



Removing the uncertainty caused by BSE

Co-sponsored by Calgary Chamber of Commerce and Red Deer Chamber of Commerce

The single case of BSE announced in May 2003 and subsequent border closure has had a devastating effect on the beef industry in Canada, and in particular the province of Alberta. Direct costs to the cattle industry in Canada were estimated to be \$11 million per day during the early weeks of the announcement and to date, are estimated to be in excess of \$2 billion. The province of Alberta has been particularly hard hit, as its beef processing industry represents 68.8 per cent of the total Canadian beef processing industry. The border closure to live cattle and other ruminants has caused severe economic hardship for numerous producers and for other associated industries such as transportation and logistics.

According to Statistics Canada, cattle receipts fell over 25 per cent due to export restriction on Canadian cattle and beef in the second quarter of 2003. In June 2003, the federal Minister of Finance downgraded our country's overall GDP outlook, in part, as a result of the crisis. Further related impacts found the federal and provincial governments providing relief programs for affected producers and improving Canada's processing standards. Without question, the effect upon the Canadian economy has been substantial.

Although the US, Mexico, Russia and Vietnam have partially opened their borders to Canadian boxed beef, live cattle and other ruminant meat products are still shut out of these critical international markets. There remains uncertainty as to when and if the international ban will be lifted.

Further, the Office International des Epizooties (OIE) has noted that countries that have closed their borders have gone beyond OIE guidelines and are exercising caution based on political and trade considerations, rather than on proven science.

The announcement of a second case of BSE (stemming from an Alberta born animal) in the United States on December 23, 2003 has shown that this is a North American problem requiring an appropriate continental solution. Both countries must work together to maintain consumer confidence in the industry and convince those nations with a ban in place that based on scientific evidence and the new safety procedures in place, that their border closures are no longer necessary.

The Alberta Chambers of Commerce recommends that the Government of Alberta and the Government of Canada:

1. Continue to assume a visible leadership role by participating in a non-partisan, high-level delegation to meet with federal and international counterparts to ensure that all borders are completely open to Canadian beef exports as soon as possible. Negotiations need to be based



on the science of BSE as opposed to political bias and ensure that all sectors of the industry be involved in the resolution process.

2. Meet with international counterparts to clearly articulate a protocol in conjunction with the OIE for dealing with all future instances of BSE that:
 - a) Deals with the science of BSE;
 - b) Works in concert with and provides clear guidelines for international industry stakeholders; and,
 - c) Is non-partisan and depoliticised.
3. Develop a strategy that, while complying with Canada's obligations under the WTO and NAFTA, takes all necessary steps to help Canada's beef and livestock industry respond to the BSE crisis.
4. Ensure that the government's initiatives do not exacerbate the situation. For example:
 - a) Efforts to enhance local beef processing must be balanced with available markets demand so as to avoid depressing prices further in a market that is already stressed; and,
 - b) Efforts to financially assist beef and cattle producers must not threaten the financial viability of producers already burdened with substantial debts.
5. Monitor and respond quickly should any opening of the border not benefit all members of the beef and livestock industry.
6. Introduce new programs specific to the various sectors of the beef and cattle industry, including the cow-calf sector.
7. Exert influence on the federal government to encourage programs that are flexible enough to respond to the needs of the livestock industry in each province.
8. Establish a program designed to address issues surrounding cull cows and bulls and other ruminants.
9. Develop long-term strategies that will minimize the risk associated with foreign animal disease and related trade disruptions.