

THE COMPETITIVE POSITION OF CANADIAN LIVE CATTLE AND BEEF IN U.S. MARKETS

**Report to the Senate Committee
on Finance on Investigation
No. 332-241, Under Section 332
of the Tariff Act of 1930,
as Amended**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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PREFACE

The Commission instituted the present investigation on December 15, 1986, following the receipt of a request therefor on October 16, 1986, the U.S. Senate Committee on Finance. The investigation was conducted under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) for the purpose of gathering and presenting information on the competitive position of Canadian live cattle and beef in U.S. markets. 1/ Specifically, the Commission was asked to:

- o Describe the U.S. and Canadian live cattle and beef industries;
- o Describe the U.S. and Canadian markets - in terms of consumption levels and trends, production cycles, and both import and export levels and trends;
- o Describe in detail the trade in cattle between the United States and Canada;
- o Describe the effect on trade in live cattle of U.S. and Canadian Government policies;
- o Identify Federal, State, and Provincial government assistance programs that are available to the cattle growing and processing industries;
- o Discuss other competitive factors, including product prices and transportation costs.

Public notice of the investigation was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of December 29, 1986 (51 F.R. 46942). 2/

The information presented in this report was obtained from fieldwork, private individuals and organizations, the international agencies, State and Federal Government sources in the United States, Federal and Provincial Government sources in Canada, and other sources. 3/

Public notice of the hearing was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of February 19, 1987 (52 F.R. 5199). 4/

1/ The request from the United States Senate Committee on Finance is reproduced in appendix A.

2/ A copy of the notice of the Commission's investigation is reproduced in appendix B.

3/ A list of witnesses appearing at the hearing is presented in Appendix D.

4/ A copy of the notice of the Commission's hearing is reproduced in Appendix C.

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EXECUTIVE SUMMARY

The present investigation was made at the request of the United States Senate Committee on Finance for an evaluation of the competitive position of Canadian live cattle and beef in U.S. markets. Specifically, the Commission was asked to describe the U.S. and Canadian live cattle and beef industries, markets, trade and trade policies, government assistance programs, as well as any other factors affecting competitive positions, including product prices and transportation costs.

The principal findings are as follows:

Conditions of Competition

- o Prices for cattle and beef in the United States and Canadian markets are very similar and track each other closely.

The leading market force for cattle prices is the expected wholesale market price of beef. Among the wide array of beef products, boneless manufacturing beef is considered to be the price leader.

Comparable prices for U.S. and Canadian cattle and beef followed similar patterns over the period. Neither U.S. nor Canadian prices showed a consistent price premium for cattle or beef.

As an example, prices for 50 chemical lean (CL) frozen boneless manufacturing beef (fbmb) from U.S. sources, delivered Chicago, trended downward 10 percent from 1983 to 1986, from 54.3 cents per pound in 1983 to 48.8 cents per pound in 1986, and then increased to 53.0 cents per pound during January-March 1987, declining 2 percent overall. Prices for the comparable Canadian product rose 2 percent overall but also trended downward by 9 percent from 1983 to 1986, from 54.0 cents per pound in 1983 to 49.4 cents per pound in 1986, rebounding in the first quarter of 1987 to 55.3 cents per pound.

The effect of declining beef prices apparently influenced cattle prices. Prices received for four selected types of cattle, at both U.S. and Canadian auctions declined during 1980-85/86. During 1980-86, annual average prices received for feeder cattle fell 17 and 14 percent at U.S. and Canadian auctions, respectively; for slaughter cattle, prices fell 14 and 16 percent, respectively; for cull cattle, prices fell 19 and 20 percent, respectively; and for veal calves, prices declined 18 and 23 percent, respectively. Prices for all of the aforementioned products were noticeably higher during January-March 1987 than for the 1986 averages, mostly as a result of tight supplies.

- o Expenses for cattle feedlot operators were higher in the United States than in Canada.

Comparable data for U.S. and Canadian feedlot operations indicated that for similar regions (United States Great Plains versus Canada West and United States Corn Belt versus Canada East) total expenses were generally higher in the United States than in Canada. Feedlot expenses in both the United States and Canada declined during 1980-86.

- o According to published data, feedlot operations in both the United States and Canada had; on average, negative net margins (losses) per animal during the 1980-86 period.

In each year 1980-86, it was reportedly unprofitable to produce fed cattle in the U.S. Great Plains and Corn Belt. During 1980-86, the Canada West and the Canada East each had positive net margins in only 2 of 7 years. Quarterly net margins for cattle-feeding operations in both Canada East and the Corn Belt closely tracked each other during 1980-83; however, during 1984-86 the Canadian operators were more likely to have positive net margins than their U.S. counterparts.

- o Exchange rates have had a minimal effect on trade during the entire period 1980-86.

The U.S.-Canadian currency exchange rates from 1980 to 1986 appear to have had only a minimal effect on cattle and beef trade. The value of the Canadian dollar, when compared with that of the U.S. dollar dropped by 16 percent (nominal exchange rate) from January-March 1980 through July-September 1986, but, if the nominal exchange rate is adjusted by the relative inflation rates for each country, the value of the Canadian dollar has depreciated by only 2 percent during the same period. The total value of U.S. imports of live cattle and beef from Canada declined from \$299 million in 1982 to \$277 million in 1986.

- o U.S. meatpackers in general probably have a competitive advantage over Canadian meatpackers because of economies of scale and lower worker wage rates.

Studies by various groups show that large-volume packing plants (those that slaughter 500,000 or more cattle per year) tend to have an economic advantage over lower volume packing plants. In part because total Canadian cattle slaughter amounts to less than 4 million animals annually, compared with 35 million animals or more annually in the United States, Canadian packers are inherently unable to achieve volumes comparable with those of the large-volume U.S. plants. Also many U.S. packers (including large-volume ones) have worker wage rates significantly below the rates paid workers in Canada.

- o Levels of technology in the U.S and Canadian cattle-raising and meatpacking industries are, overall, closely comparable.

The variation in the level of technology employed by different cattlemen, meatpackers, and processors in the United States and Canada probably exceeds the variation in the composite level of technology employed in the two countries in general.

- o U.S. and imported Canadian cattle and beef tend to be closely comparable in quality.

Live cattle imported into the United States from Canada are typically closely comparable with domestic cattle of the same class. Under the Canadian grading and marketing system for cattle and beef, the grades that receive the premium price, A1 and A2, are leaner than the U.S. Department of Agriculture (USDA) premium price grades, Prime and Choice.

However, most fed cattle destined for the U.S. market are finished to the specifications for USDA Prime and Choice. The great bulk of Canadian beef imported into the United States is meat for manufacturing closely comparable to domestic meat.

The U.S. Industry 1/

- o Cattle are of major economic significance in the United States.

Cattle and calves are the most commonly kept farm animals in the United States. The 1982 Census of Agriculture reported that of 2.2 million farms and ranches in the United States some 1.4 million kept cattle and calves. The January 1, 1987, inventory of cattle and calves was valued at \$41.5 billion. Cash receipts from sales of cattle and calves averaged nearly \$29 billion annually during 1982-86, or 20 percent overall of U.S. cash receipts from farming.

- o The U.S. cattle inventory has declined in recent years.

The January 1, 1987, inventory of cattle and calves in the United States, at 102 million animals, was down 11 percent from the 115.0 million animals as of January 1, 1983.

1/ Table A presents an industry and market profile for 1982-1986.

Table A.
Profile of the U.S. live cattle and beef market, 1982-86

Item	1982	1983	1984	1985	1986	Absolute	Percentage
						change, 1986 from 1982	change, 1986 from 1982
Live cattle:							
Apparent consumption: 1/							
Quantity (1,000 animals).....	39,264	40,136	41,259	39,674	40,699	1,435	3.7
Value (million dollars).....	2/	2/	2/	2/	2/	2/	-
Production:							
Quantity (1,000 animals).....	44,200	43,925	42,500	41,045	41,201	-2,999	-6.8
Value (million dollars).....	2/	2/	2/	2/	2/	2/	-
Imports:							
Quantity (1,000 animals):							
From Canada.....	495	359	363	359	247	-248	-50.1
Total.....	1,005	921	753	835	1,334	329	32.7
Value (million dollars):							
From Canada.....	182.2	173.4	188.3	180.9	142.9	-39.3	-21.6
Total.....	297.7	312.6	285.8	306.5	426.0	128.3	43.1
Imports-to-consumption ratio							
(quantity) percent:							
From Canada.....	1.3	0.9	0.9	0.9	0.6	-0.7	-53.8
Total.....	2.6	2.3	1.8	2.1	3.3	0.7	26.9
Exports:							
Quantity (1,000 animals):							
Canada 3/.....	86	90	47	58	71	-15	-17.4
Total.....	122	131	102	173	156	34	27.9
Value (million dollars):							
Canada 3/.....	57.4	59.9	28.0	37.1	2/	2/	-
Total.....	97.1	96.4	77.5	154.2	2/	2/	-
Exports-to-production ratio							
(quantity) percent:							
Canada.....	5/	5/	5/	5/	5/	5/	-
Total.....	5/	5/	5/	5/	5/	5/	-
Cash receipts from sales of							
cattle and calves (million							
dollars).....	29,813	28,685	30,664	28,741	2/	2/	-
Beef and veal:							
Apparent consumption:							
Quantity (million pounds)....	24,456	25,167	25,403	25,869	26,084	1,628	6.7
Value (million dollars).....	2/	2/	2/	2/	2	2/	-
Production:							
Quantity (million pounds)....	22,984	23,696	24,093	24,243	23,631	647	2.8
Value (million dollars).....	2/	2/	2/	2/	2/	2/	-
Imports:							
Quantity:							
From Canada.....	160	166	212	240	168	8	5.0
Total.....	2,033	1,992	1,847	2,091	2,147	114	5.6
Value (million dollars):							
From Canada.....	116.6	118.7	145.0	155.7	133.3	16.7	14.3
Total.....	1,388.3	1,388.0	1,251.0	1,303.4	1,270.1	-118.2	-8.5
Imports-to-consumption ratio							
(quantity) percent:							
From Canada.....	0.7	0.7	0.8	0.9	0.6	-0.1	-14.3
Total.....	8.3	7.9	7.3	8.1	8.2	-0.1	-1.2
Exports:							
Quantity:							
Canada 4/.....	26	28	60	57	53	27	103.8
Total.....	262	287	363	364	545	283	108.0
Value (million dollars):							
Canada 4/.....	59.0	69.4	141.4	141.2	2/	2/	-
Total.....	425.4	451.0	576.5	590.9	2/	2/	-
Exports-to-production ratio							
(quantity) percent:							
Canada.....	5/	5/	5/	5/	5/	5/	-
Total.....	1.1	1.2	1.5	1.5	2.3	1.2	-

1/ Commercial slaughter. 2/ Not available. 3/ Compiled from official statistics of Statistics Canada. 4/ Estimated by staff of USITC. 5/ Less than 0.5 percent.

Source: Apparent consumption, production, and cash receipts from sales of cattle and calves derived from official statistics of the U.S. Department of Agriculture. Imports and exports derived from official statistics of the U.S. Department of Commerce except as noted.

- o The basic segments of the U.S. live cattle and beef industry are cow-calf operations, feedlots, dairy operations, and meatpackers and processors.

The basic types of businesses associated with cattle and beef in the United States are as follows:

- (1) cow-calf operations, that maintain herds of beef cows for the production of calves destined for feedlots;
- (2) feedlots, that raise the cattle and calves to slaughter weights;
- (3) dairy operations, that maintain herds of dairy cows to produce milk; and,
- (4) meatpacking plants.

- o The U.S. cattle and beef industry is composed of family-owned cattle farms, ranches, and feedlots, and meatpacking companies that are mostly large businesses.

Most cow-calf operations in the United States are family-owned businesses, and the cow-calf sector is the least concentrated sector of the cattle and beef industry. The feedlot sector is more concentrated than the cow-calf sector. Meatpacking and meatprocessing is the most concentrated sector. Most of the cattle slaughter in the United States is accounted for by large-volume businesses that include publicly owned corporations, subsidiaries of large corporations, and privately owned companies. Vertical integration between cattle raising, meat packing, and retail meat sales is limited by law.

- o The U.S. cattle and beef industry is concentrated in the Corn Belt, the Western Rangelands, and the Southeastern States.

Whereas beef cattle are kept and beef is processed in all of the 50 States, production is concentrated in the Corn Belt, the Western Rangelands, and the Southeastern States. Dairy cattle are concentrated in the Great Lake States of Wisconsin, Minnesota, and Michigan; in New York and Pennsylvania; and in California. In the Corn Belt States and the Southeastern States, cattle raising operations are more often part of general farming operations whereas in the Western Rangelands, sales of cattle and calves often account for all or nearly all of a ranch's return from sales of agricultural products.

The Canadian Industry

- o Cattle are important to the Canadian economy.

Cattle and calves are commonly kept farm animals in Canada and are important to Canadian agriculture. In 1981, the most recent year for which data are available, there were 185,000 Canadian farms and ranches with cattle and calves. In 1986, cash receipts from sales of cattle and calves amounted to Can\$3.6 billion, equal to 18 percent of cash receipts from sales of all Canadian agricultural products. In parts of Canada, cattle and calves are even more important; in Alberta, for example, cash receipts from sales of cattle and calves in 1986 amounted to Can\$1.2 billion, equal to almost one-third of cash receipts from sales of all agricultural products in the Province.

- o The Canadian cattle industry has declined in recent years.

The January 1, 1987, inventory of cattle and calves in Canada, at 10.5 million animals, was down from 11.6 million animals as of January 1, 1983. In most years, the Canadian cattle inventory has been about 10 percent as large as the U.S. inventory, but recently, Canadian beef and veal production has been only 8 percent to about 9 percent as large as that of the United States.

- o The Canadian live cattle and beef industry is, in many respects, quite similar to that in the United States.

In terms of management practices, the Canadian live cattle and beef industry is, in most respects, very similar to that in contiguous parts of the United States.

- o The Canadian live cattle and beef industry is concentrated in the Prairie Provinces and in Ontario and Quebec.

While cattle are kept and beef is processed in each of Canada's 10 Provinces, production is concentrated in the Prairie Provinces of Alberta, Saskatchewan, and Manitoba and in Ontario and Quebec. The Prairie Provinces are associated with beef-type cattle. Traditionally there has been a movement of live cattle (both for slaughter and feeding) and beef from the Prairie Provinces to Ontario and Quebec however, in recent years, there has been a reduction in such movements.

The U.S. Market

- o The cattle cycle is a period of approximately 10 years during which the number of cattle on farms alternately expands and contracts for several consecutive years in response to both biological and economic factors.

U.S. cattle inventories peaked at 132.0 million as of January 1, 1975, an increase in inventory of 23.0 million animals from 109.0 million animals as of January 1, 1965. U.S. cattle inventories have generally declined from the 132.0 million animals in 1975 to 102.0 million animals as of January 1, 1987. A similar trend existed in U.S. beef cow inventories. Industry sources believe that the liquidation phase of the cattle cycle is nearing an end because beef cow herds increased slightly in 1987.

- o U.S. production of live cattle (calf crop) declined, and U.S. production of beef and veal (number of cattle slaughtered) increased during 1982-86.

Calf production decreased from 44.2 million animals in 1982 to 41.2 million animals in 1986. Beef and veal production increased from 23.0 billion pounds in 1982 to 24.9 billion pounds in 1986.

- o U.S. beef and veal consumption rose by 8 percent during 1982-86, while, poultry consumption rose by 18 percent and pork rose by 3 percent.

During 1982, the share of U.S. civilian consumption of meat, poultry, and fish accounted for by beef and veal was about 43 percent; pork and poultry each accounted for approximately 25 percent and 26 percent respectively; and fish accounted for approximately 5 percent. Whereas beef and veal consumption rose 8 percent, from 24.5 billion pounds to 26.4 billion pounds, during 1982-86, poultry consumption rose from 14.7 billion pounds to 17.4 billion pounds, or by 18 percent and pork consumption rose from 14.4 billion pounds to 14.9 billion pounds, or by 3 percent. These changes in consumption caused beef and veal's share to drop by one percentage point to 42 percent in 1986; poultry's share to rise two percentage points to 28 percent in 1986 and pork's share to drop one percentage point to 24 percent in 1986.

U.S. Imports

- o U.S. imports of live cattle and calves amounted to about 1 million animals annually during 1982-86 and came from Canada and Mexico.

Total U.S. imports of live cattle and calves during 1982-86, ranged from 753,000 animals, valued at \$286 million in 1984, to 1.3 million animals, valued at \$426 million in 1986. Canada and Mexico were virtually the only sources.

Canada's share of total U.S. imports in terms of quantity ranged from 49 percent in 1982 to 19 percent in 1986. In terms of value, the share supplied by Canada ranged from 66 percent (\$188 million) in 1984 to 34 percent (\$143 million) in 1986.

U.S. imports of live cattle and calves from all sources were equal to 2 percent to 3 percent of U.S. production (the calf crop) and consumption (commercial slaughter) annually during 1982-86.

- o U.S. imports of beef and veal averaged about 2 billion pounds annually during 1982-86.

Total U.S. imports of beef and veal during 1982-86 ranged from 1.8 billion pounds, valued at \$1.3 billion, in 1984 to 2.1 billion pounds, valued at \$1.3 billion in 1986. The leading suppliers were Australia, New Zealand, Argentina, and Canada.

Canada's share of total U.S. imports increased from about 8 percent of quantity and value in 1982 and 1983 to about 12 percent in 1984 and 1985 and amounted to 10 percent in 1986.

U.S. imports of beef and veal from all sources were equal to about 8 percent of U.S. consumption annually during 1982-86.

- o U.S. imports of live cattle and calves from Canada declined during 1982-86 but imports of beef and veal increased.

U.S. imports of live cattle and calves from Canada declined by one-half during 1982-86--from 495,000 animals, valued at \$182 million, in 1982 to 247,000 animals, valued at \$143 million, in 1986. Imports of beef and veal from Canada increased from 160 million pounds (carcass weight equivalent), valued at \$117 million, in 1982 to 212 million pounds, valued at \$134 million, in 1986, although during 1982-86 imports were highest in 1985 when they amounted to 240 million pounds, valued at \$156 million. Imports of live cattle and calves as well as beef and veal from Canada were equal to 1 percent or less of U.S. production and consumption during 1982-86.

- o U.S. imports of live cattle and calves from Canada include a wide variety of animals.

U.S. imports of live cattle and calves from Canada represent a wide variety of animals. The mix of imports varies from year to year depending on Canadian health and sanitary regulations, weather, and U.S. and Canadian Government programs.

- o The Corn Belt States, and the New England and Mid-Atlantic States accounted for a significant but declining share of U.S. imports of live cattle and calves annually during 1984-86, whereas the share accounted for by the Western Rangeland States increased.

Among import regions of the United States, entries into the New England and Mid-Atlantic States declined from 122,000 animals, about one-third of the U.S. total in 1984, to 58,000 animals, about one-fourth of the U.S. total in 1986.

Imports into the Corn Belt States declined from about 95,000 animals, about one-fourth of the U.S. total, in 1984 to about 50,000 animals, about one-fifth of the U.S. total in 1986. Imports into the Western Rangeland States declined from about 150,000 animals in 1984 to about 131,000 in 1986, but as imports into the other regions declined relatively more the share of U.S. imports accounted for by this region increased from about 40 percent in 1984 to more than 50 percent in 1986. A large share of the fed cattle and veal calves were destined for Washington State.

- o U.S. imports of beef and veal from Canada consist primarily of meat for manufacturing entering contiguous parts of the United States.

U.S. imports of beef and veal from Canada consist primarily of boneless beef and trimmings, or meat for manufacturing into products such as sausages and hamburgers. During 1982-86, Canada accounted for between 9 percent (1982) and 15 percent (1984) of U.S. imports of fresh, chilled, or frozen beef and veal (quota-type meats).

The Canadian Market

- o The Canadian cattle industry is subject to a cattle cycle that is similar to the cattle cycle in the United States.

The Canadian cattle industry is subject to the same type of cycle as is the U.S. cattle industry. Indeed, in part because of the relative free flow of live cattle and beef between the two countries, developments in the much larger U.S. cattle industry strongly influence the Canadian cycle. Also, inasmuch as most cattle in Canada are raised within 200 miles of the U.S. border and weather is often the same in contiguous parts of the two countries, the same weather often affects the industries in both countries. However, in part because the Canadian industry is more geographically concentrated, the same weather may have a relatively greater impact in Canada than in the United States.

The Canadian cattle industry has undergone a contraction phase that lasted from 1975, when cattle inventories peaked at 14.3 million animals to 1986, when cattle inventories totaled 10.6 million. Although total inventories as

of January 1, 1987, were below year-earlier levels, beef cow inventories were marginally higher, indicating that the contraction in the cattle industry may have culminated in 1986.

- o Canadian cattle and calf consumption (commercial slaughter) declined slightly during 1982-86 but beef consumption remained about stable.

During 1982-86, cattle and calf consumption (commercial slaughter) declined from 3.8 million animals in 1982 to 3.7 million animals in 1986. During 1982-86, beef and veal consumption in Canada ranged from 2.2 billion pounds to 2.3 billion pounds annually and averaged 2.26 billion pounds annually. Imports and exports did not significantly impact Canadian beef and veal consumption during 1982-86 because the difference between annual imports and exports amounted to 1 percent or less of consumption annually.

Beef and veal account for only a part of Canadian red meat consumption. In Canada, as in the United States, poultry meat consumption has increased in recent years, rising from 1.2 billion pounds in 1982 to 1.5 billion pounds in 1986.

- o The United States accounted for virtually all of Canada's imports of live cattle and table beef during 1982-86, but New Zealand, Australia, and the EC accounted for the great bulk of imports of beef for manufacturing.

During 1982-86, Canadian imports of live cattle and calves ranged from an estimated 95,000 animals in 1983 to an estimated 52,000 in 1984; in 1986 imports amounted to an estimated 75,000. The United States supplied virtually all of the imports. From 82 percent to 99 percent annually of the imports consisted of fed steers and heifers for immediate slaughter. Many of such cattle are reportedly slaughtered in Eastern Canada. Imports were equal to less than 2 percent of the annual Canadian calf crop during 1982-86. As a share of consumption (commercial slaughter), Canadian imports of cattle and calves declined from about 2.5 percent in 1982-83 to 2 percent or less during 1984-86.

Canadian imports of beef and veal increased from 183 million pounds in 1982 to about 254 million pounds in 1984 and 1985 but declined to 249 million pounds in 1986. Canadian imports of beef and veal, as a share of Canadian production and consumption, rose from about 8 percent in 1982 to about 11 percent in 1986. The great bulk of Canadian imports consist of fresh, chilled, or frozen beef, with that from the United States being table beef and that from other suppliers (New Zealand, Australia, and the EC) being beef for manufacturing.

U.S. Customs Treatment

- o U.S. imports of cattle and beef are subject to import duties and health and sanitary regulations, and certain beef and veal is subject to quantitative limitations.

Imports of certain purebred cattle for breeding purposes and cows for dairy purposes enter the United States duty free. Virtually all other imports of live cattle and calves, including those from Canada, are dutiable at 1¢ per pound. U.S. imports of fresh, chilled, or frozen beef and veal, which accounts for virtually all U.S. imports of beef and veal from Canada, are dutiable at 2¢ per pound.

U.S. imports of certain meats, including beef and veal, are limited to those from countries and plants that the U.S. Secretary of Agriculture has found to have health and sanitary standards at least equal to U.S. Federal Standards. Most meatpacking and meat processing plants in Canada have been approved to ship meat to the United States.

U.S. imports of certain beef and veal, including the fresh, chilled, or frozen beef and veal that accounts for the great bulk of U.S. imports of beef and veal from Canada, are subject to quotas imposed under authority of the Meat Import Act of 1979 and to voluntary restraint agreements (VRA's) negotiated under the authority of the Agricultural Act of 1956. U.S. imports from Canada have not been subject to quantitative limitations since 1983, when the Governments of Canada and the United States negotiated an agreement to limit Canadian exports to the United States to 130 million pounds (product weight); ^{1/} actual imports amounted to 128 million pounds. No quantitative limitations are anticipated for 1987.

Canadian Customs Treatment

- o Canadian imports of live cattle and beef are subject to import duties and health and sanitary regulations, and certain beef is subject to quantitative limitations.

Imports of certain purebred cattle for breeding purposes enter Canada duty free and virtually all other imports of live cattle and calves, including those from the United States, are dutiable at CAN\$1.0 per pound. Canadian imports of fresh, chilled, or frozen beef, which account for virtually all Canadian imports of beef and veal from the United States, are dutiable at CAN\$2 per pound. Based on exchange rates in effect as of April 1987, the Canadian rates are about one-quarter less than U.S. rates on similar products.

^{1/} Data in table A are carcass weight equivalent.

Health and safety regulations are administered by Agriculture Canada to ensure a dependable supply of safe, nutritious, and accurately labeled agricultural food products, and to protect the Canadian industry. Canadian imports of meats, including beef and veal, are limited to those from countries and plants in those countries that have been approved by Agriculture Canada. Most U.S. plants, about 6,500 as of April 1987, are authorized to ship meat to Canada.

Canadian imports of live cattle and calves, except those for immediate slaughter, are subject to tests to ensure that the animals are not afflicted with tuberculosis, anaplasmosis, or bluetongue diseases. The regulations with respect to bluetongue have been a source of controversy and negotiations for several years. Some U.S. interests contend that the regulations have been used to unfairly restrict U.S. exports of cattle and calves to Canada. However, Canadian interests contend that they want to see this issue resolved so long as there is no impairment to the health of the Canadian herd. The Canadian regulations with respect to bluetongue were being negotiated by the U.S. and Canadian Governments as of April 1987, and negotiators indicate that they think less severe restrictions will be agreed to.

Canadian imports of fresh, chilled, or frozen beef are subject to quantitative limitations under authority of the Meat Import Act, which was signed into law in February 1983. Since then, quotas have been imposed only once--on January 1, 1985, for the 1985 calendar year. Following complaints from the U.S. Government, Canada excluded high quality U.S. beef, which accounts for the great bulk of U.S. exports of beef to Canada, from the quota beginning May 27, 1985.

The quotas expired at the end of 1985 and, at least through May 1987, there have been no quantitative restrictions in place. Officials of Agriculture Canada predict that there will be no restrictions during the remainder of 1987 and none are anticipated for 1988.

Canadian imports of certain beef from the EC were the subject of a countervailing duty complaint filed originally on May 15, 1984. Final countervailing duties were imposed on June 12, 1986, on imports from Denmark and Ireland.

U.S. Government Programs

- o U.S. Government programs available to cattlemen and beef processors often directly benefit other types of producers as well.

A wide variety of U.S. Government programs exist that aid U.S. cattlemen and beef processors by providing for Government purchases of only U.S.-produced goods, providing export assistance, and providing domestic marketing assistance. Many such Government programs aid other types of agricultural producers as well. Additionally, the dairy termination program

(DTP), has provided an outlet for U.S. dairymen to exit the business more advantageously than before. The DTP, however, was intended to reduce the cost of the Government's milk price support program.

- o U.S. cattlemen, like farmers in a number of agricultural pursuits, are subject to certain special provisions in the U.S. tax laws. Most of these tax provisions were preserved in the recently enacted Tax Reform Act of 1986.

Under the Tax Reform Act of 1986, cattlemen may continue to use cash accounting rather than accrual accounting; however, more restrictions now apply to their use of cash accounting.

Changes in depreciation rules and rates combined with the repeal of the investment tax credit have adversely affected cattlemen, as well as most other businessmen. The USDA estimates that the net effect of these two changes will raise the cost of farm capital about 10 percent.

The Act also repealed the special tax treatment of capital gains effective after December 31, 1986, depriving the cattle-breeding industry, among others, of one of its more important tax advantages. It is unknown what the net effect of loss of capital gains treatment has had on the industry.

Canadian Government Programs

- o The Canadian Federal and Provincial Governments have a long history of assisting Canadian agricultural producers and food processors, including cattlemen and beef processors.

The Tri-Partite Program for red meat producers which became effective January 1, 1986, is an insurance type program funded equally by contributions from the Canadian Federal Government, participating Provincial governments, and participating producers.

Since the plan became effective and through July 1987, payments have been made only once--for slaughter cattle marketed during the second quarter of 1986. The payment, which was announced August 15, 1986, totaled Can\$3.2 million and was shared among 2,379 producers. Officials of the CCA report that producers' payments into the program since its inception and through April 1987, amounted to Can\$14.4 million for the slaughter cattle program and over \$6 million for the feeder calves (cow-calf) program. A number of Provinces operate insurance-type programs that are, in some ways, similar to the Tri-Partite.

The Canadian Federal Government operates a number of other programs, most of which are administered by Agriculture Canada, including research and development programs and health and safety programs. Included is the Record of Performance program that assists in developing desirable animals for

breeding purposes, and a Sire Loan Program. The Federal Government is also involved in programs that affect Canadian animal feed prices.

In addition to the aforementioned programs, Provincial governments operate a large number of other programs that may be of assistance to cattlemen and meat processors.

THE U.S. INDUSTRY

Description and Uses

This investigation includes all live cattle (Bos tarus and Bos indicus) regardless of age, sex, size, breed, or purpose for which they are kept. Not included are American Bison (buffalo) or animals that are part American Bison (beefalo). Also included in this investigation is meat of cattle (beef) and calves (veal) fit for human consumption, whether fresh, chilled, or frozen, or prepared or preserved. 1/

Cattle are four-legged ruminant animals that generally weigh about 1,000 to 3,000 pounds at maturity, depending on sex and breed. They may be black, white, dark red, brown, or any combination depending on their breed or combination of breeds in their genetic makeup.

Beef is the edible muscle of cattle. Beef is red in color; generally brighter red is associated with younger animals and fresher meat and darker red with older animals and less-fresh meat. Beef carcasses have fat coverings of various thicknesses and beef cuts have intermuscular fat deposits referred to as marbling. Veal is derived from young calves and is light pink in color.

Live cattle

In the United States, most cattle are beef-type animals kept for the production of meat, and the remainder are dairy-type animals kept for the production of milk for human consumption. When cattle are no longer efficient in the production of calves or milk, they are slaughtered for beef; such animals are referred to as cull cattle. In addition, when slaughtered, cattle yield valuable by-products such as hides 2/ that are tanned into leather, fat used to make tallow, 3/ and internal organs that are used for various purposes including food for humans, pet food, and medicines (e.g., pancreases used to produce insulin for human diabetics). The value of the hide and tallow derived from the carcass varies with market conditions. As of May 1987, the market price for cattle hides was about 85 cents per pound. The market price for inedible tallow was about 16 cents per pound and for edible tallow about 17 cents per pound.

1/ The terms "fresh, chilled, or frozen" and "prepared or preserved" are defined in headnote 1, to subpart B of part 2 to schedule 1 of the TSUS.

2/ The average cattle hide weighs about 60 pounds.

3/ The average cattle carcass yields about 13 pounds of edible tallow and 45 pounds of inedible tallow.

The cattle industry in the United States is composed of several types of businesses including the following; (1) enterprises that specialize in the raising of cattle for breeding purposes, (2) dairy farms that maintain cows for the production of milk for human consumption, (3) cow-calf operations that keep herds of beef cows for the production of feeder calves, (4) backgrounders that prepare cattle and calves for placement into feedlots by raising them from young ages and light weights on low-energy diets, and (5) feedlots that grow feeder cattle and calves or backgrounded cattle and calves to slaughter weights by feeding them high energy diets, typically corn.

While individuals are free to operate more than one type of cattle business, most stay in one specialty. Indeed, most cattle-raising enterprises in the United States are family-owned businesses and, in part, because of the high cost of entry, degree of skill, and commitment necessary to successfully operate them, cattle enterprises tend to be handed down from generation to generation.

Only a small share of cattle enterprises in the United States specialize in the raising of animals for breeding purposes, but they are more important than their numbers would suggest. The vast majority of cattle in the United States, while not registered purebreds, 1/ are descended from purebred stock, and most cattlemen consider bloodlines to be extremely important.

Most cattlemen, (both beef and dairy) retain the best heifers (young females) from the calf crops as replacements for their cows (mature females) or to build up their herds. Many beef cattlemen, however, purchase bulls (mature males) from outside their own herds, both to prevent inbreeding and to obtain the best animals available. Cattlemen are often willing to pay many thousands of dollars for the best bulls because such bulls can breed 20 to 30 cows per year and contribute to the genetic make-up of every calf in the herd, whereas the females contribute only to their own calves.

Three so-called British breeds of cattle--Hereford, Angus, and to a lesser extent Shorthorn--are the basic beef breeds in the United States, except in the Southern United States. Brahman cattle, so-called Zebu or humpback cattle, are common in the Southern United States because they are more heat tolerant and somewhat more resistant to external parasites than the British breeds. They are distinguishable by the prominent hump at the tops of their shoulders, their large pendulous ears, and skin folds on the undersides of their bodies. Meat packers pay somewhat less for Brahman cattle because they have a lower meat to body weight ratio. Also they are less docile than other beef breeds; therefore, they are less commonly kept in the Northern United States. Brahman cattle have been crossed with other breeds of beef cattle in an attempt to produce breeds that incorporate the desirable characteristics of both type of cattle. Resultant breeds, found commonly in the Southern United States include Santa Gertrudis, Brangas, and Beefmaster, as well as many others.

1/ I.e., listed in the official book of registry of the breed association.

So-called continental breeds of cattle (developed in France, Switzerland, Italy, and other European countries) have become important in the United States beef cattle industry in the last 20 to 30 years both as purebreds and for crossbreeding with other beef breeds, including Brahman cattle. The continental breeds, including Charolais, Limousin, Simental, and Chiani, as well as many others, are generally larger, more heavily muscled, and leaner than the British breeds.

The most common dairy breed by far is the Holstein, with Jersey, Guernsey, and Ayrshire accounting for the great bulk of the remainder. Whereas many dairy cows are not registered purebreds, cross breeding is much less common in dairy cattle than in beef cattle. Most dairy bulls are kept by cooperatives, with only a small share of the dairy farms maintaining their own bulls. Dairy bulls are rather expensive and somewhat dangerous to keep. The cooperatives collect semen from the bulls they maintain and the semen is made available for the artificial insemination of dairy cows. The artificial insemination process allows for one bull to impregnate literally thousands of cows; also the semen can be stored and even used years after the bull has died. Artificial insemination has been less successful with beef cows in part because it is more difficult to detect their fertile periods and they are typically less docile and, therefore, more difficult to artificially inseminate than dairy cows. Although animals that are kept for breeding purposes are normally slaughtered for beef at the end of their useful lives, such animals account for only a small share of total beef production.

Recent technological developments with respect to embryos have made it possible to obtain much more genetic material from superior females. It is now possible to stimulate the female animal to produce a large number of eggs each month, remove the eggs surgically, fertilize them artificially with semen from superior male animals, and implant the fertile embryos into common females. The resultant offspring incorporates the genetic superiority of its natural parents.

Dairy cows that are kept for the production of milk for human consumption accounted for 10 percent (10.5 million animals) of the total U.S. cattle inventory as of January 1, 1987. Dairy cattle are typically less heavily muscled than beef cattle and are less blocky in conformation. Dairy cows weigh from 800 to 1,200 pounds (and sometimes more) at maturity and begin to produce milk when they are about 2 years of age, after the birth of their first calf. Dairy cows may be kept for milk production for 10 years, and sometimes longer. Many dairy calves are slaughtered for veal when they are a few days old, or at most a few weeks old, but steers (males that have been castrated at a young age) may be raised to maturity for the production of beef. Beef calves may be used for veal but are most often raised to maturity before slaughter.

Whereas dairy animals are used for beef and veal production as described above, beef cows are not suitable for the production of milk for human consumption since they do not produce milk in sufficient quantities to be practical dairy animals, and they are not normally docile enough to be milked by humans.

The most common type of cattle-raising enterprise in the United States is the cow-calf operation. Such enterprises maintain herds of beef cows, so-called brood cows for the production of beef calves, and so-called feeder calves. Feeder calves are those that are destined to be raised to slaughter weights on high energy rations in confined areas. Beef cow herds are normally kept in fenced pastures and sometimes on the open range in the Western United States. Beef cows receive the great bulk, and sometimes all, of their nutrition from pasture or, in winter, from hay and other roughage. They may be fed concentrates, primarily grains and protein supplements (primarily soybean meal) depending on the price of such feeds and the quality and quantity of pasture and other roughage available. At times of severe cold weather, farmers may supply concentrates to their animals, especially if such concentrates are grown on the farm and are readily available.

Cow-calf operations are operated in many different ways throughout the United States. Calves, which are born after a 9 to 10 month gestation period, are raised with their mothers until they are weaned at 6 to 9 months of age, at which time they weigh 300 to 400 pounds. After weaning, the calves are fed roughage and often some grain and protein supplements until they are about 1-year old and weigh about 650 pounds. During the period after weaning, such animals are referred to as stocker cattle and calves and the management they receive is referred to as "backgrounding." Most of such animals are then ready to be placed in feedlots. However, some steers and heifers, about 5 percent of those slaughtered in 1986 for example, are sent to slaughter never having been in feedlots. Such animals are so-called nonfed or grass-fed steers and heifers.

Feedlot operators may purchase the animals they need either directly from cow-calf operations or from auction markets. In some feedlots, cattle are fed on consignment in return for a fee paid to the feedlot operator. Animals on consignment may be owned by the cow-calf operators who supplied them or by outside investors who purchase them. This type of business operation is referred to as custom feeding or custom feedlots. Some feedlots are the property of absentee owners and are operated by hired managers. Outside ownership is usually associated with larger volume feedlots.

In cattle feedlots, stocker/feeder animals, which weigh about 650 pounds and are about 1 year old, are kept in confined areas and are fed on concentrates, typically corn and protein supplements, and some roughage for about 6 months at which time the animals weigh about 1,100 pounds and are about 18 to 20 months old. Such animals are then ready for slaughter for meat inasmuch as they have reached muscular maturity, and additional weight gains will consist of fat. Fat takes more energy to deposit and inasmuch as excess fat is undesirable, overly fat animals sell for less per pound than properly finished animals. For the same reasons, mature cattle are not usually placed in feedlots. The mature, fed steers and heifers marketed from the feedlots are referred to as fed cattle and supply a large share of the table beef ^{1/} consumed in the United States.

^{1/} Table beef is beef that is ready for cooking and consumption without further processing.

Beef and veal

Fed cattle, as well as veal calves and cull cattle, are sold either directly or through brokers or auction markets to slaughterers (meatpackers). Carcasses of the slaughtered animals are made ready for consumption by meat processors, some of whom are also meatpackers.

The sex, age, and manner in which cattle are fed influence the character of the meat derived from them. Cattle are graded primarily to predict the characteristics of the meat they will yield. Some companies operate their own grading systems, and the U.S. Department of Agriculture (USDA) will grade animals upon request for a fee. The USDA grading system is voluntary and is entirely different from the health and sanitary inspection described in the part of this report entitled "U.S. Customs Treatment." The official USDA grades for cattle and beef carcasses and primal cuts are Prime, Choice, Good, Standard, Commercial, Utility, Cutter, and Canner. Cattle and carcasses are also evaluated in terms of conformation and percent of usable meat cuts, so-called yield grades. The official USDA yield grades are 1, 2, 3, 4, and 5, with 1 being the highest and 5, the lowest.

Most steers and heifers that are finished in feedlots grade Prime and Choice, and yield carcasses of the same grades. Some cull cows grade Good and yield Good carcasses. Prime, Choice, and Good beef is associated with so-called table beef. Beef from Standard and Commercial grade cattle may be used for table beef, depending on market conditions, or may be used for manufacturing beef. Manufacturing beef is further processed by various means to improve its palatability. Beef from Utility, Cutter, and Canner animals and carcasses is associated with manufacturing beef.

Regardless of grade, certain parts of beef carcasses generally have particular outlets. For example, necks, shanks, plates, and trimmings, even those from Choice carcasses, usually are used for manufacturing meat. Steaks and roasts even from Utility carcasses may be used for table beef. Flanks and briskets may be consumed as table beef or manufacturing beef depending on market demand. Figures 1 and 2 provide information on how processors normally divide cattle carcasses for marketing, and figures 3 and 4 provide similar information on calf carcasses.

As can be determined from figure 5, the weight of the carcass (650 pounds) from an average steer (1,050 pounds) is equal to about 62 percent of the weight of the live animal, and the weight of retail meat ultimately derived (448.8 pounds) is equal to about 43 percent of the weight of the animal. The rest of the weight is accounted for by the viscera, blood, fat, and other byproducts.

In the slaughtering operation, cattle are stunned, bled, eviscerated, skinned, and decapitated. The animal's carcass is then generally split in half along the spinal column and chilled; the carcasses of veal calves usually are not skinned or split until the final stages of processing.

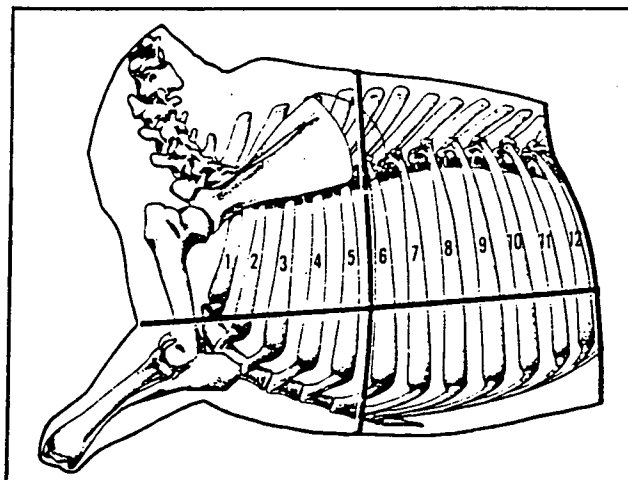
The carcass may be partially or fully processed at the meatpacking plant, or it may be shipped to another meat plant or to a retail outlet for processing. There has been a trend toward more processing being done at the packer level. Meatpackers have been using so-called boxed beef to market an

Figure 1.--Wholesale cuts of beef

PRIMAL (WHOLESALE) CUTS AND BONE STRUCTURE OF BEEF

Chuck, Sq. Cut Chuck, Blade Half Chuck, Blade Portion Chuck, Arm Half	Rib, Regular 10" x 10" Ribs 3 x 4 Short Ribs	Short Loin Regular 10" Short Loin 3 x 4 Tenderloin	Sirloin Bl Top Sirloin Bottom Sirloin Half Tip Tenderloin	Round Rump Shank Half Tip
CHUCK	RIB	(SHORT LOIN) LOIN	(SIRLOIN)	ROUND
SHANK	BRISKET	PLATE	FLANK	TIP
Shank Shank, Trmd. Shank, Center	Brisket, Bl Brisket, Bnls.	Plate Short Ribs	Flank Meat Flank Steak	Tip

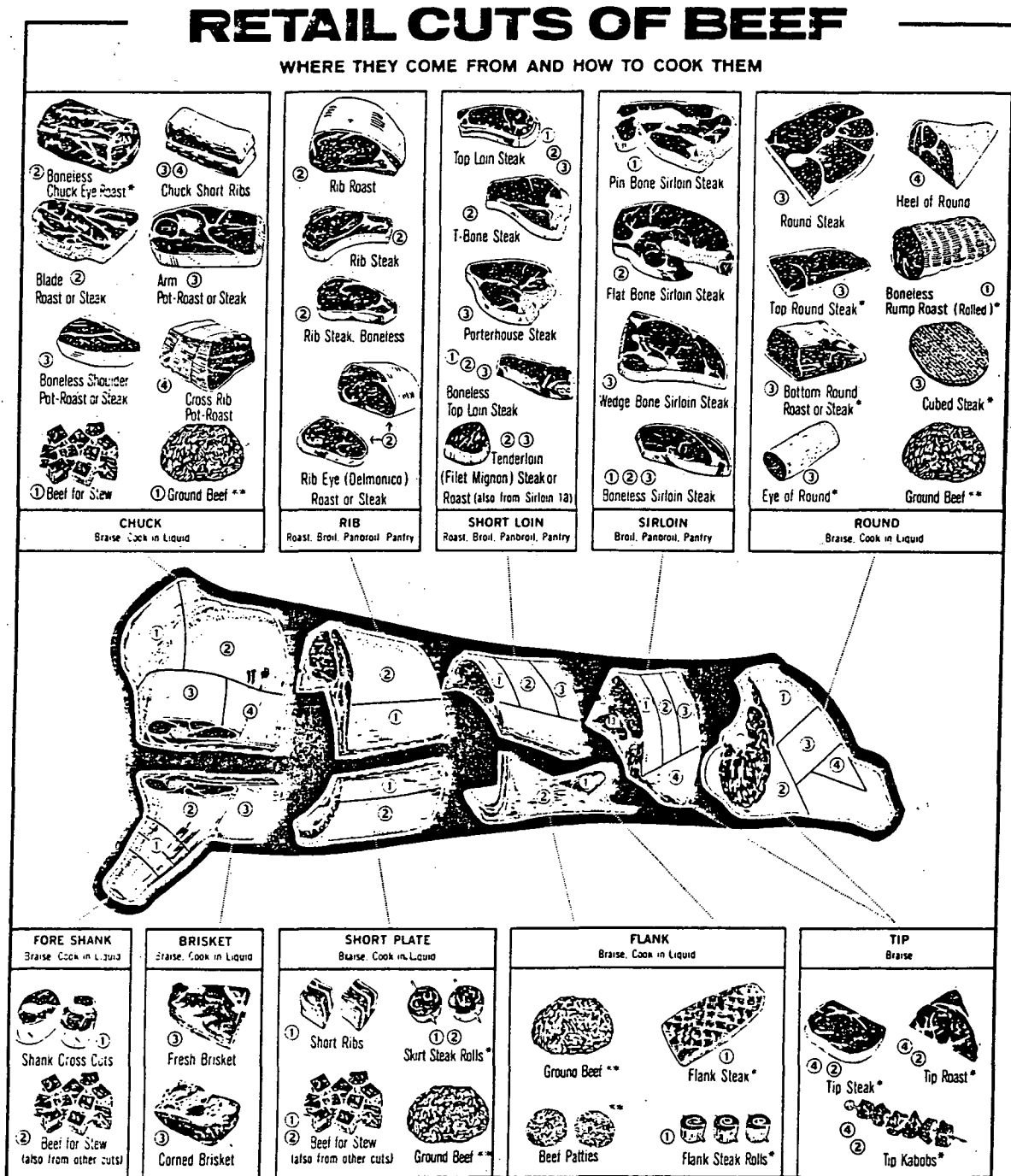
National Live Stock and Meat Board

**COUNTING RIBS IN
A BEEF FOREQUARTER**

In this manual, the method used to count ribs in the beef forequarter (Fig. 2) is to start at the front (chuck) and count toward the rear (1 to 12). The primal chuck contains five ribs (1-5). The primal rib contains seven ribs (6-12).

