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## **Canada**

### **Livestock and Products Annual**

**2019**

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**Report Highlights:**

The Canadian cattle herd continues to steadily decline while modest expansion will occur in the Canadian swine herd. Feeder cattle imports and exports are expected to remain strong as Canadian feeders and cattle producers look for competitive pricing. Beef exports will increase in 2020 on strong global demand and new market advantages. Canadian pork exports are expected to grow slightly. Restrictions on Canadian exports of beef and pork to China will see the Canadian pork market impacted but alternate market opportunities in Asia will support sustained export growth. The United States continues to be the dominant import/export market for Canadian beef and pork products.

**Key Words:** Canada, CA19033, Livestock, Cattle, Beef, Swine, Pork

## **Executive Summary:**

### **Cattle and Beef**

The Canadian cattle herd is forecast to continue its decline through 2020. This is driven primarily by strong export activity for feeder cattle and fed cattle to the United States. FAS/Ottawa forecasts that cow slaughter will decrease and heifer retention will increase in 2020. Canada will continue to sustain live cattle import numbers, primarily feeder cattle, to supplement the Canadian supply. Increased feed availability and pricing improvements will result in fewer heifers sent to slaughter and FAS/Ottawa forecasts a slight decline in beef production in 2020. Canada will see strong beef export growth in 2020. Tariff reductions and improved market access, as a result of trade deals, will be the main contributor. Declining pork production due to the impacts of African Swine Fever (ASF) will also support increased demand for beef in Asian markets.

### **Swine and Pork**

Canada will see modest growth in the swine herd through 2020. This is driven by an increased pig crop due to stronger sow numbers and improved fertility. New barns and reduced morbidity will also contribute to an expanded swine herd in 2020. Canadian exports of feeder swine to the United States will increase slightly following the 2019 decline as a result of Porcine Epidemic Diarrhea Virus (PEDv). FAS/Ottawa forecasts slaughter to increase slightly in 2020 on greater export demand, improved slaughter capacity utilization, and increased Canadian pork demand. Pork production will increase in 2020 on higher slaughter numbers as well as heavier carcass weights. Canada will see a slight increase in pork export activity but restrictions for Canadian exports to China will slow export activity and value. Global demand for Canadian pork will remain strong as a result of diminished pork production in ASF affected countries. Reduced tariffs and improved market access as a result of trade deals will increase demand for Canadian pork exports.

### **Cattle:**

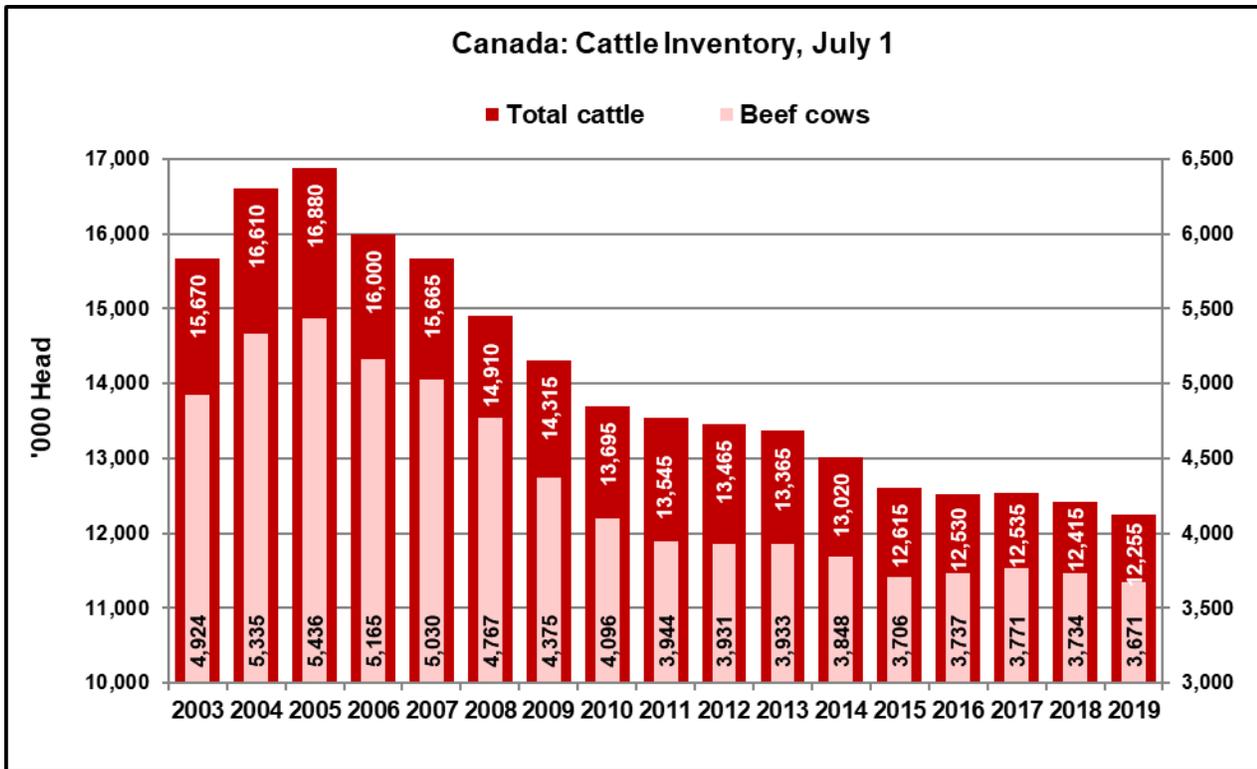
## Production, Supply and Distribution Estimates

CANADA Animal Numbers CATTLE ('000 head)	2018		2019		2020	
	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	11,575	11,565	11,450	11,440	0	11,075
Dairy Cows Beg. Stocks	972	972	978	978	0	970
Beef Cows Beg. Stocks	3,700	3,674	3,660	3,656	0	3,670
Production (Calf Crop)	4,297	4,292	4,325	4,325	0	4,400
Total Imports	202	202	200	210	0	210
<b>Total Supply</b>	<b>16,074</b>	<b>16,059</b>	<b>15,975</b>	15,975	<b>0</b>	<b>15,685</b>
Total Exports	650	650	650	710	0	700
Cow Slaughter	520	535	420	540	0	470
Calf Slaughter	245	234	200	235	0	200
Total Slaughter	3,473	3,465	3,490	3,675	0	3,670
Loss	501	504	460	515	0	490
Ending Inventories	11,450	11,440	11,375	11,075	0	10,825
<b>Total Distribution</b>	<b>16,074</b>	<b>16,059</b>	<b>15,975</b>	15,975	<b>0</b>	<b>15,685</b>

