

**Required Report:** Required - Public Distribution

**Date:** September 25, 2023

**Report Number:** CA2023-0042

## **Report Name:** Livestock and Products Annual

**Country:** Canada

**Post:** Ottawa

**Report Category:** Livestock and Products

**Prepared By:** Alexandra Watters

**Approved By:** Jeffrey Galloway

### **Report Highlights:**

The Canadian cattle herd is forecast to sustain the long-term trend of contraction in 2024. Drought impacts will see cow and heifer slaughter increase proportionally to herd size in 2023, limiting any growth potential. As a result of reductions in herd size, beef production will be lowered, as will beef exports. The Canadian swine herd is also forecast to contract in 2024 as sow barns are idled and processing capacity is removed in Eastern Canada. A smaller sow herd will see a smaller pig crop in 2024, and live exports will lower from 2023. Increased domestic consumption of pork will carry over into 2024. Pork export volumes will be lowered.

## **Executive Summary:**

### **Cattle and Beef**

The Canadian cattle herd is expected to continue another year of sustained contraction in 2024. Improved feed conditions in 2022/23 following the 2021 drought did not encourage any meaningful expansion or significant heifer retention amongst cow-calf producers. The 2023 beef cow herd was the smallest in recent years, and drought conditions in certain regions on the southern prairies led to increased cow slaughter and a lack of signals for heifer retention. The forecast for the 2024 beef cow herd is for further contraction with a consequential reduction in the 2024 calf herd. Fed cattle numbers will be propped up by importing U.S. feeder cattle. Despite challenges with drought, cattle feeders continue to have occupied pen space and an established a pattern of importing U.S. corn. This trend of moving both animals and feed north to sustain on-feed numbers to some extent is projected to continue in 2024. On a smaller number of available animals for slaughter, slaughter is forecast to decline one percent in 2024, following a four percent decline in 2023. Beef production is forecast to remain stable as carcass weights are anticipated to improve following a decline in 2023. Feeders will look to increase finished weights to offset lower slaughter numbers. Cattle prices and contracting numbers provide no indicators for meaningful processing expansion. Imports of beef is expected to grow over 2023, with lean trim driving this increase in volume as consumers shift consumption patterns to more ground meat and lesser value cuts amidst the rising cost of living. Exporters will continue to target expansion of export efforts in the Indo-Pacific region, but a smaller beef production volume will see export volumes decline.

### **Swine and Pork**

The Canadian swine herd is forecast to contract in 2024 as a result of reductions in slaughter capacity in Quebec and a reduced sow herd. Production declines will be most significant in Eastern Canada as the result of the closure of an Olymel slaughter plant as the company cuts production levels. The pig crop is forecast to decline slightly on smaller sow numbers, but fertility will be slightly higher as Ontario recovers from 2023 PEDv issues. Live exports to the United States will be reduced as producers make adjustments to the reductions in slaughter capacity. Expanding sow processing in Western Canada will increase sow slaughter numbers and a reduction in cull sow exports. However, sow processing relative to cull sow volumes will remain limited, and the United States will remain integral for processing Canadian cull sows. Weanling trade will also decline with the smaller pig crop. Pork production in 2024 is forecast to lower slightly from 2023 as the closure of the Olymel plant concludes at the end of December 2023. Pork exports will be further reduced from 2024 on lowered production and sustained domestic demand.

## Cattle:

**Table 1- Production, Supply and Distribution Estimates**

CANADA Animal Numbers CATTLE ('000 head)	2022		2023		2024	
	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	11,520	11,515	11,270	11,295	0	11,080
Dairy Cows Beg. Stocks	969	969	969	968	0	965
Beef Cows Beg. Stocks	3,653	3,653	3,562	3,560	0	3,430
Production (Calf Crop)	4,446	4,469	4,250	4,250	0	4,200
Total Imports	318	317	245	320	0	310
<b>Total Supply</b>	<b>16,284</b>	<b>16,301</b>	<b>15,765</b>	<b>15,865</b>	<b>0</b>	<b>15,590</b>
Total Exports	754	754	690	680	0	690
Cow Slaughter	498	498	525	525	0	480
Calf Slaughter	210	211	200	200	0	200
Total Slaughter	3,736	3,728	3,625	3,580	0	3,550
Loss	524	524	545	525	0	515
Ending Inventories	11,270	11,295	10,905	11,080	0	10,835
<b>Total Distribution</b>	<b>16,284</b>	<b>16,301</b>	<b>15,765</b>	<b>15,865</b>	<b>0</b>	<b>15,590</b>

Source: USDA, Foreign Agricultural Service using data from the Production, Supply, and Distribution System

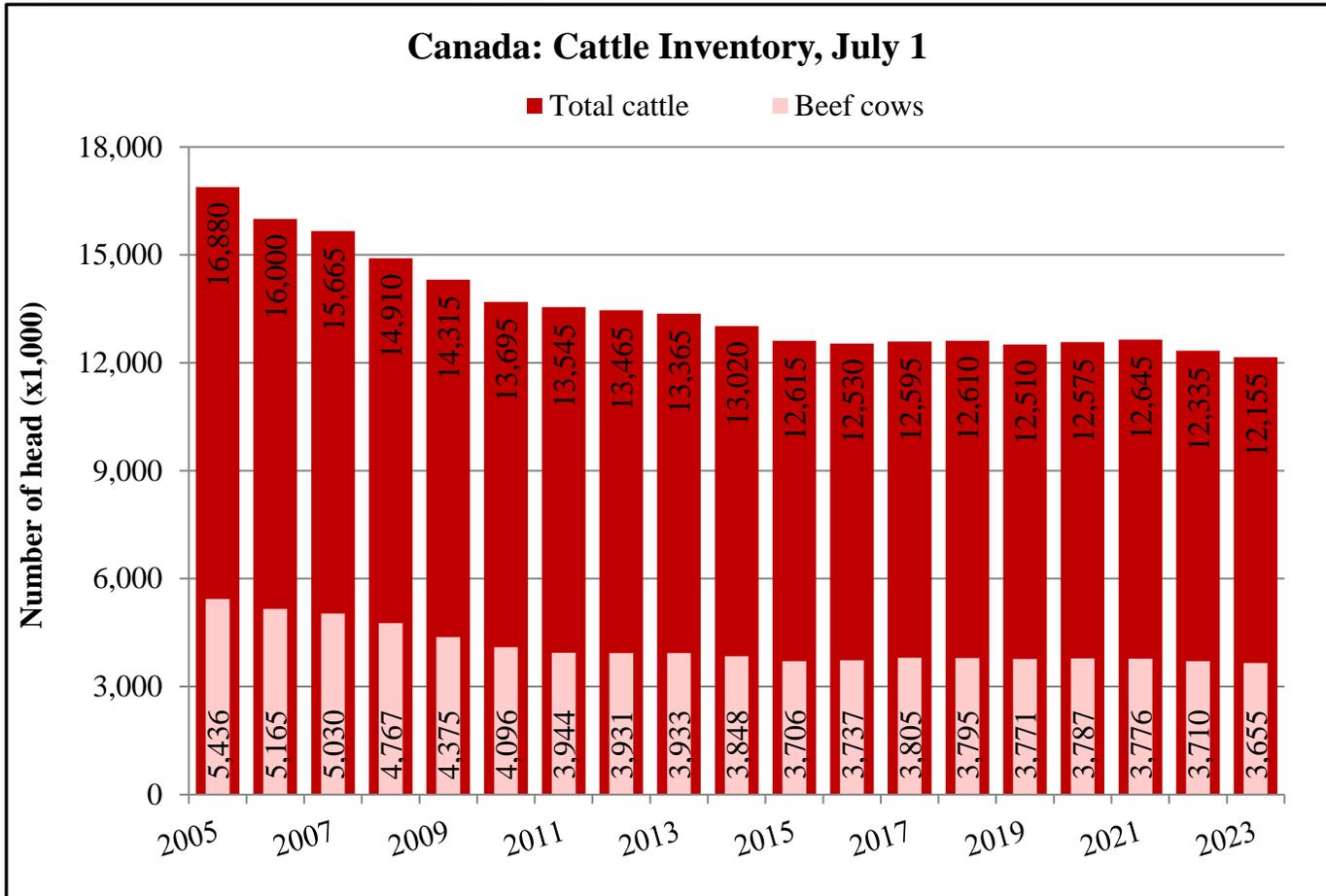
Note: "NEW FAS/Ottawa" data reflect author's assessments and are NOT official USDA data

### Cattle Production: Canadian Cattle Herd Continues Contraction

FAS/Ottawa forecasts the Canadian cattle herd will decrease two percent in 2024, following a two percent decline in 2023. The beef cow herd will see a four percent reduction to begin 2024 as drought conditions, especially in the southern prairies, which saw increased cow slaughter in 2023. Despite improved prices seemingly providing signals for cow-calf producers to consider expansion, heifer retention is forecast to remain limited. The improved feed conditions in 2022, following the 2021 drought, have not been sustained, and pasture conditions continue to be severely impacted by drought in

certain regions. The stronger pricing in 2023 will see some aging producers seizing an opportunity to exit the industry while cattle prices are higher, especially those faced with potential feed shortages for winter 2023/24. A high cost to entry in terms of land and feed costs will continue to be prohibitive to attracting newer entrants into the cow-calf sector.

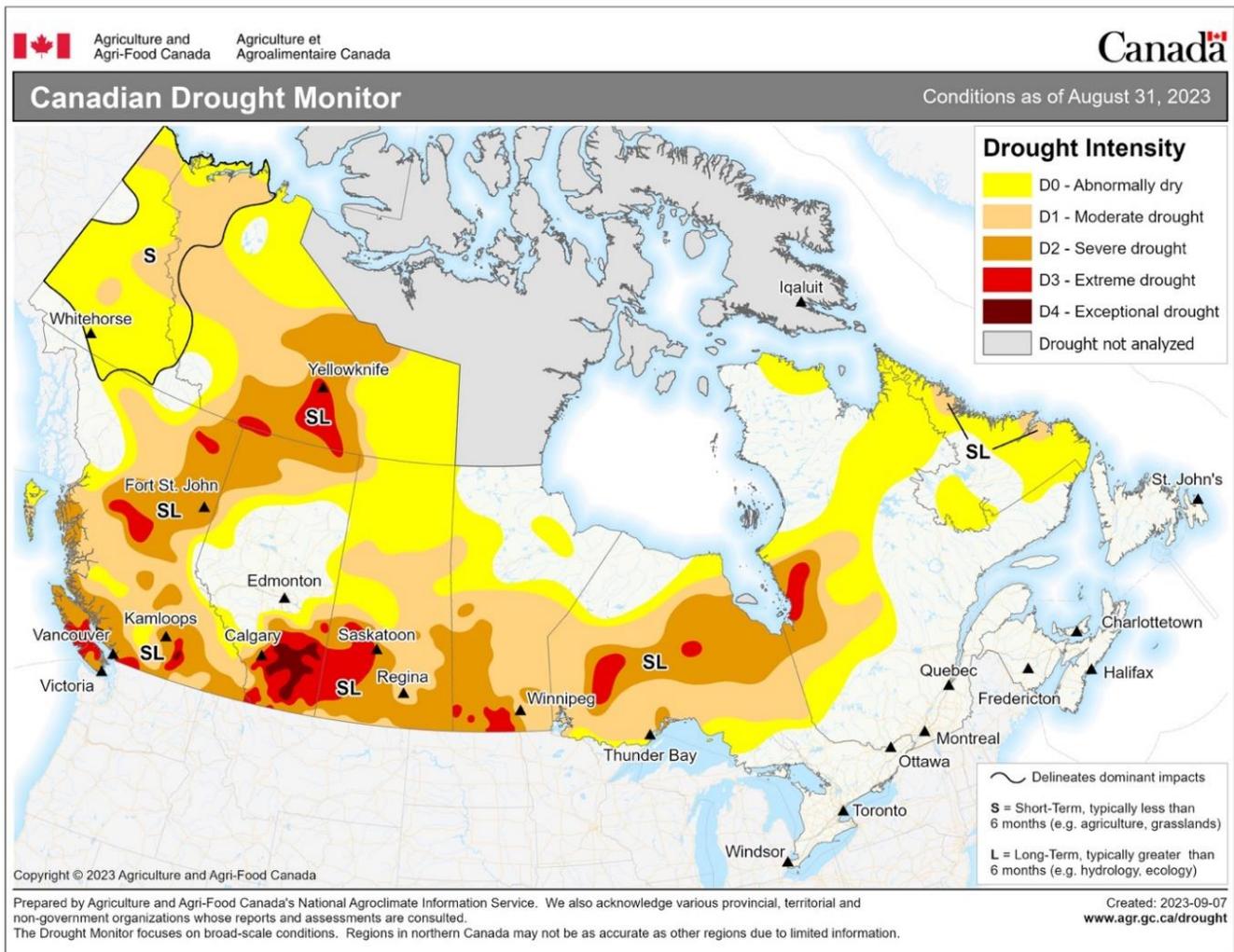
**Figure 1- Canadian Cattle Inventory, July 1**



Source: Statistics Canada

On a smaller beef cow herd, FAS/Ottawa is forecasting a one percent decline for the 2024 calf crop from 2023, following a five percent reduction in 2023 compared to 2022. Cow fertility was negatively impacted in 2023, which may have been caused by alternative feeding strategies in regions still impacted by drought and less aggressive culling practices in regions where there were improved pasture and feed conditions through 2022. With a larger percentage of the cow herd culled as a result of drought in 2023, FAS/Ottawa forecasts improved fertility conditions for 2024 as producers will be incentivized to sell off any open cows when faced with reduced feed availability, leaving a higher percentage of retained cows as only those in calf.