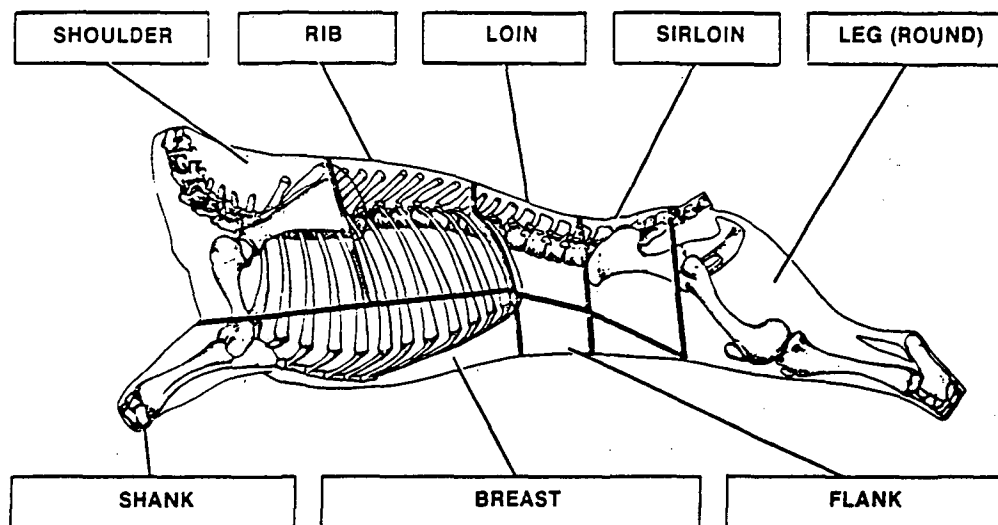
Some retailers reverse the counting process in the primal rib. They number ribs 6-12 instead by starting at the loin end, and numbering 1-7 from rear to front.

Figure 2.--Retail cuts of beef



Source: Reproduced with permission of the National Live Stock and Meat Board.

Figure 3.--Wholesale cuts of veal

PRIMAL (WHOLESALE) CUTS AND BONE STRUCTURE OF VEAL**VEAL RETAIL NAMES**

In the case of veal, carcass size determines the method of cutting primal and subprimal cuts. Larger carcasses are usually halved and then quartered while smaller carcasses are divided into foresaddle (unsplit front half) and hindsaddle (unsplit rear half). The cutting method and system of nomenclature for primal and subprimal veal cuts referred to in this manual are shown in Figure 1.

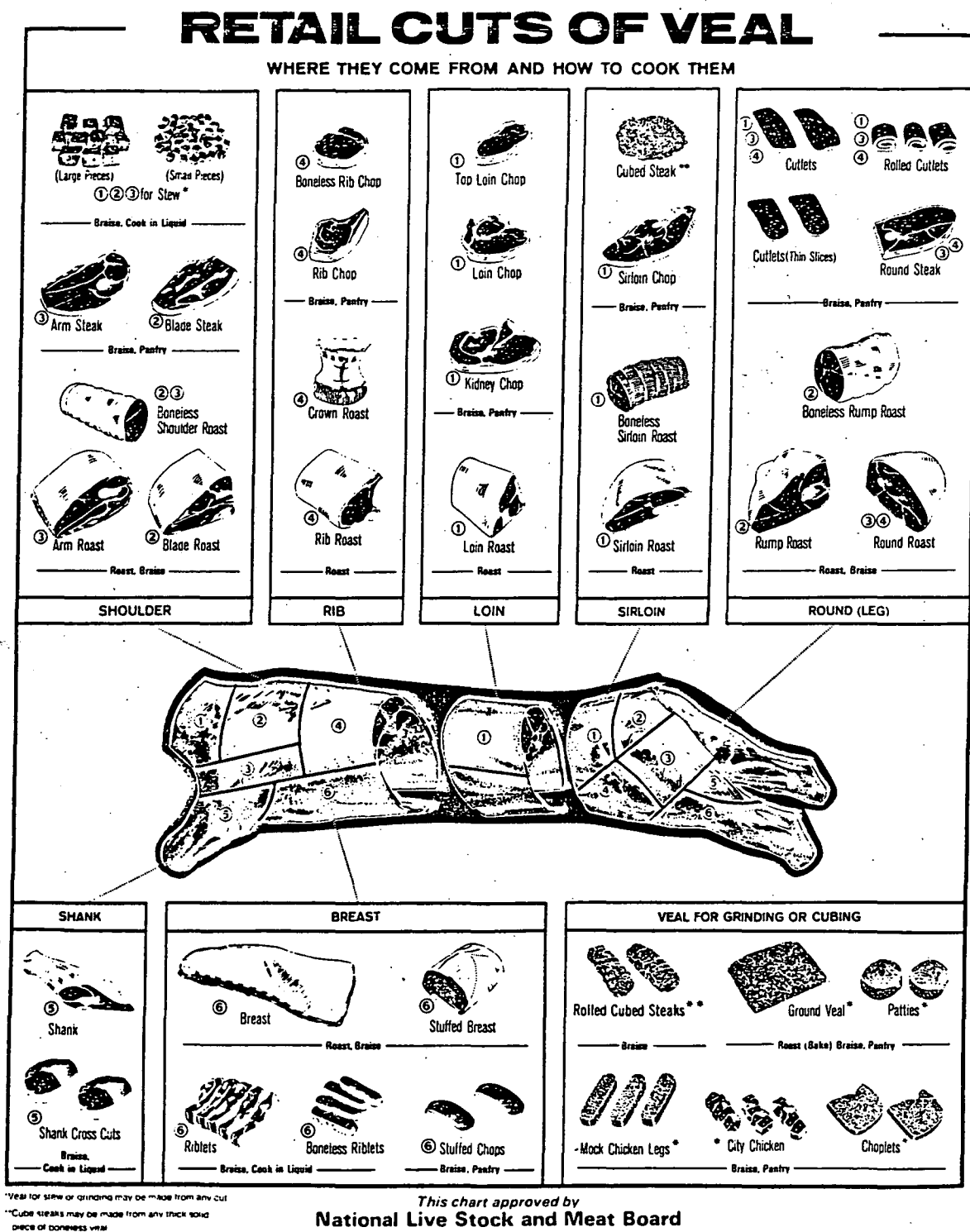
After removal of shank and breast, the shoulder is separated from the rib by cutting between the 5th and 6th ribs.

The rib contains ribs 6-12.

The loin includes the 13th rib to the tip of the hip bone.

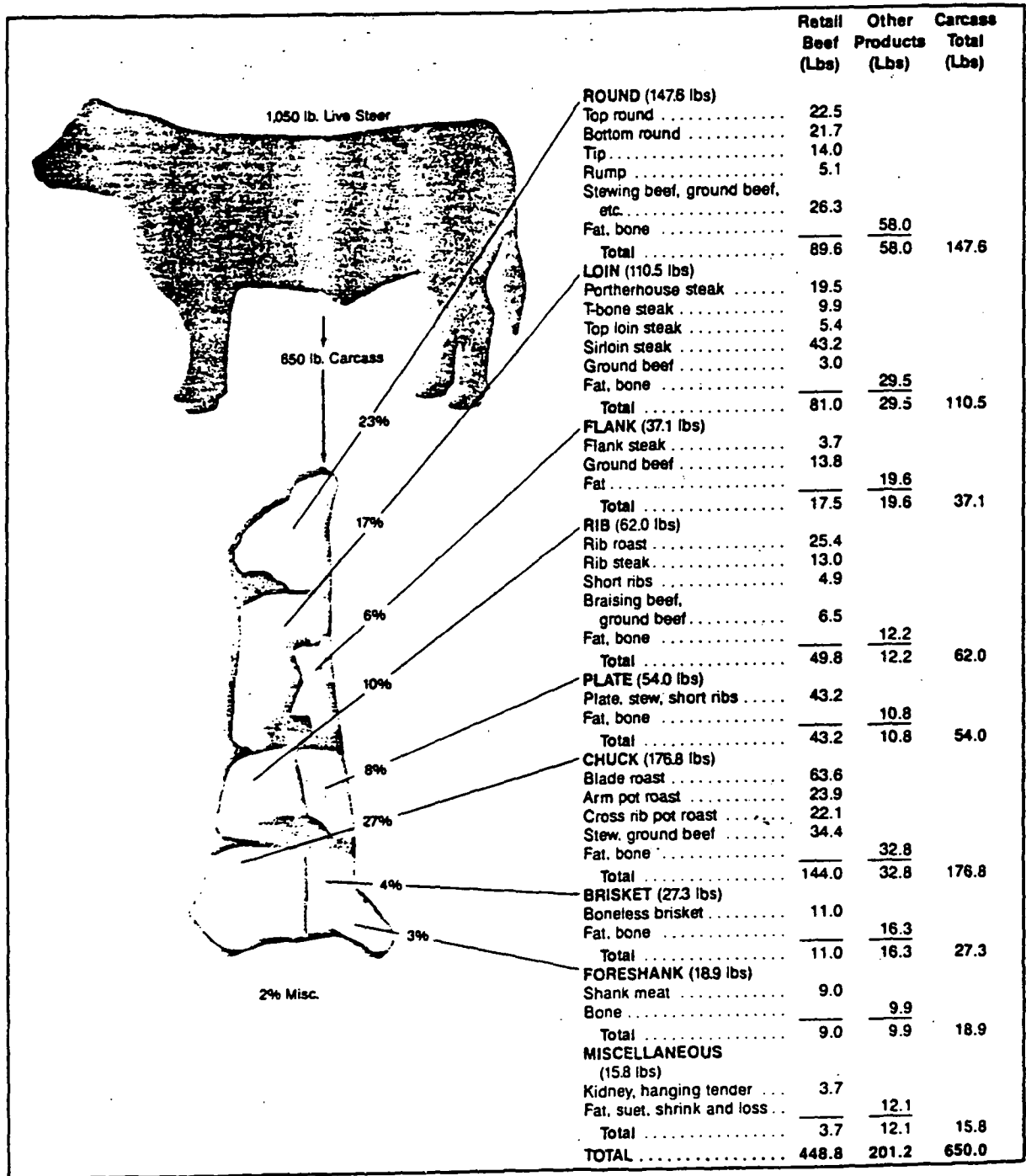
The leg includes both the sirloin and the leg.

Figure 4.--Retail cuts of veal



Source: Reproduced with permission of the National Live Stock and Meat Board.

Figure 5.--Steer carcass yield



Source: Reproduced with permission of the American Meat Institute.

increasing share of their output. Preparing boxed beef involves the division of the carcass into primal or subprimal cuts and coarse grinding the trimmings (for final use as hamburger) at the meatpacking plant and packaging the cuts and grindings in plastic-lined paperboard boxes. These boxes of beef (usually weighing 50-80 pounds) are then shipped to retail and institutional outlets for final cutting and grinding. Marketing boxed beef improves work productivity at the processing plant, reduces transportation costs because excess bone and fat are removed before shipment, reduces weight loss because of improved packaging, and allows for semiskilled labor to handle the meat at the retail level.

The preparation of boxed beef is a development of the past two decades. The larger, more efficient, meatpackers utilize modern assembly-line techniques, often employing scores of people in a single phase of the operation. Such types of automation are followed through all the marketing channels, including the retail distribution of the beef by fast food outlets. Meatpackers tend to be more labor than capital intensive. Labor generally is under contract and represented by unions. Some boxed beef packing-house workers have wage rates significantly below wage rates of other packing house workers.

The ownership of meatpacking companies in the United States varies widely. Some meatpackers are large publicly owned businesses whose stocks trade on major exchanges. Some are subsidiaries of major publicly owned companies, some are subsidiaries of privately owned companies, and a few are cooperatives owned by cattlemen. The ownership pattern has changed in recent years and is discussed in the section of this report entitled "Industry Concentration."

Meat processors do not slaughter cattle but process carcasses and cuts into consumer products. Meat processors range from major large-volume businesses to small-volume enterprises such as specialty sausage makers.

Economic Significance of Cattle and Beef

Cattle and calves are, by far, the most commonly kept farm animals. The 1982 Census of Agriculture reported that of 2.2 million farms and ranches in the United States, some 1.4 million kept cattle and calves, with 277,762 of the 1.4 million keeping dairy cattle. Officials of the National Cattlemen's Association (NCA), an industry organization representing cattle raisers, estimates that several million Americans depend on cattle for all or part of their livelihoods.

The 1982 Census also reported that of 987 million acres of land in farms, some 526 million acres, or 53 percent, consisted of land that was pastured or grazed. Cattle and calves, alone or in combination or rotation with horses, sheep, and goats, are kept on virtually all such pasture or grazing land and cattle and calves are estimated to account for 90 percent or more of all forages consumed by farm animals on such land. In addition, cattle and calves are estimated to consume 90 percent or more of the hay harvested in the United States. The 1982 Census reported that hay was harvested from nearly 57 million acres in the United States. In addition to their consumption of pasture and hay, cattle and calves consume a large share of the grains and oilseed meal produced in the United States.

Cattle and calves represent a significant share of the value of farmers' assets in the United States. The value of the cattle and calf inventory, as of January 1, for various years, as compiled from the USDA, is shown in the following tabulation:

<u>Period</u>	<u>Value of inventory</u> <u>Million dollars</u>
1983.....	46,708
1984.....	45,119
1985.....	44,139
1986.....	41,280
1987.....	41,492

The decline in the value of inventory reflects lower cattle numbers as well as decreasing unit values.

As shown in table E-1, ^{1/} cash receipts from the sales of live cattle and calves averaged nearly \$29 billion annually during 1982-86, and, as can be determined from that table, cash receipts from the sale of cattle and calves accounted for about 20 percent annually of all cash receipts from farming in the United States. The table also shows that cash receipts from dairy products (virtually all cow's milk) averaged \$18 billion annually, or about 12 percent of all cash receipts from farming in the United States.

Whereas cattle and calves averaged 20 percent overall of U.S. cash receipts from farming, the percentage varies significantly among States and individual farming enterprises. In large areas of the West, the most suitable agricultural crop is forage, and the most economically rational use for the forage is as feed for ruminant animals, such as cattle. Many of these areas lack populations large enough to support dairy industries; and, hence, most of the cattle are kept for the production of beef. In Wyoming, for example, cash receipts from the sale of cattle and calves accounted for 70 percent of all cash receipts from farming (excluding Government payments) in 1985, the highest of any State, followed by Montana, the second highest, with 57 percent. Sales of cattle and calves also account for a large share of cash receipts from farming in those States that have large-volume feedlots. For example, sales of cattle and calves accounted for slightly more than one-half of cash receipts from farming (excluding Government payments) in Colorado and Oklahoma during 1985, and nearly one-half of such receipts in Kansas, Nebraska, New Mexico, Texas, and South Dakota. For many farms and ranches, sales of cattle and calves account for all, or nearly all of the sales of farm products, whereas dairy-product sales are important in some regions.

^{1/} Statistical tables are in appendix E.

In some parts of the Corn Belt, cash receipts from the sale of cattle and calves exceed the level of sales of some of the Western States, but, because the Corn Belt also has large receipts from the sale of swine, dairy products, grains, and oilseeds, sales of cattle and calves account for a smaller share of cash receipts from the sale of all agricultural products. For example, cash receipts from sales of cattle and calves in Iowa amounted to \$1.7 billion in 1985 compared to \$414 million in Wyoming, but sales of cattle and calves accounted for only 19 percent of the sales of all agricultural products in Iowa. In Illinois, sales of cattle and calves amounted to \$668 million but accounted for only 9 percent of cash receipts from sales of all agricultural products.

In general, where dairy, fruit, vegetable, and other crop production are more significant, cattle and calves account for a smaller share of cash receipts from farming, and a significant share of the sales of cattle and calves consist of cull dairy cows and dairy veal calves. In most New England States and in New York, for example, sales of cattle and calves accounted for about 6 percent of cash receipts from farming (excluding Government payments) in 1985.

Beef and veal accounted for 24.1 million pounds, or 62 percent, of the 39.4 billion pounds of red meat handled by the nearly 220,000 employees of the U.S. meatpacking and processing industries in 1985. These employees earned nearly \$4 billion in wages during that year. Many meatpacking companies, including several of those with the largest volume, are exclusively, or almost exclusively, cattle processors. In general, meatpacking companies in the United States tend to process only one species of animal and most plants are physically limited to one species of animal.

During 1986, consumer expenditures for beef averaged \$184.10 per capita or 1.49 percent of personal income. Expenditures for beef accounted for nearly two-thirds of the annual \$288.65 per capita expenditures for red meat and 53 percent of the \$350.42 per-capita expenditures for red meat and poultry.

Structure of the U.S. Industry

Number of producers

As shown in the following tabulation, (compiled from official statistics of the USDA) there was a steady decline in the number of operations ^{1/} with cattle in the United States during 1982-86:

<u>Period</u>	<u>Number of operations with cattle</u>
1982.....	1,612,090
1983.....	1,585,200
1984.....	1,543,490
1985.....	1,493,880
1986.....	1,449,730

^{1/} An operation is any place having one or more head of cattle on hand at anytime during the year.

The 10 percent decline in the number of cattle operations from 1982 to 1986 apparently reflects, in part, unacceptable financial experiences for cattlemen. Also, there has been some consolidation within the industry as smaller volume operators exit the industry and large volume operators expand.

The number of operations with milk cows, (included in the number of operations with cattle) in the United States also declined steadily during 1982-86 as shown in the following tabulation which was compiled from official statistics of the USDA:

<u>Period</u>	<u>Number of operations with milk cows</u>
1982.....	312,100
1983.....	303,710
1984.....	284,740
1985.....	271,920
1986.....	254,760

The 18-percent decline in operations with milk cows from 1982 to 1986 accounted for one-third of the decline in total U.S. operations with cattle. The decline in the number of operations with milk cows reflects, in part, consolidation into larger volume enterprises. The Dairy Termination Program (DTP) discussed in the section of this report entitled "U.S. Government programs" contributed to a decline in the number of operations with milk cows since April 1986.

Table E-2 shows that the number of feedlots in five major cattle-feeding States of the Corn Belt (Illinois, Iowa, Kansas, Minnesota, and Nebraska) declined from 59,000 in 1982 to 38,600 in 1986, representing a decline of 35 percent. Whereas the number of feedlots with a capacity of less than 1,000 animals declined by 35 percent, from 57,648 to 37,222, the number with a capacity of 1,000 or more increased by 5 percent, from 1,316 to 1,378.

Table E-3 shows that the number of feedlots in eight major cattle-feeding States of the Western Rangelands (Arizona, California, Colorado, Idaho, Oklahoma, South Dakota, Texas, and Washington) declined from 7,757 in 1982 to 5,992 in 1986, or by 23 percent. The number of cattle marketed by the feedlots in those States increased, however, from 10.0 million in 1982 to 11.1 million in 1986.

As with other segments of the U.S. cattle industry, the cattle and calf slaughtering sector has been consolidated, thus reducing the number of plants as shown in the following tabulation:

<u>Period</u>	<u>Number of cattle- slaughtering plants</u>	<u>Number of calf- slaughtering plants</u>
1982.....	1,506	836
1983.....	1,502	817
1984.....	1,500	854
1985.....	1,451	831
1986.....	1,380	792

The number of firms slaughtering cattle and calves in the United States is smaller than the number of slaughtering plants because many firms operate more than one plant, and the largest volume firms operate several. The number of firms slaughtering all classes of cattle declined by 20 percent during 1981-85 (from 599 in 1981 to 481 in 1985) (the most recent 5-year period for which data are available), as shown in table E-4. The number of firms slaughtering calves declined by 16 percent (from 262 in 1981 to 219 in 1985).

During 1982-86 beef and veal accounted for about two-thirds of the red meat handled by meat packers and processors. The total number of employees in the red meat packing and processing industries has been as follows:

	(1,000 employees)
1981.....	226.1
1982.....	218.1
1983.....	215.8
1984.....	219.4
1985.....	221.8

Cattle inventory

Data concerning the U.S. cattle inventory are shown in table E-5. The table shows that the total number of cattle in the United States declined steadily, from 115.0 million on January 1, 1983, to 102 million on January 1, 1987, representing a drop of 11 percent and reflecting the cattle cycle described later in this report. Many U.S. cattlemen contend that the decline in cattle in the United States reflects adverse financial conditions in the business.

For mature cows, there was an 11-percent decline in beef cows, from 37.9 million as of January 1, 1983, to 33.9 million as of January 1, 1987, and a 5-percent drop in milk cows from 11.0 million to 10.5 million during the same interval. However, an increase in beef cows being kept for replacement, from 5.1 million on January 1, 1986, to 5.2 million on January 1, 1987, and an increase in the number of beef cows that have calved, from 33.6 million to 33.9 million, suggests that cattlemen may be becoming more positive about the industry.

Industry concentration

Live cattle and calves.--Among enterprises that specialize in the raising of purebred animals for breeding, the only significant concentration appears to be in the raising of dairy bulls. As previously described, most dairy bulls are raised and maintained by cooperatives. Among other cattle, for breeding purposes, no producer or small group of producers is known to account for a significant share of total production; however, there are probably only a few suppliers for certain exotic breeds of cattle.

The cow-calf sector is probably the least concentrated sector of the U.S. live-cattle industry. Whereas there are some cow-calf operations that are much larger than average, even the largest firms combined probably account for only a small share of the total. Data on concentration in the feedlot sector of the U.S. cattle industry are discussed in the section of this report entitled "Geographic Distribution."

Beef and veal.--There has been a trend toward fewer and larger volume beef packing and processing plants and firms in the United States based, in part, on developments in beef packing that occurred several years ago. During the 1970's, the previously described procedure for boxed beef became a major processing and marketing technique in the United States.

While boxed beef production expanded significantly during the early and mid-1970's, total cattle slaughter generally expanded also providing animals for both the newer boxed beef companies and the old-line traditional packers as well. During the late 1970's, however, total cattle slaughter declined, resulting in excess slaughtering capacity. In general, the newer boxed beef companies were able to bid cattle away from the old-line packers, because boxed beef companies were lower cost producers. In addition to the previously described production efficiencies, the boxed beef producers generally had the advantage of having newer, more efficient plants that incorporated efficiencies of size. Also, the boxed beef plants were located in the areas where cattle feeding was concentrated. By 1982, the four leading steer and heifer slaughtering firms, (in alphabetical order) were Excel Corporation; IBP Inc.; Land-o-Lakes, Inc. (which had acquired Spencer Beef); and Swift Independent Packing Company (SIPCO). Among the top four, there were no representatives from the so-called "big five" (in alphabetical order, Armour, Cudahy, Morris, Swift, and Wilson) which had dominated meat packing in the 1920's.

Many domestic interests, including U.S. cattlemen, have expressed concern about increased concentration in the U.S. cattle slaughtering industry. They contend that such concentration puts small-volume packers and the diffuse cattlemen at an unfair disadvantage by limiting the number of market outlets and competition for cattle sales. Further, they contend that many large-volume packers will not deal with small lots of cattle and limit buying at auction markets, preferring to obtain large volumes of cattle directly from large-volume feedlots with which they may maintain long-term agreements. They contend that such practices have an added disadvantage of limiting market intelligence concerning price data and price changes.

Some U.S. cattlemen contend that many large-volume meat packers are able to operate at low levels of profitability for long periods of time because they are subsidiaries of very large companies. As a result, independent packers may be forced to exit the industry, driving out competition for cattle purchasers.

Table E-6 shows that whereas most of the 1,500 or so cattle slaughtering plants in the United States slaughter fewer than 1,000 animals per year, these plants accounted for only about 1 percent (319,000 to 350,000 animals) of commercial cattle slaughter annually during 1982-86. The number of plants that slaughtered 500,000 or more animals per year (very-large-volume plants) increased from 12 in 1982 to 19 in 1986. As recently as 1972, there were only 3 plants that slaughtered 500,000 or more animals annually. Cattle slaughter in the very-large-volume plants increased from 9.4 million animals (26 percent of commercial slaughter) in 1982 to 16.8 million animals (45 percent) in 1986. These very-large-volume plants appear to be capturing market share from plants that slaughter 50,000 to 499,999 animals annually, and to a lesser extent from plants slaughtering 10,000 to 49,999 annually. As described in the section of this report entitled "Conditions of Competition," larger volume plants appear to have an economic advantage over smaller volume ones.

Calf slaughter is more concentrated than cattle slaughter as shown in table E-7. In 1982, a total of 836 plants slaughtered 2.7 million calves, but 55 of these slaughtered 2.5 million calves, or 82 percent of the commercial slaughter. By 1986, 64 plants slaughtered 2.9 million calves, or 89 percent of the total.

Table E-8 shows that the concentration, as measured by the share of total U.S. slaughter accounted for by the 4, 8, and 12 largest firms, generally increased during 1980-84. Concentration in the steer and heifer slaughter sector increased steadily at all levels, with the share of slaughter accounted for by the 12 largest firms increasing from 63 percent in 1980 to 72 percent in 1984. Concentration in the cow and bull slaughter sector increased irregularly at all levels. The share of the cow and bull slaughter sector accounted for by the 12 largest firms increased from 27 percent in 1980 to 28 percent in 1984. Concentration in the cow and bull slaughter sector is much less than in the steer and heifer sector in part because cow-calf herds are widely dispersed across the United States, whereas feedlot operations tend to concentrate the steers and heifers. The same firms and the same plants are not necessarily among the largest year after year.

For livestock slaughter, concentration generally changes as product definition (type of cattle being considered) is more narrowly defined. For example, although the plants that slaughtered 500,000 or more cattle per year accounted for 26 percent of commercial cattle slaughter in 1982, these plants accounted for 36 percent of the steer and heifer slaughter, but less than 14 percent of the cow and bull slaughter. Data concerning shares of the steer and heifer slaughter or the cow and bull slaughter for other years are not available; however, inasmuch as the cow and bull slaughter is known to be dispersed and the steer and heifer slaughter is known to be centralized, the concentration ratios shown in table E-6 understate the concentration for the steer and heifer slaughter and overstate the concentration for the cow and bull slaughter.

Also, for livestock slaughter, concentration ratios increase as geographic area considered is reduced. As shown in table E-9, in several States, the top four firms accounted for all or nearly all of cattle slaughter in 1982, the most recent year for which such data are available. The table also shows that, in almost every instance, concentration increased from 1972 to 1982.

Geographic distribution

Although cattle are raised and beef is processed in each of the fifty States, different aspects of the U.S. cattle industry are concentrated in various parts of the country. In general, however, cattle raising and beef processing are concentrated in the Corn Belt, 1/ the Western Rangeland States, 2/ and the Southeastern States 3/ (see fig. 6). The distribution of dairy cattle is a special circumstance.

The Corn Belt.--The Corn Belt is a highly productive agricultural area, well suited to the growing of grasses and legumes for pasture for cow-calf herds as well as grains (primarily corn) and protein supplements (primarily meal derived from soybeans) for raising feeder animals to slaughter weights in cattle feedlots. Many of the enterprises in the Corn Belt are general farms, deriving their income, or having the option of deriving their income, from different types of livestock (such as beef cattle, dairy cattle, or swine), cash grain (most often corn), or vegetable oilseeds (primarily soybeans) (see fig. 7 and 8). Although some farms in the Corn Belt are only a few acres in size and some are a few thousand acres, they typically are about 400 to 500 acres in size. Few farmers in the Corn Belt States depend on sales of cattle as their sole source of income; cattle herds may consist of only a small number of animals, and herds seldom number more than a few hundred. In 1986, the average cattle herd in the Corn Belt was 69 animals.

There were 503,000 operations with cattle in the Corn Belt States in 1986, (representing 35 percent of the U.S. total of almost 1.5 million), down from 571,000 (35 percent of the U.S. total of 1.6 million) in 1982. The January 1, 1987, inventory or census of cattle in the Corn Belt States was 34.9 million animals, representing 34 percent of the U.S. inventory of 102.0 million--down from the 37.9 million cattle, accounting for 33 percent of the January 1, 1983, U.S. inventory of 115.0 million cattle.

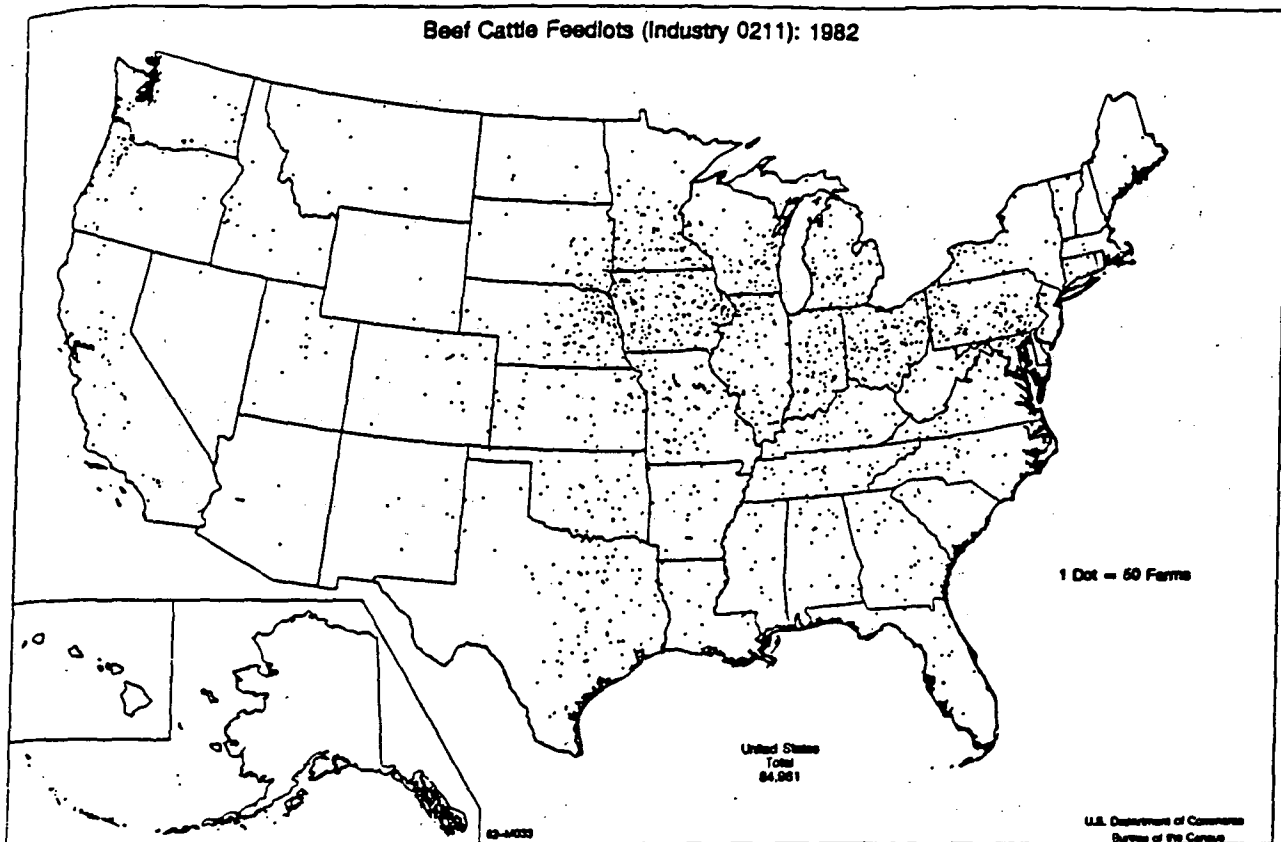
In part because the Corn Belt grow large quantities of grain and protein supplements, the region accounts for a large share of U.S. cattle finishing and has a large share of U.S. cattle feedlots (fig. 9). The Corn Belt States of Illinois, Iowa, Kansas, Minnesota, and Nebraska had a total of 38,600 beef cattle feedlots in 1986 (table E-2) and those feedlots marketed a total of 11.7 million animals, equal to 45 percent of the 26.0 million fed steers and heifers slaughtered in the United States during that year. In 1982, there were 59,000 cattle feedlots in the aforementioned States, and those feedlots marketed 11.8 million animals, equal to 43 percent of the 24.9 million fed steers and heifers slaughtered in the United States during that year.

1/ The Corn Belt is associated with the States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin.

2/ The Western Rangelands are associated with the States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

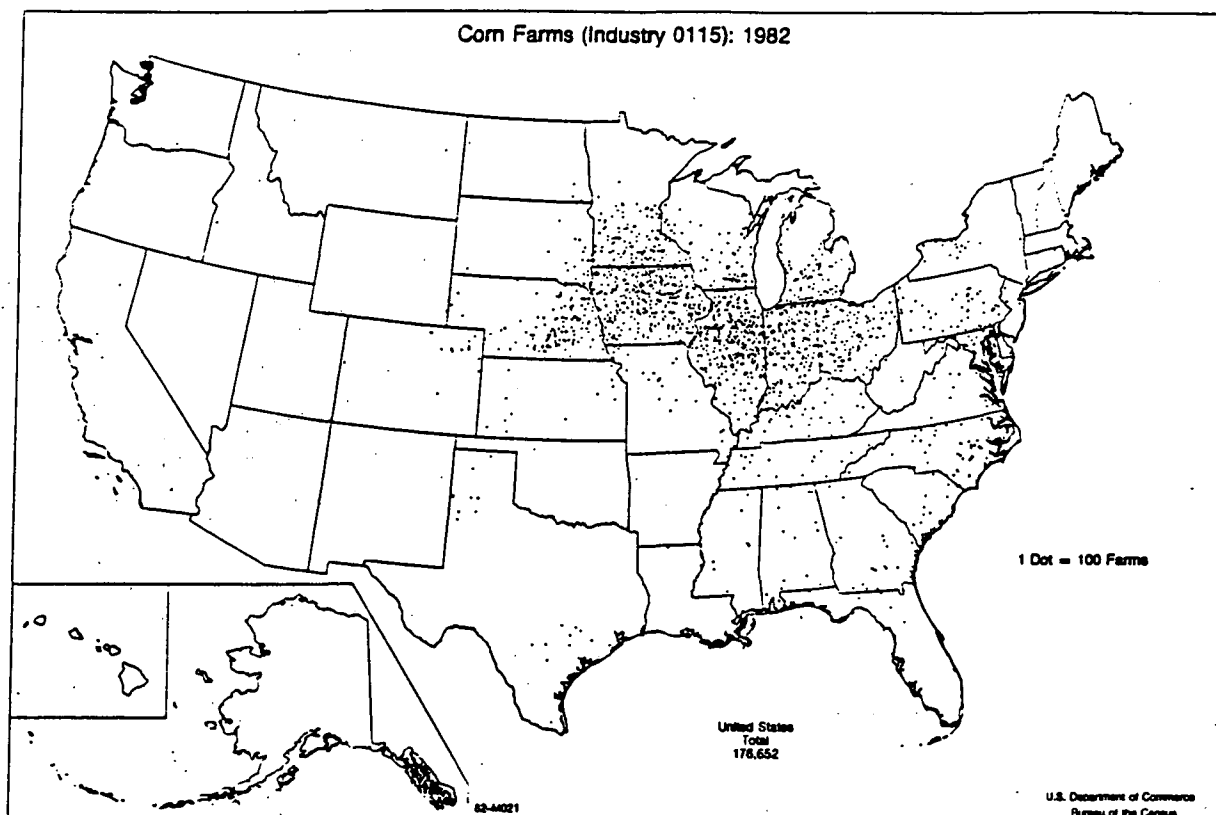
3/ The Southeastern States are Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia).

Figure 6.--Beef cattle feedlots: Location in the United States, 1982



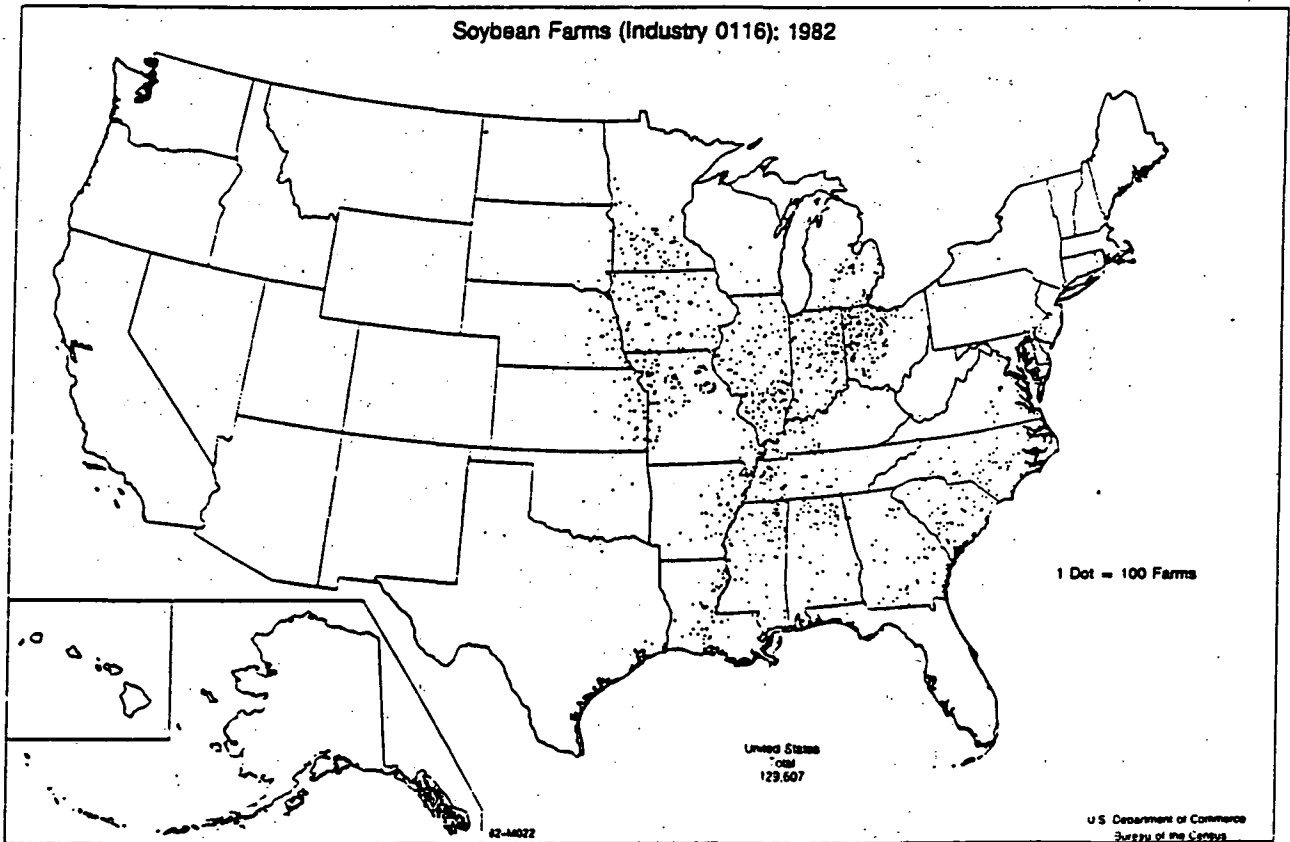
Source: U.S. Department of Commerce, Bureau of the Census, 1982 Census of Agriculture, Graphic Summary.

Figure 7.--Corn farms: Location in the United States, 1982



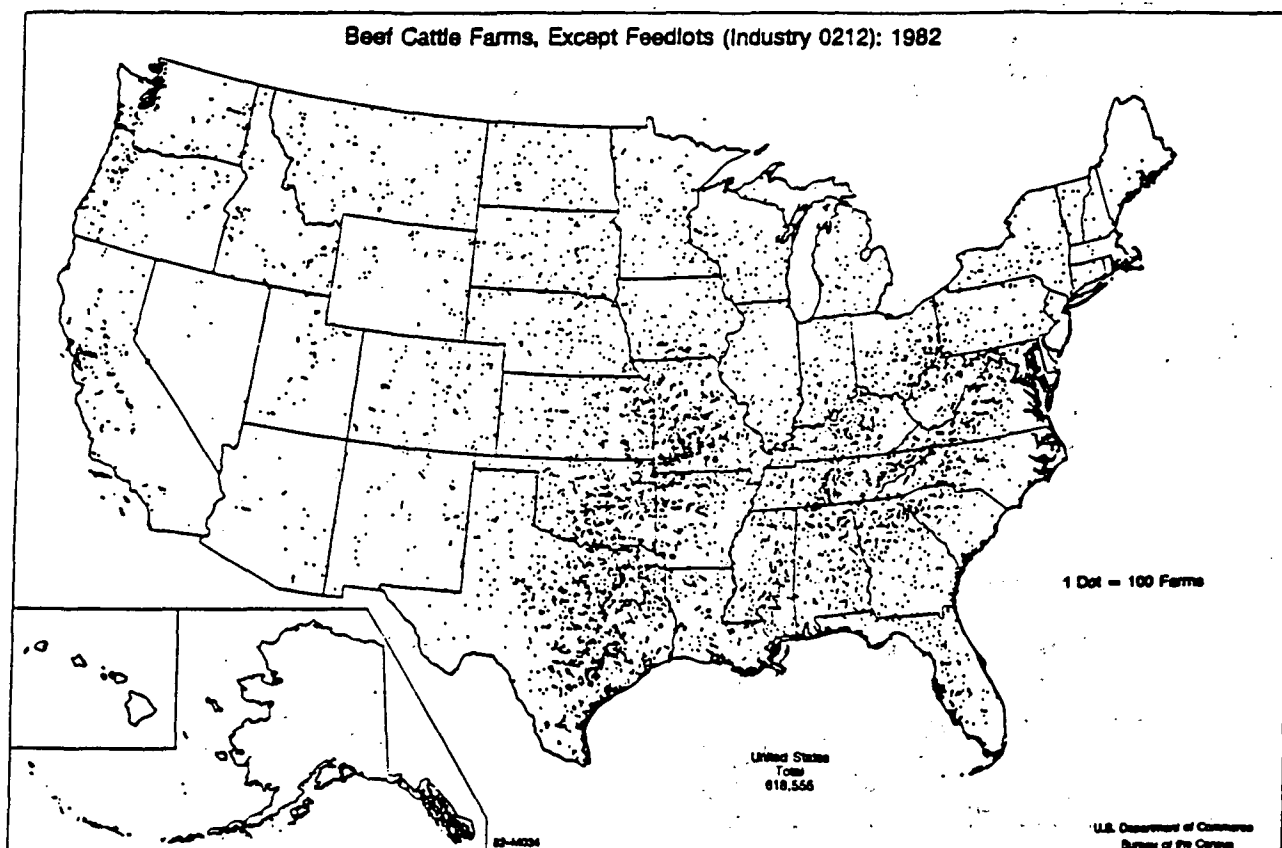
Source: U.S. Department of Commerce, Bureau of the Census, 1982 Census of Agriculture, Graphic Summary.

Figure 8.--Soybean farms: Location in the United States, 1982



Source: U.S. Department of Commerce, Bureau of the Census, 1982 Census of Agriculture, Graphic Summary.

Figure 9.--Beef cattle farms: Location in the United States, 1982



Source: U.S. Department of Commerce, Bureau of the Census, 1982 Census of Agriculture, Graphic Summary.

Nearly 97 percent of the feedlots in the region had a capacity of fewer than 1,000 animals in 1986, and these plants marketed 3.7 million animals (14 percent of the U.S. total) compared with 4.3 million animals (16 percent) in 1982. The 3 percent of the feedlots in the region with a capacity of 1,000 animals or more marketed 8.1 million animals in 1986 (31 percent of the U.S. total) compared with 7.5 million animals (27 percent) in 1982.

Although detailed statistics are not available, the Corn Belt States appear to have a large share of the cattle- and calf-slaughtering and meat-processing plants in the United States. Cattle slaughter in the Corn Belt States amounted to 19.6 million animals during 1986, equal to 52 percent of the U.S. total of 37.3 million animals compared with 18.6 million animals, or 52 percent of the U.S. total cattle slaughter of 35.8 million in 1982. Calf slaughter in the region amounted to 1.1 million animals in 1986 (32 percent of the U.S. total of 3.4 million animals in that year), compared with 804,900 in 1982, or 27 percent of the U.S. total of 3.0 million animals in that year. The relatively small share of U.S. calf slaughter in the Corn Belt States reflects the small share of dairy cows in the region; a large share of calf slaughter is derived from dairy calves.

The Western Rangelands.--The States associated with the Western Rangelands have large areas with limited rainfall or rough topography that restrict the growing of row crops. The region does, however, have large areas well suited to grazing, and because cattle are hardy animals that can adapt to this environment and have been a source of valuable products, the region has historically been a major cattle-raising area. Many agricultural enterprises in the Western Rangelands derive all or nearly all of their cash income from the sale of cattle and calves. A large share of the cattle enterprises are cow-calf operations. Cattle enterprises in the Western Rangelands often cover several thousand acres, and herds tend to be larger than those in the Corn Belt. In 1986, cattle herds in the Western Rangelands averaged 104 animals each compared with the previously mentioned 69 per herd in the Corn Belt.

In 1986, there were 413,300 operations with cattle in the Western Rangeland States (accounting for 24 percent of the U.S. total), compared with 444,900 operations (28 percent) in 1982. The January 1, 1987, inventory of cattle in the Western Rangelands states was 43.1 million animals, or 42 percent of the U.S. total, down from 48.0 million animals, or 42 percent, on January 1, 1982.

The Western Rangeland States of Arizona, California, Colorado, Idaho, Oklahoma, South Dakota, Texas, and Washington had a total of 6,352 feedlots in 1986. These feedlots marketed 11.1 million animals, equal to 43 percent of the 26.0 million fed steers and heifers slaughtered in the United States in that year. In 1982 in those States, there were 7,757 feedlots that marketed 10.0 million animals, equal to 40 percent of the 24.9 million fed steers and heifers slaughtered in the United States during the year. While detailed statistics are not available, it appears that about 10 percent of the feedlots in the Western Rangelands had a capacity of 1,000 animals or more, and operations in those States marketed an estimated 10.7 million animals in 1986, equal to about 41 percent of U.S. slaughter in that year. The 90 percent or so of feedlots that had a capacity of fewer than 1,000 animals marketed probably less than 500,000 animals in 1986 (2 percent of the U.S. total).

The Western Rangelands also appear to account for a large share of the cattle- and calf-slaughtering and meat-processing plants in the United States. Cattle slaughter in the Western Rangelands states amounted to 14.0 million animals in 1986, equal to 38 percent of the U.S. total of 37.3 million animals. The 1982 cattle slaughter in the Western Rangelands states amounted to 13.4 million animals, or 37 percent of the U.S. total of 35.8 million animals. The calf slaughter amounted to 711,900 animals in 1986, equal to 21 percent of the U.S. total of 3.4 million animals, up from 535,700, equal to 18 percent of the U.S. total of 3.0 million animals, in 1982.

The Southeastern States.--The Southeastern States in general have more abundant rainfall to support vegetation than do the Western Rangelands and have a longer growing season and less severe winter weather than the Corn Belt States. Land prices in the Southeastern States are generally lower than in the Corn Belt but generally higher than in the Western Rangelands. Summer weather in many of the Southeastern States is more severe than in the Corn Belt and animal parasites are often more of a problem. Much of the soil in the Southeastern States is naturally less fertile than that of the Corn Belt .

As in the Corn Belt, cattle operations in the Southeastern States are often parts of general farms that may produce several types of agricultural products. Few farms in the region depend on sales of cattle and calves as their sole source of income. Most cattle operations in the Southeastern States are cow-calf operations that raise feeder calves; a large share of which are sold to feedlots in the Western Rangelands and Corn Belt. Cattle herds in the Southeastern States tend to have fewer animals than those in either the Western Rangelands or the Corn Belt. In 1986, cattle herds in the Southeastern States averaged 45 animals each.

In 1986, there were 417,000 operations with cattle in the Southeastern States, 29 percent of the U.S. total of 1.5 million operations, down from 487,000 operations (30 percent) in 1982. The January 1, 1987, inventory of cattle in the region was 18.9 million animals, (18 percent of the U.S. total of 102.0 million)--down from the January 1, 1983, inventory of 20.7 million animals, (18 percent of the U.S. total of 115.0 million).

