

**Required Report:** Required - Public Distribution

**Date:** March 20, 2024

**Report Number:** CA2024-0005

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

**Country:** Canada

**Post:** Ottawa

**Report Category:** Livestock and Products

**Prepared By:** Alexandra Watters

**Approved By:** Olutayo Akingbe

### **Report Highlights:**

The Canadian cattle herd continues its sustained contraction in 2024. A smaller beef cow inventory will see the 2024 calf crop decline. Improved cattle prices may signal improved heifer retention if moisture conditions and pastures improve, or producers could see this as an opportune time to maximize exiting the industry during a time of better returns. Live cattle imports and imports of U.S. feeder cattle will decline as tightening supplies in the United States increase competition for those animals. Imports of ground beef and lower cost product from Australia and South America will be supported by price-conscious Canadian consumers. The Canadian swine herd is forecast to continue its contraction through 2024. Reductions in slaughter capacity in Eastern Canada will see slaughter reduced and breeding herd reductions in that part of the country. Canadian demand for pork will sustain 2024 imports at 2023 levels while Canada will look to an improved export performance for pork in 2024.

**Cattle:**

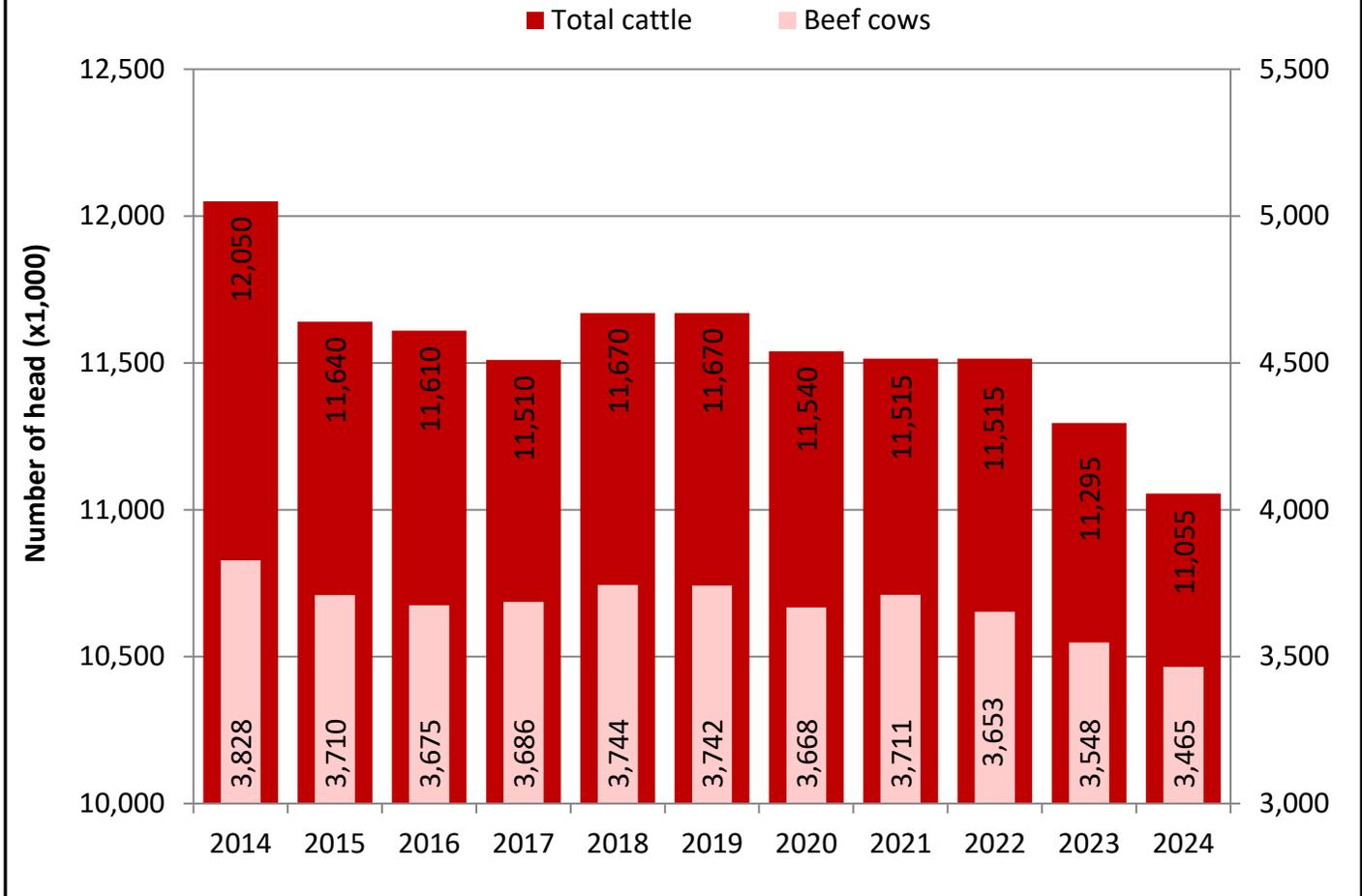
**Table 1- Production, Supply and Distribution Estimates for Cattle.**