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

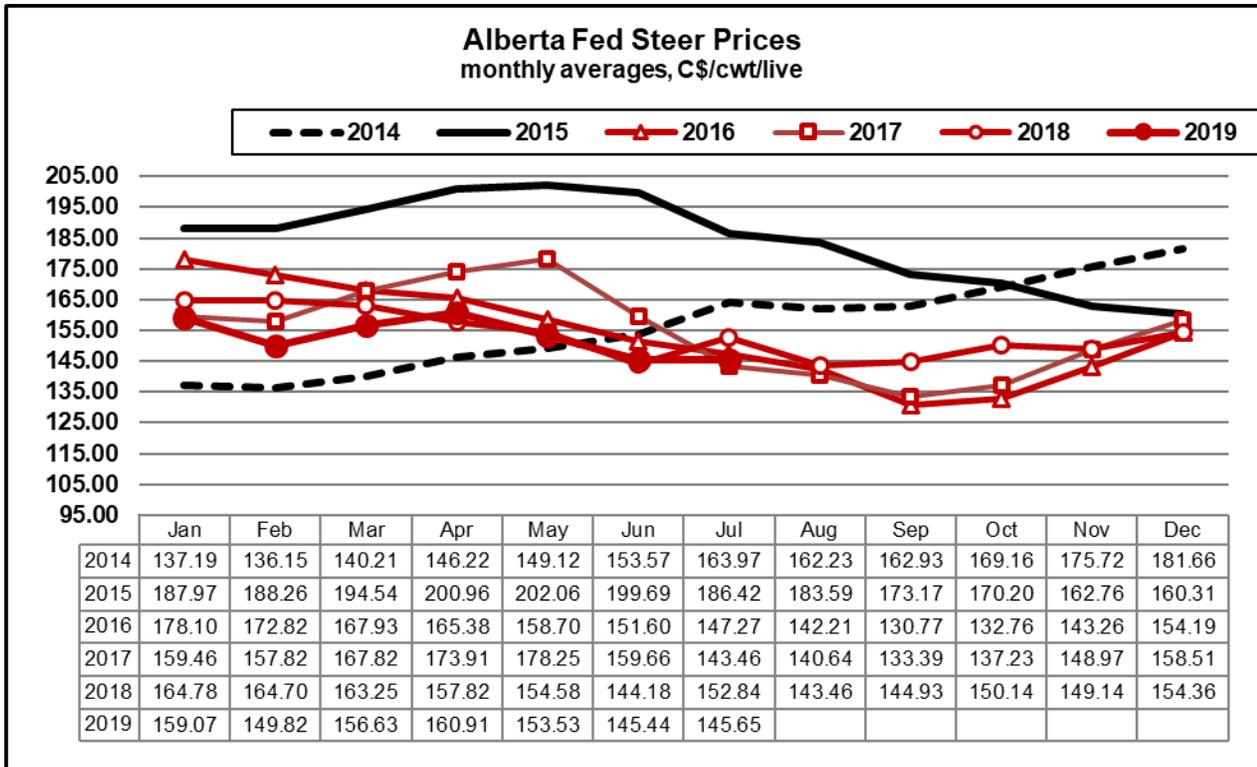
### Cattle Production: Contraction of the Canadian Cattle Herd Persists

FAS/Ottawa forecasts a further reduction of the Canadian cattle herd in 2020. Total herd numbers will be reduced by three percent at the beginning of 2020 and will be down an additional two percent by the end of 2020. Significant culling practices and a lack of replacement heifer retention has limited the opportunities for growth in the Canadian herd. FAS/Ottawa forecasts a slight increase in beef cow numbers in 2020 on increased heifer retention from 2019 and a decrease in the pace of cow and heifer slaughter in the second half of 2019. This uptick in beef cow numbers and improved fertility will see the 2020 calf crop increase by two percent over 2019. However, FAS/Ottawa forecasts that the decline of total cattle numbers will continue through 2020.

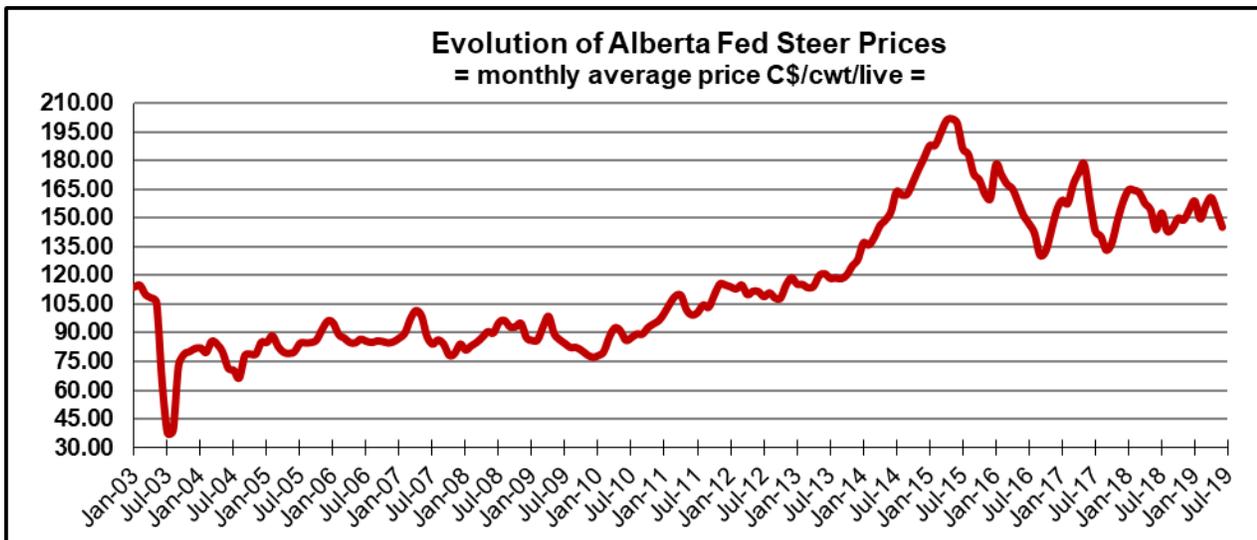


Source: Statistics Canada, \*FAS/Ottawa estimate

Prolonged drought conditions in regions of Canada have resulted in limited forage availability and higher costs, placing a significant strain on cow-calf producers. Driven by a desire to reduce feed costs, ranchers have increased culling practices. This, combined with decreased heifer retention, has negatively impacted beef cow numbers and led to a decreased calf crop in recent years. These culling practices will likely result in improved fertility moving forward as producers shift focus to quality over quantity in their herds. This will slow herd expansion in the short term. Long term, improved weather conditions to support pasture and forage growth, combined with new multilateral trade deals and increased beef export, should see Canadian producers begin to rebuild their herds. Additionally, the slowing of the U.S. herd expansion will provide more opportunities and price increases for Canadian calves as cattle supplies are reduced.