There are few feedlots in the Southeastern States in part because a large share of the calves raised in the area are shipped to feedlots in other regions, particularly the Corn Belt, where parasites and hot, humid weather are less of a problem.

The Southeastern States apparently have a small number of U.S. cattle-slaughtering and beef-processing plants in relation to the Corn Belt and Western Rangelands. The cattle slaughter in the Southeastern States amounted to about 2 million animals in 1986, 5 percent of the U.S. total of 37.3 million. In 1982, the slaughter was 2.3 million animals, 6 percent of the U.S. total of 35.8 million. The calf slaughter in the Southeastern States amounted to 382,200 animals in 1986, (11 percent of the U.S. total of 3.4 million) compared with 384,200 animals in 1982 (13 percent of the U.S. total of 3.0 million). The relatively larger share of U.S. calf slaughter than cattle slaughter reflects the number of dairy cattle in the region.

Dairy cattle.--Although dairy cattle are kept in each of the 50 States, their geographic concentration in the United States differs from that of beef cattle (fig. 10). In general, there is an economic incentive for dairy cattle to be kept near where the human population is concentrated. Although milk can be processed into products (such as cheese and butter) that can be economically stored and transported, the most profitable use for milk in the United States is the fluid market (i.e., used for drinking purposes). Because fluid milk is bulky, perishable, and rather expensive to transport, the industry has generally found it more profitable to locate dairy animals near the preferred markets. Also, local health and sanitary regulations have had the general effect of discouraging movement of milk over long distances.

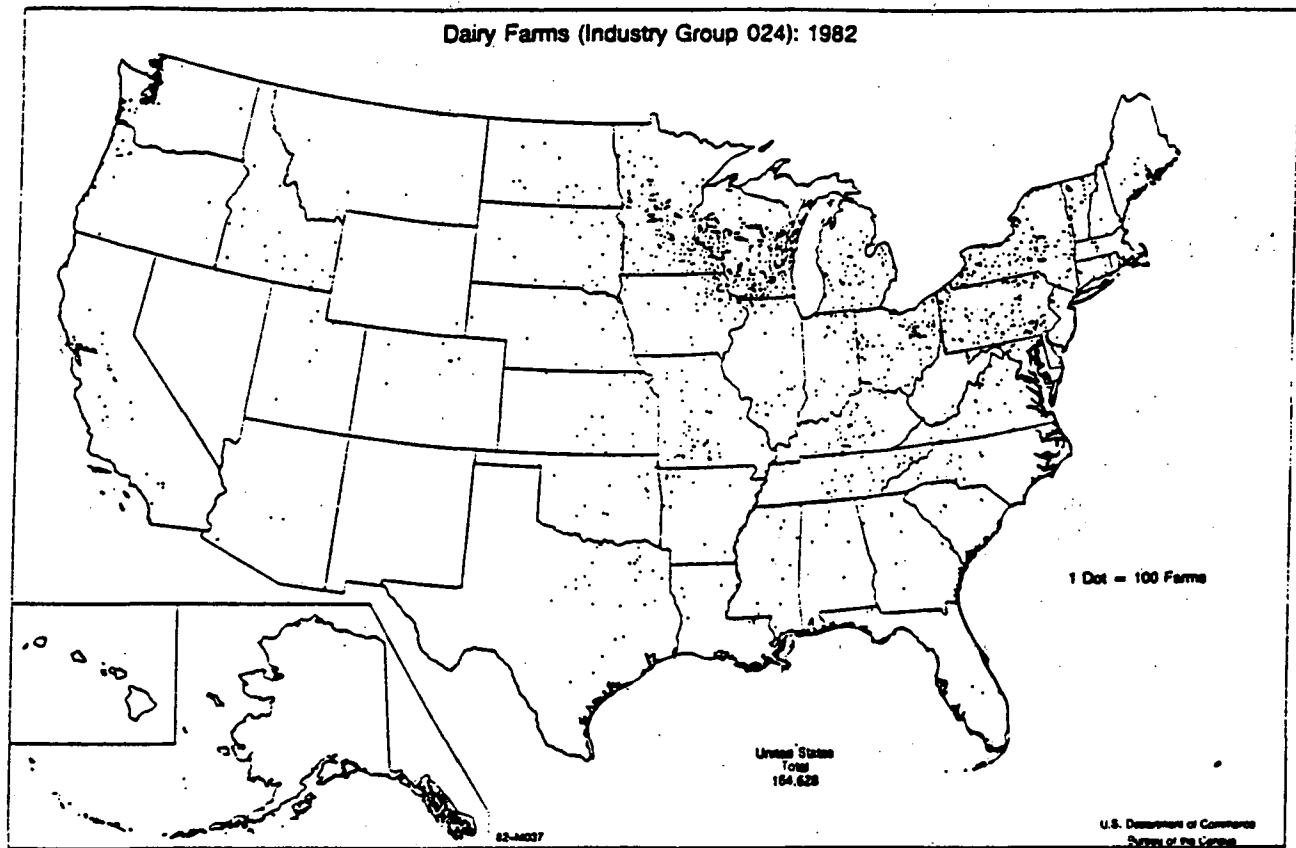
Beyond the general concentration near human population centers, dairy cattle tend to be concentrated in Wisconsin, Minnesota, and Michigan, as described below. The January 1, 1987, cattle inventory showed that of milk cows that have calved, 3.1 million, or 29 percent of the U.S. total of 10.5 million, were located in Wisconsin, Minnesota, and Michigan. The three States combined also accounted for 72,500 operations with dairy cattle, or 27 percent of the U.S. total of 271,920. The January 1, 1983, inventory showed that the three States combined accounted for 3.1 million milk cows that had calved, or 28 percent of the U.S. total of 11.0 million, and 78,000 dairy cattle operations, 26 percent of the U.S. total of 303,710.

Parts of the Wisconsin, Minnesota, and Michigan region are well suited to the raising of dairy cattle. While the growing season is shorter and the soils generally are not as naturally fertile in these parts as in the remainder of the Corn Belt, they are such that grasses and legumes can be grown for pasture and hay, and corn can be grown for silage and to some extent for grain. A profitable use for these crops is as feed for dairy cattle. Many of the dairy operations in the region are located near major population centers such as Minneapolis, Detroit, and Chicago. However, many of the dairy operations are located farther away from these centers, especially in Wisconsin. Large quantities of dairy products, such as cheese, milk powder, and butter, are manufactured from the milk produced in these operations.

Dairy production is also concentrated in New York and Pennsylvania. The January 1, 1987, inventory of dairy cows that calved in those two States combined was 1.7 million animals, 15 percent of the U.S. total, and the number of dairy operations was 35,300, 14 percent of the U.S. total. The January 1, 1983, inventory of cows was 1.7 million animals and 15 percent of the U.S. total. The dairy concentration in the two States reflects both the large human populations and the climate and soil conditions in parts of the States similar to those of Wisconsin, Minnesota, and Michigan. Like much of the milk in those States, much of the milk produced in New York and Pennsylvania is manufactured into dairy products.

California is another area of concentrated milk production in the United States. The January 1, 1987, California inventory of milk cows that had calved was 1.0 million, 9 percent of the U.S. total, and the number of dairy operations totaled 5,200, only 2 percent of the U.S. total, reflecting the fact that dairy operations in California tend to be large-volume enterprises. The January 1, 1983, inventory was 940,000 cows, also 9 percent of the U.S. total, and the number of operations was 5,500, again 2 percent of the U.S. total. The dairy concentration in California reflects that State's large human population.

Figure 10.--Dairy farms: Location in the United States, 1982



Source: U.S. Department of Commerce, Bureau of the Census, 1982 Census of Agriculture, Graphic Summary.

THE CANADIAN INDUSTRY

Description and Uses and Economic Significance of Cattle and Beef

The Canadian cattle and beef industry is, in most respects, very similar to that part of the cattle and beef industry in the United States that is in close geographic proximity. Also, U.S. and Canadian cattle of the same type (beef or dairy) are very similar.

Live cattle

In Canada, as in the United States, most cattle are beef-type animals kept for the production of meat and the remainder are dairy-type animals kept for the production of milk for human consumption. In addition, when slaughtered, the cattle yield valuable byproducts. 1/ The cattle industry in Canada is composed of the same types of businesses or specialties as in the United States. Officials of Agriculture Canada report that the so-called "backgrounding" specialty has been a growing sector of the industry. Cattle feedlot operators in Eastern Canada 2/ normally raise their animals on corn, which is the most common cattle feed in the United States. In Western Canada 3/, however, feedlot operators normally raise their animals on barley. In Western Canada, cattlemen discuss the beef steer-barley price ratio, whereas in Eastern Canada and the United States cattlemen discuss the beef steer corn price ratio. Because of soils and climate, especially the short length of the growing season and limited rainfall in Western Canada, it is more efficient to grow barley than corn. In recent years, however, development of faster maturing varieties of corn has made it practical to grow corn for silage in the Prairie Provinces.

Cattle-raising enterprises in Canada are typically family-owned with many of the same characteristics as those in the United States, however, Provincial government controls in Canada virtually bar persons not already in the dairy cattle business from entering by imposing supply controls on milk production. Officials of Agriculture Canada report that the general effect of the supply controls is to limit new entrants into the dairy industry to those that purchase existing operations.

In Canada, only a relatively few enterprises specialize in the raising of animals for breeding purposes, but such enterprises are considered important to the industry. The so-called British breeds, Hereford, Angus, and Shorthorn, have been the basic beef breeds in Canada. The heat and insect tolerance of Brahman cattle is not a significant advantage in Canada; and, consequently, such cattle have contributed less to the genetic make-up of the

1/ In its posthearing submission the Canadian Cattlemen's Association (CCA) presented statistical information concerning Canada's imports, exports and trade balance in cattle and calf hides, tallow, animal grease, and animal oil and fat (nes) with the United States and the EC. Those data are reproduced in Appendix E.

2/ Includes Ontario, Quebec, and the Atlantic Provinces.

3/ Includes the Prairie Provinces and British Columbia.

Canadian herd. Canadian cattlemen report that the haircoats of the Brahman are too light for the Canadian climate. In general, cross-bred cattle in Canada are limited to about 25 percent Brahman ancestry. Also, as in the United States, so-called Continental breeds have become increasingly popular in the last 20 to 25 years.

The most common dairy breed in Canada is, by far, the Holstein, with Ayrshire, Guernsey, and Jersey accounting for most of the remainder. Whereas the Canadian cattle industry, in general, is in most respects very similar to the cattle industry in the United States, the Canadian dairy industry is even more similar, except for the previously discussed Provincial supply controls. Sources in both the United States and Canada agree that U.S. and Canadian dairy cattle are virtually indistinguishable. Canadian veal calves, while initially indistinguishable from U.S. veal calves, are handled somewhat differently as described in the section entitled "U.S. imports."

As in the United States, the most common type of cattle-raising enterprise in Canada is the cow-calf operation. Because of the generally colder climate in Canada, beef-cow herds must be provided with more shelter and supplemental feed, especially in severe weather. In general the growing season is of shorter duration in Canada than in the United States, but because of the more northerly latitudes, daylight periods are longer in the summer than in the United States. Because a large share of vegetative growth in Canada occurs in a rather short time span of long daylight periods, Canadian cattlemen must store a larger share of such vegetation (normally in the form of hay) than must U.S. farmers.

Feedlot operations in the United States and Canada are basically the same, differing only in details such as the previously discussed use of barley as the normal feed in Western Canada. Also, virtually all steers and heifers in Canada are finished in feedlots, while, as previously discussed, some in the United States are sent to slaughter directly from pastures. Steers and heifers in Canada are considered ready for slaughter when they are somewhat leaner than steers and heifers in the United States that are considered ready for slaughter.

Beef and veal

Live cattle, beef carcasses, and primal cuts in Canada are graded by officials of the Livestock and Poultry Division of the Food Production and Inspection Branch of Agriculture Canada under a system similar to the previously described U.S. Department of Agriculture (USDA) grading system. The official grades are A1, A2, A3, A4, B1, B2, B3, B4, C1, C2, D1, D2, D3, D4, D5, and E.

Canadian grades A1 and A2 are similar in most respects to USDA grades, Prime and Choice. The major difference is that the Canadian grading system imposes a penalty on "over-fat" carcasses with the result that A1 and A2 are leaner (having less fat cover and less marbling than Prime or Choice). However, other characteristics (age of the animal at the time of slaughter and color of the meat) are similar. In 1985, A1 and A2 accounted for 65 percent of all carcasses graded in Canada. A1 and A2 are associated with fed steers

and heifers and meat from such animals and carcasses is usually used for table beef. However, trimmings and some cuts from A1 and A2 carcasses may be used for manufacturing meat. Canadian C and D grades (which account for the bulk of the remainder of the carcasses) are associated with cull cows and bulls, both beef-type and dairy-type. The great bulk of the meat from C and D carcasses is used for manufacturing. Industry sources in both the United States and Canada report that cull cattle in both countries, including both beef types, and as mentioned earlier, dairy types, are comparable and yield carcasses and meat that are comparable.

The basic cattle slaughtering and meat processing operations in Canada are the same as in the United States. In Canada, a large share of meat packing and processing is accounted for by privately owned companies. However, the company generally acknowledged as the largest volume packer, Canada Packers, Inc., is a publicly owned company whose stock trades on major Canadian and U.S. stock exchanges. Also, Canada has a smaller share of slaughter accounted for by large-volume plants.

Cattle and calves are kept on most farms in Canada and account for a significant share of Canadian farmers' cash receipts from all of agriculture. In large areas of Canada, especially Western Canada, the most suitable agricultural crop is forage and the most economically rational use for the forage is as a feed for ruminant animals, especially cattle. Officials of the CCA report that about 15 percent of the beef cows in Canada are kept on farms and ranches where cattle account for all or nearly all of cash receipts from agriculture. Table E-10 shows that cash receipts from sales of cattle and calves amounted to Can\$3.6 billion in 1986, accounting for 36 percent of cash receipts from sales of all animals and animal products. Among Provinces, cash receipts from cattle and calves were highest in Alberta, where they amounted to Can\$1.2 billion, or 64 percent of cash receipts from sales of all animals and products. Cash receipts from cattle and calves in Ontario amounted to Can\$1.1 billion, or 34 percent of cash receipts from sales of all animals and products. Cash receipts from cattle and calves were lowest in Newfoundland where they amounted to Can\$1.3 million, or 3 percent of cash receipts from sales of all animals and products. The most recent official data of Statistics Canada valued the Canadian cattle inventory at Can\$7.1 billion as of 1 July 1985. The January 1987 value of inventory was Can\$5.9 billion, assuming Canadian and U.S. cattle have the same value per head.

Structure of the Canadian Industry

Number of producers and industry concentration

The most recent data concerning the number of operations in Canada with cattle and calves are from the 1981 Census of Canada, Agriculture: Livestock and Poultry and are shown in the following tabulation:

<u>Operations with--</u>	<u>Number of operations as of June 1, 1981</u>
Beef cows.....	114,141
Dairy cows.....	67,899
Other <u>1/</u>	3,033
Total.....	185,073

1/ Includes unspecified cattle operations and operations with both beef cows and dairy cows.

Officials of Agriculture Canada report that it is known that the number of operations has declined substantially since the census.

Data on the average number of cattle and calves per Canadian farm are available from the census and are shown in the following tabulation (by areas):

<u>Type of animal</u>	<u>West</u>	<u>East</u>	<u>All Canada</u>
Beef cows.....	39	15	31
Dairy cows.....	18	31	26
All cattle and calves.....	88	56	73

Table E-11 indicates that the live-cattle industry in Canada is more concentrated than the average herd size shown in the previous tabulation suggests. For example, the larger volume operations (those with 123 animals or over) comprised 28 percent of all operations but accounted for 69 percent of the total cattle inventory in 1981.

The Canadian Meat Council (CMC) reports 1/ that in 1985, there were 82 Federally inspected cattle slaughtering plants in Canada; 20 of the plants slaughtered over 50,000 animals per year. The plants that slaughtered 50,000 animals or more annually had an average weekly kill of 2,400 animals--less than one-half of the 5,000 average weekly kill in U.S. plants 1/.

1/ Submission to the U.S. International Trade Commission, Respecting Conditions of Competition Between U.S. and Canadian Cattle and Beef Industries, Mar. 2, 1987, p. 3.

The Council also contends that, 1/ in contrast to the United States, concentration in the meat industry in Canada has decreased in recent years, as shown in the following tabulation:

Year	Number of enterprises	Value of shipments (Can\$ million)	Share of total shipments by--	
			4 largest firms	8 largest firms
			-----Percent-----	
1978	437	5,515	44.0	53.2
1980	489	6,944	42.4	52.3
1982	426	7,927	39.8	52.3

Cattle inventory

Table E-12 shows that the total number of cattle in Canada declined steadily, from 11.6 million animals on January 1, 1983, to 10.5 million animals on January 1, 1987, representing a drop of 10 percent. Many Canadian cattlemen contend that the decline reflects adverse financial conditions in the industry. Beef cows dropped from 3.3 million animals on January 1, 1983, to 2.9 million animals on the corresponding date in 1986 but had increased slightly by January 1, 1987. Such a drop in the breeding herd indicates that cattlemen had been skeptical about the future of the industry but that the cattle cycle may have bottomed out. Dairy cow numbers declined from 1.8 million on January 1, 1983, to 1.6 million on the corresponding date in 1987, or by 7 percent. At the Commission's public hearing on the investigation, the CCA pointed out that the Canadian cattle industry is approximately one-eleventh the size of the U.S. industry. 2/

Geographic Distribution

Cattle are raised in all Provinces in Canada. However, as shown in table E-13, there are aspects of regional concentration associated with the industry. In general, cattle raising is concentrated in the Prairie Provinces, Ontario, and Quebec.

1/ Submission to the U.S. International Trade Commission, Respecting Conditions of Competition Between U.S. and Canadian Cattle and Beef Industries, Mar. 2, 1987, p. 3.

2/ Testimony of Mr. Stan Wilson at public hearing, p. 180 and hearing statement of CCA at p. 2.

Prairie Provinces 1/--The Prairie Provinces have large areas with limited rainfall and short growing seasons that restrict the raising of row crops. Many of these areas are, however, well suited to the growing of grasses and legumes for pastures and hay for cow-calf herds. Also, parts of the region are suited to the growing of grain, primarily barley, and protein supplements, primarily rapeseed (also known as canola), for animal feeds. Many of the farming enterprises in the Prairie Provinces, especially those where row crops are less suited, derive all or nearly all of their income from sales of cattle and calves.

The January 1, 1986, inventory of beef and dairy-type cattle and calves in the Prairie Provinces was 5.7 million animals, or 54 percent of the Canadian total of 10.6 million animals. In contrast, the region accounted for 4.42 million or 18 percent of the Canadian human population of 25.2 million as of January 1, 1984. In part because the relatively small human population does not support a large dairy industry, the Prairie Provinces are associated largely with beef-cattle raising. The region accounted for 5.4 million animals or 60 percent of Canada's total beef cattle and calf population of 8.9 million animals as of January 1, 1986, and an even larger share of the beef cow population--2.2 million animals or 76 percent of Canada's total of 2.9 million animals. The relatively higher share of beef cows than all beef cattle and calves located in the region reflects the fact that many Prairie-Provinces-raised feeder calves are shipped to feedlots in Ontario for finishing. Beef cattle and calves accounted for 95 percent of the total cattle in the Prairie Provinces, with dairy cows accounting for only 307,000, or the remaining 5 percent.

The Prairie Provinces accounted for slightly less than 60 percent of Canadian cattle slaughter during 1982-86. In 1986 total slaughter in the region amounted to 1.8 million animals, or 55 percent of the Canadian total of 3.2 million. In contrast, the region accounted for less than 5 percent of calf slaughter in every year during 1982-86, reflecting, in part, a small dairy industry. In 1986, calf slaughter in the region amounted to about 11,000 animals, or 2.3 percent of the Canadian total of 455,000.

Ontario---Ontario has a large share of Canada's most productive agricultural land, with climate and soils suitable for growing grasses and legumes for pasture for cow-calf herds and grains, primarily corn, for animal feeds. Although parts of Ontario are efficient in growing forages, because of relatively higher land prices, there are fewer extensive grazing regions in Ontario than in the Prairie Provinces. Because of the suitability of raising alternative agriculture crops in Ontario, a smaller share of farms in the Province depend on cattle for all or most of their cash receipts from farming. Swine, poultry, cash grain, and specialty crop production are all important alternatives in Ontario.

The January 1, 1986, inventory of cattle and calves in Ontario was 2.5 million animals, or 24 percent of the Canadian total. As of January 1, 1984, the Province accounted for 6.56 million, or 26 percent of the

1/ Alberta, Manitoba, and Saskatchewan.

Canadian human population. The Province accounted for nearly 2.0 million animals, or 22 percent of Canada's total beef cattle and calf population as of January 1, 1986, but only 325,000 animals or 11 percent of the total beef cow population. As mentioned earlier, feeder cattle are imported into Ontario, both from the Prairie Provinces and from the United States. On January 1, 1986, beef cattle and calves accounted for 79 percent of the total cattle in the Province, and dairy cows accounted for 525,000 animals, or the remaining 21 percent. In part because of the rather large human population, the Province supports a large dairy industry. The Ontario dairy cow inventory on January 1, 1986, represented nearly one-third of the Canadian total of 1.7 million animals.

Ontario accounted for 27 to 30 percent of the Canadian cattle slaughter during 1982-86. In 1986, total slaughter in the Province amounted to 935,000 animals, or 29 percent of the Canadian total; Ontario accounted for about one-fourth of the Canadian calf slaughter annually during 1982-85; and in 1986 such slaughter amounted to 144,000 animals.

Quebec.--The general agricultural situation in the Province of Quebec is similar to that described for Ontario. The January 1, 1986, inventory of cattle and calves in the Province was 1.5 million animals, or 14 percent of the Canadian total. The Province accounted for 6.32 million, or 25 percent of the human population as of January 1, 1984. Quebec accounted for 795,000 animals, or 9 percent of the total beef cattle and calf inventory as of January 1, 1986, and 172,000 animals, or 6 percent of the beef cow population. Beef cattle and calves accounted for 54 percent of the total cattle in the Province, and dairy cows accounted for 665,000, or 46 percent. The Quebec dairy cow inventory represented 40 percent of the Canadian total.

Quebec accounted for about 10 percent of the annual Canadian cattle slaughter annually during 1982-85; in 1986 such slaughter amounted to 321,000 animals. Quebec accounted for two-thirds or more of the Canadian calf slaughter annually during 1982-86; in 1986 such slaughter amounted to 306,000 animals.

Other Provinces.--Large parts of British Columbia have topography and climate not conducive to agricultural production. However, parts such as river valleys are well suited and the rather large human population supports both beef and dairy industries.

The January 1, 1986, inventory of cattle and calves in British Columbia was 610,000 animals, or 6 percent of the Canadian total. The Province accounted for 2.88 million, or 11 percent of the Canadian human population as of January 1, 1984. On that date beef cattle and calves accounted for 522,000 or 86 percent of the total cattle and calves in the Province and dairy cows and calves accounted for 88,000 or 14 percent. The Province accounted for less than 5 percent of Canadian cattle and calf slaughter annually during 1982-86.

Much of the Atlantic Provinces ^{1/} are not well suited to the raising of cattle because of soil and climate. The January 1, 1986, inventory of cattle and calves in the region was 338,000 animals, or 3 percent of the Canadian

^{1/} Nova Scotia, Prince Edward Island, Newfoundland, and New Brunswick.

total. The region accounted for 2.29 million, or 9 percent of the Canadian human population as of January 1, 1984. Beef cattle and calves accounted for 248,000, or 74 percent of the total cattle and calves in these Provinces, with dairy cows accounting for 89,000, or 26 percent. The region accounted for less than 2 percent of the Canadian cattle and calf slaughter annually during 1982-86.

Movement of live cattle and calves from Western Canada to Eastern Canada

As mentioned earlier, there has traditionally been a movement of live cattle and calves from Western Canada to Eastern Canada. The movement reflects both the larger human population and resultant higher beef demand in Eastern Canada, and the availability of grain for feeder cattle and calves in Eastern Canada.

Table E-14 shows that the total of cattle and calves for all purposes shipped from Western Canada to Eastern Canada declined from 541,000 animals in 1982 to 417,000 animals in 1986, or by 124,000 animals. Cattle and calves for slaughter shipped east declined from 39,000 in 1982 to 36,000 in 1986, whereas the number of feeders shipped east declined from 502,000 to 381,000. A decline in the cattle and calves shipped to the East by rail, from 259,000 in 1982 to 50,000 in 1986 more than offset an increase in those shipped by truck, which rose from 282,000 to 367,000. The decline in those shipped to the East by rail apparently reflects, in part, a reaction to increasing transportation rates charged by the railroads.

The great bulk of the cattle and calves shipped east are destined for Ontario. In 1984, 1985, and 1986 for example, Ontario accounted for 513,000, 470,000, and 401,000 respectively, or 95 percent of the shipments of live cattle and calves from Western Canada to Eastern Canada; the Province of Quebec accounted for nearly all of the remainder.

Among Western Canadian Provinces supplying the cattle and calves shipped east, Saskatchewan accounted for slightly over 40 percent in both 1984 and 1985, Alberta for about 33 percent, and Manitoba for slightly less than 25 percent; in 1986 Saskatchewan supplied 38 percent, Alberta 32 percent, Manitoba 28 percent and British Columbia 2 percent.

THE U.S. MARKET

Cattle Cycle

The U.S. beef cattle industry is subject to a business cycle commonly referred to as the "cattle cycle." This cycle is an approximate 10-year period in which the number of beef cattle in the United States is alternately expanded and reduced for several consecutive years in response to changes in the profitability or perceived potential profitability of cattle production. Because of inherent biological factors described below and the nature of the disposition of excess production units (i.e. female animals are slaughtered for beef), production decisions are effective only after a lag. Indeed, as described below, the immediate effect of a production decision is the opposite of the intended effect.

The basis for beef production, cow-calf production, includes any cattle-breeding enterprise operated primarily for the production of young cattle ultimately placed in pastures or rangelands and feedlots to condition for slaughter. This production process takes an average of 2 1/2 years between the breeding of beef cows and heifers and the time when the resulting beef is available for retail sale (fig. 11). If a producer decides to expand production by saving more breeding stock, an additional 2 years (total of 4 1/2 years) will be necessary before the additional beef production is available for retail sale. Choosing to expand production by retaining cows and by holding back heifers (that would have been available for slaughter if no expansion in production were attempted) initially reduces supplies of beef available for slaughter, and higher prices normally follow. Producers typically respond to the higher prices by saving even more breeding stock. At some point beef production expands and supplies become too large to clear the market at prevailing prices. Prices decline and cattlemen, to reduce production, begin to cull breeding stock. The culled breeding stock immediately adds to the already substantial meat production. Young animals that would normally go to feedlots or breeding herds are also sold for slaughter, resulting in additional supplies of meat. ^{1/} As more and more meat supplies enter the market, prices and profits become more depressed. At some point supplies are sufficiently reduced and prices begin to rise. The industry is then poised for another expansion phase of the cycle.

Methods used to measure developments in the cattle cycle include analyzing the number of all cattle on farms as of January 1 of a given year and the number of beef cows on farms as of January 1 of a given year. The number of all cattle on farms and the number of beef cows on farms as of January 1, 1965-87, according to statistics of USDA, are shown in figure 12 and the following tabulation (in thousands of animals):

^{1/} Gilliam, Jr., The U.S. Beef Cow-Calf Industry, USDA, Washington, DC, September 1984, pp 1-3.

All cattle

1965---109,000
 1966---108,862
 1967---108,783
 1968---109,371
 1969---110,015
 1970---112,369
 1971---114,578
 1972---117,862
 1973---121,539
 1974---127,788
 1975---132,028
 1976---127,980
 1977---122,810
 1978---116,375
 1979---110,864
 1980---111,242
 1981---114,351
 1982---115,444
 1983---115,001
 1984---113,700
 1985---109,749
 1986---105,468
 1987---102,031

Beef cows

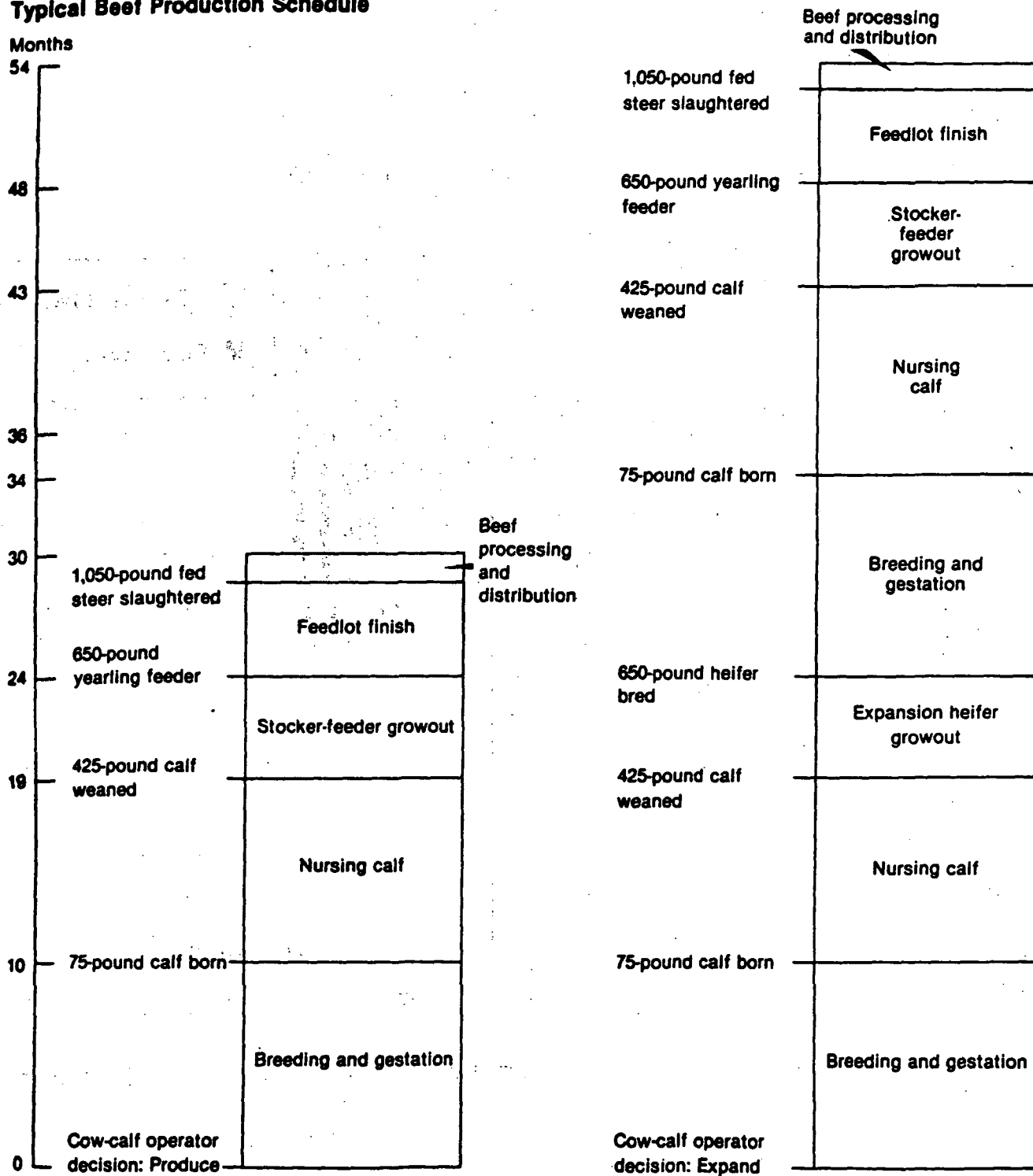
1965---33,400
 1966---33,500
 1967---33,770
 1968---34,570
 1969---35,490
 1970---36,689
 1971---37,878
 1972---38,810
 1973---40,932
 1974---43,182
 1975---45,712
 1976---43,901
 1977---41,443
 1978---38,738
 1979---37,062
 1980---37,086
 1981---38,726
 1982---39,319
 1983---38,079
 1984---37,660
 1985---35,370
 1986---33,666
 1987---33,910

U.S. cattle inventories peaked at 132.0 million animals in 1975, an increase in inventory of 23.0 million animals from 109.0 million animals in 1965. U.S. cattle inventories have generally declined, from 132.0 million in 1975 to 102.0 million animals in 1987. U.S. cattle inventories appeared to be entering an expansion phase in 1980, when inventories rose from 111.2 million animals to 115.4 million animals in 1982. Inventories remained virtually unchanged at 115.0 million animals in 1983. However, the expansion phase was aborted and inventories continued their earlier downward trend totaling 102.0 million animals as of January 1, 1987. Between January 1, 1975, and January 1, 1987, U.S. inventories declined by 30.0 million animals, or by 23 percent.

This same trend in the reduction of cattle inventories can be traced by analyzing beef cow inventories. Beef cattle inventories peaked at 45.7 million animals on January 1, 1975, and declined to 37.1 million animals in 1979 and 1980. Inventories then rose, reaching 39.3 million animals in 1982. However, this upswing in inventories was aborted and the number of beef cows declined to 33.7 million animals on January 1, 1986, a decline of 12.0 million animals, or 26 percent from its peak in 1975. Beef cows increased slightly to 33.9 million animals on January 1, 1987, or 1 percent over the 1986 inventory, and the first increase in inventory since 1982.

Many factors contribute to the expansion and contraction of the cattle cycle. The President of the National Cattlemen's Association (NCA), testified at the hearing in Billings, Montana, that two factors affected the expansion and contraction of the cattle herd: "feed supply and the price. Drought has an effect on what they do to the herd, and how much you decrease it or expand

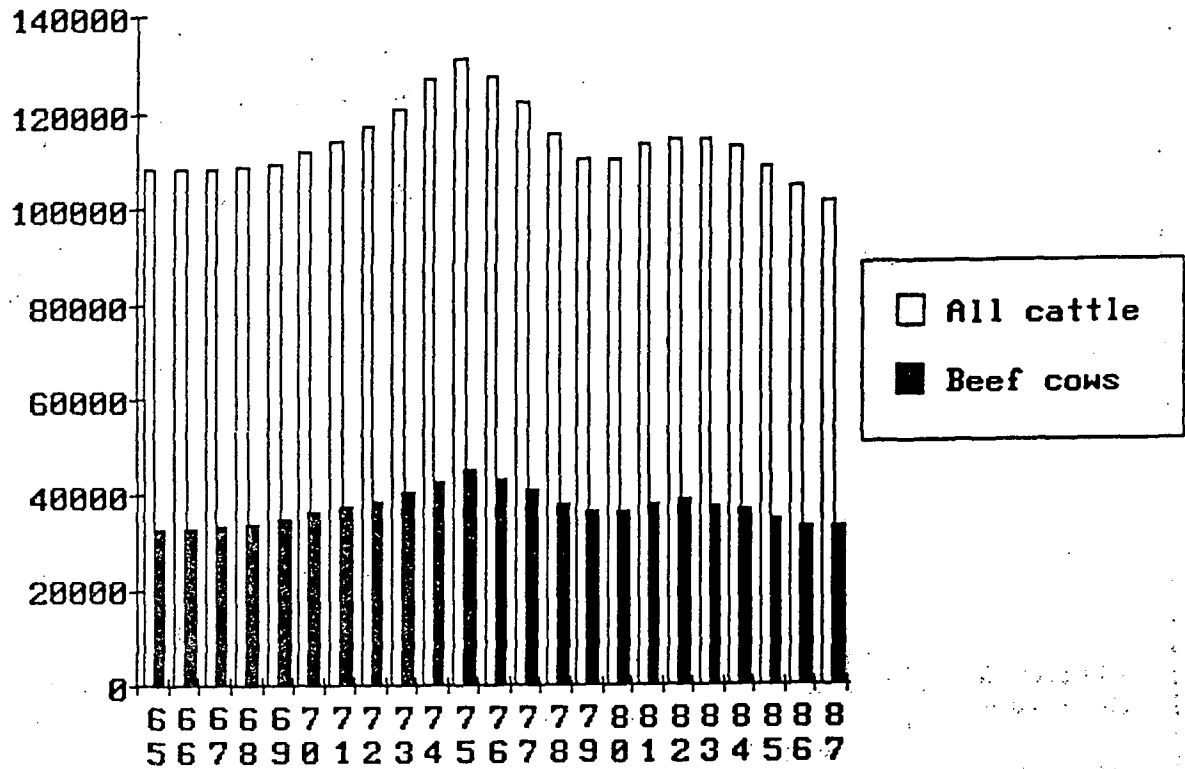
Figure 11.--Typical beef production schedule

Typical Beef Production Schedule

Source: The U.S. Beef Cow-Calf Industry, U.S. Department of Agriculture.

Figure 12.--Cattle and beef cows on farms, 1965-87

1,000 animals



Source: Compiled from official statistics of the U.S. Department of Agriculture.

it. Also, the price has a very definite effect." ^{1/} During the late 1960's and early 1970's a number of factors encouraged expansion in the U.S. cattle industry. Low grain prices, growth in consumers' income, and restrained inflation were favorable signs for cattle producers to expand beef production. From 1975 to 1979, however, cattle inventories were sharply reduced--declining from 132.0 million animals to 110.9 million animals, or by 16 percent. Because of reduced inventories, U.S. producers were able to get record high prices during 1979/80. Consequently, producers began to build up their herds--increasing to 115.4 million animals in 1982. However, a severe drought (which reduced forage supplies) was experienced in parts of the western rangelands and the Corn Belt region as well as in the Eastern United States in 1983-84. The drought forced producers to liquidate their cattle rather than hold them for expansion. On mixed livestock-crop operations, poor livestock returns, lower grain prices, and falling land values continued to force herd liquidation to improve cash flow and reduce debt. Also during this period, the U.S. cattle industry was competing against expanding pork and poultry production.

Industry sources report that the liquidation phase of the cattle cycle is nearing an end. Favorable forage conditions and lower grain prices during most of 1985-86, except in parts of the Southeastern United States, have helped stabilize beef cattle numbers. Industry sources contend that the expansion phase will be at a much slower pace than previous cycles since many producers have exited the beef sector because of financial problems and will not have the finances necessary to reestablish a beef herd in the foreseeable future.

Production Levels and Trends

U.S. production of live cattle is measured in terms of the annual calf crop (the number of calves born in a year). Production of beef and veal is measured in terms of commercial cattle slaughter (carcass weight equivalent). The 1982-86 production levels reflect occurrences described in the preceding section entitled the "cattle cycle."

U.S. production of live cattle, as measured in terms of the annual calf crop, declined from 44.2 million animals in 1982 to 41.2 million animals in 1986 (table E-15), or by 7 percent. The decline reflected, in large measure, the decline in the number of beef cows in the United States. Liquidation of beef cows means fewer cows left for breeding purposes. Also, adverse weather, particularly the extended drought and high temperatures in the Southeastern United States during much of 1985, contributed to poor conception rates, abortions, and an increase in the number of calves that were born dead or died immediately after birth. These calves are not counted in the calf crop.

During 1982-86, U.S. production of beef and veal increased from 23.0 billion pounds (carcass weight equivalent) in 1982 to 24.9 billion pounds in 1986, an increase of 8 percent (table E-16). Many U.S. cattlemen contend that rather than reflecting rising demand for beef and veal, the

^{1/} Testimony of Mr. Jack Dahl, transcript of the hearing, p. 50.

general increase in U.S. production during 1982-86 reflects the fact that cattlemen, dissatisfied with economic conditions, have exited the industry and sold off their breeding animals for slaughter. They point to declining cattle inventories, (described previously in this report) as support for their contention.

During 1982-86, U.S. production of red meat (beef, veal, pork, and lamb and mutton) increased from 37.6 billion pounds (carcass-weight equivalent) in 1982 to a peak of 39.4 billion in 1985; production in 1986 remained virtually unchanged at 39.3 billion pounds, 5 percent more than in 1982 (table E-17). Poultry meat production increased steadily from 15.4 billion pounds in 1982 to 18.2 billion in 1986 or by 18 percent.

During 1982-86, U.S. imports of live cattle were equivalent to about 2 percent of U.S. production. Imports of beef and veal accounted for between 8 and 9 percent of U.S. production during this period. Exports of live cattle have been equivalent to less than 1 percent of U.S. production and exports of beef and veal accounted for between 1 and 2 percent of U.S. production during 1982-86.

Some observers contend that in assessing the effect of imports from Canada on the U.S. industry, the import penetration ratio for beef and veal from Canada should include imports of beef and veal plus meat derived from imported live cattle and calves. The following tabulation shows the estimated carcass weight equivalent of meat obtained from imported live cattle and calves (derived by multiplying the pounds of imported live cattle by the estimated dressed weight yield of 59 percent and by multiplying the pounds of imported live calves by the estimated dressed weight yield of 57 percent), the carcass weight equivalent of U.S. imports of beef and veal from Canada, U.S. production of beef and veal from U.S. cattle and calves and U.S. imports from Canada as a percent of U.S. production.

Period	Beef and veal from live cattle and calves 1/	Beef and veal from Canada	Total	U.S. beef and veal pro- duction from U.S. cattle and calves	Ratio of imports from Canada to U.S. production
	<u>Million pounds</u>				<u>Percent</u>
1982	167	160	327	22,984	1.4
1983	170	166	336	23,696	1.4
1984	191	212	403	24,093	1.7
1985	157	240	397	24,242	1.6
1986	151	2/ 168	319	2/ 24,726	1.3

1/ Carcass weight equivalent of U.S. beef and veal from U.S. imports of live cattle and calves.

2/ Projected.

Consumption Levels and Trends

During 1982-86, the consumption of live cattle and calves (commercial slaughter) ranged from 38.9 million animals in 1982 to 40.9 million animals in 1984 (table E-18). The slaughter of fed steers and heifers accounted for between 63 and 66 percent of total slaughter during 1982-86. Most of the remainder consisted of cows, bulls, stags (males that have been castrated after sexual maturity), and nonfed steers and heifers. Domestic production supplies virtually all U.S. consumption.

During 1982-86, beef and veal accounted for approximately 40 percent of the red meat (includes beef, veal, pork, lamb and mutton), poultry, and fish consumed in the United States. U.S. civilian consumption of meat, poultry, and fish increased steadily, from 56.8 billion pounds in 1982 to 62.5 billion pounds in 1986 (table E-19), or by 10 percent. The share of U.S. civilian consumption of meat, poultry, and fish accounted for by beef and veal (virtually all beef) was about 43 percent during the period; pork and poultry each accounted for approximately 25 percent; and fish accounted for approximately 5 percent.

During 1982-86, beef and veal accounted for over 60 percent of the U.S. consumption of red meat. U.S. beef and veal consumption rose from 24.4 billion pounds in 1982 to 26.4 billion pounds in 1986, or by 8 percent. The share of consumption of red meat supplied by beef and veal, however, remained fairly stable, accounting for between 61 and 63 percent during the period. Pork consumption rose from 14.4 billion pounds in 1982 to 15.6 billion pounds in 1985 (8 percent) before falling to 14.9 billion pounds in 1986, a decline of 5 percent from 1985.

Per capita consumption of meat, poultry, and fish rose from 246.8 pounds in 1982 to 261.2 pounds in 1986 or by 6 percent. U.S. per capita beef and veal consumption increased from 106.3 pounds during 1982 to 110.1 pounds in 1986, or by 4 percent. U.S. per capita consumption of poultry showed the greatest increase during the period--rising from 63.9 pounds to 72.5 pounds in 1986, or by 13 percent.

During 1982-86, U.S. imports supplied an average of about 2 percent of U.S. live cattle consumption and between 8 and 9 percent of U.S. beef (and veal) consumption. Imports are subject to the provisions of the Meat Import Act of 1979 as well as the health and sanitary regulations of the USDA.

Per capita disposable income and per capita expenditures for red meat and poultry are shown in table E-20. The share of per capita disposable income expended for beef has steadily declined, from 2.0 percent in 1982 to 1.49 percent in 1986. During 1986, consumer expenditures for beef, not including expenditures for beef consumed outside the home, averaged \$184.10 or 1.49 percent of disposable income. Expenditures for beef accounted for nearly two-thirds of the \$288.65 per capita expenditure for red meat and 53 percent of the \$350.42 per capita expenditures for red meat and poultry in 1986. During 1982-86, consumer expenditures for poultry rose from \$44.11 per capita in 1982 to \$61.70 per capita in 1986, an increase of 40 percent.

U.S. Exports of Live Cattle and Beef and Veal

U.S. exports of live cattle and beef and veal are relatively small compared with U.S. production. During 1982-86, exports of live cattle were equivalent to less than 1 percent of U.S. production, and exports of beef and veal accounted for between 1 and 2 percent of U.S. annual production.

U.S. exports of live cattle

The principal U.S. export markets for live cattle are Canada and Mexico. Such exports consist primarily of cattle for slaughter and cattle for breeding purposes.

U.S. exports of live cattle to Canada consist primarily of fed steers and heifers for slaughter, feeder cattle and calves, and slaughter calves (table E-21). During 1982-86, U.S. exports of live cattle and calves fluctuated, declining from a high of nearly 90,000 animals in 1983 to a low of 47,480 in 1984 before recovering to 71,388 in 1986. Strikes by packing house workers in Canada during 1984 apparently contributed to the unusually low level of U.S. exports in that year. Exports of cattle for slaughter (almost all fed steers and heifers) declined from an average of about 70,000 animals annually in 1982 and 1983, about 80 percent of U.S. exports of all cattle and calves to Canada to fewer than 20,000 (38 percent) in 1984 before recovering to an average of about 46,000 animals in 1985 and 1986, (80 percent and 68 percent respectively). U.S. exports of feeder cattle and calves fluctuated from fewer than 1,000 animals in 1982 (about 1 percent of U.S. exports of all cattle and calves in that year) to a high of 12,456 animals (17 percent) in 1986. The higher level of exports in 1986 apparently reflect a number of factors including reduced feeder animal supplies in Canada, and restrained animal feed costs that encourage feeding. Cattle for slaughter traditionally have moved mainly from the North Central United States to the Province of Ontario. Feeder cattle and calves traditionally have moved from the Eastern States destined for Ontario. Recently, feeders have also entered the Province of Alberta from the Northwestern States. Slaughter calves, which accounted for 14 percent of U.S. exports of live cattle to Canada in 1986, moved largely from the Eastern States, mainly New York and Pennsylvania, to Ontario.

U.S. exports of live cattle to Mexico consist mainly of cattle for breeding purposes (table E-22). During 1986, two-thirds of the U.S. live cattle exports to Mexico were animals for breeding purposes. Dairy animals for breeding purposes accounted for 63 percent of these exports. The bulk of these were female animals.

U.S. exports of beef and veal

U.S. exports of beef and veal consist primarily of fresh, chilled, or frozen meat and manufactured meat. Japan and Canada have traditionally been the most important export markets for U.S. beef and veal; however, exports to Brazil were significant in 1986 (table E-23). U.S. exports of beef and veal increased from \$425 million in 1982 to \$755 million in 1986.

