The participants have agreed to provide information concerning their domestic policies and trade measures including bilateral and plurilateral commitments on the basis of Parts G and H of the Questionnaire (Rule 16 of the Rules of Procedure). The documents containing replies to these parts of the Questionnaire are circulated under the symbol IMC/INV; they are revised as and when changes are notified.

This set of documents constitutes the inventory of all measures affecting trade in bovine meat, including commitments resulting from bilateral, plurilateral and multilateral negotiations, which the Council has instructed the secretariat to draw up and keep up to date, under the provisions of Article III of the Agreement (Note to Article III of the Arrangement and Rule 18 of the Rules of Procedure).

Note: This document has been revised in accordance with the three-year rule contained in Rule 18 of the Rules of Procedure, and replaces all previous IMC/INV/11/... documents.
PART G

Part G.1 - Information on Domestic Policies and Trade Measures

I. Production

(a) Description of the beef industry

1. There were 12.2 million cattle on Canadian farms on 1 July 1989 - 12 per cent below the maximum recorded in 1976. Approximately 75 per cent of this number are intended for beef and veal production while the other 25 per cent represents the dairy herd. Eighty per cent of the beef herd is located in Western Canada while Eastern Canada has a higher proportion of the dairy herd.

2. The number of farms reporting beef cows has been declining, reaching 100,000 farms in 1986, while the number of cows per farm has been increasing.

3. Cash receipts from beef cattle and calves, Canada's largest commodity source of farm cash income, totalled Can$4.0 billion in 1988, accounting for 18 per cent of total farm receipts.

4. The beef industry in Canada has evolved into two highly specialized enterprises - cow-calf rearing and finishing feedlots. Virtually all steers and heifers in Canada are finished in feedlots utilizing high energy grain rations, rather than being left on pasture until slaughter. Eastern feedlots normally utilize corn while those in Western Canada use a higher percentage of barley. Cow-calf enterprises are land intensive and tend to be concentrated in pasture areas.

5. Male dairy calves account for the majority of veal production.

6. The Canadian market functions as part of the much larger North American market with both beef and live cattle being imported and exported between Canada and the United States.

7. In 1988, Canada imported 4 per cent of world (excluding intra-EC) trade in beef and veal, up from a decade average of 3.7 per cent. The share of world exports declined to 2.0 per cent.

8. From 1980 to 1986, Canada was a net exporter of bovine meat and beef cattle, averaging a surplus of Can$75 million per year. In 1988, the value of Canada's bovine meat and beef cattle exports totalled Can$601 million. Imports of beef and beef cattle totalled Can$493 million. Currently, the United States takes 90 per cent of our exports, with small quantities of high quality beef going to Japan, and quantities of offals destined to Europe and Mexico as well as the United States and Japan. In 1988, imports were sourced from the United States (34 per cent), Australia (33 per cent), New Zealand (24 per cent) and other (9 per cent).
(b) Government policies affecting production

9. There are no federal government policies which influence production. Agriculture is a shared federal-provincial responsibility. Both federal and provincial governments are involved with the agri-food system, through such activities as inspection and regulation of food quality and safety, research in crops and livestock, market development, land use and conservation, income stabilization, and the provision of production and marketing information to farmers.

10. Overall national government policies in agriculture are directed towards encouraging this sector to become a reliable and innovative supplier of safe and nutritious food supplies for domestic and export markets. Policies and support programmes to the industry cannot mask market signals, thereby contributing to more market responsiveness, and improving the industry's ability to take advantage of new markets on a competitive basis.

Grading, disease eradication and improvement programmes provided by the Government

11. Under the Canadian Agricultural Products Act authority is provided to make regulations respecting the grading of various agricultural products. Grading regulations have been devised for veal, lamb and mutton, processed poultry, pork and beef. While the number and names of grades varies between meat products, the requirements for satisfying a particular grade are similar, focusing on factors such as fat content, musculature and the colour and the texture of the flesh.


13. Record of performance: This programme was designed to improve the productivity, efficiency and quality of livestock through uniform national testing of economically important heritable traits and genetic evaluations. Records are kept by producers, including information on production traits and management practices. Each year, the certified records are summarized and producers make selections of herd replacements based on superior production animals.

