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Inside The Export Marketplace

The Canada Beef Export Federation operates offices in the key export markets of Japan, South Korea, Taiwan, Hong Kong, Mainland China and Mexico. In this series of export market reports, the Federation is keeping the Canadian industry informed about current situations and new developments in these markets.

NICHE MARKETING IN JAPAN

The Ueshima Coffee Company is a big name in Japan. In 1969, the company introduced the world's first canned coffee, starting a trend that has become a Japanese way of life. Japanese canned coffee is already brewed and ready to drink, and available in supermarkets, convenience stores and vending machines. The company today is a major food distributor.

In July of this year, CBEF Japan conducted a Canadian beef seminar for a wholly-owned subsidiary of the company – Sapporo Ueshima Coffee, the largest food distributor to the food service sector in the Sapporo Hokkaido region. The company started doing business with Canadian beef, and invited CBEF to participate in its fall food show to introduce Canadian beef to their customers in the area. The food show was held September 9th at the Sapporo Park Hotel with approximately 2,000 visitors from the region attending.

Market Access Status

Japan is open to boneless and bone-in beef and offal derived from cattle under 21 months of age. Canada is pursuing expanded access for Canadian beef to include all edible products (boneless, bone-in and offal) derived from cattle less than 30 months of age. Japan's Food Safety Commission has yet to call a prion expert panel to initiate its risk assessment process.

DOMESTIC HANWOO BEEF MAKING GAINS IN KOREA

The price of Korea's domestic Hanwoo beef hit a 28-month high in September. Driving the price increase was the seasonal high demand in anticipation of the three-day Chuseok holiday, which occurs in October. Also driving up Hanwoo prices is the distrust of consumers of imported beef, especially from the US. US beef is again figuring largely in the media: on August 15, 2009, a Korean importer of US beef filed a \$274,000 lawsuit against Korean actress Min-sun Kim and one of Korea's four major national television networks for airing a program on which Miss Kim publicly said she would rather eat potassium cyanide than US beef. In the midst of this, Hanwoo distributors have been staging a successful campaign to convince consumers that it is worth paying a higher price for Korean beef.

Market Access Update

Canada has no access in Korea. It is currently challenging Korea in the WTO, which has set up a Dispute Settlement Panel to handle the dispute. While this can be a lengthy process, Canada is hopeful of a successful resolution.

HONG KONG'S RETAIL MARKET FACING CHANGE

The face of Hong Kong's retail market is expected to change in the coming years. The small, individually-owned shops which currently rent stalls in mini-malls located in former estate homes are facing rent increases which could drive them out of business. For the past two years, a property management company known as 'The Link' has been raising the rent on these stalls by 25% – with some tenants saying as much as 40% – when the leases come up for renewal. The shop owners have organized strikes against The Link's rental increases. If they don't prevail, these small shops will disappear from Hong Kong's retail market.

Market Access Status – Hong Kong & Macau

Canada has incremental access in Hong Kong. The first stage (March 9, 2009) gave Canada access for U30M bone-in beef products (excluding vertebral column). The second stage (June 30, 2009) provided additional access for O30M boneless beef and rib cuts, and offal from all ages of cattle. The third and final stage will give access for the remainder of O30M bone-in beef.

Macau normalized trade in Canadian beef in February 2004, accepting all edible beef products derived from all ages of Canadian cattle processed in all federally-inspected establishments.

Market Access Status – Mainland China

China remains closed to Canadian beef. In June 2009, China indicated that Canadian tallow (<0.15% insoluble impurities) would soon be approved for importation and that, following this, negotiations could then begin on a beef importation protocol based on incremental access that would not introduce risk of BSE to the market. Significant Canadian political engagement is required.

TAIWAN

In September, the Taiwan High Speed Rail (THSR), one of the largest privately-funded transport projects to date, announced that it will now be under the control of the Government of Taiwan due to its huge debt. The high-speed rail network runs along the west coast of Taiwan from Taipei City to Kaohsiung City, a distance of approximately 336 kilometres. Travelling at speeds of up to 300 km per hour, the THSR has cut the trip down to 90 minutes from the conventional 4.5 hours. Less than three years after it went into operation, the system has incurred \$2.3 billion in debt.

Market Access Status

Canada has access for Canadian boneless beef derived from U30M cattle. Taiwan's Department of Health sent a technical team to inspect beef processing establishments in advance of the next market access expansion; bone-in beef derived from U30M cattle and possibly offal derived from U30M cattle. The timing of this market expansion is unknown.

HIGH COST OF DROUGHT FOR MEXICO'S CATTLE HERD

The final costs of the severe drought which hit Mexico's northern states this past summer are in. The drought left 30,000 head of cattle dead in its wake, and a bill of approximately \$1.1 million in veterinarian care for sick cattle. Mexico's domestic cattle herd has suffered a decrease of 40%. The Government of Mexico is undertaking emergency measures, such as making 3,000 tonnes of feed available at no cost to the State of Veracruz. Mexico's cattle industry organizations are advocating a variety of other measures, such as exporting more live cattle; supporting the organization and financing of cattle producers so that a higher quality cattle is produced, sold and processed within Mexico; and pressuring the government to achieve Free Trade Agreements with Japan and the EU.

Market Access Status

Canada has access in Mexico for all edible beef products derived from cattle under the age of 30 months (U30M). Mexican government officials have indicated that its risk assessment has been completed and its Agriculture Ministry (SAGARPA) informed there is no further reason to delay granting O30M beef access to Canada. The officials encouraged the Canadian government and industry to dramatically increase their lobby pressure on the Mexican government, including the potential for a WTO challenge.

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