



REPORT FOR SEPT 2020 YTD TRADE

September Exports Continue Downward Trend

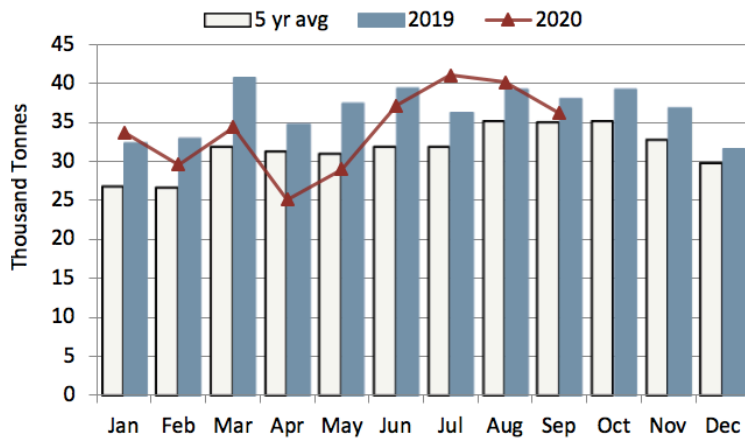


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Canadian beef exports for September 2020 were 36,217 tonnes valued at \$254 Million down 4.6% in volume and down 7.7% in value from September 2019. While monthly beef exports are down from last year, they are still above the five-year average in the third quarter of 2020. Federally inspected weekly slaughter numbers were steady on average from

September 2019. Weekly fed cattle slaughter was up 3% on average while weekly non-fed slaughter was down 17%. Monthly beef export volumes are expected to trend down going into the fall following the five-year average. For YTD September 2020, beef exports at 306,368 tonnes valued at \$2.35 billion were down 7% in volume and 2% in value from the same period in 2019.

Canadian Monthly Beef and Veal Exports



Canadian Domestic Exports of Beef and Veal Products

September 2020

Country	Year \$ Change	Canadian \$ (000)		Rank	Year MT Change	Volume (MT)		Rank	Year \$/kg Change	Price (\$/kg)		Rank
		2019	2020			2019	2020			2019	2020	
USA	3.5%	1,726,578	1,787,134	1	-4.7%	239,228	228,043	1	8.6%	\$7.22	\$7.84	9
Japan	-12.9%	267,960	233,386	2	-11.3%	37,668	33,425	2	-1.8%	\$7.11	\$6.98	11
Hong Kong	-25.9%	105,500	78,170	3	-5.5%	10,461	9,886	3	-21.6%	\$10.09	\$7.91	8
China	-29.8%	98,412	69,112	4	-39.5%	11,475	6,948	5	16.0%	\$8.58	\$9.95	6
Mexico	-31.3%	95,029	65,290	5	-27.6%	12,004	8,691	4	-5.1%	\$7.92	\$7.51	10
Korea, South	-2.1%	28,893	28,292	6	10.4%	3,794	4,188	6	-11.3%	\$7.62	\$6.75	12
Viet Nam	305.6%	5,069	20,556	7	377.0%	768	3,662	7	-15.0%	\$6.60	\$5.61	14
Taiwan	-21.0%	18,009	14,223	8	-22.6%	2,301	1,781	9	2.0%	\$7.83	\$7.99	7
United Kingdom	21.8%	10,667	12,996	9	17.7%	891	1,048	10	3.5%	\$11.98	\$12.40	4
Saudi Arabia	47.9%	5,655	8,362	10	60.8%	414	666	11	-8.1%	\$13.66	\$12.55	3
Netherlands	84.9%	3,264	6,034	11	119.8%	145	318	13	-15.9%	\$22.55	\$18.96	1
Italy	626.1%	566	4,112	12	570.7%	36	243	14	8.3%	\$15.62	\$16.91	2
Philippines	-52.1%	5,540	2,652	13	-74.1%	1,692	438	12	84.7%	\$3.28	\$6.05	13
United Arab Emirates	-52.7%	4,471	2,115	14	-52.1%	387	186	15	-1.3%	\$11.54	\$11.39	5
Angola	14.3%	1,820	2,081	15	3.6%	1,874	1,942	8	10.3%	\$0.97	\$1.07	15
Other	-22.5%	16,456	12,749		-29.0%	9,639	6,845		9.1%	\$1.71	\$1.86	
Grand Total	-2.0%	2,392,070	2,345,182		-7.4%	330,901	306,368		5.9%	\$7.23	\$7.65	

Seasonal Exports to Taiwan

Canadian beef exports to Taiwan from January through September 2020 are down 23% in volume and 21% in value from the same period in 2019. Historical exports to Taiwan have been volatile. In 2016, Taiwan lifted its temporary ban on Canadian Beef, a spike in exports was seen but the trend has been decreasing ever since.

