

ED Report

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Action Items from July and August 2018, Board Meetings

- The CSF-CCIA MOU was finalized and signed.
- Nominations for VCRT Industry Co-Chair were submitted to AAFC for consideration.
- A planning meeting with VCM-International was held in July, and draft proposals are under development.
- The Sheep Industry Health and Welfare Strategy Phase I has met with AAFC’s preliminary review, and the submission package is being finalized.
- Comments regarding the CFIA’s Openness and Transparency consultation were drafted, circulated to the Board, approved and submitted to the CFIA ahead of the submission deadline.
- Feedback was provided to the NFACC Essence Project.
- The approved 2018-19 CSF Budget and Fund Outlines were circulated to CSF members.
- CSF comments on the FSIS ‘Product of U.S.A’ were drafted, circulated to the Board, approved and submitted to the FSIS ahead of the submission deadline.

Canadian Sheep Identification Program / Traceability

- Following summer-long negotiations, the CSF ratified a Memorandum of Understanding (MOU) with the Canadian Cattle Identification Agency (CCIA) with respect to administration of the Canadian Sheep Identification Program (CSIP). Since CSIP’s inception, CSF and CCIA have shared program responsibilities based on agreements made in 2004. In the spring of this year, the CFIA notified industry that CCIA would retain responsible administrator status for the program through the regulatory amendment and until such time as the sheep industry could come together and agree on possible alternatives. In keeping with CFIA’s directive, the CSF negotiated the MOU with CCIA to ensure the sheep industry remains a partner in CSIP’s delivery.

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Earlier this year, the CSF resumed its position on the CCIA Board of Directors in a similar effort to ensure the sheep industry's perspective remains relevant in traceability discussions.

- Following approval from the Board to further explore the possibility of a project aimed at proving the business case for traceability in Canada's sheep industry, the CSF met with Value Chain Management International to discuss project design.
- At the request of the visiting delegation, the CSF was invited to meet with representatives from Agriculture & Horticulture Development Board (UK), Department for Environment, Food & Rural Affairs (UK) and National Farmer's Union of England and Wales to discuss sheep traceability. The delegation met with various industry groups to discuss their plan to improve traceability IT services and enhance value to stakeholders through information managed on the backbone of traceability.

Scrapie Eradication Strategic Plan

- In April, APHIS identified scrapie in a 171 RR sheep from a flock in NC. There was insufficient positive tissue available to rule out non-classical scrapie. As a result, APHIS is conducting additional testing of the flock before determining whether to classify the case as classical scrapie. The US has still not come out with a definitive diagnosis on this animal – either classical or atypical scrapie. The challenge has been that there was *insufficient positive tissue available to rule out non-classical scrapie*, meaning there was no more tissue from the animal available for testing. The US's June report says that *APHIS has tested all adult animals in the NC flock where scrapie was identified in an RR sheep in April. No additional positives were identified. Testing of trace-out exposed animals is pending.*

Canadian Verified Sheep Program

- In 2017, the Food Safe Farm Practices Chapter (food safety chapter) of the Canadian Verified Sheep Program underwent revisions as part of the 18-month 'review of changes' required by the CFIA's On-Farm Food Safety Recognition Program. Producers and stakeholders who have already completed the training, online or in-person in 2017 or earlier, are encouraged to review the newly revised Chapter and familiarize themselves with the changes. Canadian Verified Sheep Program certified farms will be evaluated against the revised program material during their next audit. To learn more about the Canadian Verified Sheep Program, or to update on Food Safe Farm Practices changes, visit the online training program at fsfp.cansheep.ca.

Other Updates

- The CSF met in Ottawa with the Market Access Secretariat team to discuss comments submitted regarding MERCOSUR and Pacific Alliance FTA consultations, and work through additional access priorities and challenges. Access priorities were identified as sheep embryos and semen, live animals and products.