Japan was the largest market for U.S. exports of beef and veal during 1982-86. Such exports to Japan increased from 165 million pounds in 1982 to 352 million pounds in 1986, or by 114 percent. The bulk of U.S. exports to Japan consist of fresh, chilled, or frozen beef (high-value cuts of beef, used in restaurants). U.S. suppliers of meat to Japan are primarily U.S. meatpackers. Japan's purchases of beef and veal are administered by that country's Livestock Industry Promotion Corporation (LIPC). Imports of beef and veal are subject to quantitative restrictions imposed by the Japanese Government. The Director of Industry Affairs of the NCA testified before the Commission that U.S. exports of beef to Japan are far short of potential demand from Japanese consumers because of the Japanese import restrictions. ^{1/}

U.S. exports of beef and veal to Canada ranged from a low of 26 million pounds in 1982 to a high of 60 million pounds in 1984. Such exports consisted primarily of Prime and Choice grades of table beef for the hotel, restaurant, and institutional trade. USDA officials estimate that the United States accounts for nearly all Canadian imports of table beef. Officials of Agriculture Canada report that whereas the demand for such beef in Canada has been declining in general, it is still preferred in some restaurants. As a result of Canadian grading systems and marketing, there is very limited production of such beef in Canada for the Canadian market. The bulk of U.S. exports of beef that do not consist of Prime or Choice table beef reportedly consists primarily of hamburger.

U.S. exports of beef and veal to Brazil were minimal during 1982-85; however, such exports rose to 89.8 million pounds in 1986. Such exports to Brazil are associated with the Dairy Termination Program (as described in the section of this report entitled U.S. Government Programs).

U.S. exports of hides, tallow, and offal

The principal cattle byproducts exported from the United States are hides and tallow, the rendered fat of cattle. U.S. exports of cattle hides increased from 22.8 million hides, valued at \$694.3 million, in 1982 to 26.5 million hides, valued at \$1.2 billion, in 1986. During the period, Japan was the principal export market except in 1986, when Korea was the leading export market. Other important markets include Taiwan, Italy, and Mexico.

U.S. exports of tallow consist of edible and inedible tallow, with inedible tallow accounting for most of the U.S. exports. U.S. exports of inedible tallow declined from 2.9 billion pounds in 1982 to 2.5 billion pounds in 1986, or by 15 percent. However, the value of such exports fell from \$572.3 million in 1982 to \$350.4 million in 1986, or by 39 percent. The decline in U.S. exports of inedible tallow is due in part to the availability of substitutes such as vegetable oils and petroleum products. Substitution of palm oil for soap, and a gradual trend from tallow-based bar soaps to

^{1/} Testimony of Mr. Tom Cook, transcript of the hearing, p. 50.

petroleum-based detergents, have combined to depress international tallow and vegetable oil prices. 1/ The major U.S. export markets for inedible tallow have been Egypt, Mexico, Spain, Netherlands and Pakistan.

The U.S. exports beef and veal offals which include tongues, livers, hearts, kidneys, and other products for human consumption. U.S. exports increased from 351 million pounds, valued at \$247 million in 1982 to 440 million pounds, valued at \$286 million in 1986. The leading markets were the EC, Japan, Mexico, and Egypt.

1/ Congress of the United States, Office of Technology Assessment, A Review of U.S. Competitiveness in Agricultural Trade--A Technical Memorandum, Oct 1986, p. 85-86.

U.S. IMPORTS

Live Cattle and Calves

Canada and Mexico account for virtually all U.S. imports of live cattle and calves, with the remainder consisting of high-value animals for breeding purposes. Imports from Canada consist of a variety of animals but the great bulk of those from Mexico consist of feeders.

The following information concerning imports of live cattle and calves was collected from a wide variety of sources. Statistical data reporting U.S. imports of certain purebred animals for breeding purposes (TSUS item No. 100.01 (pt.), certain cows imported specially for dairy purposes (TSUS item No. 100.50), and all other cattle by weight ranges (those under 200 pounds each (TSUS item Nos. 100.40-43), those 200 pounds or more each but under 700 pounds (TSUS item No. 100.45), and those 700 pounds or more each (TSUS item Nos. 100.53-55)) were collected from the U.S. Department of Commerce. Statistical data concerning U.S. imports by reported intended uses of the cattle and calves (purebred for free entry; breeding or dairy; feeding or grazing; slaughter; and, other purposes) were compiled from documents maintained by the Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture (USDA). The documents (ANH Form 17-30D, Feb. 1972, entitled "Quarterly Recap of Import Animals Inspected") are compiled at all Canadian and Mexican border points of entry and are maintained for 3 years; thus, data were available for 1984-86. ^{1/} The time periods covered are: January-March, April-June, July-September, and October-December.

The APHIS documents also report the destination, by State (or foreign country for animals being transhipped), of the imported cattle. The destination shows the total number of all cattle and calves entering the State but does not show the reported intended use, by destination. U.S. imports of live cattle and calves by State destination are shown in Appendix F. Sample documents are shown in Appendix G. Statistical data collected from Agriculture Canada, a Canadian Federal Government Agency, reported a very large sample of the mix of cattle (steers, heifers, cows, and bulls, and calves) for slaughter exported to the United States. Changes in the mix of animals for slaughter imported from Canada suggest developments occurring in the Canadian cattle cycle. For example, an increasing share of imported cows

^{1/} Careful analysis shows that statistical data from the U.S. Department of Commerce are closely consistent with the data from the USDA. Some apparent differences reflect the different responsibilities of the two agencies. The U.S. Customs Service, which collects the data that are compiled and published by the U.S. Department of Commerce, is primarily charged with monitoring imports for the collection of import tariffs. The USDA is charged primarily with monitoring imports to protect the health and safety of the U.S. industry and U.S. population. U.S. Department of Commerce data contained in this report reflect imports for consumption and do not include animals in transit to other countries or animals for exhibitions, such as agricultural fairs included in the USDA data. The great bulk of imports reported by USDA as animals for "other purposes" are such animals. When animals for "other purposes" are excluded, USDA and U.S. Department of Commerce import data match closely.

and bulls suggests that the Canadian industry may be experiencing a contraction phase in the cattle cycle and, after the culmination of the contraction phase imports of such animals might be expected to decline.

Interviews were conducted with USDA veterinarians and U.S. Customs Service officers at all major border ports of entry. Interviews were conducted with packers that accounted for an estimated 50 percent of the Canadian cattle and calves imported for slaughter during 1986, including most large volume packers and many small volume ones. Interviews were also conducted with officials of Agriculture Canada, the Canadian Meat Council (CMC) and the Canadian Cattlemen's Association (CCA).

U.S. imports of live cattle and calves from Canada

U.S. Department of Commerce statistics show that U.S. imports of live cattle and calves from Canada declined irregularly, from 495,000 animals, valued at \$182 million, in 1982, to 247,000 animals, valued at \$143 million, in 1986 (table E-24).

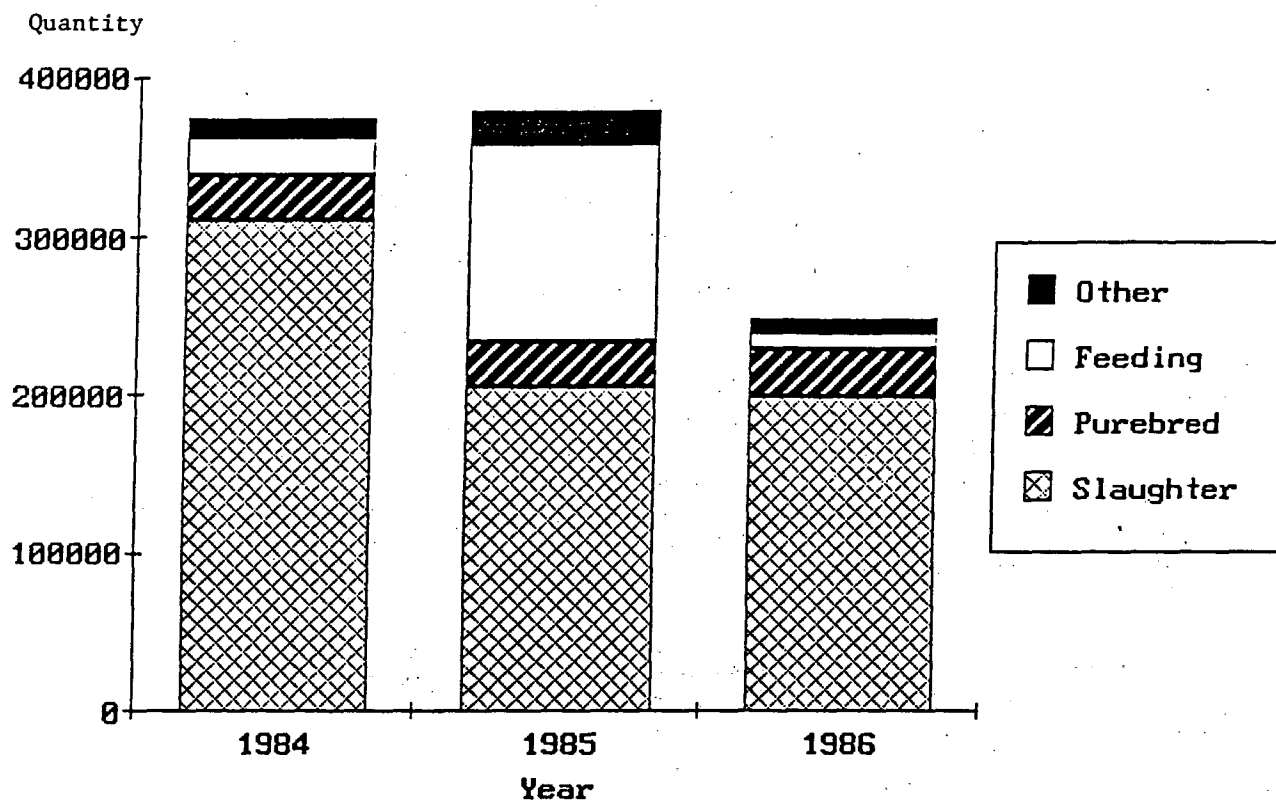
U.S. imports of live cattle and calves from Canada represent a wide variety of animals including dairy and beef animals for breeding purposes, dairy animals for milk production, cull cattle and fed steers and heifers for slaughter for beef, feeder cattle and calves to be placed in U.S. feedlots, and young calves to be slaughtered for veal. The mix of imports may vary significantly depending on the time of year and the import region of the United States being considered; also, the mix of the U.S. imports may vary significantly from year to year as shown in figure 13.

U.S. imports of live cattle and calves from Canada, U.S. exports of live cattle and calves to Canada, and the trade balance are shown in the following tabulation (1,000 animals):

	<u>U.S. imports from Canada</u>	<u>U.S. Exports to Canada</u>	<u>Balance</u>
1982.....	495	86	-409
1983.....	359	90	-269
1984.....	363	47	-316
1985.....	359	57	-302
1986.....	247	71	-176

Importer profile.--Importers of live cattle and calves from Canada represent a wide variety of entrepreneurs including cattle farmers and ranchers, dairymen, cattle feedlot operators, packinghouse operators, and cattle dealers, all ranging from those that are among the largest volume businesses in the United States to those that are among the smallest. Both U.S. and Canadian entrepreneurs are involved in shipping cattle and calves from Canada to the United States.

Figure 13.--Live cattle and calves: U.S. imports from Canada, by intended uses, 1984-86



Source: Compiled from Quarterly Recap of Import Animals Inspected, Animal and Plant Health Inspection Service, U.S. Department of Agriculture.

Almost all cattle and calves entering the United States from Canada are transported by livestock trucks. Semi-tractor-trailor loads of cattle for slaughter typically consist of 30-35 animals; other shipments of cattle or calves may consist of only a few or even one animal transported in a pickup truck.

Virtually all Canadian cattle and calves imported into the United States are reportedly purchased in Canada by U.S. entrepreneurs or by Canadian agents for U.S. entrepreneurs. The cattle are purchased at public auctions, directly from Canadian cattlemen, or through dealers who may buy the animals at auction or directly from Canadian cattlemen.

Some of the cattle imported into the United States from Canada for slaughter are purchased on a grade and yield basis, i.e., the farmers and ranchers receive a previously agreed to price-per-pound for the carcass derived for the live animal they ship to the U.S. packer, with a premium being paid for more desirable carcasses and a penalty being applied for defective carcasses. Some packers pay a previously agreed to price-per-pound for the live animals based on the weight of the animal at the time of delivery to the packing plant. Under both of the previously described agreements, transportation costs and import duties typically accrue to the Canadian (or U.S.) suppliers who deliver the animals to the plants.

Some Canadian cattle are supplied to U.S. packers under long-term contractual agreements. Some packers operating in the Western Rangeland and the Corn Belt report that they enter into such long-term contractual agreements. Typically under the agreements the packers contract to pay a specific price for cattle meeting contract specifications delivered at an agreed-to future date, often 6 months ahead. The specific contract price is often based on the futures price being quoted on the Chicago Mercantile Exchange at the time the packer-cattlemen agreement is entered into. Some packers report that they offset risks by entering into futures contracts to deliver meat at the same time they enter into contracts to buy the cattle. Some packers report that they prefer to enter contractual agreements with the same cattlemen year after year because the packers and cattlemen develop mutual trust and confidence based on long-term business dealings. One packer reports that when he contracts with a cattlemen for the first time, he contracts for only a small shipment of cattle and only gradually increases the number of cattle he will contract for until he has confidence in the ability of the cattlemen to deliver. He also reported that if he is dissatisfied with the first shipment of cattle he will not enter into a second agreement with the cattlemen. Payment is typically made when the cattle are delivered with the supplier being responsible for transportation costs and any import duties.

The packers that buy on a carcass grade and yield basis, those that buy on the basis of a delivered price, and those that buy on a contractual agreement basis, all report that the same terms apply to U.S. and Canadian farmers. Many packers report that they are indifferent to where the cattle are raised and more concerned with the quality of the animals they receive.

U.S. import levels and trends, by class of animal.--Data collected from the U.S. Department of Commerce show that U.S. imports of certain purebred animals for breeding purposes (TSUS item No. 100.01 (pt.)) from Canada during

1982-86 ranged from a high of 9,352 animals, valued at \$11.1 million, in 1983 to a low of 4,765 animals, valued at \$3.9 million in 1986 (table E-25). The bulk of the imports consisted of female animals, both dairy and beef types.

Fluctuations in import levels of purebred cattle for breeding purposes apparently reflect decisions by individual cattlemen. The bulk of the imports reportedly consist of specific animals that cattlemen have selected for traits that they want to incorporate into the bloodlines of their herds.

U.S. Department of Commerce data also show that U.S. imports of cows imported specially for dairy purposes (item 100.50) from Canada during 1982-86 ranged from a high of 15,000 animals, valued at \$10.6 million, in 1986 to a low of 8,000 animals in 1982 and 1984, valued at \$7.0 million and \$5.7 million, respectively (table E-26).

Data from the previously described Quarterly Recap of Import Animals Inspected documents of APHIS concerning U.S. imports from Canada of all cattle and calves for breeding and dairy purposes (including imports of certain purebred animals for breeding purposes classifiable under item 100.01; purebred animals for breeding purposes not classifiable under item 100.01; animals for breeding purposes, which are not purebred, cows imported specially for dairy purposes (item 100.50) and heifers and other animals imported for dairy purposes) are shown in Table E-27. The table shows that such imports increased from about 27,000 animals in 1984 (the earliest year for which data are available) to 28,000 animals in 1985; in 1986 imports amounted to 31,000 animals.

U.S. Department of Commerce data show that during 1982-86, U.S. imports from Canada of animals weighing 200 pounds or more but under 700 pounds each (item 100.45), the great bulk of which in most years reportedly consists of feeder cattle and calves, declined from 97,000 animals, valued at \$29.7 million, in 1982 to 18,000 animals, valued at \$6.5 million, in 1984, but rose to 107,000 animals, valued at \$38.2 million, in 1985; in 1986, imports amounted to 20,000 animals, valued at \$7.2 million (table E-28).

The sharp increase in U.S. imports of feeder cattle and calves in 1985 reportedly reflected, in part, drought in the Prairie Provinces of Canada during late 1984 and early 1985 that resulted in reduced feed supplies and consequent high feed prices in Canada.

Data from the Quarterly Recap of Import Animals Inspected show that U.S. imports from Canada of all cattle and calves for feeding or grazing (which includes feeder cattle and calves classifiable under item TSUS 100.45 and cattle for feeding or grazing weighing 700 pounds or more each (classifiable under items 100.53 and 100.55)) increased from about 24,000 animals in 1984 to almost 125,000 animals in 1985; in 1986 such imports amounted to 10,000 animals (table E-27).

Data from the U.S. Department of Commerce show that, during 1982-86, U.S. imports from Canada of calves weighing under 200 pounds each (TSUS items 100.40 and 100.43) declined from 158,000 animals, valued at \$9.6 million, in 1982, to 18,000 animals, valued at \$1.5 million in 1986 (table E-29). The decline in imports, which reportedly consisted almost exclusively of dairy

calves to be slaughtered for veal, is discussed in a later part of this section of the report where imports of live cattle and calves into New England and the Mid-Atlantic States are discussed.

U.S. Department of Commerce data show that during 1982-86 U.S. imports from Canada of cattle weighing 700 pounds or more each (items 100.53 and 100.55) fluctuated, ranging from a high of 254,000 animals, valued at \$164.7 million, in 1984 to a low of 189,000 animals, valued at \$119.7 million, in 1986 (table E-30). The bulk of the imports apparently consisted of cattle for slaughter.

The decline in imports of cattle weighing 700 pounds or more each are from 1984 to 1985, and the previously discussed increase in imports of cattle and calves for feeding or grazing suggest that at least some animals that would otherwise have been raised to slaughter weights in Canada during 1985 were instead raised to slaughter weights in the United States.

Data from the Quarterly Recap of Import Animals Inspected show that U.S. imports from Canada of all cattle and calves for slaughter including veal calves, steers, heifers, cows and bulls, declined from 312,000 animals in 1984 to 207,000 animals in 1985; in 1986 such imports amounted to 200,000 animals (table E-27).

The mix of animals for slaughter imported into the United States from Canada, as calculated from a large statistical sample collected by Agriculture Canada, is shown in the following tabulation:

Period	Steers and heifers		Cows and bulls		Calves	
	Percent	<u>1,000</u>	Percent	<u>1,000</u>	Percent	<u>1,000</u>
		animals		animals		animals
1984.....	34.6	108,077	46.2	144,311	19.2	59,974
1985.....	24.3	50,229	62.2	128,569	13.5	27,905
1986.....	55.5	111,158	33.8	67,696	10.7	21,430

Table E-31 shows U.S. imports of all cattle and calves from Canada, by month, from January 1982 until the most recent month for which data are available. Imports ranged from a high of 68,000 animals in November 1982 to a low of 9,000 animals in December 1986. In general, imports tend to be higher in the spring, when seasonally high levels of veal calves are available, and in the late fall, when fed supplies are reduced and herds of breeding animals tend to be culled. Other important factors contributing to monthly fluctuations in the level of U.S. imports from Canada are labor disruptions in packinghouses in either country, weather, health and sanitary problems that cause temporary disruptions, and a number of other factors.

Table E-28 shows that on a monthly basis U.S. imports from Canada of cattle weighing 200 pounds or more, but under 700 pounds each, ranged from a low of fewer than 500 animals in August 1984 (and 1,000 animals in several months during 1984-86) to a high of 31,000 animals in March 1985 (and 30,000 in April 1985).

Table E-29 shows that U.S. imports of calves weighing under 200 pounds each (veal calves) from Canada ranged from a high of 25,000 animals in both April and May of 1982 to less than 500 animals in August and December 1986 (and 1,000 animals in several months in 1985 and 1986).

Table E-30 shows that monthly variations in U.S. imports of cattle weighing 700 pounds or more each from Canada ranged from a low of 6,000 animals in December 1986 (and 7,000 animals in October 1986) to a high of 36,000 animals in November 1982 and 32,000 animals in both August and September 1984. Canadian exports of cattle for slaughter were unusually high during June-October 1984, in part, because of packing-house workers' strikes at several major Canadian meat-packing companies during the period.

Magnitude of imports of live cattle and calves from Canada in relation to imports from other major sources.--Live cattle and calves are rather expensive and impractical to transport long distances. Also, U.S. imports of live cattle and calves are subject to stringent USDA health and sanitary regulations as well as humane treatment regulations. Health and sanitary regulations are discussed in the section of this report entitled "U.S. Customs Treatment". As a result, Canada and Mexico account for nearly all U.S. imports of live cattle and calves, with the remainder consisting of high-value animals imported for breeding purposes.

As can be determined from table E-24, the share of the total quantity of U.S. imports of cattle and calves supplied by Canada, as reported by the U.S. Department of Commerce, ranged from a high of 49 percent (495,000 animals) in 1982 to a low of 19 percent (247,000 animals) in 1986. In terms of value, the share supplied by Canada ranged from a high of 66 percent (\$188 million) in 1984 to a low of 34 percent (\$143 million) in 1986. The higher share of the value supplied by Canada reflects the fact that the great bulk of imports from Mexico consisted of lower priced feeder cattle and calves. U.S. imports of live cattle and calves from Mexico are discussed later in this section. The share of U.S. imports of live cattle and calves supplied by Canada varies with the class of animal being considered.

As can be determined from table E-25, Canada accounted for 97 percent or more of the quantity and 85 percent or more of the value annually of U.S. imports of certain purebred cattle for breeding purposes during 1982-86. The higher share of the quantity than of the value accounted for by Canada, reflects the fact that some of the imports from other countries consisted of very high-valued animals.

Table E-26 shows that Canada accounts for virtually all U.S. imports of cows entered specifically for dairy purposes. In general, Canada's dairy industry is more highly developed than is the dairy industry of Mexico--the only other practical source of U.S. imports of dairy cows. Also, Canada's dairy industry is concentrated in close geographic proximity to major dairy regions of the United States.

Table E-32 (based on the statistics of the U.S. Department of Commerce and the Quarterly Recap of Import Animals Inspected) shows that Mexico is by far the leading source of imports of cattle and calves for feeding and grazing

but that the share supplied by Canada increased from 6 percent in 1984 to 21 percent in 1985. In 1986 the share supplied by Canada declined to 1 percent.

Canada accounts for virtually all U.S. imports of veal calves. The highly developed Canadian dairy industry explains, in part, why Canada accounts for virtually all U.S. imports of veal calves. Veterinary officials of the USDA report that virtually all U.S. imports from Canada of calves weighing under 200 pounds each consist of Holstein calves destined for slaughter for veal. They further report that very few calves from Canada destined to be slaughtered for veal weigh 200 pounds or more each. In addition, they report that virtually no calves for slaughter for veal were imported from Mexico during 1982-86.

Canada accounts for the great bulk of U.S. imports of cattle for slaughter, including steers, heifers, cows, and bulls. U.S. imports from Mexico, the only other supplier, are limited to a few thousand animals as described later in this section.

U.S. imports of live cattle and calves from Canada in relation to U.S. production and consumption.--U.S. imports of live cattle and calves from Canada were equal to 1.1 percent of U.S. production (the calf crop, or number of calves born during the year) and 1.3 percent of consumption (commercial cattle and calf slaughter) in 1982. During 1982-85, such imports were equal to about 0.9 percent of U.S. production and consumption (table E-15). The decline in shares from 1982 reflects the decline in imports from 495,000 in 1982 to 359,000 in 1983. U.S. production declined slightly while consumption remained stable during 1983-85; imports from Canada also remained rather stable, averaging 360,000 animals annually during 1983-85. During 1986, imports from Canada were equal to 0.6 percent of production and 0.6 percent of consumption, while imports declined to 247,000 animals and production and consumption increased slightly.

While detailed statistics are not available concerning the number of purebred animals for breeding purposes of the type classifiable under item 100.01 (pt.), U.S. imports of such animals from Canada were doubtlessly less than 0.5 percent of the U.S. inventory, production, or consumption during 1982-86.

Cows imported into the United States from Canada specially for dairy purposes (item 100.50) during 1982-86 equaled much less than 0.5 percent of the 10 million to 11 million January 1 inventory of milk cows in the United States during the period.

During 1984-86, U.S. imports from Canada of all cattle and calves for breeding or dairy purposes were equal to much less than 0.5 percent of the January inventory of such animals in the United States. The January 1, U.S. inventory of such animals ranged from 57 million to 62 million animals during the period.

Table E-33 shows that during every quarter of 1984 and 1986 and the quarters July-September and October-December 1985, imports from Canada of cattle and calves for feeding or grazing were equal to less than 0.5 percent of the number of cattle and calves placed on feed in 13 major cattle-feeding

States of the United States during the same quarters. The ratio was highest during January-March 1985, when 68,000 animals entered from Canada, equal to 1.3 percent of the 5.3 million animals placed on feed in the 13 State area in that quarter.

Table E-34 shows that U.S. imports from Canada of cattle for slaughter, during 1984-86, ranged from a high of the equivalent of 1.0 percent of U.S. commercial slaughter during the quarter July-September 1984 (when imports were 91,000 animals and commercial slaughter was 9.6 million animals) to a low of the equivalent of less than 0.5 percent during the quarters July-September 1985 and October-December 1986, when imports were an estimated 33,000 animals and 26,000 animals, respectively, and commercial slaughter was 9.4 million animals and 9.2 million animals, respectively.

Table E-35 shows that estimated U.S. imports from Canada of veal calves ranged from a high of the equivalent of 9.3 percent of U.S. slaughter during the quarter April-June 1982 (when imports were an estimated 63,000 animals and commercial slaughter was 675,000 animals) to a low of less than 0.3 percent during the quarter October-December 1985 (when imports were an estimated 3,000 animals and commercial slaughter was 923,000 animals) and in three out of four quarters in 1986. Although imports were highest in the quarter April-June of every year, the ratio of imports to commercial slaughter generally declined during 1982-86, when the ratio is compared with the comparable quarter of previous years.

Destination of U.S. imports of live cattle and calves, by region. -- The New England ^{1/} and Mid-Atlantic States ^{2/} accounted for only a small share of U.S. cattle raising and processing but were the destination of a significant share of U.S. imports of live cattle and calves from Canada during 1984-86. As shown in figure 14, imports destined for the region, as calculated from the Quarterly Recap of Import Animals Inspected, declined from about 122,000 animals (one-third of total U.S. imports of cattle and calves from Canada) in 1984 to about 85,000 (slightly less than one-fourth of the total) in 1985. In 1986, imports amounted to 59,000, again slightly less than one-fourth of the U.S. total.

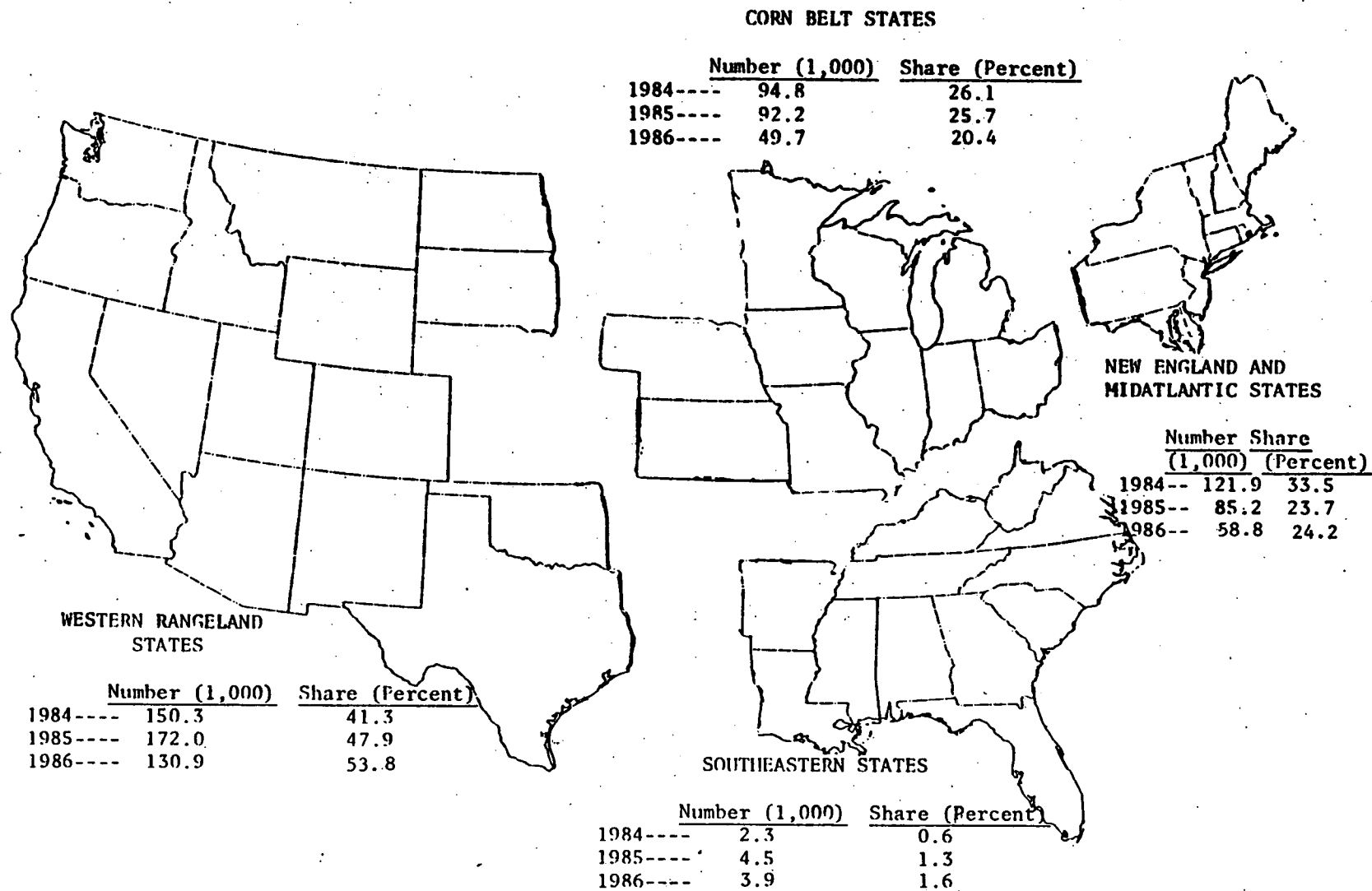
Imports of live cattle and calves from Canada through northeast ports (those administered through Buffalo, New York; Ogdensburg, New York; Portland, Maine; and St. Albans, Vermont) were valued at \$36.9 million in 1984, \$38.1 million in 1985, and \$28.2 million in 1986, (table E-36).

Canada accounts for virtually all of the New England and Mid-Atlantic States imports of live cattle and calves, with other countries supplying only a few animals for breeding purposes. The Provinces adjoining New England and the Mid-Atlantic States (Quebec, Ontario, and the Atlantic Provinces) supply virtually all imports of Canadian cattle entering the New England and Mid-Atlantic States. In part because the Canadian dairy industry is concentrated in the Provinces of Quebec, Ontario, and the Atlantic Provinces the great bulk of Canadian exports into the region consists of dairy calves destined to be slaughtered for veal and cull dairy cattle.

^{1/} Maine, New Hampshire, Vermont, Massachusetts, Connecticut, and Rhode Island.

^{2/} New York, New Jersey, Pennsylvania, Delaware, and, Maryland.

Figure 14.--Live cattle and calves: U.S. imports, from Canada, by region, 1984-86.



Source: Compiled from Quarterly Recap of Import Animals Inspected, Animal and Plant Health Inspection Service, U.S. Department of Agriculture.

The Quarterly Recap of Import Animals Inspected shows that of the live cattle and calves entering the New England and Mid-Atlantic States from Canada 99 percent entered through northeast ports in Maine, Vermont, and New York. In 1984, 95 percent, or 121,000 of the 128,000 live cattle and calves from Canada entering the United States through northeast ports were destined for the New England and Mid-Atlantic States. Port veterinarians of the USDA report that most of the cattle entering through northeast ports in transit to other regions in 1984 consisted of Holstein steers destined for feedlots in Corn Belt; an additional 439 animals were destined for foreign countries. In 1985, 98 percent, or almost 85,000 of the almost 87,000 animals were destined for the New England and Mid-Atlantic States. The great bulk of the remainder consisted of animals destined for Southeastern States and animals in transit to foreign countries. In 1986, 90 percent, or almost 59,000 animals, were destined for the New England and Mid-Atlantic States of the total of slightly over 65,000 cattle and calves from Canada entering through northeast ports; 4 percent, or 2,626 animals, were in transit to foreign countries; and 6 percent, or nearly 4,000 others, were destined for other States.

Data from the Quarterly Recap of Import Animals Inspected indicates that cattle and calves for slaughter account for the great bulk of live cattle and calves entering from Canada through northeast ports (table E-27). Excluding the animals for "other purposes" (those in transit to other countries, for exhibition, and so-forth) cattle and calves for slaughter accounted for 105,000 or 83 percent of the 127,000 total entered through northeast ports in 1984; 70,000, or 81 percent, of the 87,000 animals that entered through northeast ports in 1985; and 41,000, or 68 percent, of the 60,000 animals entered in 1986.

U.S. Department of Commerce statistics show that about 71,000 to 72,000 animals weighing under 200 pounds each (veal calves) entered through northeast ports in 1984. Thus it appears that about two-thirds of the 105,000 animals for slaughter consisted of veal calves. About 22,000-23,000 animals weighing under 200 pounds each entered through northeast ports in 1985, or about one-third of the 70,000 animals for slaughter. In 1986 about 16,000 animals, or 38 percent, of the 41,000 animals for slaughter appeared to be veal calves.

A number of factors contributed to the decline in U.S. imports of veal calves from Canada. In recent years, the Quebec Provincial Government has imposed more stringent regulations concerning drug residues. The Quebec regulations require that blood samples be taken from calves destined for export for slaughter and the animals be withheld from export until the tests show that the animals are in conformity with drug residue regulations. Such tests require up to one week to complete and dealers are reluctant to hold young calves for any such period of time because the animals are quite sensitive and require close care. Another factor contributing to the decline in U.S. imports was the sharp decline in output of a major Kosher calf processing plant in Maine in recent years. Also, growing demand for so-called white veal (an alternative use for veal calves) in the Montreal market reduced the supply of calves for export. For several years there has been a trend away from having most calves born at the same time of year, thus reducing seasonal oversupplies of calves that had been typical of the Canadian market.

The remainder of animals for slaughter--an estimated 34,000 to 35,000 animals in 1984, 48,000 in 1985, and 25,000 in 1986--apparently consisted mostly of cull dairy cows and bulls. Agriculture Canada statistics indicate that exports of steers and heifers for slaughter from ports in Quebec and Ontario are negligible.

The decline in U.S. imports of cull cows and bulls from an estimated 48,000 in 1985 to 25,000 in 1986 reflected, in part, the U.S. Dairy Termination Program. Virtually every packer contacted during the course of the investigation reported that purchases of Canadian animals were reduced because domestic supplies were higher as a result of the program. New England and the Mid-Atlantic States accounted for an estimated 24 percent of U.S. imports of cull cows and bulls in 1984, 37 percent in 1985, and 37 percent in 1986.

Within the New England and Mid-Atlantic States, the principal destinations for the imports of live cattle and calves during 1984-86 were New York and Pennsylvania; Maine was also a major destination for veal calves. Animals entering through Maine and Vermont are almost all from the Province of Quebec, and those entering through New York are mostly from Ontario with a few from Quebec.

USDA port veterinarians report that the great bulk of U.S. imports of cull dairy cattle consist of Holstein cows and bulls that are closely comparable with U.S. cull animals. Some USDA veterinarians report that the Canadian veal calves are "better" or "in better condition" than U.S. veal calves. They report that many veal calves in the United States are slaughtered when they are only a few days old and the meat of such animals is very immature. Canadian animals, by contrast, are slaughtered when they are 1 week old or older and the meat is more properly developed. Officials of Agriculture Canada report that while there is no legal limit on the age at which Canadian calves may be slaughtered, Canadian regulations, including the previously discussed export regulations with respect to indices of maturity that must be shown before the animal may legally be slaughtered, have the general effect of encouraging Canadian cattlemen to sell calves for slaughter for veal only after the calves are 10 days to 2 weeks old.

U.S. imports from Canada of all cattle and calves for breeding or dairy purposes through northeast ports amounted to about 13,000 animals in 1984 and 16,000 animals in 1985 and 17,000 in 1986. Some of such imports apparently include animals for breeding purposes except purebred animals as well as some dairy heifers.

U.S. imports from Canada of all cattle and calves for feeding or grazing through northeast ports declined from 9,000 animals in 1984 to less than 1,000 animals in 1985. The great bulk of the animals imported in 1984 consisted of the previously mentioned Holstein steers. In 1986, imports from Canada of all cattle and calves for feeding and grazing through northeast ports amounted to about 2,500 animals.

Dairy farmers in the New England and Mid-Atlantic States have apparently accounted for the bulk of the animals that have been imported for dairy purposes. Importers of Canadian cattle and calves for slaughter into the New England and Mid-Atlantic States include firms that are among the region's

largest volume cull cattle slaughterers. The bulk of production of such companies consists of hamburger and sausages or meat for manufacturing for incorporation into meat containing products such as soups and stews. Other importers include large-volume as well as small-volume calf slaughtering firms in the region, including firms that produce kosher veal. The New England and Mid-Atlantic States represent a major U.S. market for both beef for manufacturing and kosher meats.

The share of commercial calf slaughter in the New England and Mid-Atlantic States accounted for by imports from Canada declined from an estimated 6 percent in 1984 to an estimated 2 percent in 1985 and 1 percent in 1986; comparable figures for cattle slaughter were an estimated 2 percent in 1984, an estimated 3 percent in 1985, and about 2 percent in 1986.

Imports of live cattle and calves into the region were equal to 4 to 5 percent of the annual calf crop in the region during 1984-86 and about 2 percent annually of the January 1, inventory in 1984-86.

As shown in figure 14, the Corn Belt States accounted for about 95,000 animals, or about 26 percent of all U.S. imports of live cattle and calves from Canada, in 1984; about 92,000 animals, or 26 percent, in 1985; and 50,000 animals, or 20 percent, in 1986.

Detailed statistics concerning the value of imports into the Corn Belt States are not available. However, during 1982-86, the great bulk of imports of all live cattle and calves from Canada entering through Detroit, Michigan (which ranged from a high of \$20.2 million in 1983, to a low of \$11.1 million in 1986), a significant share of the imports entering through Pembina, North Dakota (which ranged from a high of \$56.1 million in 1982 to a low of \$28.1 million in 1986), and some of the imports entering through Great Falls, Montana (which ranged from a high of \$65.1 million in 1984, to a low of \$39.8 million in 1982 and amounted to \$66.0 million in 1986) were destined for the Corn Belt States (table E-36).

While detailed statistics are not available, it appears that a variety of live cattle from Canada have entered the Corn Belt States, including fed cattle and cull cattle for slaughter, feeder cattle for placement into Corn Belt feedlots and some animals for breeding purposes. Imports of cattle for dairy purposes and veal calves into the region have been negligible however.

Imports of cattle for slaughter appear to have accounted for the bulk of Canadian animals entering the Corn Belt States in 1984, but imports of feeder cattle apparently accounted for a larger share of the total in 1985, reflecting, in part, the drought in the Prairie Provinces of Canada that resulted in reduced feed supplies and consequently distress sales of feeder calves and cattle. During 1986, cattle for slaughter apparently accounted for the great bulk of all Canadian cattle entering the region. The decline in imports of cattle for slaughter between 1984-1985, and the increase in imports of cattle and calves for feeding or grazing suggest that the drought in Canada contributed to a movement of animals to the United States that might otherwise have been raised to slaughter weights in Canada.

The previously discussed Agriculture Canada statistics, which show the mix of cattle for slaughter (steers, heifers, cows, or bulls) exported from

Canada to the United States suggest that in 1984, approximately 54 percent of the cattle for slaughter destined for the Corn Belt States consisted of cows and bulls and 46 percent consisted of steers and heifers. In 1985, however, about 75 percent consisted of cows and bulls and 25 percent consisted of steers and heifers. In 1986, 42 percent consisted of cows and bulls and 58 percent consisted of steers and heifers.

The great bulk of the cull cows and bulls are beef breeds except those entering Michigan, which reportedly consist mostly of Holsteins from Ontario destined for slaughter in the Detroit area. Imports of fed steers and heifers are mostly beef breeds, although some Holstein steers from Canadian feedlots are imported into the Corn Belt States for slaughter. The beef animals are often crossbreeds with the most common being crosses of the so-called British breeds (Hereford, and to a lesser extent Angus) with the so-called continental breeds, (most often Charolais). USDA port veterinarians report that the Canadian cull cows and bulls entered through the Corn Belt ports are closely comparable to U.S. cull cattle, and meat packers contacted during the course of the investigation agree with that assessment; most, reportedly, are comparable to the U.S. Utility grade.

Corn Belt port veterinarians report that many of the Canadian fed steers and heifers entered are comparable with U.S. animals that grade "near the bottom" of the U.S. Choice grade standards or "just into" the Choice grade standards. The Canadian market typically pays a premium for animals that are considered slightly too lean for Prime or Choice U.S. grades. The Holstein steers imported into the United States are sometimes grown to rather heavy weights, such as 1,200 pounds or more; most such animals are reportedly comparable to the Good grade under the U.S. Federal system.

The feeder animals entering the Corn Belt States typically are about 1 year old, weigh about 600 pounds, and are comparable to U.S. Choice feeders. Some imports are reported to be lighter animals - 400 pounds or so - and more comparable to the U.S. Good grade. The great bulk of the feeder animals are reported to have the same blood lines as the beef types imported for slaughter. In 1984 a few thousand Holstein steers from Ontario were exported to the Corn Belt States through northeast U.S. ports.

Meat packing companies that import the fed steers and heifers and cull cattle for slaughter include those that are among the largest packing companies in the United States. Within the Corn Belt States, a large share of cull cows and bulls for slaughter are destined for Minnesota and, as mentioned earlier, Michigan. A large share of the animals destined for Minnesota were reportedly cull beef cattle. A large share of the fed steers and heifers for slaughter are destined for the general area where Iowa, Nebraska, and South Dakota converge, a major animal slaughtering area of the United States.

Imports into the Corn Belt States of Canadian cattle for slaughter were equal to less than 1 percent of commercial slaughter in the region in 1984-86 and imports of cattle and calves for feeding or grazing were apparently equal to less than 1 percent of the animals placed on feed in the region during 1984-86. Imports were equal to less than 1 percent of the calf crop, which amounted to more than 12 million animals annually during 1984-86.

Figure 14 shows that imports of live cattle and calves from Canada destined for the Western Rangeland States increased from about 150,000 animals (41 percent of the total U.S. imports of live cattle and calves from Canada) in 1982 to 172,000 (48 percent) in 1985; in 1986 imports amounted to 131,000 animals (54 percent).

Although detailed statistics are not available on the value of imports into the region, some data are available from table E-36. The great bulk of imports through entry points administered through Seattle, Washington, are reported to be destined for the Western Rangeland States. Imports through Seattle declined irregularly, from \$23.1 million in 1982 to \$8.2 million in 1986. A large share of imports through entry points administered by Great Falls, Montana, were destined for the Western Rangeland States; such imports fluctuated from a low of \$39.8 million in 1982 to a high of \$66.0 million in 1986.

Although exact data are not available, the mix of cattle entering the Western Rangeland States can be approximated based on data available from the Quarterly Recap of Import Animals Inspected and from contacts with meatpackers in the region. Based on the Quarterly Recap of Import Animals Inspected, of the approximate 150,000 cattle and calves that entered the Western Rangeland States from Canada during 1984, at least 116,000 (but no more than 146,000) consisted of cattle and calves for slaughter. Contacts with meat packers in the region indicate that at least 10,000 additional animals entering the region from Canada were for slaughter (in addition to the 116,000 minimum). Of the remaining animals, the Quarterly Recap of Import Animals Inspected shows that apparently more than 1,000 represented imports for breeding, dairy, or other purposes, and apparently more than 3,000 were cattle and calves for feeding or grazing.

Less precise data are available for 1985. The Quarterly Recap of Import Animals Inspected suggests that of the 172,000 animals that entered the Western Rangeland States from Canada, at least 69,000 cattle and calves were for slaughter (but less than 109,000). Again, contacts with meat packers in the region suggest that at least another 10,000 animals, in addition to the previously mentioned 69,000, were entered for slaughter. Imports of cattle and calves for feeding or grazing as shown by the Quarterly Recap of Import Animals Inspected, amounted to at least 62,000 (but less than 102,000). Also, the imports for breeding, dairy, and other purposes exceeded 1,000 animals in 1985.

The Quarterly Recap of Import Animals Inspected suggests that in 1986 imports from Canada into the Western Rangeland States consisted primarily of animals for slaughter. Of the approximate 131,000 animals entering the region, at least 111,000 were for slaughter; fewer than 7,000 consisted of animals for feeding or grazing. Imports for breeding, dairy, and other purposes apparently exceeded 1,000 animals.

Data are available from Agriculture Canada showing the mix of cattle for slaughter exported through British Columbia and Alberta, the two Provinces apparently accounting for the bulk of Canadian exports of live cattle and calves for slaughter to the Western Rangeland States. The data indicate that in 1984, more than one-half of the exports consisted of steers and heifers,

slightly over 40 percent consisted of cows and bulls, and about 5 percent consisted of calves. The data also indicate that in 1985 slightly less than one-half of the exports consisted of steers and heifers, slightly less than one-half consisted of cows and bulls and the remainder consisted of calves. In 1986, 83 percent consisted of steers and heifers, 14 percent consisted of cows and bulls and 3 percent were calves.

Meat packers and port veterinarians of the USDA report that the cows and bulls for slaughter entering through Washington State include both dairy (from the dairy industry around Vancouver, B.C.) and beef animals, and that both types are closely comparable with U.S. cattle of the same types. The cows and bulls entering through Montana were mostly beef breeds, typically crossbreeds of English breeds and continental breeds.

The cattle for grazing entering through entry points in Western Rangeland States are reported by USDA port veterinarians to be typically about 1-year-old weaned calves, weighing about 600 pounds each. Most were reportedly crossbreeds of the same bloodlines as the slaughter cattle. Also, most were, reportedly, comparable with USDA Choice feeders.

During 1984-86 imports were equal to less than 1 percent of commercial cattle and calf slaughter in the Western Rangeland states. Imports of cattle and calves for feeding or grazing were equal to less than 0.5 percent of placements of cattle on feed in the region during each quarter of 1984-86. Imports into the region were equal to 1 percent or less of the calf crop in the region annually during 1984-86.

Importers of the cattle and calves for slaughter in the Western Rangeland region include both companies that are among the largest meatpackers in the United States as well as smaller volume companies. Importers of feeder calves reportedly include both large-volume feed lots and small-volume ones.

Within the Western Rangeland States, major destinations for the imported animals include the Dakotas, Montana, Idaho, Utah, Wyoming, Colorado and by far the largest, Washington. Imports into Washington State amounted to 102,000 animals (two-thirds of the total into the Western Rangeland States and slightly more than one-fourth of the total into the United States in 1984) in 1984; almost 79,000 animals (slightly less than one-half of the total into the Western Rangeland States and about one-fifth of the total into the United States) in 1985; and 88,000 animals (two-thirds of the total into the Western Rangeland States and 35 percent of the United States total) in 1986. The Quarterly Recap of Import Animals Inspected shows that the imports from Canada into Washington State during 1984 included at least 97,000 animals for slaughter (but fewer than 101,000) and at least 1,400 animals for feeding or grazing (but fewer than 5,200). Less precise data are available for 1985, when imports included at least 64,000 animals for slaughter (but fewer than 70,000) and at least 9,000 animals for feeding or grazing (but fewer than 15,000). In 1986, apparently nearly all of the 88,000 animals entering from Canada were for slaughter.