(c) Stabilization programmes

14. National Tripartite Stabilization Programs are established by federal/provincial agreements under the authority of the Agricultural Stabilization Act. Their intent is to protect the financial returns of producers. Support prices and payments are made after marketings have taken place.
15. Tripartite stabilization programmes arose from the need to harmonize the price support programmes of the provinces and that of the Federal Government. The first agreements were signed in 1986, and included only three provinces: Alberta, Ontario and Prince Edward Island.

16. In February 1989, there was an agreement signed between Canada and the provinces to establish a National Tripartite Price Stabilization Program for Feeder Calves, Feeder Cattle and Slaughter Cattle. All provinces except Québec and Newfoundland are currently participating.

17. The National Tripartite Price Stabilization Program for Feeder Calves, Feeder Cattle and Slaughter Cattle is structured on the following principles:

- that all producers in all provinces receive the same level of support per unit of production;
- that the programme is cost-shared equally between producers, the provinces and the Federal Government;
- that producers pay premiums, matched by the province and the Federal Government, into a fund from which payments are made when market prices fall below support prices;
- that the programme is voluntary in respect of producer participation;
- that the programme be financially sound, i.e. over time, total premiums should equal total pay-outs, including interest;
- that the programme operates at a level that does not stimulate production; and
- that there is reasonable equity in support for substitutable agricultural commodities.

II. Internal prices and consumption

(a) The beef component of meat consumption in Canada decreased from 50.4 per cent in 1976 to 38.4 per cent in 1988. Variations in supply and prices of beef, pork and chicken as well as in income levels largely account for some of this decline. However, recent changes in tastes and preferences, as well as changing demographics influence decline in consumption. There are no federal policies affecting beef retail price or consumption. The Beef Information Centre, supported by the Canadian Cattlemen's Association, a producer body, promotes beef consumption through advertising, nutritional information, and promotional initiatives, such as recipes.
III. Measures at the frontier

(a) Tariff Schedule of Canada (see Annex I)

(b) Other import measures

18. Canada's Meat Import Act provides authority to regulate the importation of fresh, chilled and frozen beef and veal into Canada. The Meat Import Act came into effect on 11 February 1982. The Act allows the Minister of Agriculture, with the concurrence of the Secretary of State for External Affairs, to introduce import restrictions for beef and veal taking into consideration a designated formula, the supply, price and trade of beef and veal. Restrictions on imports cannot be less than the Global Minimum Access Commitment (GMAC) negotiated in the Tokyo Round, and adjusted annually for population growth. For 1989, the GMAC is 68,700 tonnes (product weight) of beef and veal. A maximum access level was not established. Beef and veal imports are closely monitored by holding consultations on a quarterly basis with major meat suppliers. These consultations cover the forecast of exports by each supplying country, and play a major rôle in an orderly import régime. Imports were regulated under the Act in 1985; since then there have been no quantitative restrictions in effect.

(c) Measures affecting export levels

19. There are no measures to affect the level of exports of beef and veal, live cattle and calves.

(d) Health regulations

20. The Meat Inspection Act and Regulations specify the conditions which must be met when meat imports take place. Details regarding the registration and operation of slaughtering and meat processing establishments, the inspection of establishments, animals, and meat products are prescribed in the Regulations. Under the Act, no person shall import into Canada any meat product unless the product is packaged and marked as prescribed, the importer has obtained and produces the prescribed evidence that the meat product conforms to prescribed standards and the meat products of the class or kind imported are subjected to inspection in the prescribed manner under the laws of the country of origin.

21. The Animal Disease and Protection Act and Regulations provide authority to control infectious and contagious diseases among animals and provides for compensation for the destruction of animals and animal by-products and for other items destroyed under the Act. The Minister may prohibit the importation of animals, animal products, animal by-products, and carcasses for the purpose of preventing the introduction into Canada of infectious or contagious diseases among animals. The Act provides for regulation of the construction and operation and importation of products from animal dead yards and rendering plants accompanied by a veterinary certificate stating that the country of origin has been free from foot-and-mouth disease, rinderpest or other serious epizootic diseases for not less than six months and that anthrax is not prevalent in the country of origin.
22. The two major factors considered in arriving at a decision on whether to accept or refuse any particular importation of meat products, no matter what the amount involved, are consumer protection and animal disease control. With these two factors in mind, an approval system for the importation of meat products has been developed which is based on the approval of a country's system of meat inspection, the approval of establishments operating within that system and the approval of individual meat products prepared in these establishments.