Source: Canfax

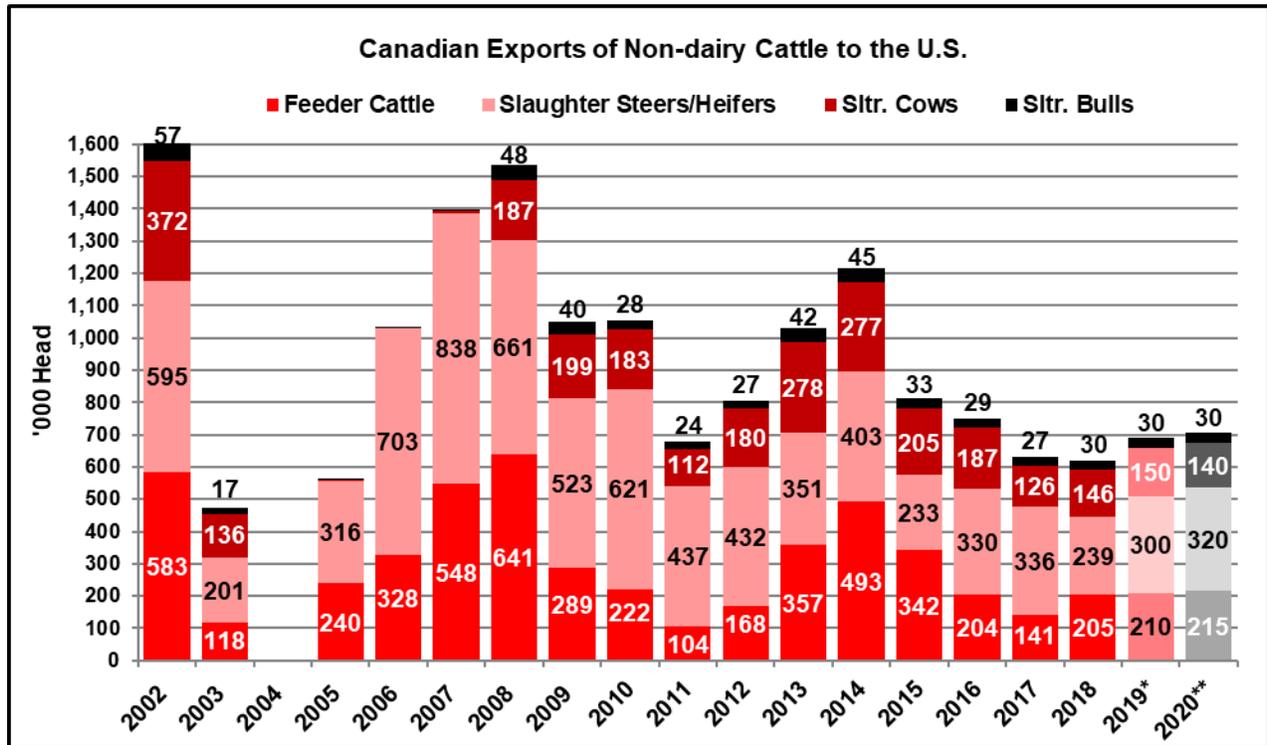


Source: Canfax

#### Live Cattle Trade: Import and Export Activity is Strong

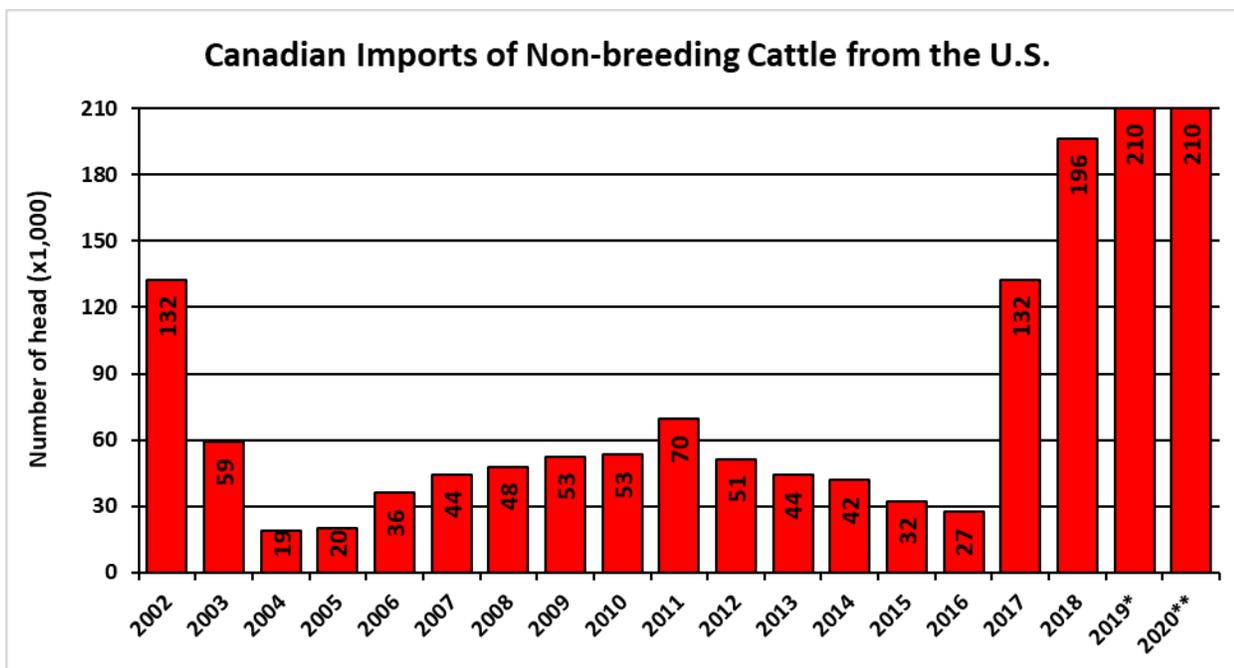
Following four consecutive years of declining live exports, Canadian live exports are estimated to increase nine percent in 2019 with feeder cattle exports up two percent and fed cattle exports growing 25 percent. FAS/Ottawa forecasts a slight decline of one percent for live exports in 2020. Exports to the United States will increase two percent with increased feeder cattle and fed exports. Cattle on feed numbers in Western Canada remain strong and many of these cattle will be shipped to U.S. slaughter facilities once finished on feed. The fire at the Tyson Holcomb plant will likely see some cattle that

would have been exported delayed on feed through the fall. These will contribute to increased fed cattle exports in 2020 as those cattle work through processing once Tyson Holcomb is back online.



Source: Global Trade Atlas/FAS/Ottawa \*estimate \*\*forecast

Despite a loss in feed cost advantage, Canadian imports of live cattle, predominately feeder cattle, have remained strong. FAS/Ottawa has revised 2019 import numbers up 10,000 head with 2020 import forecast to remain steady at 210,000 head driven primarily by more export activity to the United States and a smaller calf crop in 2019. The bulk of these live imports to Canada are U.S. Holstein feeders destined for Western Canadian feedlots. These feeders are relatively cheap, and despite a longer finishing time, industry reports that they have filled a niche with some packers. This will maintain continued interest from feeders in importing these cattle. Inclement weather has resulted in grains being downgraded to feed grade. This will reduce feeding costs and incentivize cattle feeders to maintain import activity to supplement the Canadian supply of feeder cattle.



Source: Global Trade Atlas/FAS/Ottawa \*estimate \*\*forecast

## Beef

### Production, Supply and Distribution Estimates

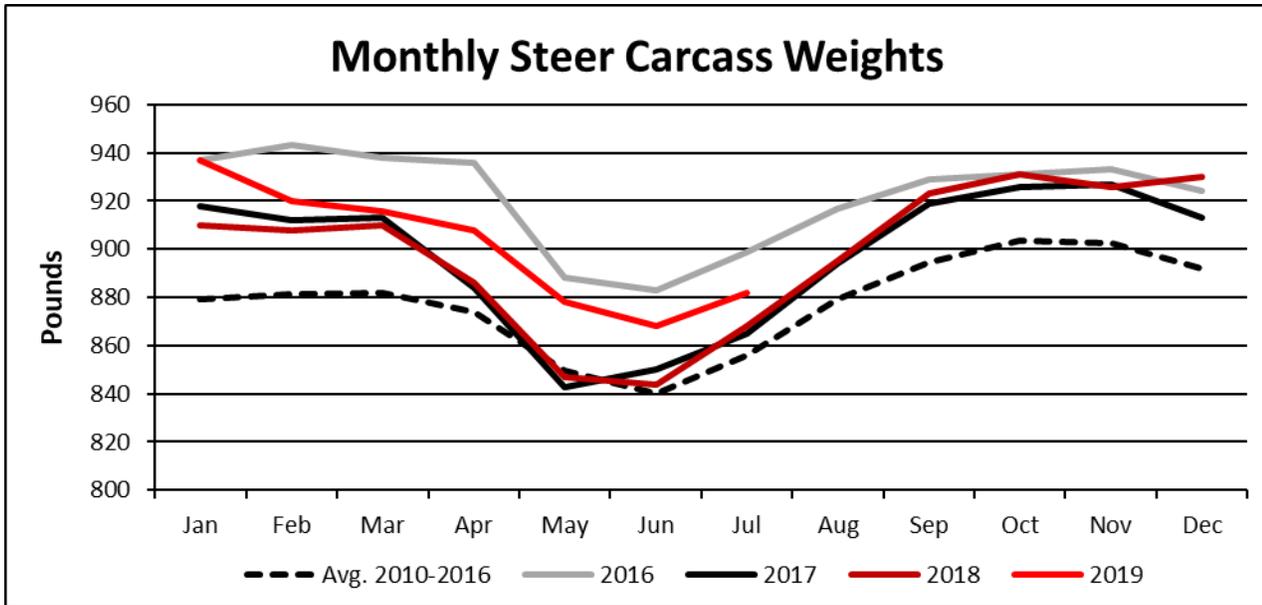
CANADA Meat BEEF and VEAL	2018		2019		2020	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Estimates
Slaughter (Reference)	3,474	3,465	3,490	3,675	0	3,670
Beginning Stocks	33	33	42	42	0	35
Production	1,260	1,265	1,270	1,330	0	1,325
Total Imports	233	245	250	230	0	230
<b>Total Supply</b>	<b>1,526</b>	<b>1,543</b>	<b>1,562</b>	<b>1,602</b>	<b>0</b>	<b>1,590</b>
Total Exports	502	502	525	570	0	630
Total Dom. Consumption	982	999	1,002	997	0	935
Ending Stocks	42	42	35	35	0	25
<b>Total Distribution</b>	<b>1,526</b>	<b>1,543</b>	<b>1,562</b>	<b>1,602</b>	<b>0</b>	<b>1,590</b>