**Figure 2 – Canadian Drought Monitor map, Conditions as of August 31, 2023**

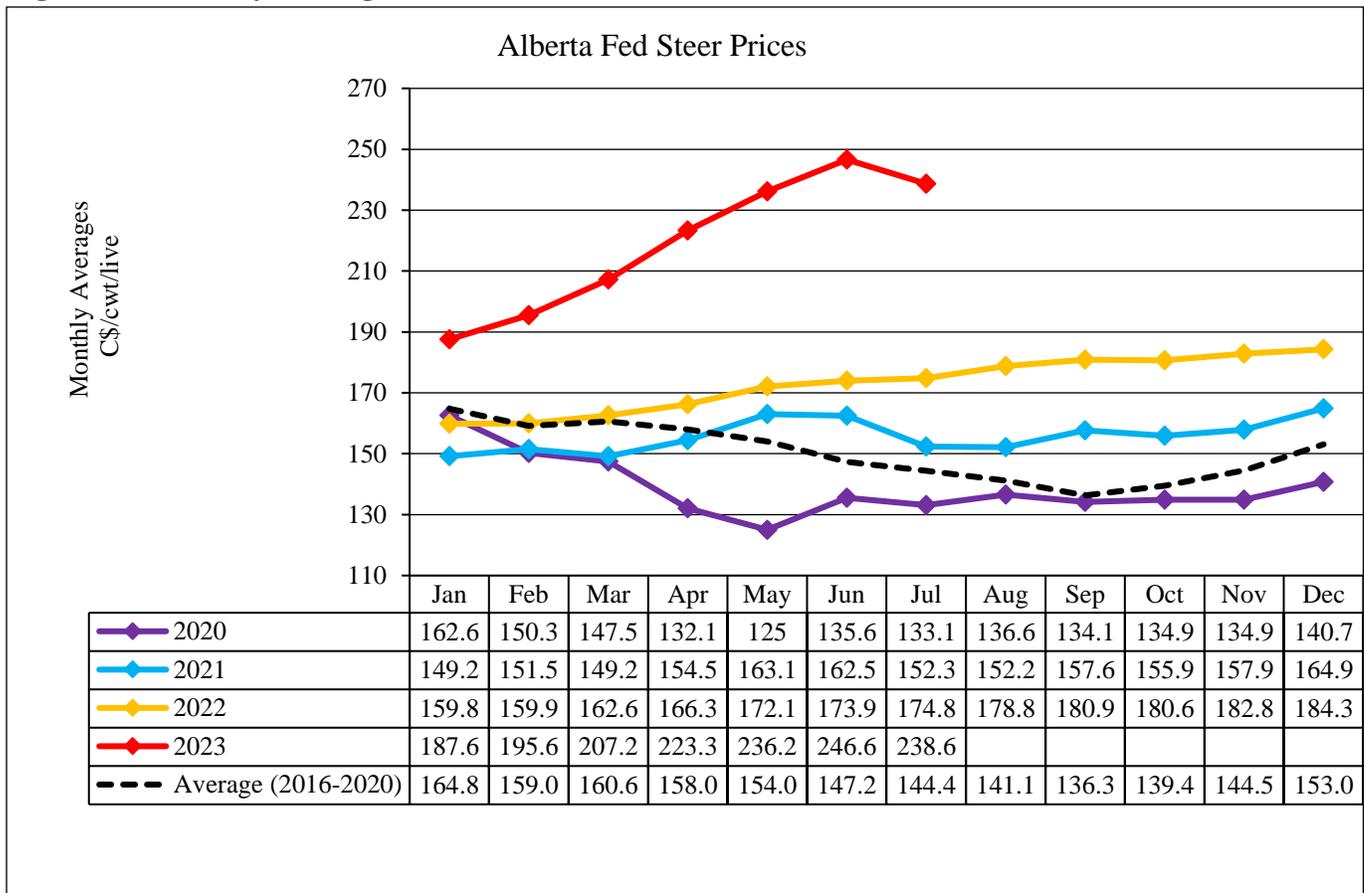


Source: Agriculture and Agri-Food Canada

Availability of feed and pasture conditions will be a significant factor for 2024. Poor pasture conditions and drought conditions have seen an early start to the 2023 fall calf run and increased cow slaughter. Higher slaughter cow prices earlier in the year also supported increased cow slaughter. Cattle feeders have already been active in purchasing U.S. corn, although corn imports are currently not anticipated to reach the levels observed in Fall/Winter 2021/2022. Historical trends have supported cattle moving to where feed is available, but Canadian feeders have resisted this trend in recent years. A declining domestic herd saw U.S. cattle imports increase dramatically in 2017, and reliance on U.S. imports to fill feed lot pen spaces has continued. Good rail links between the United States and feed lot alleys in southern Alberta have seen Canadian feeders shift to importing U.S. feed as needed. Feeders have expanded pen space in recent years, and feed lot space continues to be available in 2023, as feed numbers have reduced compared to 2021 and 2022.

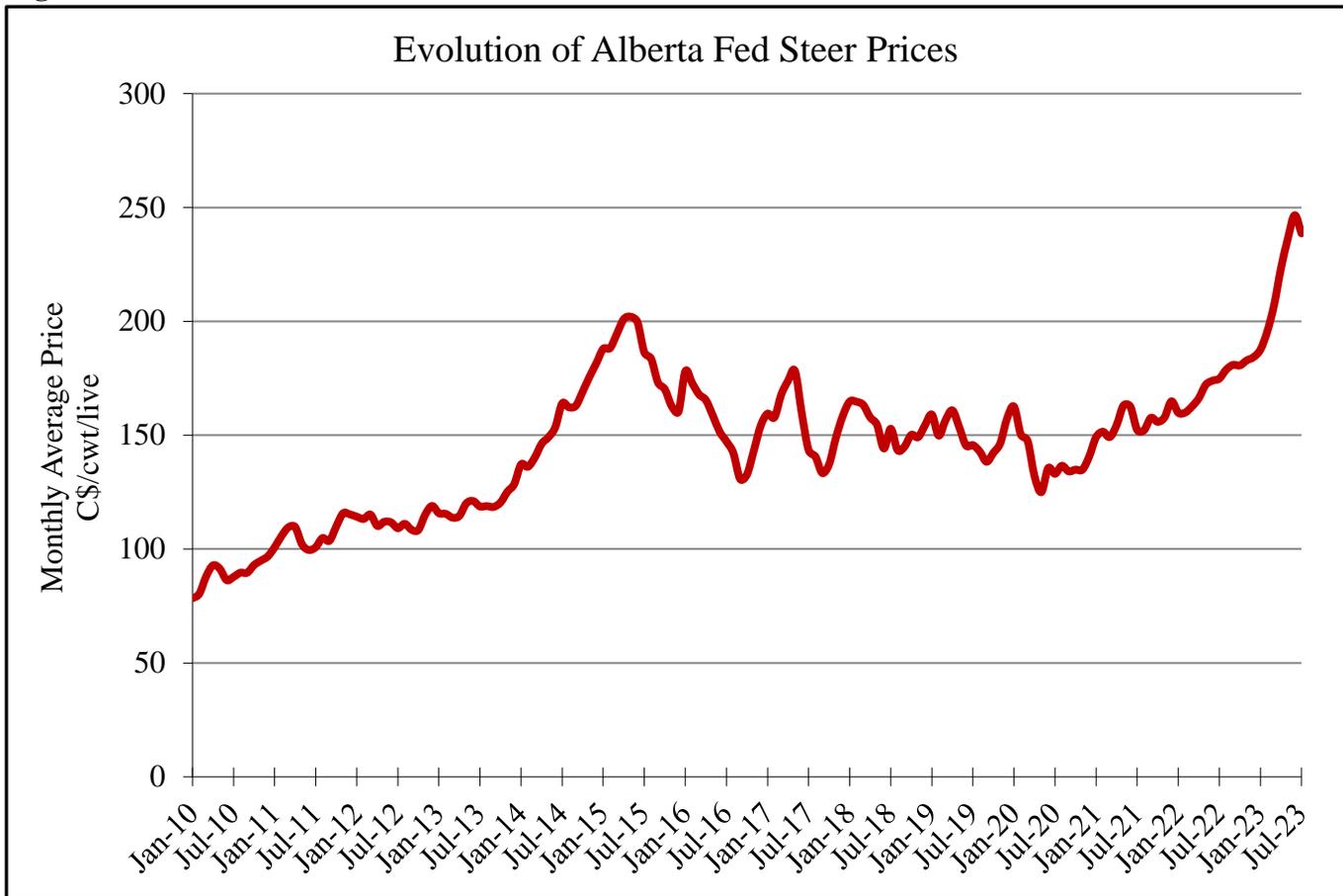
Feed prices have become more favorable, but availability may be highly variable. Ample moisture in Eastern Canada likely points to fewer feed concerns in that part of the country, but Western Canadian feeders may experience challenges; these concerns are clear as they secure contracts for imported feed. Importing feed is cost-prohibitive for cow-calf producers, but market signals suggest that the cattle feeders see it penciling out. Fed prices were up sharply through the first half of 2023, which has likely acted as a motivator for feeders. Tightening cattle supplies in both the United States and Canada should continue to support higher prices, although feed cost volatility and availability remain a risk. Forecasts suggest that the barley crop will be significantly reduced from the 2022/23 crop. Alberta feeders will preferentially finish with barley due to availability and the whiter color it generates in the fat. While the overall barley crop will be down, it isn't clear how much will grade malt versus feed.

