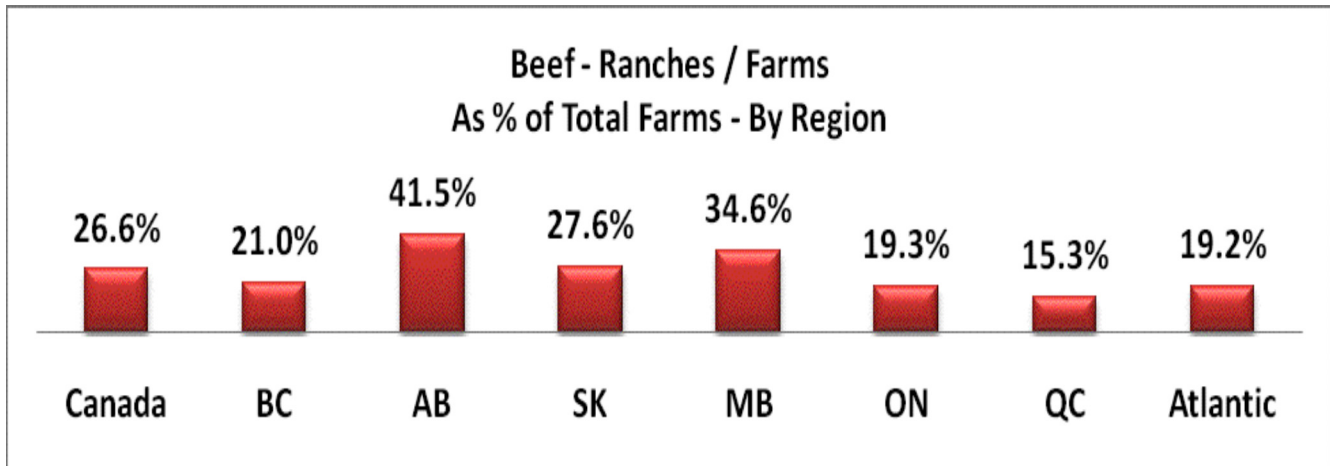




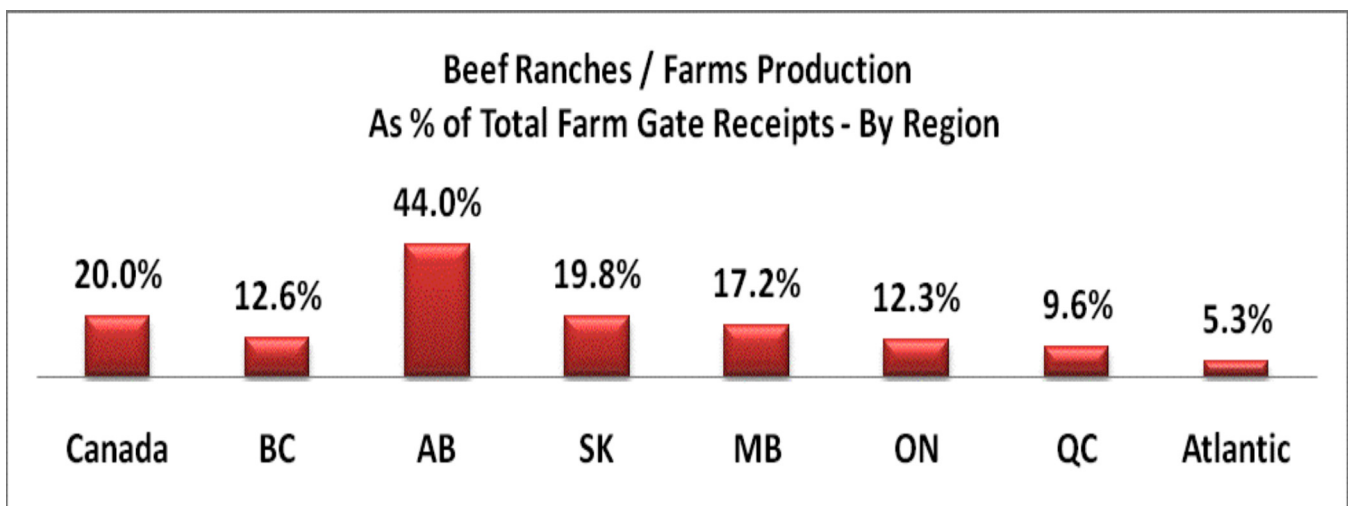
Canada's beef sector is a significant and vital part of Canada's agriculture and agri-food industry. The sector includes primary producers as well as value added processors - the industry is active in every Canadian province.