Importers in Washington State are typical for those of the region, as described previously. By far the great bulk of live cattle and calves from Canada destined for Washington State enter through border ports of entry in

Washington State and Idaho. Also, the great bulk of imports through Washington and Idaho ports are destined for Washington State rather than being in transit to other States. Washington State and Idaho border the Canadian Province of British Columbia, but officials of Agriculture Canada report that a significant share of the Canadian exports entering Idaho, consist of fed steers and heifers originating in the Province of Alberta. Agriculture Canada data show that, in 1984, 53 percent of the cattle and calves exported through British Columbia consisted of steers and heifers, 43 percent consisted of cows and bulls, and 4 percent consisted of calves; in 1985, 44 percent consisted of steers and heifers, 49 percent consisted of cows and bulls, and 7 percent consisted of calves; in 1986, 79 percent consisted of steers and heifers, 17 percent consisted of cows and bulls, and 4 percent consisted of calves. The fed steers and heifers reportedly are destined for two packing companies in Eastern Washington State. Canadian officials also report that the bulk of Canadian exports entering through Washington State ports (most of which enter through ports in the western part of Washington State) consist primarily of cull cows and bulls (both dairy and beef) and veal calves.

Imports into Washington State from Canada of cattle and calves for slaughter apparently contributed slightly less than 10 percent to the commercial slaughter in that State during 1984, between 6 and 7 percent in 1985, and about 8 percent in 1986. Imports of cattle and calves for feeding or grazing apparently amounted to 1 percent or less of placements on feed in the State during 1984, 2 to 3 percent in 1985, and less than 1 percent in 1986. Some of the imports for placement on feed reportedly consisted of cattle that were considered ready for slaughter in Canada were considered slightly too light for Choice U.S. slaughter animals. Such animals were reportedly kept in feedlots in the United States for only a few weeks.

Imports from Canada were equal to nearly 20 percent of the Washington State calf crop in 1984, about 14 percent in 1985, and about 16 percent in 1986. Imports from Canada during 1984 were equal to about 7 percent of the January 1, 1985, Washington State cattle and calf inventory; during 1985, imports were equal to 5 percent of the January 1, 1986, inventory, and during 1986, imports were equal to about 7 percent of the January 1, 1987, inventory.

The Southeastern States accounted for less than 2 percent of U.S. imports of cattle and calves annually during 1984-86. A significant share of the imports, which amounted to fewer than 5,000 animals annually, consisted of animals for breeding.

U.S. imports of live cattle and calves from Mexico

The Mexican cattle that enter the United States are mainly from the northern States of Sonora, Nuevo Leon, Tamaulipas, Zacatecas, Chihuahua and south to Vera Cruz. The Mexican cattle are often crossbred with Brahman, Hereford, and Angus.

During 1982-86, U.S. imports of live cattle from Mexico ranged from a low of 390,000 animals, valued at \$96 million, in 1984 to a high of 1.09 million animals, valued at \$282 million, in 1986 (table E-24). Cattle weighing 200 pounds or more but under 700 pounds each (TSUS item 100.45) account for

the bulk of live cattle imports from Mexico. These are referred to as feeders and average about 450 pounds each. Such imports totaled 1.05 million animals in 1986, or 97 percent of all imports. These imports are ultimately fed and finished in the United States to weights of about 1,000 pounds before slaughter. U.S. port veterinarians indicate that Mexican cattlemen are producing better quality feeders than in the past. Imports of cattle weighing 700 pounds or more each (items 100.53 and 100.55) (referred to as slaughter cattle) averaged from 1,000 to 2,000 animals per year during 1982-85; however, such imports rose to 20,000 animals in 1986, or 2 percent of all imports. Imports of calves weighing less than 200 pounds accounted for the bulk of the remaining cattle imports during 1986. U.S. port veterinarians indicate that these are feeder calves rather than veal calves. Although detailed statistics of imports from Mexico of cattle for breeding are not available, USDA port veterinarians report that there have been a few imports from time to time. The sharp increase in U.S. imports of cattle since 1984 reflects a number of factors including good grazing conditions in the Southwestern United States and the declining value of the peso compared with the U.S. dollar, which has made Mexican cattle prices attractive to U.S. cattle importers. In addition, the increase in imports reflects a surplus of cattle in Mexico and a decline in beef demand in that country because of a depressed economy.

U.S. imports of cattle weighing 200 pounds or more but under 700 pounds each from Mexico by months from January 1982 to December 1986 ranged from a low of less than 500 animals in August 1984 to a high of 264,000 animals in December 1986 (table E-37). In general, imports tend to be higher in the months of November, December, and January and at their lowest in the month of October. A number of factors contribute to the relatively large shipments in November, December, and January. Because of delays in U.S. Department of Commerce data collection and reporting, reported shipments may not always exactly correspond with actual shipments. Technical factors also influence import patterns. A large share of the calves are born in the spring and by the fall of the year are ready to be weaned and placed on pasture or feedlots. A large share of the animals imported are grazed in winter wheat fields, and the wheat fields are suitable for grazing during the months of November, December, and January. The cattle generally are placed in wheat fields until their weight increases to 650-800 pounds at which time they are transported to feedlots. The cattle operations that use the Mexican feeder calves are located largely in Texas, Oklahoma, Kansas, Arizona, New Mexico, and California.

Table E-36 shows U.S. live cattle imports (feeders) from Mexico, by customs district, during 1982-86. Virtually all U.S. cattle imports from Mexico in those years entered through the customs districts of El Paso, Texas; Laredo, Texas; and Nogales, Arizona. During 1986, these three districts accounted for 46 percent, 26 percent, and 26 percent, respectively, of all U.S. imports of feeder cattle from Mexico. Importers of feeder cattle from Mexico are usually cattle dealers or brokers who frequently resell the cattle to U.S. farmers and ranchers.

The Mexican Government establishes maximum export quotas for live cattle in order to maintain sufficient supplies of beef for their domestic market. The Mexican Government sets the quota based on the Confederacion Nacional Ganadera's (Cattlemen's Association) estimate of production for a given year.

The export quotas are usually set in the fall of the year for the next quota year (Sept-Aug). Only northern Mexican States are authorized to export cattle because of their geographical proximity to the United States and because of the similarity of the cattle produced in the northern States to those produced in the Southwestern United States.

The main concern of the Mexican Government is to provide abundant supplies of beef to the domestic market. If conditions are favorable in the southern Mexican States and the southern State cattlemen provide enough beef for the domestic market, the Mexican export quota will be large. However, if unfavorable conditions exist in the southern States, the cattlemen from the northern States will have to provide beef to assist the southern States in meeting domestic demand and the export quota will be small. The following tabulation shows the cattle export quotas authorized by the Mexican Government for the 1980/81-1986/87 quota years (in actual animals):

<u>Quota year</u>	<u>Authorized Mexican cattle export quota</u>
1980/81	500,000
1981/82	468,000
1982/83	652,088
1983/84	728,743
1984/85	500,000
1985/86	964,600
1986/87	1,070,000

Economic conditions in Mexico, grazing conditions, and the number of cattle produced in a given year are among the leading factors relating to the size of the Mexican export quota and the share of the quota that is filled each year. A surplus of cattle in both the northern and southern States encouraged the Mexican Government to raise the export quota for the 1986/87 season. This increase in the number of cattle permitted to be exported reflects the decline in beef demand in Mexico resulting from reduced consumer purchasing power. In addition, the decline in world petroleum prices made it necessary for the government of Mexico to look for alternate sources of foreign exchange. 1/

On March 26, 1987, the Mexican Government suspended live cattle exports to the United States reportedly as a result of developing beef shortages. However, on March 29, 1987, the Mexican Government reopened its borders to exports of cattle to the United States. No official statement has been released regarding this reopening.

1/ Report from U.S. Embassy, Mexico City, Jan. 8, 1987.

Beef and Veal

U.S. imports of Beef and Veal from Canada

U.S. imports of all beef and veal from Canada increased from 159.8 million pounds (carcass weight equivalent), valued at \$116.6 million, in 1982 to 240.4 million, valued at \$155.7 million, in 1985; in 1986 imports amounted to 212.6 million pounds, valued at \$133.1 million (table E-38). U.S. imports of fresh, chilled, or frozen beef and veal, increased from 158.9 million pounds, (carcass weight equivalent), valued at \$114.1 million, in 1982 to 237.3 million pounds, valued at \$151.2 million, in 1985; in 1986 imports amounted to 210.4 million pounds, valued at \$129.8 million (table E-39). Imports of fresh, chilled, or frozen beef on a product weight basis are shown in table E-40.

Overall, an estimated 80 to 90 percent of U.S. imports of beef and veal from Canada consisted of meat for manufacturing rather than table cuts; a large share of U.S. imports of beef and veal from Canada are reported to be destined for the hamburger and sausage market. The Canadian market pays a premium for animals that are leaner than U.S. Choice and Prime, the type of animals that traditionally have yielded table beef for the U.S. market. Therefore, beef of Canadian origin tends to be at a disadvantage in the U.S. table-beef market. Also, some Canadian interests contend that U.S. tariff treatment favors the importation of meat for manufacturing and discourages the importation of value-added products such as portion-control cuts and cuts made ready for retail consumers.

The share of all U.S. imports of beef and veal from Canada accounted for by various products, 1983-86, as calculated from data published by Agriculture Canada, is shown in the following tabulation (in percent):

<u>Product</u>	<u>Share</u>			
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Beef:				
Boneless.....	47	51	43	40
Carcasses (bone-in).....	26	24	32	30
Trimmings.....	24	22	21	25
Other.....	2	2	3	4
Total beef.....	99	99	99	99
Veal.....	1	1	1	1
Total beef and veal....	100	100	100	100

The great bulk of the imported carcasses were reported to have entered in the form of quarters or boxed primal cuts rather than whole hanging carcasses. The bulk of such imports are derived from cull cattle. Officials of the CMC report that a large share of the carcasses and cuts are derived from cull dairy cattle that are slaughtered in Ontario and Quebec and shipped to the New England and Mid-Atlantic States. A higher share of the carcasses and cuts imported into the Western Rangeland States and Corn Belt States are derived from cull beef cattle slaughtered in the Prairie Provinces. Only a

small share of carcasses and cuts imported into the United States from Canada are from steers and heifers. Meat derived from the imported carcasses is reportedly used for manufacturing products such as hamburgers and sausages.

The boneless beef and beef trimmings imported into the United States from Canada are derived from both cull cattle and fed steers and heifers. Boneless beef and beef trimmings from cull cattle typically have a higher ratio of lean meat to fat. The ratio of lean meat to fat is expressed in terms of percent chemical lean (CL). In normal commercial practice, the buyer and seller agree on the percent CL on the basis of visual observation, but in the event of a dispute the percent CL can be determined by quantitative chemical analysis; thus the term chemical lean.

Differences can exist between shipments of beef with the same CL content. Shipments that consist of a homogeneous mix of lean and fat are generally preferred to shipments that contain large chunks of fat or lean. Also, the bacteria content of shipments with the same CL content can vary significantly. In addition to actual differences in shipments of beef that have the same CL content, differences exist among suppliers. Some suppliers have a reputation for delivering shipments that consistently meet the advertized CL contents; conversely some suppliers have a reputation for delivering shipments that contain individual boxes of beef that do not meet the advertized CL content, or even whole shipments that do not meet the advertized CL content.

Imported boneless beef and beef trimmings from cull cattle are typically 85 CL; the product is often mixed with higher fat content trimmings from fed steers and heifers to yield a product that has an acceptable CL content to produce hamburgers and sausages. Boneless beef and trimmings with an intermediate CL content, such as 60 CL to 65 CL are used to produce canned beef and products such as soups and stews. Boneless beef from fed steers and heifers is typically 50 CL and is mixed with lower fat content products.

Officials of Agriculture Canada report that in most recent years about 70 to 80 percent of the boneless beef and trimmings exported to the United States were derived from cull cows and bulls with the remainder derived from fed steers and heifers. During 1986, however, an unusually high share of the exports from Canada to the United States consisted of boneless beef and trimmings from fed steers and heifers. The officials contend that there was increased demand in the United States for higher fat content boneless beef and trimmings to mix with higher lean content beef and trimmings that were derived from dairy cows slaughtered under the United States Dairy Termination Program (DTP). The DTP is discussed in the part of this report entitled "U.S. Government Programs."

Virtually all U.S. imports of veal from Canada during 1982-86 consisted of bone-in carcasses. Beef sausages (except in airtight containers) and canned beef (except corned beef) accounted for the great bulk of U.S. imports of prepared or preserved beef during 1982-86.

Veterinary officials of the USDA responsible for inspecting the imports to assure that they meet health and sanitary regulations report that a large share of U.S. imports of beef and veal are accounted for by small-volume meat

processors, typically sausage and hamburger producers. Often such processors are located nearer to Canadian meat packing plants than to U.S. plants. Some of the U.S. processors received small lots, 50 to 60 pounds of Canadian beef, four to five times per week. Some of the entries consisted of larger volume shipments, up to 2,000 pounds, of chilled beef in so-called combo-bins. U.S. companies that use the Canadian beef also often use domestic beef and mix the two together in their processing. Their resulting products are often sold on the local market, but may be sold throughout the United States.

The Canadian beef imported into the United States is purchased on the Canadian market by U.S. business people or by agents for U.S. business people. During the course of the investigation virtually every official contacted reported that he knew of no instance of Canadian beef being imported into the United States and then offered for sale. Virtually all imports are transported in refrigerated trucks.

U.S. plants that process Canadian beef carcasses are typically small-volume businesses located near the U.S.-Canadian border. Such businesses typically specialize in producing boneless beef from cull cattle and are referred to as boning plants. They typically sell their products to meat processors locally or in other regions of the United States. Some of the Canadian carcasses are used by large volume meat processors.

Table E-41 shows U.S. imports of all beef and veal from Canada during 1982-86, on a product-weight basis, entered through selected U.S. Customs Districts. As previously discussed, a large share of the imports from Canada consist of meat for manufacturing. The resulting products are often marketed throughout the United States. In general, the U.S. market for meat is considered a national market; however, regional markets reportedly account for a large share of U.S. imports from Canada.

As can be determined from table E-41, Ogdensburg, New York and Buffalo, New York accounted for more than one-half of all U.S. imports of beef and veal from Canada during 1982-84, 42 percent in 1985, and 40 percent in 1986. Representatives of Canadian meat packers report that the area bounded by Buffalo; New York City; and Boston, Massachusetts, referred to as the triangle, accounts for a large share of the consumption of U.S. imports of beef and veal from Canada. They contend that their product is well suited to the production of specialty-type sausages popular with the large share of the population in the area, particularly the Buffalo, New York, area, which is ethnically Eastern European. A large share of imports into the region reportedly consist of small-volume shipments, often 50 pounds to 60 pounds, destined for small-volume processors that produce distinctive sausages. Such processors typically purchase several small shipments per week and Canadian meat packers contend that, in part, because they are close to such markets, the Buffalo market in particular, they have a competitive advantage in supplying the market. This appears to be consistent with the previously described analysis offered by USDA veterinary officials.

A large share of U.S. imports of beef and veal through Detroit, Michigan, and Pembina, North Dakota, are reportedly consumed in the Great Lakes Region, including Chicago, Illinois. Part of the imports through Great Falls, Montana, and Seattle, Washington are consumed in Washington State and part are transshipped to other regions, including California.

U.S. imports of all beef and veal from Canada, by months, ranged from a low of 382,000 pounds (carcass weight equivalent), valued at \$387,000, in December 1982 to a high of 26.8 million pounds, valued at \$16.6 million, in February 1986 (table E-42). In most months during 1982-86, imports were between 12 million and 20 million pounds; however, imports exceeded 26.5 million pounds in 3 out of 4 months from November 1985 to February 1986. U.S. imports amounted to 9.4 million pounds in November 1982 and, as mentioned above, were at their lowest levels in December 1982; imports amounted to 8.2 million pounds, 6.5 million pounds, and 2.7 million pounds, respectively, during the last 3 months of 1983. During the periods of relatively low levels of monthly imports in 1982 and 1983, imports were subject to U.S.-Canadian Government actions, as described in the section of this report entitled "U.S. Customs Treatment."

Some observers contend that live cattle imports increase when restrictions on U.S. imports of beef and veal are in effect. Imports of live cattle and calves from Canada were somewhat higher during the last quarter of 1982 than in the first 3 quarters of the year, with 154,000 animals or nearly one-third of the year's total of 495,000 animals being imported during October-December (table E-31). However, during the last quarter of 1983, about 81,000 animals, or less than one-quarter of the year's total of 359,000 animals, were imported. Imports of live cattle and calves did not show any significant correlation with imports of beef and veal from November 1985 to February 1986, the previously discussed higher level of imports of beef and veal. Inasmuch as fresh, chilled, or frozen beef accounts for nearly all of U.S. beef and veal from Canada, the monthly import pattern is very similar to that of all beef and veal (tables E-42 and E-43). U.S. imports of fresh, chilled, or frozen beef and veal from Canada, by month, on a product-weight basis are shown in table E-44.

Table E-38 shows that Canada was the third leading source of U.S. imports of all beef and veal in every year during 1982-86. The share of U.S. imports supplied by Canada increased from about 8 percent in 1982 and 1983 to about 12 percent in 1984 and 1985 and amounted to 10 percent in 1986. The higher share supplied by Canada in 1984-86 than in 1982-83 reflected an increase in the quantity of imports from that country, which rose from 160 million pounds (carcass-weight equivalent) in 1982 and 166 million pounds in 1983, to 212 million pounds in 1984, and reached 240 million pounds in 1985. Imports in 1986 totaled 213 million pounds. Also, slightly lower imports from other sources contributed to Canada's higher share in 1984, because total imports in that year amounted to 1.8 billion pounds compared with 2.0 billion pounds annually in 1982 and 1983 and 2.1 billion pounds annually in 1985 and 1986. Imports were unusually low in 1984 as Australia and New Zealand reduced exports of meat and built up herds following droughts.

Table E-39 shows that Canada was also the third leading source of U.S. imports of fresh, chilled, or frozen beef and veal in every year during 1982-86. The share of U.S. imports supplied by Canada increased from about 9 percent in 1982 and 1983 to about 14 percent during 1984-85 and amounted to 11 percent in 1986. As with all beef and veal, the higher share supplied by Canada in 1984-85 reflected an increase in the quantity of imports from that country. Also, slightly lower imports from other sources contributed to Canada's higher share in 1984, as total imports in that year amounted to 1.5 billion pounds compared with 1.8 billion pounds in 1982 and 1.7 billion pounds in 1983. Imports on a product-weight basis are shown in table E-40.

Table E-45 shows that Canada was only a minor source of U.S. imports of prepared or preserved beef and veal during 1982-86. The share of U.S. imports supplied by Canada fluctuated from a low of less than 1 percent in 1982, when U.S. imports from that country amounted to 943,000 pounds, valued at \$2.5 million, to a high of 1.5 percent in 1983, when imports from Canada amounted to 4.6 million pounds, valued at \$6.4 million. Imports from all sources increased from 232 million pounds, valued at \$181.5 million, in 1982 to 343 million pounds, valued at \$227 million, in 1985; in 1986 imports amounted to 274 million pounds, valued at \$193 million. The great bulk of U.S. imports of prepared or preserved beef and veal comes from South American countries that have not been found to be free of foot-and-mouth disease and rinderpest by the U.S. Secretary of Agriculture and thus are not permitted to ship fresh meat to the United States.

Canada was the third leading source of U.S. imports of quota-type meats in every year during 1982-86 (table E-46). Quotas are discussed in the section of this report entitled "U.S. Customs Treatment." The share supplied by Canada increased from about 9 percent, 124.7 million pounds (product weight) in 1982 to 15 percent, 166.2 million pounds in 1984; during 1985 and 1986, Canada's share was 14 percent, 187.8 million pounds and 169.8 million pounds, respectively. U.S. imports from all sources declined from 1.3 billion pounds in 1982 to 1.1 billion pounds in 1984 but rebounded to 1.3 billion pounds in 1985 and totaled 1.2 billion pounds in 1986.

U.S. imports of all beef and veal from Canada increased from the equivalent of 0.7 percent, 160 million pounds, of U.S. consumption of 24.5 billion pounds in 1982 to the equivalent of 0.9 percent, 240 million pounds, of U.S. consumption of 25.9 billion pounds in 1985 (table E-16). In 1986 imports were the equivalent of 0.8 percent, 213 million pounds, of U.S. consumption of 26.4 billion pounds. In terms of production, U.S. imports from Canada increased from the equivalent of 0.7 percent of the U.S. total of 23.0 billion pounds in 1982 to 1.0 percent of the U.S. total of 24.2 billion pounds in 1985. In 1986, imports were the equivalent of 0.9 percent of U.S. production of 24.9 billion pounds.

U.S. imports of beef and veal from Mexico

Subsequent to February 15, 1984, Mexican beef and veal have been denied entry into the United States because they do not meet health and sanitary regulations administered by the USDA. The USDA evaluates country controls in seven basic risk areas: residues, disease, misuse of food additives, gross contamination, microscopic contamination, economic fraud, and product integrity. Mexico failed to comply with USDA's controls; therefore, its eligibility to export to the United States was denied. ^{1/} Attorneys for Mexican interests indicated that Mexican veterinary officials are currently negotiating with USDA officials and expect authorization to export beef in the foreseeable future.

^{1/} Meat and Poultry Inspection, 1984, Report of the Secretary of Agriculture to the U.S. Congress, USDA Food Safety and Inspection Service, p43.

THE CANADIAN MARKET

The Canadian cattle and beef market is in many respects similar to that of the United States. The Canadian market is subject to the cattle cycle, and the cycles in Canada and the United States have been similar, with numbers peaking in 1975, declining until the late 1970's, expanding briefly, and then again continuing to contract. Also, there is evidence that both countries experienced a culmination of the contraction phase in 1986. Beef accounts for only part of meat consumption in both markets, with poultry meat becoming strongly competitive in recent years. Both the United States and Canada import beef from Australia and New Zealand for manufacturing. Canada is more export oriented than the United States, with cattle exports being equal to about 10 percent of the calf crop in some recent years and beef exports being equal to about 11 percent of production.

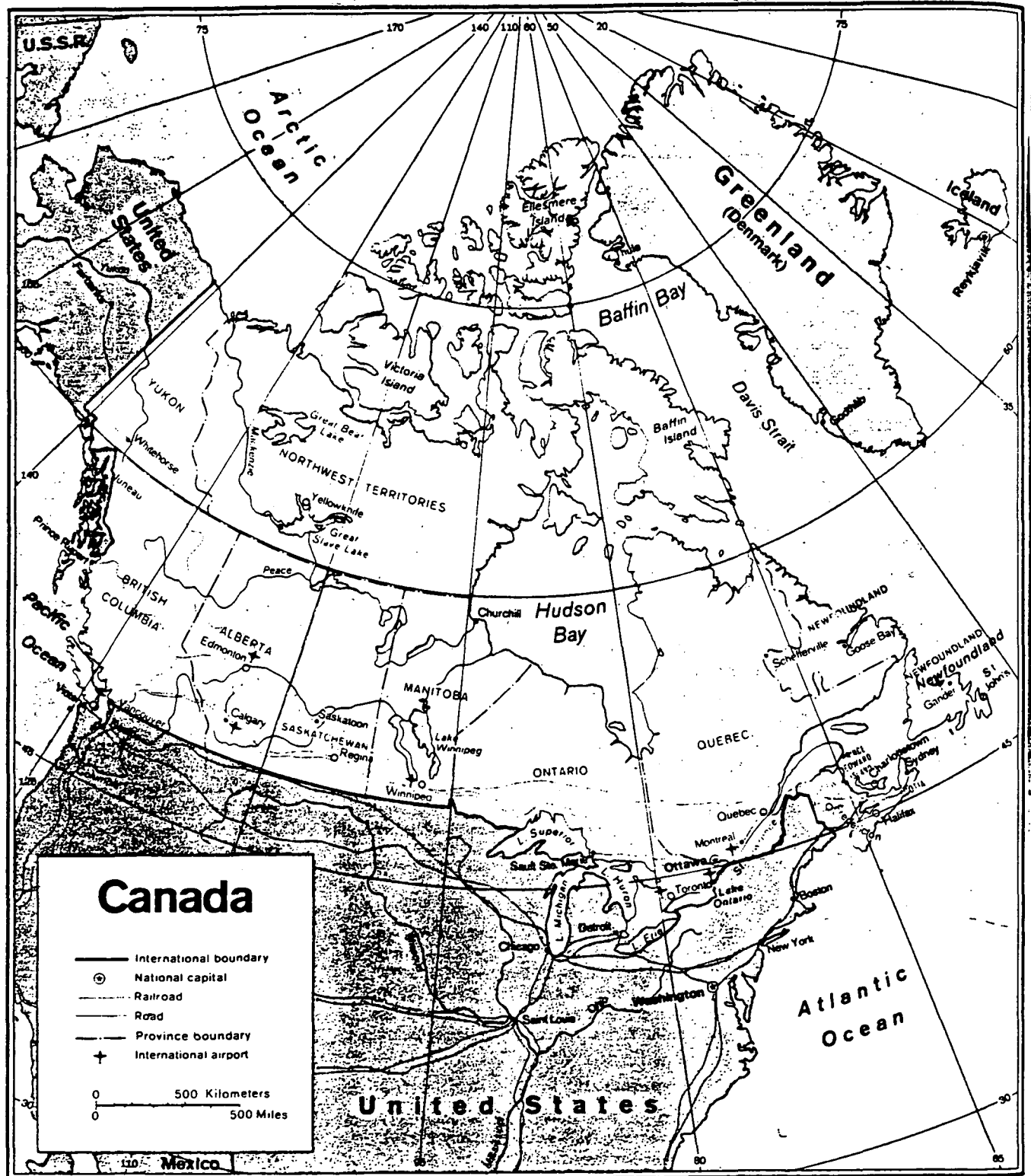
The Canadian Cattle Cycle

The Canadian cattle and beef industries are subject to the same type of business cycle, the so-called cattle cycle, as are the cattle and beef industries in the United States. Indeed, in part because of the rather free flow of cattle and beef between the two countries, developments in the much larger U.S. industries strongly influence developments in the Canadian industries. Also inasmuch as most cattle in Canada are raised within 200 miles of the U.S. border and weather is often the same in contiguous parts of Canada and the United States, the same weather often affects the industries in both countries (see figure 15). However, because the cattle and beef industries are more geographically concentrated in Canada than those in the United States, the same weather can have a more significant impact in Canada than in the United States. For example, the Canadian Cattlemen's Association (CCA) contends that drought in Western Canada played a major role in the more rapid rate of herd reduction in Canada than in the United States in the 1980's. The CCA maintains that the drought also occurred in the northern tier States of the United States but that the drought in Canada involved a much higher proportion of the beef-cow population. ^{1/}

In addition to impacting cattle and beef production and consumption in Canada, the cattle cycle is one of the factors than impacts Canadian exports of cattle and beef. Cattle and calf numbers, as measured by the January 1 inventory, are the most commonly quoted figures used in discussions of the cattle cycle.

^{1/} Prehearing brief of the CCA, p. 13.

Figure 15.--Map of Canada



Source: United States Department of State, Bureau of Public Affairs.

Canadian cattle and calf numbers expanded during the early 1970's and reached a peak on January 1, 1975, as shown in the following tabulation (in thousands):

<u>Year</u>	<u>Inventory</u>	<u>Year</u>	<u>Inventory</u>
1971.....	11,985	1979.....	11,996
1972.....	12,324	1980.....	12,126
1973.....	12,847	1981.....	12,166
1974.....	13,481	1982.....	12,088
1975.....	14,278	1983.....	11,618
1976.....	14,048	1984.....	11,360
1977.....	13,362	1985.....	10,980
1978.....	12,526	1986.....	10,591
		1987.....	10,493

Some researchers contend that a better measure of developments in the cattle cycle is the inventory of beef cows since the total inventory of all cattle and calves may reflect developments in the dairy segment and feedlot segment that may not be a direct result of the cattle cycle. Canadian beef-cow numbers, as measured by the January 1 inventory, are shown in the following tabulation (in thousands):

<u>Year</u>	<u>Inventory</u>	<u>Year</u>	<u>Inventory</u>
1971.....	3,208	1979.....	3,463
1972.....	3,454	1980.....	3,462
1973.....	3,766	1981.....	3,467
1974.....	4,152	1982.....	3,454
1975.....	4,492	1983.....	3,281
1976.....	4,401	1984.....	3,236
1977.....	3,891	1985.....	3,065
1978.....	3,650	1986.....	2,948
		1987.....	2,975

The tabulation shows that beef-cow numbers also expanded during the early 1970's, and reached a peak in 1975. By January 1, 1975, beef-cow numbers were 40 percent greater than on January 1, 1971.

Economists of Agriculture Canada contend that the 1960's and early 1970's (until the first "oil crisis" of 1973-74) were conducive to expansion in the cattle industry. During the decade between 1961 and 1971, Canada's population increased from 18.2 million persons to 21.6 million (reflecting both relatively high fertility rates and high immigration levels), increasing demand for beef inasmuch as total population size is one of the most important determinants to total beef demand. The median age of the population was decreasing during the decade, also contributing to rising beef demand inasmuch as meat consumption levels tend to be higher among populations with a

declining median age than among aging populations. Consumer incomes were generally rising during the period and the work force expanded, especially as a rising share of the female population entered the wage-earning labor force.

However, during the 1970's, a number of developments, including developments outside of Canada, significantly altered the Canadian economy and ultimately led to a contraction in the cattle cycle. In 1971, the U.S. corn crop was significantly reduced by Southern Corn Leaf Blight. The reduced crop and subsequent lower U.S. inventories put upward pressure on U.S. and subsequently world prices for corn and other animal feeds. Reduced grain crops and sharply higher imports in the USSR during the mid-1970's put sharply higher upward pressure on all animal feed prices worldwide. Also, a so-called "El Nino" off the coast of South America resulted in reduced supplies of fish protein supplements for animal feeds and higher costs. As animal feed prices rose and cattlemen's profitability fell, Canadian farmers shifted more land into the production of grain and bid up prices for land that could be used either for pasture for cattle or for grain growing, putting even more economic pressure on cattlemen.

As costs to cattlemen rose, a number of factors acted to restrain demand for beef. The rate of population growth in Canada slowed. The Canadian population rose from 21.6 million in 1971 to 24.3 million in 1981, significantly less than in the decade earlier as immigration and fertility rates declined. Also, the median age rose during the decade. Economists of Agriculture Canada also contend that rapidly rising oil prices during the 1973-74 caused an immediate sharp regression in beef demand. Although Canadian cattlemen faced adverse economic conditions, cattle numbers continued to expand through January 1, 1975. The expansion reflects, in part, time lags that result from biological factors associated with cattle production as described in the U.S. Industry section of this report.

Large cattle inventories, and consequent large calf crops contributed to higher levels of beef production during the mid-1970's. The higher levels of production and previously discussed restraints on beef demand contributed to lower beef prices and subsequently lower cattle prices during 1975-77. Cattlemen responded to the higher costs of production and lower returns by selling off animals for slaughter, and thus expanding beef supplies and putting even more downward pressure on prices. By January 1, 1979, the total cattle and calf inventory at 12.0 million animals was down by 16 percent from the January 1, 1975, peak of 14.3 million animals, and beef-cow numbers at 3.5 million animals, were down from the January 1, 1975, peak of 4.5 million animals. By 1979, cattle inventories and consequently beef production had been reduced by enough that prices began to rise, and cattlemen responded by building up inventories. By January 1, 1981 the total inventory was 12.2 million animals and the beef cow inventory was 3.5 million. The expansion in the cattle industry proved to be quite limited however. Officials of Agriculture Canada contend that the so-called second oil shock in 1979 contributed to another regression in beef demand and that high interest rates subsequent to 1979 adversely affected both cattlemen's profitability and consumer demand for beef. The Agriculture Canada officials report that during the 1980's beef demand has been restrained by relatively high interest rates that limit disposable consumer income, historically high unemployment rates,

a population with an increasing median age, and a population growth rate lower than in the 1970's. By January 1, 1986, the total cattle and calf inventory in Canada, at 10.6 million, was down 13 percent from January 1, 1981, and the beef-cow inventory, at 2.9 million, was down 15 percent from January 1, 1981.

As previously indicated, officials of the CCA report that drought in the Prairie Provinces contributed to a more rapid rate of herd reduction than might otherwise have occurred. They report that the drought in the Prairie Provinces was "bad" in 1984 and the situation was "desperate" in 1985.

There are some indications that the contraction phase of the Canadian cattle cycle may have terminated during 1986. Although the total inventory of cattle and calves as of January 1, 1987, was below year earlier levels, the beef-cow inventory was marginally higher than year earlier levels. Canadian meat packers, especially in Alberta, reported that during the first 3 months of 1987, the ratio of steer to heifer slaughter indicates that heifers were not being sold for slaughter but instead may have been retained to build up cattle herds. The packers also report that traditional price spreads between heifers and steers, which may be as much as CAN10 cents per pound because heifers are less desirable for slaughter because they can have a lower carcass yield, narrowed to as little as CAN2 cents per pound, or even zero during the first 3 months of 1987. The CCA indicates that the Canadian cow herd in terms of numbers, appears to have stabilized, and the cow kill has dropped sharply. ^{1/}

Consumption

Live cattle and calves

During 1982-86, cattle and calf consumption (Federally inspected and Provincially inspected slaughter) declined from 3.8 million animals in 1982 to 3.7 million in 1986 (table E-47). Table E-48 shows the composition of slaughter during the period. Cow slaughter, which rose from 717,000 animals in 1982 to 825,000 in 1985 before declining to 740,000 in 1986, reflects, in part, the previously discussed cattle cycle and suggests that the contraction phase of the cycle may have culminated in 1986.

As can be determined from the table, the share of total cattle slaughter accounted for by cow slaughter rose from 21 percent in 1982 to 25 percent in 1985 before declining to 23 percent in 1986, percentages consistent with the analysis that the cattle industry was going through a contraction phase that may have ended in 1986. Also, the share of total cattle slaughter accounted for by the combination of cow slaughter and heifer slaughter showed a similar pattern, rising from 51 percent in 1982 and 1983 to 52 percent in 1984-86.

^{1/} Ibid, at p. 31.

Some observers track developments in the cattle cycle by comparing cow slaughter during the year with the January 1 cow inventory for that year. Cow slaughter in Canada as a share of the January 1 inventory is shown in the following tabulation (in percent):

Cow slaughter as a share of
Jan. 1, cow inventory

1982.....	13.7
1983.....	14.3
1984.....	15.2
1985.....	17.2
1986.....	16.0

Inasmuch as Canadian exports of live cattle and calves significantly exceed imports, and a large share of the exports consist of animals destined for immediate slaughter, Canadian slaughter is less than it presumably otherwise would be. Some Canadian interests contend that the decline in exports to the United States is another indication that the contraction phase of the Canadian cattle cycle may have culminated in 1986.

Beef and veal

During 1982-86, beef and veal consumption in Canada ranged from 2.2 billion pounds to 2.3 billion pounds annually (table E-49), and averaged 2.26 billion pounds annually. Production, which closely parallels consumption, was rather stable during the period. Foreign trade had only a small impact on consumption; during 1982-86 the largest net difference between imports and exports was in 1984, when imports were 23 million pounds more than exports (equal to about 1 percent of consumption) and during 1986, when exports were 20 million pounds more than imports, equal to 0.9 percent of consumption.

Beef and veal account for only a part of Canadian meat consumption. As shown in table E-50, pork consumption increased from 1.5 billion pounds in 1982 to 1.6 billion pounds in 1985 before declining to 1.5 billion pounds in 1986. Some Canadian cattlemen contend that certain Canadian Government programs, both Federal and Provincial, have resulted in Canadian pork production being larger than it otherwise would have been and that the resulting excess supplies of pork have reduced demand and prices for cattle and beef. Some cattlemen, especially in the Prairie Provinces, contend that Provincial programs in Eastern Canada that resulted in expanded pork production led in turn to downward pressure on meat prices, including beef prices, that have contributed to unusually wide price discrepancies between cattle and beef in Eastern and Western Canada.

Table E-50 shows that poultry-meat consumption in Canada increased steadily, from 1.2 billion pounds in 1982 to 1.5 billion pounds in 1986. Many consumers perceive poultry meat to be a good economic value in relation to other animal protein sources. Also, as in the United States, some consumers in Canada perceive poultry meat as being more healthful than beef or pork. In

addition, poultry processors have been active in marketing further processed poultry products through fast-food restaurants, an advantage in the Canadian market (as well as the U.S. market) in recent years as a larger share of expenditures for food have been outside the home and a larger share of the Canadian female population has entered the wage-earning labor force. Canadian poultry analysts report that the great bulk of poultry-meat consumption has consisted of chicken, but that turkey-meat consumption has recently begun to expand. They predict that turkey-meat consumption will continue to expand during the next few years.

Table E-51 shows that during 1982-86 per capita beef and veal consumption declined irregularly, from 92.9 pounds in 1982 to 88.6 pounds in 1986 and is projected to decline further to 84.2 pounds in 1987. Pork consumption has been volatile during the same period ranging from a high of 63.1 pounds in 1983 to a low of 60.9 pounds in 1986. Poultry consumption, in contrast, has increased steadily, from 49.9 pounds per capita in 1982 to 57.7 pounds per capita in 1986 and is projected to increase to 60.3 pounds per capita in 1987. The share of beef, veal, pork, and poultry consumption accounted for by beef and veal declined from about 45 percent in 1982 to 43 percent in 1986 and is projected to decline to 41 percent in 1987.

Production

Live cattle

Canadian production of live cattle (the calf crop or the number of calves born during the year) declined from 5.1 million animals in 1982 to 4.6 million animals in 1986, representing a drop of 8.7 percent (table E-47). The decline in the calf crop apparently was caused primarily by a decline in cow numbers during the period. Also, calving rates were unusually low in 1985 possibly because drought in the Prairie Provinces was stressful to breeding animals there.

Beef and veal

Canadian production of beef and veal remained about stable during 1982-86, with the year of largest production during the period, 2,284 million pounds in 1983, being only about 4 percent larger than the year of lowest production, 2,198 million pounds in 1984 (table E-49). Production remained at such relatively stable levels even though live cattle production (the previously discussed calf crop) was declining in large measure because of a continued reduction in inventories, i.e., a continued sell-off of animals that might otherwise have been kept for breeding purposes. Indeed, as previously described, the January 1 inventory of cattle and calves declined from 12.1 million animals in 1982 to 10.5 million in 1987.

Also contributing to the relative stability in beef production at a time of declining calf crops and slaughter was an increase in the average dressed weight of cattle carcasses during 1982-86, as shown in the following tabulation (in pounds):

<u>Year</u>	<u>Weight</u>
1982.....	587
1983.....	604
1984.....	600
1985.....	614
1986.....	618

The increase in carcass weights shows both the effects of the introduction of the larger so-called exotic breeds of cattle into the genetic pool in recent years and the moderate animal feed prices during the period that encouraged cattlemen to raise animals to heavier slaughter weights.

Beef and veal production in Canada is also influenced by the number of live animals exported, particularly inasmuch as most of the animals are exported to the United States for immediate slaughter and would otherwise presumably be slaughtered in Canada, contributing to Canadian beef and veal production.

Canadian output of veal historically has been much more variable than that of beef. During periods in which cattle prices (particularly feeder prices) are strong, more dairy calves are retained for the production of beef. On the other hand, when feeder stock prices are weak, these calves are slaughtered. Veal production, therefore, demonstrates a strong inverse relationship to feeder calf prices. As in the United States, the majority of veal calves slaughtered in Canada are dairy calves and are, therefore, a byproduct of milk production.

Imports

Live cattle and calves

During 1982-86, Canadian imports of live cattle and calves fluctuated, ranging from a high of an estimated 95,000 in 1983 to a low of an estimated 52,000 in 1984 (table E-47). Imports of live cattle and calves were equal to less than 2 percent of Canadian production in every year during 1982-86. As a share of consumption, imports declined from over 2 percent in 1982 and 1983 to 2 percent or less during 1984-86.

The United States accounted for virtually all Canadian imports of live cattle and calves during 1982-86, except for some high-value animals for breeding purposes (table E-21). U.S. exports of live cattle and calves are discussed in detail in the section of this report entitled "U.S. Exports". Such exports, in terms of the importance to the Canadian market are described below.

While detailed statistics are not available, imports of animals for breeding purposes appear to be equal to only a small share of the Canadian inventory of such animals. The share of the Canadian calf slaughter accounted for by imports during 1982-86, all from the United States, is shown in the following tabulation (in percent):

<u>Year</u>	<u>Share</u>
1982.....	3.1
1983.....	2.5
1984.....	3.3
1985.....	1.2
1986.....	2.0

The fluctuation reflects both changes in Canadian calf slaughter and levels of imports.

The share of Canadian steer and heifer slaughter accounted for by imports during 1982-86, also all from the United States, is shown in the following tabulation (in percent):

<u>Year</u>	<u>Share</u>
1982.....	2.7
1983.....	2.7
1984.....	0.7
1985.....	1.9
1986.....	1.9

The decline reflects primarily a decline in imports from the United States, and the low level in 1984 reflects unusually low imports in that year.

During 1982-86, Canadian imports of cows and bulls for slaughter, all from the United States, were equal to less than 0.5 percent of Canadian slaughter of such animals annually. Canadian imports of feeder cattle and calves, also all from the United States, were equal to less than 0.5 percent of the Canadian calf crop annually during 1982-86.

Beef and veal

During 1982-86, Canadian imports of beef and veal increased from a low of 194 million pounds (carcass weight equivalent) in 1982, to a high of 254 million pounds annually in 1984 and 1985, representing a rise of 31 percent (table E-49). In 1986, however, imports declined to 229 million pounds, down 10 percent from the year earlier level. Imports were subject to quotas in 1985, and imports of certain beef from the EC were subject to countervailing duties during 1986 and through at least April 1987. As a share of production, imports rose from the equivalent of a low of 8.6 percent in 1982 to the equivalent of a high of 11.6 percent in 1984 before declining to the equivalent of 10.2 percent in 1986. Imports as a share of consumption

rose from a low of 8.5 percent in 1982 to a high of 11.4 percent in 1984 before declining to 10.2 percent in 1986.

The great bulk of Canadian imports of beef and veal consist of fresh, chilled, or frozen beef. Table E-52 shows that Canadian imports of fresh, chilled, or frozen beef from all sources increased from 121.2 million pounds (product weight basis), valued at Can\$168.7 million in 1982 to 168.8 million pounds, valued at Can\$271.5 million, in 1984; in 1986, such imports amounted to 163.1 million pounds, valued at Can\$254.3 million.

Canadian imports of fresh, chilled, or frozen beef from the United States increased from 19.4 million pounds, valued at Can\$46.2 million, in 1982 to 42.9 million pounds, valued at Can\$107.1 million, in 1985; in 1986, imports amounted to 42.4 million pounds, valued at Can\$104.6 million. The share of the quantity of Canadian imports supplied by the United States increased from 16 percent in 1982 to 26 percent in 1986, and the share of the value increased from 27 percent in 1982 to 41 percent in 1986. The larger share of the value than quantity accounted for by imports from the United States reflects the fact that the bulk (the USDA estimates 85 percent) of Canadian imports from the United States consisted of Prime and Choice table beef for the hotel, restaurant, and institutional trade. The USDA officials estimate that the United States accounts for nearly all Canadian imports of table beef. Officials of Agriculture Canada report that whereas the demand for such beef in Canada has been declining in general, it is still preferred in some restaurants. As a result of Canadian grading systems and marketing, there is very limited production of such beef in Canada for the Canadian market. U.S. exports of beef that do not consist of Prime and Choice table beef reportedly consist primarily of hamburger.

The bulk of Canadian imports from suppliers other than the United States is reported by officials of Agriculture Canada to consist of meat trimmings for manufacturing into products such as hamburger, sausages, and stews. Also, some of the imports, especially some from Australia and New Zealand, consist of cuts, such as certain steak cuts that are tenderized by injections with products such as papaya juice. The cuts are then sold in cafeteria steak house chains that specialize in lower priced meals.

Canadian imports of fresh, chilled, or frozen beef from the EC increased from 7.7 million pounds, valued at Can\$8.5 million, in 1982 to 50.2 million pounds, valued at Can\$55.2 million, in 1984 before declining to 2.6 million pounds, valued at Can\$2.6 million, in 1986. The share of Canadian imports supplied by the EC increased from 6 percent of the quantity and 5 percent of the value in 1982 to 30 percent of the quantity and 20 percent of the value in 1984 before declining to 2 percent of the quantity and 1 percent of the value in 1986. The bulk of the imports from the EC were reportedly destined for the Montreal area. Importers include both meat brokers and processors.

A number of factors appear to have contributed to the increased imports of EC (mostly Irish) beef into Canada from 1982 to 1984 and the decline from 1984 to 1986. As described in the section of this report entitled "Canadian Customs Treatment", imports of certain live animals, including cattle and calves, and certain fresh, chilled, or frozen meats, including beef and veal,

from the EC are limited to those from the United Kingdom, Ireland, and Denmark because of Canadian health and sanitary regulations with respect to rinderpest and foot-and-mouth diseases. Additionally, Canadian imports from Denmark were prohibited between March 12, 1982, and March 14, 1984, because of foot-and-mouth disease problems in Denmark.

As a result of the income support measures for producers of beef established under the Common Agricultural Policy (CAP) of the EC, the production of beef in the EC has been stimulated far beyond the level of domestic consumption. Additionally, the implementation of the EC milk super levies in May 1984, (payments to be made by producers of milk if their production was not reduced in accordance with their assigned quota levels), combined with inadequate grazing and winter fodder in Ireland, raised 1984 cow slaughter about 15 percent over the 1983 level. Cattle slaughter in Ireland and the subsequent production of beef was further accelerated as a reflection of the continuing trend toward adding more value by the Irish beef-processing industry at the expense of the traditional exports of live cattle. Largely as a result of the above mentioned factors, the Community's stocks of beef increased by about 125 percent from the end of 1982 to the end of 1984, or from 802 million pounds to 1.8 billion pounds--the latter being equivalent to about 11 percent of the record level of EC beef production (16.3 billion pounds) in 1984. The level of stocks remained at historically high levels through the end of 1986. As the stocks of beef rose, the EC strengthened its support measures, but commercial market prices fell to the lowest level since the CAP for beef became effective in 1968. Sales of beef into the EC commercial market from the stocks were generally restricted in order to avoid pressure on the weak market. Also, according to information received from the USDA, Ireland's sales of beef to the USSR suffered in 1984, as the Soviet Union's self-sufficiency in beef increased.

