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Report Highlights:

The ongoing contraction of the Canadian cattle herd is expected to continue in 2022. Canadian live cattle exports are forecast to decline on a smaller calf crop. High feed costs and limited availability will see live exports outpace 2021 through the first half of 2022. Imports of U.S. feeder cattle will decline in 2022 following five years of record imports. Feed availability in Western Canada and competition for feeder animals due to contraction in the U.S. cattle herd will drive this trend. Following significant processing disruptions due to labor issues in 2021, the Canadian swine sector will see slaughter levels recover somewhat in 2022. However, closure of the slaughter line at a Quebec facility will result in increased exports to the United States as market ready hogs in Ontario and Quebec are displaced. Disease impacts will see a slightly smaller pig crop in 2022 amidst higher losses. The United States will remain the top trade partner for both imports and exports of beef and pork.

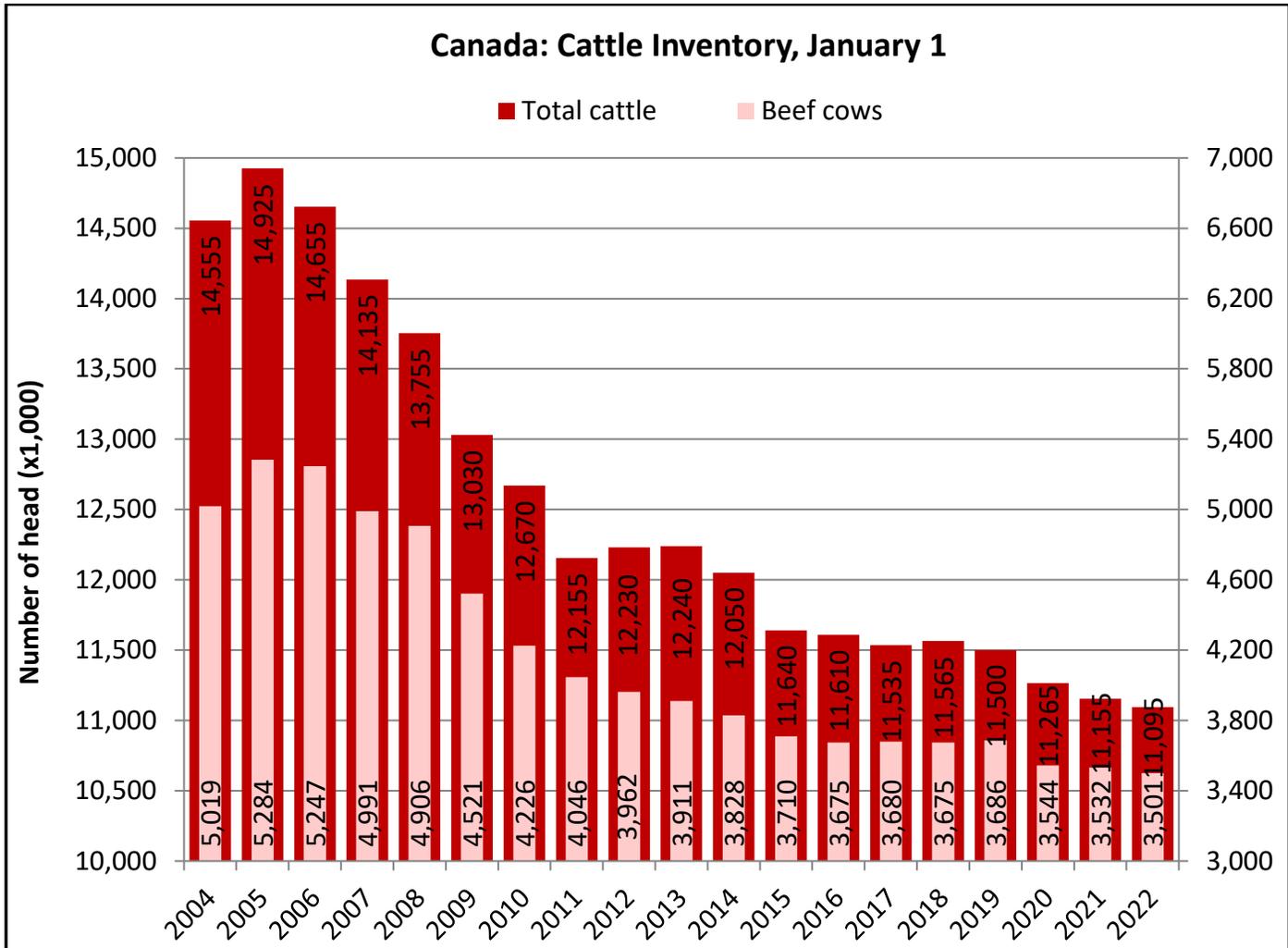
Cattle:

