INTERNATIONAL MEAT CONSULTATIVE GROUP

Thirteenth Meeting - 14 November 1979

Statement Made by the Representative of Canada

Canadian situation and outlook

Cattle slaughter in Canada during the first ten months of 1979 is down about 14 per cent as compared to the first ten months of 1978. However, increases in carcass weights have tended to offset to some extent the decline in slaughter numbers. It is estimated that by the end of the year 1979 beef production on a carcass weight basis will be down about 10 per cent, as compared to 1978.

The reasons for the decline in slaughter numbers in Canada and the United States are similar. In addition to the decrease expected from a reduced cattle inventory, it is clear that the major reason is attributable to beef producers withholding female stock from the market to rebuild breeding herds. In Canada, cow slaughter is down 29 per cent in the first ten months of 1979, as compared to 1978. Similarly, heifer slaughter is down 15 per cent.

Somewhat higher slaughterings during the summer months combined with short-term aberrations in the United States market during late July and early August caused prices to drop approximately $10/cwt. in both the United States and Canada. This sharp drop and subsequent recovery in cattle prices in late August appears to relate primarily to the independent truckers' strike in the United States, which interrupted live cattle and beef marketing, and to the United States gasoline "shortage", which appears to have adversely affected beef demand, particularly in the fast food industry. Thus Canadian prices for top grade fed steers which averaged in the high $70 - low $80/cwt. range from March to mid-June, dropped to the high $60s - low $70/cwt. range in late July, but rebounded to the mid-high $70/cwt. range by September.

The decreases in fed cattle prices during the summer, combined with the sharp increases in feeder cattle prices earlier in the year, placed cattle feeders in a serious loss position throughout the summer. Feeder cattle prices therefore eased during July and early August, but rebounded along with fed cattle prices from late August onwards.

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Turning to the trade situation, it is evident that import prices, particularly from Australia and New Zealand, are up sharply in the first seven months of 1979 as compared to a year ago. During this period, import prices from Canada's two principal off-shore suppliers were up an average 76 per cent as compared to import prices from the United States which were up 32 per cent. It is expected that Canada's imports of beef and veal in 1979 will be close to the global restraint level of 155 million pounds (product weight), provided Australian and United States shipments pick up towards year end.

Exports of live slaughter cattle are off sharply in 1979. During the first ten months of 1979 live slaughter cattle exports to the United States were only 109,000 head as compared to 182,000 head in the first ten months of 1978. This reflects primarily lower shipments of cows for slaughter. Beef exports are, however, up in 1979. For the first ten months of 1979 beef exports increased to about 77 million pounds product weight, as compared to 58 million pounds a year earlier.

It is clear that Canada's cattle herd liquidation has ceased. Total cattle numbers were 13.7 million head on 1 July 1979, unchanged from a year ago. It is expected that cattle and particularly beef cow inventory should soon enter a growth phase. However, it is not yet clear how rapid this growth will be. A key indicator will be the rate of decrease of heifer slaughter during the next year.

Turning briefly to the situation from the consumer perspective, retail prices by mid-year were some 17 per cent higher than at the end of 1978. With rising beef prices consumers to some extent tended to substitute pork and poultry for beef. In 1978 per capita consumption of pork and poultry was higher than in the previous year, while beef consumption decreased.

Insofar as 1980 is concerned it is expected that Canadian beef production will be down 5 per cent. However, it is anticipated that heavy supplies of pork and poultry meat will continue to have a moderating influence on beef price increases.