In an effort to deal with its surplus of beef, the EC, particularly Ireland, in 1984, expanded its exports into non-European markets, including Canada. The USDA reported that the export restitutions authorized for beef under the CAP, which are adjusted periodically to enable EC beef exports to maintain a competitive position on the world market, greatly facilitated the EC exports of beef. Officials at the Irish Embassy in the United States reported that the export restitution system was the only Irish or EC export assistance program to facilitate marketing EC beef abroad. The EC's export restitutions authorized for beef destined to Canada decreased from 54 cents per pound in mid-1981 to 35 cents per pound at the beginning of 1984, or a decline of 35 percent, reflecting a narrowing of the price difference between EC and Canadian beef. Although the restitutions dropped further to about 28 cents per pound during 1984 (and to about 25 cents per pound as of May 13, 1985) they were nonetheless equivalent to about a third of the average unit value of Irish beef imported into Canada during the last quarter of 1984 and the first quarter of 1985.

As described in the section of this report entitled "Canadian Customs Treatment," Canadian imports of quota-type beef were subject to quotas beginning January 1, 1985, and in addition, imports from the EC became subject to countervailing duties beginning July 25, 1985. Subsequent to the imposition of the countervailing duties, imports from the EC had been reduced.

Canadian imports of fresh, chilled, or frozen beef and veal from New Zealand declined irregularly, from 49.8 million pounds, valued at Can\$61.0 million, in 1982 to 37.2 million pounds, valued at Can\$52 million, in 1984, whereas such imports from Australia declined from 43.8 million pounds, valued at Can\$51.8 million, in 1982 to 28.6 million pounds, valued at Can\$40.4 million, in 1984. The decline in Canadian imports from both countries reflects reduced exportable supplies of beef resulting from reduced cattle slaughter. Cattlemen in both countries were rebuilding their herds following drought that had forced them to sell their animals for slaughter in preceding years. As herds were rebuilt and Canadian imports from the EC declined, imports from New Zealand increased to 45.4 million pounds, valued at Can\$57.4 million, in 1986 and those from Australia increased to 68.9 million pounds, valued at Can\$85.4 million.

The share of Canadian imports supplied by New Zealand declined from 41 percent of the quantity and 36 percent of the value in 1982 to 22 percent of the quantity and 19 percent of the value in 1984 before recovering to 28 percent of the quantity and 23 percent of the value in 1986. The share of the imports supplied by Australia declined from 36 percent of the quantity and 31 percent of the value in 1982 to 17 percent of the quantity and 15 percent of the value in 1984 before recovering to 42 percent of the quantity and 34 percent of the value in 1986. A large share of the imports are reported to have been moved through the United States in bond destined for the Toronto area market, with much of the remainder going directly to the Vancouver market on the west coast.

Table E-53 shows that Canadian imports of fresh, chilled, or frozen veal declined from 4 million pounds, valued at Can\$7.2 million, in 1982 to 3.7 million pounds, valued at Can\$5.9 million, in 1986. Australia accounted for the bulk of the imports during the period, and the United States accounted for nearly all the remainder.

Canada also imported limited quantities of cured beef, less than 0.5 million pounds, valued at Can\$2 million to Can\$3 million annually, during 1982-86 (table E-54). The great bulk of such imports, all of which were supplied by the United States, was reported by officials of Agriculture Canada to consist of very high unit value spicy or salty snack type items.

During 1982-86, Canadian imports of canned beef ranged from 9 million pounds to 13 million pounds annually (table E-55). The bulk of such imports consisted of canned corned beef. Brazil, Argentina, and Italy, which are prohibited from shipping fresh, chilled, or frozen beef to Canada because of Canadian health and sanitary regulations with respect to rinderpest and foot-and-mouth diseases, accounted for the great bulk of Canadian imports and Australia accounted for most of the remainder. U.S. exports of such beef to Canada were negligible during the period.

Exports

Live cattle and calves

Canadian exports of live cattle and calves to all markets declined from 514,000 animals in 1982 to 261,000 animals in 1986 (table E-47). Exports were equal to 10 percent or less of Canadian production (the calf crop) annually during 1982-86. Exports were equal to 13 percent of consumption (Federally inspected and Provincially inspected slaughter) in 1982 but declined to the equivalent of 7 percent of consumption in 1986. Exports, as a share of the January 1 inventory declined from the equivalent of 4 percent in 1982 to 2 percent in 1986.

During 1982-86, Canadian exports of live cattle and calves, except those to the United States, increased irregularly, from 18,762 animals, valued at Can\$32.0 million, in 1982, to 22,045 animals, valued at Can\$35.7 million, in 1985; in 1986 such exports amounted to 14,173 animals, valued at Can\$28.6 million (table E-56). Canadian exports of live cattle and calves to markets other than the United States were equal to about 0.5 percent or less of production or consumption annually during 1982-86 and equal to much less than 0.5 percent of the January 1 inventory during the period.

Dairy animals (both purebred and other) accounted for about 65 percent of the quantity of the Canadian exports destined for markets other than the United States during 1982 and 1983, and from 85 percent to 88 percent annually during 1984-86. Purebred animals, except dairy animals, accounted for the bulk of the remainder. Whereas these Canadian exports went to many countries throughout the world, the larger markets included Japan, the Republic of Korea, and Venezuela.

The United States accounted for by far the largest share of Canadian exports of all live cattle and calves annually during 1982-86, as shown in the following tabulation ^{1/}

	1982	1983	1984	1985	1986
Canadian exports of live cattle and calves to--					
The United States (1,000 animals).....	495	359	363	359	247
All other markets (1,000 animals).....	19	16	20	22	14
Total (1,000 animals).....	514	375	383	381	261
Exports to the United States as a share of total exports (percent).....	96	96	95	94	95

^{1/} Canadian exports of live cattle and calves, as well as beef and veal, to the United States are discussed in greater detail in the section of this report entitled "U.S. Imports."

Owing in large part to the cost and difficulties associated with shipping live cattle and calves, the United States accounts for virtually all Canadian exports except for high-value dairy animals and animals for breeding. In part because of definitional and classification differences between the United States and Canada, the share of Canadian exports of dairy animals and animals for breeding accounted for by exports to the United States can only be estimated; such estimates for 1984-86, the only years available, are shown in the following tabulation:

	1984	1985	1986
Estimated Canadian exports of cattle and calves for breeding and dairy purposes to--			
The United States (1,000 animals).....	27	28	31
All other markets (1,000 animals).....	20	22	14
Total (1,000 animals).....	47	50	45
Exports to the United States as a share of total exports (percent).....	57	56	69

Whereas details of exports are not available, Canadian exports of animals for breeding and animals for dairy purposes to all markets are estimated to have accounted for less than 1 percent of Canadian annual production or January 1 inventories during 1982-86.

Beef and veal

During 1982-86, Canadian exports of beef and veal to all markets increased from 183 million pounds (carcass weight equivalent) in 1982 to 258 million pounds in 1985 but declined to 249 million pounds in 1986. (table E-49). Exports as a share of production increased from 8.1 percent in 1982 to 11.3 percent in 1985 but declined to 11.1 percent in 1986.

The United States accounted for by far the largest share of total Canadian exports of fresh, chilled, or frozen beef annually during 1982-86, as shown in the following tabulation:

	1982	1983	1984	1985	1986
Canadian exports of fresh, chilled, or frozen beef to--					
The United States (1,000 pounds).....	124.0	126.7	163.4	190.4	167.4
All other markets (1,000 pounds).....	10.7	9.6	9.4	9.5	8.8
Total (1,000 pounds).....	134.7	136.3	172.8	199.9	176.2
Exports to the United States as a share of total exports (percent).....	92	93	95	95	95

The United States also accounted for by far the largest share of total Canadian exports of fresh, chilled, or frozen veal annually during 1982-86, as shown in the following tabulation:

	1982	1983	1984	1985	1986
Canadian exports of fresh, chilled, or frozen veal to--					
The United States (1,000 pounds).....	0.9	1.7	3.7	2.9	5.1
All other markets (1,000 pounds).....	0.2	1/	1/	0.1	0.1
Total (1,000 pounds).....	1.1	1.7	3.7	3.0	5.2
Exports to the United States as a share of total exports (percent).....	82	100	100	97	98

1/ Less than 500 pounds.

In part because of definition and classification differences between the United States and Canada, the share of Canadian exports of cured beef accounted for by exports to the United States during 1982-86 is not available. It appears, however, that the United States has been only a minor market for Canadian exports of cured beef.

During 1982-86 Canadian exports of fresh, chilled, or frozen beef, to markets other than the United States declined irregularly, from 10.7 million pounds (product weight) valued at Can\$18.6 million, in 1982 to 8.8 million pounds, valued at Can\$18.1 million, in 1986 (table E-57). During the same period, exports of cured beef declined from 4.4 million pounds, valued at Can\$3.1 million, in 1982 to 0.2 million pounds, valued at Can\$283,000, in 1986. Canada also exported rather small quantities of veal during the period. Canadian exports of all beef and veal to markets other than the United States were equal to less than 2 percent of Canadian production or consumption during the period.

For markets other than the United States, frozen boneless beef accounted for 77 percent to 85 percent of Canadian exports of fresh, chilled, or frozen beef during 1982-86. During the period, Japan accounted for the bulk of Canadian exports of frozen beef that did not go to U.S. markets.

Canadian meat packers and officers of the CMC report that, in general, Canadian meatpackers can not compete with Australia and New Zealand in the world market for manufacturing beef. They also contend that they can not compete with the EC because of EC Government assistance programs that promote EC exports. They also report that South American countries, such as Brazil and Argentina, have lower costs of production, (in part because of lower worker wage rates) and thus a price advantage in the world market for canned beef. In the Japanese market, Canada is reportedly at a disadvantage to the United States because of Japanese specifications for grain fed beef that closely correspond with those for U.S. Choice and Prime beef. As previously described, the Canadian market discriminates against such beef.

Canadian exports of fresh, chilled, or frozen beef and veal as well as cured beef that did not go to the United States or Japan during 1982-86 went to a wide variety of markets, including the EC, the Middle East, South American countries, the Caribbean, and two small French islands off the coast of Eastern Canada.

U.S. CUSTOMS TREATMENT

U.S. imports of live cattle, live calves, beef, and veal are subject to import duties (tariffs) as provided for under the Tariff Schedules of the United States (TSUS). Also, such imports are included under health and sanitary regulations administered by the USDA. In addition, U.S. imports of certain beef and veal are subject to quantitative limitations imposed under authority of the Meat Import Act of 1979 and to voluntary restraint agreements negotiated under authority of Section 204 of the Agricultural Act of 1956.

U.S. Tariff Treatment

Live cattle 1/ and meat of cattle are provided for in parts 1 and 2 of schedule 1 of the TSUS, which became effective on August 31, 1963. Appendix H contains a copy of pertinent portions of the TSUS, including the rates of duty applicable to U.S. imports of live cattle and meat of cattle, relevant headnotes, and an explanation of the rates of duty.

Appendix I shows the Tariff Act of 1930 statutory rates 2/ of duty, pre-Multilateral Trade Negotiations (MTN) column 1 rates of duty, the staged rates of duty (reductions) resulting from the Tokyo Round of the MTN, the column 2 rates of duty, and the average ad valorem equivalents of the 1986 column 1 rates of duty applicable to U.S. imports of live cattle and meat of cattle. The rates of duty in column 1 are most-favored-nation (MFN) rates. Imports from Canada receive the column 1 rates. The rates of duty in column 2 apply to imported products from those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. 3/

The aforementioned rates do not apply to products of developing countries, which are granted preferential tariff treatment under the Generalized System of Preferences (GSP) and/or under the Caribbean Basin Initiative (CBI). The GSP is a program of nonreciprocal tariff preferences granted by the United States to developing countries (not including Canada) to aid their economic development by encouraging greater diversification and expansion of their production and exports. The GSP, implemented by Executive Order No. 11888 of November 24, 1975, and extended by the Trade and Tariff Act of 1984, applies to merchandise imported on or after January 1, 1976, and is scheduled to remain in effect until July 4, 1993. It provides for duty-free treatment of eligible articles imported directly from designated beneficiary developing countries. Of the items covered by this investigation, sausages (TSUS item 107.20 and 107.25) beef or veal cured or pickled (items 107.40 and 107.45), and corned beef in airtight containers (item 107.48) are eligible for GSP treatment.

1/ For purposes of the TSUS, the term cattle refers to all such animals, including calves and dairy animals, regardless of sex, age, or size.

2/ The term "statutory rates" refers to the rates of duty set by Congress in the Tariff Act of 1930, the so-called Smoot-Hawley tariff. Since that time, most MFN rates have been negotiated downward and sometimes eliminated as a result of various bilateral and multilateral trade agreements, including the Tokyo Round of the Multilateral Trade Negotiations.

3/ The only Communist countries currently eligible for MFN treatment are the People's Republic of China, Hungary, Poland, Romania, and Yugoslavia.

The CBI is a program of nonreciprocal tariff preferences granted by the United States to developing countries in the Caribbean Basin (not including Canada) to aid their economic development by encouraging greater diversification and expansion of their production and exports. The CBI, implemented by Presidential Proclamation No. 5133 of November 30, 1983, applies to merchandise entered, or withdrawn from warehouse, for consumption on or after January 1, 1984, and is scheduled to remain in effect until September 30, 1995. It provides for duty-free entry of eligible articles imported directly from designated developing countries in the Caribbean Basin area. All of the articles subject to this investigation could be eligible for such duty-free entry.

As previously mentioned, imports from Canada receive the column 1 rates of duty provided for in the TSUS. U.S. imports of certain purebred cattle for breeding (TSUS item 100.01(pt.)) receive a rate of duty of "free." Appendix J shows recognized breeds authorized for duty-free entry under the TSUS. Also, cows weighing 700 pounds or more each imported specially for dairy purposes (item 100.50) receive a rate of duty of "free" if such animals are entered from countries receiving the column 1 rate of duty. Imports of such animals from countries receiving the column 2 rate of duty (3¢ per lb.) are only a theoretical item of trade. Other cattle (items 100.40, 100.43, 100.53, and 100.55) are dutiable at 1¢ per pound, if from countries receiving the column 1 rate of duty. Such imports from countries receiving the column 2 rates of duty (2.5¢ per pound to 3¢ per pound) are negligible or nil. Prior to January 1, 1982, items 100.43 and 100.53 provided for tariff-rate quotas. However, on that date, as a result of staged rate of duty reduction, entries under the tariff rate quotas became dutiable at the same rate (i.e., 1.0¢ per lb) as nonquota rate entries under items 100.40 and 100.53). Since January 1, 1982, the U.S. Customs Service has ceased to record entries under items 100.40 and 100.53, the categories associated with the tariff rate quotas, and all subject entries have been recorded in the categories providing for the tariff rate quotas, i.e., item 100.43 and 100.55. The ad valorem equivalent of the rates of duty in 1986 are shown in the following tabulation (in percent):

<u>TSUS item</u>	<u>Canada</u>	<u>All sources</u>
100.43.....	1.3	1.1
100.45.....	1.1	1.6
100.55.....	2.0	2.0

Fresh, chilled, or frozen beef and veal, (TSUS item 106.10) (which accounts for the great bulk of U.S. imports of all beef and veal from Canada), is dutiable at 2¢ per pound, if from countries receiving the column 1 rate of duty. Imports of such beef and veal from countries receiving the column 2 rate of duty (6¢ per lb.) are precluded by USDA health and safety regulations. The ad valorem equivalent of the column 1 rate of duty was about 2.6 percent in 1986 for imports from Canada and for all suppliers combined.

Beef sausages in airtight containers (TSUS item 107.20) and "other" beef sausages (item 107.25(pt.)) are dutiable at 7.5 percent ad valorem and 5 percent ad valorem, respectively, if from countries receiving the column 1 rates of duty. Imports from countries receiving the column 2 rates are dutiable at 30 percent ad valorem, and 20 percent ad valorem, respectively. ^{1/}

Beef and veal, cured or pickled (classifiable under item 107.40, if valued not over 30¢ per pound, and classifiable under item 107.45, if valued over 30¢ per pound) is dutiable at 1¢ per pound and 10 percent ad valorem, respectively, if from countries receiving the column 1 rate of duty. Imports from countries receiving the column 2 rate are dutiable at 4.5¢ per pound and 30 percent ad valorem, respectively.

Corned beef in airtight containers (canned corned beef) (TSUS item 107.48) and other beef in airtight containers (item 107.52) are dutiable at 3 percent ad valorem and 7.5 percent ad valorem, respectively if from countries receiving the column 1 rate of duty. Imports from countries receiving the column 2 rate are dutiable at 30 percent ad valorem for both TSUS items.

However, as a result of the United States-Argentine Agreement Concerning Hide Exports and other Trade Matters (TIAS 9976), the United States, in addition to other actions, lowered the post-Kennedy round column 1 rate of duty for canned corned beef (TSUS item 107.48) from 7.5 percent ad valorem to 4.5 percent ad valorem on October 1, 1979, and to 3.0 percent ad valorem on October 1, 1980 (Presidential Proclamation 494, Sept. 29, 1979). Because Argentina took action inconsistent with its obligation under the agreement, the President terminated the agreement (Presidential Proclamation 4993, Oct. 30, 1982). However, among other things, the column 1 rate of duty applicable to canned corned beef was to remain in effect until October 30, 1983, at which time it was to revert to 7.5 percent ad valorem. Later the lowered rate, 3 percent, was extended and is scheduled to remain in effect until December 31, 1989.

Other prepared or preserved beef and veal valued not over 30¢ per pound (item 107.55) is dutiable at 2¢ per pound if from countries receiving the column 1 rate of duty and at 6¢ per pound if from countries receiving the column 2 rate of duty.

Certain high-quality prepared beef and veal (TSUS item 107.61) and other prepared and preserved beef and veal (item 107.63, the residual or so-called "basket" class) is dutiable at 4 percent ad valorem if from countries receiving the column 1 rate of duty. Imports from countries receiving the column 2 rate are dutiable at 20 percent ad valorem for both item 107.61 and 107.63.

^{1/} Among countries receiving the column 2 rate of duty, USDA health and sanitary regulations limit imports to those from Czechoslovakia. However, because Czechoslovakia has not been found to be free of rinderpest and foot-and-mouth diseases, imports are limited to prepared or preserved products. In any event, U.S. imports of beef and veal from Czechoslovakia are small.

Prepared beef and veal (TSUS item 107.62) (except the previously discussed high-quality beef and veal classifiable under item 107.61) is dutiable at 10 percent ad valorem if from countries receiving the column 1 rate of duty and 20 percent ad valorem if from countries receiving the column 2 rate of duty.

The Meat Import Act of 1964 1/ and the Meat Import Act of 1979 2/

The Meat Import Act of 1964 was passed to, among other reasons, protect the domestic cattle industry. In the view of the Committee on Finance of the U.S. Senate, the industry was "caught in the crossfire of rising production costs and decreased product prices." 3/ The Committee concluded, on the basis of price data provided as a result of a Commission study, 4/ "that imported meat has played an important part in creating the distressed market conditions" in the industry. 5/ The Committee noted that imports of beef accounted for one-half of the total increased domestic use of beef over the 8-year period 1956-63. 6/

Under section 2(a) of the Meat Import Act, the aggregate quantity of fresh, chilled, or frozen beef and veal (TSUS item 106.10) and meat of mutton and goats (except lambs) (TSUS item 106.20) to be imported into the United States in any calendar year beginning after December 31, 1964, was not to exceed an adjusted base quantity. 7/ Provision was made for that base quantity (725,400,000 pounds) to be increased or decreased for any calendar year by the same percentage that estimated average annual domestic commercial production of these articles in that calendar year and the 2 preceding calendar years increased or decreased in comparison with the average annual domestic production of these articles during the years 1959 through 1963, inclusive.

A 10-percent overage was allowed, so that only when imports were expected to exceed the adjusted base quota level by 10 percent were those quotas triggered. Each year the Secretary of Agriculture was required to publish in the Federal Register the estimated quantity that would trigger the imposition of quotas under the law, and each quarter, the quantity of meat that, but for the law, would enter the United States in such calendar year.

1/ Reproduced as appendix K.

2/ Reproduced as appendix L.

3/ S. Rept. No. 1167, 88th Cong., 2d sess. 2, reprinted in /1964/ U.S. Code Cong. and Ad Nes 3070, 3071 /hereinafter cited as Meat Import Report/.

4/ Report on Investigation No. 332-44 (Beef and Beef Products) Under Section 332 of the Tariff Act of 1930 Pursuant to a Resolution of the Committee on Finance of the United States Senate Adopted November 20, 1963, TC Publication 128, June 1964.

5/ Meat Import Report, note 3, page 1 at 3074.

6/ Ibid at 3071.

7/ For practical purposes, imports of fresh, chilled, or frozen beef and veal (TSUS item 106.10) are the significant imports.

If the Secretary's estimate of imports exceeded the trigger level, the President was required by law to proclaim quotas on imports of meats subject to the law. The quota proclamation could be suspended or the total quantity increased if the President determined and proclaimed pursuant to section 2(d) that--

- (1) such action is required by overriding economic or national security interests of the United States, giving special weight to the importance to the nation of the economic well-being of the domestic livestock industry;
- (2) the supply of articles of the kind described . . . will be inadequate to meet domestic demand at reasonable prices; or
- (3) trade agreements entered into after the date of the enactment of this act ensure that policy set forth will be carried out.

Section 2(d) further provided that any such suspension would be for such period, and any such increase would be in such amount, as the President determined and proclaimed to be necessary to carry out the purposes of section 2(d).

The Meat Import Act of 1979, which became effective January 1, 1980, amended the Meat Import Act of 1964 and made a number of changes in U.S. customs treatment of meat of cattle. With enactment of this amendment, coverage of the act was extended to include certain prepared or preserved beef and veal. The additional meat now subject to quantitative limitations is provided for in items 107.55, 107.61, and 107.62 of the Tariff Schedules of the United States (TSUS). TSUS item 107.55 provides for certain beef and veal valued not over 30 cents per pound; imports under this item have been negligible for several years. Item 107.61, a new item created by the amendment, provides for certain high-quality, fancy cuts of beef and veal on which the United States made a tariff concession in the Tokyo Round of the MTN. Item 107.62 provides for certain other beef and veal.

The amendment was designed to make imports of the subject meats countercyclical with, or inversely related to, U.S. production of beef and veal (i.e., when U.S. production is high, imports are to be further limited, and when U.S. production is low, more imports are to be permitted). Under the amended act, the President's authority to suspend or increase quotas is more narrowly defined than under the original act. The amendment also provides an import floor (minimum restraint level) of 1,250 million pounds.

Actions taken under the act are described in the section of the report entitled U.S. imports. Also a summary of actions taken under the Act are shown in Appendix M.

Section 204 of the Agricultural Act 1/

Section 204 of the Agricultural Act of 1956 (7 U.S.C. 1854) authorizes the President to negotiate agreements with foreign governments to limit the exports from such countries and the importation into the United States of any agricultural commodity or product manufactured therefrom. Section 204 also provides that when a bilateral agreement has been concluded under section 204 among countries accounting for a significant part of world trade in the articles with respect to which the agreement was concluded, and remains in effect, the President may also issue regulations governing the entry or withdrawal from warehouse of the same articles that are products of countries not parties to the agreement.

The President has used this authority from time to time since 1964 as an adjunct to the Meat Import Act. He has had the Secretary of State negotiate numerous bilateral agreements with countries supplying beef and veal to the United States to limit their exports to below the respective calendar-year trigger levels established under the Meat Import Act.

All of the bilateral agreements negotiated have been substantively the same, except the shares of the adjusted aggregate import quota for each calendar year are allocated (pursuant to section 2(c) of the Meat Act)--

. . . among supplying countries on the basis of the share such countries supplied to the United States market during a representative period of the articles described . . . , except that due account may be give to special factors which may have affected or may affect the trade in such articles.

Each agreement sets forth the rights and obligations of each party. The agreements do not purport to be comprehensive in the sense of providing enforcements, compensation, or penalty provisions. A typical agreement states the total amount of imports the United States will permit into the country from participants in the voluntary restraint program and the portion of that quantity that the signatory will be allocated to receive. Additionally, there is usually a provision permitting the United States to limit imports to that level by the issuance of regulations governing entry or withdrawal from warehouse, along with a provision permitting the United States to increase the total amount imported under the program and allocate shortfall resulting from some countries being incapable of filling their negotiated levels. Finally, the agreements almost always contain provisions stipulating the representative period for computation of possible quotas, and calling for consultation on interpretative questions and questions on total import increases.

1/ Reproduced in app. N.

Health and Sanitary Regulations

Certain health and sanitary regulations with respect to U.S. imports of live cattle and meat of cattle are administered by the USDA to protect the U.S. livestock industry and to ensure an adequate supply of safe meat for consumers.

Rinderpest and foot-and-mouth diseases

U.S. imports of certain live animals, including cattle and calves, and certain fresh, chilled, or frozen meats, including beef and veal, are generally limited to countries that have been declared free of rinderpest and foot-and-mouth diseases 1/ by the U.S. Secretary of Agriculture. 2/ Canada has been declared free of the diseases. U.S. imports of certain live animals, including cattle and calves, from countries not declared free of the diseases are limited to those that have passed quarantine inspection in a USDA facility. Meat imports from those countries not rinderpest and foot-and-mouth disease free must be cooked, canned, or cured--processes that destroy the disease-causing organisms.

Brucellosis and tuberculosis diseases

Cattle for breeding and sexually intact feeders imported into the United States from Canada are required to have had one negative test for Brucellosis and one negative test for tuberculosis. Also, some States require that certain cattle imported from Canada be vaccinated with a live vaccine for brucellosis. Canadian Federal veterinary officers object to introduction of live brucellosis vaccine into the country because of the danger of accidental contamination. Some Canadian cattlemen contend that as a result of conflicting regulations such exports are discouraged.

The Federal Meat Inspection Act

The USDA administers section 20 of the Federal Meat Inspection act (21 U.S.C. 661 and 21 U.S.C. 620), which provides, among other things, that meat and meat products prepared or produced in foreign countries may not be imported into the United States ". . . unless they comply with all the inspection, building construction standards, and all other provisions of this chapter [ch. 12, Meat Inspection] and regulations issued thereunder applicable to such articles in commerce in the United States." Section 20 further provides that "all such imported articles shall, upon entry into the United States, be deemed and treated as domestic articles subject to the provisions

1/ Rinderpest and foot-and-mouth diseases are highly contagious, infectious diseases that can afflict cloven-footed animals (such as cattle, sheep, swine, and deer). Because the diseases are easily transmitted and are debilitating, they are an ever-present threat to the U.S. livestock industry. The diseases do not present a direct threat to human health.

2/ Pursuant to sec. 306 of the Tariff Act of 1930 (19 U.S.C. 1306).

of this chapter [ch. 12, Meat Inspection] and the Federal Food, Drug, and Cosmetic Act [12 U.S.C. 301]. . . " Thus, section 20 requires that foreign meat-exporting countries enforce inspection and other requirements with respect to the preparation of the products covered that are at least equal to those applicable to the preparation of like products at Federally inspected establishments in the United States, and that the imported products be subject to inspection and other requirements upon arrival in the United States to identify them and further ensure their freedom from adulteration and misbranding at the time of entry. 1/ However, section 20 does not provide that the imported products be inspected by U.S. inspectors during their preparation in the foreign country. 1/

The U.S. Secretary of Agriculture has assigned responsibility for the administration of the Department's section 20 functions to the Foreign Programs Division, Meat and Poultry Inspection Program, Food Safety and Inspection Service (FSIS). By the end of 1986, the FSIS had certified 33 countries as having meat inspection systems with standards equal to those of the U.S. program and had certified 1,306 foreign plants including 581 in Canada. 2/ In 1986, FSIS had 20 veterinarians assigned to review foreign meat plant operations. Nine of the 20 were stationed outside the United States (including one in Canada), and the others visited foreign operations as necessary. Plants exporting large volumes and other plants of special concern are visited at least four times annually; all other certified plants are visited at least once a year.

Since the passage of the 1981 Farm Bill, 3/ the FSIS has placed increasing emphasis on review of a country's regulatory system as a whole, rather than review of individual plants so as to be in compliance with that legislation. FSIS now evaluates country controls in seven basic risk areas: residues, diseases, misuse of food additives, gross contamination, microscopic contamination, economic fraud, and product integrity. 4/ As required by the 1981 Farm Bill, FSIS also vigorously carries on a species identification program under which the FSIS assures that meat is properly identified by origin or species.

Under the Federal Meat Inspection Act, all imported meat being offered for entry into the United States must be accompanied by a meat inspection certificate issued by a responsible official of the exporting country. The certificate must identify the product by origin, destination, shipping marks, and amounts. It must certify that the meat comes from animals that received veterinary antemortem and postmortem inspections; that it is wholesome, not

1/ See U.S. Senate, Agriculture and Forestry Committee, Report on S. 2147, S. Report. No. 799 (90th Cong. 2d sess.) 1967, as published in 2 U.S. Cong. & Adm. News 1967, p. 2,200. S. 2147, as modified, ultimately became Public Law 90-201 (the Wholesome Meat Act), approved Dec. 15, 1967.

2/ The numbers of certifications refer to all meat, including beef and veal. See USDA Meat and Poultry Inspection, 1985, Report of the Secretary of Agriculture to the U.S. Congress, March 1985, p. 28 (hereinafter cited as Meat and Poultry Inspection, 1985).

3/ Sec. 1122 of Public Law 97-98, dated Dec. 22, 1981.

4/ Meat and Poultry Inspection, 1984, p. 50.

adulterated or misbranded; and that it is otherwise in compliance with U.S. requirements. 1/ Imported meat is also subject to the same labeling requirements as domestically processed meats, i.e., the label must be informative, truthful, and not misleading.

Under the Federal Meat Inspection Act, U.S. inspectors at the port of entry inspect part of each shipment of meat. Representative sampling plans similar to those used in inspecting domestic meat are applied to each import shipment. Samples of frozen products are defrosted, canned meat containers are opened, and labels are verified for prior U.S. approval and stated weight accuracy. Specimens are routinely submitted to meat inspection laboratories to check compliance with compositional standards. Sample cans are also subjected to periods of incubation for signs of spoilage. Meat imports are also monitored for residues, such as pesticides, hormones, heavy metals, and antibiotics, by selecting representative samples for laboratory analysis. Special control measures are in effect for handling meat from countries when excessive amounts of residues are detected. These measures consist of refusing or withholding entry of the product until results of laboratory analysis are received. 2/

During 1986, approximately 4.5 million pounds of beef and veal--about 0.3 percent of the beef and veal offered for entry to the United States--were refused entry for the following reasons: contamination, unsound condition, labeling defects, pathology, residues, and container defects. Approximately 2 million pounds of that total was from Canada or 1.3 percent of total beef and veal offered for entry from that country.

1/ Ibid., p. 26.

2/ Ibid., p. 27; and 3272 of the meat and poultry regulations (9 CFR 377.2).

CANADIAN CUSTOMS TREATMENT

Canadian imports of live cattle and live calves, beef, and veal are subject to import duties (tariffs) as provided for by the Canadian Tariff Schedules. Also, such imports are included under health and sanitary regulations administered by Agriculture Canada. In addition, certain beef is subject to quantitative limitations imposed under authority of the Meat Import Act and certain beef has been subject to countervailing duties.

Canadian Tariff Treatment

Canadian import tariff rates of duty applicable to live cattle, live calves, beef, and veal are shown in Appendix O. The Canadian rates for live cattle and calves applicable to imports from the United States are closely comparable to U.S. rates applicable to imports of live cattle and calves from Canada. Certain purebred animals for breeding enter both countries duty free, as do cows for dairy purposes. Other cattle and calves are dutiable at Can\$0.01 per pound; on the basis of exchange rates in effect as of April 1987, the Canadian rate is effectively about 25 percent less than the U.S. rate applicable to imports from Canada for comparable cattle and calves--US\$0.01 per pound.

The Canadian rate applicable to fresh, chilled, or frozen beef and veal from the United States is Can\$0.02 per pound. The U.S. rate applicable to imports from Canada is US\$0.02 per pound. The Canadian rate for certain prepared or preserved beef from the United States is Can\$0.01 per pound compared to U.S. rates for imports from Canada ranging from US\$0.01 to US\$0.02 per pound and from 3 percent ad valorem to 10 percent ad valorem, depending on form. The Canadian rate for canned beef is 15 percent ad valorem, sharply higher than the U.S. rate of 3 percent ad valorem. All Canadian tariffs are bound rates.

The Meat Import Act

Canadian imports of fresh, chilled, or frozen beef and veal (Canadian Tariff No. 701-1) are subject to quotas imposed under authority of the Meat Import Act, which was signed into law in February 1982. A copy of the Meat Import Act is included in Appendix P, a summary of actions under the act is shown in Appendix Q. Canadian imports of quota type meats are shown in table E-58.

In brief, the Meat Import Act provides that in certain circumstances provided for under the Act, the Minister of Agriculture may impose quotas (quantitative restrictions) on Canadian imports of fresh, chilled, or frozen beef and veal.

Under the Act, the Minister of Agriculture may establish quotas in December for the following year, and adjust, suspend, or revoke quotas. The Act also provides for Voluntary Restraint Agreements (VRA's). The Act also allows the Minister to permit import quantities in excess of quantities

authorized by the Act when the supply of meats in Canada is inadequate in relation to domestic requirements. The Minister may not establish quantitative restrictions less than a minimum global access commitment agreed to by Canada at the GATT. The Act also states that the Minister shall appoint an advisory committee that will meet several times each year. Among other recommendations, the committee has recommended that the Minister impose quotas if the United States were to impose quotas. Some Canadians contend that U.S. restrictions on meat imports might well result in third-country products being displaced from the United States to the Canadian market.

The quota quantity provided for by the Act is established based on Canadian imports of fresh, chilled, or frozen beef and veal during 1971-75. The base is adjusted to reflect changes in domestic disappearance in beef and veal and is further adjusted to be counter-cyclical to Canadian production of beef for manufacturing. Other adjustments to the quantity may be made by the Minister based on factors including the supply and price of meats in Canada, health and trade measures unrelated to the Act, or other relevant factors.

As a practical matter, the minimum access levels Canada agreed to under the GATT, and which have precedence over the quota quantities provided for by the Act, have exceeded quantities provided for by the Act since 1982. Officials of Agriculture Canada project that the minimum access level will continue to exceed the quota quantity level for sometime. Since the Act became law, quotas have been imposed only once--in 1985. ^{1/}

The quotas proclaimed on January 1, 1985, are shown in the following tabulation:

<u>Country or area</u>	<u>Million pounds</u>
New Zealand.....	63.5
Australia.....	54.9
United States.....	21.6
EC.....	5.9
Nicaragua.....	.7
Total.....	146.6

On May 13, 1985, after lengthy negotiations between the EC and Canada, the EC's quota was increased to 23.5 million pounds. Separately, Nicaragua's quota was raised to 4.0 million pounds. The total Canadian quota was then 167.5 million pounds.

The United States protested the imposition of the quota by Canada, claiming that the result thereof would be to reduce U.S. exports of beef to Canada to half of the 1984 level. Discussions between the USDA and the Canadian Government, subsequent to the imposition of the quota, resulted in

^{1/} Canadian Government officials report that the quotas were imposed under GATT emergency contingencies.

Canada excluding fresh and chilled high-quality beef (i.e., generally beef of the types known in the trade as USDA grades "Prime" and "Choice") from the quota beginning May 27, 1985. On June 26, 1985, the Canadian Government announced its decision to issue licenses under the quota for the importation of U.S.-produced beef for manufacturing.

The quotas expired at the end of 1985. There were no quantitative limitations on Canadian imports in 1986 and through at least April 1987; officials of Agriculture Canada anticipate none for 1987.

Canadian imports of live cattle and calves are not subject to the Meat Import Act and were not subject to quantitative limitations during 1982-86 and none are anticipated for 1987.

Countervailing and Antidumping Duties

Canadian countervailing and antidumping duty actions are administered under authority of the Special Import Measures Act (SIMA), which was proclaimed in 1984. The Act is administered through two organizations--the Department of National Revenue, Customs and Excise, and the Canadian Import Tribunal.

The legal process for the SIMA starts by a complaint made to the Deputy Minister, National Revenue, Customs and Excise. Before initiating a formal investigation, National Revenue, Customs and Excise officials must be satisfied that there is evidence of dumping or subsidization as well as material injury; such determinations may take several months. Once satisfied of this, a formal investigation is instituted. As a general rule, a preliminary determination of the existence of subsidy or dumping and a determination of the amount of the subsidy or antidumping margins must be completed within 90 days of the initiation of the formal investigation. If the determination is negative, the investigation is terminated. If the determination is affirmative, so-called provisional countervailing or antidumping duties are imposed and the Canadian Import Tribunal is informed of the determination.

On receipt of a preliminary determination of dumping or subsidization from the Deputy Minister, the Canadian Import Tribunal institutes an investigation to determine whether a domestic producer or group of producers has suffered material injury or retardation as a consequence of the dumping or subsidization.

The Deputy Minister must produce a final determination of dumping or of subsidization within 90 days after the issuance of its preliminary determination. The deadline for issuing the finding of the Import Tribunal is 120 days from its receipt of the preliminary determination. The finding is supported by reasons, which must be rendered 135 days from the receipt of the preliminary determination. The Tribunal may review its affirmative findings of injury at any time, on its own initiative or upon an application which it finds has merit, and may alter, maintain, or rescind the finding. If a finding is not reviewed by the Tribunal within 5 years of its date, the finding lapses. If a finding is reviewed and maintained in force, subject to alteration, if any, the 5-year rule will again apply subject to earlier review.

During the course of investigations conducted under the SIMA, negotiations may be conducted between the Canadian Government and officials of the countries supplying the allegedly subsidized or dumped goods. One such type of negotiation is a voluntary restraint agreement, referred to in Canada as "undertakings." If an agreement is reached, the countervailing or antidumping investigation is suspended. However, if an interested party in the investigation, generally the complainant, or the importer objects, the agreement is terminated and the investigation reinstituted.

Officials of the CCA report that they had heard expressions of concern from their membership about Canadian imports of beef from the EC as early as January 1984. On May 15, 1984, the Minister of Agriculture's Advisory Committee, serving in accordance with the Meat Import Act, recommended that a countervailing duty investigation should be initiated. In June 1984, the CCA filed a request for a countervailing duty investigation with the Deputy Minister, Department of Revenue, Customs and Excise. Subsequently, on August 17, 1984, this request was rejected by the Deputy Minister based on an advisory opinion from the Anti-Dumping Tribunal. ^{1/} The Tribunal stated that . . . , "while the importation of subsidized frozen boneless beef may be causing problems to Canadian cattle producers, it is of the opinion that there is no evidence, on the basis of material before it, that the subsidization of the subject goods has caused, is causing, or is likely to cause, material injury to the production in Canada of boneless beef."

During the summer and fall of 1985, the CCA prepared another complaint. On October 18, 1985, the Deputy Minister of National Revenue, Customs and Excise, acting on this complaint instituted an investigation with respect to allegedly subsidized boneless manufacturing beef entering Canada from the EC.

On February 26, 1986, the Deputy Minister advised that an undertaking (voluntary restraint agreement) submitted by the EC had been accepted and the investigation was being suspended, as provided for under the SIMA. Under the terms of the undertaking, the EC agreed to limit exports to 10,668 metric tons (23.5 million pounds) annually during 1986, 1987, and 1988. On March 24, 1986, the CCA requested that the undertaking be terminated, again as provided for under the SIMA, and on March 27, 1986, the investigation was resumed. Also on March 27, 1986, the Deputy Minister made a preliminary affirmative determination of subsidy. On June 12, 1986, the Deputy Minister made a final affirmative determination of subsidy. The amount of the subsidy was found to be 0.474 Irish punts per pound and 4.226 Danish Kroners' per pound, equal to about Can\$0.89 per pound and Can\$0.71 per pound, respectively, with exchange rates in effect at the time, or about US\$0.65 and US\$0.52 per pound with exchange rates in effect at the time. On July 25, 1986, the Canadian Import Tribunal announced its finding that:

^{1/} Prior to changes in Canadian trade laws, the Anti-Dumping Tribunal was charged with making injury investigations; subsequent to the changes in Canadian trade laws, the Canadian Import Tribunal became responsible for such investigations.

"Pursuant to subsection 43(1) of the Special Import Measures Act, the Canadian Import Tribunal hereby finds that the importation into Canada of boneless manufacturing beef originating in or exported from the European Economic Community in respect of which subsidies have been paid directly or indirectly by the European Economic Community and/or the government of a Member State has not caused, is not causing, but is likely to cause material injury to the production in Canada of like goods."

Consequently, the countervailing duties became final. As of May 1987, officials of National Revenue, Customs and Excise report that the amount of countervailing duties had not been reviewed but that a review was being considered inasmuch as the EC reportedly increased its subsidy from 80 European Currency Units (ECU) per pound to 90 ECUs per pound.

Health and Sanitary Regulations

Canadian Federal Government health and sanitary regulations are administered by Agriculture Canada's Food Production and Inspection Branch. In general, the Branch is charged with ensuring a dependable supply of safe, nutritious, and accurately labeled agricultural food products, increasing the efficiency of agricultural production, and assisting the industry in exploiting the export potential of Canada's agricultural production. Canadian imports of meat are limited to those from plants that have been approved by the Canadian Government. As of May 1987, there were approximately 6,500 U.S. plants authorized to ship meat to Canada.

The Food Inspection Directorate

The Food Inspection Directorate of the Food Production and Inspection Branch is responsible for matters relating to food quality and safety. Also, the Directorate administers the regulations with respect to packing and labeling. Canadian meat inspection regulations require certain cuts of processed meats to comply to a specific metric package size. Some U.S. interests contend that such regulations impose an unfair expense on U.S. marketers since U.S. production lines are not geared to meet specific metric sizes. The U.S. interests also contend that regulations with respect to French language labeling requirements are cumbersome.

The Meat Hygiene Division of the Food Inspection Directorate, which operates under the authority of the Federal Meat Inspection Act and the Humane Slaughter of Food Animals Act, ensures that meat (and poultry products) are produced under sanitary conditions, that they meet Canadian standards for wholesomeness and safety and that they are properly labeled. It also ensures that exported products meet the standards of importing countries.

All livestock-slaughtering and meat-processing plants and storage plants involved in interprovincial and international trade must operate under the Federal meat inspection program. Inspection is aimed at detecting diseases, disease conditions, and chemical or bacteriological contaminants that could

affect humans and animals or only animals. The Federal meat inspection program was carried out in 571 registered plants and 254 storage facilities as of April 1987. The inspected products may cross Provincial borders or be shipped to foreign markets. Also, under agreements with 7 Provinces, Federal meat inspection services were being provided to 56 packing plants whose products are sold entirely within the Province in which they are located as of April 1987. At registered slaughtering plants, all animals are inspected for disease conditions or symptoms before being slaughtered; postmortem inspection follows to confirm the health status of each approved carcass. The inspection program also extends to all aspects of processing meat products. All ingredients used in these products are examined for quality and quantity as a safeguard against adulteration. All slaughtering and processing plants and their equipment are inspected to ensure sanitary conditions. Product labeling is controlled to ensure accuracy.

The Health of Animals Directorate

The Health of Animals Directorate of the Food Production and Inspection Branch establishes animal health policies and programs and measures their effectiveness. The Directorate's responsibility is to protect the health of Canada's livestock and maintain access to markets abroad. In addition to the work of its Animal Health Division, the Directorate carries out research on animal diseases and provides animal disease diagnostic services through its Animal Pathology Division.

Animal Pathology Division.--Through its nine laboratories, the Animal Pathology Division conducts research on diseases of domestic and wild animals, provides diagnostic services, and produces the biologicals required for the disease-control programs of the Food Production and Inspection Branch. It also serves as consultant on the registration, licensing, and use of biologicals and other veterinary products sold in Canada.

Animal Health Division.--The Animal Health Division, which operates under the authority of the Animal Disease and Protection Act, is directed to preventing serious livestock diseases from entering Canada from abroad, eradicating such diseases should any gain entry to the country, and to controlling and eradicating poultry and livestock diseases of national economic importance that are present in Canada, such as bovine brucellosis. The Division maintains liaison with foreign veterinary services in connection with animal health programs, and it is responsible for certifying the health of livestock for export markets. The Division administers a number of regulations with respect to imports of live animals and meats. Canadian imports of certain live animals, including cattle and calves, and certain fresh, chilled, or frozen meats, including beef and veal, are generally limited to countries that have been declared free of rinderpest and foot-and-mouth diseases. Cattle from countries that have not been declared free of foot-and-mouth disease and rinderpest may enter subject to a period of quarantine in a Canadian quarantine facility. Effectively this limits imports from such countries to high-valued animals for breeding. The United States has been declared free of these diseases. All EC countries have been found to be rinderpest-disease free, but only Denmark, Ireland, and the United Kingdom

were found to be free of foot-and-mouth disease as of May 1987. Between March 12, 1982, and March 14, 1984, imports from Denmark were prohibited because of foot-and-mouth-disease problems in Denmark. Also, Central American countries, including Nicaragua have been found to be free of the diseases. Beef and veal imports from those countries not rinderpest- and foot-and-mouth-disease free, including the important beef-producing countries of South America, must be cooked, canned, or cured--processes that destroy the disease-causing organisms.

Cattle and calves imported into Canada from the United States enter without restrictions beyond visual inspection for general health if such animals are destined for immediate slaughter. Canadian import policy with respect to cattle and calves other than for immediate slaughter is more strict. In general, imported cattle for breeding and sexually intact feeders from the United States must be accompanied by a certificate indicating that they passed, as an assembled herd, one test for tuberculosis within the last 60 days, one test for brucellosis within the last 30 days, and individual cattle must have passed a test for anaplasmosis within the last 30 days and two tests for bluetongue with 30 to 90 days between the two and the second within 30 days of entry into Canada.

Sexually neutered feeder cattle and calves imported into Canada from the United States must have passed one test for tuberculosis within 60 days of entry and one test for anaplasmosis within 30 days of entry. Regulations with respect to bluetongue are more complex.

Canadian regulations with respect to Bluetongue disease have been a source of U.S.-Canadian controversy and negotiations for several years. Some U.S. interests contend that the regulations have been used to unfairly restrict U.S. exports of cattle and calves to Canada. However, Canadian interests report that they want to see the issue resolved so long as there is no impairment to the health of the Canadian herd. At the Commission's public hearing on the investigation the CCA stated that . . . "we are determined and committed to have an import control regime that is the absolute minimum necessary to keep the disease out . . ." He further indicated that the CCA and the National Cattlemen's Association were involved in ongoing negotiations concerning the matter. 1/

Bluetongue is an infectious viral disease afflicting a number of animals, including sheep, cattle, and deer. Whereas the disease affects other species, it is by far the most serious in sheep. In sheep the disease is characterized by inflammation of the mucus membranes of the mouth, nose, and gastrointestinal tract. In advanced stages of the disease, membranes of the tongue may become necrotic and discolored, hence the name bluetongue. Presence of the disease in sheep flocks typically results in high mortality rates. While cattle may exhibit clinical signs, they typically do not, and often the only way to determine if the animal is afflicted is through laboratory tests. The disease is less serious in cattle, although it may cause infertility in some animals. The chief danger is that the disease,

1/ Testimony of Mr. Jim Graham, transcript of hearing at pp. 192-194.

which is transmitted by insects (midges, and, according to some researchers, blackflies and deerflies) will be transmitted from cattle to sheep. Canadian veterinarians contend that Canada is free of the disease. U.S. veterinarians report that whereas the disease has been present in the United States for many years, it is less common in the parts of the United States bordering Canada.