Production, Supply and Distribution Estimates

CANADA Animal Numbers CATTLE ('000 head)	2020		2021		2022	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Estimates
Total Cattle Beg. Stocks	11,265	11,265	11,150	11,155	10,930	11,095
Dairy Cows Beg. Stocks	981	981	981	981	980	979
Beef Cows Beg. Stocks	3,544	3,544	3,532	3,532	3,500	3,501
Production (Calf Crop)	4,345	4,351	4,400	4,372	4,350	4,320
Total Imports	277	277	400	402	360	330
Total Supply	15,887	15,893	15,950	15,929	15,640	15,745
Total Exports	675	675	660	648	590	600
Cow Slaughter	440	466	490	480	420	450
Calf Slaughter	200	220	220	220	220	210
Total Slaughter	3,494	3,539	3,835	3,716	3,800	3,700
Loss	568	524	525	470	500	500
Ending Inventories	11,150	11,155	10,930	11,095	10,750	10,945
Total Distribution	15,887	15,893	15,950	15,929	15,640	15,745

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

The trend of sustained contraction of the Canadian cattle herd continues to be maintained and FAS/Ottawa has revised the 2022 forecast for calf crop and slaughter downward. The 2021 calf crop was lower than originally estimated as was slaughter leading to official ending inventories reported by Statistics Canada as slightly over 100,000 head higher than estimated. The beef cow herd continues to decline as producers in Western Canada are challenged by high feed costs, limited feed availability, and extreme drought conditions resulting in poor pasture conditions. FAS/Ottawa has revised the forecast 2022 calf crop down slightly. Poorer feed conditions are anticipated to impact reproduction rates as having potential to lead to greater losses during the 2022 calving season.

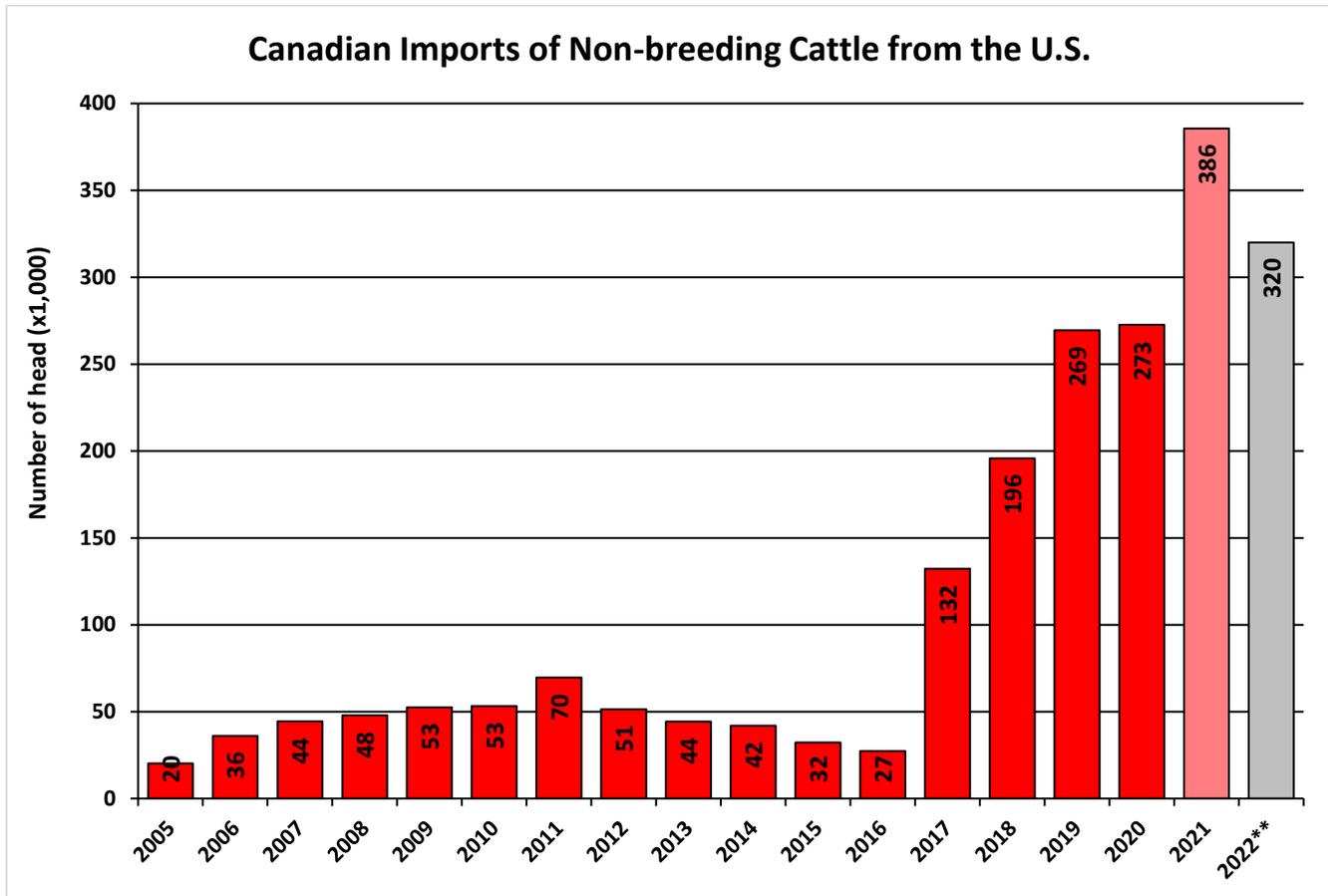


Source: Statistics Canada

Live cattle imports are revised further downwards given the feed shortages in Western Canada. Significant drought concerns remain for 2022 in many regions of Western Canada and, given feed costs and logistical challenges in transporting feed, this will not support another record year of U.S. live cattle imports. Contraction in the U.S. herd will also increase feeder competition for those animals.