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

### Beef Production: Slaughter Declines Slightly

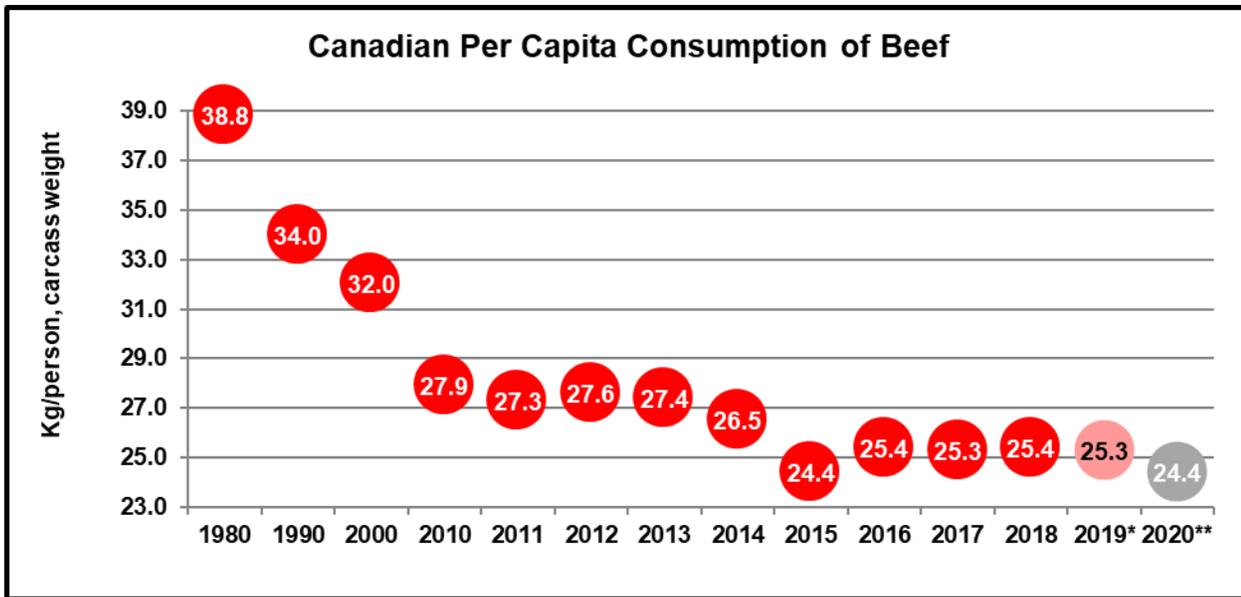
FAS/Ottawa forecasts a slight reduction in slaughter and beef production in 2020. This follows a six percent growth in numbers of cattle slaughtered and a five percent increase in beef production in 2019. Reduced cow slaughter, increased feeder exports, and increased replacement heifer retention in 2020 will result in a slight decline in total slaughter. Carcass weights will increase over 2017 leading to increased beef production in 2018. Challenges with recruiting labor at some processing facilities and lack of expansion in the Canadian processing sector will contribute to this slight decline in slaughter levels.



Source: Canfax

### Beef Consumption: Slightly Less Demand

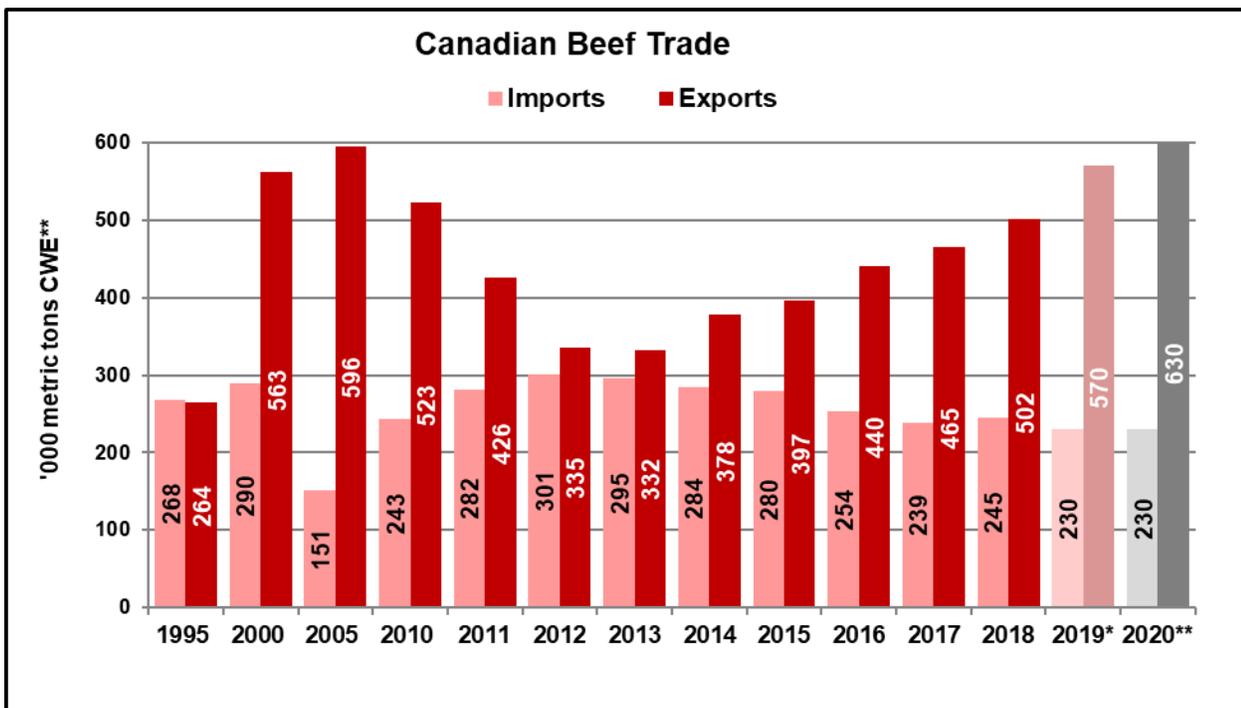
Total consumer beef demand has remained steady in recent years despite increasing prices. However, increased competition from other proteins, plant-based proteins, and changing consumer attitudes will see Canadian per capita domestic consumption decline slightly in 2020. Though the Canadian population is increasing, this growth is primarily driven by immigration from countries where regular beef consumption may be abnormal. If immigrants eventually embrace a more typical North American diet, beef consumption may increase in the long term though this will be slow to materialize.



Source: Statistics Canada/FAS/Ottawa \*estimate \*\*forecast

### Beef Trade: Exports Continue to Rise

In 2020 FAS/Ottawa forecasts 11 percent growth in beef exports from Canada following strong export growth in 2019. New trade deals and protein demand will sustain this growth. With the continued spread of African Swine Fever (ASF) throughout Asia and other parts of the world, non-pork protein will be supplemented to meet consumer demand. This will support sustained export growth for Canadian beef.



Source: Global Trade Atlas/FAS/Ottawa \*estimate \*\*forecast

### **Beef Trade: Trade Deals**

Canada was one of the first six countries to ratify the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) at the end of December 2018. This provided Canadian beef with tariff reductions in valuable export markets such as Japan. Canada has already benefited from two tariff reductions. As of April 2019, Canadian beef has a tariff of 26.6 percent in Japan compared with 38.5 percent for most favored nation (MFN) countries. Tariffs on Canadian beef to Japan will continue to decline annually until eventually reaching nine percent. Canada has already realized increased exports and growth in market share for Japan through the first half of 2019 and are on pace to see a year of record beef exports to Japan.

