



Breed Improvement Article

Our Advantages

By Sean McGrath

In a highly competitive protein business, it is important not to lose sight of our competition, but in doing so it is also highly important to remember and focus on our advantages. Canadian beef must compete with chicken, pork and plant protein, as well as with beef from other nations for consumer dollars.

To put the Canadian beef industry into some perspective let's look at some figures from the latest Fast Facts publication from the Beef Information Centre.

Canada has roughly 13 million head of cattle of which 4.6 million comprise the national cowherd. In global terms we are small potatoes, with 1% of the world's cattle population. To put this in perspective, India has 24 times, Brazil has 11.5 times and China has 10 times as many cattle as Canada. As a country, we rank number 14 in the world in terms of cattle numbers. If we refine this to looking at beef, Canada moves up a little. We produce 2.5% of the world's beef supply. We are 10% the size of the US industry and are also well behind countries like Brazil, China, Argentina, Australia and Russia. We are in 11th place in the beef world.

When we shift our focus to exports, Canada jumps into 3rd place. Our 1% of the world cattle population produces 12% of world exports. While our net exports are only 35% of our production (Net Exports = Total Exports – Total Imports), if we look at total exports, 1 out of every 2 calves born leaves the country bearing our reputation as producers on its shoulders.

How did our 4.6 million beef cows ever accomplish this incredible feat of marketing?

When looking at other protein industries the ability to convert high cellulose diets to protein is a tremendous advantage, but globally, our beef must compete against product from other countries, often with a much lower cost of production. Some information I recently received from a colleague in Brazil, puts their cost of production somewhere between \$113 to \$200 US per head for the more capital intense producers. That is the total cost of production from conception to your plate. In other words, some Brazilian producers could sell a finished steer for \$115 US and still turn a profit.

Unless we can determine a way to eliminate winter, reduce land values and have people work for less than minimum wage, competing with this cost of production is very difficult to do. As a Canadian industry we often have trouble making ends meet at market values 4 or 5 times the Brazilian cost of production.

The situation is far from hopeless. If we shift the focus to what we can do, we come back to our advantages. Health is a primary advantage in the Canadian situation. Programs such as National Identification may be controversial to some, but they represent an industry effort to focus on and enhance our competitive advantage in animal health.

Our other competitive advantage centers around product quality. This applies to both our export and domestic markets. The good news for seedstock producers is that genetics is the starting point and the limiting factor of this competitive advantage. The saying “you can’t make a silk purse out of a sow’s ear” holds true in beef production. This realisation puts added importance on your participation in breed improvement programs, and on making informed genetic selection decisions. Taking advantage of programs such as Total Herd Reporting and Gene Plan is the starting point for emphasizing our Canadian advantage and ensuring that we maintain and enhance market share. Many tools already exist to improve our product quality and more are being developed all the time. Examples include: artificial insemination, ultrasound, gene markers, performance recording (Gene Plan), genetic evaluation (EPDs) and web site searches.

We have a head start in the area of product quality, but we need to ensure that we are focusing our efforts on staying ahead. The Canadian Limousin Association has implemented an aggressive breed improvement strategy and in the upcoming months we will be focusing on Limousin breed improvement programs, how they work and how they can be applied in your operation.

- Canada’s Beef Industry Fast Facts (printed Fall 2001) – www.beefinfo.org
- Information on Brazilian Agriculture - <http://www.embrapa.br/english/>