

# GENERAL AGREEMENT ON

RESTRICTED

IMC/INV/11/Rev.4  
19 June 1992

## 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

#### Replies 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 are 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) Description of the beef industry

1. There were 11.4 million cattle on Canadian farms on 1 January 1992, a 2 per cent increase over 1991 but well below the maximum for this date of 14.3 million recorded in 1975. About 75 to 80 per cent of this number are intended for beef and veal production while the balance represents the dairy herd. On a locational basis, roughly 75 per cent of the beef herd is located in the West with 25 per cent in the East; the reverse is true of the dairy herd.
2. The number of farms reporting beef cows increased slightly from 100,000 farms in 1986 to 100,100 in 1991, while the number of cows per farm registered a significant increase over the same period.
3. Cash receipts from beef cattle and calves, Canada's largest commodity source of farm cash income, totalled Can\$4.1 billion in 1990, accounting for 19 per cent of total farm receipts.
4. The beef industry in Canada has evolved into two highly specialized enterprises - cow-calf rearing and finishing feedlots. Virtually all steers and heifers in Canada are finished in feedlots utilizing high energy grain rations, rather than being left on pasture until slaughter. Eastern feedlots normally utilize corn while those in Western Canada use a higher percentage of barley. Cow-calf enterprises are land intensive and are normally concentrated in pasture areas.
5. Male dairy calves account for the majority of veal production.
6. The Canadian market functions as part of the much larger North American market with both beef and live cattle being imported and exported between Canada and the United States. However, the export of live cattle to the United States represents a much larger number than those imported into Canada.
7. Traditionally, Canada has been a net exporter of both live beef cattle and bovine meat. Virtually 100 per cent of the former was and still is destined for the United States market either as slaughter and feeder cattle or calves. The United States is also the major customer for our beef. Canada is still a surplus trader in live cattle and in 1991, in excess of 800,000 live head of cattle and calves moved to the United States while imports amounted to about 40,000 head. In beef, however, the situation has changed and Canada has become a net importer. This is largely due to major increases in imports of high quality beef from the United States. In 1991, our total beef exports totalled 84.2 kt., 95 per cent of which went to the United States. Our imports, on the other hand were 158.2 kt. Of this

amount, 54 per cent was high quality beef from the United States, 24 per cent from Australia, 15 per cent from New Zealand and the balance (7 per cent) from other countries. About 25 per cent of the product from Oceania is higher quality beef; the balance of total imports consists largely of manufacturing beef.

8. Canada's share of imports on the world beef market is increasing while exports remain fairly stagnant.

(b) Government policies affecting production

9. There are no federal government policies which influence production. Agriculture is a shared federal-provincial responsibility. Both federal and provincial governments are involved with the agri-food system, through such activities as inspection and regulation of food quality and safety, research in crops and livestock, market development, land use and conservation, income stabilization and the provision of production and marketing information to farmers.

10. Overall national government policies in agriculture are directed towards encouraging this sector to become a reliable and innovative supplier of safe and nutritious food supplies for domestic and export markets. Policies and support programmes to the industry cannot mask market signals, therefore contributing to more market responsiveness, and improving the industry's ability to take advantage of new markets on a competitive basis.

Grading, disease eradication and improvement programmes provided by the Government

11. Under the Canadian Agricultural Products Act authority is provided to make regulations respecting the grading of various agricultural products. Grading regulations have been devised for veal, lamb and mutton, processed poultry, pork and beef. While the number and names of grades varies between meat products, the requirements for satisfying a particular grade are similar, focusing on factors such as fat content, musculature and the colour and the texture of the flesh.

12. Animal disease eradication: The Government of Canada operates a National Animal Health Program which includes the detection, control and eradication of animal diseases. The reportable diseases for cattle are anaplasmosis, anthrax, bluetongue, bovine spongiform encephalopathy, brucellosis, cysticercosis, foot-and-mouth disease, mange, rabies, rinderpest, tuberculosis and vesicular stomatitis, as set out in the Health of Animals Regulations.

13. Genetic improvement: The Government of Canada delivers several programmes (e.g. Record of Performance and Sire Evaluation Programs) which provide Canada's livestock industries with the genetic information required to improve the productivity and competitiveness of the national populations. Through the uniform national recording and assessment of

economically important, heritable traits, and through selective breeding, the livestock populations improve to enable more efficient, sustainable production.

(c) Stabilization programmes

14. National Tripartite Stabilization Programmes are established by federal/provincial agreements under the authority of the Agricultural Stabilization Act. Their intent is to protect the financial returns of producers. Support prices are determined and payments made after marketings have taken place.

15. Tripartite stabilization programmes arose from the need to harmonize the price support programmes of the provinces and that of the federal government. The first agreements were signed in 1986, and included only three provinces: Alberta, Ontario and Prince Edward Island.