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- The Sheep Value Chain Round Table announced in July the departure of Industry Co-Chair, Andrew Gordanier. Andrew was a tremendous champion for Canada's sheep industry and will be deeply missed at the VCRT. All the best Andrew! Work is underway to designate the next Industry Co-Chair, with various members putting forward recommendations for the position. Agriculture and Agri-Food Canada will deliberate on the nominations and announce an appointment in late-summer or early-fall.
- Agriculture and Agri-Food Canada has launched a targeted regulatory review, which will be led by the Treasury Board of Canada. This review stems from the Budget 2018 proposal to 'pursue a regulatory reform agenda focused on supporting innovation and business investment. The goal is to make the Canadian regulatory system more agile, transparent and responsive, so that businesses across the country can explore and act on new opportunities, resulting in benefits for all Canadians.' The CSF will provide the sheep industry's perspective as part of the initial consultation, with initial comments to be incorporated into the workplan due by mid-September.
- The CSF met with American Sheep Industry (ASI) to discuss common issues and challenges, and possible common approaches to managing farmed-wild sheep 'conflicts'. The CSF recently became involved with the BC Sheep Federation's work with their provincial government, to help address issues BC sheep farmers and ranchers are having with attempts from other sectors to manage 'conflicts' between farmed and wild sheep populations. BC issues are similar to those faced by sheep farmers and ranchers in Western states and some common approaches were discussed.
- Human Resources and Social Development Canada hosted a primary agriculture consultation regarding the Temporary Foreign Worker Program. ESDC with Agriculture and Agri-Food Canada (AAFC) is undertaking a three-stage review to work with key stakeholders to modernize the Program stream to meet the needs and priorities of the Canadian agricultural sector. The review will focus on the following themes:
 - Program Eligibility and Structure
 - Housing in Primary Agriculture
 - Labour Market Impact Analysis (LMIA) ProcessingRecommendations from this consultation are expected to be presented to the Minister in September 2018.
- The CSF met with Etienne Ouimette, Director General with Health Canada, to discuss coming changes to veterinary drug service fees. These changes will see increased costs for the approvals for veterinary drugs and threaten the availability of sheep products in Canada. No consideration was given in the recent cost modernization to minor use minor species (MUMS) groups, and the discussion with Mr. Ouimette was aimed at finding a means to reduce drug costs and improving availability.
- In August, the World Organization for Animal Health (OIE) released its report on Canada's Performance of Veterinary Services. The OIE evaluation took place from March 13-31, 2017, conducted by four independent OIE certified PVS evaluators who visited Canada and met with various stakeholders, including the Canadian Sheep Federation. The Report detailed key findings and

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provided recommendations in four areas; human, physical and financial resources; technical authority and capability; interaction with interested parties; and access to markets. In their assessment, the OIE evaluated 45 critical veterinary competencies to measure Canada against the OIE's standards. Canada met the highest level in 35 of these areas, with a rating of 5/5, which indicates high capacity and capability, and full compliance with international standards. The remainder were rated 3 or 4, many in areas where regulatory changes are already in progress.

- The expert OIE evaluators commended Canada's veterinary services in several areas, including the following:
- excellent staffing, physical resources and funding
- strong systems of management, auditing, review and revision well-established functional programs
- high capability in laboratory diagnostics and research, risk analysis, border control, disease surveillance and control, and emergency preparedness and response
- well-developed interaction with stakeholders, with excellent communication and consultation on numerous joint programs
- excellent international harmonization and representation

Some opportunities to further strengthen veterinary services include:

- working to improve information management and develop integrated databases
- completing regulatory reforms already in progress, including regulations related to animal welfare, feed, veterinary drugs and food safety
- working toward electronic, life-long, animal traceability capability
- engaging with industry to identify opportunities for cost sharing in managing animal health
- improving the management of food safety at some provincial/territorial abattoirs

The PVS evaluation report on Canada's veterinary services can be found at: <http://www.oie.int/en/solidarity/pvs-evaluations/pvs-evaluation-reports/>

- The CSF Board of Directors approved a balanced budget for the organizations 2018-19 Fiscal Year. The budget will allow for continued delivery of CSF services including the Canadian Verified Sheep Program, the Voluntary Scrapie Flock Certification Program, the Canadian Sheep Identification Program and the Chronic Wasting Disease Voluntary Herd Certification Program (SK, MB, ON, QC), as well as the organizations full workload of advocacy activities.
- The CSF remitted comments to the USDA Food Safety and Inspection Services' (FSIS) 'Product of U.S.A' petition. Likewise, the CSF worked with AAFC and MAS to ensure that the Government of Canada response included consideration for the impact of US labeling policy on Canada's sheep industry, and defended the interests of Canadian sheep farmers and ranchers.

This month's meetings

- CSF Board of Directors
- Market Access Secretariat, MERCOSUR – Ottawa
- Canadian Cattle Identification Agency, CSIP tag orders
- Agriculture and Agri-Food Canada, Canadian Agricultural Partnership
- Health Canada, Proposed changes to drug and device fees
- Canadian Food Inspection Agency, Openness and Transparency Consultation
- Agricultural Trade Negotiation Consultative Group, MERCOSUR and Pacific Alliance FTAs
- CSF Audit & Finance Committee
- 2018 Grasslands Sheep Exhibition, Humboldt
- Purebred Sheep Breeders of Ontario Annual Sale, Listowel
- Value Chain Management International, Sheep Traceability + Grading Project
- American Sheep Industry, Farmed-Wild sheep management
- Human Resources and Social Development Canada, Temporary Foreign Workers Program Primary Agriculture Review
- CFIA Chief Veterinary Officer, OIE PVS Report
- Agriculture & Horticulture Development Board (UK)/Department for Environment, Food & Rural Affairs (UK)/National Farmer's Union of England and Wales, Sheep traceability - Ottawa
- Agriculture and Agri-Food Canada - Market Access Secretariat, FSIS 'Product of U.S.A.' petition
- Agriculture and Agri-Food Canada, Business Risk Management program update
- Agriculture and Agri-Food Canada, national industry

