



▲ Brett Campbell, Export Sales Manager for XL Foods Inc. of Calgary, Alberta, attended the Federation's Demand Building Seminar held in Japan in October 2007 to speak to Japanese importers, distributors and end users about his company's export capabilities.

## XL FOODS INC. CHALLENGING TIME FOR CANADA'S PROCESSORS

*"Almost five years later, this is when we're really seeing the damaging effects of BSE," says Brett Campbell, Export Sales Manager for XL Foods Inc. "When BSE initially happened, there was considerable federal funding for packers to buy raw materials as well as a pretty good dollar. Now that funding is not as prevalent and cattle prices are exceedingly high. Coupled with the strong Canadian dollar, higher labour costs and limited access to international markets, the situation is tougher now than it was five years ago when BSE first hit."*



▲ Headquartered in Calgary, Alberta, XL Foods' operations include six processing facilities and a hide plant operation.

**W**e're starting to realize just how tough it is," says Campbell. "Like the rest of the industry, we're currently operating at under-capacity. We're not running a lot of under-30-month animals, and that's a problem because our access in international markets is largely restricted to under-30-month and, in Japan, under-21-month products.

"We're shipping chilled beef on a monthly to bi-monthly basis to Japan," he says. "The months of December, January and February are three hard months when the supply of under-21-month cattle dwindles because the calves born two years ago are now over the age restriction. The situation eases in March and April as we start getting considerably more yearlings –

but expanding market access to under-30-months would get us through these months.

"It's tough to drive consistent business when you have a peak and then a huge valley for the rest of the year. As the situation now stands, you get a customer going in purchasing Canadian beef, and then you have no supply."

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## GROWTH IS IN THE EXPORT MARKETS

XL Foods is not new to the beef export marketplace. When the company was acquired by Nilsson Bros. Inc. in 1999, it was the fourth-largest beef processing company in Canada and actively involved in exporting to international markets. With the acquisition of XL Foods, Nilsson Bros. Ltd. brought a comprehensive beef processing capability to their cattle production interests. The result was a large-scale integrated meat company with operations extending from cow-calf production through to the finished products.

XL Foods today employs 1,100 people in its Western Canada operations, which comprise a hide plant operation in Lethbridge, Alberta, and six processing facilities located in Calgary and Edmonton, Alberta, and Moose Jaw, Saskatchewan. The company's combined processing capacity is 2,000 head per day. Seventy percent of this production goes to the domestic market and 30 percent to international markets; of these international exports, 60 percent goes to the US, 30 percent to Mexico and ten percent to other markets.

"XL Foods has had a change in upper management that has brought a lot of experience in international markets to the company," says Campbell. "They've seen the value – and that's the reason we're now positioned to pursue these markets and opportunities."

XL has established consistent shipments of its Premium Branded Beef Program, The "Original Alberta Beef", into Hong Kong as well as maintaining consistent shipments of commercial beef cuts into Macau – viewing these two markets as a good stepping stone into the China market once it opens to Canadian beef shipments.

The company maintains a sales representative in Mexico, which Campbell says has proven its value to the company in local market expertise and good will. It has also made small shipments to Indonesia, the Philippines and Vietnam, and has just completed its second shipment to Taiwan.

"We would like to be shipping more to Taiwan, but right now we are running the least amount of under-30-month product in the last year, and most of that is being captured by the domestic market,"



▲ XL Foods participated in the Federation booth at Japan's largest food show, Foodex 2008, held March 12 to 15 in Tokyo, Japan. The company was represented by two sales agents who displayed product samples and provided taste testing to visitors to the booth.

says Campbell. "The return domestically and in Mexico, Hong Kong, Macau and Taiwan is probably our best option right now because of the access and our limited supply.

