

Here we go again on BSE file....
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After two years of abuse by Washington, there was a collective sigh of relief in mid-April when the Canadian Cattlemen's Association finally agreed to call on Ottawa to launch the long-overdue trade action against the U.S. embargo on Canadian beef.

Yet here it is mid-June, and still no trade action in sight. What happened? Is the other shoe about to drop? Are documents asserting Canada's trade rights under NAFTA Chapter 20 about to be filed?

Apparently not.

Despite the recent OIE (Organization Internationale des Epizooties) ruling that Canada's beef is safe, the same highly-politicized US system that keeps federal judicial appointments in limbo for two years is grinding inexorably forward to the July 27th trial before Judge Richard Cebull, First District Court, Billings, Montana to uphold or not R-CALF's injunction barring Washington from re-opening the border to Canadian live cattle and beef of all ages.

The Judge will also be ruling on R-CALF's latest request to extend the ban to cover boxed beef from cattle less than 30 months of age, effectively halting all Canadian beef imports.

Even acknowledging that the US Circuit Court ruling will be based on politics, not science, it is hard to imagine how Judge Cebull could grant R-CALF's most recent demand.

It would open the door to consumer lawsuits against the United States Department of Agriculture. As well, the American industry is dependent on Canadian beef. Cut off boxed beef and consumer prices will skyrocket.

It would also threaten the profitability of America's powerful and highly-concentrated meat packing sector.

But there are no similar pressures for Cebull to reverse himself on the injunction. Despite not one shred of scientific evidence justifying continued border restrictions on Canadian beef and live cattle, new and disturbing political pressures to maintain the status quo have recently emerged.

On June 2nd a group of 67 national, state and local organizations filed a brief with the United States Court of Appeals for the Ninth Circuit asking that it keep the Canadian border closed to live cattle.

Arguing that the "USDA's rule fails USDA's own eight-step criteria for public safety regulations" David Domina, lead attorney for the newly-formed coalition, dozens of state and local farm and cattle grower organizations,

Pressure to keep the Canadian border closed to live cattle is also coming from a packing sector with its eye on summer barbeque season profits.

By continuing to deny Canadian ranchers the option of selling cattle into a live US market, Washington and Ottawa (the latter by default in its failure to defend) have stripped ranchers of their ability to respond to market conditions, sending a clear signal to the packers that "the market is all yours!"

Today in Canada, packers pay ranchers \$30 less per hundredweight for fat cattle than these same packers pay ranchers in the US. The normal spread or basis between the two markets is \$5 dollars per cwt, reflecting freight and brokerage.

The situation is the same with cull cattle. Today in Canada, packers pay ranchers \$22 per hundredweight for culled cows ; three times less than they pay ranchers in the US.

Is the consumer getting the benefit of this "cheap" Canadian beef? Not on your life. Tyson, Cargill and their shareholders are hauling in record profits, profits pulled from the pockets of Canada's ranchers.

What is the CCA doing to address this? Spokesman John Maaswohl, an Ottawa trade bureaucrat recently seconded to the CCA, is spending much of his time touring the U.S. and trumpeting Canada's increased domestic slaughter capacity, as if that alone would resolve the problem.

At a May-end meeting of the Saskatchewan Stock Growers Association in Swift Current, Maaswohl told ranchers the CCA had decided to "go slow" on any trade action against Washington pending the July 27th ruling of the US Circuit Court.

It is curious advice coming from a public servant versed in trade and competition policy. Delaying a long overdue NAFTA trade action that is easily withdrawn if necessary makes no absolutely strategic sense. It only serves to waste two more months.

At this same meeting, in response to assurances from just-back-from-Japan Canadian Beef Export Committee Chair Ben Thorlaksen that Japan was ready and eager to buy certified BSE-free product at a good price, Maaswohl told ranchers testing and certification was "premature."

Again, curious advice given Canada's comparative advantage in the lucrative, certified-BSE-free market. Canada's trace-back, age testing and on-farm safety systems are far superior to any in the U.S. and we have been preparing for the eventuality of BSE testing for over a year now. US ranchers and packers vigorously oppose BSE testing because they fear the market consequences of unmasking the deception that the US is BSE free.

Certified testing is a lucrative niche that we can fill and the US can't. To its credit, the Saskatchewan Stock Growers Association voted unanimously to go forward with BSE-free certification procedures.

The question that begs asking is how is it that a trade bureaucrat from Ottawa now speaks for the CCA? And whose policies is he advancing?

Maaswohl's secondment means his job and career track is waiting for him back in Ottawa when he finishes his stint with the CCA. The trade bureaucrat's mantra is a simple one: "Don't anger Washington, manage domestic issues, avoid trade irritants, don't embarrass the boss".

Entirely inconsistent with a strong trade defense for Canada's farmers.

Back in May, the same month that the CCA decided to press Ottawa for a trade response, the Alberta Beef Producers constituted a Panel of Experts to add some clear and strategic input to the economic crisis facing Canada's ranchers.

Maybe its time someone asked them what they think.

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