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	11,515	11,515	11,295	11,295	10,995	11,055
Dairy Cows Beg. Stocks	969	969	968	965	965	964
Beef Cows Beg. Stocks	3,653	3,653	3,560	3,548	3,400	3,465
Production (Calf Crop)	4,469	4,469	4,250	4,285	4,100	4,200
Total Imports	317	317	295	301	285	275
<b>Total Supply</b>	<b>16,301</b>	<b>16,301</b>	<b>15,840</b>	<b>15,881</b>	<b>15,380</b>	<b>15,530</b>
Total Exports	754	754	745	734	690	700
Cow Slaughter	498	515	535	534	480	480
Calf Slaughter	211	204	200	189	200	190
Total Slaughter	3,728	3,727	3,580	3,568	3,400	3,450
Loss	524	525	520	524	515	520
Ending Inventories	11,295	11,295	10,995	11,055	10,775	10,860
<b>Total Distribution</b>	<b>16,301</b>	<b>16,301</b>	<b>15,840</b>	<b>15,881</b>	<b>15,380</b>	<b>15,530</b>

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

The Canadian cattle herd continues its sustained trend of contraction, with numbers at their lowest level since 1989. Statistics Canada's January 1, 2024 herd inventory numbers showed beginning stocks down 240,000 head compared to January 1, 2023. These beginning stocks are 25,000 head below the original FAS/Ottawa forecast. Beginning beef cattle stocks are down 83,000 head compared to 2023 beginning stocks, a smaller downward revision than forecast. Persistent drought conditions continued to support decreased heifer retention and increased cow slaughter through 2023.

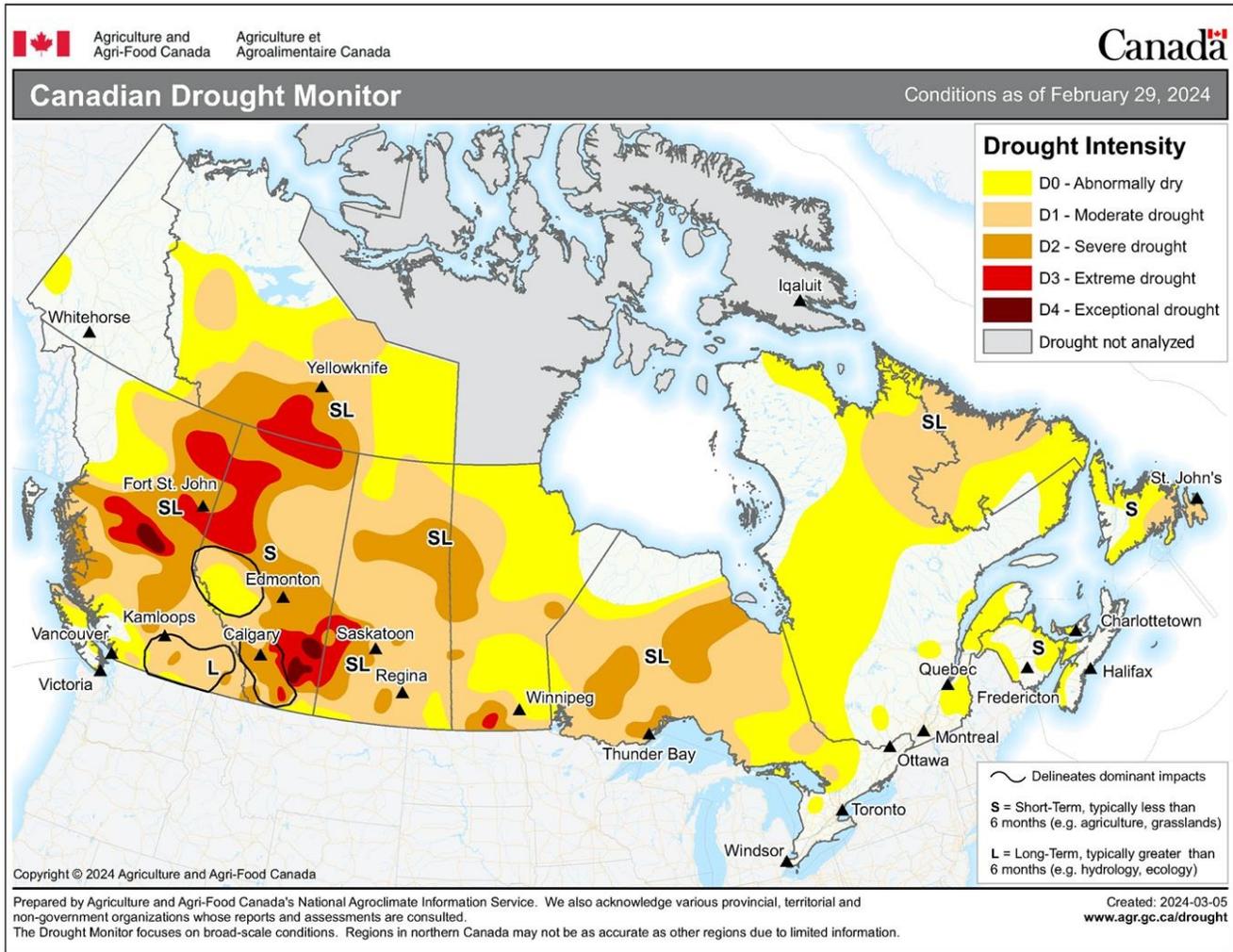
**Figure 1: Cattle Inventory, January 1**



