

Livestock

Record levels of cattle and hogs

taken from: *Statistics Canada – Census of Agriculture 2001*

Farmers reported record levels of both cattle and hogs as of May 15, 2001. The number of cattle on Canadian farms rose 4.4% between 1996 and 2001 to a record 15.6 million head. The number of hogs also reached record highs, at 13.9 million — a 26.4% jump.

Beef cattle are behind the increase in size of the cattle herd (which includes both beef and dairy cattle) since 1986. The average number of cattle per farm increased from 105 in 1996 to 127 in 2001.

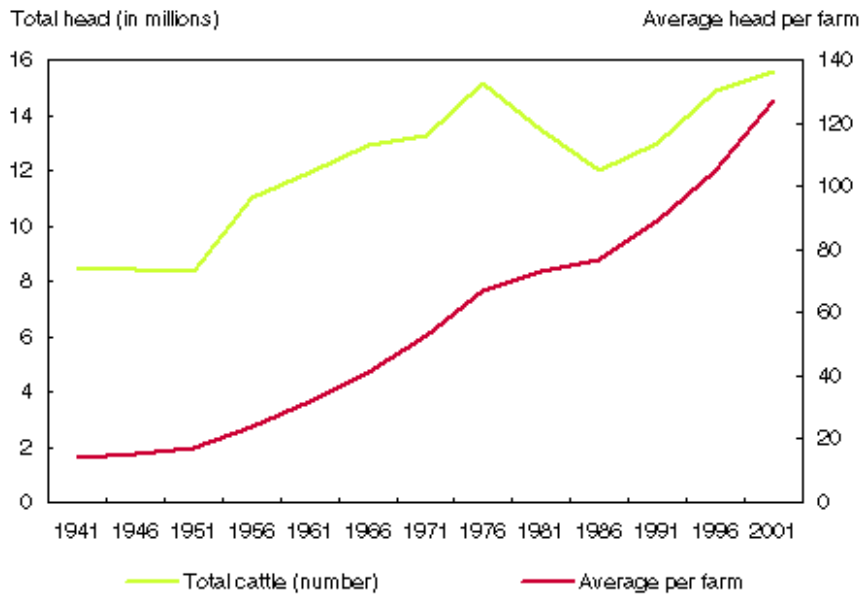
Most of the increase was in Alberta, which counted nearly 673,000 more cattle in 2001 than in 1996. Alberta accounted for 43% of the national herd, followed by Saskatchewan with less than 20%.

The increased demand for beef, combined with serious drought conditions in parts of the province, are reflected in changes in land use. In Alberta, summerfallow area declined by 14.0%. Much of this newly productive land seems to have gone to feed crops such as hay or alfalfa, which increased by over 30%. Improved pastureland in Alberta was up 16.5%.

The feedlot industry thrived during the five-year period, driven by favourable market conditions, both at home and abroad. Beef exports have grown by more than half since 1996, with the United States, Asia, Mexico and Argentina showing particularly significant increases. In addition to Canada's reputation as a supplier of good-quality beef, plentiful supplies of feed grains and the low Canadian dollar relative to the U.S. dollar give Canadian exporters an advantage.

For the beef herd, the east-to-west shift that started in 1991 continued, but the stampede slowed to a stroll. In 2001, the West accounted for over 86% of the 4.8 million head of beef cows, a slight increase since 1996.