**Figure 3 – Monthly Average of Alberta Fed Steer Prices**



Source: CanFax

**Figure 4 – Evolution of Alberta Fed Steer Prices Since 2010**



Source: CanFax

### **Live Cattle Trade: Calf Crop Reductions Continue to Support Imports**

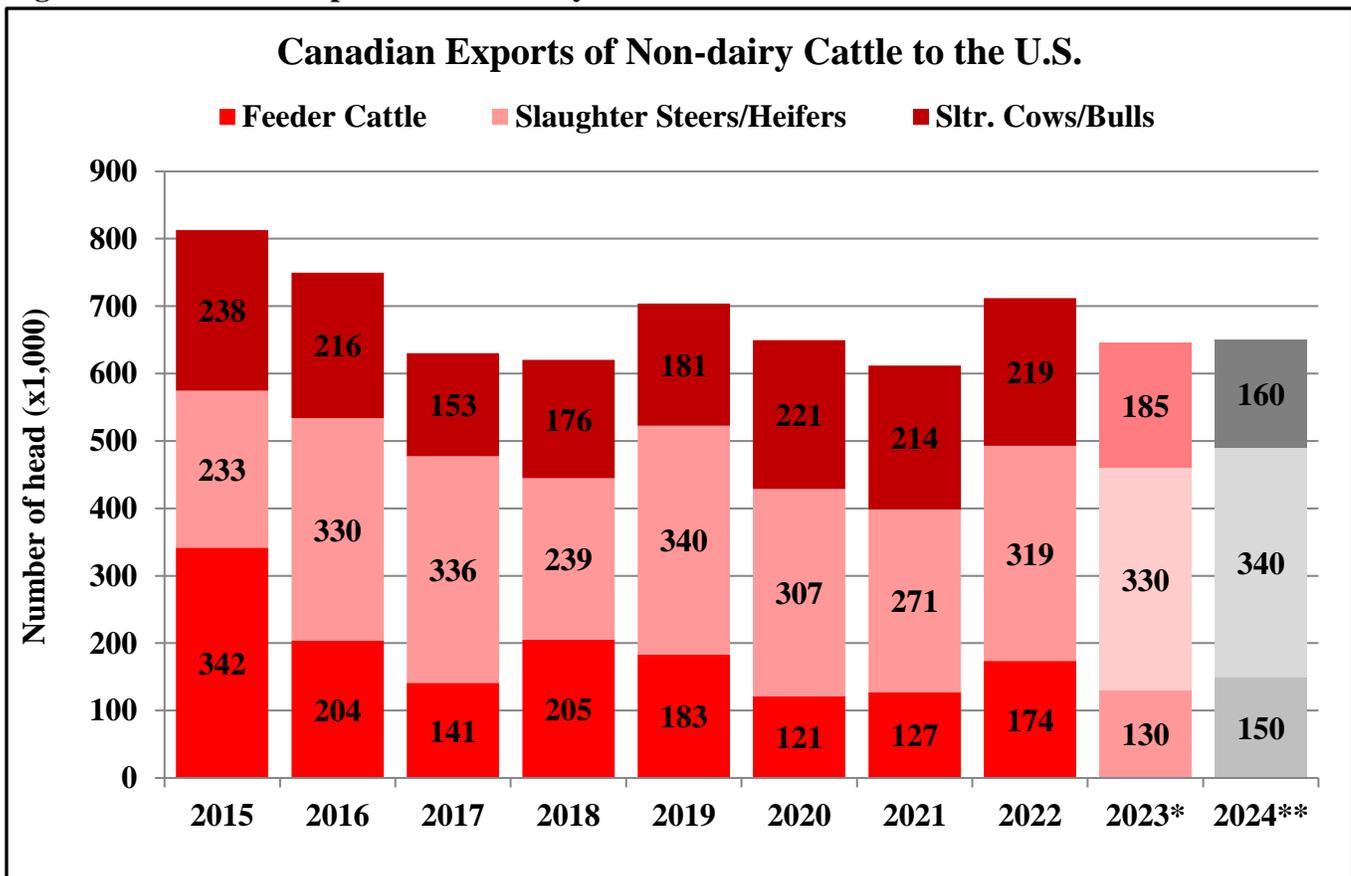
FAS/Ottawa forecasts a one percent increase in live cattle exports for 2024. The forecast for 2023 is reduced further to represent a ten percent decline over 2022. Feeder cattle exports should pick up slightly in the second half of 2023 as pasture conditions are assessed, and cattle are moved out into feedlots. This should continue into 2024 as producers with declining feedstocks reduce cattle supplies on backgrounding. Feed availability and pasture conditions in 2024 will determine feeder exports. Contraction in the U.S. herd may see increasing competition for feeder cattle, and a weaker Canadian dollar may increase movement of those animals south. Canadian feed lots will also be looking to keep bunk space filled, but improved feed availability in the United States is expected to pull a larger number of feeders south in 2024 compared to 2023.

Canadian fed cattle exports to the United States are forecast to increase in 2024. An early fall calf run and concerns around pasture conditions and feed availability will see more cattle placed on feed in the second half of 2023. Processor margins and labor availability will support a larger percentage of these animals being exported when finished. The large federal processors in Canada are multinationals that also have U.S. operations. Ultimately, they will shift cattle numbers in a way that makes sense for their

operations. The diminishing Canadian herd is likely a concern. In order to continue to support processing numbers in Canada, Canadian plants may need to take losses in the short term to ensure that cattle numbers do not further contract. Feeders will also need to continue to see a positive to purchasing and transporting U.S. feeders into Canada to maintain pen capacity.

Cull cow exports to the United States are forecast to decline further in 2024 due to a declining cow herd. Cow and heifer retention in 2024 will continue to be dependent on feed. Canadian cow-calf producers will need to increase heifer retention significantly if they are going to build back the Canadian herd in a meaningful way.

**Figure 5 – Canadian Exports of Non-Dairy Cattle to the United States**



Source: Trade Data Monitor, FAS/Ottawa

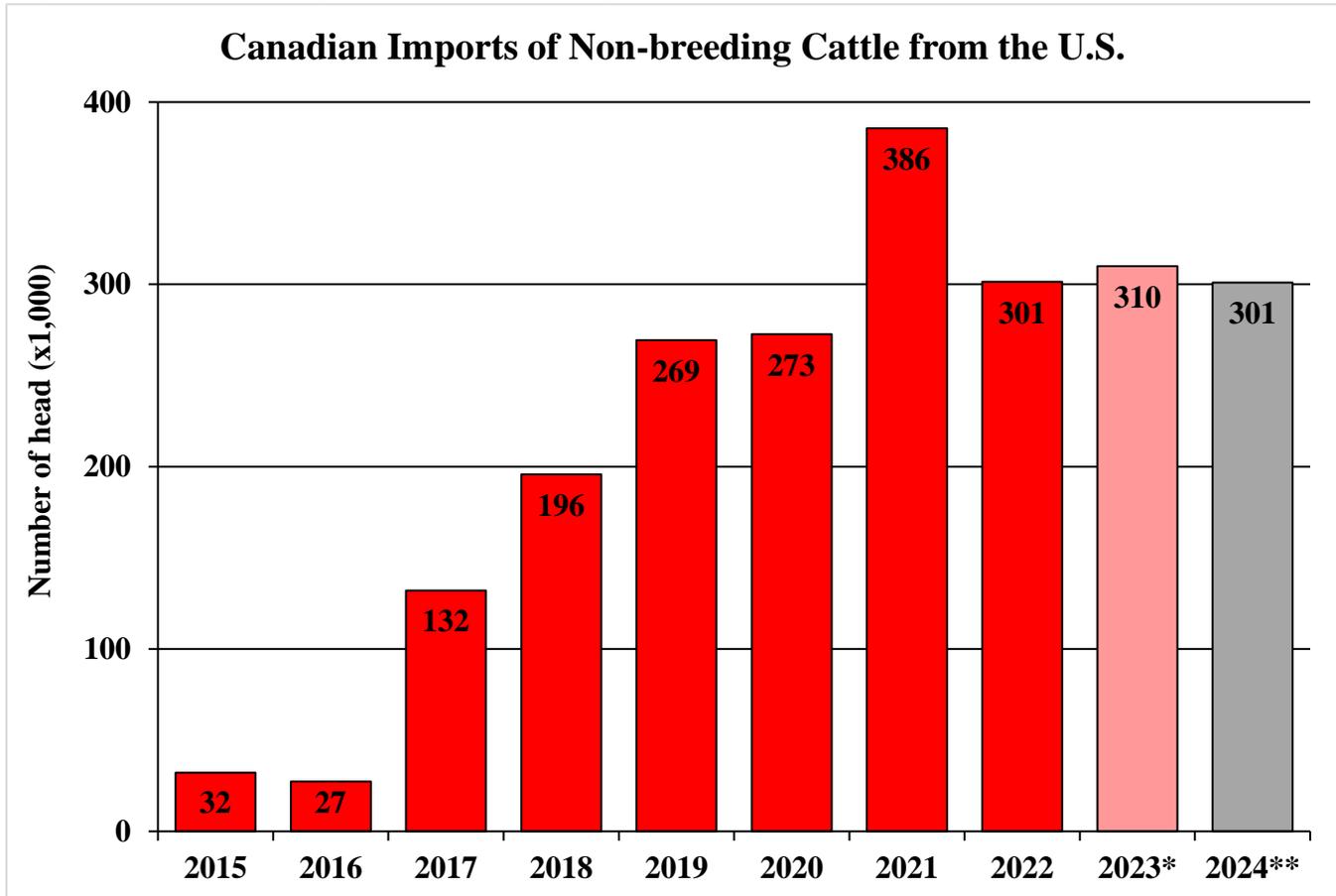
Note: \*estimate \*\*forecast

FAS/Ottawa is forecasting a decline in live cattle imports for 2024 but revising 2023 numbers upwards. The 2024 forecast will see numbers return to 2021 levels as feed availability and ample fall 2023 placements will see slower import numbers in the first half of 2024. Feed lots will need to continue importing U.S. feeders to supplement domestic supply. Locking in U.S. corn imports should help to mitigate reductions in domestic supply in Western Canada. The 2023 forecast is revised upward for 2023 following a larger volume of imports in the first half of 2023 as a result of improved feed

conditions. Cattle pricing has also supported this movement, but with an early calf run and potential feed availability issues, the pace of imports should slow in the second half of 2023.

Canadian feed lots continue to maintain efficiency by purchasing U.S. feeder cattle rather than returning with empty trucks when delivering cattle to the United States. Many feeders have optimized feeding strategies to finish U.S. dairy-beef crossbreeds to high grades. As these animals tend to be lower priced to purchase, Canadian feed lots will continue to utilize this strategy to fill their bunk space.

