



REPORT FOR JANUARY 2022 YTD TRADE

New Year, New Highs

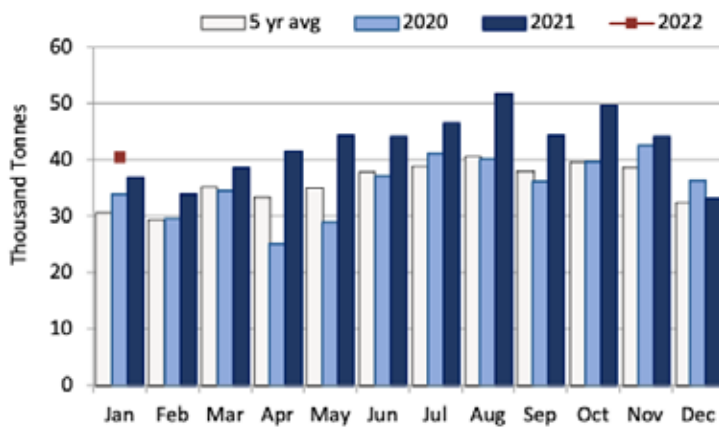


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Canadian beef exports in the month of January were 40,355 tonnes valued at \$367 million, up 9.4% in volume and up 36.6% in value from January 2021. After a three-month downward slope in export trends, January exports were up from December 2021. January federally inspected slaughter was down 2.1% to 244,907 head.

Beef export volumes in January increased to the U.S. (12%), Japan (46%), Southeast Asia (excl. Taiwan) (44%), Taiwan (2%), and EU27 (81%); but were down to Hong Kong and Macau (-61%), Mexico (-14%), mainland China (-89%), South Korea (-41%) and MENA (-6%).

Canadian Monthly Beef and Veal Exports



Source: Statistics Canada

Exports to China

In 2021, exports to China were almost double in volume and value at 20,044 tonnes valued at \$193 million, responsible for 3.9% of total volumes and 4.3% of value to be Canada's fifth biggest export market. This was due to strong demand and the opportunity to take advantage of continued imports of proteins due to low pork production in China.

However, in the second week of January, China announced a suspension of beef imports from Canada following an atypical BSE case in December. While atypical BSE spontaneously develops in about one in one million cattle and does not change

Source: Statistics Canada and AAFC

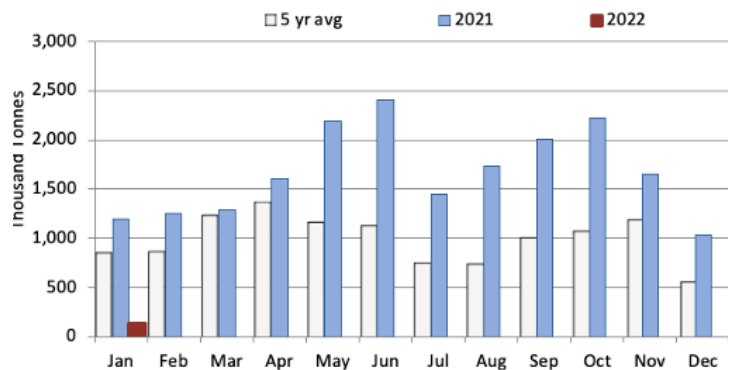
a country's BSE status according to the World Organization for Animal Health, China suspended imports from Canada. China took a similar suspension on the import of Brazilian beef in the late fall of 2021 after a BSE case and it lasted for three months. As of mid-March the suspension of Canadian beef is just over two months old. Exports to China of 129 tonne valued at \$1.36 million were down 89% in volume and down 87% in value compared to January 2021.

The suspension of Canadian beef will not affect Chinese consumers and most of them are unaware of the suspension. The disruption will be seen in the supply chain as the importers and distributors cannot get new orders filled, but the current stock will keep consumers unaffected.

Typically, Chuck is a standout primal exported to China, with 36% of volumes in 2021. However, due to slower food service sales in the second half of 2021, supplies are ample and potentially will experience softer demand in 2022 until inventories are cleared. The rib primal has greater traction in high-end catering or the retail channel, and was the top primal exported in January at 31%, up from 15% of total exports in 2021.

Demand in January is driven by the season for reunion and the Chinese New Year which started the last week of January. Most of the buying for Chinese New Year happens in January. Food service and retail is also recovering and has almost reached pre-pandemic level thanks to control measures on the mainland; but the recent resurgence of Omicron has negatively effected food service in the short-term.

Monthly Beef Exports to China



Source: Statistics Canada



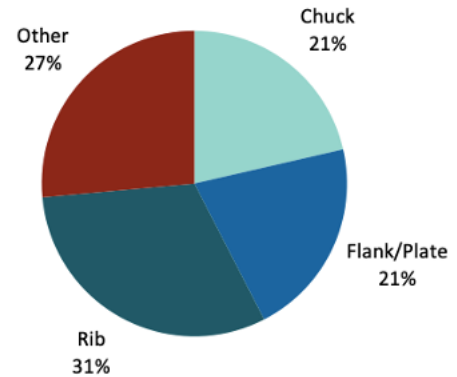
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China is the world's largest importer of beef, and demand is continuing to grow. Consumers are preferring high quality beef more and more. Once the suspension on Canadian beef is lifted there is good potential for growth, with the potential to repeat what occurred last year. China's other suppliers such as Brazil will soon be back to the level of imports before their suspension late last year. However, supply challenges remain with Australian beef as their exports to China dropped nearly in half last year.

Exports by Primal to China YTD

- **Rib** cuts at 37 tonnes valued at \$396 thousand were down 69% in volume and down 69% in value from the same period in 2021. Rib cuts represent 31% of total volume
- **Other** cuts at 31 tonnes valued at \$369 thousand were down 89% in volume and down 85% in value from the same period in 2021. Other cuts represent 27% of total volume
- **Chuck** cuts at 25 tonnes valued at \$260 thousand were down 93% in volume and down 92% in value from the same period in 2021. Chuck cuts represent 21% of total volumes
- **Flank/plate** cuts at 25 tonnes valued at \$263 thousand were down 86% in volume and down 80% in value from the same period in 2021. Flank/plate cuts represent 21% of total volume.
- There were zero exports of **loin, hip** and **brisket** exported to China in January 2021.
- Canada does not have access to export **offal** to China.

Canadian Beef Export Volumes to China by Product Type 2022 YTD



Canadian Beef Export Value to China by Product Type 2022 YTD