Despite the drought conditions of 2021, Canada once again imported record numbers of cattle. This has also led to record imports of feed as there was not sufficient supply in Western Canada, domestically, to satisfy feed demand. Currently, large volumes of U.S. corn are imported via rail but supply chain challenges have led to periodic shortages of feed in Western Canada. Most recently, a Canadian Pacific Railway (CP rail) labor disruption posed significant animal welfare concerns, however, rail service was resumed within a few days of the disruption. Truck and driver shortages continue to plague movement of other feed ingredients. Infrastructure within Western Canada has struggled to meet the demands for the volume of feed moving north and cattle feeders continue to remain vulnerable to supply disruptions, as many only have the capacity for onsite storage volumes to meet 5-10 days of cattle feed needs. However, demand for U.S. Holstein feeders continues and will still support sustained

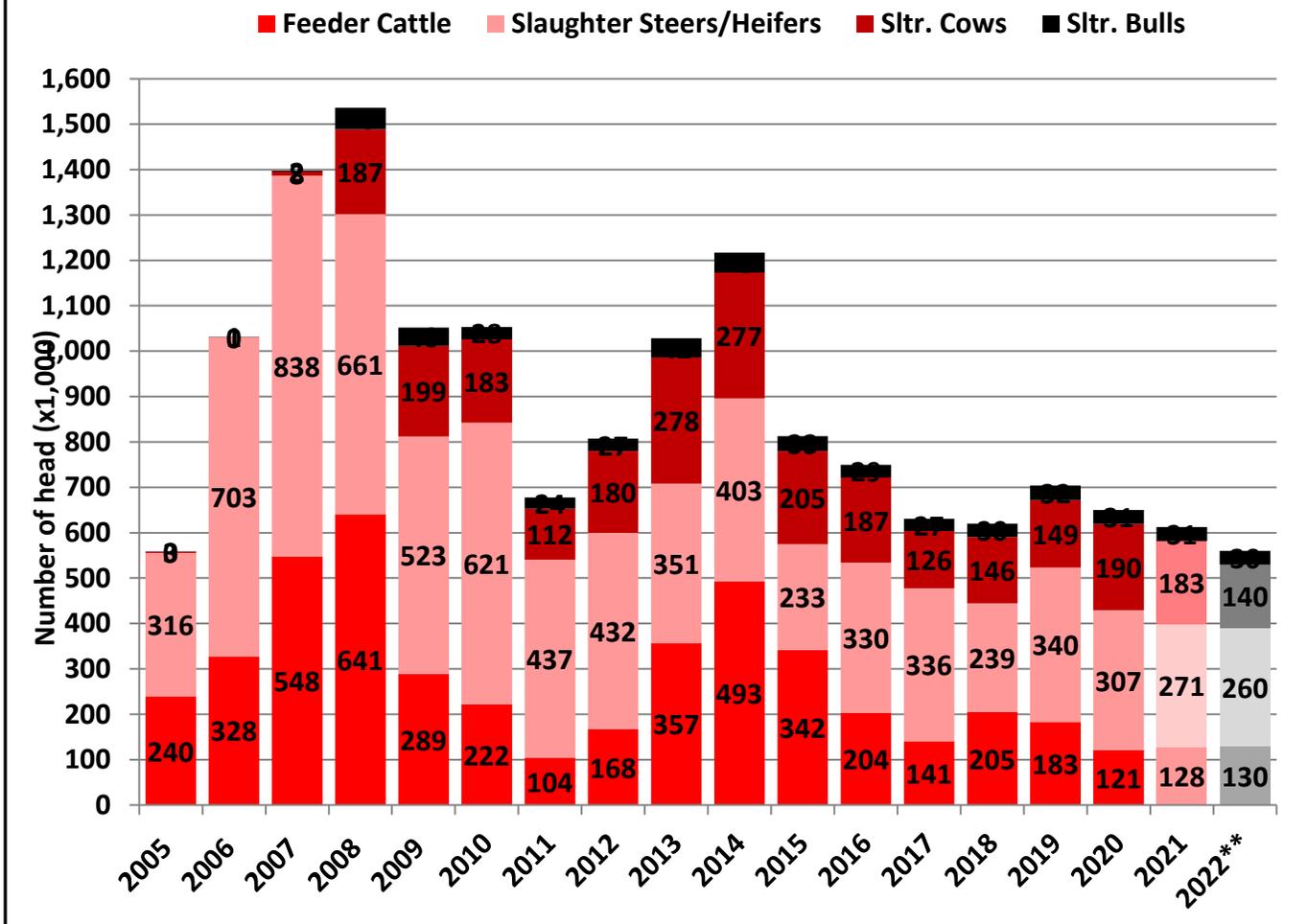
U.S. feeder cattle imports into Canada for 2022. Given abundant numbers of cattle on feed and feed constraints, imports in the first half of 2022 will be well below 2021. However, should moisture conditions in Western Canada improve, with good pasture conditions and crop conditions, this could support additional imports in the second half of 2022 to supplement the smaller Canadian calf crop.