Source: Statistics Canada

January 1 numbers for heifer retention for beef replacement are down six percent compared to 2023. With the ongoing contraction of the cattle herd, cow-calf producers are seeing better returns, however, it remains to be seen if producers will take these signals and begin a herd re-build in 2024. Drought remains a concern and consequently feed availability. Additionally, producers may take stronger pricing as a signal to sell off rather than grow their herds. This is especially likely amongst aging producer who may not have succession plans and may see this as an opportune time to exit the industry. Industry will need to assess the balance of tighter feeder supplies which will support higher prices that may reduce heifer retention with the need to increase heifer retention if the Canadian cattle herd is too slow or reverse the ongoing trend of contraction.

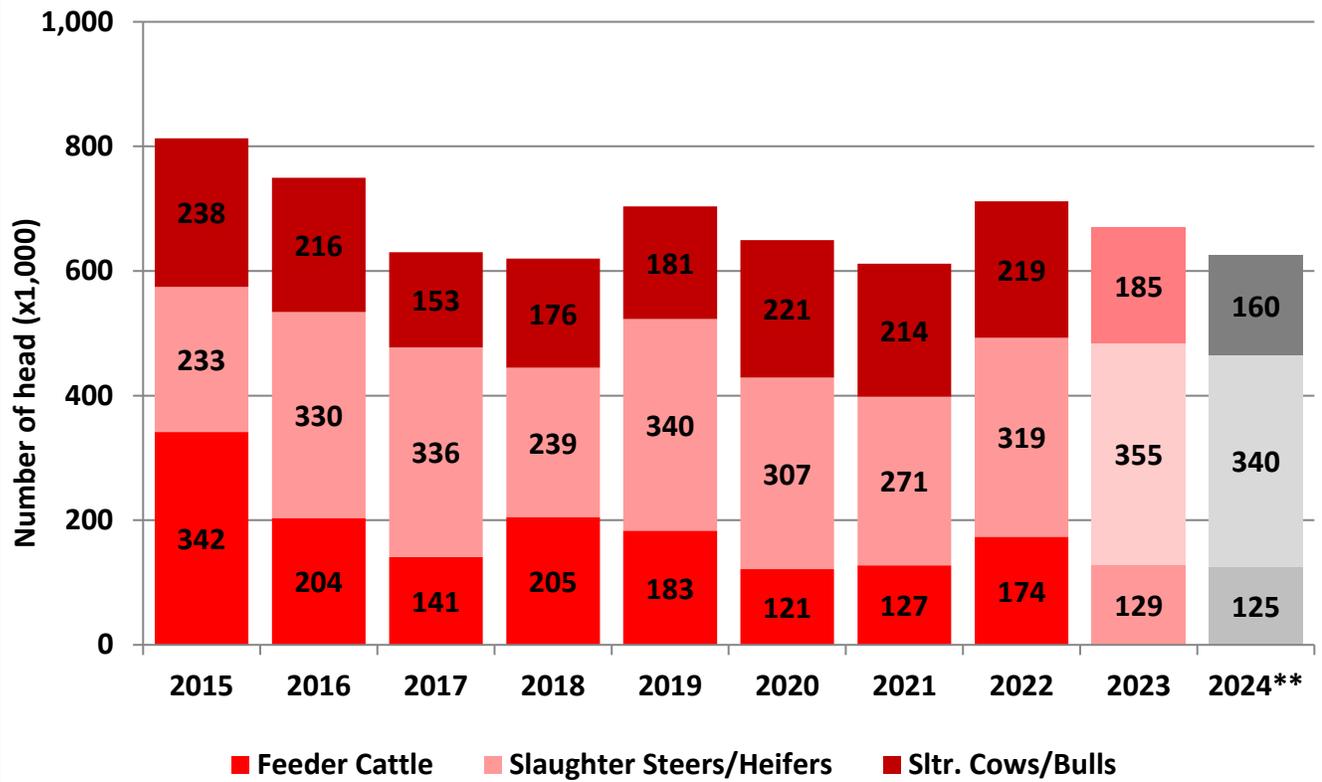
Figure 2- Canadian drought conditions as of February 29, 2024.