23. Following a request from a particular country for approval of its meat inspection system, a review of all relevant legislation and related technical information is conducted. If the country concerned provides comparable or equivalent legislation to Canadian legislation, a visit is made to the country to study the actual implementation of the legislation in establishments. Based on satisfactory findings during the visit, establishments wishing to export to Canada can be approved. During the visit, or in later correspondence, details in regard to certification or any special inspection procedures are worked out. Depending on the animal disease situation in that particular country, notification of any restrictions on the type of meat product which may be exported to Canada is given to the relevant authorities.

24. Establishments which are approved are then free to submit samples, formulations and labels which are registered in the same manner as those for Canadian meat products. Establishments approved for export to Canada are periodically reviewed, and such reviews may result in continued approval or delisting.

(e) Quantitative restrictions

25. Canadian policy with respect to quantitative restrictions is that all market access barriers be eliminated with the exception of those specifically provided for under current rules of the General Agreement on Tariffs and Trade.
Part G

Part G.2 - Notification of Policy Changes

1. The Canada/United States Trade Agreement: Canada's implementing legislation received royal assent on 30 December 1988. Chapter 7 of the Agreement covers provisions for the agriculture sector. In order to implement Chapter 7, the implementing legislation modified acts falling under the responsibility of the Department of Agriculture. The following Acts affect trade in bovine meat and cattle.

- Department of Agriculture Act: was amended to give authority to the Governor in Council to make regulations which may be required for implementing Article 708 following the forthcoming negotiations of eight subject-specific Canada/United States Working Groups.

- Meat Import Act: was modified to exempt the United States from any restrictions imposed by the Minister of Agriculture on the quantity of meat imported into Canada, except to the extent necessary to prevent frustration of such action when Canada has limited imports from third countries and the United States has not taken equivalent action.

- Meat Inspection Act: was modified to allow Canada to exempt, subject to terms and conditions considered appropriate, any meat product imported into Canada from the United States from re-inspection in Canada.

2. On 7 November 1989, a discussion paper was issued as part of an overall agricultural policy review. Consultations on the paper began at a national agri-food policy conference held in Ottawa, 11-12 December 1989.

The principles of the review are:

(i) a more market-responsive agri-food industry;
(ii) a more self-reliant agricultural sector;
(iii) a national agriculture policy which is regionally-sensitive; and
(iv) an approach to agriculture which is environmentally sustainable.

The overall objective is to set in place ways and means to build a more solid and dynamic agri-food industry. The Federal Government will work together with farmers, all levels of federal and provincial governments, processors, distributors, exporters, transporters and consumers.
3. National Tripartite Price Stabilization Program - 1989:

(a) No payments have yet been triggered for feeder calves. Since the inception of the programme to the end of 1989, second quarter, total programme pay-outs for slaughter cattle and feeder cattle have amounted to Can$122.3 million for which producers have contributed Can$49.0 million in premiums.

(b) It was agreed that after 31 December 1990 there would be net benefit limitations on payments to cattle producers. The limitations, referred to as ceilings, include premiums paid by Canada and provinces under this Agreement. A committee of experts will monitor compliance with the ceilings.
PART H

Part H - New Bilateral Agreements - Canada/United States

1. On 1 January 1989, the Government of Canada implemented the Canada/United States Trade Agreement. Consistent with Article XXIV of the General Agreement on Tariffs and Trade (GATT), the two Governments established a free trade area.

2. The Agreement sets a new standard for trade agreements concluded under the GATT. It builds upon a patchwork of GATT commitments, bilateral arrangements and ad hoc understandings and expands them into a treaty between Canada and the United States which should govern the trade and economic relationship for the foreseeable future. The Agreement meets the tests of fairness and mutual advantage.

3. The Government of Canada had three objectives in the agricultural area: to improve access for farm products; to make that access more secure; and to preserve Canada's agricultural policy instruments. The Agreement meets all three objectives: there is an important package of trade liberalizing measures; agricultural products will benefit from the increased security of access flowing from the arrangements on dispute settlement; and nothing in the Agreement will in any way affect the right of the Federal Government and the provinces to introduce and maintain programmes to protect and stabilize farm incomes.