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

Early placement of 2021 calves in feedlots as a result of poor pasture conditions has placed additional pressure on feed needs. Thus, FAS/Ottawa has revised upward the forecast for live cattle exports in 2022 by 50,000 head. Depending on feed conditions throughout 2022, exports may grow further.

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



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

FAS/Ottawa has maintained the original forecast trend for 2022 slaughter but has revised the total slaughter number down based on the Statistics Canada final slaughter total for 2021. Additionally, a federal processing plant in Alberta has had its license suspended by CFIA on February 17, 2022 and a timeline for when operations may resume is unknown. While the suspended processing plant is considered a processing plant, a sustained suspension or license cancelation could see an estimated 50,000 head displaced from slaughter.

High cattle on feed numbers will see strong slaughter numbers through the first half of 2022. Transport challenges and border blockades in the first quarter of 2022 have backed up some cattle but processing plants are efficiently working through these numbers. Labor availability remains a constant challenge but the beef processing sector did not experience the level of pandemic disruption in 2021 as it did in 2020. This trend continues through the beginning of 2022.

Beef:

Production, Supply and Distribution Estimates

CANADA Meat BEEF and VEAL	2020		2021		2022	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Estimates
Slaughter (Reference)	3,494	3,539	3,835	3,716	3,800	3,700
Beginning Stocks	34	34	38	40	40	42
Production	1,314	1,314	1,450	1,420	1,430	1,410
Total Imports	250	249	210	212	220	220
Total Supply	1,598	1,597	1,698	1,672	1,690	1,672
Total Exports	513	513	605	597	605	590
Total Dom. Consumption	1,047	1,044	1,053	1,033	1,050	1,042
Ending Stocks	38	40	40	42	35	40
Total Distribution	1,598	1,597	1,698	1,672	1,690	1,672

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 maintaining the original forecasted trend for 2022 beef production but forecasted volume is revised down on lower than originally forecast 2021 production. Carcass weights were higher in 2021 as industry continued to deal with some processing disruptions due to the pandemic but also as feeders target a heavier finished weight. Given the sustained contraction trend for the Canadian herd, feeders appear to be adapting in recent years by targeting a higher finished weight. However, feed challenges in 2022 are anticipated to see weights lower slightly.

Beef exports are revised down slightly as a result of supply chain challenges and lowered production. Contacts report that the major processors are no longer targeting exports to the EU market as result of additional requirements and a lack of progress on technical challenges, such as approval of certain carcass washes. Some smaller processors may still ship to the market but Canada has been unable to realize significant growth in the EU market despite the Comprehensive Economic and Trade Agreement (CETA), and the CETA-quota continues to be minimally filled. Restaurant re-openings globally could boost the export market. Canadian beef exporters continue to see potential in Asian markets. Canada is also continually seeking to reach agreements on removal of remaining bovine spongiform encephalopathy (BSE)-era restrictions following their successful application for

World Organisation for Animal Health (OIE) negligible risk status in 2021. Canada's largest and third largest beef processing plants continue to remain voluntarily suspended to China.¹ Despite this, Canada once again grew exports to China in 2021.

Consumer demand for beef in Canada has remained strong despite high prices. FAS/Ottawa is maintaining the original import forecast volume for 2022. Many pandemic restrictions have been removed across Canada which should support increased demand from the food service sector as consumers increase their dine-out activities. Canada has also agreed to open additional access for beef products from Brazil. It is not yet clear how importers will respond.

¹ In June of 2020, the first processing plant in Canada voluntarily suspended exports to China following a large COVID-19 outbreak at the plant. Since then, Canadian processing plants reporting COVID-19 outbreaks have voluntarily suspended export to China, as requested by Chinese officials. To date, these establishments continue to have export certification to China temporarily suspended. Industry continues to work towards confirming resumption of exports to China from these facilities.

Canada Beef and Veal Exports

Partner	Annual Series (January - December)					
	2016	2017	2018	2019	2020	2021
World	418,133	443,518	477,302	524,952	513,281	597,378
EU 27	432	618	579	683	1,155	1,928
CPTPP	35,383	45,037	53,113	77,277	69,655	81,863
United States	332,552	347,214	370,931	395,877	385,228	439,876
Japan	18,854	27,601	36,138	59,061	53,755	61,144
Hong Kong	27,533	25,572	24,390	19,853	16,766	9,125
Mexico	15,942	16,760	16,560	18,211	15,762	20,570
China	8,139	10,573	13,574	13,834	14,169	27,264
All other countries	15,113	15,798	15,709	18,116	27,601	39,399
% Market Share						
EU 28	0.10	0.14	0.12	0.13	0.23	0.32
CPTPP	8.46	10.15	11.13	14.72	13.57	13.70
United States	79.53	78.29	77.71	75.41	75.05	73.63
Japan	4.51	6.22	7.57	11.25	10.47	10.24
Hong Kong	6.58	5.77	5.11	3.78	3.27	1.53
Mexico	3.81	3.78	3.47	3.47	3.07	3.44
China	1.95	2.38	2.84	2.64	2.76	4.56
All other countries	3.61	3.56	3.29	3.45	5.38	6.60