Source: Agriculture and Agri-Food Canada

FAS/Ottawa is revising live cattle imports down for 2024. While feedlots will see supplies tighten, contraction in the U.S. herd will increase competition from U.S. feedlots to see those animals remain in the United States. The increased competition from U.S. feedlots and smaller U.S. feeder supplies will reduce feeder numbers trading north in 2024. There will likely also continue to be a stronger pull for Canadian feeders to be exported to the United States amidst shorter supplies, especially if the exchange rate remains favorable and feeding costs remain lower in the United States relative to Western Canada. However, shorter Canadian feeder supplies will limit numbers and Canadian feeders and packers will work to keep feedlot capacity supported. As a result, FAS/Ottawa is revising 2024 exports slightly upward but exports to inventory will remain proportional to 2023.

**Figure 3- Canadian Exports of Non-dairy Cattle to the U.S.**



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

Canada has long discussed the need for more processing capacity and locations, especially during pandemic years where processing plant disruptions caused significant cattle backlogs. However, the continual shrinking herd and tightening packer margins does not provide a positive signal to invest in processing capacity. At present, Canadian capacity is not at maximum and tighter feed supplies for 2024 would signal that capacity utilization is likely to continue to decline. FAS/Ottawa has revised the 2024 slaughter forecast down on lower beginning stocks, a downward revision to calf slaughter, live imports revised lower, and building in some optimism for heifer retention if moisture conditions continue to improve in drought areas. FAS/Ottawa now forecasts that 2024 slaughter will decline three percent in 2023.

**Beef:**

**Table 2- Production, Supply and Distribution Estimates for Beef.**

CANADA Meat BEEF and VEAL	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)	3,728	3,727	3,580	3,568	3,400	3,450
Beginning Stocks	42	42	42	42	35	36
Production	1,412	1,412	1,340	1,340	1,275	1,305
Total Imports	214	214	240	241	230	240
Total Supply	1,668	1,668	1,622	1,623	1,540	1,581
Total Exports	583	583	560	572	540	560
Total Dom. Consumption	1,043	1,043	1,027	1,015	970	986
Ending Stocks	42	42	35	36	30	35
Total Distribution	1,668	1,668	1,622	1,623	1,540	1,581

*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*

FAS/Ottawa is revising the 2024 beef production forecast down as a result of the downward revision in slaughter. Beef production is projected to decline three percent from the 2023 production estimate. Heavier carcass weights will continue to support beef production with a forecast for slightly heavier carcass weights in 2024 as slaughter numbers decline.

FAS/Ottawa has revised the forecast for beef imports up to 240 MT to match the strong import performance of 2023. Lower production in 2023 supported increased imports. Additionally, lower value imports were supported as Canadian consumers continued to search for bargains amidst rising food prices and general increases to cost-of-living. Canadians will continue to search for savings at the grocery store in 2024 which will continue to support more cost-conscious imports from Australia and South America. Ground beef demand and lean trim imports will be supported as a result. Geographic proximity will continue to favor the United States as the main market source for beef, but the declining U.S. herd, and likely stronger pricing, will see lower import demand for higher value products.

FAS/Ottawa is revising beef exports downward as a result of the downward revision to the slaughter and production forecast. However, continued strong demand from the United States and Mexico will support exports to those markets. Pricing in Mexico has supported Canadian beef exports to that country and backfilling Canadian domestic supply with imports into Canada from Australia and South America. The tightening U.S. cattle herd could also see increased U.S. demand for Canadian beef. While Canada continues to focus on opportunities for market diversification in the Indo-Pacific, overall that market performed weakly in 2023 as a result of weaker demand. Canadian beef also continues to be shut out of China since the detection of an atypical bovine spongiform encephalopathy (BSE) case in December 2021. These factors, coupled with lower slaughter numbers and beef production will all support lower exports in 2024.

Table 3- Annual Exports of Beef and Veal.

<b>Canada Beef and Veal Exports</b>						
<b>Partner</b>	<b>Annual Series (January - December)</b>					
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
World	477,302	524,952	510,814	592,640	582,902	571,628
EU 27	1,704	3,028	3,076	2,821	1,683	1,717
CPTPP	53,113	77,277	69,665	80,835	84,223	66,179
<b>United States</b>	<b>370,931</b>	<b>395,877</b>	<b>385,228</b>	<b>439,730</b>	<b>452,753</b>	<b>471,192</b>
Japan	36,138	59,061	53,766	60,107	60,643	34,432
Hong Kong	24,390	19,853	16,164	8,199	4,163	4,129
Mexico	16,560	18,211	15,762	20,570	23,515	31,110
China	13,574	13,834	12,630	25,136	140	42
All other countries	15,709	18,116	27,264	38,898	41,688	30,723
% Market Share						
EU 28	0.36	0.58	0.60	0.48	0.29	0.30
CPTPP	11.13	14.72	13.64	13.64	14.45	11.58
<b>United States</b>	<b>77.71</b>	<b>75.41</b>	<b>75.41</b>	<b>74.20</b>	<b>77.67</b>	<b>82.43</b>
Japan	7.57	11.25	10.53	10.14	10.40	6.02
Hong Kong	5.11	3.78	3.16	1.38	0.71	0.72
Mexico	3.47	3.47	3.09	3.47	4.03	5.44
China	2.84	2.64	2.47	4.24	0.02	0.01
All other countries	3.29	3.45	5.34	6.56	7.15	5.37

Source: Trade Data Monitor. \*Conversion to carcass weight equivalent (CWE)

Table 4- Annual Imports of Beef and Veal.

