

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

IMC/INV/11
9 June 1980

Arrangement Regarding Bovine Meat

INTERNATIONAL MEAT COUNCIL

Inventory of Domestic Policies and Trade Measures and Information on Bilateral, Plurilateral or Multilateral Commitments

Reply to Parts G and H of the Questionnaire

CANADA¹

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 will be partly revised as and when changes are notified.

This set of documents will constitute 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).

¹For replies to the statistical parts, see IMC/STAT/11

INFORMATION ON DOMESTIC POLICIES
AND TRADE MEASURES¹

A. Production, consumption and trade

Beef production in Canada originates largely from specialized beef breeds.

As is the case in the United States, the bulk of Canadian beef production originates from specialized "feedlots" where cattle are "finished" on a grain or grain/corn silage ration. Feedlot operators in turn obtain most of their "feeder" cattle from specialized cow/calf operators. It is estimated that over 70 per cent of Canadian beef production originates from feedlots.

The Canadian cattle industry operates as an integral part of a "North American" livestock economy. The unrestricted two-way flow of live cattle between Canada and the United States (over low tariffs) means that the much larger United States market largely determines Canadian prices. The United States market price therefore provides a "floor" as well as a "ceiling" to Canadian cattle prices. As a consequence cycles and trends in Canadian beef production and consumption largely parallel those in the United States.

Canada's trade in live cattle and beef within North America is characterized by the export to the United States of live cows for slaughter, feeder cattle, and boneless beef for manufacturing purposes. In turn, Canada imports live fed cattle for slaughter and high quality beef cuts for the premium hotel and restaurant trade. The composition of Canada/United States trade in the bovine cattle and meat sector has not changed significantly over the past decade. However, since the early 1970's the operation of the United States Meat Import Law has affected the amount of Canadian beef which can be exported to the United States. When access to the United States market for beef is limited, exports of live cattle for slaughtering purposes tend to increase.

Beef exports to countries other than the United States have been relatively small, although there are longer term prospects for limited shipments of high quality grain fed beef to Europe and Japan. Imports from off-shore sources (primarily New Zealand and Australia) are mainly frozen beef for manufacturing purposes (e.g., for grinding into hamburger or sausages) and lower quality cuts for the "fast food" industry or large institutions.

¹ Done on 25 April 1980

B. Stabilization policies

Fed slaughter cattle (i.e., grades A, B, and C) are a "named" commodity under the Agricultural Stabilization Act. As such, deficiency payments are paid on cattle marketings if average market prices in any one year fall below 90 per cent of the preceding five year average market price, adjusted for changes in production costs. Feeder calves may be a "designated" commodity under the Agricultural Stabilization Act. As such, feeder calves may be eligible for deficiency payments if average market prices in any one year fall below 90 per cent of the preceding average price adjusted for changes in costs. However, as opposed to fed slaughter cattle, support is not mandatory. Since the Agricultural Stabilization Act was amended in 1975, one programme each for fed slaughter cattle (in 1976) and feeder calves (1977) have been operated. The feeder calf programme paid "cow-calf" producers \$10.27 per head for each cow in the herd, up to a maximum of 100 head, with the first five cows deducted. The slaughter cattle programme paid producers up to a maximum of 2,500 head for the calendar year 1976. The payment for the first quarter was \$1.86/100 lbs. There was no payment for cattle marketed in the second quarter and payments for the third and fourth quarters were \$3/100 lbs and \$2.98/100 lbs respectively.

C. Measures at the frontier

Canadian tariff item	Commodity	MFN rate
<u>1. Customs tariff</u>		
100-1	Live cattle, purebred	Free (bound)
501-1	Live cattle, n.o.p.	1.1.1980: 1.3¢/lb. 1.1.1981: 1.1¢/lb. 1.1.1982: 1.0¢/lb. (bound)
504-1	Dairy cows	Free (bound)
701-1	Beef and veal, fresh, chilled or frozen	1.1.1980: 2½¢/lb. 1.1.1981: 2¢/lb. (bound)
EX1002-1	Beef, pickled	1¢/lb. (bound)
1002-1	Beef, salted in barrels	Free (bound)
800-1	Beef, canned	15 per cent (bound)
EX707-1	Edible beef offal	Free (bound)

Canadian tariff item	Commodity	MFN rate
2. <u>Non-Tariff Measures</u>		
701-1	Beef and veal, fresh, chilled or frozen	<p>(1) Minimum global access commitment</p> <p>(2) Global import restraint level of 171.7 million lbs. announced for calendar year 1980.</p> <p>(3) Import licensing</p>

- (1) Minimum global access commitment: Canada has bound in the GATT a base minimum global access commitment of 139.2 million pounds (product weight of fresh, chilled and frozen beef and veal, to come into effect for the calendar year 1980. For subsequent years, the base minimum global access commitment will be increased cumulatively by the same proportion as increases in the Canadian population.
- (2) Maximum beef and veal imports to Canada in 1980 will be 171.7 million pounds (product weight), provided exporting countries agree to restrain exports to this level.
- (3) Imports of fresh, chilled or frozen beef into Canada are subject to individual import permits which are issued by the Department of Industry, Trade and Commerce under the provisions of the Export and Import Permits Act.

3. Health and sanitary regulations

Live cattle: Except for cattle from the United States all live cattle entering Canada must be accompanied by an import permit issued by the Food Production and Inspection Branch of the Department of Agriculture. This import permit will outline the conditions of importation and the port of entry. All animals entering Canada are subject to veterinary inspection and may only be presented for entry at established quarantine stations and ports of entry as listed in the Animal Disease and Protection Regulations.

Meat and meat food products: Shipments may only be presented for entry at the designated ports of entry referred to above, and an official meat inspection certificate of the country of origin must be provided. Shipments

may go forward from the Port of Entry under customs bond provided that they are accompanied by a copy of the exporter meat inspection certificate; be eligible for importation under the Canada Meat Inspection Act and Regulations; must be consigned to an establishment operating under the Canadian Meat Inspection Act, the importer accepts financial responsibility for the return of rejected shipments to the Port of Landing; and satisfactory arrangements have been made for reinspection.

If a country wishes to qualify to export meat and meat products to Canada a request should be made to Canada's Department of External Affairs. On receipt of such application, the requesting country's Meat Inspection Regulations are reviewed by the Canada Department of Agriculture to determine the type and scope of control in the country of origin, and the acceptability of the requirements.

The health status of the country's livestock is reviewed to determine the type of meat items which may be allowed into Canada, based on the presence or absence of exotic diseases. For example, only canned sterile meat items are permitted entry from countries in which Foot and Mouth Disease, Rinderpest, and Hog Cholera exist, while fresh meat may be accepted from countries free of diseases exotic to Canada.

If the results of this study prove satisfactory, the final step is a review of the actual implementation of the Meat Inspection Regulations in the country of origin by an officer of the Food Production and Inspection Branch of the Canada Department of Agriculture.

Before any imports of meat products are made, exporters must obtain approval from the Food Production and Inspection Branch as to the labels to be used for the immediate product containers as well as the shipping containers.