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Beef sale to Koreans hinges on one carcass

Calgary Herald

CALGARY – A $15.4-million-a-year contract with South Korea is riding on one frozen carcass of prime Alberta beef.

The Canada Beef Export Federation of Calgary is organizing the airfreighting of the all-important Canada Grade AA carcass this week. The representative carcass, selected by Lakeside Packers at its Brooks packing plant east of Calgary, will be met in Seoul by representatives of the Canadian Embassy and South Korea's powerful sole importer of beef and escorted to cold storage.

Researchers will then start several weeks of testing on the yield and quality characteristics of the carcass to determine whether South Korea's only beef importer, the Livestock Products Marketing Organization, will accept the grade and resume a substantial beef trade with Canada.

"There's no pressure," Ted Haney, director of Canadian operations with Canada Beef, said with a chuckle.

After a series of tough negotiations with the LPMO, the arrival of the carcass will mark the crucial next step of Canada Beef's efforts to re-establish South Korea as an export market.

In the super-competitive Pacific Rim marketplace, Canadian beef was muscled out of South Korea in 1990 when other exporting countries successfully lobbied that Canadian beef shipments were not the equivalent of the United States Department of Agriculture Choice grading standards demanded by the LPMO.

Shipments of Canadian beef to South Korea, Canada's number two Asian market, dropped dramatically.

But two months ago, Canada Beef successfully lobbied the LPMO to start accepting Canada Grade AAA beef as equivalent to USDA Choice beef.

Canada changed its grading system in April – from Grades A1, A2, A3 and A4 to Grade A (trace fat marbling), Grade AA (slight marbling) and Grade AAA (small levels of marbling or greater) – in large part to boost Canada's efforts to grab a bigger chunk of export markets. The new grades are easily converted to their equivalent USDA beef grades.

The hoped-for acceptance by South Korea of Canada Grade AA beef "would expand the pool of beef which packers can service that market with," Haney said.

As a reference for the South Korea researchers and an Agriculture Canada beef grading expert who is flying there early next month to help with the analysis, a Canada Grade A carcass and a Canada Grade AAA carcass will also be shipped by air.

Haney, who recently returned from negotiations in Seoul, said acceptance of Canada Grade AA would likely mean the recovery of the 4,000 tonnes of beef valued at $15.4 million that Canada shipped to South Korea before the market loss two years ago.

The article EM9220 reprinted above is used in Part 8 of the STAT 220 Course Materials,