16. February 1989, there was an agreement signed between Canada and the provinces to establish a National Tripartite Price Stabilization Program for Feeder Calves, Feeder Cattle and Slaughter Cattle. All provinces except Quebec and Newfoundland are currently participating.

17. The National Tripartite Price Stabilization Program for Feeder Calves, Feeder Cattle and Slaughter Cattle is structured on the following principles:

- that all producers in all provinces receive the same level of support per unit of production;
- that the programme is cost-shared equally between producers, the provinces and the federal government;
- that producers pay premiums, matched by the province and the federal government, into a fund from which payments are made when market prices fall below support prices;
- that the programme is voluntary in respect of producer participation;
- that the programme be financially sound, i.e. over time, total premiums should equal total payouts, including interest;
- that the programme operates at a level that does not stimulate production; and
- that there is reasonable equity in support for substitutable agricultural commodities;
- no payments have yet been triggered for feeder calves. Since the inception of the programme in 1986 to the end of the second quarter of 1991, total programme payouts for slaughter cattle and feeder cattle have amounted to Can\$122.3 million for which producers have contributed Can\$49.0 million in premiums;

- it was agreed that after 31 December 1990 there would be net benefit limitations on payments to cattle producers. The limitations, referred to as ceilings, include premiums paid by Canada and provinces under this agreement. A committee of experts will monitor compliance with the ceilings.

## II. INTERNAL PRICES AND CONSUMPTION

- (a) Per capita beef consumption as a component of total meat consumption has declined from a high of 50.4 per cent of total in 1976 to 38.4 per cent in 1988 and has remained fairly stable at the latter level. Variations in supply and prices of beef, pork and chicken as well as in income levels largely account for some of this decline. However, recent changes in tastes and preferences, as well as changing demographics influence decline in consumption. There are no federal policies affecting beef retail price or consumption. The Beef Information Centre, supported by the Canadian Cattlemen's Association, a producer body, promotes beef consumption through advertising, nutritional information, and promotional initiatives, such as recipes.

## III. MEASURES AT THE FRONTIER

- (a) Tariff schedule of Canada (see Annex I)

- (b) Other import measures

18. Canada's Meat Import Act provides authority to regulate the importation of fresh, chilled and frozen beef and veal into Canada. The Meat Import Act came into effect on 11 February 1982. The Act allows the Minister of Agriculture, with the concurrence of the Secretary of State for External Affairs, to introduce import restrictions for beef and veal taking into consideration a designated formula, the supply, price and trade of beef and veal. Restrictions on imports cannot be less than the Global Minimum Access Commitment (GMAC) negotiated in the Tokyo Round, and adjusted annually for population growth. For 1992, the GMAC is 71,100 tonnes (product weight) of beef and veal. A maximum access level was not established. Beef and veal imports are closely monitored by holding consultations on a quarterly basis with major meat suppliers. These consultations cover the forecast of exports by each supplying country, and play a major rôle in an orderly import régime. Imports were regulated under the Act in 1985; since then there have been no quantitative restrictions in effect.

19. The Canada/United States Trade Agreement: Canada's implementing legislation received royal assent on 30 December 1988. Chapter Seven of the Agreement covers provisions for the agriculture sector. In order to implement Chapter Seven, the implementing legislation modified Acts falling under the responsibility of the Department of Agriculture. The following Acts affect trade in bovine meat and cattle:

- Department of Agriculture Act: was amended to give authority to the Governor in Council to make regulations which may be required

for implementing Article 708 following the forthcoming negotiations of eight subject-specific Canada/United States Working Groups.

- Meat Import Act: was modified to exempt the United States from any restrictions imposed by the Minister of Agriculture on the quantity of meat imported into Canada, except to the extent necessary to prevent frustration of such action when Canada has limited imports from third countries and the United States has not taken equivalent action.
- Meat Inspection Act: was modified to allow Canada to exempt, subject to terms and conditions considered appropriate, any meat product imported into Canada from the United States from re-inspection in Canada.

(c) Measures affecting export levels

20. There are no measures to affect the level of exports of beef and veal, live cattle and calves.

(d) Health Regulations

21. The Meat Inspection Act and Regulations specify the conditions which must be met when meat imports take place. Details regarding the registration and operation of slaughtering and meat processing establishments, the inspection of establishments, animals and meat products are prescribed in the Regulations. Under the Act, no person shall import into Canada any meat product unless the product is packaged and marked as prescribed, the importer has obtained and produces the prescribed evidence that the meat product conforms to prescribed standards and the meat products of the class or kind imported are subjected to inspection in the prescribed manner under the laws of the country of origin.

22. The Health of Animals Act and Regulations provide authority to control infectious and contagious diseases among animals and provides for compensation for the destruction of animals and animal by-products and for other items destroyed under the Act. The Minister may prohibit the importation of animals, animal products, animal by-products, and carcasses for the purpose of preventing the introduction into Canada of infectious or contagious diseases among animals. The Act provides for regulation of the construction and operation and importation of product from animal dead yards and rendering plants accompanied by a veterinary certificate stating that the country of origin has been free from foot-and-mouth disease, rinderpest or other serious epizootic diseases for not less than six months and that anthrax is not prevalent in the country of origin.