<b>Canada Beef and Veal Imports</b>						
<b>Partner</b>	<b>Annual Series (January - December)</b>					
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
World	235,514	204,167	249,427	211,950	214,039	241,331
EU 27	2,030	7,411	24,234	19,669	19,884	12,555
CPTPP	33,994	28,603	37,866	31,627	29,317	40,062
<b>United States</b>	<b>147,427</b>	<b>130,267</b>	<b>142,050</b>	<b>132,796</b>	<b>131,786</b>	<b>133,622</b>
Australia	31,073	22,109	18,913	10,370	13,937	27,266
New Zealand	26,052	19,059	25,290	18,435	15,733	24,668
Uruguay	12,462	10,860	21,361	11,656	9,395	16,288
Mexico	5,367	7,604	10,458	11,629	12,609	14,465
All other countries	13,133	14,268	31,355	27,064	30,579	25,022
<b>% Market Share</b>						
EU 28	0.86	3.63	9.72	9.28	9.29	5.20
CPTPP	14.43	14.01	15.18	14.92	13.70	16.60
<b>United States</b>	<b>62.60</b>	<b>63.80</b>	<b>56.95</b>	<b>62.65</b>	<b>61.57</b>	<b>55.37</b>
Australia	13.19	10.83	7.58	4.89	6.51	11.30
New Zealand	11.06	9.34	10.14	8.70	7.35	10.22
Uruguay	5.29	5.32	8.56	5.50	4.39	6.75
Mexico	2.28	3.72	4.19	5.49	5.89	5.99
All other countries	5.58	6.99	12.57	12.77	14.29	10.37

Source: Trade Data Monitor. \*Conversion to carcass weight equivalent (CWE)