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

Canada Beef and Veal Imports

Partner	Annual Series (January - December)					
	2016	2017	2018	2019	2020	2021
World	244,830	229,468	235,514	204,167	249,427	211,907
EU 27	530	1,542	1,605	4,217	17,794	16,946
CPTPP	32,275	31,149	33,994	28,603	37,866	31,627
United States	146,963	150,283	147,427	130,267	142,050	132,735
Australia	37,628	25,499	31,073	22,109	18,913	10,371
New Zealand	28,225	26,107	26,052	19,059	25,290	18,435
Uruguay	20,853	16,858	12,462	10,860	21,361	11,656
Mexico	2,971	3,506	5,367	7,604	10,458	11,629
All other countries	8,190	7,215	13,133	14,268	31,355	27,081
% Market Share						
EU 28	0.22	0.67	0.68	2.07	7.13	8.00
CPTPP	13.18	13.57	14.43	14.01	15.18	14.92
United States	60.03	65.49	62.60	63.80	56.95	62.64
Australia	15.37	11.11	13.19	10.83	7.58	4.89
New Zealand	11.53	11.38	11.06	9.34	10.14	8.70
Uruguay	8.52	7.35	5.29	5.32	8.56	5.50
Mexico	1.21	1.53	2.28	3.72	4.19	5.49
All other countries	3.35	3.14	5.58	6.99	12.57	12.78

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

Swine:

Production, Supply and Distribution Estimates

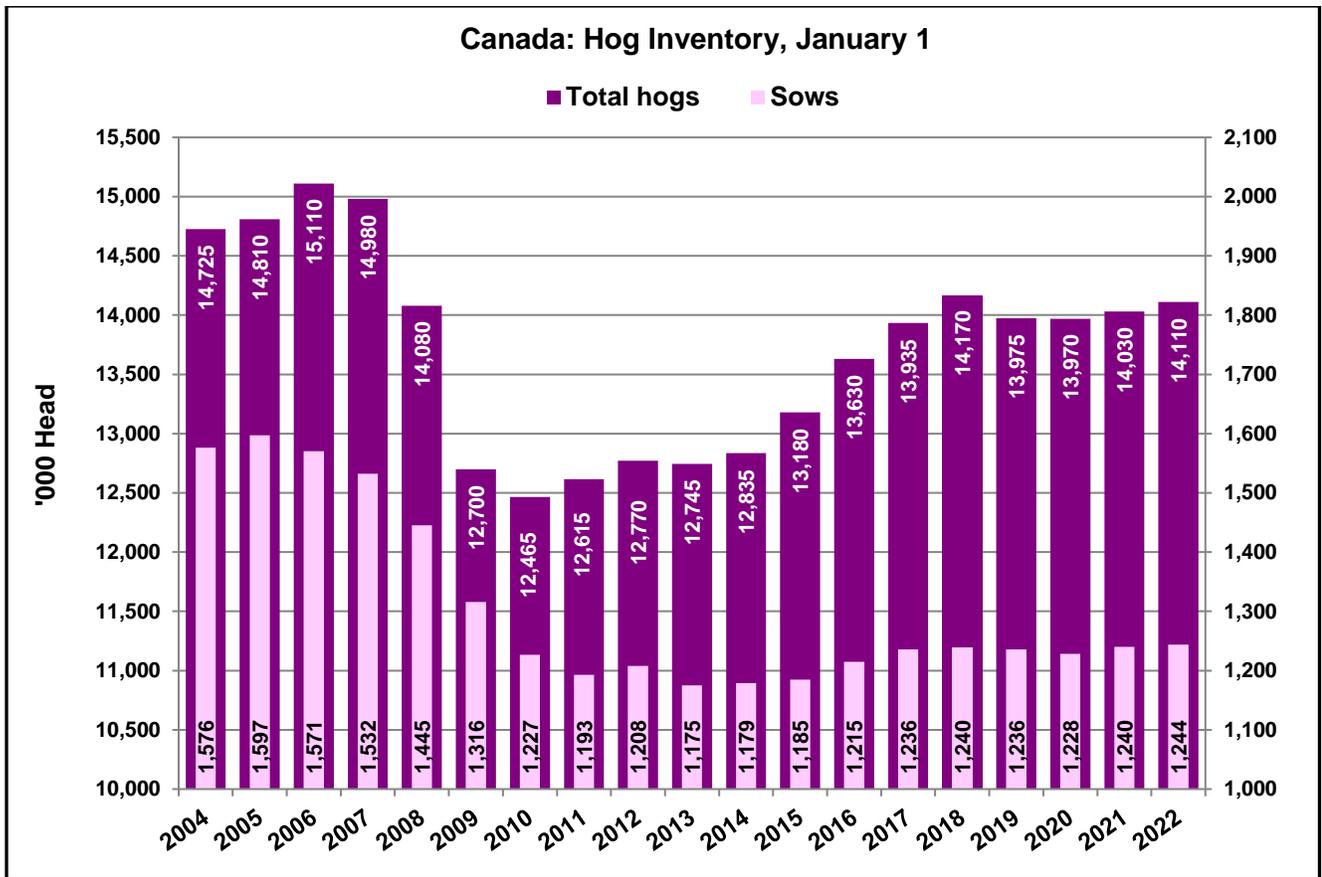
CANADA Animal Numbers SWINE ('000 head)	2020		2021		2022	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Forecast
Total Beginning Stocks	13,970	13,970	14,025	14,030	13,650	14,110
Sow Beginning Stocks	1,228	1,228	1,240	1,240	1,245	1,244
Production (Pig Crop)	29,546	29,555	30,200	30,244	30,350	30,200
Total Imports	6	9	3	4	0	3
Total Supply	43,522	43,531	44,228	44,278	44,000	44,313
Total Exports	5,311	5,311	6,700	6,674	5,750	6,500
Total Slaughter	22,717	22,722	22,500	21,981	23,000	22,100
Loss	1,469	1,468	1,378	1,513	1,400	1,490
Ending Inventories	14,025	14,030	13,650	14,110	13,850	14,223
Total Distribution	43,522	43,531	44,228	44,278	44,000	44,313