Outbreaks of the disease in Canada, the most recent of which occurred in 1976, result in the Canadian Government imposing strict quarantines and may result in livestock on individual farms or entire areas being destroyed to prevent the spread of the disease.

As of April 1, 1987, all cattle and calves imported into Canada from the United States except those destined for immediate slaughter, are required to pass a test indicating the absence of bluetongue and 30 days later pass a second test indicating the absence of bluetongue. Prior to April 1, 1987, different regulations concerning bluetongue had been in effect with respect to sexually neutered feeder cattle and calves. Such cattle (steers or spayed heifers only) were authorized to be imported between October 1, 1986, and March 31, 1987, (the so-called non-vector season, when the insects that transport the disease cannot survive because of the cold) on the basis of one test for bluetongue. Bluetongue reactors in a herd or assembled group did not affect the import eligibility of any other animals in the group. The steers and spayed heifers had to be transported directly from the port of entry to an approved feedlot and must be moved from that feedlot to a slaughter plant by June 15, 1987.

An approved feedlot is a premise used primarily for the purpose of fattening and finishing bovines for slaughter. Approval must have taken place prior to arrival of the animals at the border. In order to have an approved feedlot, the owner must have agreed to adequately mark or be able to identify imported cattle to an inspector and keep accurate records of disposition of imported feeder cattle. There may have been Canadian feeder cattle on the same premises but not breeding cattle.

In order to make the feedlot owner legally responsible, a quarantine was applied to the feedlot. This must have been done no later than the date of arrival of the first shipment. The quarantine was to specify that all steers and spayed heifers imported on one bluetongue test between October 1, 1986, and March 31, 1987, must be removed from the feedlot to a slaughter plant by June 15, 1987.

A license was to be issued to permit removal of all steers and spayed heifers imported from the United States as feeder cattle on one bluetongue test between October 1, 1986, and March 31, 1987, to a plant for slaughter. The license was also to specify that these U.S. feeder cattle must be removed from the feedlot to a slaughter plant by June 15, 1987. A further license was to be issued to permit removal of Canadian feeder cattle without restriction.

In order to move these cattle from one feedlot to another, the owner or person in charge must obtain a license from the Canadian Veterinarian District Office. A signed copy of the license must accompany the cattle to another feedlot or to the slaughter plant.

Also the feeders were required to meet minimum weight requirements that varied with the dates they were imported into Canada, as shown in the following tabulation:

Date of importation	Minimum weight
Oct. 1, 1986-Nov. 30, 1986	500 pounds each
Dec. 1, 1986-Jan. 31, 1987	600 pounds each
Feb. 1, 1987-Mar. 31, 1987	700 pounds each

As previously mentioned, regulations with respect to bluetongue are being negotiated and officials of the CCA state that they think less restrictive regulations with respect to feeder animals will be worked out prior to the feeding season beginning in the fall of 1987. 1/

1/ At the Commission's public hearing on this investigation, a spokesman on behalf of the Montana Cattle Feeder's Association stated that he recently had an opportunity to visit with several Canadian ranchers and cattle feeders and noted that Canadian cattlemen were just as frustrated with the bluetongue restrictions as U.S. cattlemen were. Testimony of Mr. Mark. W. Thompson, transcript of public hearing at p. 140.

U.S. GOVERNMENT PROGRAMS

Dairy termination program

The dairy termination program (DTP) was established by the Food Security Act of 1985 (see Appendix R). The DTP, which is scheduled to be in effect for an 18-month period ending September 30, 1987, is an effort to reduce the cost of price-support activities for milk and milk products by reducing the size of the country's dairy herd by contracting with producers, through a bidding process, to dispose of all of their female dairy cattle through slaughter or export. Nondairy cattle growers were upset at the onset of the program because, they argued, it would increase the U.S. supply of beef and reduce beef prices.

However, under provisions of the Food Security Act of 1985, the USDA is required to take certain actions designed to minimize the impacts of the DTP on beef, pork, and lamb producers. These actions include:

- (1) determining the total number of dairy cattle that will be marketed for slaughter as a result of the program,
- (2) specifying procedures to ensure that greater numbers of dairy cattle slaughtered as a result of the program shall be slaughtered in each of the periods of April through August 1986, and March through August 1987 than for the other months of the program,
- (3) limiting the total number of dairy cattle marketed for slaughter under the program in excess of the historical dairy herd culling rate to no more than 7 percent of the national dairy herd per calendar year; and,
- (4) purchasing and distributing domestically 200 million pounds of red meat during the 18-month period beginning April 1, 1986, in addition to those quantities normally purchased and distributed by the Secretary, (see section on National School Lunch Act) and purchasing an additional 200 million pounds of red meat and making it available for use in commissaries on military installations located outside the United States, or for export.

The cumulative effect of these actions has been to minimize the impact of the DTP on beef, pork, and lamb producers. With regard to the provision requiring the USDA to purchase 200 million pounds of red meat for export through FY87, as of the end of August 1986, the USDA had sold 198.4 million pounds of beef to Brazil and 1.8 million pounds of high-quality beef to the European Community. In addition, the USDA has also agreed to supply the Department of Defense with 44 million pounds of red meat between July 1986 and October 1987 for overseas military commissaries.

Under the DTP, bids were accepted by the USDA for three disposal periods: April 1-August 31, 1986; September 1, 1986-February 28, 1987; and March 1, 1987-August 31, 1987. Bids were accepted on a dollars-per-hundred

weight-milk bid. The following tabulation shows the type and number of cattle accepted into the program for slaughter either during each of the three disposal periods; prior to April 1, 1986 or exported or planned for export:

Period	Cows	Heifers	Calves	Total
Prior to Apr. 1, 1986 <u>1/</u> ...	31,627	5,502	7,789	44,918
Apr. 1, 1986-				
Aug. 31, 1986.....	516,969	167,650	147,645	832,264
Sept. 1, 1986-				
Feb. 28, 1987.....	162,685	66,520	66,680	295,885
Mar. 1, 1987-				
Aug. 31, 1987.....	170,027	58,333	57,274	285,634
Exported or planned for				
export.....	47,585	33,999	12,484	94,068
Total.....	928,893	332,004	291,872	1,552,769

1/ Includes animals slaughtered after offer to terminate herd but before Apr. 1, 1986.

As indicated by the preceding tabulation, the USDA, by the conclusion of the DTP, will have paid farmers for slaughtering or exporting 1.55 million dairy cattle (including grow-in stock), leading to a reduction of milk production of 12.3 billion pounds, slightly more than the 12-billion-pound target specified in the Food Security Act of 1985. The disposal of cattle under the DTP is equivalent to about 10 percent of the U.S. annual inventory of dairy cattle, 1/ and about 4 percent of the total cattle slaughter. It should be noted that the USDA has not actually purchased such cattle; however, they have paid dairymen, who are then paid by the slaughterhouse or foreign importer for the cattle, for the obligation to dispose of such cattle.

National School Lunch Act

The Food and Nutrition Service (FNS) of USDA is responsible for distributing beef as well as other food items, under authority of the National School Lunch Act. In recent years, the agency has purchased and distributed beef and distributed funds that were used to purchase beef by local school districts (Entitlement meat). The program has no statutory limit on the amount of beef that can be purchased. However, the prices at which the USDA offers to purchase beef are reportedly often below market prices. The FNS also distributes beef, as well as other meat products, to schools using beef purchased under the DTP. The following tabulation shows the breakdown of entitlement red meat and DTP beef distribution to schools for 1984/85-1986/87:

1/ Inventory of milk cows and heifers 500 pounds and over for milk cows replacement, as of Jan. 1, 1987.

Period 1/	Entitlement meat 2/ Million pounds	DTP beef 3/ Million pounds	Total Million pounds	Total FNS purchases of entitlement meat as a share of U.S. consumption of red meat 4/ Percent
1984/85.....	155.6	0	155.6	5/
1985/86.....	177.1	7.3	184.4	5/
1986/87 6/...	205.0	98.0	303.0	5/

1/ School year July 1-June 30.

2/ Entitlement meat is red meat that is normally distributed to schools under the ongoing food distribution program.

3/ DTP meat is "Dairy Termination Program" meat--beef that is purchased as a result of the whole herd buyout program.

4/ Estimated from data presented in table E-19

5/ Less than 0.5 percent.

6/ Estimated by officials of the USDA.

Research and development

The USDA and many States support research and development activities on cattle and beef through agricultural educational institutions and research facilities. Such research and development aids producers and processors and, according to many industry sources, ultimately contributes to lower cattle and beef prices for consumers. Many agricultural concerns, including companies involved in food, drugs, equipment and supplies, as well as cooperatives, also spend large sums of money on research and development that benefit the cattle and beef industries.

Domestic and overseas promotion

National beef promotion program.--The Food Security Act of 1985 requires cattle producers and importers to underwrite the cost of a new national promotion and research program aimed at improving demand for beef and beef products. Generic advertising of beef, now funded through about 35 State organizations, already is conducted throughout the United States. However, some segments of the industry had long advocated a Federally sanctioned, nationwide beef-promotion effort to which all producers and importers would be required to contribute. The industry already had permission to organize a mandatory nationwide beef-promotion order, under the Beef Research and Information Act of 1976. That law, however, required the prior approval of producers--who twice rejected an order in 1977 and 1980 referenda.

The 1985 law launches a beef-promotion order without the producers' prior permission. The order, known as the "check-off" assesses cattle producers \$1.00 per head, and importers of beef products the equivalent of that amount,

with a credit of up to 50 cents granted to those contributing to existing State promotion activities. Producers and importers can opt not to participate by requesting a refund of the assessment, which was started October 1, 1986. ^{1/} The 1985 law also requires a producer referendum on the order to be held not later than May 18, 1988. Promotion check-offs will continue after the referendum only if a majority of those voting approve it.

Proponents contend that this new nationwide effort, expected to raise about \$60-70 million annually, will be more effective than existing promotion efforts in bolstering sagging prices and per capita beef consumption. They also contend that it will be more equitable, since those producers that now decline to contribute would no longer be getting a "free ride," they add, noting that mandatory check-offs (most with refund provisions) already are operating for cotton, potatoes, eggs, wheat, and dairy products.

Critics assert that there is not enough evidence of generic advertising's benefits to justify forced payment by all producers--particularly without their prior approval. Besides, they argue, the Federal Government should not sanction programs that pit one group of commodity producers against another equally deserving one for a share of the consuming public's finite resources. In the end, such costs are simply passed along to the consumer in the form of higher retail prices, they contend. ^{2/}

Beef export promotion program.--The Food Security Act of 1985 provides authority for the Secretary of Agriculture to promote market development overseas (through use of bonus commodities) for U.S. agricultural commodities, including high-valued and value-added products. Whereas this provision emphasizes the grain and dairy commodities, beef and beef products could be included. This program is currently referred to as the Export Enhancement Program (EEP) or GSM-500.

The 1985 farm law also provides authority for the equitable treatment of poultry, beef and pork, and meat-food products in export-bonus-commodity programs executed by the USDA from 1986 through 1989. The provision explicitly states that at least 15 percent of the total or annual value of the program shall be expended for promotion of meat and poultry exports. This provision currently applies to the ongoing EEP, where bonus commodities are included with commercial sales of agricultural exports to selected foreign buyers. As of August 1, 1986, 38,000 head of dairy cattle had been announced as eligible for export under this authority.

^{1/} Eligible participants must apply for a refund within 60 days of the sale, or importation, of the subject animals. If the program is continued after the May 18, 1988, referendum by cattlemen, then all who applied will receive a full refund. If the program is not continued, refunds will be prorated based on available funds (15 percent of the funds have been withheld for such purposes). ^{2/} For more information on existing generic advertising programs, see An Examination of Farm Commodity Promotion Programs by Geoffrey S. Becker, revised Sept. 30, 1985 (Rept. No. 85-995 Congressional Research Service).

The Meat Export Federation.--The Meat Export Federation (MEF) is a private, nonprofit trade group, established in 1976, which cooperates with the U.S. Government for the purpose of promoting exports of U.S. beef, veal, pork, lamb, mutton, and variety meats. U.S. Government funds equal to funds provided by the MEF are commingled for promotion of generic exports of the subject meats through trade shows, instore promotions, distribution of cooking recipes, and so forth. All funds are for expenditures overseas, and are not used within the United States. U.S.-Government-derived funds for the MEF are appropriated annually by the U.S. Congress.

Food for Peace Program.--A small amount of beef and beef products has been promoted overseas by the Foreign Agricultural Service of the USDA through the Food for Peace Program (P.L. 480). From July 1955 through September 1985, \$36.6 billion worth of agricultural goods were exported under P.L. 480. Of that amount, exports of lard and tallow amounted to \$207.4 million; exports of beef amounted to \$38.7 million; and exports of cattle hides amounted to \$147,000. Inedible-tallow exports, amounting to \$12.4 million in FY 1985 and about \$14 million in FY 1986, accounted for all U.S. beef-product exports under the P. L. 480 Program in those years.

Federal Income Tax Laws 1/

Cattlemen, like farmers in a number of agricultural areas, are subject to certain special provisions in the U.S. tax laws. Most of these tax provisions were preserved in the recently enacted Tax Reform Act of 1986 (P.L. 99-514).

Prior to the Tax Reform Act of 1986, farmers had three major means with which to reduce their tax burdens: (a) the use of cash accounting, rather than accrual accounting; (b) the ability to apply depreciation and investment tax credits against their taxable income; and (c) the use of capital gains on the sales of a number of assets (e.g. breeding cattle and dairy livestock, farmland, and crops).

Cash accounting.--The primary difference between tax treatment for farmers and that for most other businesses is that farmers have since 1915 been allowed to use cash accounting for expenses that would require accrual accounting for most other types of businesses. Farmers are not required to use inventory accounting, but instead are allowed to deduct the costs of the products they sell in the year the bills are paid rather than when the products are sold. They are allowed to deduct the costs of raising breeding stock or other productive assets raised on the farm currently rather than being required to accumulate ("capitalize") the costs and depreciate them over the productive life of the assets, as other businesses are required to do. Under prior tax law, farmers could raise an animal (deducting the costs currently), use it for breeding purposes, and then sell it and treat the profit on the sale as long-term capital gains, only 40 percent of which was taxable to an individual. This last advantage is lost under the Tax Reform

1/ Based on Congressional Research Service study, *The Cattle Industry and Federal Programs That Affect It: A Compilation and Analysis*, Sept. 17, 1986.

Act of 1986, because the special tax reductions for capital gains are repealed. The Tax Reform Act continues to allow cash accounting to all farmers except nonfamily corporations with gross receipts of more than \$1,000,000 (which were not allowed to use it under prior law) and certain "tax shelters."

Cash accounting allows far more room for manipulating taxable income than does accrual accounting. For example, feed purchases can be deducted up to a year in advance of when the feed is actually used, thus reducing taxable income in the earlier year and postponing the payment of tax. This 1-year deferral of tax is the principal tax advantage in a cattle-feeding operation.

The Tax Reform Act included an important new restriction on the use of cash accounting for "prepaid" farm expenses such as the feed mentioned above. If more than a third of a farm investor's deductible expenses consist of supplies that were not used in the same tax year, the cost of such supplies in excess of the limit cannot be deducted until the year the supplies are actually used. This substantially limits the principal tax advantage used in tax-shelter cattle-feeding operations.

The Tax Reform Act imposes stricter "cost-capitalization" rules on most businesses except farmers. Farmers otherwise eligible to use cash accounting may elect to continue deducting preproduction period expenses currently, as was previously allowed. If they so elect, however, they are charged a "penalty" in the form of less accelerated depreciation; i.e., in any year an election to deduct expenses currently is in effect, any depreciable property bought that year must be depreciated under the Tax Reform Act's less accelerated "alternative" depreciation system.

Depreciation and investment tax credits.--Purchased (as opposed to raised) breeding cattle are treated in the same way that productive assets in other businesses are treated, the cost being recovered through depreciation and, before the Tax Reform Act of 1986, the investment tax credit. Farm machinery and equipment, buildings, and fences and other land improvements are also depreciated (and may have been given an investment tax credit) as in other enterprises. Under prior law, the combination of accelerated cost recovery system (ACRS) depreciation and a 8- or 10-percent tax credit allowed most farm machinery and equipment and most breeding cattle to be written off for tax purposes more rapidly than they actually declined in usefulness. In this respect, however, farm assets had no particular advantage over assets used in many other business.

The Tax Reform Act repealed the investment tax credit (retroactively effective for purchases after Dec. 31, 1985) and made some alterations in the ACRS depreciation deductions. Depreciation rates are accelerated, but recovery periods are lengthened for most machinery and equipment. The USDA estimates that the net effect of these two changes will raise the cost of farm capital about 10 percent. ^{1/} Owners of breeding cattle are better off than under prior law (not counting the investment tax credit), because they retain a 5-year useful life but receive more accelerated deductions. If the effect

^{1/} USDA Economic Research Service, Agricultural Outlook, November 1986.

of the investment tax credits is considered, the previous system was much more advantageous. For buildings, the new ACRS schedule both extends the lives (from 19 to 31 1/2 years for nonresidential buildings) and reduces the rate of depreciation (from 175 percent declining balance to straight line).

Capital gains.--A provision of the tax code applicable to all types of businesses allows gains on the sale of assets used in the business, such as used machinery, to be treated as capital gains. Prior to the Tax Reform Act of 1986, this was a considerable tax advantage, because only 40 percent of long-term capital gains was taxable to an individual. The Tax Reform Act repealed the special tax treatment of capital gains, effective for amounts received after December 31, 1986, depriving the cattle-breeding industry, among others, of one of its more important tax advantages. However, it is unknown what the net effect (monetarily) of the loss of capital gains treatment has had on the industry.

Emergency Feed Programs

Drought assistance is available to farmers, including cattlemen, through programs sponsored under acts of Congress. Section 1105 of the Food and Agriculture Act of 1977 provided USDA's primary emergency livestock feed assistance program from its 1977 inception until April 1982. During fiscal years 1978-82, federal outlays for this program amounted to about \$600 million, over half of which was dispensed in FY 1981.

CANADIAN GOVERNMENT PROGRAMS

The Canadian Federal and Provincial Governments have a long history of assisting Canadian agricultural producers and food processors, including cattlemen and meatpackers, through various programs. A number of these programs are described herein. 1/

Canadian Federal Government Programs

The Agricultural Stabilization Board of Agriculture Canada and the Agricultural Stabilization Act

Price stabilization programs prior to 1986.--The Agricultural Stabilization Act of 1957-58 (ASA) was enacted for the expressed purpose of providing for the stabilization of prices of certain agricultural commodities, including the so-called nine named commodities that include cattle. The ASA is administered by the Agricultural Stabilization Board (Board), which is directed to take such action in accordance with the ASA as is necessary to stabilize the prices of the subject commodities at their prescribed prices. The Board has the authority to pay to producers of an agriculture commodity the amount by which the prescribed price exceeds a price determined by the Board to be the average price at which the commodity is sold.

Under the ASA, payments were made to cattlemen in the late 1970's. During the 1980's, however, payments were made only during the third quarter of 1985. Payments of Can\$28.22 per animal were made for an estimated 650,000 eligible grade A,B, and C steers and heifers sold for slaughter. Total expenditures under the cattle program amounted to Can\$18.2 million, with an estimated 45 percent of the total going to producers in Alberta, 31 percent going to producers in Ontario, and the remainder going to producers in other Provinces.

The Tri-Partite program.--In June, 1985, the ASA was amended to allow for the so-called Tri-Partite Stabilization Plan (Plan) for red meat. The Plan, which became effective January 1, 1986, was the culmination of several years of negotiations between officials of the Canadian Federal Government, Provincial Governments, and producer organizations including cattlemen's organizations. Some Canadian interests contend that the Plan was intended, in part, to preclude competing and conflicting plans among Provinces. At the Commission's public hearing on the investigation, the Canadian Cattlemen's Association (CCA) indicated that the CCA would like to see the Tri-Partite replace stabilization programs operated by some Provinces, and the CCA hoped

1/ Some or all of these programs may provide benefits that constitute countervailable subsidies under U.S. law and within the meaning of the Agreement on Subsidies and Countervailing Duties of the General Agreement on Tariffs and Trade. The International Trade Administration of the U.S. Department of Commerce is the agency charged with determining which foreign programs provide countervailable subsidies and the amount of such subsidies; however, the determination of the existence of countervailable subsidies is not a part of this investigation.

the Provincial programs would be phased out. 1/ The plan was reportedly designed to encourage the development of the Canadian red-meat industry and includes separate agreements for slaughter cattle 2/, feeder calves (cow-calf), swine, and lambs.

Canadian Government and industry officials described the plan as an insurance type plan funded equally by the Canadian Federal Government, participating Provincial Governments, and participating producers. Provincial participation in the plan is voluntary, and producer participation within the participating Provinces is also voluntary. Also, participation is voluntary among the various types of animals covered by the plan. However, if a Province does not participate in the plan, individual producers within that Province cannot participate. As of April 1987, Ontario and Alberta had signed participation agreements for slaughter cattle, feeder calves (cow-calf), and lambs; Prince Edward Island had signed for cattle only, Saskatchewan had signed for swine and lambs, and Manitoba had signed for swine only.

General administration of the Plan is conducted by the aforementioned Board. The Federal Government absorbs costs incurred by the Board and by producer representatives in administering the Plan. Provincial Governments absorb the cost of administration within their own Provinces.

In administration of the Plan, a separate Stabilization Fund of Account is established for each type of animal in a consolidated revenue fund and contributions by participants are credited to the accounts. When the market price falls below the established support price in any year for feeder calves (or in any quarter for slaughter cattle) a stabilization payment equal to the amount of the difference between the support price and the market price is made to producers. Canadian officials report that payments are made only for the share of production consumed domestically. The support price reflects costs of production as calculated by Agriculture Canada, with input from, among others, Canadian producers, consumers, and marketers. Payments are on the same basis to producers in all Provinces regardless of calculated cost of production differences in the individual Provinces. In determining the overall Canadian cost of production, costs, by Province, are weighted by the share of total production, by Province. Thus, for example, although the calculated average costs of production for the Maritime Provinces might be much higher than the calculated average costs of production for the Province of Ontario, the costs for the Maritime Provinces would be weighted by the factor of share production occurring in the Maritime Provinces, which normally account for only about 3 percent of Canadian production, whereas Ontario is weighted by the factor of the share of production normally occurring in that Province, which would be about 24 percent.

In actual practice, support prices are calculated subsequent to the period of production and, with administrative time involved in making calculations and processing applications, support payments are normally not made until well after the animals are marketed.

1/ Testimony of Mr. Charles Gracie, transcript of hearing at p. 190.

2/ Canadian grades A, B, and C steers and heifers sold for slaughter.

Since the plan has been in effect and through April 1987, payments have been made only once--for slaughter cattle covering the second quarter (April-June) 1986. The payment, which was announced on August 15, 1986, was limited to the amount of the premium fund established by Government contributions because the first producer premiums were not due until the third quarter of 1986. Statistical data concerning payments through January 22, 1987, under the plan are shown in the following tabulation:

Total payments.....	Can\$3,184,359.60
Number of cattle on which payments were made.....	239,090
Number of producers receiving payments.....	2,379

Officials of the plan report that through April 1987, cattlemen continued to contribute into the fund at the rate of Can\$6.60 per animal enrolled.

At the Commission's public hearing on the investigation, the CCA testified that producer payments into the slaughter-cattle program, since its inception and through the time of the hearing, amounted to Can\$14,406,000. Producer payments into the feeder-calf (cow-calf) program since its inception and through the time of the hearing amounted to over Can\$6 million. ^{1/}

Programs of Agriculture Canada's Livestock Feed Board of Canada

The Livestock Feed Board of Canada (Board) was established by the Livestock Feed Assistance Act of 1966. The objective of the Board is to ensure the availability of feedgrains to meet the needs of livestock feeders in eastern Canada and British Columbia; to ensure the availability of adequate storage space in eastern Canada for feedgrain to meet the needs of livestock feeders, and to ensure reasonable stability and fair equalization of feedgrain prices in eastern Canada, British Columbia, the Yukon Territory, and the Northwest Territories.

The Board assumes part of the cost of transporting feedgrains to eastern Canada, British Columbia, the Yukon Territory and the Northwest Territory, and in doing so, generally attains a fair equalization of feedgrain prices in these regions, an objective of the legislation. The total expenditures under the equalization program are affected by trends in livestock production, production of feedgrains, and forage in eastern Canada and British Columbia, and the market price relationships of Canadian and American grains. The Board's expenditures for freight equalization and storage assistance during the fiscal year ended March 31, 1982, amounted to Can\$13.8 million. In collaboration with Agriculture Canada, the Board has also administered grain storage programs.

To further its objectives, the Board may purchase, ship, store, and sell feedgrains. Also, negotiations may be carried out to obtain adequate storage

^{1/} Testimony of Mr. Jim Graham, transcript of public hearing at p. 189.

space for feedgrains in eastern Canada. The Board also collects statistical data and conducts economic studies related to its objectives.

Programs of the Animal Production Division of Agriculture Canada

The Animal Products Division administers national programs, developed in conjunction with Provincial Governments, universities, and producers' groups, to improve livestock in Canada. These include--

- o Record of Performance Programs for beef and dairy cattle, sheep, and swine. The programs are designed to measure economically important genetic traits and to provide the necessary data for selection of genetically superior breeding stock;
- o a grant program for fairs and exhibitions that provides a means for interherd/flock comparison to select visually and focus attention on those performance-tested animals that exhibit superior phenotype; and
- o A Sire Loan Program that provides support to the artificial insemination industry and primary producers through the loan of superior sires to aid in improving production efficiency and product quality of Canadian livestock.

All of these programs have as their goal the genetic improvement of Canadian livestock. Vital to genetic selection is an accurate parentage recording system, and the Division is responsible for ensuring the accuracy and integrity of livestock parentage recording through the administration of the Livestock Pedigree Act.

To contribute to the development of the foreign and domestic market for Canadian livestock, the Division maintains a national showcase on the Central Experimental Farm in Ottawa. There it displays typical examples of the major breeds of performance-tested livestock available for export and demonstrates related technology.

Programs of the Marketing and Economics Branch of Agriculture Canada

The programs of the the Marketing and Economics Branch are directed at improving the efficiency of the Canadian agricultural marketing system, increasing agricultural exports, and promoting greater domestic use of Canadian-produced commodities. The programs involve market research, identification of domestic and export marketing opportunities, and supplying of marketing information and advice. Statistical data concerning prices and marketing are made publicly available by the Branch.

Programs of the Research Branch of Agriculture Canada

The Research Branch of Agriculture Canada conducts scientific studies involving, among many agricultural and food commodities, live cattle and

beef. The studies are conducted at some 35 institutes operated by Agriculture Canada and located throughout the country. Study areas involve cattle nutrition, reproduction, health, and marketing and meat quality, preservation, marketing, and various other areas.

Programs of the Prairie Farm Rehabilitation Administration of Agriculture Canada

The Prairie Farm Rehabilitation Administration implements programs directed to the conservation and development of soil and water resources in the Prairie Provinces. The Pasture Planning section of the Administration provides the policy development and technical input for 89 community pastures on approximately 1.8 million acres of land, where farmers graze their cattle on a cost recovery basis. The section assesses and analyzes range conditions and problems and sets stocking rates for each pasture. It also administers the breeding service on community pastures, which encourages and permits farmers to upgrade their livestock herds.

Programs of the Farm Credit Corporation of Agriculture Canada

The Farm Credit Corporation was established by the Farm Credit Act of 1959. The Corporation administers, among other things, the Farm Credit Act and the Farm Syndicates Credit Act.

The Farm Credit Act.--Canada's Farm Credit Act of 1959 provides long-term loans to individual farmers, farming corporations, and cooperative farm associations for the acquisition of farmland and for a broad array of agricultural operations. Loans are arranged for a maximum of 30 years and must be secured. Generally the loans are made at a fixed annual rate of interest which is 1 percent above a base rate. The base rate is the same as the yield on Government of Canada bonds with maturities of 5 years to 10 years.

The Farm Syndicates Credit Act.--The Farm Syndicates Credit Act, which is also administered by the Farm Credit Corporation, provides long-term loans to farming corporations, cooperative farm associations, and other farm associations for the purchase or improvement of farm buildings and land, or the acquisition of farm machinery. Loans are made for up to Can\$100,000 at rates that vary according to the use to be made of the money. Interest rates are prescribed by the Farm Credit Corporation and are set at levels that cover the Corporation's cost of money and its administrative expenses.

Canadian Dairy Commission of Agriculture Canada

The Canadian Dairy Commission was established by an Act of Parliament in 1966. The objective of the Commission is to provide producers of milk and cream the opportunity of obtaining a fair return for their labor and investment, and consumers an adequate supply of dairy products of high quality.

Under its authority to purchase and sell dairy products, the Commission supports the market price of major processed products, principally butter and skim milk powder. The prices that producers receive for industrial milk and cream are related to these product-support prices.

The Commission also makes direct payments to producers from funds provided by the Federal Government to supplement returns from the market and to make dairy products more affordable for consumers. These payments are made on milk production within a market-share quota system to meet the requirements of the domestic market and an approved export program.

A member of the Commission chairs the Canadian Milk Supply Management Committee, which manages the supply of industrial milk and cream through a market-share quota program administered under the Federal-Provincial Comprehensive Milk Marketing Plan. The Commission directs the development of policy and coordinates the administration of Provincial market shares, which are determined by the Canadian Milk Supply Management Committee, and individual producer-market shares, which are determined and administered by the Provincial milk-marketing agencies.

The Commission also administers a large export program for those dairy products that exceed domestic requirements.

Drought Assistance

In August 1984, a drought assistance program was announced. The program was scheduled to be funded with Can\$21 million from the Federal Government and with Can\$40 million from the Provinces of Alberta, Saskatchewan, and Manitoba. Expenditures to cattlemen were scheduled to amount to Can\$30 million in Alberta, Can\$26 million in Saskatchewan, and Can\$5 million in Manitoba. The program was to provide feed to about 1.5 million cattle. Payments for feed were to be made at the rate of Can\$48 per cow for breeding purposes in severe drought zones and Can\$30 per cow for breeding purposes in moderate drought zones.

In August 1985, a similar program was announced for western Canadian livestock producers in drought-and grasshopper-plagued zones. The program was to be funded with Can\$48 million from the Federal Government. Expenditures under the program were to range from Can\$30 to Can\$48 per cow. Expenditures to cattlemen were scheduled to amount to Can\$30 million in Alberta, Can\$16 million in Saskatchewan, and Can\$2 million in British Columbia.

Canadian Provincial Government Programs

Provincial Government stabilization programs

The Quebec Farm Income Stabilization Insurance Program.--The Province of Quebec has enacted regulations establishing stabilization programs for cattlemen. The programs are administered by a Crown corporation.

Participation in the stabilization program is voluntary. Funding for the program is provided jointly by the participating cattlemen and the Provincial Government, with the Government contribution being twice that of the participating cattlemen.

Manitoba's Farm Income Assurance Plans Act.--The Manitoba Beef Producers Income Assurance Plan operates under authority of the Manitoba Farm Income Assurance Plans Act, which permits the Manitoba Minister of Agriculture to establish income assurance plans for many natural products. The cattle program became effective in September 1982, and replaced a previous 5-year program that expired on March 31, 1982. The program, administered by the Manitoba Minister of Agriculture and the Manitoba Beef Commission, is funded by premiums paid by participating producers and by the Province of Manitoba. The Provincial Government is also authorized to make loans to the program, if needed during periods when payouts are made to producers. Participation in the program is voluntary. Participants receive payments following periods when cattle prices fall below established support levels, which are based, at least in part, on costs of production.

Provincial Government expenditures under the program are shown in the following tabulation (in thousands of Canadian dollars):

<u>Period</u>	<u>Value</u>
Sept. 1982 - March 1983.....	1,624.4
April 1983 - March 1984.....	2,240.6
April 1984 - March 1985.....	1,862.3
April 1985 - March 1986.....	2,043.5
April 1986 - January 1987 <u>1/</u> ...	1,846.7

1/ Most recent period for which data are available.

Saskatchewan Agricultural Returns Stabilization Act.--The Saskatchewan Agricultural Returns Stabilization Act (Act) provides stabilization payments to Saskatchewan agricultural producers at times when market prices fall below certain production costs. Participation in the program is voluntary and is open to most agricultural producers in the Province. The program is funded by contributions from participating producers and by matching funds by the Provincial government. Whenever the balance in the insurance fund is insufficient to make payments to participants, the Provincial government loans the needed funds to the program.

The Saskatchewan Beef-Stabilization Plan, which functions under Authority of the Act became effective on January 1, 1982. The Provincial government contributed Can\$5 million to establish the initial funding for the plan. Under the plan, support payments may be made quarterly.

Expenditures have been made to feeders under the Feeder Finish Plan and to cow-calf operations under the Cow Calf to Finish Plan. Provincial governments expenditures under the program are shown in the following tabulation (in thousands of Canadian dollars):

<u>Period</u>	<u>Cow calf to finish plan</u>	<u>Feeder finish plan</u>	<u>Total</u>
1982-83.....	5,504.7	125.5	5,630.2
1983-84.....	5,107.0	1,026.3	6,133.3
1944-85.....	5,313.4	1,452.7	6,766.1
1985-86.....	4,199.6	1,159.4	5,359.0
1986-87 <u>1/</u>	697.0	191.8	888.8

1/ Through May 15, 1986, the most recent period for which data are available.

British Columbia's Farm Income Insurance Act of 1973.--Under authority of the Farm Income Insurance Act of 1973, the Province of British Columbia operates the Beef Producers Farm Income Plan, which assures cattlemen a specified level of return over certain basic production costs. The plan, which includes calves, yearlings, and slaughter (so-called finishing cattle) cattle, is funded equally by producers and the Provincial government. Financial obligations beyond the established fund are borne by the Provincial government. Participation in the program is voluntary. Provincial Government expenditures under the program are shown in the following tabulation (in thousands of Canadian dollars):

<u>Item</u>	<u>Value</u>	<u>Item</u>	<u>Value</u>
1981:		1984:	
Calf.....	10,783,260	Calf.....	6,226,860
Yearling.....	3,914,080	Yearling.....	1,454,080
Finishing.....	<u>1,002,970</u>	Finishing.....	<u>716,080</u>
Total.....	15,700,310	Total.....	8,397,020
1982:		1985 <u>1/</u> :	
Calf.....	8,460,760	Calf.....	9,919,170
Yearling.....	2,710,710	Yearling.....	1,958,860
Finishing.....	<u>809,570</u>	Finishing.....	<u>925,510</u>
Total.....	11,981,040	Total.....	12,803,540
1983:			
Calf.....	7,260,820		
Yearling.....	1,975,400		
Finishing.....	<u>1,225,220</u>		
Total.....	10,461,440		

1/ Budgeted figures for 1985; most recent period for which data are available.

Other Provincial government stabilization programs.--The Provinces of Alberta, Ontario, and Prince Edward Island operate under the Federal Tri-Partite stabilization program discussed earlier. Newfoundland, Nova Scotia, and New Brunswick do not have stabilization programs.

Provincial Government programs except stabilization programs

The Alberta Feed Grain Market Adjustment Program.--The Alberta Feed Grain Market Adjustment Program (AFGMAP) became effective September 1, 1985 and is scheduled to remain in effect until June 30, 1987. At the Commission's public hearing on the investigation, the CCA testified that the AFGMAP was enacted by the Provincial Government to offset the affects of the Western Grains Transportation Act (WGTA), which became effective January 1, 1985. ^{1/} The CCA contends that the WGTA, a Canadian Federal Government Program, promotes exports of Canadian grains and other animal feeds resulting in prices in the Prairie Provinces being higher than they otherwise would.

In general terms, under the AFGMAP, an amount is calculated that is the amount of so-called "market distortion," i.e., the amount of the difference between actual cost experienced by livestock feeders in Alberta and a calculated cost that would exist in the absence of WGTA. Livestock feeders in Alberta are then afforded the opportunity to apply for Provincial government funds equal to the amount of the market distortion. Under the AFGMAP, the amount was calculated to be Can\$21 per metric ton. Eligible feed grains under the AFGMAP include wheat, oats, barley, rye, triticale, grain corn, peas, and faba beans; eligible livestock include beef and dairy cattle, swine, poultry, sheep, goats, horses, and bison; barley apparently accounts for the bulk of the feed purchased under the program.

Provincial disbursements under the program from inception of the program through March 27, 1987, as reported by Alberta Provincial government officials, are shown in the following tabulation (in millions of Canadian dollars):

<u>Type of animal feed</u>	<u>Disbursements</u>
Beef cattle.....	62.9
Dairy cattle.....	8.7
Swine.....	28.6
Other ^{1/}	<u>3.3</u>
Total.....	103.5

^{1/} Believed to be almost all poultry.

^{1/} Testimony of Mr. Chris Mills, transcript of hearing, p. 186.

The AFGMAP is to be replaced by the Crow Benefit Offset Program, which is scheduled to be in effect from July 1, 1987, to March 31, 1988. Under the Crow Benefit Offset Program, the amount of the Provincial Government payment is to be Can\$13 per metric ton, with operation of the program to be quite similar to the AFGMAP.

Quebec Meat Sector Rationalization Program.--Between 1975 and 1978, the Quebec Ministry of Agriculture, Fisheries, and Food phased in the Quebec Meat Sector Rationalization Program. The purposes of the program are to encourage the development of the Quebec meat sector to ensure Quebec producers with viable, sustained outlets for their production; to provide the industry with a comparative advantage; and to direct businesses into new markets. Under the program, technical assistance and grants are provided for the establishment, standardization, expansion, or modernization of slaughter houses, processing plants, or plants preparing foods containing meat. All businesses operating or wishing to operate such a facility are qualified to participate in the program. Benefits under the program have been limited to the meat sector. At least three meat packers have received benefits under the program.

Financing programs in Quebec.--The Office de Credit Agricole du Quebec offers low-cost financing under the Act to Promote Long-Term Farm Crediting by Private Institutes to agricultural producers who maintain profitable farms as their primary occupation and who demonstrate a need for such financing. The lenders are permitted to make variable-interest, low-cost, long-term loans to borrowers so that the interest charged does not exceed a so-called prime rate plus 0.5 percent. Twice a year the Office reimburses borrowers a part of the interest, equal to half the difference between 4 percent and the interest charged to the borrower.

The Office de Credit Agricole du Quebec under the Act to Promote Farm Improvement guarantees medium-term loans of up to Can\$200,000, at a variable interest rate that may not exceed a so-called prime rate plus 0.5 percent. Twice a year, borrowers are reimbursed a portion of the interest equal to 3 percent of loans on the first Can\$15,000. All farmers qualify who maintain profitable farms as their primary occupation and who demonstrate a need for such financing.

The Act to Promote the Establishment of Young Farmers became effective on September 1, 1982. It permits newly established farmers in Quebec between the ages of 18 and 49 to receive payments equal to the net interest payable for 5 years on the first Can\$50,000 of a loan.

The Quebec Farm Loan Act permits the reimbursement of a portion of the interest on the first Can\$15,000 of a mortgage guaranteed by the Farm Credit Corporation of Canada. The portion generally is equal to one-half of the difference between 4 percent and the rate charged.

The Office de Credit Agricole du Quebec also offers short-term loans to producers of all agricultural products.

The previously described financing programs in Quebec available to agricultural producers do not designate specific products for receipt of funding nor establish differing terms for specified products. Producers of a

wide range of commodities in all regions of Quebec have received benefits under these programs.

Quebec Veal Producers Income Assurance Plan.---The Province of Quebec operates the Veal Producers Income Assurance plan to assure returns to cattlemen who market veal calves. Under the plan, cattlemen and the Province contribute to a fund with the Provincial contribution being twice as large as that of the cattlemen. Payments are made from the fund to the cattlemen when a calculated cost of production is less than the market return, with the payment being equal to the difference.

Northern Ontario livestock programs.---The Northern Ontario Livestock Improvement and Northern Ontario Livestock Transportation Assistance Programs were instituted under authority of sections 5 and 6 of the Agriculture and Food Act. The Northern Ontario Livestock Improvement Program reimburses farmers for 20 percent of the initial purchase costs of dairy cows, heifers, beef bulls, and certain other live animals up to a maximum of Can\$1,500 per applicant whose livestock meets certain performance standards. The Northern Ontario Livestock Transportation Assistance Program reimburses 50 percent of transportation costs when dairy and beef animals, and certain other animals meeting certain performance standards are purchased. The maximum amount any farmer may receive in a year is Can\$2,000.

Ontario Farm Tax Reduction Program.---The Ontario Farm Tax Reduction Program (Order-in-Council No. 2264/83) provides for the rebate of 60 percent of municipal property taxes on farmland to all eligible farmers in Ontario. For a farm property to be eligible, annual municipal property taxes must be at least Can\$20 and the farm property must realize a gross annual production of Can\$5,000 if located in eastern or northern Ontario and Can\$8,000 if located elsewhere in the Province.

Ontario Young Farmer Credit Program.---The Ontario Young-Farmer Credit Program was instituted in 1975 under authority of section 5(a) of the Agriculture and Food Act, a Provincial program. All young farmers in Ontario who can demonstrate, through a production plan, that they have sufficient experience and ability to conduct a farming operation are eligible for the program. The borrower must be unable to obtain credit through usual lending sources. Assistance comes in the form of lender-guaranteed loans from chartered banks and designated credit agencies for terms of up to 10 years at an interest rate not exceeding a so-called prime rate plus 1 percent. The loans are guaranteed by the Ontario Treasury.

Ontario Beginning Farmer Assistance Program.---The Ontario Beginning Farmer Assistance Program was instituted on January 1, 1983, under authority of section 5, of the Ontario Agriculture and Food Act. The program provides a rebate of interest charges on loans of up to Can\$350,000 from approved lenders to a maximum rebate of 5 percentage points based on the difference between the Ontario Farm Credit Corporation rate at the time the loan is taken out and 8 percent. Assistance is available to all beginning farmers in Ontario, defined as those who have never owned a viable farm or have never spent a majority of their time or earned a majority of their income from farming assets over which they have had control.

Ontario Farm Adjustment Assistance Program.---The Ontario Farm Adjustment Assistance Program was instituted in 1982 under authority of sections 5 of the Ontario Agriculture and Food Act. Benefits under the program include: deferral of interest for 6 months; interest reduction grants of up to 5 percentage points; reducing interest to not less than 12 percent; and guaranteed new lines of operating credit.

Ontario Operating Loan Assistance Program.---Under the Ontario Operating Loan Assistance Program, Ontario farmers are provided with financial assistance as well as production and financial management counseling. The program also, under certain specified circumstances, guarantees loans.

Manitoba Agricultural Credit Corporation loans and loan guarantees.---The Government of Manitoba, through the Manitoba Agricultural Credit Corporation provides loans and loan guarantees to farmers. These forms of financial assistance are available to all agricultural producers and the terms do not vary according to the commodity produced. Producers of a wide variety of commodities in all regions of Manitoba have received benefits from these programs.

Saskatchewan Financial Assistance for Livestock and Irrigation.---Under this program, low-interest, long-term loans, grants, and loan guarantees are made available to farmers for the acquisition and production of livestock and to finance irrigation of farmland. Under the grant provisions of the program, borrowers are given conditional grants of up to Can\$6,000 with Can\$500 of this amount being forgiven in each year in which the borrower remains in production.

Alberta Agricultural Development Corporation low-interest loans and loan guarantees.---The Alberta Agricultural Development Corporation provides low-interest loans and loan guarantees to farming operations. The program does not designate the producers of specific products for receipt of funding or establish differing terms for specified products. Producers of a wide range of commodities in all regions in Alberta have received benefits from these programs.

British Columbia low-interest loans and loan guarantees.---Under British Columbia's Agricultural Credit Act, low-interest loans and loan guarantees are provided to eligible farmers by the British Columbia Ministry of Agriculture and Food. The program does not designate the producers of specific products for receipt of funding or establish different terms for different products.

British Columbia Partial Interest Reimbursement.---This program operates to reimburse farmers in British Columbia for part of the interest they pay on loans. It does not designate the producers of specific products for the receipt of interest reimbursements or establish differing terms for specific products. Producers of a wide range of commodities in all regions in British Columbia have received benefits from the two aforementioned programs.

New Brunswick loan guarantees and grants under the Livestock Incentives Program.---This program assists livestock producers by providing free loan guarantees to farmers purchasing feeder animals or animals for breeding

purposes. In addition, at the end of 3 years, farmers having loans for animals for breeding purposes are eligible for grants equal to 20 percent of the principal amount if, by that time, the farmer has successfully implemented a farm improvement plan submitted when the loan was received.

New Brunswick financing provided under the Farm Adjustment Act of 1980.--Under the authority of the New Brunswick Farm Adjustment Act of 1980, a Farm Adjustment Board was established primarily to make loans and loan guarantees for farming operations. The Board also operates a land lease-purchase program. Programs under the Farm Adjustment Act of 1980 have been available to, and have been received by, all sectors of agriculture in New Brunswick.

Prince Edward Island Lending Authority long- and short-term loans.--The Prince Edward Island Lending Authority provides long and short-term agricultural loans for operating credit, livestock, capital equipment and farm land purchases, recapitalization of debt, and land improvement. In addition, the Authority provides loans to fisheries, tourism, and small businesses. The program does not designate specific recipients of funding or establish differing terms for specified businesses. A wide range of industries in all regions of Prince Edward Island have benefited from these programs.

Nova Scotia Farm Loan Board Programs.--The Nova Scotia Farm Loan Board administers a variety of programs to assist entry into agriculture and to help farmers acquire and develop farms. The programs include low-interest loans, interest subsidies, interest forgiveness, and subsidized land leasing and purchase agreements. The programs do not designate specific products for receipt of funding or establish differing terms for specified products. A wide range of commodities in all regions of Nova Scotia have received benefits from these programs.

Nova Scotia Beef Cow-Calf Support Program.--The Nova Scotia Department of Agriculture and Marketing provides grants of Can\$40 annually for each beef cow 2 years of age or over to a maximum of 100 cows per participant. The purpose of the program is to increase the production of beef cattle in Nova Scotia and provide more stable economic conditions to the beef-cow sector. Provincial government officials estimate that expenditures under the program amounted to annually about Can\$650,000 during 1985, and 1986, the 2 years that the program has been in effect.

Newfoundland Farm Development Loan Act.--Farmers are eligible for loans at preferential interest rates from the Farm Development Loan Board. The Board was established under authority of the Farm Loan Act of 1953 to help new farmers establish productive farms, to assist established farmers in expanding or modernizing their farms, and to help those involved in part-time farming operations. Interest rates on Farm Development loans are set at 3 percent below a so-called prime rate. The loans are available to and have been received by all sectors of agriculture in Newfoundland.

CONDITIONS OF COMPETITION

Product Pricing

Cattlemen, unlike businessmen in many other operations, are faced with the difficult task of beginning to produce a product that may not be fully ready for sale for many months hence. This puts cattlemen in the precarious position of producing a product that, even if produced efficiently, may not bring a profit when it is ready for sale and, at the same time, tying up capital for an extended period. The risk involved is reduced when the length of time from purchase to sale is reduced, which, on a feedlot can be as long as 12 months or as short as a few weeks. The leading market force on cattle sales of feeder or fed animals, be they auction sales or direct sales, is the expected wholesale-market price of the beef and beef byproducts obtained from an individual animal.

