

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Arrangement Regarding Bovine Meat

Original: English

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

CANADA

Revision

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 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) Structure of beef industry

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. In 1981, there were 114,141 cow/calf operators in Canada for a total number of 3.5 million beef cows with an average of 31 per farm. With respect to feedlot operators 72,095 operators raised a total of 2.2 million cattle on feed corresponding to an average of 29.9 per farm. (See tables 1 and 2).

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 1970s 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.

(b) Government measures which influence cattle production

The Federal Government is responsible for the provision and maintenance of meat grading systems, performance testing of stock, the inspection of meat for domestic and foreign trade as well as research programmes in breeding and feeding of animal agriculture. Federal agricultural research stations are located in all Canadian Provinces.

(c) 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 five years average price adjusted for changes in costs. However, as opposed to fed slaughter cattle, support for feeder calves is not mandatory. Since the Agricultural Stabilization Act was amended in 1975, only one programme for fed slaughter cattle for 1976 production and one for feeder calves for 1977 production have been operated.

II. Not applicable

III. Measures at the frontier

(a) Customs tariff

Canadian tariff item	Commodity	M.f.n. rate
100-1	Live cattle, purebred	Free (bound)
501-1	Live cattle, n.o.p.	1.0¢/lb. (bound)
504-1	Dairy cows	Free (bound)
701-1	Beef and veal, fresh, chilled or frozen	2.0¢/lb. (bound)
ex 1002-1	Beef, pickled	1.0¢/lb. (bound)
1002-1	Beef, salted in barrels	Free (bound)
800-1	Beef, canned	15 per cent (bound)
ex 707-1	Edible beef offal	Free (bound)

(b) Non-tariff measures

Canadian tariff item	Commodity	M.f.n. rate
701-1	Beef and veal, fresh chilled or frozen	(1) Guaranteed minimum access commitment (GMAC) (2) Provisions of meat import law apply (See section H)

(1) Guaranteed minimum access commitment: Canada has bound in the GATT a base minimum global access commitment which came into effect for the calendar year 1980. For subsequent years, the base guaranteed minimum access commitment has been adjusted annually by the same proportion as changes in the Canadian population. For 1983, the GMAC is 143.6 million pounds (product weight of fresh, chilled and frozen beef and veal).

(c) Not applicable

(d) 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.

(e) Quantitative restrictions on imports or exports

The Meat Import Act provides for import restrictions under the tariff item 701-1 beef and veal, fresh, chilled, frozen. However, since its implementation in 1982, the situation has not called for the imposition of quotas (for more details see part H).

PART G

Part G:2 Notification of policy changes

On 29 September 1982, the Canadian Government concluded an arrangement with the United States with respect to trade in beef and veal between the two countries for the remainder of 1982. The arrangement was negotiated after the United States asked the principal exporters to the United States - Australia, New Zealand and Canada - to voluntarily restrain their exports for the balance of 1982 so as not to trigger import quotas under the United States Meat Import Law.

To implement the arrangement, effective 1 October 1982, export permits were required for all exports of fresh, chilled and frozen beef and veal to the United States. In addition, all imports required an individual import permit as provided under the Export and Import Permits Act. Effective 1 January 1983, the requirements for export and import permits for beef and veal were eliminated.

PART HPart H Information on bilateral or plurilateral agreements in the field of bovine animals, meat and offals

A Meat Import Act has been passed by Parliament and came into effect on 11 February 1982.

The Act allows the Minister of Agriculture, with the concurrence of the Minister of Industry, Trade and Commerce, to establish annual beef import levels on the basis of a prescribed formula and certain other considerations. The formula, which largely parallels that in the United States Meat Import Law, incorporates an adjustment for changes in domestic disappearance and also a countercyclical adjustment to offset the cyclical pattern of domestic beef supplies. However, import levels may not be set below the Guaranteed Minimum Access Commitment (GMAC) agreed during the GATT Tokyo Round negotiations (£139.2 million in 1980, subsequently adjusted annually for population growth). The Act also has provision for increasing the permitted import level if exporting countries agree to restrain their exports of beef to Canada. In addition, the legislation provides that the import level generated by the formula may be adjusted or suspended, if, for example:

- (1) the supply of beef and other meats is inadequate to meet domestic demand at reasonable prices; or
- (2) the United States suspends import restrictions under the United States Meat Import Law and suspends operation of bilateral meat restraint agreements; or
- (3) there are other major factors which would suggest that the import level generated by the formula should be adjusted.