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

Statistics Canada's January 1 livestock numbers release showed growth of 80,000 head in the Canadian swine herd to start 2022 compared to 2021 beginning stocks. FAS/Ottawa expected contraction of the herd in 2022 but lower 2021 slaughter due to pandemic disruptions, a processing plant strike, mechanical issues, and ongoing general labor issues led to a three percent drop in number of hogs slaughtered and consequently an increase in ending inventories in 2021. The Quebec hog backlog was estimated at close to 200,000 head in January 2022 but is slowly being reduced. Losses in 2021 were higher than originally forecast as a result of a fall outbreak of porcine epidemic diarrhea virus (PEDv) in Manitoba. Case numbers have since dwindled but additional cases have been reported in March 2022. FAS/Ottawa has revised 2022 losses upwards as a result of higher mortality due to PEDv.

Beginning inventories of sows in 2022 are steady from the original forecast. Sow inventories are marginally higher than 2021 beginning inventories due to limited expansion in new builds. The piglet crop is now forecast lower than 2021 given PEDv and processing issues. Some additional new finishing spaces are expected to come online, however, feed costs and availability continue to be a constraint for producers. While there are some indications of decent over-winter moisture conditions in some regions of the prairies, there continues to be

concern that drought conditions could persist in much of the west through 2022. Concerns about global supplies and access to feed and fertilizer, coupled with the ongoing impacts from the 2021 drought, could see precarious feed conditions persist for some time.

