



The Cattle Industry Will Get “Jointed” Soon Enough

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Two recently released consulting studies into the issues and challenges surrounding the Canadian cattle industry indicated that the industry was “disjointed”. The industry lacks communication linkages between the various sectors from the consumer back through the farm. Better communication and co-operation between industry sectors are needed according to the reports.

These studies are follow-ups to a 2012 study by the Canadian Agricultural Policy Institute that concluded that the Canadian cattle industry had the following needs:

1. The need for a strategy
2. The need for alignment
3. The need for leadership

An article on the studies in a recent edition of the Western Producer noted an industry participant as saying that the Canadian beef industry “doesn’t speak with one voice and because of that, it’s had a little difficulty making the kind of progress competing sectors like the hog and poultry sector have been able to do.”

That “progress” might come as a bit of a surprise to participants in the hog industry because they have been told by consulting studies that they too lack coordination and communication through the supply chain. Greater linkages and sharing of information are said to be urgently needed to help the hog industry move forward.

Pointing to the poultry industry as an example of how to work together is also a bit of a head scratcher. I would bet \$50 that in the last five years the Canadian chicken industry has spent far more on lawyers fighting in court or in front of government tribunals than it has ever spent on product or market development opportunities.

I am not sure I would refer to the chicken industry as an example of industry coordination. That is unless you are talking about the U.S. chicken industry which is totally vertically integrated with mammoth efficient firms. I doubt that is the idea anyone considers as an option for the Canadian cattle industry to follow.

Of course it is not just the livestock industry that is being told it needs to get its act together, literally and figuratively. Recent work in the Ontario fruit industry stated that there is a need to “Motivate individuals to consider themselves part of an inter-connected value chain, and behave accordingly.” There was concern about “a system that sees the two sides of the industry becoming increasingly distant and polarized in their attitudes toward each other.” Another recent article in the Western Producer highlighted a U.S. university professor stating that the Canadian canola industry could move forward and prosper by working together better.

Really though, why stop there when there are even bigger fish to fry. UN Special Rapporteur on the Right to Food Olivier de Schutter also thinks coordination is key. This busy-body’s report on his mission to Canada recently called for “Improved coordination..., creating synergies and ensuring that efforts made at each level are supported by other levels.”

So there!

The tiresome reality is that over the last ten years you can hardly site a consultant, government or academic study that does not say that a lack of coordination or information sharing is a big problem that needs to be addressed. Frustrated academics and consultants and even UN busy bodies just throw up their hands and say, “Can’t we all get along.”

In any event, going back to the Canadian cattle industry, whether it is disjointed or not, it is likely to get a whole lot more “jointed” so to speak, in the coming years. The long herd liquidation that has occurred over the last ten years due to drought, government ethanol policies and weak U.S. economic performance is driving supplies very, very low. The reduction in supplies is going to result in increased rationalization and consolidation. There is going to be a continuing reduction in feedlot and packing capacity. It will force increased coordination of supplies, integration and pricing between ever larger feedlots and packers. Packers and feeders are going to increasingly work to tie up supplies which will result in increased linkages through the chain. It may even force more coordination back to the ranch.

The market has its own way of providing alignment and coordination.

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