The Saskatchewan beef industry is capable of tripling beef output in the province between 2000 and 2010. This will be achieved two ways: first, through an expanded beef cow herd program, and second, higher numbers of cattle being fed to market weight and slaughtered within the province. To accomplish this, the beef cow herd must increase 50%, from 1.2 million to 1.8 million cows, and all the resulting calves must be fed in Saskatchewan. The goal will be one million head of calves fed to market weight and 900,000 head slaughtered and processed to table-ready products within the province, which is triple the number of animals fed and slaughtered today. More emphasis will be placed on the individual quality of each animal marketed and on the uniformity of animals and carcasses moving through the value chain. This goal will be met utilizing state-of-the-art technology in communication and business processes.

To do this, the Saskatchewan beef industry must alter its structure to focus on meeting consumer demand through a fully integrated system from producer to retail. Saskatchewan will be recognized as a world leader in high quality beef production and processing in an environment focused on maximizing animal and human health and safety. This will contribute to the Canadian vision of beef and veal becoming the worldwide symbol of excellence in every product category.

The rapid expansion in beef production, packing, and processing to table-ready products will create employment in rural and urban areas both in primary beef production and other related industries such as ethanol production, transportation, construction, animal health, and feed processing.

**Strategies and Action Plan**

These are the strategies of the key industry stakeholders including the Saskatchewan Stock Growers Association, Saskatchewan Cattle Feeders Association, and the Western Beef Development Centre.

To achieve this industry vision by 2010, the following strategies and action plans are required:

1. Identify and rapidly implement a provincial strategy and business model for reorganizing and expanding the Saskatchewan beef industry to increase the uniformity and quality of product from conception to retail;
2. Retain all heifers within existing herds to immediately start building the Saskatchewan industry during the current higher price cycle;
3. Develop models for community-owned herds to be streamed together (“virtual ranches”) for backgrounding and finishing, and possibly breeding and wintering, to meet market requirements for uniformity;
4. Develop and promote mechanisms that will provide Saskatchewan beef producers with a vehicle to invest and have increased control further up the value chain. Risk sharing along the value chain through contracts and alliances between producers, backgrounders, feedlots, packers and retailers will become increasingly important;
5 Develop a grassland and pasture conversion strategy to support the rapid expansion of the beef herd;

6 Ensure that Saskatchewan government policies (taxation), programs, and regulations are consistent with and supportive of, investment and expansion in beef production, processing and marketing in the Prairie Provinces;

7 Focus on training the Saskatchewan labour force to meet the growing demands of the beef industry (i.e. cow/calf production, feedlot management, packing plant workers, feed formulation, animal health, and transportation);

8 Identify “Saskatchewan produced” beef and develop links or brands for specific products with retailer chains and food services;

9 Sell the Saskatchewan advantage! Communicate Saskatchewan’s natural and economic advantages such as suitable climate, available land and water, lower land prices, more competitive wage rates, and competitive feed grain prices, and;

10 Grow the Saskatchewan beef industry to a level (800,000 calves fed in the province) that will attract a second major packer and processor by 2007 who will be in full production by 2010.

Global Trends

World beef production totaled 49 million tonnes (carcass weight equivalent) in 1999, and this is growing. The largest producers of beef include the United States (25%), Brazil (12%), China (10%), Argentina (6%), and Australia (4%). Canada is the world’s eleventh largest producer of beef (2.5%), but the fourth largest exporter, capturing 12% of the world beef trade in 1999.¹ (Table 1)

The North American Beef Industry is taking steps to becoming increasingly consumer driven to capture a larger share of the consumer’s food expenditures, both at the grocery store and food service outlets.

Consumers are demanding healthy and safe food at competitive prices. Therefore, identity preserved and branded processed beef products will capture a larger share of the consumer food dollar in the near future. Strategic collaboration within the Canadian beef industry – from production to retail – will be necessary to meet the specific health and safety requirements demanded by consumers.

The by-products from beef also require increased attention. For example, there is a growing demand for specialized soaps, leather products and various thin meats for the Asian market that all mean “value added.”

<table>
<thead>
<tr>
<th>Rank</th>
<th>Producers</th>
<th>Exporters</th>
<th>Importers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>USA</td>
<td>Australia</td>
<td>USA</td>
</tr>
<tr>
<td>2</td>
<td>Brazil</td>
<td>USA</td>
<td>Japan</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>EU</td>
<td>Middle East/North Africa</td>
</tr>
<tr>
<td>4</td>
<td>Argentina</td>
<td>Canada</td>
<td>Russia</td>
</tr>
<tr>
<td>5</td>
<td>Australia</td>
<td>Brazil</td>
<td>European Union</td>
</tr>
<tr>
<td>6</td>
<td>Russian Fed.</td>
<td>New Zealand</td>
<td>Other Far East</td>
</tr>
<tr>
<td>7</td>
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<td>Argentina</td>
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<td>India</td>
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<td>9</td>
<td>France</td>
<td>Uruguay</td>
<td>Mexico</td>
</tr>
<tr>
<td>10</td>
<td>Germany</td>
<td>Mexico</td>
<td>Central &amp; Eastern Europe</td>
</tr>
<tr>
<td>11</td>
<td>Canada</td>
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</tbody>
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Source: Canfax Research Statistical Briefer, March 2000, USDA, GIRA data for 1999
Canada currently exports approximately 50% of its beef production. Between 1990 and 2000, the value of Canadian beef and cattle exports tripled to nearly $3 billion. (Figure 2) The United States was the destination market for 92% of the Canadian cattle and beef exports in 1999, which supplied nearly half of US beef import demand. Higher US demand for Canadian beef is due to a strong US economy, promotion by the health industry of “protein diets” which include beef, the introduction of several new beef convenience products, an increase in “branded” beef products, and more beef featured at the retail market. The trend is rapidly moving from the export of cattle to export of processed beef. The US market will continue to grow for quality processed Canadian beef.