Cattle numbers reach all-time high, average herd size increases

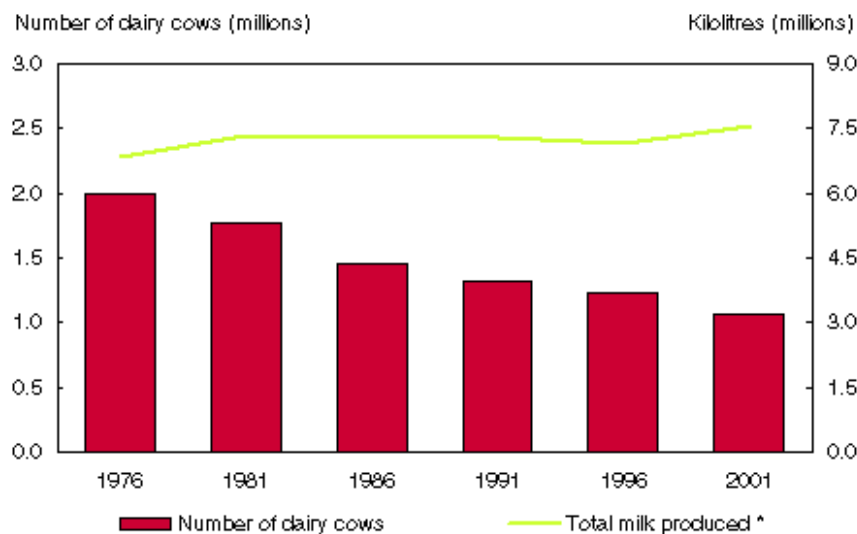


Dairy cattle decline, but production stable

The trend to fewer dairy cows continued in 2001, with the number of farms reporting dairy cows actually declining by 29.2% and the number of dairy cows decreasing by 13.6%. Despite these declines, production remained relatively stable.

Dairy production is regulated through supply management in Canada. As dairy cattle become more productive through improved breeding and feeding techniques and more frequent milking, fewer are required to produce the same quantity of milk. The quota system, based generally on population size and consumer demand, also explains why milk production remains concentrated in Quebec and Ontario.

Fewer cows, but more milk...



* Source: *Livestock and Animal Products Section, Agriculture Division, Statistics Canada*

Hog numbers increase

The number of hogs was up sharply in 2001, at 13.9 million — a 26.4% jump since the last census. Since 1976, particularly between 1976 and 1981 and from 1996 to 2001, export demand has significantly increased hog production. Strong demand from U.S. finishing operations boosted the export of live hogs by 57.0% in the five years ending in December 2000, while increasing demand for pork from the United States and Japan put meat exports 76.3% higher in 2000 than in 1996.

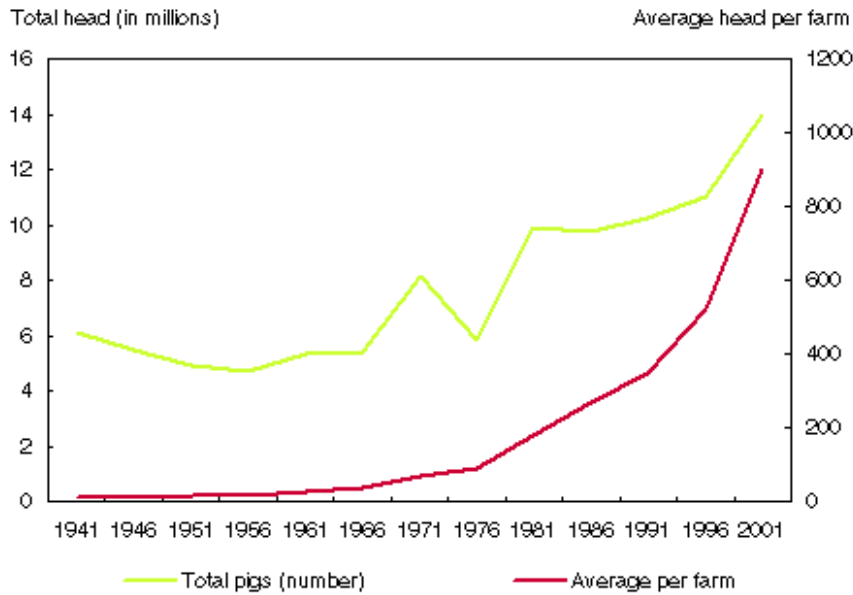
In January 2000, countervailing duties on pigs exported to the United States were dropped for the first time in almost 15 years. In 1995, the World Trade Organization agreement set Asian tariffs (except on exports to Japan) to decline by 30% to 60% from 1995 to 2004.

A large factor in the realignment of the pig sector was the demand from producers for animals meeting strict quality standards. Producing animals meeting uniform size, fat-to-meat ratios and other requirements is achieved more efficiently by large-scale operations than small. From the processors' perspective, it is better business to deal with several large producers than dozens of smaller ones.