"We have got to get our access negotiations out of the political realm and into the business realm," he says. "That's the only way it's going to happen. The direction for growth is in the export markets, and it's five years later where we're starting to realize that these international markets are very important to getting capacity back up and running a sustainable business." ■



## CBEF BOARD CHAIR ARNO DOERKSEN ELECTED TO ALBERTA LEGISLATURE

*On March 3, 2008, the Federation's Board Chair Arno Doerksen was elected to represent Strathmore-Brooks in the Legislative Assembly of*

*Alberta. The Federation congratulates Mr. Doerksen on his success – and extends its gratitude to him for his dedicated service to the Federation.*

*Mr. Doerksen was elected to the Canada Beef Export Federation Executive as Finance and Audit Chair in 2004. He was elected by acclamation to the position of Chairman of the Federation in 2005 and again in 2006 and 2007.*

"I appreciate the opportunity to have served as the Chairman of Canada Beef Export Federation for the last two-and-a-half years. The experience gained and the friendships developed are invaluable to

me. As I move on to a new phase of involvement as a Member of Alberta's Legislative Assembly, I look forward to continued opportunities to work for the good of Alberta and Canada's beef industry. The urgency of effective access to a broad range of international markets for the Canadian beef industry is now more important than ever! I look forward to the future successes of our industry."

*Arno Doerksen*

# 2008 SEMI-ANNUAL MEETING

The Federation's 2008 Semi-Annual Meeting, held March 11, 2008, in Ottawa, Ontario, attracted a record attendance of 62 members and interested parties.

With the theme 'Trade is the Solution', two guest speakers figured prominently on the meeting agenda: Assistant Deputy Minister Andrew Marsland, Agriculture and Agri-Food Canada, Strategic Policy Branch, who spoke about the government's *Growing Forward* program; and Sandra Wing, Vice President, Policy and Programs Branch, Canadian Food Inspection Agency, who spoke on *Working together to improve the safety of meat and increase access to markets*. The lively and lengthy question and answer sessions following were an indication of the high priority the Federation membership has placed on trade access.

## CBEF BOARD OF DIRECTORS CHANGES

**D**uring a meeting of the Federation's Board of Directors held March 10th prior to the Semi-Annual Meeting, a number of changes were made to the Board.

With the resignation of Board Chair Arno Doerksen, who leaves to take up duties as the MLA for Strathmore-Brooks, Dr. Kee Jim was elected to the position of Board Chair. Travis Toews, formerly Technical Chair, was elected as Finance & Audit Chair, and Vice Chair Brett Campbell took on the additional duties of Technical Committee Chair.

### **DR. KEE JIM** Board Chair



"Due to the rapid rise in the Canadian dollar, high labor costs and dramatically increased feed costs, the Canadian beef industry is facing a very difficult economic situation whereby all sectors of the industry including cow-calf producers, backgrounders, feedlot operations and processors are losing money. As a result, the continued effort of CBEF to improve the position of Canadian beef in international markets is essential to the viability of the beef industry in Canada."

### **BEN THORLAKSON** Past Chairman



"The past five difficult years have taken their toll on our industry, and the need to pursue normalized trade in all our markets has become paramount. The Federation is focussing its efforts on moving market access issues forward to regain export opportunities for Canadian beef."

### **BRETT CAMPBELL** Vice Chair & Technical Committee Chair



"Export markets are now more crucial than ever before. XL Foods is looking to be a part of growing exports for Canadian beef."

### **JEFF ROSGEN** Vice Chair



"I look forward to continue working with the CBEF team in marketing Canadian beef as well as addressing international trade issues. With the lack of profitability in the Canadian beef industry and the prospect of Country of Origin Labelling in the United States, full market access to all of our international trading partners is critical. CBEF and it's industry partners need to focus their resources to make this happen."

### **JEFF CLINE** Vice Chair



"Cargill has seen fantastic support from CBEF in markets where Canadian beef has broad access. Expanded market access in Asia is critical for the future of Canada's beef industry."

### **TRAVIS TOEWS** Finance & Audit Chair



"We are at a point in time when meaningful global access for Canadian beef is absolutely critical for Canadian producers and the Canadian beef industry."

### **ROLAND BAUMANN** Promotion Committee Chair



"The resilience the Canadian cattle and beef industry has demonstrated over the last five years is showing considerable wear. The economic bottom we reached last fall has a very divisive effect on the industry. The different provinces and industry organizations are pulling in different directions, out of despair, instead of dealing with the situation united.

I am confident that the new Board will work with all members and organizations to move us forward to strengthen our position in domestic and international markets."

**CHUCK MACLEAN****Director Alberta**

“With the livestock industry in a perfect storm of high production costs, labor shortages and currency appreciation, it is evident CBEF is well positioned to facilitate viable and sustainable trade access. Now is the time for industry to come together with a common goal to support an organization with a proven track record.”