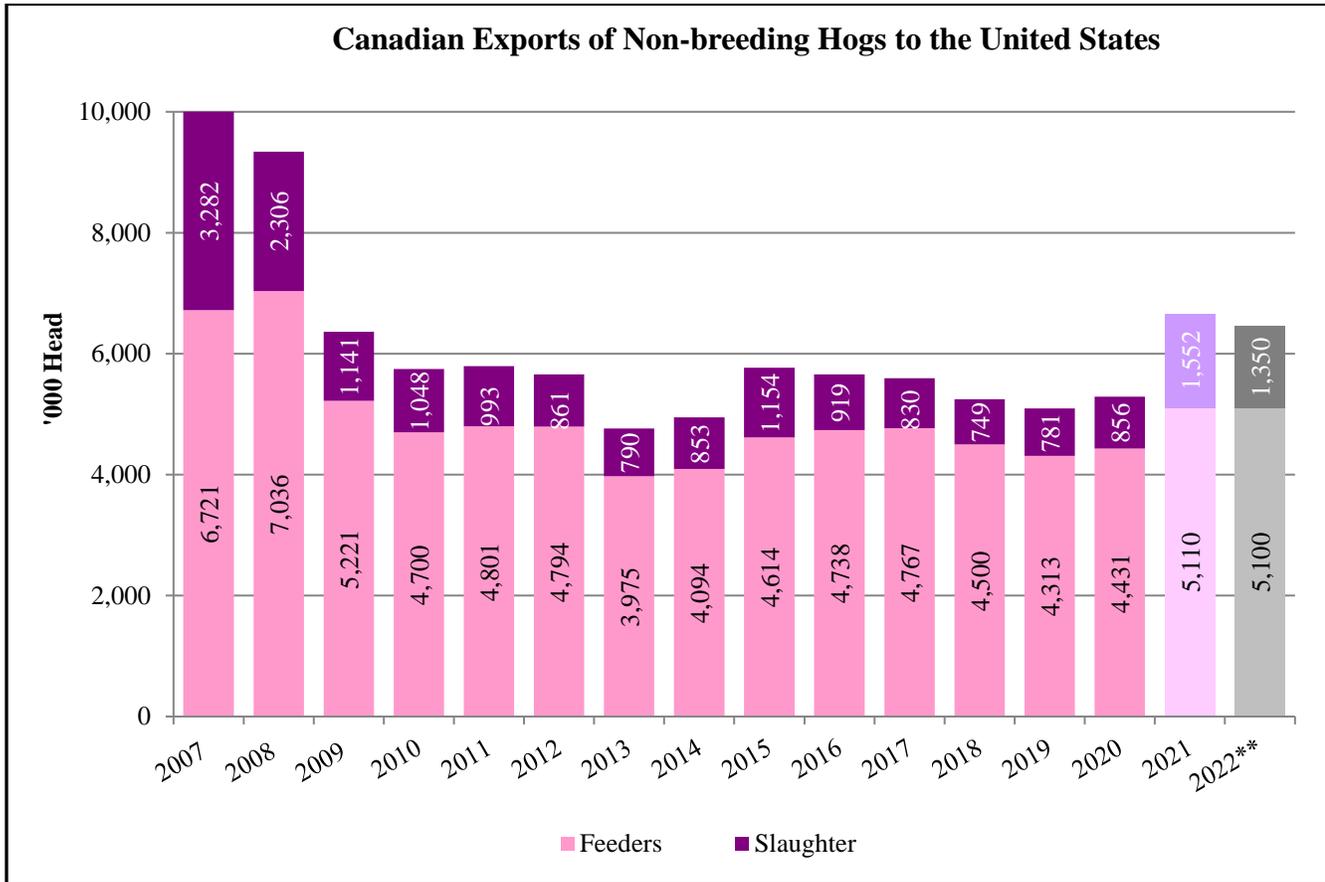


Source: Statistics Canada

Exports of live hogs are revised upwards as a result of ongoing processing disruptions in Eastern Canada. Olymel is proceeding with cessation of the slaughter line at their Princeville facility which will displace an estimated 702,000 head per year. Additionally, Olymel will reportedly be ceasing the second slaughter shift at their Yamachiche plant in April 2022, as the company focuses on increasing their value added output by re-purposing workers to fabrication shifts. Ultimately, this leads to Olymel purchasing 1.2 million fewer hogs per year. Should the tight labor situation improve, Olymel could restart some of these slaughter shifts. In the interim, this will impact Ontario and Quebec producers. Early reports suggest that some hogs will end up in Manitoba and others in Ontario and Quebec plants. However, producers will be looking to the United States for exports and depending on the market, reductions in production could ultimately occur.

FAS/Ottawa forecasts that 2022 feeder exports to the United States will remain stable on 2021 feeder exports. Manitoba will continue as the main supplier of feeder hogs but additional animals in Eastern Canada will be exported as a result of the Olymel slaughter reduction. Manitoba will keep a larger number of feeders in province as a result of a net gain in finishing spaces but weanling production will still outpace slaughter capacity and

longstanding relationships between Canadian producers and U.S. finishers will support continued movement of weanlings for finishing in the United States. Slaughter ready exports are forecast down 13 percent from 2021 on the expectation that the Quebec backlog of slaughter ready hogs will be cleared by the end of Q1 2022 but that higher slaughter exports will still be supported as Quebec and Ontario hogs are displaced by the slaughter reductions at Olymel.



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

Pork:

Production, Supply and Distribution Estimates

CANADA Meat SWINE	2020		2021		2022	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Estimates
Slaughter (Reference)	22,717	22,722	22,500	21,981	23,000	22,100
Beginning Stocks	80	80	66	66	80	90
Production	2,115	2,115	2,150	2,120	2,150	2,050
Total Imports	273	274	260	263	270	260
Total Supply	2,468	2,469	2,476	2,449	2,500	2,400
Total Exports	1,544	1,545	1,480	1,479	1,480	1,485
Total Dom. Consumption	858	858	916	880	960	855
Ending Stocks	66	66	80	90	60	60
Total Distribution	2,468	2,469	2,476	2,449	2,500	2,400

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 has reduced the slaughter forecast for 2022 as a result of reductions in pig crop and Olymel slaughter reductions. Consequently, the pork production forecast is also revised downwards. Slaughter was reduced in 2021 as a result of multiple disruptions in the processing sector due to the pandemic, labor availability, supply chain issues, and a prolonged strike at one plant. This resulted in heavier carcass weights. While the backlog in Eastern Canada has contributed to heavier carcass weights to start 2022, it is not anticipated that this trend will prevail once the backlog is finally cleared. This is assuming no further processing disruptions occur. Carcass weights for 2022 are forecast to decline by three percent. However, one percent growth in slaughter is forecast for 2022, as capacity utilization improves at some plants despite the Olymel reduction.

Exports are revised down from the original forecast as a result of reductions in forecast production and ongoing supply chain challenges. As China attempts to rebuild its hog herd and the majority of Canadian production remains temporarily suspended from that export market, Canada has seen significant declines in export volume to China. Restaurant activity remains uncertain as pandemic restrictions are removed and re-introduced globally in response to changing pandemic conditions. However, despite lower export volumes in 2021 compared to 2022, value of 2021 pork exports grew. As Olymel looks to focus more on value added product, they will be seeking to increase exports of those products in 2022. Canada will continue to look to Asian markets for increased export activity and value.

Pork imports are forecast to decline by one percent in 2022 as domestic demand is stagnant and storage stocks are at historic highs. However, imports continue to be supported by consumer preference for specific cuts. The United States will remain the dominant source market for imports.