23. The two major factors considered in arriving at a decision on whether to accept or refuse any particular importation of meat products, no matter what the amount involved, are consumer protection and animal disease control. With these two factors in mind, an approval system for the

importation of meat products has been developed which is based on the approval of a country's system of meat inspection, the approval of establishments operating within that system and the approval of individual meat products prepared in these establishments.

24. Following a request from a particular country for approval of its meat inspection system, a review of all relevant legislation and related technical information is conducted. If the country concerned provides comparable or equivalent legislation to Canadian legislation, a visit is made to the country to study the actual implementation of the legislation in establishments. Based on satisfactory findings during the visit, establishments wishing to export to Canada can be approved. During the visit, or in later correspondence, details in regard to certification or any special inspection procedures are worked out. Depending on the animal disease situation in that particular country, notification of any restrictions on the type of meat product which may be exported to Canada is given to the relevant authorities.

25. Establishments which are approved are then free to submit samples, formulations and labels which are registered in the same manner as those for Canadian meat products. Establishments approved for export to Canada are periodically reviewed, and such reviews may result in continued approval or delisting.

(e) Quantitative restrictions

26. Canadian policy with respect to quantitative restrictions is that all market access barriers be eliminated with the exception of those specifically provided for under current rules of the General Agreement on Tariffs and Trade.

PART G

Part G.2 Notification of Policy Changes

1. The policy review undertaken in 1989 established the following principles:

- (i) a more market-responsive agri-food industry;
- (ii) a more self-reliant agricultural sector;
- (iii) a national agriculture policy which is regionally-sensitive;  
and
- (iv) an approach to agriculture which is environmentally sustainable.

The overall objective is to set in place ways and means to build a more solid and dynamic agri-food industry. The federal government will work together with farmers, all levels of federal and provincial governments, processors, distributors, exporters, transporters and consumers.

2. National Tripartite Price Stabilization Programme:

- (a) Canadian citizenship requirement which was previously necessary in order for a producer to be eligible for the cattle programme was removed effective February 1992, and therefore foreign producers with operations in Canada are now eligible to apply for enrolment in the cattle programme.

3. Health Regulations:

- (a) Animal Diseases and Protection Act: was amended on 19 June 1990 to the Health of Animals Act and came into effect on 1 January 1991. This is an Act respecting diseases and toxic substances that may affect animals or that may be transmitted by animals to persons, and respecting the protection of animals.
- (b) The Maximum Amounts for Destroyed Animals Regulations: are regulations intended as an interim step to control compensation expenditures until the overall issue of compensation for all commodities has been fully assessed. A departmental review is currently underway. When passed into law, the Maximum Amounts for Destroyed Animals Regulations will set maximum values that will be paid for animals that are required to be destroyed under the Health of Animals Act. Previously the Regulations had only applied to cattle and elk affected with tuberculosis or brucellosis and horses affected with any disease requiring their destruction. These regulations will contain maximum amounts for all animals and the values will not vary from one disease to another.

4. Grading Regulations

- (a) Canada Agricultural Products Act: Beef carcass grading regulations promulgated under this Act have been amended to require beef grade identification on product (boxed or carcass fresh and frozen) entering Canada, effective 5 April 1992. This same requirement applies to domestic product moving interprovincially within Canada.

PART H

Part H New Bilateral Agreements

None

ANNEX I

III. MEASURES AT THE FRONTIER

(a) Schedule of Canada \*

Item	Article description	Base rate
01.02	Live bovine animals	
0102.10.00	-Pure-bred breeding animals	free
0102.90	-Other	
0102.90.10	---Dairy cattle	free
0102.90.90	---Other	2.20¢/kg.
02.01	Meat of bovine animals, fresh or chilled	
0201.10.00	-carcasses and half carcasses	4.41¢/kg.
0201.20.00	-other cuts with bone in	4.41¢/kg.
0201.30.00	-boneless	4.41¢/kg.
02.02	Meat of bovine animals, frozen	
0202.10.00	-Carcasses and half-carcasses	4.41¢/kg.
0202.20.00	-Other cuts with bone in	4.41¢/kg.
0202.30.00	-Boneless	4.41¢/kg.
02.06	Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen	
0206.10.00	-of bovine animals, fresh or chilled	free
	-of bovine animals, frozen:	
0206.21.00	--tongues	free
0206.22.00	--livers	free
0206.29.00	--other	free
02.10	Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal	
0210.20.00	-meat of bovine animals	2.21¢/kg.

\* The Schedule has been annotated for purposes of this inventory.

\*\* The tariffs on Canada-United States bovine animals and meat trade will phase-out in a manner previously negotiated under the Canada/United States Free Trade Agreement.