In May 2019, the Government of Canada announced that they had secured access to Japan for beef from cattle over 30 months of age (OTM). This marks the first access for OTM Canadian beef/cattle to the Japanese market since the discovery of BSE in Canadian cattle in 2003. Strong demand from Japan, improved access, and reduced tariffs will continue to see expansion for Canadian beef in this market in 2020. Vietnam ratified CPTPP in January 2019 and tariffs on fresh/chilled and frozen beef will be eliminated within two years. Additionally, Canada has seen gains in the EU market. The Comprehensive Economic Trade Agreement (CETA) was signed in September 2017 giving Canada TRQ access of 50,000 MT for beef and 3,000 MT for bison by 2022. Growth in exports to the EU have been hampered by regulatory challenges with non-tariff barriers and slow growth in the supply of EU-eligible Canadian cattle. As marketing efforts progress and resolutions for non-tariff barriers are reached, this export market is forecast to grow in 2020.

### **Beef Exports: Growth Despite Challenges**

While FAS/Canada forecasts continued export growth for Canadian beef globally, exports will be challenged by restrictions to the Chinese market. Canadian beef has been shut out of China since June 25, 2019 as a result of the detection of pork shipments to China using fraudulent Canadian export certificates. The true origin of these exports has yet to be fully determined. Canadian pork and beef exports to China utilize a common export certificate so both beef and pork exports have been restricted. In 2018, China was the fifth largest market by volume for Canadian beef exports. China has held variable significance for Canada's beef export market over the last few years, but overall market share has generally been less than five percent. Sources report confidence in the ability of the Canadian beef industry to secure increased trade in alternative markets which may mitigate the negative impacts of this restriction. Although Canadian beef exports will see growth in other markets, the United States will remain the dominate export destination for Canadian beef.

### **Beef Imports: Flat in 2020 Following a Decline**

FAS/Ottawa forecasts 2020 imports to remain flat following a six percent decline in beef imports in 2019. Increased production and decreased consumption will be the main factors driving this trend. The United States will continue to maintain over sixty percent market share although imports from the United States will decline from 2018 numbers.

**Canada: Beef Exports, January - June (metric tons, CWE\*)**

Partner Country	Quantity			% Market Share			% Change
	2017	2018	2019	2017	2018	2019	2019/2018
<b>World</b>	<b>216,546</b>	<b>233,800</b>	<b>272,722</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>16.65</b>
EU28	388	596	1,325	0.18	0.25	0.49	122.31
United States	167,646	184,645	204,370	77.42	78.98	74.94	10.68
Japan	13,741	15,760	27,626	6.35	6.74	10.13	75.29
China	5,869	3,891	13,173	2.71	1.66	4.83	238.57
Hong Kong	12,128	13,788	9,751	5.60	5.90	3.58	- 29.28
Mexico	8,291	8,178	8,223	3.83	3.50	3.02	0.56
Korea South	2,536	2,268	4,001	1.17	0.97	1.47	76.39
All other countries	6,335	5,270	5,578	2.93	2.25	2.05	5.84

Source: Global Trade Atlas / \*Conversion to carcass weight equivalent (CWE) at 1.4 for fresh, chilled and frozen meat, and at 1.79 for salted and processed meat

### Canada: Beef Imports, January - June (metric tons, CWE\*)

Partner Country	Quantity			% Market Share			% Change
	2017	2018	2019	2017	2018	2019	2019/2018
<b>World</b>	<b>121,247</b>	<b>128,778</b>	<b>108,588</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>- 15.68</b>
EU28	708	984	2,921	0.58	0.76	2.69	196.96
United States	76,626	78,844	66,941	63.20	61.22	61.65	- 15.10
New Zealand	13,869	14,733	11,794	11.44	11.44	10.86	- 19.95
Australia	13,431	16,091	11,326	11.08	12.50	10.43	- 29.61
Uruguay	11,410	10,802	9,499	9.41	8.39	8.75	- 12.06
Mexico	1,892	2,582	3,996	1.56	2.00	3.68	54.76
All other countries	4,019	5,726	5,032	3.31	4.45	4.63	-12.12

Source: Global Trade Atlas / \*Conversion to carcass weight equivalent (CWE) at 1.4 for fresh, chilled and frozen meat, and at 1.79 for salted and processed meat

### Swine:

## Production, Supply and Distribution Estimates

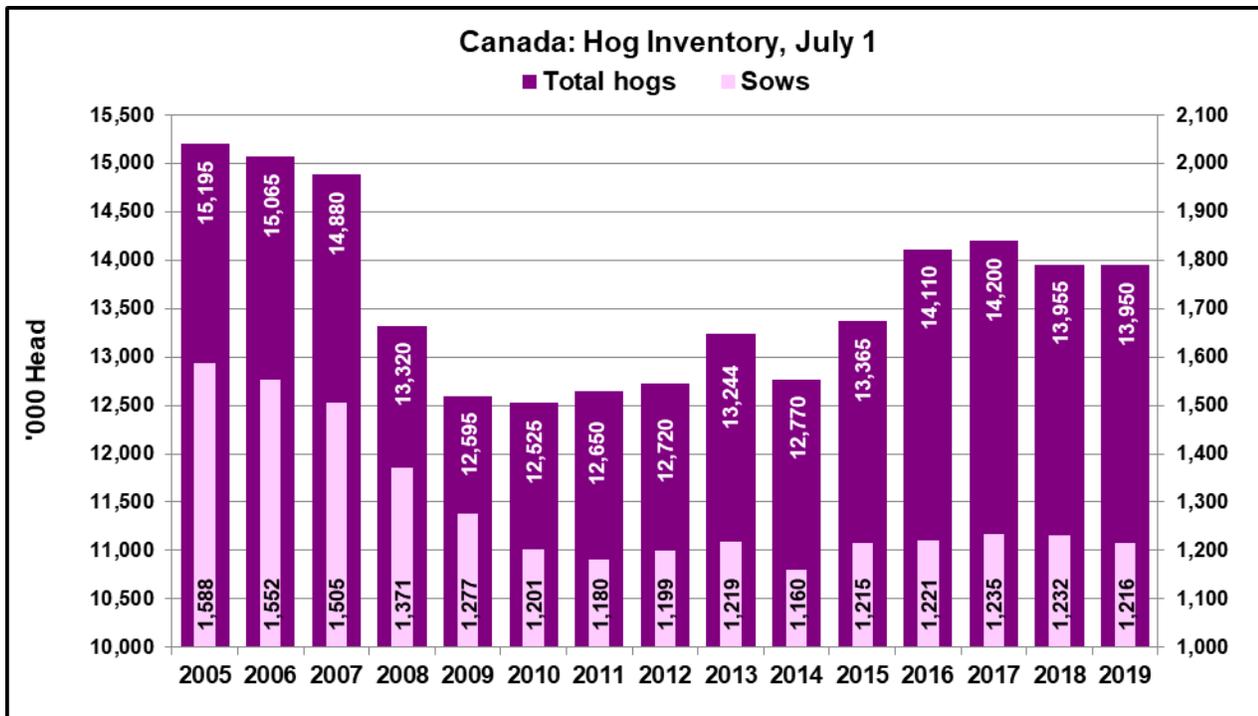
CANADA Animal Numbers SWINE ('000 head)	2018		2019		2020	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Forecast
Total Beginning Stocks	14,165	14,170	14,030	13,975	0	14,180
Sow Beginning Stocks	1,242	1,240	1,241	1,237	0	1,240
Production (Pig Crop)	28,128	28,027	28,600	28,350	0	28,650
Total Imports	3	3	3	5	0	3
Total Supply	42,296	42,200	42,633	42,330	0	42,833
Total Exports	5,264	5,264	5,260	5,000	0	5,100
Total Slaughter	21,566	21,562	21,700	21,700	0	22,000
Loss	1,436	1,399	1,443	1,450	0	1,423
Ending Inventories	14,030	13,975	14,230	14,180	0	14,310
Total Distribution	42,296	42,200	42,633	42,330	0	42,833

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

### Supply: Swine Sector Sees Slight Increase in Inventories

FAS/Ottawa forecasts a one percent increase in total swine inventories for 2020. This follows an estimated increase of one percent in 2019 ending inventories. Expansion of the Canadian swine herd has been limited due to market volatility, lack of succession as producers age out of the industry, and regulatory burdens related to new facility construction. Manitoba has seen expansions and an increase in construction of new facilities following an easing of regulatory burdens in November 2017. However, new builds have had a limited impact on the overall net gain of production spaces as many facilities are simply updating aging infrastructure and older facilities are being decommissioned.