**GIB DRURY****Membership Committee Chair**

“I know that Canada produces and processes the finest beef and veal in the world. The Canada Beef Export Federation has a major role to play in the promotion and facilitation of the sale of our excellent Canadian beef and veal products. As Chair of the Membership Committee, my wish is to get all Canadian corporations involved in overseas exports of our beef and veal to become members of the Federation. In addition, with the help of my fellow directors, my plan is to solicit the major suppliers of goods and services to the beef exporting industry to become Associate Members of the Federation.”

**BRIAN ROSS****Director Saskatchewan**

“Anytime an industry relies on foreign countries to purchase 75 percent of its production, organizations such as CBEF are very important if that industry is going to survive at a level that provides reasonable economic return to its participants and to its country.”

**DANE GUIGNION****Directory Manitoba**

“CBEF is working hard for producers to increase the value and quantity of beef sold in foreign markets. I welcome the opportunity to contribute towards the prosperity of the Canadian rancher.”



▲ The Federation hosted a booth at Europe’s largest food show, ANUGA, held in Cologne, Germany in October 2007. Federation President Ted Haney and (not shown) Promotion Committee Chair Roland Baumann were on hand to promote the Canadian industry’s capabilities to buyers from the EU, Russian and the Middle East.

## THE VALUE OF FOOD SHOWS

*Participation in international food shows pays big dividends for Canadian beef in terms of establishing an international presence, building recognition and demand with consumers and making new contacts with importers, distributors and end users. While the Federation regularly participates in food shows in Japan, Korea, Taiwan, China, Hong Kong and Mexico, it has also in the past year hosted booths in support of Export Members at two of the world’s largest and most recognized events.*

### ANUGA, GERMANY

ANUGA, held every second year in Cologne, Germany, ranks as the premiere food and beverage show in Europe – and is one of the world’s biggest shows. The most recent ANUGA show was held October 13 to 17, 2007, when for the first time the Federation participated. The booth was hosted by Federation President Ted Haney and Promotion Committee Chair Roland Baumann.

“ANUGA was an excellent opportunity for the Federation to participate in an international food and beverage show that specializes in customers and trading partners who do business in the EU, Russia and the Middle East,” says Baumann. “We partnered with Canada Pork International, sending out a strong message to global



▲ The Federation is building an international presence for Canadian beef through its participation in events such as the ANUGA Food held in Cologne, Germany.

trading partners that the Canadian beef and pork industries are working together to promote the images of Canadian red meat products and working together to communicate Canada’s value proposition.

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“Skyrocketing meat-import demand in Europe and a desire to diversify beyond big suppliers will create opportunities for North American beef,” he says. “At a time when the focus is on Asian markets, it would be a mistake not to look at Europe. As we learned, they’ve got the market, the need and the buying power.”

### GULFOOD, DUBAI

The Gulfood Show, held February 24 to 28, 2008, in Dubai, UAE, is the region’s largest and most important annual exhibition, serving as a showcase for suppliers to the food and hospitality trade from around the world. The 2007 show saw 2,471 companies from 74 countries participate – and attracted 37,618 visitors from 140 countries including buying delegations not only from the Middle East but as far as: Armenia, Canada, Egypt, India, Jordan, Kenya, Latvia, Malaysia, Morocco, Philippines, Russia, Sudan, Thailand, Tunisia, UK and USA.

For the first time, the Federation participated in the Canada Pavilion at the 2008 show. Federation Vice President of Export Services Cam Daniels hosted the CBEF booth, with five Export Members – Canada Agra Trading, Cho Won Foods, Montpak International, Wagyu Canada and R.A. Chisholm & Associates – participating. Four of the members displayed Canadian Halal beef, demonstrating their supply capability.

“The members were very busy receiving and processing contacts on all four days of the show, handing off individuals to the company that could best meet the specific needs,” says Daniels. “Initial feedback from these five members indicates that over 600 trade contacts were made, sales were booked during the show and product has already been air shipped to Dubai. These members believe that meaningful opportuni-



▲ The Federation partnered with Canada Pork International at the ANUGA Food Show to promote Canadian red meat products.