The market opportunities supporting an increased Saskatchewan herd are numerous and significant. The US cow herd is projected to decline at least an additional two million head by 2010; the increased world population by 2010 will result in increased beef consumption; and Saskatchewan has the highest quality beef in the world given the utilization of high-quality feed stock (silage, hay, grains, pasture) and a climate that protects the herd from major diseases.

Other important and growing markets for beef and beef products include Japan, Mexico, Korea, and China/Hong Kong/Taiwan. Rising standards of living, changing consumer diets that favour beef products, and a reduction in tariff and non-tariff barriers for beef are resulting in a growing demand for quality Canadian beef in many areas of the world. The Canadian Beef Export Federation estimates that Canada will need to process 1.3 million cattle (or an additional 800,000 head) to service the growing markets in Asia and Mexico within ten years. They also estimate that 250,000 cows will need to be added to the national herd to support this increasing international demand.2

The Canadian beef industry is already addressing market trends and consumer demand through such programs as: (i) “Quality Starts Here” which addresses consumer concerns about food safety; (ii) “Canadian Cattle Identification ’Traceback’ Program allowing the Canadian Food Inspection Agency to trace a specific animal back to the herd of origin; (iii) Information Management Systems for Cow-Calf Producers that provides producers with assistance in herd record management; (iv) Value Based Marketing that rewards producers for cattle that reflect final carcass quality; and (v) Canadian Angus Certification Program and BeefNet which are breed specific, premium branded beef with sales targeted towards the food service sector.3

Saskatchewan will capture the majority of the enhanced beef production and expanded processing given the trend to processing beef close to the region of production rather than exporting the live animals. Saskatchewan is the location of choice for the expansion of the Canadian beef industry given the economic advantages of a world renowned cow/calf beef herd, a large land base with competitive land prices, and abundant supplies of high quality feed grains and forages.
Current Situation

Beef cattle/calves on Saskatchewan farms were 2.2 million head on January 1, 2000, only 24% of the Western Canadian beef market. On a commodity basis, beef ranks third behind canola and wheat in Saskatchewan but it should rank number one given all of our natural and economic advantages. There are approximately 22,000 beef producers in Saskatchewan with an average herd size of 60 cows. This herd size is comparable to other provinces and states in North America.

The beef herd in Saskatchewan is made up of 1.1 million beef cows, 0.9 million calves (under one year) and 0.2 million bulls, steers, milk cows and heifers (for slaughter/replacement). The number of backgrounded calves in the province has increased from 154,000 head in 1989 to 313,000 in 1999. However, Saskatchewan origin cattle slaughtered within the province has declined from 337,000 head to 160,000 head over this same time period.

A significant issue for Saskatchewan is that less than one-third (only 300,000) of the annual calf crop is finished in the province, with most of the feeder animals going to Alberta. Canadian fed cattle increased 31% between 1989 and 1999 to 3.5 million head. Alberta captured virtually all of this growth with the number of fed cattle doubling to 2.4 million head by 1999. In 1989, Alberta had 51% of Canada’s feeder cattle and by 1999 it was almost 70%. Alberta was able to increase their market share as a direct result of their planned and integrated growth strategy for the beef sector.

Saskatchewan cattle inventories are expected to stabilize in 2000 at a cyclical low with current high prices generating the rebuilding of the provincial cow herd. SAC Inc. forecasts that the Saskatchewan beef herd will increase to 3.3 million head by 2010. To achieve the vision illustrated below, producers will have to resist a sell-off of breeding females when prices soften around 2005.

There is some movement underway to expand the feedlot industry in Saskatchewan, however a comprehensive vision and strategy is required for rapid growth. The number of fed cattle on Saskatchewan farms has actually declined around 28% over the past 10 years. As the Saskatchewan cow herd expands there must be a plan to retain all calves in the province to increase backgrounding and feedlot activity. Saskatchewan must design its own version of a beef growth strategy that is sustainable and fits Saskatchewan’s strengths and market opportunities.

1 Canfax Research, “Statistical Briefer,” March 2000
2 Canada Beef Export Federation, “The Saskatchewan Beef Industry in the New Millennium ‘Capturing the Potential’,” November 2000
3 Western Feedlots Ltd., “Adding Value to Our Beef Industry,” 2000