
Asia – the largest share of global meat



Source: FAO, 2008



Vietnam livestock trends 1990-2008



Sources: Govt. Vietnam, FAO, World Bank; 2008

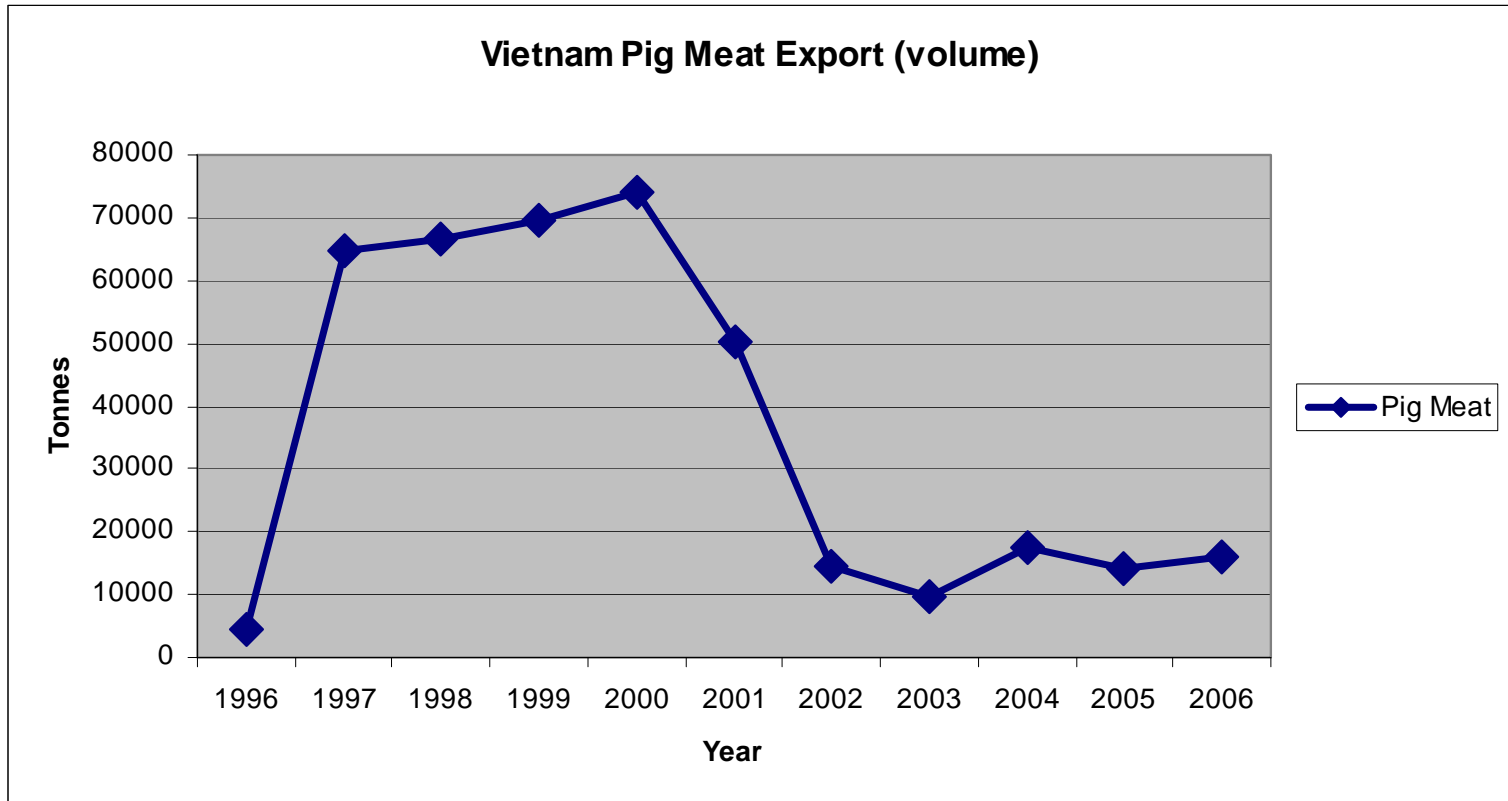


South-East Asian livestock

- rapidly increasing urban incomes
- changing tastes and preferences
- labour migration to urban and peri-urban areas
- livestock as a route out of poverty
- By 2030, 80% of all ruminants and 70% of all monogastrics will be in Asia



