

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE**

RESTRICTED

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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

1. Production

(a) Structure of beef industry

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 two-way flow of live cattle between Canada and the United States (over low tariffs) means that the much larger United States market is an important determinant of 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 is characterized by the export to the United States of cows for slaughter, feeder cattle, and boneless beef for manufacturing purposes. In turn, Canada imports 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 Act has periodically influenced the quantity of Canadian beef which could be exported to the United States. When access to the United States market for beef is limited, exports of live cattle for slaughter tend to increase.

Beef exports to countries other than the United States have been 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 and 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

On 27 June 1986 legislation was passed amending Canada's Agricultural Stabilization Act. This amendment introduced a new system of price stabilization for cattle. Under the new system separate stabilization programmes are offered for fed slaughter cattle and for cow-calf producers.

For fed cattle (grades A, B and C) support prices are calculated on a quarterly basis. The support price for any quarter has two components: first, 50 per cent of the difference between the average of market prices for fed cattle for that quarter during the previous five years and the average of variable costs of production for fed cattle for that quarter during the previous five years; second, the actual calculated variable costs of production for the current quarter. When the market price for fed cattle falls below this support price the difference is paid to producers. For cow-calf producers, prices of feeder calves are supported, on an annual basis, at a level equal to 85 per cent of the previous ten-year average of these prices adjusted for inflation.

The financing of these programmes is shared equally by the Government of Canada, the government of participating provinces and participating producers. At present (September 1986) three provinces (Alberta, Ontario and Prince Edward Island) have joined the plan. The combined output of these three provinces represents over 50 per cent of Canadian cattle production. However, given that participation in the programmes is voluntary, the actual number of cattle covered by the programmes is considerably less than the combined output of producers in the three provinces.

II. Not applicable

III. Measures at the frontier

(a) Customs tariff

Canadian Tariff Item	Commodity	m.f.n. rate
100-1	Live cattle, pure bred	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 Act 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 1986, the GMAC is 67,000 metric tons 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 Agriculture, Canada. 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 Canadian 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 Agriculture Canada 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 and officer of the Food Production and Inspection Branch of Agriculture Canada.

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, if these are considered to be necessary (for more details see Part H).

Part G.2 Notification of policy changes

I. As a result of a complaint filed by the Canadian Cattlemen's Association (CCA), on 18 October 1985, the Deputy Minister of National Revenue, Customs and Excise, initiated an investigation with respect to imports of boneless manufacturing beef from the EEC. On 12 June 1986 the Deputy Minister made a final determination that EEC beef was being subsidized. Subsequently, the Canadian Import Tribunal completed its inquiry with respect to the question of material injury on 23 July 1986. The Tribunal found that the importation into Canada of boneless manufacturing beef originating in or exported from the European Economic Community had not caused, was not causing, but was likely to cause material injury to the production in Canada of like goods.

As a result of this final determination of subsidization and the finding of injury, duty in the amount of £Ir 0.428/lb. for beef imported from Ireland and DKr 4.083/lb. for beef imported from Denmark is currently being levied.

II. On 15 August 1986 a second-quarter 1986 stabilization payment for slaughter cattle of Can\$13.20 per head was announced. This payment was the first to be triggered under the tripartite programme. Over 5,000 producers in the participating provinces of Alberta, Ontario and Prince Edward Island who enrolled in the slaughter cattle plan by 15 July are eligible for the payment. They represent approximately half of slaughter cattle production in these three provinces. The support price for the quarter was Can\$74.37 per 100 pounds (live weight) and the national average market price was Can\$70.10 per 100 pounds. The support price is the current cash costs of production plus 50 per cent of the difference or margin between the cash costs and the average market price in the same quarter for the previous five years.

PART H

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

A Meat Import Act was passed by Parliament and came into effect in 1982.

The Act allows the Minister of Agriculture, with the concurrence of the Minister of International Trade, to establish annual beef and veal 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 Act, incorporates an adjustment for changes in domestic disappearance and also a counter-cyclical 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 negotiation. This import level was 63,100 metric tons (£139.2 million) in 1980, and has subsequently been adjusted annually for population growth.

The GMAC for 1986 is 67,000 metric tons (£147.8 million). 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 Act and suspends operating 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 1985, a global import quota was established under the Meat Import Act at the level of Canada's Guaranteed Minimum Access Commitment (66,500 tons). The global import quota was initially allocated to supplying countries on the basis of their share of Canadian imports during the 1979-1983 period and were as follows: Australia, 24,900 tons; New Zealand, 28,800 tons; Nicaragua, 300 tons; United States, 9,800 tons and EEC, 2,700 tons. However, as a result of subsequent discussions, the import quota shares for the EEC and Nicaragua were increased and certified high quality beef was exempted from the quota.

No quantitative import restrictions for beef and veal are in effect in 1986.