Canada Pork Exports						
Partner	Annual Series (January - December)					
	2016	2017	2018	2019	2020	2021
World	1,265,686	1,290,375	1,277,463	1,285,528	1,545,689	1,479,134
CPTPP	371,801	415,365	449,747	460,683	394,173	458,285
EU 27	1,438	1,738	1,873	2,639	700	809
United States	430,617	399,124	348,739	320,799	313,126	405,594
Japan	246,343	284,267	298,978	298,170	292,405	279,404
China	304,643	282,243	282,549	259,574	652,205	319,382
Mexico	97,305	97,974	128,093	134,274	85,916	164,309
Taiwan	22,580	46,259	43,500	52,661	21,948	23,925
Philippines	28,563	44,217	50,628	52,077	46,356	122,139
South Korea	40,178	35,286	45,221	47,887	38,332	53,746
All other countries	95,457	101,005	79,755	120,086	95,401	110,635
% Market Share						
CPTPP	29.38	32.19	35.21	35.84	25.50	30.98
EU 27	0.11	0.13	0.15	0.21	0.05	0.05
United States	34.02	30.93	27.30	24.95	20.26	27.42
Japan	19.46	22.03	23.40	23.19	18.92	18.89
China	24.07	21.87	22.12	20.19	42.20	21.59
Mexico	7.69	7.59	10.03	10.45	5.56	11.11
Taiwan	1.78	3.58	3.41	4.10	1.42	1.62
Philippines	2.26	3.43	3.96	4.05	3.00	8.26
South Korea	3.17	2.73	3.54	3.73	2.48	3.63
All other countries	7.54	7.83	6.24	9.34	6.17	7.48

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

Canada Pork Imports

Partner	Annual Series (January - December)					
	2016	2017	2018	2019	2020	2021
World	211,195	217,713	227,875	242,075	273,546	262,999
CPTPP	25,624	23,948	30,616	26,551	27,898	47,256
EU 27	3,366	2,701	2,402	3,338	3,358	6,371
United States	182,010	190,269	194,419	211,196	240,336	206,883
Denmark	3,447	3,965	6,190	6,602	6,857	5,975
Germany	6,141	4,151	5,187	5,954	7,061	23,921
Spain	5,828	3,612	4,112	3,541	3,233	6,096
Poland	5,243	6,179	7,299	3,451	3,301	2,426
All other countries	8,526	9,537	10,668	11,331	12,758	17,698
% Market Share						
CPTPP	12.13	11.00	13.44	10.97	10.20	17.97
EU 27	1.59	1.24	1.05	1.38	1.23	2.42
United States	86.18	87.39	85.32	87.24	87.86	78.66
Denmark	1.63	1.82	2.72	2.73	2.51	2.27
Germany	2.91	1.91	2.28	2.46	2.58	9.10
Spain	2.76	1.66	1.80	1.46	1.18	2.32
Poland	2.48	2.84	3.20	1.43	1.21	0.92
All other countries	4.04	4.38	4.68	4.68	4.66	6.73

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

Policy:

APHIS-CFIA Protocol for Cross-border Transit of Animals in Emergency Situations

On March 10, 2022, the Animal and Plant Health Inspection Agency (APHIS) of the United States and the Canadian Food Inspection Agency (CFIA) agreed to [implement](#) an *Emergency Transit Policy for Regulated Animals*. The policy will allow for an expedited transport of regulated animals cross-border through the alternate country back into another area of the source country in emergency situations. The country declaring an emergency will inspect animals, apply seals to the conveyance, and issue a simplified export health certificate. Specific instructions on what points-of-entry (POEs) the transported animals must cross the border and timelines for transport will be specified. In the past, APHIS and CFIA collaboration has enabled emergency transit of animals across borders, most recently following flooding in British Columbia. This policy will help to simplify the process in the event of future emergency situations.

Brazil

Canada has added additional meat products to the [list of approved meat products](#) from foreign countries. The list of eligible meat products from Brazil published by CFIA now encompasses:

- **Bovine** – pH matured boneless fresh and raw processed, boneless beef cooked in tube, canned, shelf stable dried soup mixes, bouillon cubes, meat extract, dehydrated beef stock, jerky, natural salted casings
- **Poultry** – raw (broiler chickens, broiler turkeys, broiler chickens breeding hens, and broiler turkeys breeding hens only), cooked products
- **Swine** – fresh, cooked and canned

China

Canadian meat processors continue to voluntarily suspend exports to China if a COVID-19 case is identified in a plant. Timelines for re-listing voluntarily suspended plants remain unknown. As of the writing of this report, FAS/Ottawa is aware of two beef processing plants and eight pork processing plants which are listed as having their exports to China temporarily suspended under this agreement. To date, FAS/Ottawa is not aware of any voluntarily suspended plants being relisted after resolution of COVID-19 cases at the plants.

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. Once fully implemented, the Pork PRA will see a levy collected on the marketing of hogs for interprovincial or export trade as well as an import levy on live hogs and pork products imported into Canada. The import levy is CAD 0.80 per hog, or equivalent adjustment for pork products, based on matching the lowest provincial levy amount. It is anticipated that levy collection will begin in June 2022. Additional information can be found on the Pork PRA [website](#).

Transport Regulations

In February 2019, CFIA announced [new regulations](#) surrounding maximum durations for animal transport before feed, water, and rest must be given. These regulations apply to animals being imported and animals being exported, as well as movement within Canada, and came into force in February 2020. As a result of industry

concerns, a two-year compliance promotion period on the prescriptive regulations on maximum transport durations related to feed, water, and rest intervals was provided to allow for industry to adjust. The compliance promotion period ended on February 20, 2022, however, given ongoing research on impacts of transport durations on ruminants, CFIA [notes](#) that they will not prioritize enforcement efforts where maximum transport durations around feed, water, and rest intervals are exceeded by less than four hours for ruminants nine days of age and older. CFIA will continue to apply enforcement related to the outcome-based requirements of the *Health of Animals Regulations* related to transport.

Attachments:

No Attachments