Strong demand for pork and increased export activity, especially to China, in the first half of 2019 spurred interest in the expansion of Canadian swine production facilities. However, recent restrictions to the Chinese market for pork, high costs of construction and labor in Canada, and volatile overseas markets have slowed actual expansion.



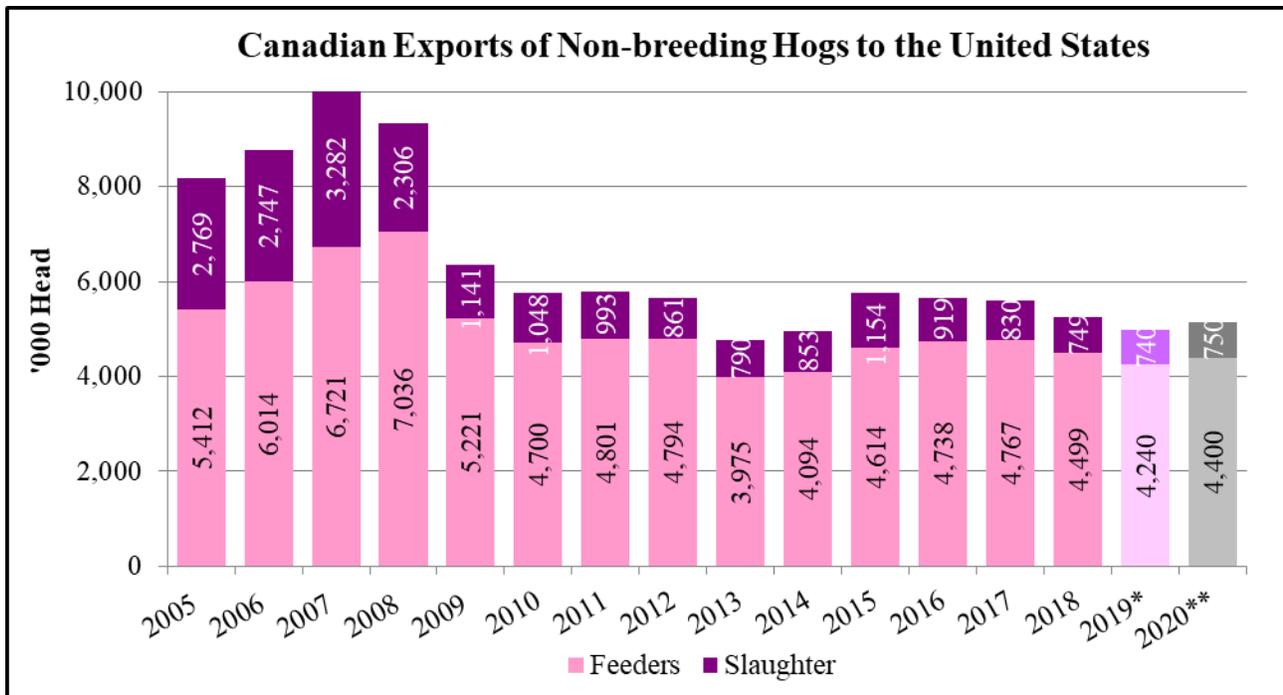
Source: Statistics Canada

**Production: Reduced Production due to PEDv**

PEDv remains a part of the Canadian production narrative once again in 2019. The virus was identified in early 2019 on Alberta farms for the first time. Manitoba has been struggling with an outbreak similar in scale to that seen in the province in 2017. Farm sizes in Manitoba are typically more than double the size of those in Quebec and triple the size of those in Ontario. Manitoba is the main province for pig crop production in Canada and the impacts of PEDv in Manitoba are more impactful and influence production on a national level. Losses for the 2019 outbreak are estimated to be around one to two percent of total production.

**Trade: Fewer Hogs Imported in 2020**

The increased piglet mortality as a result of PEDv leads FAS/Ottawa to estimate 2019 live exports as 5,000 head. Fewer feeders will be exported to the United States as Canadian feeder demand for these piglets will increase in order to meet demand for market hogs from slaughter facilities. FAS/Ottawa forecasts that Canada will import 40 percent fewer live swine in 2020 as a result of rebounds in sow fertility and decreased piglet mortality from PEDv due to increased biosecurity protocols. This will represent a return to 2018 live import levels. Exports will grow slightly in 2020 to 5,100 head as Canada will export more feeders to the United States recovering from the supply constraints caused by PEDv in 2019. FAS/Ottawa forecasts a four percent increase in feeder exports to the United States in 2020. Exports will remain four percent lower than the five-year average as expansion in grow out facilities in Canada will see more feeders remain in place.



Source: Global Trade Atlas/FAS/Ottawa \*estimate \*\*forecast

**Swine Slaughter: Slightly Increased Capacity**

Slaughter capacity in Canada will see improved utilization in 2020. FAS/Ottawa forecasts slaughter to increase slightly more than one percent over 2019 numbers. Fewer losses and an increased pig crop will be the main drivers. Slaughter capacity has been underutilized in Canada for many years as a result of availability of market animals and labor challenges.

Canada’s first federally inspected sow slaughter plant has continued to ramp up operations since it’s opening in February 2017. Current capacity is reportedly 500 head/week with a target to double the weekly kill. Despite this relatively small weekly kill, this plant has had an impact on the sow market in Canada. Year-to-date (YTD) 2019 sow and boar slaughter is up over 15 percent across Canada with Western Canada seeing slaughter up over 74 percent on 2018 numbers. Based on reported kill volumes, sow slaughter from this plant is estimated at over 16,000 head YTD and a significant contributor to increased sow slaughter volumes in Western Canada. Looking ahead to 2020, this plant will be a contributing factor in keeping sows in Canada that would have typically been exported for slaughter in the United States. Despite increasing inventories, this increased domestic slaughter capacity limits slaughter exports to the United States to only a one percent increase in 2020.

Completed 2019 expansions in Quebec slaughter facilities will also result in increased slaughter numbers in 2020 as the Olymel Atrahan (Yamachiche) plant ramps up to full capacity. This expansion, initiated in 2016, will see the Atrahan plant more than double total processing capacity to 40,000 head/week once full production is achieved. The Aliments Lucyporc slaughter facility was shuttered in 2019 with that capacity now encapsulated by the Atrahan expansion. The expanded Atrahan plant will have a focus on export markets with reports indicating that 60 percent of the plant’s production will be exported. In addition, Olymel announced an agreement to acquire F. Ménard in July 2019. While this acquisition will not impact Quebec production capacity, it does represent further consolidation of the Quebec swine market under Olymel. With this acquisition, Olymel will acquire an additional annual

swine production capacity of over one million hogs as well as additional slaughter and processing facilities.