SHEEP SUPPLY CANADA

Year To Date for the Month Ending May 2018

Fed. & Prov. Slaughter (head)			
preliminary	2018	2017	% chg
B. C. /Alta/Sask./Man.	46,269	48,822	-0.8
Ontario	103,069	108,889	-3.6
Quebec - Atlantic*	56,111	55,364	1.3
Canada	205,449	208,875	-1.6
Federal Slaughter			
West - Ontario	5,004	3,500	43.0
Quebec - Atlantic	5,501	5,234	5.1
West - Ontario YTD	36,841	39,025	-5.6
Quebec - Atlantic YTD	31,356	29,062	7.9
Provincial Slaughter			
preliminary			
West - Ontario	25,158	25,894	-2.8
Quebec - Atlantic*	4,964	6,016	-17.5
West - Ontario YTD	112,497	114,486	-1.7
Quebec - Atlantic YTD *	24,755	28,302	-5.9

Source: CFIA, Provincial Governments
*Includes estimates for 2018

Monthly Prices			
	2018	2017	% chg
Ontario Auctions			
Lambs	\$/cwt, live weight, weighted average		
< 65 lbs, new crop	328.92	307.00	7.1
65-79 lbs	332.68	314.17	5.9
80-94 lbs	332.33	313.09	6.1
95-109 lbs	326.65	312.88	4.4
Sheep	133.15	128.92	3.3
Quebec Auctions			
	2018	2017	
Lambs	\$/cwt, liveweight, weighted average		
< 65 lbs, new crop	341.61	325.32	5.0
65-79 lbs	328.27	294.58	11.4
Sheep - Ewes	120.13	113.50	5.8
Sheep - Ram	139.00	109.58	26.8
LEOQ			
		2018	
Quebec Heavy Lambs	\$/kg carcass basis (Producer annual contract price)		
May 6 to May 26, 2018		10.80	
May 27 to June 16, 2018		12.00	
June 17 to July 28, 2018		12.00	

Source: Ontario Cattlemen's Association, Quebec Electronic Auctions and Les Éleveurs d'Ovins du Québec

Imports			
(Number of head from U.S.)	Year to Date May		
Pure-bred & Non Pure-bred	2018	2017	% chg
East	11	53	-79.2
West	52	0	-
Total	63	53	18.9

Source: Statistics Canada

Exports			
(Number of head)	Year to Date May		
Total Live Sheep	2018	2017	% chg
United States	3,826	4,096	-6.6
Other	0	0	-
Total	3,826	4,096	-6.6

Source: Statistics Canada

Mutton & Lamb			
(Metric Tonnes)	Year to Date May		
	2018	2017	% chg
New Zealand	4,534	5,422	-16.4
Australia	3,674	3,091	18.8
Other	363	224	62.3
Total	8,571	8,737	-1.9

Source: Statistics Canada

Mutton & Lamb			
(Metric Tonnes)	Year to Date May		
	2018	2017	% chg
United States	27.0	55.4	-51.2
United Arab Emirates	26.5	26.2	1.5
Saint Pierre and Miquelon	5.3	4.3	23.8
Other	0.1	4.9	-97.3
Total	59.1	90.7	-34.9

Source: Statistics Canada

UNITED STATES

Total Sheep and Lambs			
	Year to Date May		
	2018	2017	% chg
Slaughter ('000 head)	808	779	3.6
Avg Dressed Wt (lbs)	72	68	5.9
Avg Dressed Wt (Kg)	32	31	5.9
Lamb/Mutton (mil lbs)	58	54	5.9
Lamb/Mutton (tonnes)	26,082	24,630	5.9

U.S. Lamb & Mutton Exports (Metric Tonnes)			
	Year to Date May		
	2018	2017	% chg
Mexico	320	430	-25.6
Caribbean	283	249	13.7
Middle East	63	14	-
European Union	54	53	1.9
Canada	47	25	88.0
ASEAN	44	12	-
Japan	40	1	-
Other	65	83	-21.7
Total US Exports	916	867	5.7

Source: USDA

U.S. Price Summary			
	May		
San Angelo Auction	2018	2017	
	U.S. \$/cwt		
	min/max		
Choice and Prime 1			
40-70 lbs	191.56 - 206.47	208.70 - 227.40	
70-110 lbs	175.38 - 187.42	192.87 - 208.20	
Good 1			
30-110 lbs	149.33 - 166.33	156.40 - 170.90	

Note: Monthly price averages are calculated off of daily/weekly price reporting

U.S. Lamb & Mutton Imports (Metric Tonnes)			
	Year to Date May		
	2018	2017	% chg
Australia	42,377	39,411	7.5
New Zealand	13,033	15,019	-13.2
Chile	173	258	-32.6
Uruguay	53	0	-
Canada	27	58	-53.2
Other	24	10	-
Total US Imports	55,688	54,754	1.7