**Figure 6- Canadian Imports of Non-Breeding Cattle from the United States**



Source: Trade Data Monitor, FAS/Ottawa

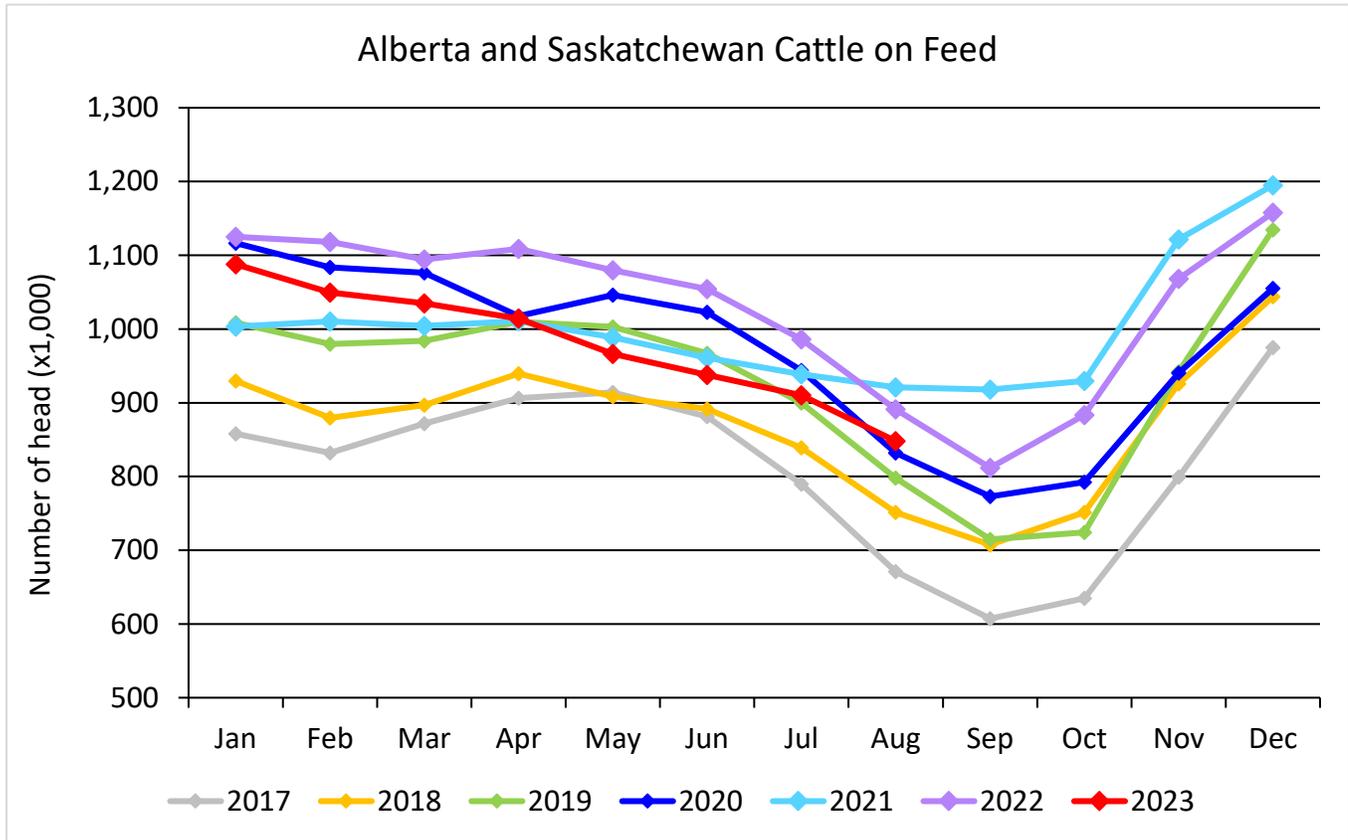
Note: \*estimate \*\*forecast

### **Slaughter: Breeding Herd Reductions Lead to Declining Slaughter**

FAS/Ottawa forecasts slaughter to decline one percent in 2024, following a four percent reduction in 2023. The contracting cattle herd will be the main driver for this trend, reduced domestic consumption due to higher beef prices and cost of living concerns from consumers will also be a factor. The 2023 slaughter forecast is also revised further downward. Higher cattle prices driven by fewer available animals has seen processors decrease capacity utilization compared to 2021 and 2022. Canadian beef remains shut out of the Chinese market, and domestic demand is cooling. Cattle on feed numbers are

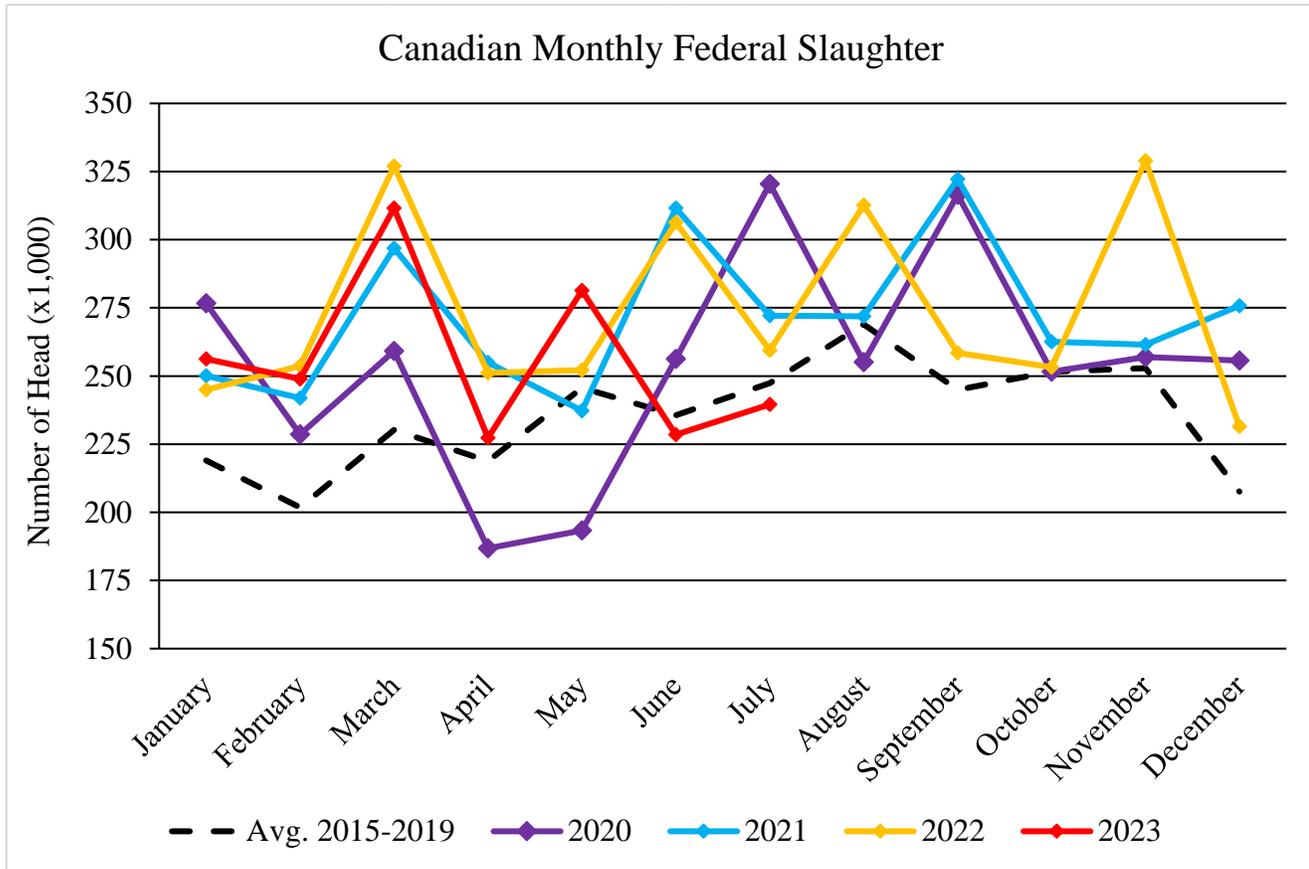
below 2020, 2021, and 2022 levels for much of 2023. A potential larger volume of calves placed on feed earlier this fall due to pasture conditions will increase numbers but these lighter animals will also take longer to gain to finishing weight. The smaller forecast calf crop in 2024 supports the continued reduction in slaughter, although the volume of imports will ultimately play a role in fed cattle availability.

**Figure 7- Alberta and Saskatchewan Cattle on Feed**



Source: CanFax

**Figure 8- Canadian Monthly Federal Cattle Slaughter**



Source: CanFax

**Beef:**

**Table 2- Production, Supply and Distribution Estimates**

<b>CANADA Meat BEEF and VEAL</b>	2022		2023		2024	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Estimates
Slaughter (Reference)	3,736	3,728	3,625	3,580	0	3,550
Beginning Stocks	42	42	42	42	0	35
Production	1,395	1,412	1,345	1,330	0	1,330
Total Imports	214	214	218	220	0	225
Total Supply	1,651	1,668	1,605	1,592	0	1,590
Total Exports	583	583	585	575	0	575
Total Dom. Consumption	1,026	1,043	985	982	0	980
Ending Stocks	42	42	35	35	0	35
Total Distribution	1,651	1,668	1,605	1,592	0	1,590

*Source: USDA, Foreign Agricultural Service using data from the Production, Supply, and Distribution System*

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

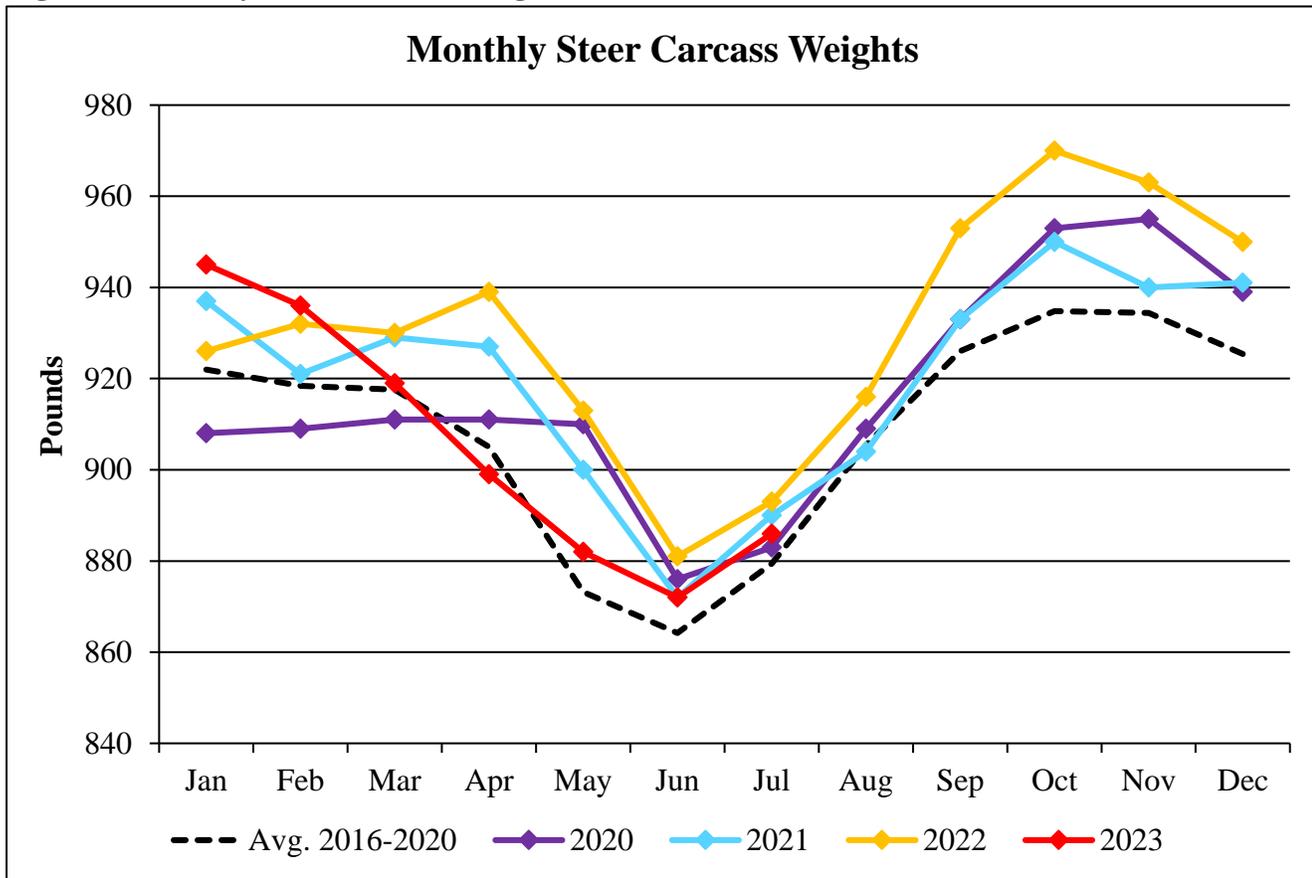
*Data in '000 metric tons, except for "slaughter" which is in '000 head*

**Beef Production: Steady Production through Heavier Weights**

FAS/Ottawa forecasts 2024 beef production to remain stable on 2023 volume despite the one percent reduction in slaughter numbers. An increase in carcass weights will drive this as feeders and processors seek to return to a heavier weight to offset smaller slaughter volumes. Slaughter numbers for 2023 are revised downward on smaller cattle on feed numbers and a slow-down in packer activity. Carcass weights have been trending upwards as the Canadian herd contracts with production. Currentness has caused this trend to drop off in 2023, although largely remaining above pre-pandemic averages, but

feeders and packers should adjust moving forward to see an increase in carcass weights and output in 2024.