**Pork:**

**Production, Supply and Distribution Estimates**

CANADA Meat SWINE	2018		2019		2020	
	USDA Official Data	NEW FAS/Ottawa Data	USDA Official Data	NEW FAS/Ottawa Estimates	USDA Official Data	NEW FAS/Ottawa Estimates
Slaughter (Reference)	21,566	21,566	21,700	21,700	0	22,000
Beginning Stocks	90	76	90	69	0	65
Production	1,930	1,955	1,950	2,000	0	2,050
Total Imports	233	233	255	250	0	250
Total Supply	2,253	2,264	2,295	2,319	0	2,365
Total Exports	1,330	1,331	1,390	1,360	0	1,380
Total Dom. Consumption	833	864	845	894	0	900
Ending Stocks	90	69	60	65	0	85
Total Distribution	2,253	2,264	2,295	2,319	0	2,365

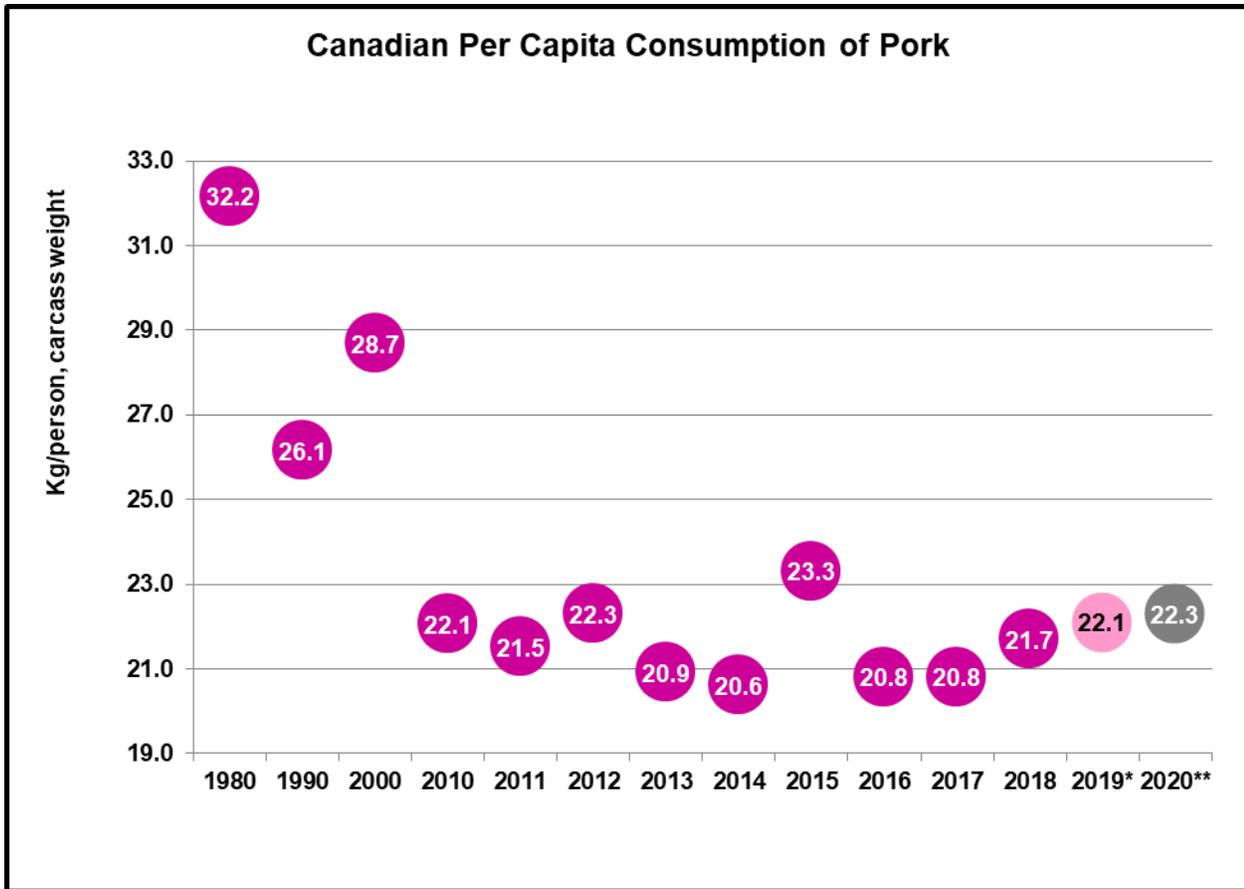
*NOTE: "NEW FAS/Ottawa" data reflect author's assessments and are NOT official USDA data*

**Pork Production: Increased Slaughter and Heavier Carcasses**

FAS/Ottawa forecasts pork production to increase three percent in 2020. This is attributed to increased slaughter numbers and a one percent growth in carcass weights. Export market growth potential, as a result of Canada’s multilateral free trade agreements, will also incentivize production. Pork production expansion on a large scale will be hindered by swine production, market volatility, and labor issues in Canada.

**Pork Consumption: Growth Due to Growing Population**

Domestic pork consumption will continue to see sustained growth in Canada through 2020. Increased consumption is the result of an increasing Canadian population and growth in per capita consumption which has seen small but sustained growth since 2017. FAS/Ottawa forecasts per capita consumption to be 22.3 kg in 2020; a one percent growth over 2019 numbers following a two percent increase in per capita consumption in 2019. Pork prices in Canada will remain competitive given export restrictions in China and increased supply as Canada rebounds from PEDv challenges in 2019.

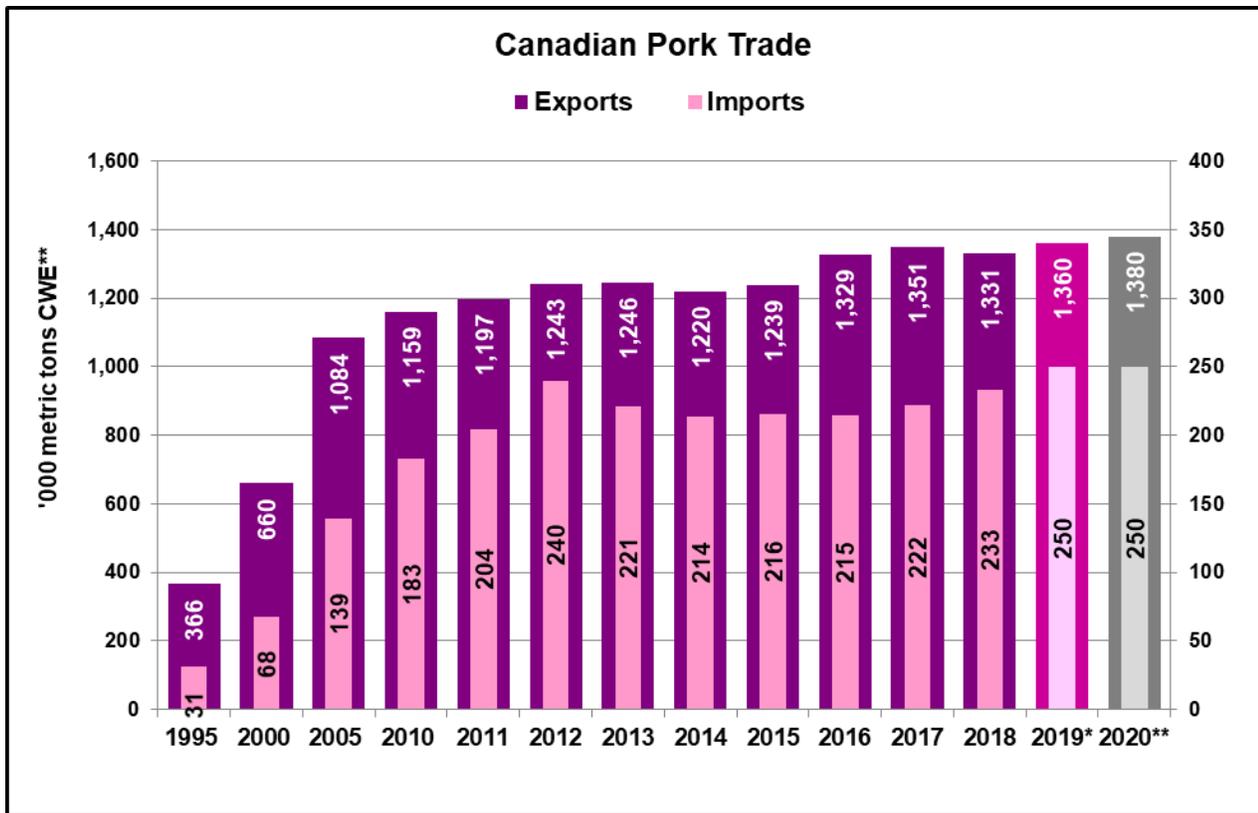


Source: Statistics Canada

#### **Pork Trade: Exports Remain Strong Despite Market Access Issues**

FAS/Ottawa forecasts Canadian pork exports to grow one percent in 2020 following two percent growth in exports in 2019. Export growth is somewhat mitigated by market restrictions for Canadian pork exports to China but other market opportunities will emerge as the pork trade adjusts to the impacts of African Swine Fever. Tariff reductions and increased global demand will sustain marginal growth for Canadian pork exports.