▲ Five Export Members participated in the Federation’s booth at the Gulfood Show: shown, from left to right, are: Pat McCarthy of Wagyu Canada inc.; a potential buyer; Jim Sutton from Canada Agra Trading Ltd; Guy Daniel from Montpak International; the Federation’s Cam Daniels; and Peter Spurgeon from Canada Agra Trading Ltd.

ties exist for suppliers of Halal products in Dubai and other regional markets.

“From the time the show started until it ended, there was great interest in Canadian beef – and in particular from chefs,” he says. “Currently, 87 percent of the Halal volume is being supplied by Brazil

and India. With the increasing regional affluence, there are niche opportunities for high quality beef.

“The Gulfood Show was a new experience for us all,” he says. “It was worthwhile not only in support of all of our members that participated, but to research the opportunities and constraints.”

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## EXPORT MEMBER SHOWCASES WAGYU BEEF

Export Member Pat McCarthy of Wagyu Canada Inc. was one of the participants in the Federation's booth at Gulfood.

"We're optimistic," says McCarthy. "We were showing our Wagyu beef

and selected Triple A program, and it was very well received. People wanted to know where they could buy it.

"Although there are a few logistical challenges in terms of the distance and getting product there, we've determined that the market looks like it's got potential for us. We've

got some marketing partners developed there now, and we believe we're going to become well entrenched in those markets.

"It's fairly expensive to do business in that part of the world, and the Federation's assistance in helping us make this project happen was very valuable," says McCarthy. ■

## MEMBERSHIP ROUND-UP



CANADA BEEF has 54 members comprised of beef packers, processor and exporters, cattle industry associations and government agencies.

### NEW MEMBERS

#### AIMEX FOODS INC.

Established in 1989, Aimex Foods Inc. is a meat distribution and exporting company specializing in beef, pork, poultry, bison and elk products. The company operates a head office in Calgary, Alberta, as well as a representative office in Tokyo, Japan and

an affiliate office in Seoul, Korea. The company deals on a wholesale basis, supplying products to importers, distributors, processors and supermarkets in Canada and abroad; in particular, to the markets of Japan, Korea, Hong Kong and Macau and Mexico.

#### SUNTERRA MEATS LTD.

A family-owned and operated company, Sunterra's operations include a federally-inspected meat processing plant located in Innisfail, Alberta. The plant was built in 1974 and expanded in 2005 to include large animal slaughter. The plant is HACCP-, EU- and Organic-certified. Marketing both domestically and internationally, the company's specialty-meats focus is lamb, beef, bison and veal. ■

## CANADA BEEF 2008 ANNUAL GENERAL MEETING

September 18 & 19, 2008

Sheraton Eau Claire Hotel, Calgary, Alberta

**All members and interested parties are invited to attend the Federation's 2-day Annual General Meeting. Please note the dates:**

Thursday, September 18:  
Annual General Meeting

Friday, September 19:  
Strategy Conference &  
International Marketing Seminar

### UPCOMING EVENTS

2008

- May 14 – 17    **\*\*SeoulFood 2008**    *Seoul, Korea*
- May 25 – June 1    **\*\*CBEF Japan VIP Mission**    *Canada*
- June 8 – 15    **\*\*Mexico VIP Mission #1**    *Canada*
- June 18 – 21    **\*\*Food Taipei 2008**    *Taipei, Taiwan*
- June 22 – 29    **\*\*Korea VIP Mission**    *Canada*
- July 20 – 27    **\*\*Taiwan VIP Mission**    *Canada*
- Aug. 17 – 24    **\*\*CBEF China VIP Mission**    *Canada*
- Sept. 7 – 10    **World Meat Congress**    *South Africa*
- Sept. 21 – 28    **\*\* Mexico VIP Mission #2**    *Canada*
- Oct. 20 – 22    **OIE Animal Welfare Conf.**    *Cairo, Egypt*

**\*\* CANADA BEEF is leading the way as a principal participant. You are strongly invited to attend and participate in these events. Your active contributions will make these events more successful and will directly benefit our industry.**

*If you would like more information on our activities, please call or write:*

Canada Beef Export Federation  
235, 6715 – 8 Street N.E.  
Calgary, Alberta  
T2E 7H7 CANADA

Tel: (403) 274-0005  
Fax: (403) 274-7275

E-mail: [canada@cbef.com](mailto:canada@cbef.com)  
Home page: <http://www.cbef.com>



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