**Figure 9- Monthly Steer Carcass Weights**



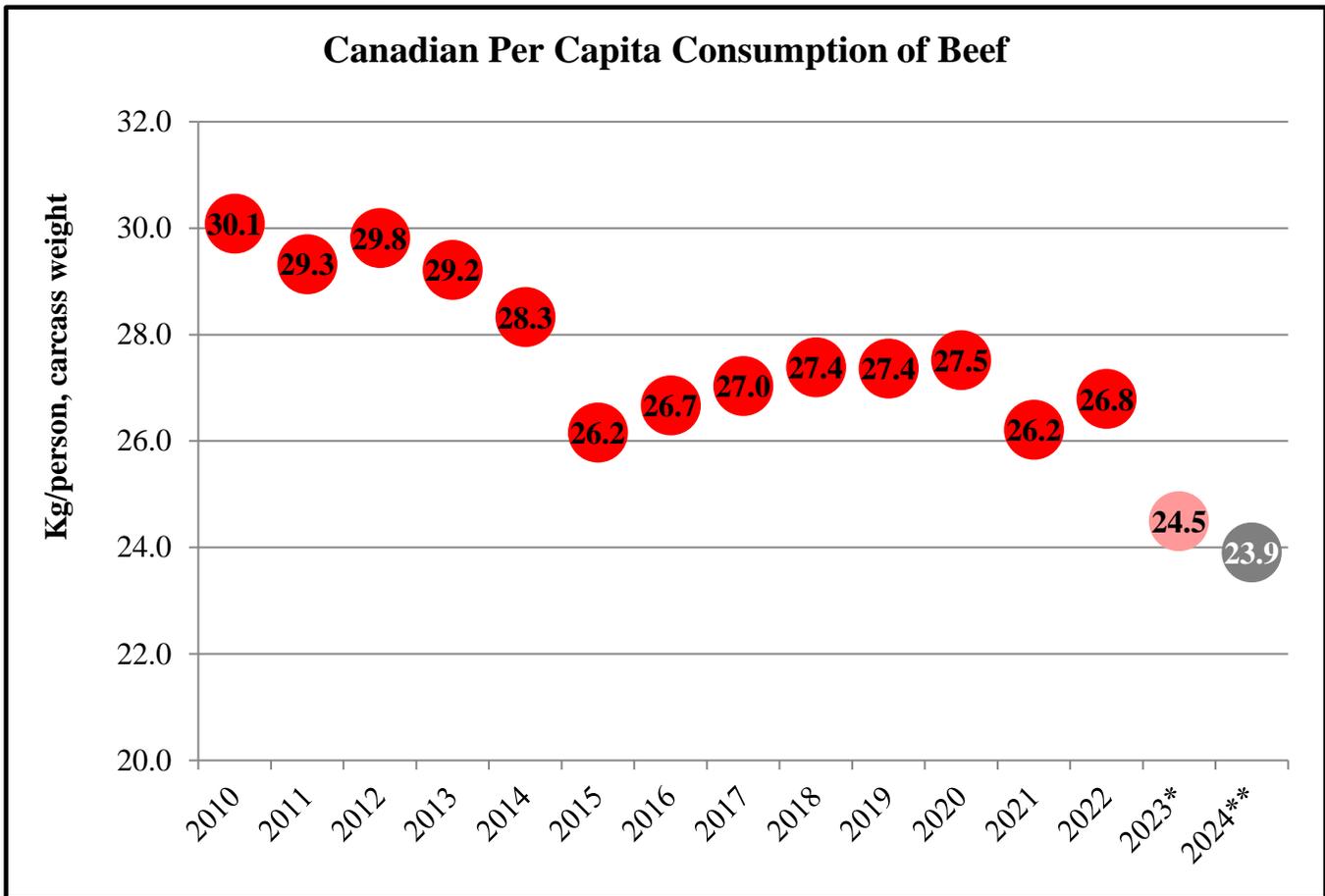
Source: CanFax

**Beef Consumption: Consumers Shift Preferences Amid Rising Cost of Living**

FAS/Ottawa forecasts beef consumption to decline slightly in 2024, following a six percent decline in 2023. Rising costs and consumer concerns about the cost of living have seen consumers shift to other protein sources, with domestic pork consumption increasing as pork pricing outcompetes beef in the retail case. Higher-value export markets will also pull volume from the domestic supply, leading to lowered domestic consumption.

Despite higher costs and more competition from pork, Canadian consumer demand for beef will remain relatively strong. Consumers will continue to value high-quality beef but adjust their consumption patterns slightly lower to offset higher prices. Consumption of lower-priced cuts and ground beef will increase as consumers look to economize their food purchasing practices.

**Figure 10- Canadian per Capita Consumption of Beef**



Source: Statistics Canada, FAS/Ottawa

Note: \*estimate \*\*forecast

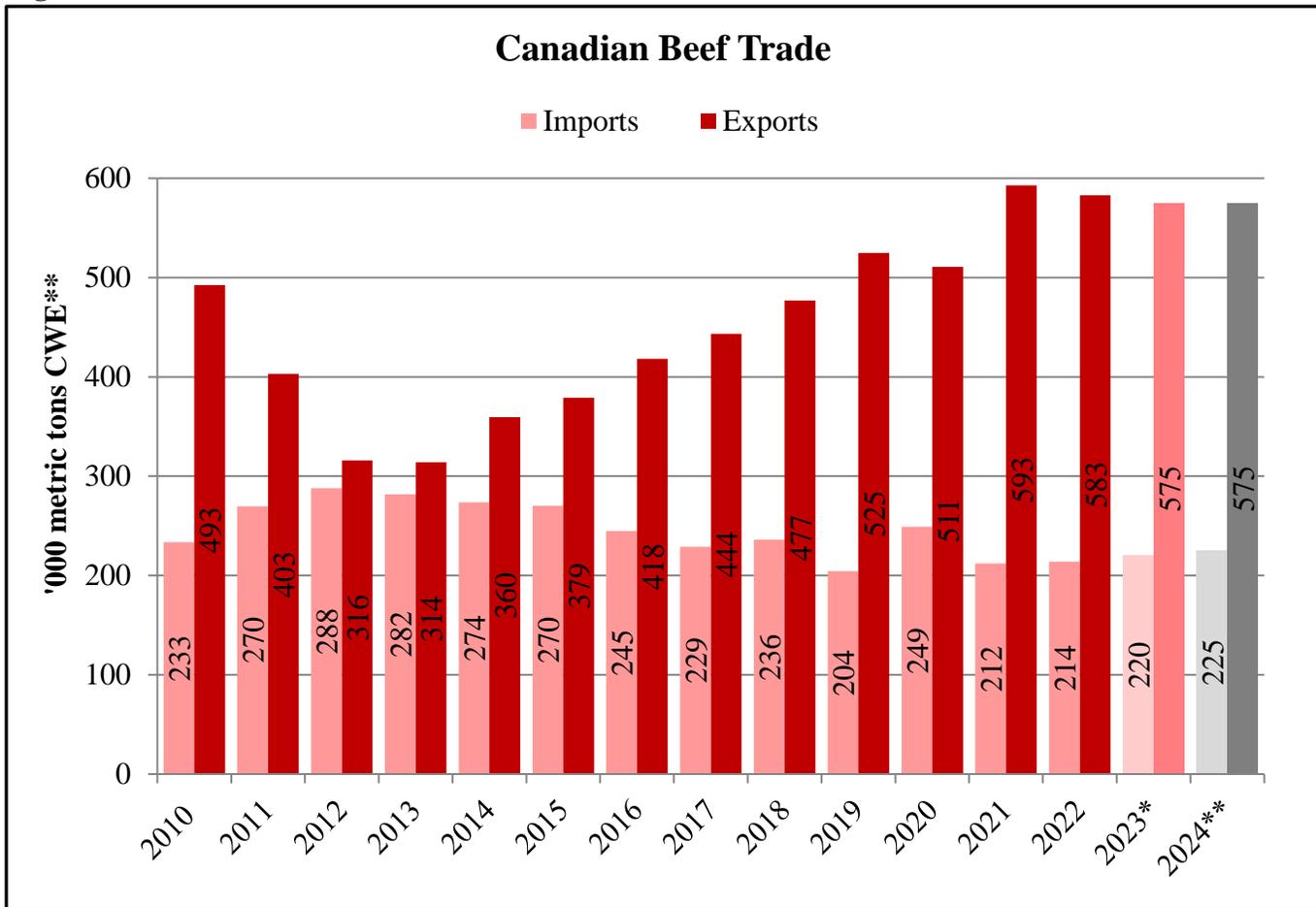
### **Beef Trade: Exports Steady Despite Lower Volume Production**

FAS/Ottawa forecasts beef exports to remain steady in 2024, following a one percent decrease in export volume in 2023. The Chinese market continues to remain closed to Canadian beef exports. It has been closed since Canada detected an atypical bovine spongiform encephalopathy (BSE) case in December 2021. Two of the three largest federal processing plants also remain voluntarily suspended from the Chinese market due to COVID-19. Despite losing what had materialized as a significant volume market, Canada’s exports have remained strong. Lower production has led to lowered volumes, but on a percent of production basis, export performance has maintained or gained. FAS/Ottawa has revised 2023 exports slightly lower on lowered production. Canadian exports from the Port of Vancouver were disrupted by an almost two-week strike by port workers. This would have likely disrupted exports to the Indo-Pacific region, but those volumes should now be recovered as the backlog at the port has cleared.

Canada continues to target the Indo-Pacific region for exports. Exports to Canada-European Union Comprehensive Economic and Trade Agreement (CETA) countries continue to underperform relative to imports from the European Union. Canada is still awaiting recognition of carcass washes utilized in

many Canadian plants by the European Union. Recognition of these washes could help to see higher volumes move to that market. However, additional barriers remain, and few exporters are optimistic about opportunity in that market until non-tariff barriers are addressed. Increased exports from Brazil and a recovery of the Australian cattle herd could threaten Canadian beef exports.

**Figure 11 – Canadian Beef Trade**



Source: Trade Data Monitor, FAS/Ottawa

Note: \*estimate \*\*forecast

Geographic proximity and integration of supply chains will continue to see the United States positioned as the dominant export market for Canadian beef. The demand for beef in the U.S. remains high, and with a contracted cattle herd, there may be gaps for Canadian exports to fill, especially if Canadian consumption is reduced.

As consumers seek bargains and shift more to higher consumption of ground beef, lean trim imports should increase. The Australian cattle herd recovery could support increased imports from Australia in 2024. However, the United States will remain the dominant supplier for beef imports into Canada.

**Table 3- Canadian Beef and Veal Exports**

<b>Canada Beef and Veal Exports</b>								
<b>January to June (metric tons, CWE*)</b>								
<b>Partner</b>	<b>Quantity</b>			<b>Market Share (%)</b>			<b>Change 2023/2022</b>	
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Volume</b>	<b>Percent</b>
<b>World</b>	<b>287,343</b>	<b>280,537</b>	<b>272,827</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-7,710</b>	<b>-2.75</b>
CPTPP	43,364	40,875	34,792	15.09	14.57	12.75	-6,083	-14.88
EU	586	762	1,042	0.20	0.27	0.38	280	36.75
<b>United States</b>	<b>206,009</b>	<b>215,741</b>	<b>218,318</b>	<b>71.69</b>	<b>76.90</b>	<b>80.02</b>	<b>2,577</b>	<b>1.19</b>
Japan	32,135	29,988	18,355	11.18	10.69	6.73	-11,633	-38.79
Hong Kong	4,833	2,019	1,795	1.68	0.72	0.66	-224	-11.09
Mexico	11,118	10,825	16,039	3.87	3.86	5.88	5,214	48.17
China	12,727	128	10	4.43	0.05	0.00	-118	-92.19
South Korea	5,165	10,772	9,382	1.80	3.84	3.44	-1,390	-12.90
Vietnam	9,376	6,186	4,040	3.26	2.21	1.48	-2,146	-34.69
All other countries	5,980	4,878	4,888	2.08	1.74	1.79	10	0.21

Source: Trade Data Monitor.