Vietnam – pork exports 1996-2006

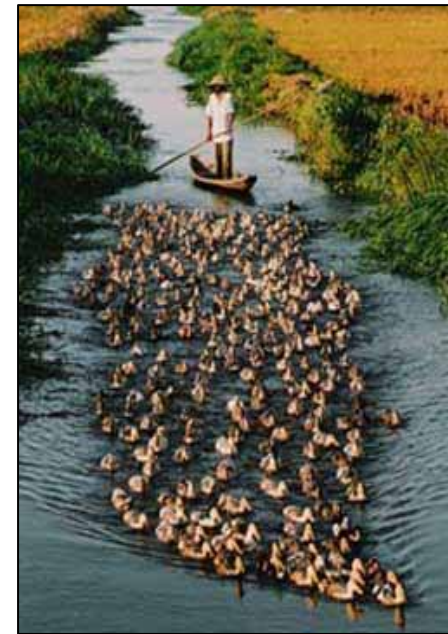


Sources: Govt. Vietnam, FAO; 2008



Vietnam – SPS measures

- The main stumbling block to joining WTO
- Assistance from numerous countries including US, Canada, Australia
- Considerable improvements in:
 - animal health surveillance and response
 - veterinary capacity
 - technical services
 - slaughter facilities
- ***With this comes the promise to introduce “full traceability”***
 - yet to be realized



Cambodia – pig “feedlots”

- e.g. Mr. Mong Reththy, food industry leader
 - 18,000 breeding sows on 30has
 - 1 million animals by 2016
 - high bio-secure, modern facilities, intl. standards
 - domestic and export markets
- similar beef feedlots established primarily by Malaysian interests
 - ***RFID tags for farm to fork traceability***
 - bearer's location, gender, owner's name, origin of livestock, dates of movement
 - Has proven useful to controlling FMD with zoning



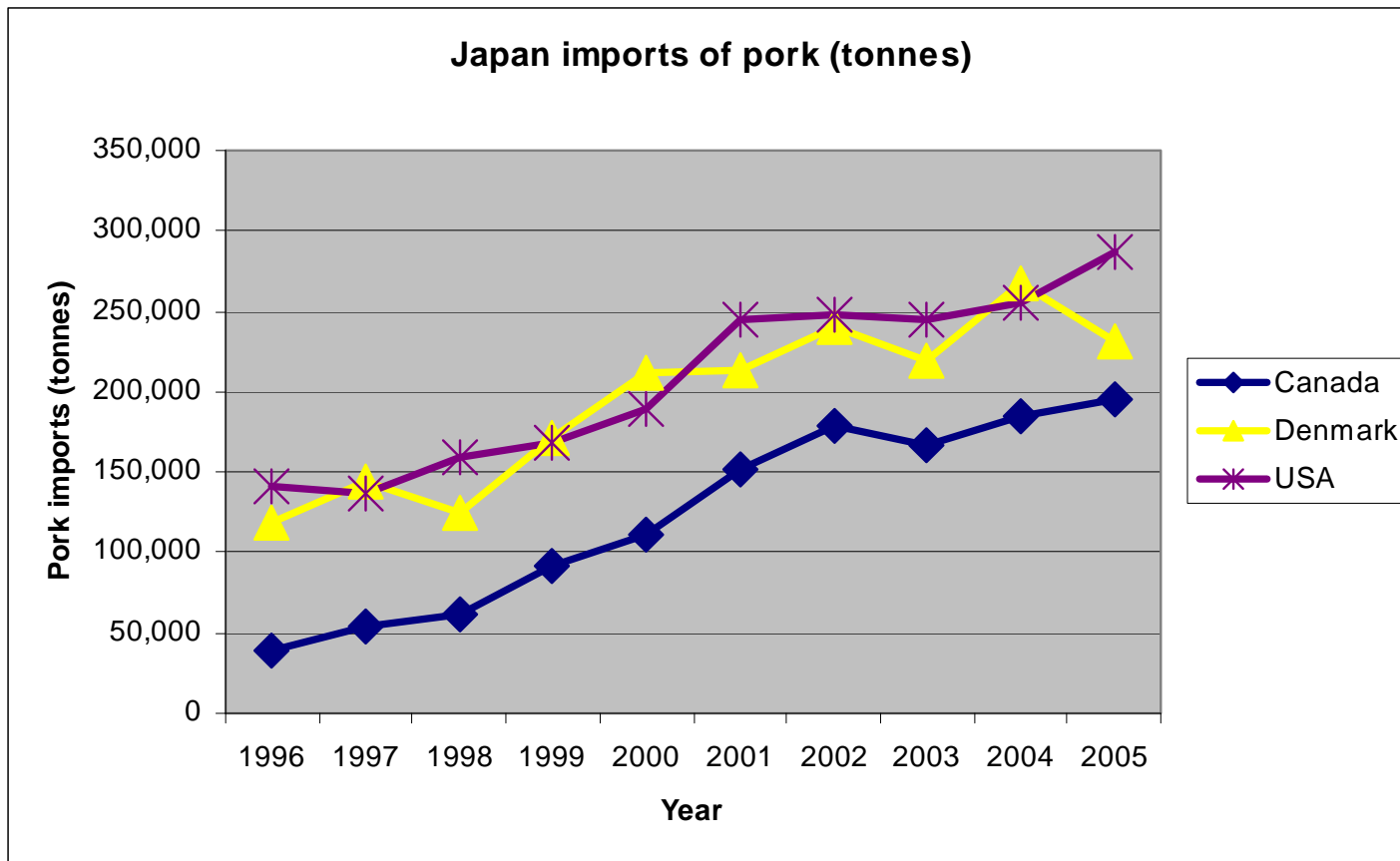
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Lao PDR – human capacity development