4. The principal trade liberalizing elements agreed to in agriculture, and which could affect trade in bovine meat, are:

   - Article 701: prohibition of export subsidies on bilateral trade. This marks the first time that any two governments have agreed to prohibitions on export subsidies in the agricultural sector and marks an important signal to others around the world.

   - Articles 401 and 702: the phased elimination of all tariffs over a period of ten years.

   - Article 704: mutual exemption from restrictions under meat import laws, thus ensuring free trade in beef and veal. Canadian beef and veal producers have in the past found their exports limited as the United States triggered its meat import restrictions or sought voluntary export restraints. Both countries have agreed to consult and take measures to avoid diversion should either country apply its meat import law against third countries.

   - Article 708: regulatory barriers resulting from technical regulations. Both countries will seek to harmonize technical regulations. As part of this Agreement, the United States will maintain an 'open border policy' for meat inspection which will now be limited to occasional spot checks to ensure compliance with inspection requirements.
## ANNEX I

### III. Measures at the frontier

(a) **Schedule of Canada**

<table>
<thead>
<tr>
<th>Item</th>
<th>Article description</th>
<th>Base rate</th>
</tr>
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<tbody>
<tr>
<td>01.02</td>
<td>Live bovine animals</td>
<td>free</td>
</tr>
<tr>
<td>0102.10.00</td>
<td>Pure-bred breeding animals</td>
<td>free</td>
</tr>
<tr>
<td>0102.90</td>
<td>Other</td>
<td>free</td>
</tr>
<tr>
<td>0102.90.10</td>
<td>Dairy cattle</td>
<td>2.20¢/kg.</td>
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<tr>
<td>0102.90.90</td>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>02.01</td>
<td>Meat of bovine animals, fresh or chilled</td>
<td>4.41¢/kg.</td>
</tr>
<tr>
<td>0201.10.00</td>
<td>Carcasses and half carcasses</td>
<td>4.41¢/kg.</td>
</tr>
<tr>
<td>0201.20.00</td>
<td>Other cuts with bone in</td>
<td>4.41¢/kg.</td>
</tr>
<tr>
<td>0201.30.00</td>
<td>Boneless</td>
<td>4.41¢/kg.</td>
</tr>
<tr>
<td>02.02</td>
<td>Meat of bovine animals, frozen</td>
<td>4.41¢/kg.</td>
</tr>
<tr>
<td>0202.10.00</td>
<td>Carcasses and half-carcasses</td>
<td>4.41¢/kg.</td>
</tr>
<tr>
<td>0202.20.00</td>
<td>Other cuts with bone in</td>
<td>4.41¢/kg.</td>
</tr>
<tr>
<td>0202.30.00</td>
<td>Boneless</td>
<td>4.41¢/kg.</td>
</tr>
<tr>
<td>02.06</td>
<td>Edible offal of bovine animals, swine, sheep, goats, horses,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ass, mules, asses, hinnies, fresh, chilled or frozen</td>
<td></td>
</tr>
<tr>
<td>0206.10.00</td>
<td>Of bovine animals, fresh or chilled</td>
<td>free</td>
</tr>
<tr>
<td></td>
<td>Of bovine animals, frozen:</td>
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</tr>
<tr>
<td>0206.21.00</td>
<td>Tongues</td>
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<td>Livers</td>
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<tr>
<td>0206.29.00</td>
<td>Other</td>
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</tr>
<tr>
<td>02.10</td>
<td>Meat and edible meat offal, salted,</td>
<td>2.21¢/kg.</td>
</tr>
<tr>
<td></td>
<td>in brine, dried or smoked; edible</td>
<td></td>
</tr>
<tr>
<td></td>
<td>flours and meals of meat or meat offal</td>
<td></td>
</tr>
<tr>
<td>0210.20.00</td>
<td>Meat of bovine animals</td>
<td></td>
</tr>
</tbody>
</table>

*The Schedule has been annotated for purposes of this inventory.

**The tariffs on Canada/United States bovine animals and meat trade will phase-out in a manner previously negotiated under the Canada/United States Free Trade Agreement.*