Note: \*Conversion to carcass weight equivalent (CWE) at 1.4 for fresh, chilled and frozen meat, and at 1.79 for salted and processed meat

**Table 4- Canadian Beef and Veal Imports**

<b>Canada Beef and Veal Imports</b>								
<b>January to June (metric tons, CWE*)</b>								
<b>Partner</b>	<b>Quantity</b>			<b>Market Share (%)</b>			<b>Change 2023/2022</b>	
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Volume</b>	<b>Percent</b>
<b>World</b>	<b>110,361</b>	<b>108,439</b>	<b>110,890</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>2,451</b>	<b>2.26</b>
CPTPP	18,214	15,827	15,834	16.50	14.60	14.28	7	0.04
EU	6,490	9,182	5,101	5.88	8.47	4.60	-4,081	-44.45
<b>United States</b>	<b>66,039</b>	<b>64,881</b>	<b>66,354</b>	<b>59.84</b>	<b>59.83</b>	<b>59.84</b>	<b>1,473</b>	<b>2.27</b>
New Zealand	11,745	9,056	8,391	10.64	8.35	7.57	-665	-7.34
Uruguay	10,369	6,211	10,272	9.40	5.73	9.26	4,061	65.38
Australia	5,224	7,453	6,997	4.73	6.87	6.31	-456	-6.12
Mexico	5,481	6,268	7,043	4.97	5.78	6.35	775	12.36
United Kingdom	1,882	3,563	646	1.71	3.29	0.58	-2,917	-81.87
All other countries	9,621	11,007	11,187	8.72	10.15	10.09	180	1.64

Source: Trade Data Monitor.

Note: \*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:**

**Table 5- Production, Supply and Distribution Estimates**

CANADA Animal Numbers SWINE ('000 head)	2022		2023		2024	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Forecast
Total Beginning Stocks	14,170	14,170	13,930	13,920	0	13,176
Sow Beginning Stocks	1,240	1,240	1,231	1,230	0	1,210
Production (Pig Crop)	29,536	29,528	28,900	28,800	0	28,700
Total Imports	4	4	6	6	0	4
Total Supply	43,710	43,702	42,836	42,726	0	41,880
Total Exports	6,488	6,488	6,524	6,600	0	5,900
Total Slaughter	21,818	21,821	21,400	21,500	0	21,400
Loss	1,474	1,473	1,412	1,450	0	1,430
Ending Inventories	13,930	13,920	13,500	13,176	0	13,150
Total Distribution	43,710	43,702	42,836	42,726	0	41,880

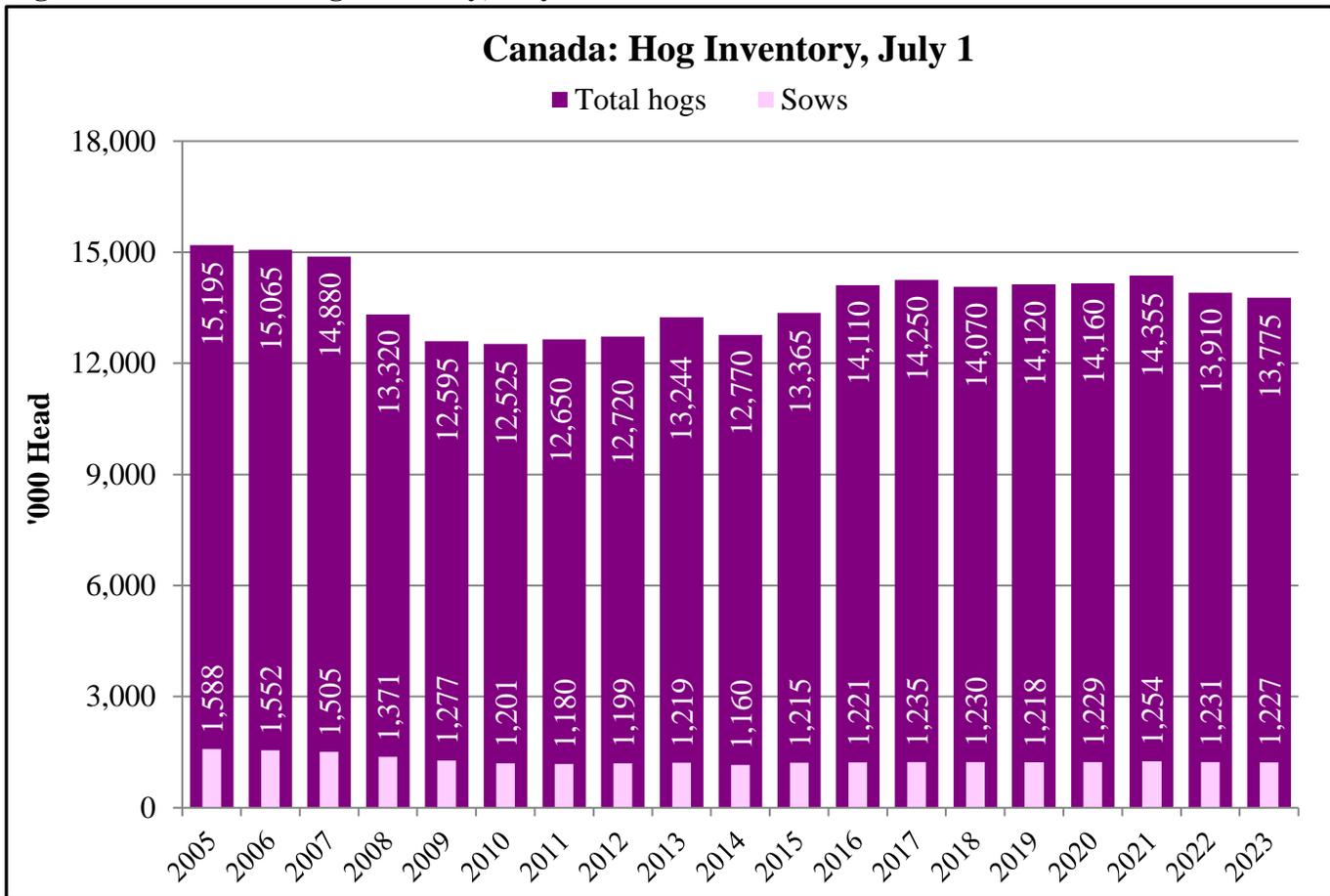
Source: USDA, Foreign Agricultural Service using data from the Production, Supply, and Distribution System

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

**Production: Reduced Processing Capacity Leads to Smaller Sow Herd and Herd Contraction**

FAS/Ottawa forecasts continued contraction of the Canadian swine herd in 2024. The main drivers will be the announced reductions in production by Olymel, necessitating production cuts in Quebec, and the closure of the Olymel Vallée Jonction plant, which will conclude at the end of 2023. Olymel has also idled some sow barns in Western Canada, contributing to a further reduction in the sow herd to begin 2024. With anticipated producer responses to reducing production, implications of a PEDv outbreak in Ontario, and reductions to the sow herd, the swine herd is forecast to contract five percent to begin 2024. Reduced feed availability may also be a factor for producers in late 2023 into 2024, especially in Western Canada, where drought has continued to impact certain regions.

**Figure 12- Canadian Hog Inventory, July 1**



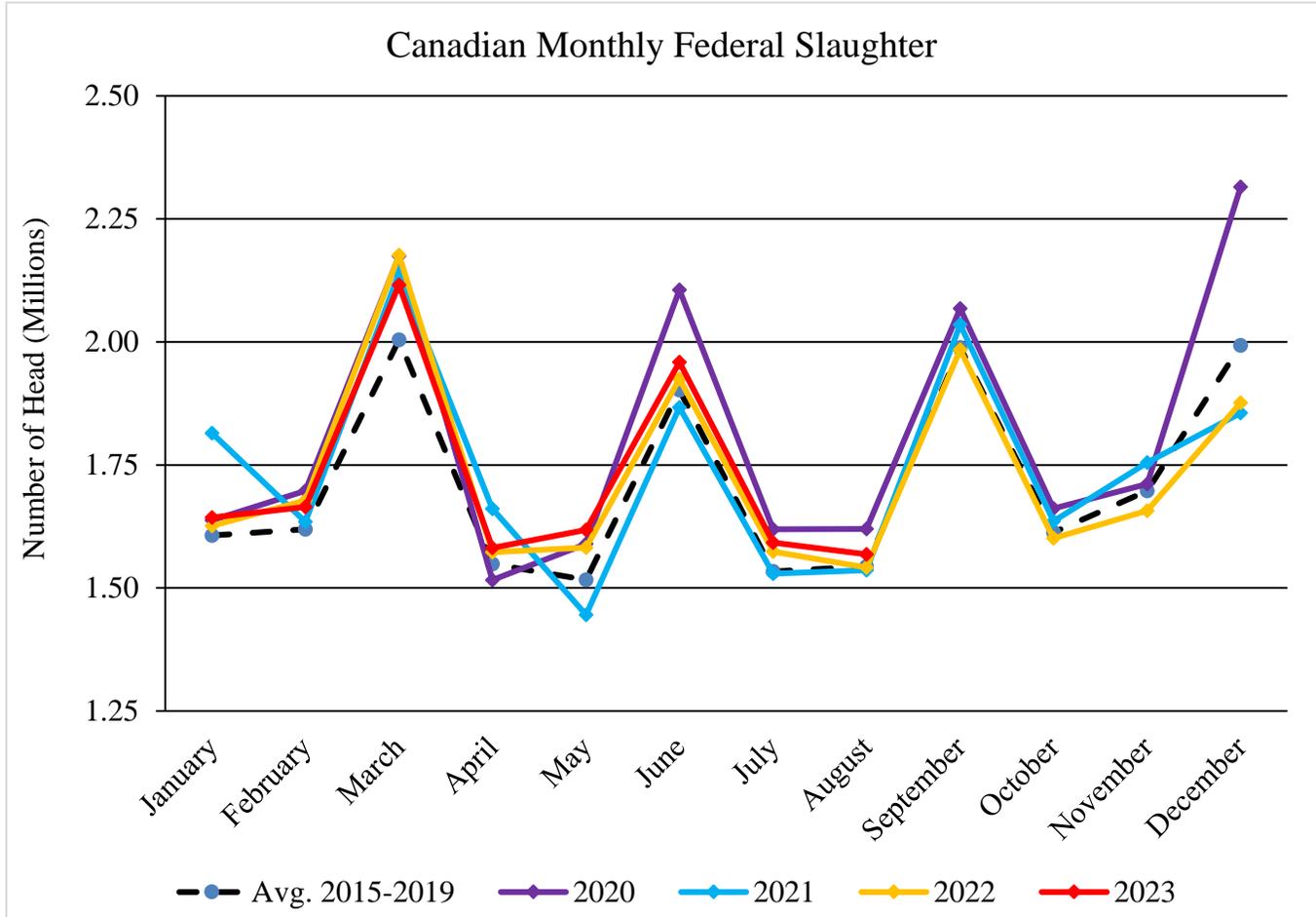
Source: Statistics Canada

FAS/Ottawa forecasts a slight reduction for the 2024 pig crop following an estimated two percent decline in 2023; 2023 pig crop estimates are revised down slightly with anticipation of a smaller second half pig crop. Pig crop numbers in 2023 were lowered on lower sow inventories and disease impacts to production, notably through PEDv issues in Ontario. Sow productivity should rebound in 2024. Outside of Quebec, there have been some signs of expansion in production. However, slaughter capacity and labor availability for capacity utilization will continue to be a factor. Ontario hogs have been impacted by the processing disruptions and now reductions in Quebec slaughter. While there has been discussion of slaughter capacity expansion within the province, construction for expansion has not progressed significantly. The announcements from Olymel to reduce their purchases of over one million market hogs will negatively impact Canadian slaughter. Plants regaining access to China following voluntary suspensions due to COVID-19 and an increase in domestic demand may incentivize other processing plants to increase slaughter, but availability of labor will be an ongoing constraint.

Cull sow slaughter capacity is expanding. Jowett has increased cull sow processing, and Donald’s Fine Foods continues to work on increasing numbers. The announcement of a collaboration between Winkler Meats and Johnsonville will also add needed sow slaughter capacity into Canada. However, that

expansion likely will not be complete until 2025. At present, the majority of cull sows are exported to the United States for processing. Given available sow volumes, this trend will continue, but producers should benefit from additional options for cull sow dispersal as Canada expands its processing capacity.