- Rapid livestock development; targeting exports (China, Japan)
- Need substantial improvements in animal health and food safety for WTO accession
- Assistance from Canada and France to (eventually) develop a veterinary college
- Expanding pig and bovine exports



Japan imports of pork 1996-2005



Mekong countries

- Expanding livestock production
- Exports constrained by animal health concerns, human capacity, technology
- Traceability with disease free
 - 1) geographic zones and
 - 2) production compartments
 - e.g. HPAI and FMD



Freedom from disease – a competitive advantage

Table 2. Canada's Hog Disease Status

OIE-listed Diseases	Status
Foot-and-mouth disease	Free (1 952)*
Swine vesicular disease	Free
African swine fever	Free
Hog cholera	Free (1 963)*
Vesicular stomatitis	Free (1 943)*
Aujeszky's disease	Free
Trichinella	Free
Anthrax	Free
Porcine brucellosis	Free
Porcine cysticercosis	Free

Source: OIE

*Dates of last outbreaks



Canada Pork International



Impact of H1N1 in Alberta

Government
of Alberta ■

News release

May 2, 2009

Alberta ■

Potential presence of 2009 Influenza A H1N1 virus found in pig herd

Provincial and federal agencies working together to minimize risk

Edmonton ... Alberta Agriculture and Rural Development (ARD) is working closely with the Canadian Food Inspection Agency (CFIA), which has confirmed the potential presence of 2009 Influenza A H1N1 virus in a pig herd in central Alberta.

- **15% drop in exports**
 - \$7.8M / week for Canada
 - Alberta exports 13% of that = \$1M / week
 - producer marketing 250 pigs/wk (all markets)
 - \$5000 loss of revenue per week



The Hurdles

- *Implementing NAFTA can help Canada maintain competitiveness of our livestock exports*
1. Integrate zoning and compartmentalization into traceability strategy
 2. Clearly define compensation policies/safety nets within provinces
 3. Understand the marginal benefits and costs at producer level
 4. Surveillance and response
 5. Compulsory or voluntary



Hurdle 1 – Zoning and Compartmentalization

- *Integrate zoning and compartmentalization into traceability strategy*
 - guidelines acceptable to all stakeholders
 - OIE leadership, international harmonization
 - some success: BSE (<30 mos of age)
 - comprehensive herd participation



Hurdle 2 - Compensation

- *Clearly define compensation policies/safety nets within provinces*
 - some lack of clarity re:
 - who, when, which agency (provincial, federal?)
 - enrolment requirements (integrate with NAFTA S)
 - other safety nets



Hurdle 3 – Benefits/Costs

- *Understand the marginal benefits and costs at producer level*
 - objectively identify animal health critical control points
 - CCPs should optimize economic returns while minimizing shared stakeholder risk



Hurdle 4 – Surveillance

- *Active surveillance and appropriate response*
 - not all provinces have active surveillance programs for zoonotic diseases (e.g. Alberta)
 - Federal/Provincial harmonization
 - integrate with NAFTS



Hurdle 5 – Compulsory?

- *Should NAFTA programmes be compulsory or voluntary*
 - role of producer interest groups
 - with this comes enforcement questions
 - international confidence at stake



Conclusions

Canada's continued competitiveness in meat exports depends on:

- strict food safety and food quality measures
- freedom from major OIE diseases
- ability to prove this through traceability
- ability to engage in zoning or compartmentalization using traceability