Through the first half of 2019, Canada saw strong export activity for pork from China. While exports to China were up 52 percent January to June 2019, overall export growth for Canadian pork was slightly more than one percent. Much of the export growth in China resulted in a decline in export activity in other markets; notably the United States, Taiwan, Philippines, and Japan. Sources indicate that Canada may be able to recapture market share in these other important markets.



Source: Global Trade Atlas/FAS/Ottawa \*estimate \*\*forecast

Canadian exports to China have been restricted since June 25, 2019 as a result of the detection of pork shipments to China using fraudulent Canadian export certificates (origin of these exports has yet to be determined). Sources report that loss of this market should not directly impact volume of exports, although value will be impacted, as Canadian pork exporters redistribute to other available markets. Export activity will return to 2018 levels in markets that previously saw reduced Canadian pork imports. In 2018, China was the third largest market by volume for Canadian pork exports. In recent years, China has alternated between the role of second and third largest market for Canadian pork maintaining a market share of slightly more than 20 percent of Canada’s total exports. If YTD 2019 export numbers to China had been maintained through 2019, Canada would have been on track to export 442,000 MT of pork to China. This market was the main destination for offals and other products which have little to no value in other markets. Some of this product may redistribute to lower priced markets while much will likely go into rendering. Loss of this market will challenge Canadian pork exporters however other market opportunities remain.

With Canada being part of the first six countries to ratify the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) at the end of December 2018, Canada pork has seen tariff reductions in valuable export markets. Japan was also one of the first six to ratify CPTPP and Canadian pork exports have seen two tariff reduction in that country. The ad valorem duty will fall from 2.2 percent to 1.9 percent on April 1, 2019 and will eventually reach zero in 2027. Countries without a free trade agreement with Japan, including the United States, continue to pay 4.3 percent or up to 482 yen per kilogram.

Tariffs on certain exports to Japan will eventually be eliminated over a ten-year phase out and Canadian pork has a supply contract with Costco Japan. Vietnam ratified CPTPP in January 2019 with tariffs being eliminated for fresh/chilled and frozen pork within nine years. Additionally, Canada has seen gains in the EU market. The Comprehensive Economic Trade Agreement (CETA) was signed in September 2017 giving Canada TRQ access of 80,000 MT for pork by 2022. The EU market for Canadian pork has seen slow growth since CETA implementation but, as marketing efforts progress and resolutions for non-tariff barriers are reached, the EU export market will continue to grow in 2020.

<b>Canada Pork Exports: January - June (metric tons, CWE*)</b>							
	<b>Quantity</b>			<b>% Market Share</b>			<b>% Change</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2019/2018</b>
<b>World</b>	<b>683,840</b>	<b>675,042</b>	<b>684,183</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>1.35</b>
EU28	832	1,222	1,301	0.12	0.18	0.19	6.42
China	168,439	147,487	223,532	24.63	21.85	32.67	51.56
United States	210,126	192,901	157,929	30.73	28.58	23.08	- 18.13
Japan	136,915	149,543	148,490	20.02	22.15	21.70	- 0.70
Mexico	51,301	58,909	60,994	7.50	8.73	8.91	3.54
Korea South	18,499	26,183	24,017	2.71	3.88	3.51	- 8.27
Taiwan	22,755	25,501	17,776	3.33	3.78	2.60	- 30.29
Philippines	21,745	29,698	16,579	3.18	4.40	2.42	- 44.17
All other countries	75,805	74,518	51,445	11.09	11.04	7.52	-30.96

Source: Global Trade Atlas / \*Conversion to carcass weight equivalent at 1.3

Imports are estimated to be up seven percent in 2019 as a consequence of increased export growth, stronger consumption, and supply reductions as a result of PEDv. FAS/Ottawa forecasts Canadian imports of pork to remain flat in 2020. The United States will continue to remain the main supplier of pork imported into Canada.

**Canada Pork Imports: January - June (metric tons, CWE\*)**

	Quantity			% Market Share			% Change
	2017	2018	2019	2017	2018	2019	2019/2018
<b>World</b>	<b>105,789</b>	<b>112,005</b>	<b>122,796</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>9.63</b>
EU28	12,854	17,270	15,277	12.15	15.42	12.44	- 11.54
United States	90,674	93,387	105,719	85.71	83.38	86.09	13.20
Denmark	2,076	2,975	3,995	1.96	2.66	3.25	34.25
Germany	2,365	2,864	3,197	2.24	2.56	2.60	11.63
Spain	2,182	2,323	2,117	2.06	2.07	1.72	- 8.88
Poland	3,776	5,259	2,008	3.57	4.70	1.63	- 61.82
All other countries	4,716	5,197	5,760	4.46	4.64	4.69	10.83

Source: Global Trade Atlas / \*Conversion to carcass weight equivalent at 1.3

## Policy

### China

Canadian pork and beef exports to China were restricted as of June 25, 2019. The Canadian Food Inspection Agency (CFIA) ceased issuing export certificates for Canadian pork and beef in response to the discovery of exports to China fraudulently identifying as Canadian exports. Canadian officials continue to investigate the origins of these exports and the fraudulent documentation and work on resolutions with China that would allow beef and pork exports to resume.

### CPTPP

Canada was one of the first six countries to ratify the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ([CPTPP](#)). CPTPP entered into force for Canada, Australia, Japan, Mexico, New Zealand, and Singapore on December 30, 2018. Vietnam entered CPTPP into force on January 14, 2019. The first six countries saw the first tariff reductions occur upon CPTPP implementation. Five of the original six countries applied the year 2 tariff reductions on January 1, 2019. Moving forward, further tariff reductions will continue to occur on January 1 of each year until the step-down process is complete. Japan is the exception, where the second tariff reduction occurred on April 1, 2019 with step-downs occurring on April 1 for subsequent years. Despite not being in the original six ratifying countries, Vietnam and Canada agreed to recognize both tariff reductions when CPTPP entered into force for Vietnam.

### USMCA

On November 30, 2018 the United States, Canada, and Mexico signed the new [United States-Mexico-Canada Agreement](#). This agreement updates the 1994 North American Free Trade Agreement (NAFTA). NAFTA remains in force until USMCA is ratified.

### Transport Regulations

In February 2019, CFIA announced [new regulations](#) surrounding maximum durations for animal transport before feed, water, and rest must be given. Table 1 outlines the change in maximum transport

durations; loading and unloading are included in the maximum intervals. Industry is concerned about impacts on trans-Canada animal movements once the new regulations take effect on February 20, 2020. Trans-Canada movements will be challenged by the new rest stop timelines since the current infrastructure required to accommodate these mandatory rest stops is lacking. Impacts for cross-border shipments are not anticipated at this time. Most cross-border cattle and hog movements would remain within the new maximum transport durations. It is anticipated that additional provisions for rest periods are unlikely for cross-border livestock transport once the regulations are implemented. Therefore, these new regulations may present opportunities for increased cross-border livestock movement.

**Table 1: Maximum intervals for access to feed and safe water**

Species and class	New time maximum (hours)	Current time maximum (hours)
Compromised animals	12	N/A
Broiler chickens, spent laying hens and rabbits	24 for safe water 28 for feed	36
Beef and dairy cattle and other adult ruminants that can be fed exclusively on hay and grain	36	48
Equines and porcines	28	36
All other animals	36	36
Ruminants that are too young to be fed exclusively on hay and grain	12	18
Newly hatched birds	72	72

Source: Canada Gazette, Part II, Volume 153, Number 4