**Figure 13- Canadian Monthly Federal Market Hog Slaughter**



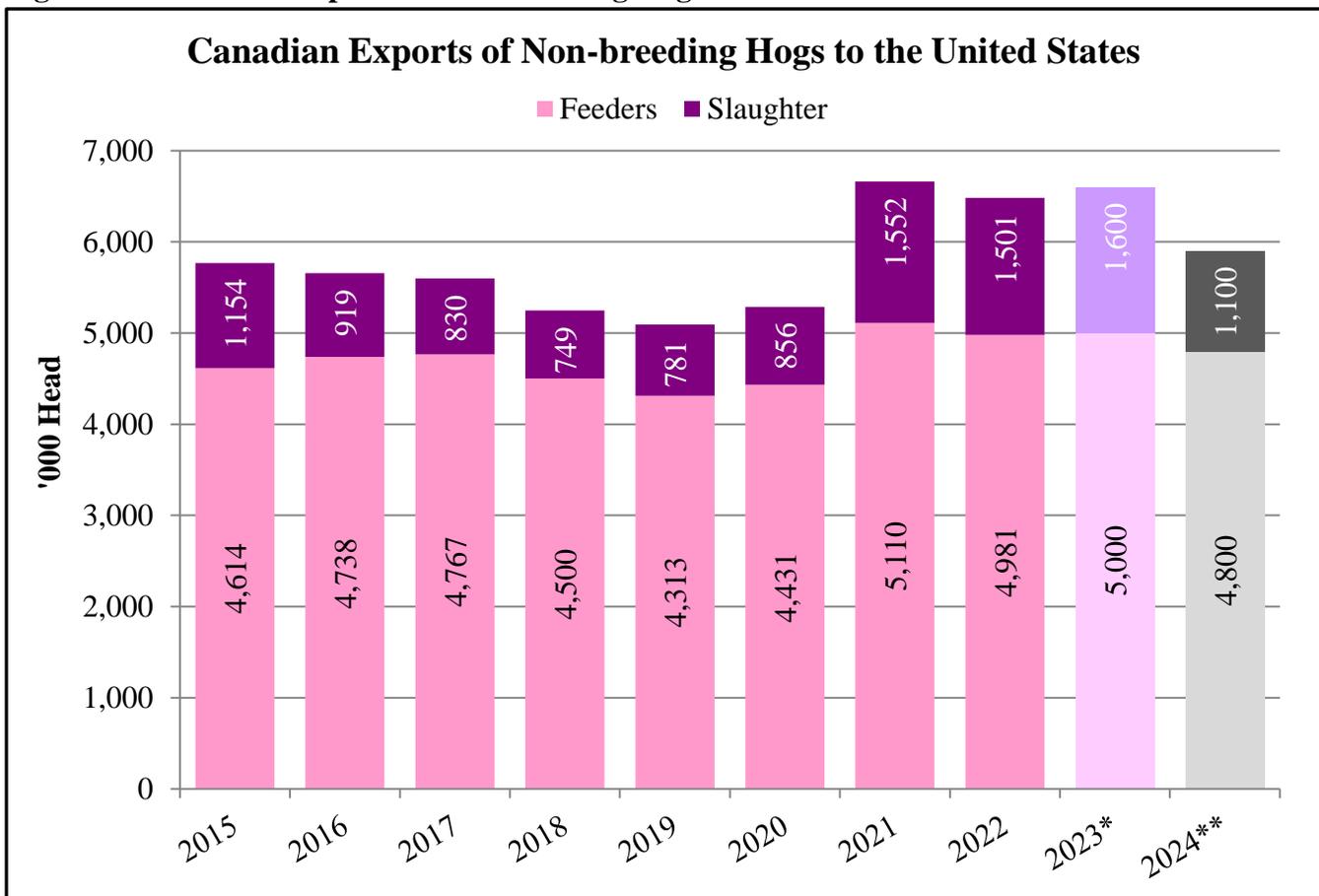
Source: Agriculture and Agri-Food Canada

**Trade: Live Exports to Drop from 2023**

Between COVID-19 related processing disruptions, labor and mechanical issues in processing plants, and closure of processing lines, Canada has markedly increased exports of market hogs to the United States in recent years. Canadian producers should be responding to slaughter reductions. U.S. herd expansion does not appear to be materializing yet, and U.S. consumer demand for pork is waning. As a result, Canadian exports of market hogs are forecast to drop in 2024. FAS/Ottawa is forecasting an eleven percent decline across all live exports from 2023 to 2024; exports of weaners and market hogs will both fall year-over-year. A smaller Canadian herd and smaller pig crop will influence these lowered live export volumes, and exports to Canadian inventory will fall to a smaller percentage compared to 2022 and 2023.

State-level animal welfare legislation may also negatively impact live exports from Canada depending on how supply chains are impacted by legislation such as Proposition 12. Directly, California is not significant to Canadian exporters, but there are potentially significant indirect impacts via other states. Western Canadian producers have long standing relationships with U.S. finishers for placing weaners. Manitoba especially has a higher level of weanling production than finishing spaces. While there has been some new construction of finishing space within the province, production numbers will continue to be larger than available spaces. Canada’s animal welfare legislation does not match the prescriptive wording set out by Proposition 12. This could result in decreased demand for Canadian live exports, or these animals could end up being discounted depending on how implementation of Proposition 12 requirements impacts hog producing and finishing states.

**Figure 14- Canadian Exports of Non-Breeding Hogs to the United States**



Source: Trade Data Monitor, FAS/Ottawa

Note: \*estimate \*\*forecast

## Pork:

**Table 6- Production, Supply and Distribution Estimates**

CANADA Meat SWINE	2022		2023		2024	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Estimates
Slaughter (Reference)	21,818	21,821	21,400	21,500	0	21,400
Beginning Stocks	90	90	79	79	0	74
Production	2,090	2,082	2,030	2,040	0	2,030
Total Imports	234	234	255	255	0	250
Total Supply	2,414	2,406	2,364	2,374	0	2,354
Total Exports	1,413	1,415	1,300	1,310	0	1,305
Total Dom. Consumption	922	912	985	990	0	995
Ending Stocks	79	79	79	74	0	54
Total Distribution	2,414	2,406	2,364	2,374	0	2,354

Source: USDA, Foreign Agricultural Service using data from the Production, Supply, and Distribution System

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

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

### Pork Production: Smaller Slaughter and Lower Production

FAS/Ottawa forecasts a slight reduction in pork production for 2024 following a two percent reduction in 2023. Carcass weights should moderate from those heavier weights observed as a result of processing backlogs. Smaller slaughter volumes will also contribute to lowered production as slaughter capacity within Canada falls.

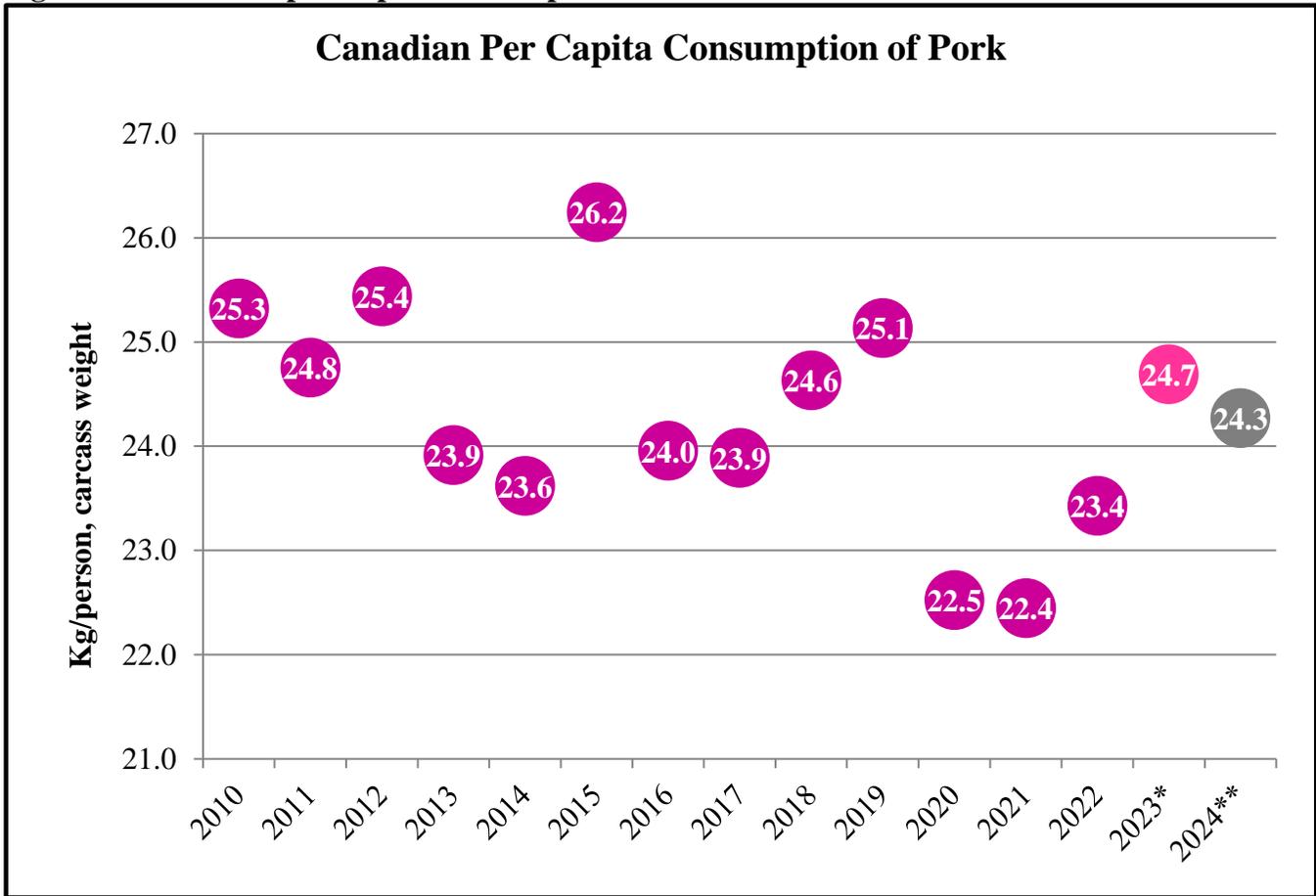
### Pork Consumption: Domestic Consumption Re-Engaged

Canada focused on export markets during the pandemic years, negatively impacting domestic consumption. Canadian consumers shifted away from pork, but rising beef prices and competitive pork prices seem to have shifted domestic demand. Canadian consumers are increasing their pork consumption, and frozen storage stocks are being drawn down.

FAS/Ottawa forecasts a one percent growth in domestic consumption for 2024, following an estimated increase of nine percent in 2023. The Pork Promotion and Research Agency (PRA) has been collecting

levies for over one year at this stage. Part of those levies will be utilized to create generic pork marketing initiatives to engage with Canadian consumers. While activity has not yet commenced, it should help to further re-engage Canadian consumers in purchasing and utilizing pork products once implemented.