The interval between censuses masked the 1998 crash in hog prices that had accelerated the extensive structural change already taking place in the hog sector. Larger producers moved in and many small operations left. Nearly 5,000 farms that were raising pigs in 1996 had left by 2001; they had an average herd size of 396 animals. The average in 1996 was 523.

Quebec and Ontario were still first and second in terms of numbers in 2001. Between them, they had more than half of all the hogs in Canada.

More pigs than ever on bigger farms

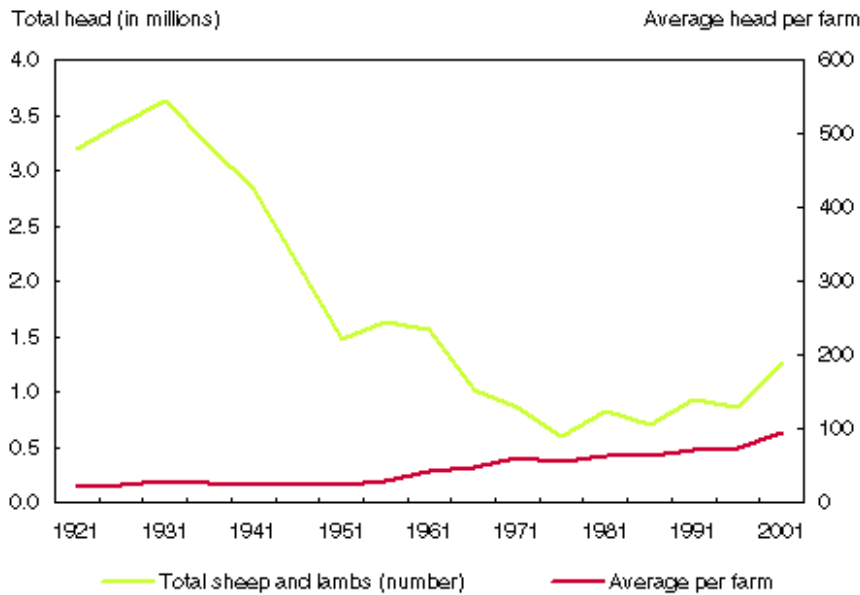


More sheep on more farms

The sheep industry reported increases in both the number of farms as well as the flock size. Farmers reported 1.3 million sheep in 2001, up almost 50% from five years earlier. This was well below the peak of 3.6 million reported in 1931.

The trend to more sheep on more farms that first appeared in 1991 continued in 2001, with about 12.2% more farms reporting sheep than in 1996. About 27% of sheep were on Ontario farms, followed by Alberta (24%), and Quebec (20%). Sheep in Canada are raised today for meat rather than wool. Much of the demand is driven by the increasingly ethnic population, particularly in the Greater Toronto Area (GTA), as well as by what producers call the "upscale urban market." Shipments to the GTA are expected to increase by 20% this year.

Average sheep farm grows in size as sheep numbers rise



Less traditional livestock more popular

The search for more diverse products and new markets continued to boost the number of less traditional livestock, a trend that started in 1991. For example, farmers reported 182,851 goats, up almost 45% since 1996. Goats are a versatile animal, and are raised for the healthy qualities of their meat and milk, and in some breeds such as the Angora, the luxurious quality of the wool. In addition, the demand for goat's cheese, once a rarity on restaurant menus and in supermarkets, is particularly strong.

Bison and llamas, the alternative animals favoured in the West, tripled in number. For bison, health issues were behind much of the increase. The outbreak of mad cow disease in Europe opened up markets for bison meat in France, Belgium, Germany and Britain. Bison meat, because it is lower in fat than beef, appeals to people concerned about their diets.

For llamas, the appeal is in their wool, which many consider comparable to cashmere in softness. Half of these animals are in Alberta.

Deer and elk were more likely to be found in Alberta, which had 39,635 head, and Saskatchewan, which had 38,283. Alberta's herd more than tripled between census years. Elk meat, like buffalo meat, is lower in fat, calories and cholesterol than either chicken or beef. Elk are now more popular than deer. The antler velvet from both animals is also an ingredient in holistic medicines, which are produced in North America for export to Pacific Rim countries.