



REPORT FOR NOV 2020 YTD TRADE

November 2020 Beef Exports catching up to 2019 Trends



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Canadian beef exports 2020 were 42,502 tonnes valued at \$327 Million up 15% in volume and up 13% in value from November 2019 as international trade partners see different stages of recovery from the COVID-19 pandemic.

Some countries still face strict lock downs as the second wave builds; while others, such as China and Taiwan, have eased restrictions compared to earlier this year. Canadian federally inspected slaughter numbers were up 0.40% from October 2019 as processing plants continue to push through large volumes.

Beef exports from January through November 2020 totalled 388,568 tonnes valued at \$2.98 billion, down 4.6% in volume and up 0.2% in value from the same period in 2019. After following 2019 levels in August through October, exports increased in November and will be interesting to see December volumes, as several countries reinforced lockdown restrictions going into the holiday season.

Exports to China

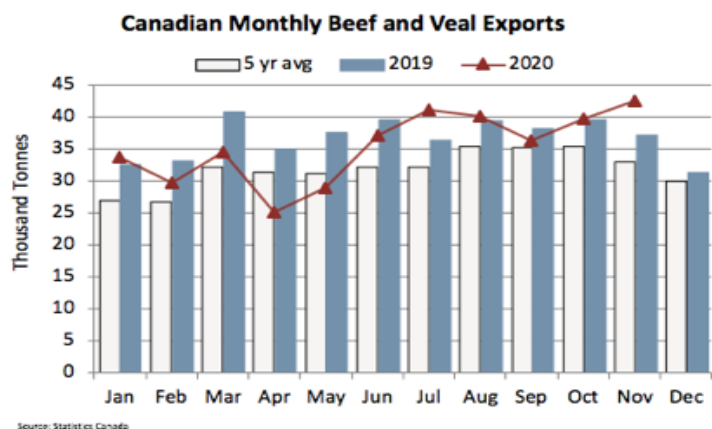
Exports to China from January through November 2020 were 9,535 tonnes valued at \$93.8 million, down 17% in volume and down 5% in value from last year. While exports to China were down in the second quarter, demand resurfaced as China's food sector rebounded from restrictions imposed in the first half of 2020. November volumes however did not follow the trending monthly increase. Volumes since July have followed seasonal trends to be slightly under the 5-year average.

While China's main protein choice is pork, taste preferences vary throughout different regions. High end grain fed beef is growing in popularity as a protein choice as consumers begin to pay more attention to protein options. However, Chinese consumers are not as confident cooking with different cuts of beef as they are pork, which limits the variety seen in their purchases. The short plate is often used in hot pot, as well as Korean and Japanese BBQ and is used throughout the country. While traditional western beef preferences are more popular in eastern China and Shanghai. In 2020, the stay-at-home restrictions in the early months of the year saw increased retail purchases. Beef was chosen as a high-quality protein option for families with young kids.

The seasonality of beef demand in China is driven by summer vacations with families eating out. Demand peaks in the fall as September and October bring the festival season and the national holiday where people often choose to serve beef when entertaining. Popular cuts during the summer and fall season for entertaining include ribeye, strip loin, top blade and short rib. In the winter months, hot pot becomes a staple dish including short plate and boneless short rib. Lack of demand for hip cuts and rounds stem from consumers not being confident in cooking these cuts. As well, lots of spice is used when cooking these types of meat so consumers may not choose to buy high-quality Canadian beef when the quality and flavour may not be as essential as when they are cooking other cuts.

Domestic beef production is very low in China and mainly grass fed. Producers are not experienced and have very high costs. Retail prefers to import because there are more competitive prices and higher quality product available. Australia remains China's main supplier as they offer a wide range of beef products varying on days finished and grain versus grass fed.

Source: Statistics Canada and AAFC



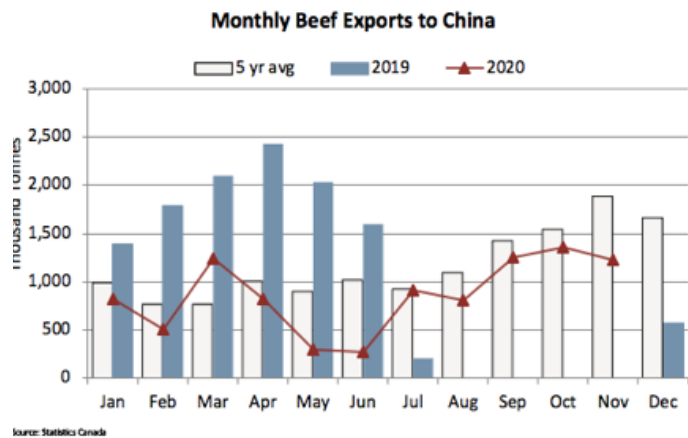
CANADIAN BEEF TRADE



China's grain fed market is filled primarily by Australia, the United States and then Canada with Russia starting to export more as well. As Australia has become a well-established trade partner with China, there has been trade tension between the partners in recent times. Canada's main competition when exporting to China is the United States as our products have similar quality and grading systems.

While beef trade from Canada was suspended to China from July through October 2019, Canada has had exports consistent with the 5-year average in the second half of 2020. The current set back is that one Canadian establishment is still currently suspended from exporting to China. In addition, the inspection of cold chain products due to COVID-19 is slowing imports into the country.

Canada currently does not have market access for offal cuts or beef aged over 30 months. In contrast, the U.S. achieved both offal access and systems approval for packing plants in their Phase 1 deal. Australia has the ability to offer a variety of ages of beef as they can export beef that is over 30 months. Both of these things point to potential for Canada to enhance the current market access into China.



Jan - Oct 2020 Exports to China by Primal

- **Chuck** cuts at 3,092 tonnes valued at \$31 million were up 5% in volume and down 1% in value from the same period in 2019. Rib cuts represent 33% of total exports to China.
- **Plate/Flank** at 984 tonnes valued at \$8.3 million were up 77% in volume and up 50% in value from the same period in 2019. Rib cuts represent 10% of total exports to China.
- **Rib** cuts at 2,174 tonnes valued at \$23 million were up 12% in volume and up 11% in value from the same period in 2019. Rib cuts represent 23% of total exports to China.
- **Brisket** cuts at 834 tonnes valued at \$6.3 million were up 47% in volume and up 39% in value from the same period in 2019. Rib cuts represent 9% of total exports to China.
- **Loin** cuts at 701 tonnes valued at \$8.9 million were up 127% in volume and up 154% in value from the same period in 2019. Rib cuts represent 7% of total exports to China.
- **Other** cuts at 1,617 tonnes valued at \$15 million were down 47% in volume and down 43% in value from the same period in 2019. Rib cuts represent 17% of total exports to China.
- **Official trade** represents 1% of volumes and Canada has exported zero hip cuts to China in 2020.

