PAST & CURRENT IMPACT OF COVID-19 ON CDN BEEF INDUSTRY
SEPTEMBER 2ND, 2020
FAWN JACKSON, M. AG.
RETAIL PRICES: MAY 2020 7.6% HIGHER THAN FIVE-YEAR AVERAGE FOR MAY, FOLLOWING WHOLESALE PRICE SURGE
Slaughter disruptions have resulted in ~110,000 head of fed cattle backed up as of July 11th and 20-30,000 head of non-fed cattle (assuming normal inventory mgt)

• Harmony Beef – closed March 27 to 30
• Cargill, High River – one shift April 13, complete closure April 16th, reopened May 4 with one shift
• JBS, Brookes – one shift April 25th, resumed second shift May 18
• Ryding Regency – closed since October 2019 (no excess capacity in the East)
Fed cattle prices remain highly uncertain

*Basis levels have recovered to be in line with historic levels since early June*

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**Alberta Weekly Fed Steer Price**

- 5 yr avg
- 2018
- 2019
- 2020

**Alberta Fed Steer Basis**

*Alberta/Nebraska in Cdn $ - Cash to Cash*

- 5 yr avg
- 2019
- 2020

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Source: Canfax
AB 550 lb calves: *price pressured in spring with buying delayed to summer*
Prices have ranged between $225-230/cwt since early May

- AB 550 lb calf price
  - July
    - Last week $228/cwt
    - Up 8% from same week LY $209.50
    - Down 4.8% from 5-yr avg $239.54
  - June averaged $228/cwt
    - Up 4.5% from June 2019 $218.00
    - Down 7.4% 5-yr avg $245.85

*Source: Canfax*
IMPACT OF COVID-19 ON BEEF TRADE

• YTD May 2020 imports increased 29% value and 20% in kg over 2019
  • US 6,266,581 kg more than 2019
  • EU 5,158,586 kg
  • Mexico 1,632,493 kg
  • NZ 827,454 kg
• Beef exports down 8.3% $ CDN and 14.8% kg YTD
  • US -29,544,539 kg less than in 2019
  • China -5,993,983 kg
  • Mexico -1,277,117 kg
  • Japan steady and EU up
• Canada-US border continued for business
• Purebred cross border sales continued
• Covid has implications for meat trade with China
• Protectionism being watched closely in all markets
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<th>Actions Taken by Federal Government that Supported Successful Agriculture Adaptation to Covid</th>
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<td>Early recognition and communication that the agriculture and food supply chains are <strong>essential services</strong></td>
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<td>Work towards <strong>cross-provincial consistency in deemed essential services</strong></td>
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<td>Additional inspectors to avoid interruptions in services</td>
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<td><strong>Agri-food trade and services continue uninterrupted over provincial borders, the Canada-US border, or through other international ports.</strong></td>
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<td><strong>Clear communication of the health and safety protocols</strong> required by the agri-food sector and equally as important, those protocols that are not required.</td>
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<td>Establishment of <strong>rapid response contact points</strong> so that issues can be reported and addressed when identified.</td>
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<td>Establishment of a <strong>process to ensure agriculture businesses are able to report anticipated supply shortages</strong> (inputs to their businesses) they foresee and processes to prioritize their attainment of these integral supplies.</td>
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<td>Continued contact with industry organizations</td>
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**ADAPTATION ACTIONS SPECIFIC TO AG**

- Western Livestock Price Insurance
  - Important for young producers
  - Price of the premiums stabilized at a key time
- Set-aside program re-established
  - Removes some cattle from the market, “setting them aside” for a period of time while helping with the cost of feed, helps spread out the pressure on slaughter capacity
  - Had used during BSE
  - Currently in operation in provinces of AB and SK and ready to be used this fall if needed in Ont.
- Provide extension to producers to repay cash advances under the **Advance Payments Program**.
- Increased lending capacity from **Farm Credit Canada**
- Funding to support business continuity within **agriculture processing facilities**, which includes but is not limited to beef facilities.
FEDERAL PROGRAMS

• **Canadian Emergency Business Account:** A potential $40,000 loans have zero-interest and are partially forgivable (25 per cent or $10,000) if repaid by December 31, 2022. The CEBA is meant for businesses that have experienced diminished revenues due to COVID-19, and face ongoing non-deferrable costs such as rent, utilities, insurance, taxes and employment costs.

• **Canada Emergency Wage Subsidy:** (CEWS) offers a 75 per cent wage subsidy to businesses who have suffered a drop in gross revenue due to the impacts of COVID-19.

• **Canada Emergency Response Benefit:** (CERB) The Canada Emergency Response Benefit (CERB) gives financial support to employed and self-employed Canadians who are directly affected by COVID-19. If you are eligible, you can receive $2,000 for a 4-week period up to 28 weeks ending in September.

• **Surplus Food Purchase Program:** with an initial $50 million in funds designed to help redistribute existing and unsold inventories, which could include products such as potatoes and poultry, to local food organizations who are serving vulnerable Canadians.
Post BSE (2001-2011) Canada lost 26,917 ranching operations and with them five million acres of grasslands. This is especially concerning since today less than 20% of the grasslands in the Northern Great Plains remain intact.
SUMMARY

• Main impact to Canadian beef industry during COVID was loss of packing capacity
• 110,000 head of fed cattle yet to be processed from Q2
• While the Canadian market indicates it is current the US market isn’t with carcass weights being up 35 lbs over LY
• Canadian industry and governments worked together to swiftly implement actions that led to a relatively smooth adaptation process through COVID
• Challenges with COVID remain and impacts of second wave are unknown but we are all much better prepared
• Grasslands and youth in agriculture key areas of concern
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