GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONFIDENTIAL
IMCG/W/33
3 December 1976

Original: English

INTERNATIONAL MEAT CONSULTATIVE GROUP

Statement Made by the Representative of Canada
on 15 November 1976

MARKET SITUATION AND OUTLOOK

Situation in 1976

The potential for a continued high level of beef production in Canada which was outlined at the last meeting of the Group in July is being realized during the second half of this year. For the year 1976, it is estimated that beef and veal production will be of the order of 1,073 thousand tons compared with 994 thousand tons in 1975. This represents an increase of approximately 8 per cent during the year. To date in 1976, total cattle slaughterings have been up by about 8 per cent but calf slaughterings have been lower. Average carcass weights in the first half of the year averaged close to a year ago but since August there has been a significant increase in the average weight of animals slaughtered. This trend reflects an increased number of cattle entering feed lots. The profitability of cattle feeding has improved to some extent following this year's increased production of feed grains and some reduction in grain prices. If an improved availability of grains at lower prices continues this can be expected to have an impact on beef and pork supplies in 1977. On the other hand, in some areas of Western Canada forage supplies are at low levels and supplemental feeding has been necessary.

Canada's exports of live cattle and beef, largely to the United States, have been at high levels this year. To the middle of October, exports of beef (in all forms including canned and cured) at over 86 million pounds were 62 million pounds above the 1975 level. Similarly, exports of live cattle for slaughter have been significantly higher this year than in 1975. By the middle of October exports of live cattle had reached 120,000 compared with 33,000 at the same time last year.

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On the import side, imports of beef and veal, mainly from Australia and New Zealand have been sharply higher during 1976. By mid-October imports of beef and veal had reached 180 million pounds or 73 million pounds more than in 1975. Even with the restrictions on imports which are in effect for the last few weeks of this year, it is anticipated that imports of beef during calendar year 1976 will be 50 per cent greater than last year. Imports of live cattle have also been higher totalling 115,000 compared to 32,000 last year.

Per capita consumption of beef in Canada for 1975 averaged over 102 pounds. A further gain in consumption is likely for this year - probably of the order of five pounds per capita. However, this increase in demand has not been sufficient to match the increased availability of supplies.

The increased level of domestic slaughterings combined with the higher level of imports have resulted in a sizable increase in the level of stocks. At the beginning of October, stocks of beef and veal in cold storage were over 77 million pounds compared to 44 million pounds a year earlier.

Outlook for 1977

The most significant development in the Canadian cattle industry in 1976 has been the peaking of cattle numbers followed by a decline in the size of the nation's cow herd. The 1 July 1976 cattle inventory on farms and ranches was estimated to be 14.7 million head, down 4 per cent from the record level of a year ago. This decrease marked the end of an expansion phase in the cattle inventory cycle that began in 1968. On 1 July 1976 total cow and calf numbers both showed a 6 per cent decline from 1 July 1975. On the other hand, total heifer numbers in 1976 remained up over 2 per cent from 1975, with steer numbers up 1 per cent.

Current indications are that cattle slaughter will continue at a relatively high level for the remainder of 1976 but will probably average below the record high fourth quarter level of 1975, due mainly to a reduction in cow slaughter.

The recent inventory estimates have important implications for Canadian beef industry next year and in 1978. The sizable drop on 1 July this year in both total inventory and the cow herd will keep calf crops at a lower level than in the 1973-75 period. This, along with the smaller 1976 spring calf crop, points to some cutback in beef supplies in 1977 and 1978.