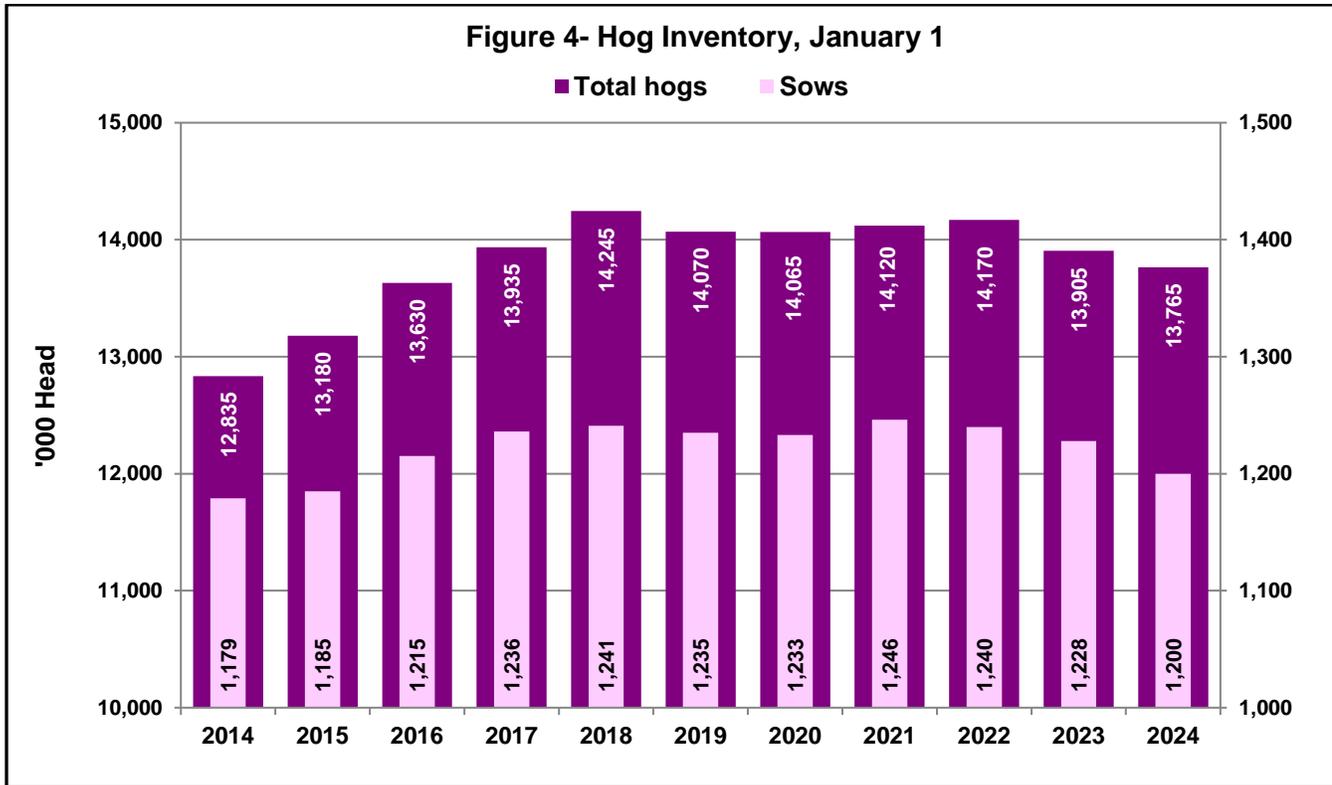
**Swine:**

**Table 5- Production, Supply and Distribution Estimates for Hogs.**

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	13,920	13,905	13,037	13,765
Sow Beginning Stocks	1,240	1,240	1,230	1,228	1,210	1,200
Production (Pig Crop)	29,528	29,513	29,200	30,046	28,700	29,400
Total Imports	4	4	7	7	4	4
Total Supply	43,702	43,687	43,127	43,958	41,741	43,169
Total Exports	6,487	6,487	6,835	6,750	6,705	6,740
Total Slaughter	21,821	21,821	21,900	21,947	21,250	21,400
Loss	1,474	1,474	1,355	1,496	1,286	1,430
Ending Inventories	13,920	13,905	13,037	13,765	12,500	13,599
Total Distribution	43,702	43,687	43,127	43,958	41,741	43,169

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

Contraction in the Canadian swine herd continues in 2024. Higher than anticipated sow productivity in 2023 partially offset larger slaughter and export numbers with the beginning hog inventory down 140,000 head compared to 2023; comparatively, the Canadian herd contracted by 265,000 head from January 2022 to January 2023. Beginning sow stocks show a two percent reduction in the sow herd to begin 2024, representing the smallest January 1 sow numbers since 2015. The number of farms reporting hogs declined two percent compared to January 1, 2023, indicating that producers continue to exit the industry. As a signal of ongoing industry consolidation, the average number of animals on remaining operations increased slightly.



