

Availability of Ontario corn threatens future of livestock industries

GUELPH (July 3, 2008) A special report released today by the George Morris Centre (GMC) argues that the beleaguered Ontario cattle and hog industries are operating at a scale well in excess of the indigenous corn available to feed them. This renders the two segments uncompetitive on a cost basis, and could lead to harsh adjustments.

Al Mussell, GMC senior research associate and author of *The Troubled Corn Economy of Ontario's Livestock Sector*, says, "It's hard to have an export-based industry when we are importing corn from the US, exporting livestock and meat back to the US, and effectively paying the freight both ways using the same production technology".

The report shows that corn acreage has declined significantly, and that cattle and hog segments are using increasing volumes of corn in production. These changes occurred while market weights of livestock increased, hog marketings increased, and the nature of cattle marketings transitioned. "As the cattle industry shifted to larger European breeds, cattle finishing rations shifted away from feeding corn silage to feeding grain corn. Even with lower marketings, the effective grain corn consumption in Ontario cattle feeding has very likely increased", says Graeme Hedley, an associate of the George Morris Centre and co-author of the report.

The apparent availability of corn produced in Ontario falls well below the implied demand from cattle and hog feeding, after requirements for food, industrial use, and supply managed livestock are accounted for. This is ominous for the future of livestock in Ontario. The report suggests that, based on the 2007 cattle and hog slaughter, reduced marketings of about 1.4 million hogs, or about 150,000 head of slaughter cattle, or some combination of the two, are needed to erase the corn deficit and return the red meat segment to a cost-competitive footing. Alternatively, much more corn must be supplied to satisfy competing demands in Ontario. Says Mussell, "With ethanol developments poised to tie up much more of Ontario corn production than they already do, we need to recognize the threat. We wouldn't have a red meat industry in Ontario if we didn't have efficient corn production to feed it. This is a structural issue that is coming home to roost".

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