

## **07/11/2003 Entry: "CANADIAN MAD COW EPISODE TAKING TOLL ON CONSUMER MEAT COSTS, CATTLE PRODUCER PRICES"**

CBC NEWS ONLINE: Steak prices are going up in Canada because of the fallout from one case of mad cow disease.

Industry watchers say if international borders remain closed to Canadian beef, there may be no relief for steak eaters this summer.

The U.S. and several other countries banned Canadian beef in late May after Canadian officials discovered one case of bovine spongiform encephalopathy (BSE) in Alberta.

Patrick de Rosemond of PaSu Farm Restaurant, an hour northeast of Calgary, says high prices are making it difficult for him to continue serving Alberta beef. "My concern is why should it be higher and how can we possibly make it good for the consumer when the prices are so high?"

De Rosemond buys sirloin roasts and cuts them into steaks. He's paying more for beef now than he was before the mad cow crisis --- \$20 more per roast.

The industry blames it on a combination of BSE, BBQ season and supply and demand.

Ted Haney of the Canadian Beef Export Federation points out meat packing plants cut production when the United States banned Canadian beef because of the case of mad cow disease.

Only 20% of the animals slaughtered can be turned into steaks for the BBQ. The rest becomes the cheaper cuts from the shoulders and hips. Those prices have dropped because of the over-supply. Ground beef has hit rock bottom. "We are in an over supply position for all those less commonly-consumed and definitely less-barbecued cuts," says Haney.

"If they would go to full production capacity in Canada, you would see a major disposal problem."

Haney predicts good meat could end up in the garbage.

De Rosemond says he hopes it's a "blip in the marketplace" that will correct itself but if it doesn't, he says he might have to consider increasing steak prices on the menu.

Feedlot operators say it could take months to clear the backlog of cattle in the system even if international borders open up to Canadian beef. Whenever

production does increase, steak prices will come down but that could be past the BBQ season.