Canadian beef is recognized as one of the finest products in the world; in 2007, Canadian beef was exported to 62 countries.

Canada has nearly 90,000 primary beef producers, including ranches and feedlots. Collectively, these producers account for approximately 26% of Canadian farms. As shown in the graph below, cattle producers account for 15% of Quebec farms; in Alberta the number of beef farms rises to over 40%.



The Canadian beef industry is the largest single commodity source of farm cash receipts, accounting for \$6.5 billion and 20 percent of farm cash receipts in 2006. **Overall, the beef industry contributes \$26 billion per year to the Canadian economy.**



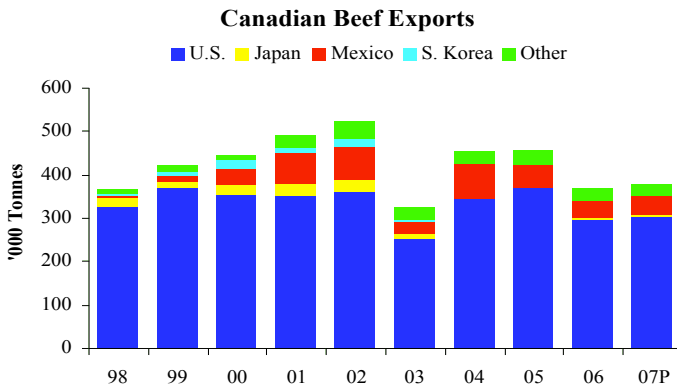
On an international stage, Canada is a major exporter of beef and beef products; ranging from the primary commodity through to fully processed products.

Exports of beef and beef products in 2007 are expected to be up two per cent, from 368,000 tonnes in 2006 to a projected 376,600 tonnes. The value of beef exports is also expected to be up two per cent from \$1.33 billion in 2006 to a projected \$1.36 billion.

In 2007, CAFTA commissioned an analysis of the potential benefits that would flow to Canada's export sectors through a WTO agreement. The analysis looked at seven primary commodities – including primary cuts of beef.

The analysis was based on a 2003 – 2005 average export level of \$1.227 billion annually. The impact of tariff reductions and trade liberalization were assessed to determine the potential increases in export values.

The analysis suggests that the value of beef exports, as a primary commodity, would increase by as much as 80%, or by nearly \$1 billion, rising to an annual level of over \$2.2 billion. It is significant that this dramatic value increase is achieved with a potential volume increase of approximately 170,000 tonnes (37% above base level volumes). The analysis predicts that the effect of these results for producers would be a live cattle price increase of nearly 40 cents per pound..



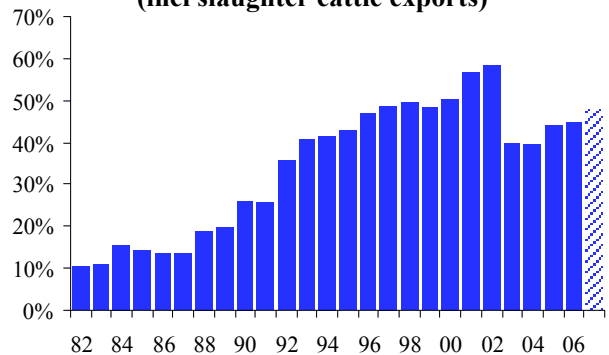
Source: Statistics Canada, AAFC, CFIA

Canada's beef sector has the capacity and capability to meet this demand – but to realize these benefits, changes in the international trading environment are necessary.

Canadian beef faces major challenges in maintaining market access parity with producers from the United States, Australia, New Zealand and Brazil. Improving access to key value markets, such as Europe, Japan and Korea will be critical to the future success of the industry.

Canada's cattle producers know that in order to position themselves to take advantage of these opportunities, the industry must be competitive despite the new reality of a strong Canadian dollar. The cattle industry has made several proposals to streamline the regulatory environment in which it operates and is confident that when it has an equal chance to compete, Canadian beef will take a back seat to no other country.

**% Total Beef Production Exported  
(incl slaughter cattle exports)**



Source: CanFax Research Services