Organization better positioned to capitalize on export markets

CALGARY, Oct. 4, 2013 /CNW/ - In order to strategically align the Canadian beef cattle industry in the Asian market, Canada Beef is positioning its operations in the region to maximize current export opportunities and set the industry for future growth.

"The Asian market continues to be an important market for Canadian beef and veal exporters providing opportunities to increase carcass values across a wide variety of product types and diversify our customer base," says Chuck MacLean, Canada Beef Chairman. "Many regions of Asia are poised for vigorous growth and will only become more important to the Canadian industry going forward. Canada Beef will be strategically aligned with our Canadian packers and exporters to identify priority and emerging Asian markets and be properly positioned to deliver on the industry's needs."

In response to changing market access and demand trends and opportunities, Canada Beef continues to evaluate its marketing strategy, organizational structure, and resource allocations in order to position itself to maximize its return on cattle producers' check-off investment. Consequently, a number of changes are being made to Canada Beef's Asian operations to position the Canadian beef industry for future success and growth.

Canada Beef recently adopted a 'hub approach' in the Asian markets with senior leadership in Asia overseeing coordinated marketing efforts across the entire region. This has allowed the regional offices to increase efficiencies, market intelligence and program alignment, and program execution. Canada Beef is also working with the Federal Government to better utilize existing in-market resources such as Embassies, Consulates and the Canadian trade commissioners to promote and market Canadian beef more effectively.

Additional staff and marketing resources are being added to the Canada Beef Japan and mainland China offices. With the acceptance of beef from cattle under 30 months of age, Canadian beef and veal market opportunities in Japan have increased significantly. As well, strong economic growth in China with additional Canadian processing plants approved for export has seen exports double over the past year. In order to support the increased investment in Japan and China, resources from other markets will be redirected as needed.

Resources in the mature Hong Kong and Taiwan markets will be reallocated to support growing Canadian beef and veal marketing efforts in southern China and Southeast Asia. Canada Beef's office in Hong Kong will be downsized, representing a significant cost savings. Canada Beef's office presence in Taiwan has also been reduced to reflect the shift of trade towards other Asian countries.

While the South Korean market reopened to Canadian beef exports last year, the effects of the South Korean/U.S. free trade agreement has led to an accelerated reduction of tariffs on U.S. beef which has severely impacted the competitiveness of Canadian exports in the market. While Canada has actively engaged with South Korea over the past 18 months to negotiate a Canada-South Korea free trade agreement of its own, unfortunately the negotiations have not progressed. With Canada unable to secure a free trade agreement of its own, future market prospects for Canadian beef are extremely limited in South Korea due to the higher tariff barriers it faces. Consequently, Canada Beef's office in South Korea will be closed immediately and future market development work will be conducted with the help of the Canadian Embassy and trade commissioners.

"Based on projected cattle marketings and the wind-up of industry development funds, Canada Beef knows that revenues for industry marketing and promotion activities will be significantly reduced in the next few years," adds Canada Beef President Rob Meijer. "Therefore, we are taking proactive steps to ensure Canada Beef's limited resources are targeted in the right markets and with the right customers to bring the greatest return on producers' investment."

In 2012, Canada exported 37,816 tonnes of Canadian beef and veal valued at $175.6 million to Asian markets. From January to July 2013, Canadian export volumes are trending up 54% and value is trending up 95%. Canadian beef and veal exports to all markets outside of Canada in 2012 represented 30% of the total carcass value or about $462 per head on average.

Canada Beef is the cattle producer-funded and run organization responsible for domestic and international beef and veal market development. It has offices in Canada, Mexico, Japan, China, Hong Kong and Taiwan. Canada Beef works to foster loyalty to the Canadian beef brand and build strong relationships with trade customers and partners. These efforts increase demand for Canadian beef and veal and the value producers receive for their cattle.

SOURCE Canada Beef Inc.