Market situation and outlook

Inspected slaughter of cattle and calves in Canada in 1975 was up nearly 12 per cent on a per head basis over 1974. However, because of a reduction in average carcass weights of nearly 12 lb., beef output in pounds was up by about 9 per cent. This large increase in beef output resulted in an all time record beef consumption in 1975. Per capita beef consumption in 1975 is estimated to be in excess of 100 lb. as compared to the year earlier previous record of 94.7 per capita.

The decline in feeder cattle prices in 1974 resulted in a dramatic increase in female slaughter and also contributed to the sharp rise in calf slaughter. In 1975 cow and heifer slaughter both increased by about 30 per cent over year earlier levels while calf slaughter was up by a phenomenal 64 per cent.

As a result of the high level of female slaughter in 1975 the number of cattle on farms at the beginning of this year is estimated to be down by 1-2 per cent over year earlier levels.

In 1976 it is expected that cattle slaughter will average below the record levels with increases in the first half of the year being offset by reductions in cattle slaughter in the second half. However, heavier average slaughter weights resulting from an expected increase in feedlot output will probably keep total beef and veal output close to 1975 levels.

Trade developments

Turning to trade, Mr. Chairman, I am pleased to be able to report to the Group that effective 1 January 1976, Canada terminated its Article XIX emergency safeguard action against imports of fresh, chilled and frozen beef and veal. This action followed the earlier termination of emergency import controls on live cattle in August 1975. As a result the Canadian bovine sector is now free from any quantitative import restrictions.
The termination of the Canadian import restrictions and parallel actions by the United States means that as of 1 January 1976, the Canadian livestock sector was once again functioning in its historical rôle as an integral part of the North American livestock economy. Consequently trade flows between the United States and Canada in the next few years can be expected to approximate levels comparable to those attained in the early 1970's. As far as international trade is concerned, we expect import of frozen manufacturing grade beef from offshore suppliers in 1976 will be near to 1975 levels at firm prices closely related to those realized in the United States market.

In closing Mr. Chairman, I might mention as a footnote that imports of beef into Canada in the so-called crisis years of 1974 and 1975 averaged close to the all time record of 1973. This of course is accounted by the fact that the Canadian Article XIX import quotas in effect between August 1974 and the beginning of this year were set on the basis of the average imports of the preceding five years.