In December 1982, the Canadian Government reviewed the 1983 beef import situation and concluded that beef import controls would not be required at least for the first two quarters of 1983. At present Canadian beef imports in 1983 are not expected to exceed the guaranteed minimum access commitment agreed during the GATT Tokyo Round negotiations which is £143.6 million for 1983.

This decision not to limit Canadian imports of beef and veal in 1983 will be reviewed on a quarterly basis.

¹ See Annex

ANNEX

Meat Import Act

29-30 Elizabeth II

Chapter 82

An Act to regulate the importation into Canada of fresh, chilled and frozen meat and to amend the Export and Import Permits Act

/Assented to 18 December 1981/

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Short Title

Short title

1. This Act may be cited as the Meat Import Act.

Interpretation

Definitions

2. In this Act,

"meat"

"meat" means fresh, chilled and frozen beef and veal;

"Minister"

"Minister" means the Minister of Agriculture.

Import Restrictions

Restriction of imports

- 3.(1) The Minister may, by order, with the concurrence of the Minister of Industry, Trade and Commerce,

(a) on or before the first day of December in any year or as soon as practicable thereafter, after taking into account the formula and considerations set out in the schedule and consultations with States exporting meat to Canada, establish such restrictions on the quantity of meat that may be imported into Canada in the following year as the Minister considers appropriate; or

(b) adjust, suspend or revoke any restrictions established under paragraph (a).

Restrictions may be adjusted, etc.

(2) Where a State agrees to restrain or otherwise voluntarily restrains the quantity of its exports of meat to Canada, the Minister may, by order, with the concurrence of the Minister of Industry, Trade and Commerce, suspend or revoke any restrictions established under sub-section (1) or adjust such restrictions so as to increase the quantity of meat that may be imported into Canada.

Additional imports

(3) Notwithstanding any restrictions established under sub-section (1), the Minister may, by order, with the concurrence of the Minister of Industry, Trade and Commerce, permit the importation of meat into Canada in excess of the quantity authorized by those restrictions where the supply of beef, veal and other meats in Canada is, in his opinion, inadequate in relation to domestic requirements.

Limitation

4. Except as provided for in the General Agreement on Tariffs and Trade, the Minister may not establish under this Act restrictions on the quantity of meat that may be imported into Canada that would result in a quantity that is less than the minimum global access commitment agreed to by Canada in multilateral trade negotiations under that Agreement.

Customs Documents

Acquisition of customs documents

5.(1) Where the Minister notifies the Minister of National Revenue that that he requires copies of invoices of goods imported into Canada or of other customs documents relating thereto for the purpose of carrying out his duties under this Act, the Minister of National Revenue may, notwithstanding sub-section 1/2(3) of the Customs Act, make such copies available to the Minister or to persons employed in the Department of Agriculture who have been designated by the Minister for the purposes of this section.

Prohibition against divulging information

(2) Except for the purposes of a prosecution under sub-section (4) or (5), but subject to sub-section (3),

(a) no person, other than a person who has been designated by the Minister for the purposes of this section, shall be permitted to examine copies of invoices or other documents made available by the Minister of National Revenue pursuant to sub-section (1); and

(b) no person who has examined any such copy shall disclose or knowingly cause to be disclosed, by any means, any particulars obtained in the course of the examination in such manner that it is possible from such disclosure to relate the information to any identifiable importer or agent or customer of an importer.

Exception to prohibition on disclosure

(3) The Minister may, by order, authorize the following information to be disclosed:

(a) information relating to a person or organization in respect of which disclosure is consented to in writing by the person or organization concerned;

(b) information relating to a business in respect of which disclosure is consented to in writing by the owner for the time being of the business; and

(c) information available to the public under any statutory or other law.

Offence

(4) Every person who knowingly contravenes sub-section (2) is guilty of an offence and is liable on summary conviction to a fine not exceeding \$1,000 or to imprisonment for a term not exceeding six months or to both.