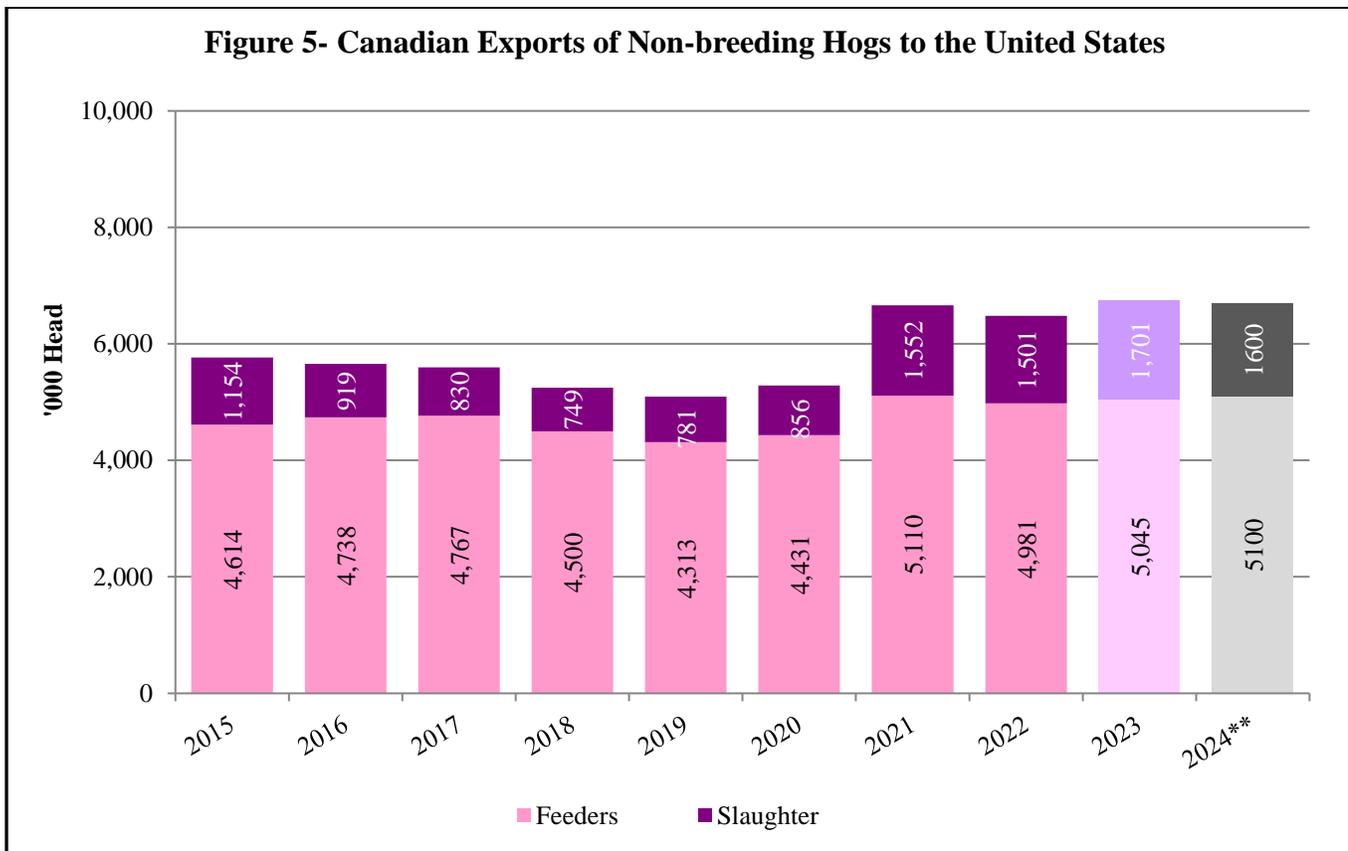
Source: Statistics Canada

The fall in sow inventories is not equal across Canada for 2024. Canadian sow herd reduction has been driven by reductions in Eastern Canada, largely as a result of processing reductions, while Western Canada saw a slight increase to their sow herd beginning in 2024. This occurred despite the fact that Olymel idled five sow barns located in Western Canada, removing an estimated 16,000 head from production. Olymel's restructuring has also impacted processing capacity in Eastern Canada where at the end of 2023, Olymel closed its Vallée-Jonction plant in Quebec. Despite the Olymel closure and signalled reductions in purchasing, it appears that producers in Eastern Canada, especially Quebec, have been slower to reduce production, reportedly resulting in a backlog of market-ready hogs.

Sow productivity has likely also played a factor. Sow productivity reached a new high in 2023 based on the Statistics Canada pig crop data. Fewer disease issues likely factored strongly in this improved productivity as PEDv control appears much improved. Sources indicate that strong productivity is also anticipated for 2024. As a result, FAS/Ottawa is raising the 2024 pig crop forecast to 29.4 million. This would represent a two percent reduction compared to 2023. However, Quebec producers will remain under pressure to reduce production further. It is estimated that production in Quebec needs to be cut by 15 percent to adjust to reduced processing capacity. The Quebec herd in total was down five percent to begin 2024. Quebec and Ontario market hogs have been finding shackle space in the United States and if producers continue to see value in this trade flow, reduction efforts may be mitigated.

FAS/Ottawa is revising the live export numbers for 2024 higher but maintaining the original forecast trend for live exports to decline in 2023. The backlog of market hogs will continue to see larger market

hog exports through the first quarter and potentially first half of 2024. This number is expected to ease through the second half of the year as producers adjust production, however, market hog exports will continue to remain at elevated levels. Feeder exports will increase slightly in 2024, especially out of Western Canada. Reduced disease pressure and lower mortality will support the slight growth in these exports. Contacts continue to report little meaningful expansion in finishing space in Canada, a trend likely to be maintained especially in Eastern Canada with reduced processing capacity. Additional processing capacity exists in Western Canada and has seen improved utilization. Expansion in sow slaughter in Western Canada will also see few cull sow exports to the United States in 2024 and onward. The North 49 Foods cull sow plant in Saskatchewan came online in fall 2023 and has the potential for processing 225,000 head per year. The joint venture between Winkler Meats in Manitoba and Johnsonville will expand Manitoba cull sow slaughter capacity but that plant expansion will not come online until 2025.



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

Despite the higher than anticipated slaughter numbers of 2023, FAS/Ottawa is maintaining the original slaughter forecast number. This forecasts a two percent reduction in slaughter for 2024. This reduction will be driven by the smaller pig crop and reductions in processing capacity in Eastern Canada. Improved utilization in Western Canada will support overall slaughter numbers.

**Pork:**

**Table 6- Production, Supply and Distribution Estimates for Pork.**

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)	21,821	21,821	21,900	21,947	21,250	21,400
Beginning Stocks	90	90	79	79	85	78
Production	2,082	2,082	2,065	2,040	2,015	2,025
Total Imports	234	234	265	261	265	260
Total Supply	2,406	2,406	2,409	2,380	2,365	2,363
Total Exports	1,416	1,416	1,300	1,314	1,310	1,325
Total Dom. Consumption	911	911	1,024	988	995	990
Ending Stocks	79	79	85	78	60	48
Total Distribution	2,406	2,406	2,409	2,380	2,365	2,363

*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*

FAS/Ottawa is revising the 2024 pork production forecast down slightly to 2,025 MT. Carcass weights are trending heavier and with some market ready backlog in Eastern Canada, heavier weights should continue to be supported through the first half of 2024. However, weights should ease in the second half of the year.

FAS/Ottawa is adjusting the pork import forecast up slightly for 2024. FAS/Ottawa is forecasting pork imports in 2024 to remain relatively stable on 2023 volumes. Improved Canadian domestic demand for pork in 2023 supported increased pork imports. As Canada continues to support an aggressive immigration strategy, demand for pork should be sustained, especially as it remains cost competitive against chicken and beef. With a milder winter and a relatively mild spring shaping up, Canadian consumers should also have a longer grilling season. Despite Canadian production outproducing domestic demand, Canadian consumer preferences for certain cuts necessitates imports to supplement domestic supply. Canada approved pork imports from Brazil in 2022 and imports from this market have been increasing. However, volumes are still small relative to the EU and United States. Imports from the EU should be down in 2024 on reduced EU production and continued challenges with African Swine Fever (ASF). Canada will continue to look to the United States as a top market source for pork imports.