Beef Consumption in Taiwan is strong in February when the Lunar New Year is celebrated as friends and families share meals together with beef as the focal point or send as gifts to loved ones, and retailers provide a greater variety of cuts to consumers. July to September are also high seasons for beef as the moon festival and summer season encourage BBQ. Short rib, top blade, rib eye, chuck flat tail and rib fingers are popular during those seasons. Demand for cuts shift in late November through February as the winter months see a rise in the consumption of Shabu Shabu containing short plate, short rib, and chuck top blade. Age influence on beef consumption can be seen in young people's demand for casual dining including burgers as well as consumers aged 20-40 are knowledgeable about healthy choices choosing lean proteins. However, older demographics choose to consumer pork over red meats for health reasons.

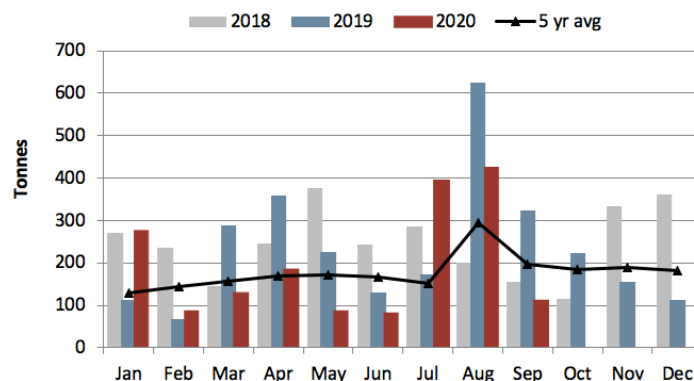
Exports by Primal Category to Taiwan

Even though there were no COVID-19 lockdowns or capacity restrictions in Taiwan, many people choose to stay at home in the early months of the year with the travel restrictions put in place. Consequently, restaurants and catering services suffered. At the same time, retail sales have been positive. With people spending more time cooking at home during the pandemic in the first half of the year, consumers leaned towards products that were easy to freeze and cook such as short ribs, chucks and plates. Even though cuts from Canadian chuck primals are down 34% year to date in 2020, exports of rib (+23%) and flank/plate (+84%) primal cuts have increased. Coming into the fall months restaurants are recovering and retail sales turnover is higher and higher.

Volumes of loin cuts have increased (+333%) YTD in 2020 despite the overall 36% decline in exports YTD compared to 2019. This has occurred due to increased sales from branded products. Taiwanese importers will switch suppliers based on the more competitive price for cuts such as flank and plate. In 2019, U.S. beef prices were 5% higher than Canada's which might help explain the increase in exports from Canada of flank and plate in 2020.



Monthly Beef Exports to Taiwan



Source: Statistics Canada

Background on the Taiwanese Market

Taiwan's main supporting industries are tech and the service industry, while agriculture holds a much smaller share. Of all livestock produced in Taiwan, cattle are only 5%. The beef Taiwan does import represents a small portion of consumption. Beef consumption in 2019 was 7.6 kg per capita compared to pork at 39.7 kg per capita. Traditional consumption in Taiwan is influenced by the classic use of cattle for labour in farming that made them a part of the family. For this reason, beef has not been the first protein of choice.

As within many Asian countries beef is seen as a luxury protein due to its higher price tag. Canada, along with the U.S. and Australia all face a tariff rate of NT\$10/kg, approximately CDN \$0.50/kg when exporting beef to Taiwan. Typically, beef is consumed twice a week whereas pork is often consumed every day. Beef in Taiwan is required to have country of origin labelling and quality is directly connected with the country of origin. Consumers prefer grain-fed beef from recognizable brands. The U.S. has an advantage in that regards as it has been in the market longer than Canada.





Canadian Beef Exports to Taiwan (Sept. 2020 YTD) by Primal Category

- **Chuck** cuts at 648 tonnes valued at \$5.4 million were down 34% in volume and down 33% in value from the same period in 2019. Chuck cuts represent 36% of total exports to Taiwan.
- **Plate/Flank** cuts at 579 tonnes valued at \$3.1 million were up 84% in volume and up 59% in value from the same period in 2019. Plate/flank cuts represent 33% of total exports to Taiwan.
- **Rib** cuts at 372 tonnes valued at \$4.16 million were up 23% in volume and up 1% in value from the same period in 2019. Rib cuts represent 21% of total exports to Taiwan.
- **Offal** cuts were down 100% as no offal cuts were exported to Taiwan after 932 tonne exported in 2019.
- **Brisket** cuts at 44 tonnes valued at \$251 thousand after recording no brisket exports in 2019. Brisket cuts represent 2.5% of total exports to Taiwan.
- **Loin** cuts at 12 tonnes valued at \$211 thousand were up 333% in volume and up 414% in value from the same period in 2019. Loin cuts represent less than 1% of total exports to Taiwan
- **Other Cuts** at 123 tonnes valued at \$1.08 million were down 64% in volume and down 62% in value from the same period in 2019. Other cuts represent 7% of total exports to Taiwan.

Canadian Beef Export Volumes to Taiwan by Product Type 2020 ytd