Idem

(5) Every person who, having been designated by the Minister for the purposes of this section, uses any information obtained in the examination of copies of invoices or other documents made available by the Minister of National Revenue pursuant to sub-section (1) for the purpose of speculating in any stocks, bonds or other security or in any product or article is guilty of an offence and is liable on summary conviction to a fine not exceeding \$1,000 or to imprisonment for a term not exceeding six months or to both.

Information is privileged

(6) Except for the purposes of a prosecution under sub-section (4) or (5), any copy of an invoice or other document made available by the Minister of National Revenue pursuant to sub-section (1) is privileged and shall not be used as evidence in any proceedings whatever, and no person who has been designated by the Minister for the purposes of this section shall, by an order of any court, tribunal or other body, be required in any proceedings whatever to give oral testimony or to produce any copy of an invoice or other document with respect to any information obtained pursuant to this section.

Advisory Committee

Advisory committee

6.(1) The Minister shall appoint an advisory committee consisting of a chairman and not less than two and not more than four other members representative of the meat industry and consumers.

Temporary substitute members

(2) If a member of the advisory committee is absent or unable to act, the Minister may appoint a temporary substitute member, representative of the same sector as the member replaced, on such terms and conditions as the Minister may prescribe.

Functions

(3) The advisory committee established under sub-section (1) shall meet at the call of the Minister and shall advise the Minister with respect to such matters relating to the importation of meat into Canada as are referred to it by the Minister.

Remuneration and expenses

(4) The members of the advisory committee may be paid for their services such remuneration and expenses as are fixed by the Governor in Council.

Annual Report

Annual report

7. As soon as practicable after the thirty-first day of December in each year, the Minister shall prepare and lay before Parliament a report of the operations under this Act for that year.

Commencement

Coming into force

8. This Act shall come into force on a day to be fixed by proclamation.

Export and Import Permits Act

9. Sub-section 5(1) of the Export and Import Permits Act is amended by adding thereto, immediately after paragraph (a.1) thereof, the following paragraph:

"(a.2) to restrict, for the purpose of supporting any action taken under the Meat Import Act, the importation of products to which that Act applies".

SCHEDULE

(Sub-section 3(1))

1. Before establishing restrictions on the quantity of meat that may be imported into Canada pursuant to sub-section 3(1) of the Act, the Minister shall take into account the average level of beef or veal imports (tariff item 701-1) in the base period 1971-1975 adjusted annually for changes from the base period in the domestic disappearance of beef or veal with a further adjustment giving recognition to the cyclical nature of domestic supplies and any other adjustments warranted by the other considerations set out below.

2.(a) Adjustment for domestic disappearance

This adjustment shall be determined by a three-year moving average based on the current year and two preceding years as compared to average domestic disappearance in the base period 1971-1975.

(b) Adjustment for cyclical changes in domestic supplies

This adjustment shall be determined by a five-year moving average of annual cow and heifer marketings (current and the four preceding years) as compared to a two-year moving average of annual cow and heifer marketings (current year and one preceding year).

(c) Other adjustment

The adjustments outlined in paragraphs (a) and (b) may not, at times, yield changes in import levels consistent with changes in market requirements. Regardless of the level of imports indicated by the

foregoing, if the average per capita domestic disappearance for the three-year period centred on the current year (with a projection of domestic disappearance for the year for which import levels are to be established) is below the average per capita domestic disappearance for the three-year period centred on the year preceding the current year, then, at a minimum, import levels shall increase proportionately to the expected increase in population.

3. The Minister shall also take into account the following considerations:

- (a) the supply and price of beef, veal and other meats in Canada;
- (b) any significant changes in conditions, such as health measures or trade restrictions unrelated to this Act, affecting trade between Canada and other States in cattle, beef or veal, and
- (c) such other factors as the Minister considers relevant.

4. The formula derived from paragraphs 2(a) and (b) may be represented as:

Import level for year ahead - five-year average (1971-75) imports

x three-year average (current year and preceding two years)
domestic disappearance

five-year average (1971-75) domestic disappearance

x five-year average (current and preceding four years) domestic
cow and heifer marketings

two-year average (current and preceding year) domestic cow
and heifer marketings