FAS/Ottawa is revising up the 2024 forecast for pork exports. Pork exports are now forecast to grow one percent in 2024. This growth is forecast as a result of improved demand in the Indo-Pacific region. Canada will look to backfill in markets where a shorter EU supply is unable to meet demand. As the United States also competes to fill demand in these market gaps, Canadian pork will continue to be supported by U.S. demand, although it will be unlikely to reach the highs seen in 2022.

Table 7- Annual Exports of Pork.

Canada Pork Exports						
Partner	Annual Series (January - December)					
	2018	2019	2020	2021	2022	2023
World	1,277,463	1,285,528	1,545,570	1,482,697	1,416,425	1,313,547
CPTPP	449,747	460,683	394,173	458,583	429,567	390,494
EU 27	1,928	3,020	786	896	443	3,097
<b>United States</b>	<b>348,739</b>	<b>320,799</b>	<b>313,126</b>	<b>405,594</b>	<b>472,202</b>	<b>416,255</b>
Japan	298,978	298,170	292,405	279,501	250,081	215,114
China	282,549	259,574	652,205	319,403	207,553	189,576
Mexico	128,093	134,274	85,916	164,449	168,262	159,351
Taiwan	43,500	52,661	21,948	24,060	25,987	58,250
Philippines	50,628	52,077	46,237	124,148	141,712	110,087
South Korea	45,221	47,887	38,332	54,105	66,183	65,271
All other countries	79,755	120,086	95,401	111,437	84,445	99,643
% Market Share						
CPTPP	35.21	35.84	25.50	30.93	30.33	29.73
EU 27	0.15	0.23	0.05	0.06	0.03	0.24
<b>United States</b>	<b>27.30</b>	<b>24.95</b>	<b>20.26</b>	<b>27.36</b>	<b>33.34</b>	<b>31.69</b>
Japan	23.40	23.19	18.92	18.85	17.66	16.38
China	22.12	20.19	42.20	21.54	14.65	14.43
Mexico	10.03	10.45	5.56	11.09	11.88	12.13
Taiwan	3.41	4.10	1.42	1.62	1.83	4.43
Philippines	3.96	4.05	2.99	8.37	10.00	8.38

South Korea	3.54	3.73	2.48	3.65	4.67	4.97
All other countries	6.24	9.34	6.17	7.52	5.96	7.59

*Source: Trade Data Monitor, LLC / \*Conversion to carcass weight equivalent (CWE)*

Table 8- Annual Imports of Pork.

Canada Pork Imports						
Partner	Annual Series (January - December)					
	2018	2019	2020	2021	2022	2023
World	227,875	242,075	273,546	263,002	234,444	261,309
CPTPP	2,402	3,338	3,358	6,371	5,150	3,050
EU 27	30,578	27,008	29,303	49,521	50,734	36,812
<b>United States</b>	<b>194,419</b>	<b>211,196</b>	<b>240,336</b>	<b>206,886</b>	<b>177,621</b>	<b>215,602</b>
Denmark	6,190	6,602	6,857	5,975	10,013	11,743
Germany	5,187	5,954	7,061	23,921	19,531	12,281
Spain	4,112	3,541	3,233	6,096	7,529	4,261
Poland	7,299	3,451	3,301	2,426	699	259
All other countries	10,668	11,331	12,758	17,698	19,051	17,163
% Market Share						
CPTPP	1.05	1.38	1.23	2.42	2.20	1.17
EU 27	13.42	11.16	10.71	18.83	21.64	14.09
<b>United States</b>	<b>85.32</b>	<b>87.24</b>	<b>87.86</b>	<b>78.66</b>	<b>75.76</b>	<b>82.51</b>
Denmark	2.72	2.73	2.51	2.27	4.27	4.49
Germany	2.28	2.46	2.58	9.10	8.33	4.70
Spain	1.80	1.46	1.18	2.32	3.21	1.63
Poland	3.20	1.43	1.21	0.92	0.30	0.10
All other countries	4.68	4.68	4.66	6.73	8.13	6.57

Source: Trade Data Monitor, LLC / \*Conversion to carcass weight equivalent (CWE)

**Policy:****China**

Canadian beef exports to China remain suspended due to the atypical bovine spongiform encephalopathy (BSE) case detected in December 2021.

**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](#).

**United Kingdom – Canada Bilateral Negotiations**

In January 2024, ongoing negotiations between Canada and the United Kingdom on a post-Brexit bilateral free trade agreement were paused with discussions on UK tariff-free cheese access and Canadian beef access raised as points of contention.

**Attachments:**

No Attachments