

06/12/2003 Entry: "Japan, Korea Want \$20M Worth of Beef Returned to Canada, says export agency"

CALGARY (CP) -- About \$20 million worth of Canadian beef exports to Korea and Japan will have to be removed and might end up being destroyed, the Canadian Beef Export Federation said Wednesday.

"Korea and Japan are telling us that we've got to send it back," said federation vice president Cam Daniels.

"The product is still there, it's not on the water on the way back yet and we are looking at alternative solutions to bringing it back."

Korea and Japan were among a number of countries that immediately banned imported beef products on May 20 when news hit that one northern Alberta cow tested positive for mad cow disease.

But unlike the United States, which allowed shipments already en route May 20 to reach their destinations, some countries ordered the beef to be held in storage.

The beef export federation estimates that about 335 containers of beef products were en route when the mad cow scare closed those foreign markets.

With each containers carrying an estimated 18 tonnes of beef, that totals about \$25.4 million worth of product. It is believed that Japanese and Korean markets account for the lion's share of these imports, to the tune of about \$10-million each.

The export federation says current legislation prohibits the Canadian beef from being returned to Canada since Korea is known to have foot and mouth disease and Japan is known to have mad cow disease, or bovine spongiform encephalopathy.

As a result, either other markets like Taiwan or Hong Kong will have to take the beef or it will have to be destroyed, said Daniels.

"We certainly don't want to use any of those markets as a dumping ground, but of course we've got to go somewhere with our product and we certainly would prefer not to destroy it," he said.

"The industry's already losing \$25 million a day and this is on top of that."

The Canadian Food Inspection Agency immediately launched a whirlwind investigation into the one diseased cow.

The investigation led to the slaughter and testing of about 2,700 cattle and at least 18 farms across the Prairies were quarantined, but no further positive samples were found.

Still, Canadian investigators were unable to find the source of the disease, which wiped out a large portion of Great Britain's cattle industry in the late 1990s.

A group of four high-level international observers poured over Canada's investigation last weekend and have promised a written report within two weeks. And while the U.S. market accounts for a large majority of all exported Canadian beef, American officials have hinted that they will need to see the experts' report before any steps are taken to remove the temporary ban.

"There's no doubt the CFIA has done a really outstanding job in the

investigation," Daniels said Wednesday.

"Where we've had a bit of a hiccup lately is with our diplomacy."

Daniels said Japan requested to also send a technical team into Canada twice but were refused because investigators were too busy.

"So there are some political issues that are in play at this time, both with Korea and Japan -- they sort of feel left out," he said.

"That's being worked on as we speak and is being addressed. I assume our federal government is fixing that problem but there certainly was an issue with that."

Gary Sargent, general manager of the Alberta Beef Producers said this will be a "big hit" for the packing companies and brokers whose product is held up in Japan and Taiwan.

"You're largely talking about the very big guys and it's unfortunate when this happens to them, but if there's a group that's best able to withstand that kind of a shock, it's the huge international companies."

Cargill Foods, an international agricultural conglomerate which runs one of Canada's largest beef slaughterhouses in High River, south of Calgary, has already laid off nearly 500 workers or about 20 per cent of its staff, with the remainder on reduced shifts.