**Figure 15- Canadian per Capita Consumption of Pork**

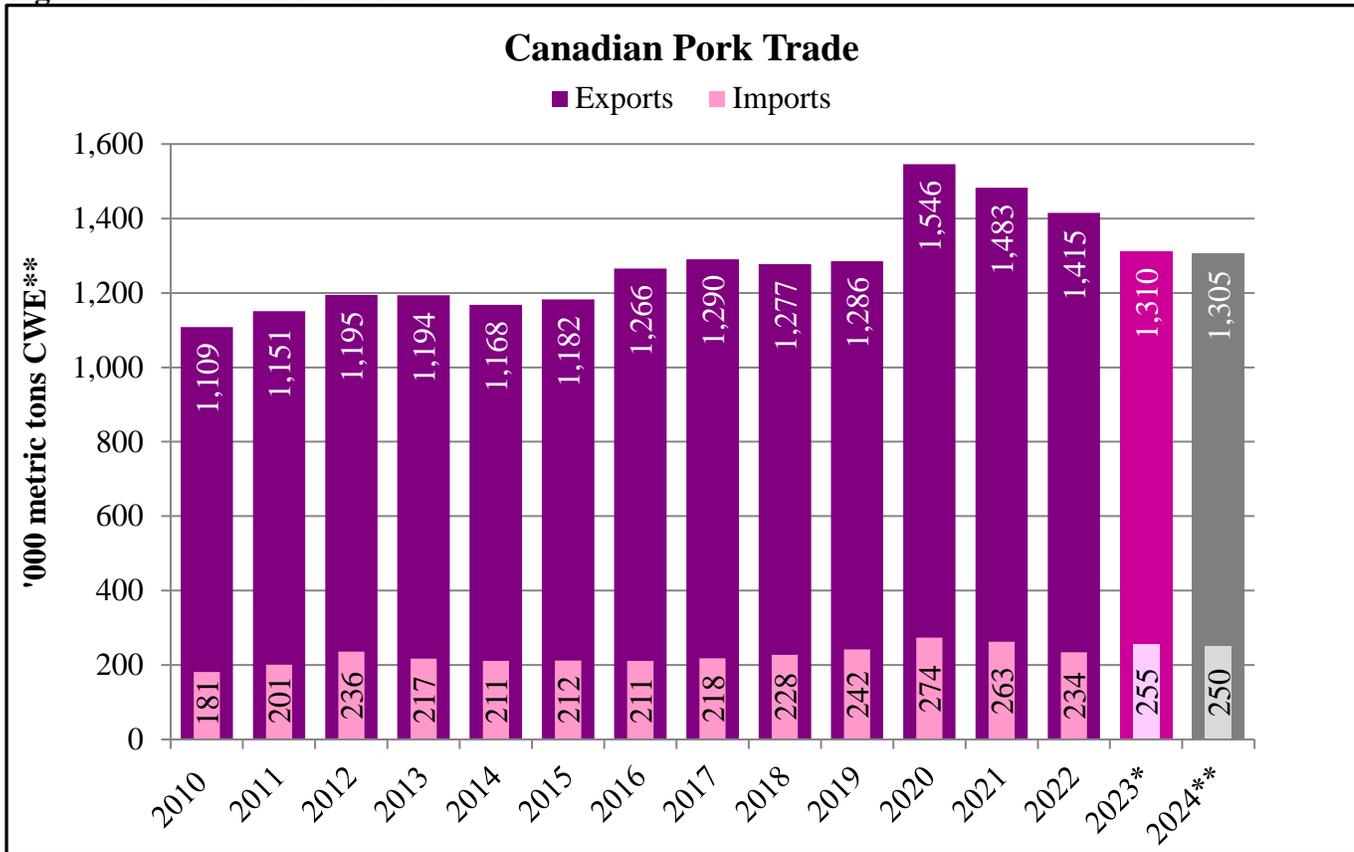


Source: Statistics Canada

### **Pork Trade: Improved Domestic Demand and Reduced Export Volumes**

Increased Canadian consumption is a positive for pork producers, however, this has also been the result of lower export volumes. Despite the challenges of the pandemic on supply chains and processing disruption, export demand for pork and Canadian production levels sustained strong export volumes from 2020 through 2022. Even with some Canadian plants suspended from China as a result of COVID-19 cases, Canadian export volumes were large as a result of global demand and production impacts due to African Swine Fever (ASF) in other regions. However, smaller domestic production, increased consumer demand, and will support increased pork import volumes in 2023. These import volumes will be reduced slightly in 2024, with lowered production in the United States and European Union. The United States will remain the main supplier of Canadian pork imports, advantaged by geographic proximity and established supply chains.

**Figure 16- Canadian Pork Trade**



Source: Trade Data Monitor, FAS/Ottawa

Note: \*estimate \*\*forecast

FAS/Ottawa forecasts Canadian pork exports to remain relatively steady in 2024, following a seven percent decline in 2023. Removal of temporary suspensions for export to China for a number of processing plants in early 2023 has seen Canadian exporters capitalize and increase export activity to that market. ASF impacts on production in Asian countries may also represent increased export potential depending on how the situation progresses through 2024. Canada will face competition from increasing exports from Brazil, and lowered Canadian production will be a factor, mitigating any gains through 2024. Diminishing U.S. consumer demand for pork will also be a factor in lowered export volumes. While percent of production exported will be lowered, Canada remains export dependent on pork production, with over sixty percent of production exported.

Canadian exports from the Port of Vancouver were disrupted by an almost two-week strike by port workers this summer. This would have likely disrupted exports to the Indo-Pacific region, but those volumes should recover for the second half of 2023 as the backlog at the port has cleared. Port of Vancouver is critical for Canadian exporters to markets across the Pacific. Canada maintains a strategy of increasing trade within the Indo-Pacific region, ensuring transport logistics and minimizing port disruptions will be essential to maintaining export volumes.

The European Union and pork export performance under the Comprehensive and Progressive Trade Agreement (CETA) continues to be an irritant for the Canadian pork industry. Exports are performing better year-to-date in 2023, but non-tariff barriers continue to limit export volumes. Continued spread of ASF in wild porcine populations in Europe and potential to impact commercial production could see Canadian exports increase in 2024.

The United States will continue to remain the dominant export market for Canadian pork exports in 2024. Volumes will be lowered on lower U.S. consumer demand and lower Canadian production volume.

**Table 7- Canadian Pork Exports**

<b>Canada Pork Exports</b>								
<b>January to June (metric tons, CWE*)</b>								
<b>Partner</b>	<b>Quantity</b>			<b>Market Share (%)</b>			<b>Change 2023/2022</b>	
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Volume</b>	<b>Percent</b>
<b>World</b>	<b>775,409</b>	<b>747,209</b>	<b>679,175</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-68,034</b>	<b>-9.11</b>
CPTPP	216,846	225,764	191,305	27.97	30.22	28.17	-34,459	-15.26
EU	237	193	1,413	0.03	0.03	0.21	1,220	632.12
<b>United States</b>	<b>174,273</b>	<b>246,175</b>	<b>206,947</b>	<b>22.48</b>	<b>32.95</b>	<b>30.47</b>	<b>-39,228</b>	<b>-15.94</b>
China	215,202	81,549	112,927	27.75	10.91	16.63	31,378	38.48
Japan	140,067	135,301	106,775	18.06	18.11	15.72	-28,526	-21.08
Mexico	69,777	83,579	76,105	9.00	11.19	11.21	-7,474	-8.94
South Korea	25,940	33,482	32,007	3.35	4.48	4.71	-1,475	-4.41
Philippines	83,362	102,029	63,723	10.75	13.66	9.38	-38,306	-37.54
Vietnam	17,056	5,402	2,424	2.20	0.72	0.36	-2,978	-55.13
All other countries	224,005	305,867	285,214	28.89	40.93	41.99	-20,653	-6.75

Source: Trade Data Monitor.

Note: \*Conversion to carcass weight equivalent at 1.3

**Table 8- Canadian Pork Imports**

Canada Pork Imports								
January to June (metric tons, CWE*)								
Partner	Quantity			Market Share (%)			Change 2023/2022	
	2021	2022	2023	2021	2022	2023	Volume	Percent
<b>World</b>	<b>129,524</b>	<b>114,363</b>	<b>126,983</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>12,620</b>	<b>11.04</b>
EU	20,202	28,284	20,466	15.60	24.73	16.12	-7,818	-27.64
CPTPP	2,656	3,303	1,807	2.05	2.89	1.42	-1,496	-45.29
<b>United States</b>	<b>105,395</b>	<b>81,635</b>	<b>102,512</b>	<b>81.37</b>	<b>71.38</b>	<b>80.73</b>	<b>20,877</b>	<b>25.57</b>
Germany	9,307	12,415	7,425	7.19	10.86	5.85	-4,990	-40.19
Denmark	2,530	5,459	6,619	1.95	4.77	5.21	1,160	21.25
Poland	1,863	448	95	1.44	0.39	0.08	-353	-78.79
All other countries	10,429	14,406	10,332	8.05	12.60	8.13	-4,074	-28.28

Source: Trade Data Monitor.

Note: \*Conversion to carcass weight equivalent at 1.3

## **Policy:**

### **Cattle/Beef Pricing**

Two lawsuits have been filed against Canadian beef processors in 2022 alleging price fixing; one in British Columbia and one in Quebec but have not progressed further at this stage.

### **China**

Following detection of an atypical BSE case in Western Canada in December 2021, China suspended imports of Canadian beef. Imports have reportedly not resumed as of the writing of this report. Two federal beef plants remain voluntarily suspended for export to China as a result of COVID-19.

### **Foot and Mouth Disease (FMD) Vaccine Bank**

As part of Budget 2023, the Canadian Food Inspection Agency (CFIA) received CAD 57.5 million over the course of five years to establish a FMD vaccine bank for Canada. This process will also support development of FMD response plans in the event of an outbreak in Canada. A further CAD 5.6 million per year was also announced for ongoing management of the bank. CFIA intends to launch a procurement process in Fall 2023.

### **Health of Animals Regulations (Identification and Traceability)**

From March 18, 2023 to June 16, 2023 the CFIA is consulting on proposed amendments to Part XV of the *Health of Animals Regulations* (Identification and Traceability). The proposed changes would add traceability requirements for goats and cervids given shared diseases with other regulated species, reduce duration of time to report events, and add requirements for premises identification where animals are located and domestic movement reporting. Details are available in [Canada Gazette Part I](#) and on the CFIA [website](#).

### **Japan BSE Restrictions**

On March 27, 2023 all remaining BSE restrictions on Canadian beef were removed giving Canada full access to the Japanese beef market for the first time since the detection of a classical BSE case in 2003. Canada is once again approved to export processed beef to Japan.

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

The [Canadian Pork Promotion and Research Agency](#) (Pork PRA) was officially established under the Farm Products Agencies Act on December 16, 2020. Collection of the import levy began in May 2022. The import levy is CAD 0.80 per hog, or equivalent adjustment for pork products, based on matching the lowest provincial levy amount. Additional information can be found on the Pork PRA [website](#).

### **Proposition 12/State-level Legislation**

As of January 1, 2024, all pork sold in California must be certified as compliant with Proposition 12. This provides a prescriptive requirement where all breeding sows must be housed with a minimum space allocation of 24 square feet. Canadian producers must adhere to federal and provincial animal welfare regulations. For producers selling to federal processors, they must be enrolled in the Canada Pork Excellence program which audits farms on animal care amongst other aspects. The animal care module is aligned with Canada's [Code of Practice for the Care and Handling of Pigs](#). The Code is developed through the collaboration of academia, industry, government, and other stakeholders. It outlines required and recommended practices for producers to follow. However, the current Code is not as prescriptive in minimum space allocation as Proposition 12, requiring producers to instead maintain space allocation on the basis of enabling an animal to perform natural standing and lying behaviors.

Industry in Canada has expressed concern about a patchwork of legislation across the United States as states adopt their own animal welfare legislation. They would like to see coherence at a national level in order to enable trade flows, ensure supply chain integrity, and also achieve the goal of ensuring policy improves animal welfare in a measurable and scientifically supported manner.

### **United Kingdom Accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)**

The Canadian red meat industry has voiced concerns about the accession of the United Kingdom to the CPTPP. On July 17, 2023, Canada issued a formal [announcement](#) welcoming the United Kingdom into CPTPP following the signing of the Accession Protocol on July 16, 2023. Industry in Canada has noted that the United Kingdom does not intend to recognize Canadian food safety protocols, such as the use of peracetic acid in carcass washes. Industry sees this as creating similar access issues as are currently experienced for Canadian exports of red meat to the European Union under the Comprehensive and Economic Trade Agreement (CETA). The United Kingdom and CPTPP members must still complete the ratification process for the United Kingdom's accession.

### **Attachments:**

No Attachments