Beef Prices

Commercial meat-processing companies purchase a wide range of products from slaughter houses. However, the price of boneless manufacturing beef (which is directly manufactured into products such as sausages and ground beef) is widely recognized as an accurate indicator of prices received for most other cuts of beef.

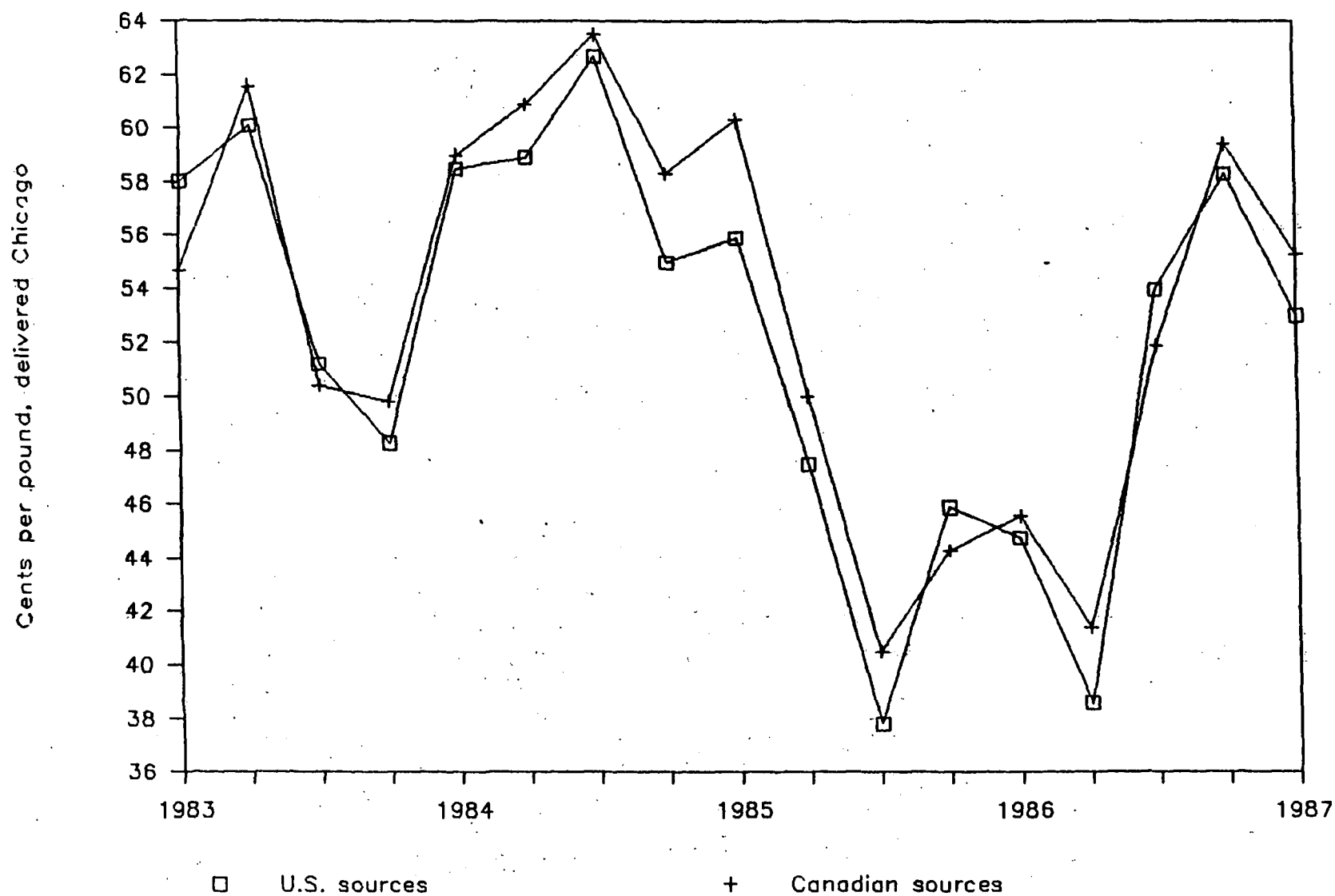
Boneless manufacturing beef may be purchased for grinding into ground beef on either a fresh or frozen basis, and on the share of lean meat contained in the purchased product. For the purposes of this study, prices were compared for U.S. and Canadian 50 CL (chemical lean) and 85 CL frozen boneless manufacturing beef (fbmb). All prices are delivered Chicago. ^{1/}

Prices for 50 CL fbmb from U.S. sources, delivered Chicago, trended downward from 54.3 cents per pound in 1983 to 48.8 cents per pound in 1986, and then increased to 53.0 cents per pound during January-March 1987, declining 2 percent overall (table E-59). Prices for the comparable Canadian product rose 2 percent during the same period, from 54.0 cents per pound in 1983 to 55.3 cents per pound during January-March 1987, but generally followed a similar trend as the U.S. product--reaching a high for the 1983-86 period in 1984, followed in 1985 by the low for the period, and rising during the first quarter of 1987.

An analysis of prices on a quarterly basis shows that, with exceptions--in 1985 and 1986 of the January-March 1983-January-March 1987 period--prices for 50 CL fbmb peak in the warmer months when demand for ground beef is greatest (fig. 16). As indicated in table E-60, the Canadian product was purchased delivered Chicago at a premium to the U.S. product in 13 of 17 quarters during January-March 1983-January-March 1987. The largest premium

^{1/} U.S. prices for 50 CL are converted f.o.b. Midwest River Points to delivered Chicago.

Figure 16
50 percent chemical lean frozen boneless manufacturing beef: Comparative U.S. and Canadian average prices, by quarters, January 1980-March 1987



Source: Compiled from data presented in table 60.

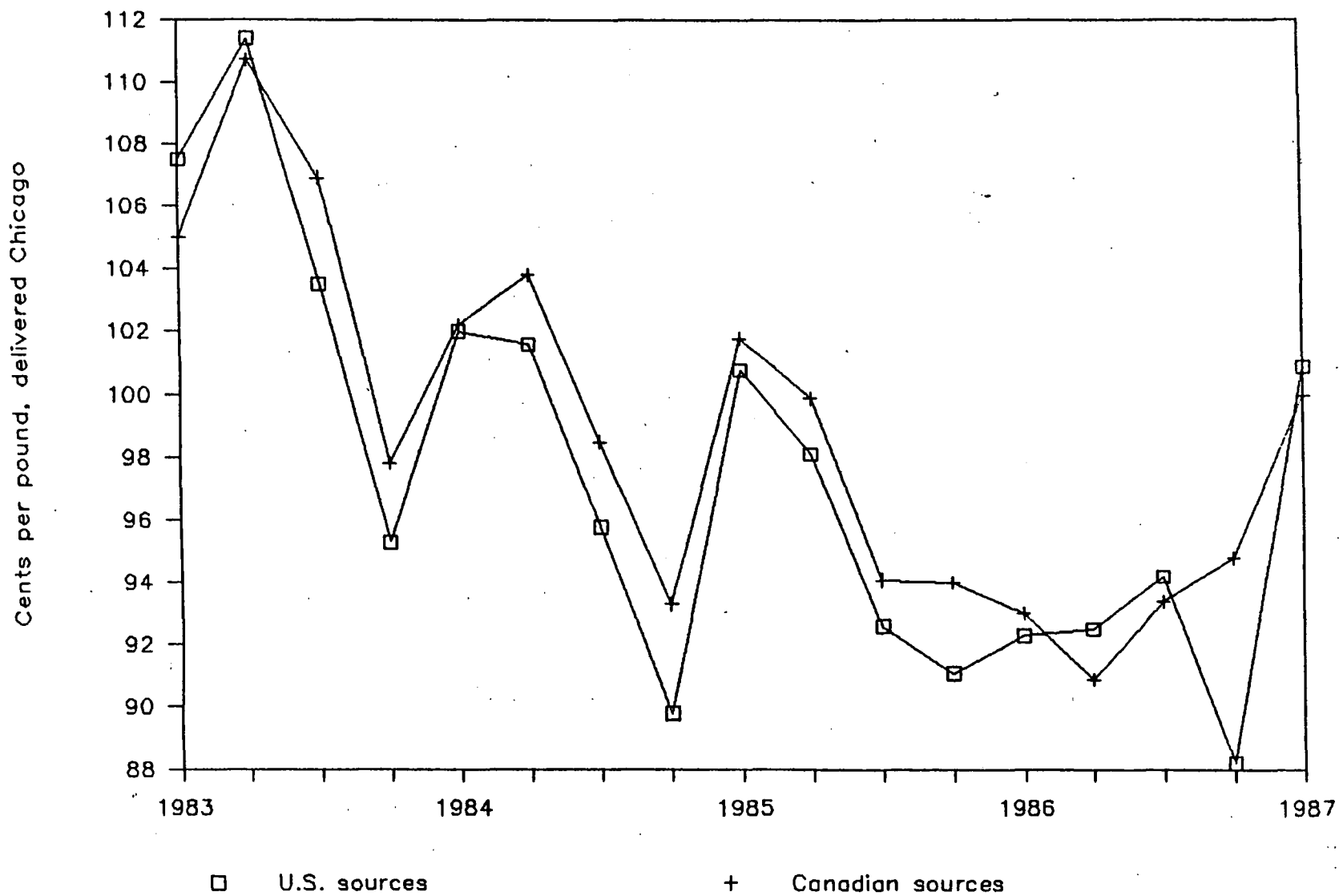
paid for the Canadian product was 4.4 cents per pound during the first quarter of 1985, and the largest premium paid for the U.S. product was 3.4 cents per pound, during the first quarter of 1983. During the January-March 1983-January-March 1987 period, the average premium paid for the Canadian product was 1.1 cent per pound.

Imports from Canada of 50 CL fbmb are dutiable at the rate of 2 cents per pound under TSUS item 106.10. Considering this, Canadian producers of the product actually received 0.9 cent per pound less for the product than their U.S. counterparts--assuming the Canadian interest pays the duty and does not receive a duty drawback. Canadian producers argue 1/ that "if bids were even as between potential U.S. and Canadian buyers, a Canadian packer would sell domestically. This is so because a premium is needed to sell to the United States to cover border brokerage and rejection risk. A higher price is obtained by the Canadian cut in the U.S. market because it fits in a particular niche for freshness, quality or service. Less differentiation is possible in the case of boneless beef. Therefore the premium is less."

Prices for 85 CL fbmb, from U.S. sources, delivered Chicago, fell from 104.3 cents per pound in 1983 to 91.9 cents per pound in 1986, and then rose to 100.9 cents per pound during January-March 1987, declining 3 percent during the period (table E-59). Prices for the comparable Canadian product closely tracked those of the U.S. product, falling 5 percent during the period. As with 50 CL, 85 CL has historically been in greatest demand during the warmer months. However, as seen in figure 17, this scenario appeared only during 1983 and 1986. For both the U.S. and Canadian products, the overall decline in prices was due in part to an increase in supply (an increase in the U.S. cattle slaughter). As indicated in table E-60, the Canadian product was purchased delivered Chicago at a premium to the U.S. product in 12 of 17 quarters (virtually the same share, although some different quarters, as for 50 CL fbmb) during the January-March 1983-January-March 1987 period. The largest premium paid for the Canadian product was 6.6 cents per pound, during the fourth quarter of 1986, while the largest premium paid for the U.S. product during a quarter was 2.4 cents per pound during the first quarter of 1983. During 1983-86, the average premium paid for the Canadian product was 1.4 cents per pound. Considering the duty paid on the Canadian product of 2 cents per pound, Canadian producers of the product actually received 0.6 cent per pound less than their U.S. counterparts--assuming the Canadian interest pays the duty and does not receive a duty drawback. As with CL 50

1/ Prehearing submission by the CMC, Mar. 2, 1987, p. 8.

Figure 17
85 percent chemical lean frozen boneless manufacturing beef: Comparative U.S. and Canadian average prices, by quarters, January 1980-March 1987



Source: Compiled from data presented in table 60.

fbmb, Canadian producers argue ^{1/} that they must receive a premium for their product if it is to be sold to the United States to cover border brokerage and rejection risk.

Cattle Prices

In both the United States and Canada, cattle are sold either through direct sales or auction sales. Direct-sales prices are not available; however, auction prices are widely published, readily available, and reportedly accurately reflect pricing trends for direct sales.

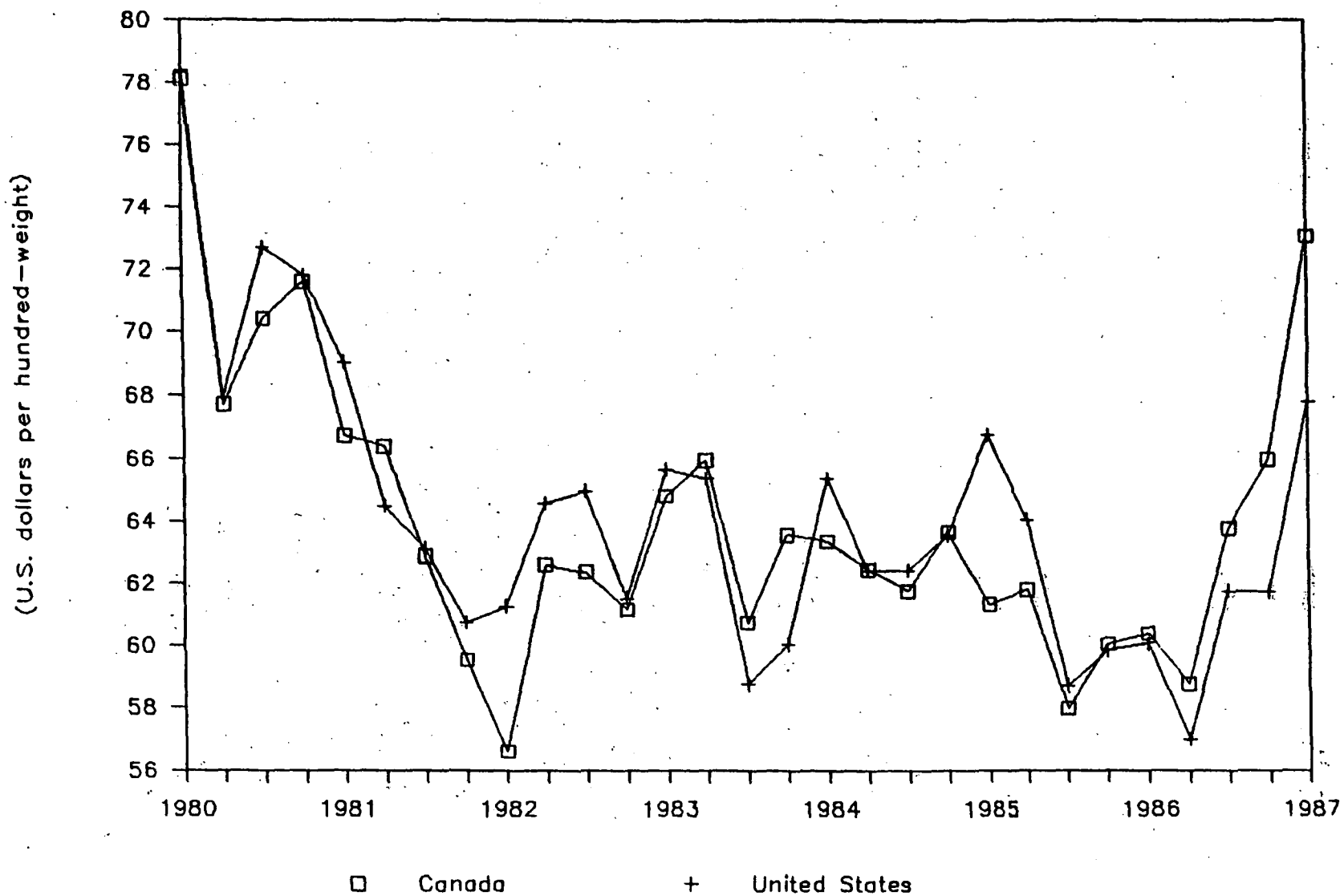
Comparative U.S. and Canadian prices were analyzed for four different types of cattle: 1) Feeder cattle, 2) slaughter cattle, 3) cull cattle, and 4) veal calves.

Prices received at auction for most of the aforementioned types of cattle in both the United States and Canada declined during 1980-86 and then rose in the first quarter of 1987 (table E-61) with prices in Canada generally declining to a greater extent than in the United States. During 1983 through January-March 1987, annual average prices in the United States and Canada, fell 9 percent and 11 percent, respectively, for slaughter cattle; prices fell 5 percent and 11 percent, respectively, for cull cattle; and prices declined 12 percent and 15 percent, respectively, for veal calves. During the same period, prices for feeder cattle declined 7 percent in the United States but rose 2 percent in Canada.

Feeder cattle. --Average prices received at auction for feeder cattle in both the United States and Canada declined significantly during 1980-85/86, and then rose through January-March 1987. In the United States, feeder cattle brought \$56.99 per hundred weight (cwt) during the second quarter of 1986, down 27 percent from the \$78.39 per cwt received during the first quarter of 1980 (table E-62). Prices in Canada closely tracked those in the United States (fig. 18), declining from \$78.09 per cwt during the first quarter of 1980 to \$57.97 per cwt in the third quarter of 1985, a decline of 26 percent. Feeder cattle prices in the United States rose 19 percent from the low during the second quarter of 1986 to the first quarter of 1987, resulting in an overall decline in prices of 14 percent from the first quarter of 1980 through the first quarter of 1987. Prices in Canada rose 26 percent from their low during the third quarter of 1985 to the first quarter of 1987, resulting in an overall decline of 6 percent from the first quarter of 1980 through the first quarter of 1987. Although U.S. cattlemen were paid more for their feeder cattle than Canadian cattlemen in 17 out of 29 quarters during 1980-85, they received, on average, only \$.22 per cwt more than the Canadians. This difference is negated by the fact that U.S. imports of such cattle (weighing between 600 and 700 pounds) would have a duty added of \$1.00 per cwt. Also, Canadian cattlemen received a premium during all of 1986 and the first quarter of 1987.

^{1/} Prehearing submission by the CMC, Mar. 2, 1987, p. 8.

Figure 18
Feeder cattle: Comparative U.S. and Canadian auction prices, by quarters, January 1980-
March 1987



Source: Compiled from data presented in table 62.

As seen in table E-62, Canadian quarterly feeder cattle prices showed less fluctuation than U.S. prices during most quarters from 1980 to January-March 1987.

Slaughter cattle.--During the first quarter of 1980 through the first quarter of 1987, average auction prices for U.S. slaughter cattle rose from a low of \$65.73 per cwt during the second quarter of 1980 to a high of \$71.42 per cwt during the second quarter of 1982. They then declined to a low for the period of \$52.89 per cwt during the third quarter of 1985 but rose to \$61.77 per cwt during the first quarter of 1987. Subsequently they declined 8 percent from the first quarter of 1980 through the first quarter of 1987 (table E-63). The increase in prices from 1985 to 1987 was primarily the result of declining supplies of domestic slaughter cattle.

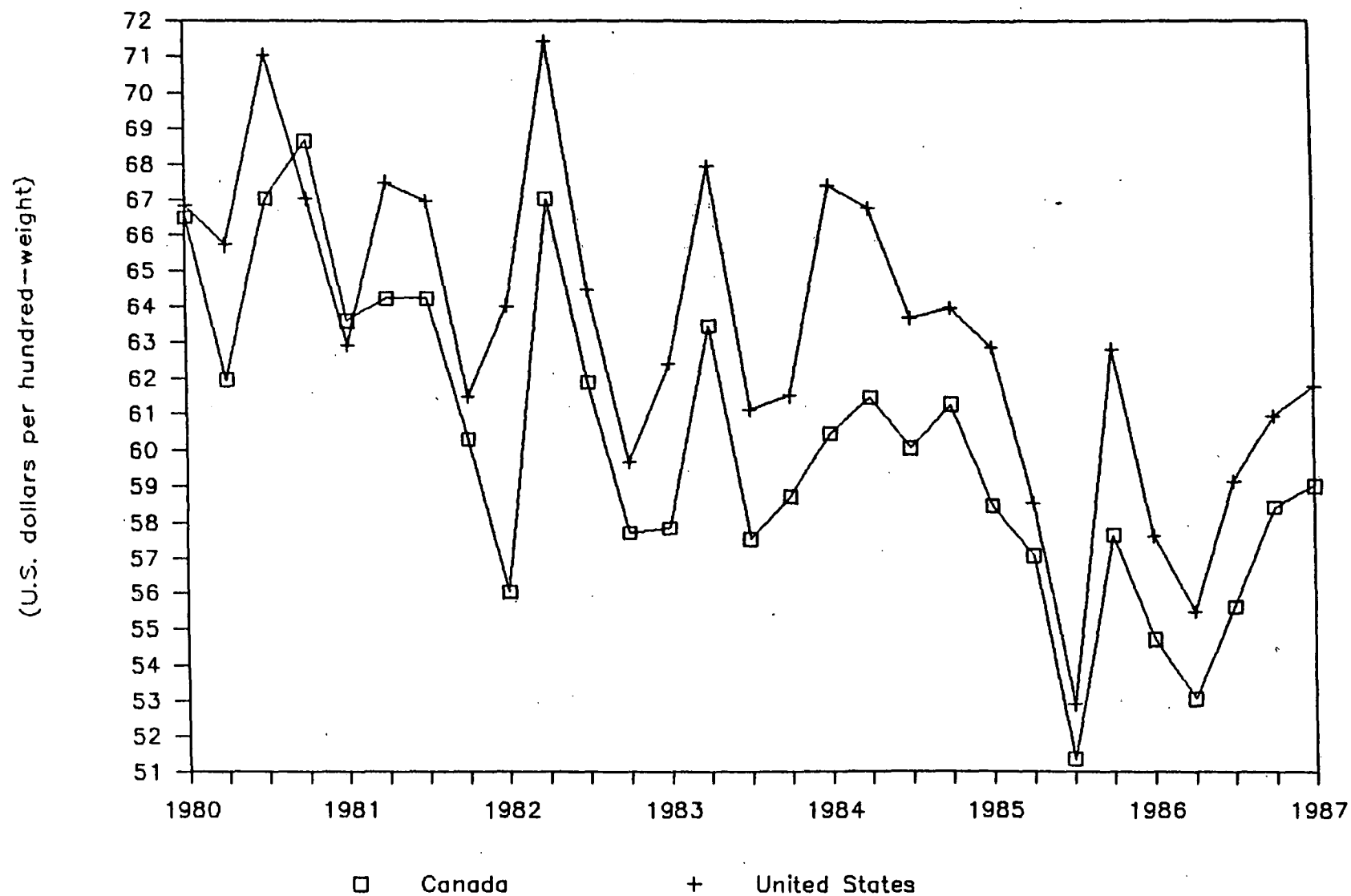
During 27 of 29 quarters under review, the price received by U.S. cattlemen for slaughter cattle exceeded the price received by their Canadian counterparts (table E-63). The average premium paid to U.S. cattlemen was \$3.12 per cwt; however, the range was from \$1.60 per cwt premium to Canadian cattlemen during the fourth quarter of 1980 to \$7.96 per cwt during the first quarter of 1982. The average premium of \$3.12 during the period is misleading because U.S. slaughter cattle have a higher fat content than Canadian slaughter cattle, thereby requiring more feed and higher input costs. Also, as indicated in table E-63, in most quarters there was less range in U.S. prices than in Canadian prices.

Prices for Canadian slaughter cattle trended downward in a manner similar to prices for U.S. slaughter cattle (fig. 19). Canadian prices declined 11 percent overall, from \$66.53 per cwt during the first quarter of 1980 to \$59.02 per cwt during the first quarter of 1987. As in the United States, prices rose during 1986 and the first quarter of 1987.

In 1985, the Prairie Provinces in Canada and the many Western States experienced a severe drought, which drove up feed prices. The drought, caused operators to sell off slaughter cattle during the early part of the year, causing prices to fall off sharply. Then, prices rose sharply in the second half of the year in response to the lack of adequate supplies of slaughter cattle, caused by the early culling.

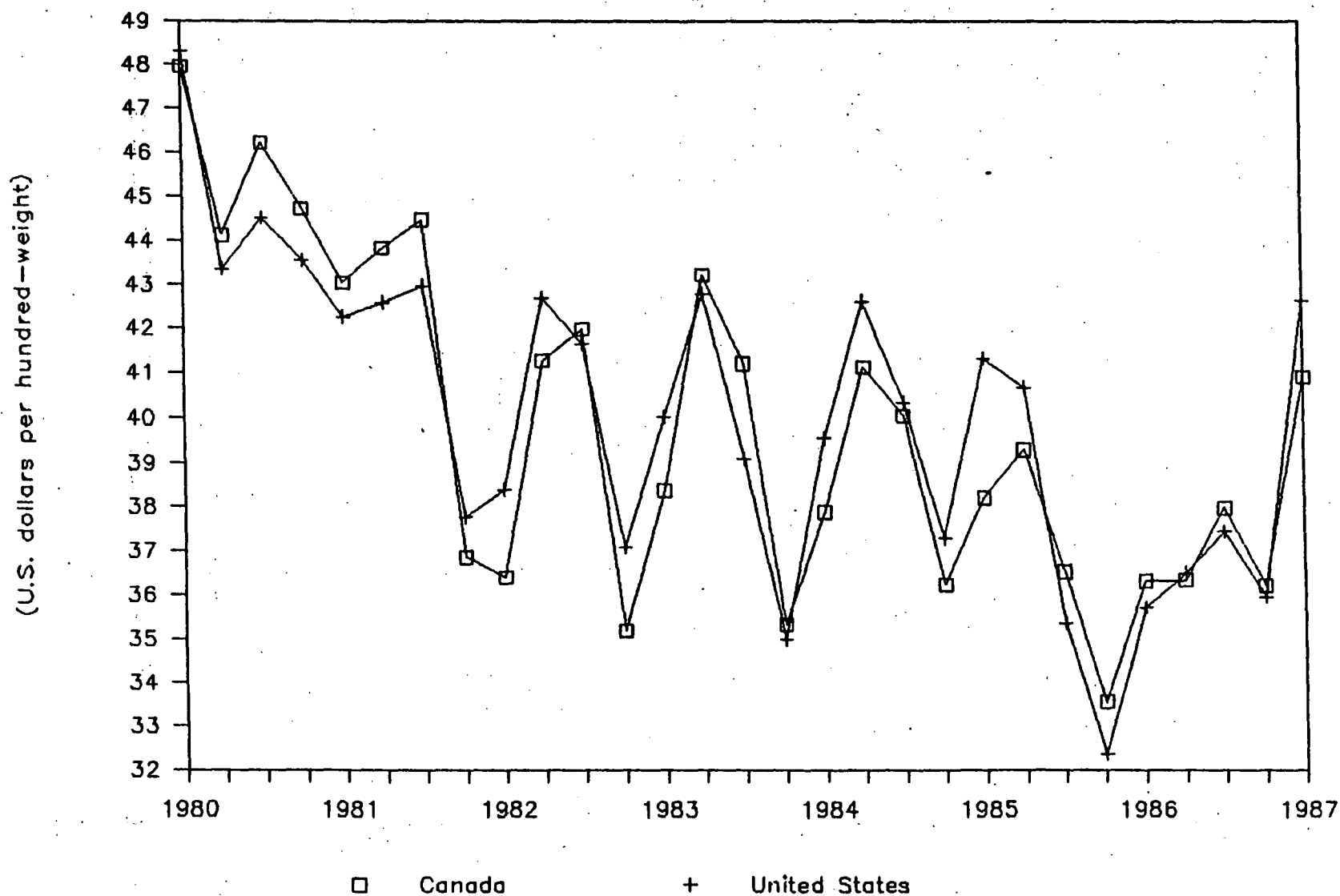
Cull cattle.--Average prices received at auction for cull cattle in both the United States and Canada declined significantly from 1980 to 1986 (table E-64). In the United States, cull cattle prices fell from \$48.31 per cwt in the first quarter of 1980 to a low of \$32.33 per cwt during the fourth quarter of 1985, declining 33 percent, before recovering to \$42.61 in the first quarter of 1987. The first quarter 1987 price was 32 percent higher than the low in the fourth quarter of 1985 but still 12 percent lower than that in the first quarter of 1980. Prices in Canada mirrored those in the United States (fig. 20), declining 30 percent, from \$47.96 per cwt to \$33.55 per cwt from the first quarter of 1980 to the fourth quarter of 1985 before recovering to \$40.89 in the first quarter of 1987. U.S. cattlemen received, on average, \$1.36 per cwt more for their cull cattle than Canadian cattlemen (U.S. cattlemen received a premium compared with Canadian cattlemen in 14 out of the 29 quarters under review). The average premium received by U.S. cattlemen of \$1.36 per cwt was, to a large extent, offset by the fact that

Figure 19
Slaughter cattle: Comparative U.S. and Canadian auction prices, by quarters, January 1980-
March 1987



Source: Compiled from data presented in table 63.

Figure 20
Cull cattle: Comparative U.S. and Canadian auction prices, by quarters, January 1980-March 1987



Source: Compiled from data presented in table 64.

imports of cull cattle are subject to a duty of \$1.00 per cwt. As indicated in figure 20, cull cattle prices in both countries rose during the warmer months (often during the second quarter), in response to increased demand during those months for manufacturing beef (most of which is manufactured into ground beef). As indicated in table E-64, the range of prices was noticeably less in the United States than in Canada. This is believed to be the result of greater variation in animals in Canada for the selected locations than in the United States.

Veal calves.--During 1980-86, veal-calf average prices, at auction, declined in both the United States and Canada. Prices in the United States fell from \$89.16 per cwt in the first quarter of 1980 to a low of \$64.80 per cwt in the fourth quarter of 1985, a decline of 27 percent before recovering to \$74.87 in the first quarter of 1987 (table E-65). The first quarter 1987 prices were 16 percent higher than the low in the fourth quarter of 1985 but still 16 percent lower than the first quarter of 1980. Average quarterly prices in Canada, although less volatile than in the United States, followed a similar course (fig. 21), declining 31 percent, from \$93.67 per cwt in the first quarter of 1980 to \$64.52 per cwt in the third quarter of 1985 before recovering to \$74.91 in the first quarter of 1987. During the period, U.S. cattlemen received, on average \$3.45 per cwt more than Canadian cattlemen for their veal calves. U.S. veal-calf producers received more per cwt than Canadian producers during 20 of the 29 quarters during the period. Taking into account the duty on veal calves equal to \$1.00 per cwt, Canadian veal calves could, on average, be purchased and imported into the United States \$2.45 per cwt cheaper than a U.S. veal calf would cost at auction.

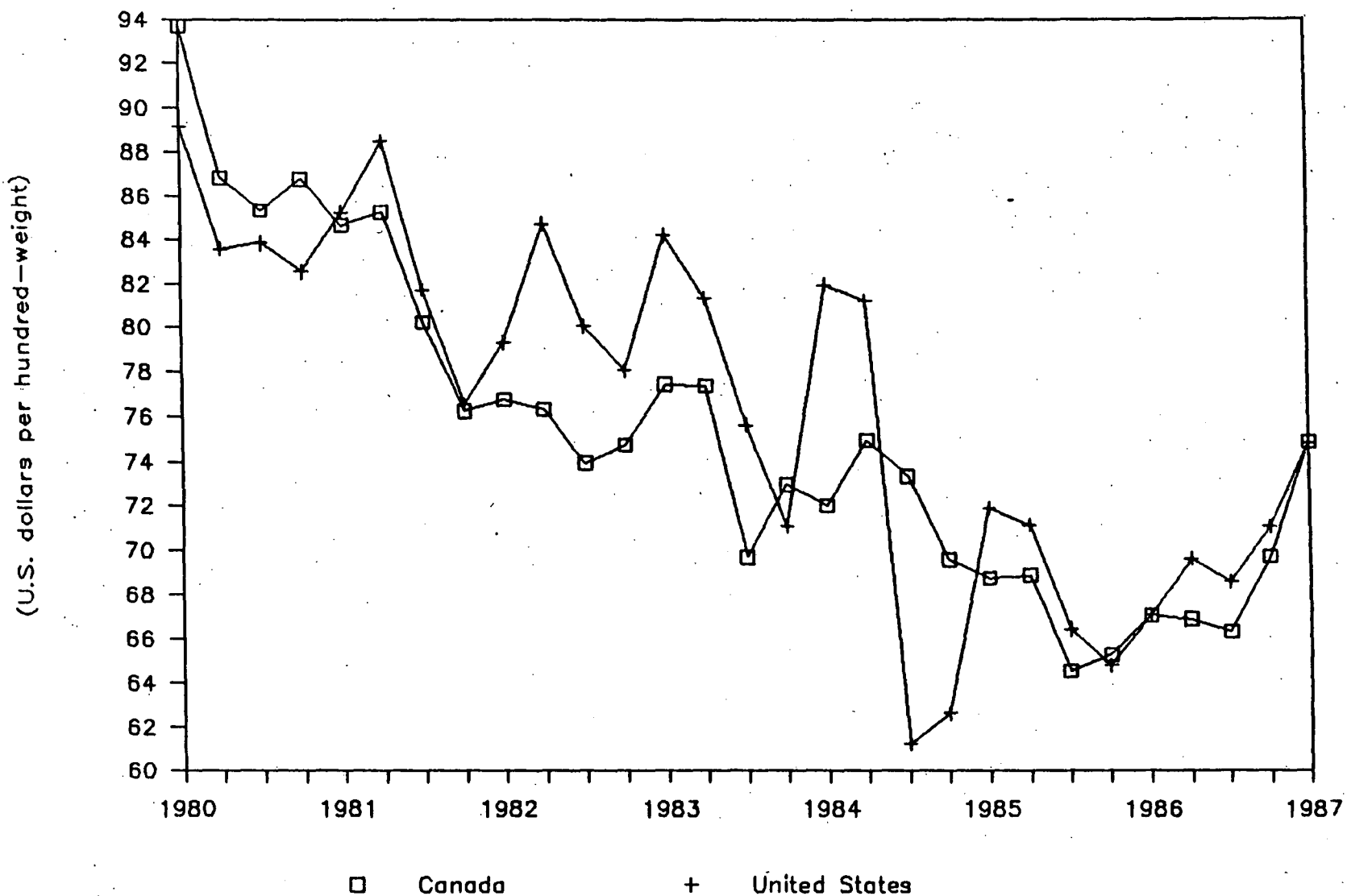
Price Impacts of Canadian Imports

Live cattle can be viewed as an intermediate input whose demand is derived from the consumer demand for beef and veal. To the extent that substitution between live cattle and other inputs (e.g., feed and labor) is fairly limited in producing beef and veal, as an approximation one can take the price elasticity of demand for live cattle to be equal to the percentage of cost of producing beef attributed to the cost of live cattle, multiplied by the price elasticity of demand for beef and veal at the retail level. ^{1/} Recent studies (by Haidacher et al., and by Huang) at the U.S. Department of Agriculture ^{2/} suggest that the price elasticity of demand for beef and veal at the retail level is between -0.6 and -0.7. This would suggest a (total market) price elasticity of demand for live cattle of about -0.5. However, the demand for imported live cattle from Canada is certainly far more price elastic than this, as a result of the possibility of switching between U.S. and foreign suppliers (and from one foreign supplier to another) of live cattle, and the substitutability between imported live cattle and imported beef.

^{1/} This assumes that the elasticity of supply of other inputs (e.g., feed and labor) is very high. See G. Stigler, The Theory of Price, 3rd. ed. 1966, p. 346.

^{2/} Richard C. Haidacher, et al., "Consumer Demand for Red Meats, Poultry and Fish," U.S. Department of Agriculture, September 1982; Kus S. Huang, "U.S. Demand for Food: A Complete System of Price and Income Effects," U.S. Department of Agriculture, December 1985.

Figure 21
Veal calves: Comparative U.S. and Canadian auction prices, by quarters, January 1980-March 1987



Source: Compiled from data presented in table 65.

As an example, if imported and U.S. live cattle are perfect substitutes, the elasticity of import demand with respect to changes in the import (= the domestic) price is the sum of the (absolute value of the) total market price elasticity of demand and the price elasticity of supply facing domestic suppliers, divided by the import share. 1/ Richardson and Mutti estimate (for all livestock and livestock products) the price elasticity of domestic supply to be 0.4; 2/ this figure along with an overall import share of say, 3 percent and a total market price elasticity of demand equal to -0.5, would imply the price elasticity of demand for all imports to be -30 (demand for Canadian imports would be still more elastic). If Canadian cattle are not perfect substitutes for the U.S. product, the import demand elasticity would be somewhat lower.

The effect of supply incentives in Canada on prices in the United States for Canadian live cattle would be small if, as suggested above, U.S. demand for Canadian cattle was highly price-elastic.

It is important to separate any effects of increased imports on domestic prices from price effects due to shifts in the demand for beef; these latter shifts would be due to changes in relative prices of other sources of protein, as well as changes in consumer tastes resulting from health concerns with calorie, fat and cholesterol intake. A recent study of the U.S. Pacific Northwest beef industry by Johnson and Folwell (of Washington State University) 3/ estimated that a 10-percent increase in beef and veal imports, holding demand for beef constant, would lead to a 1-percent reduction in U.S. live cattle prices. By way of comparison, per capita consumption of beef and veal declined by almost 18 percent between 1977 and 1980 (as reported in Haidacher *et al.*); this change likely was caused both by a large increase in beef prices relative to poultry 4/ and by declining demand for beef for perceived health-related factors. If demand declined by 15 percent, the domestic price elasticity of supply was equal to 0.4, and the price elasticity of demand equaled -0.5, a price reduction of almost 17 percent would have resulted.

1/ S. Magee, "The Welfare Effects of Restrictions on U.S. Imports," Brookings Papers on Economic Activity, 1972(3) pp. 664, 666.

2/ J. David Richardson and John Mutti, in Studies in International Environmental Economics (Ingo Walter, ed., Wiley, 1976).

3/ C. W. Johnson and R.J. Folwell, "Econometric Model of the PNW Beef Industry," Research Bulletin XB 0972, Agriculture Research Center, Washington State Univ., 1986.

4/ The estimate by Huang of the cross-elasticity of demand for beef and veal with respect to the price of chicken of 0.06, combined with the 24 percent decline between 1977 and 1980 in the price of chicken relative to beef (reported in Haidacher *et al.*) would have led to a 1.4 percent decline in beef consumption (other factors constant).

While total demand for beef, and for live cattle, is likely to be relatively unresponsive to price, the above calculations suggest that purchases of live cattle from Canada will be highly responsive to selling prices there. Given this, the price effects of changes in the supply of Canadian cattle aimed at the U.S. market should be small, and of less importance than broader movements in the U.S. demand for beef.

In the posthearing submission of the CCA, data were presented concerning price elasticity of demand for beef and "cross-price" elasticities of demand. These elasticities ^{1/} say, for example, that a 10 percent rise in beef prices will reduce beef consumption by 8.5 percent. A 10 percent increase in pork price will increase beef consumption by 0.6 percent and a 10 percent increase in chicken meat prices will increase beef consumption by 0.3 percent. The Canadian data are consistent with such data concerning the U.S. market, reflecting the close comparability in the markets in the two countries.

Expenses for cattle-feeding operations

Comparable data for U.S. and Canadian feedlot operations indicate that for similar regions (U.S. Great Plains versus Canada West and U.S. Corn Belt versus Canada East) total expenses were generally higher in the United States than in Canada (table E-66). ^{2/} Feedlot expenses in both the United States and Canada declined during 1980-86.

Expenses for Canada East and Canada West are derived from Canadian Cattlemen's Association, (CCA) CANFAX TRENDS DATA. Expenses for Canada West include: cost of yearling steer, 650 pounds in; feed costs; transportation to feedlot; veterinary and medicine; interest; overhead; death loss; transportation to market (no charge as most sales are f.o.b. feedlot); marketing charges; and adjustment to interest. Expenses for Canada East are for yearling steers, 700 pounds in, and include all items previously listed for Canada West plus a feed-cost adjustment.

Expenses for all four regions (Great Plains, Corn Belt, Canada East, and Canada West) include expenses for items that may or may not have been incurred by individual operators. Total expenses in all four regions do not

^{1/} Reported in "Consumer Demand for Major Foods in Canada", Agriculture Canada, Economics Branch, Publication No. 76/2.

^{2/} Expenses for Great Plains custom cattle feeding and Corn Belt cattle feeding from U.S.D.A. Economics Research Service, Livestock and Poultry Outlook and Situation Report. Expenses for Great Plains include: Purchase of 600 pound feeder steer, transportation to feedlot (300 miles), commission, feed costs, feed handling and management charge, veterinary and medicine, interest on cattle and feed cost, death loss, marketing (no charge as most sales area f.o.b. feedlot). Expenses for Corn Belt include: purchase of 600 pound steer; transportation to the feedlot; labor; feed costs; management; veterinary and medicine; interest on purchase; expenses for power, equipment, fuel, shelter, and depreciation; marketing; and miscellaneous and indirect costs.

necessarily coincide with experiences of individual operators. The Commission staff, following conversations with U.S. and Canadian Government officials, believes that many management and overhead expenses for all four regions are typically not out-of-pocket expenses, but rather represent constructed costs.

Feedlot expenses in the Great Plains States (based on final sales weight of 1056 pounds and net weight gain of 456 pounds) declined from a high of \$78.69 per cwt in the second quarter of 1981 to a low of \$58.93 per cwt in the fourth quarter of 1986, or by 25 percent (table E-67). Comparable data for Canada West show that feedlot expenses (based on final sales weight of 1050 pounds and net weight gain of 400 pounds) in that region declined from \$74.06 per cwt in the first quarter of 1980 to \$54.42 per cwt in the third quarter of 1986, or by 27 percent. Throughout the period January-March 1980 through January-March 1987, feedlot expenses averaged \$7.91 per cwt higher in the Great Plains States than in Canada West. Part of this apparent difference is explained by the fact that the data represent an average 456 pound gain in the United States and a 400 pound gain in Canada. As shown in figure 22, total expense in both the Great Plains and Canada West generally tracked each other closely, with the exception of the aforementioned apparent advantage of \$7.91 per cwt in Canada.

Feedlot expenses in the Corn Belt (based on final sales weight of 1050 pounds and net weight gain of 450 pounds) trended downward from \$73.29 per cwt during January-March 1980 to \$59.54 per cwt during January-March 1987, or by 19 percent (table E-67). Comparable expenses for Canada East (based on final sales weight of 1150 pounds and net weight gain of 450 pounds) declined from \$85.06 per cwt during January-March 1980 to a low of \$56.33 per cwt during October-December 1986 before rising during January-March 1987 to \$61.18 per cwt, representing a decline of 28 percent. As shown in figure 23, expenses in both regions generally closely tracked each other. Throughout the period, expenses in East Canada averaged \$1.31 per cwt less than in the Corn Belt, however; at times, expenses in Canada East were higher than those in the Corn Belt.

Operating margins for cattle-feeding operations.

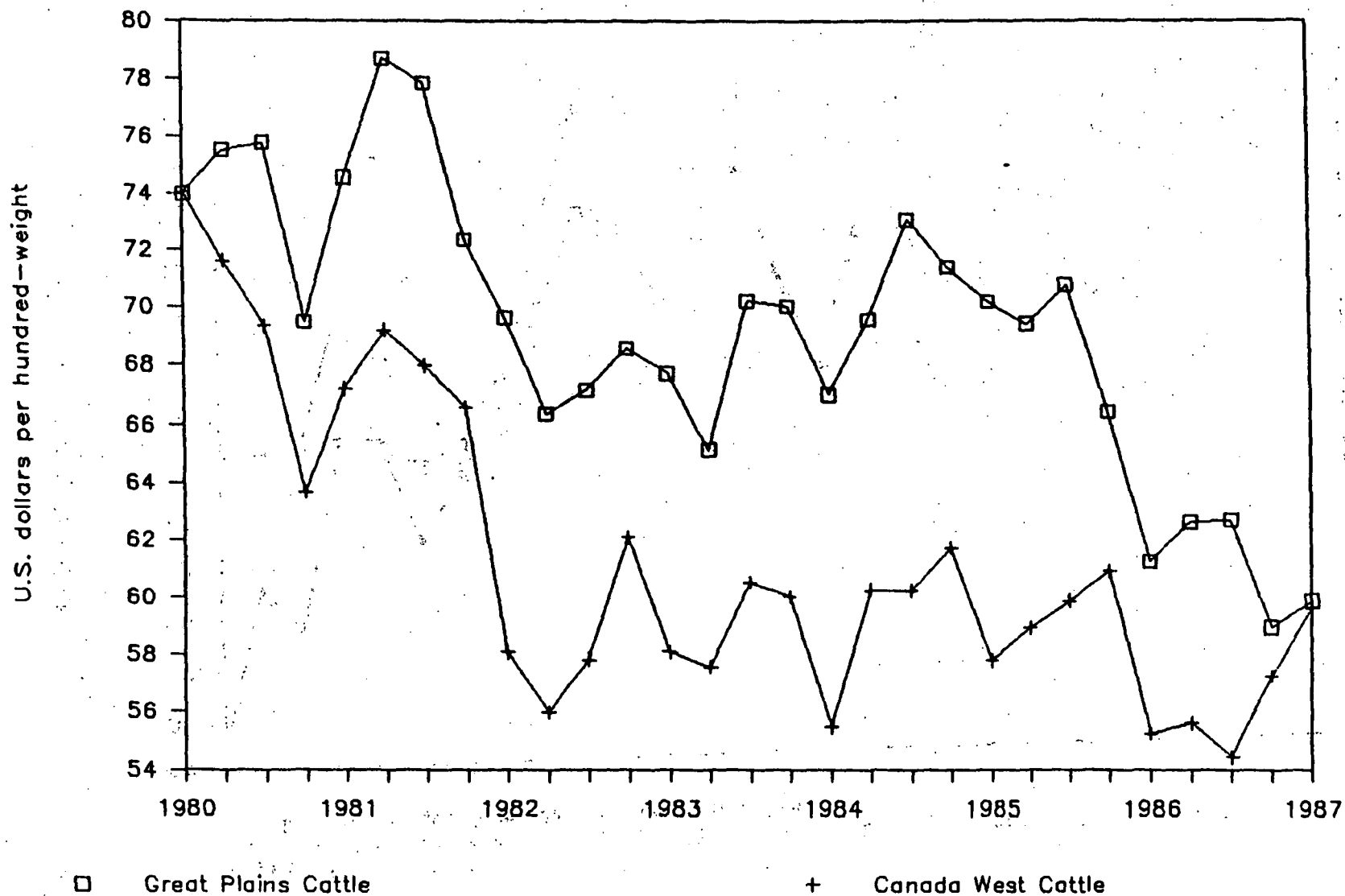
In order to quantify the net profit margins in the United States and Canada, the previously mentioned data on expenses for feedlot operators were applied against selling prices for applicable animals, resulting in net profit margins. 1/

1/ The net margins represent only what net margins (selling price minus expenses) would be if an operation were to incur the same expenses and receive the same selling prices as reported in the source documents.

Expenses for all four regions (Great Plains, Corn Belt, Canada East, and Canada West) include expenses for items that may or may not have been incurred by individual operators. Total expenses in all four regions do not necessarily coincide with experiences of individual operators. The Commission staff, following conversations with U.S. and Canadian Government officials, believes that many management and overhead expenses for all four regions are typically not out-of-pocket expenses, but rather represent constructed costs.

Figure 22

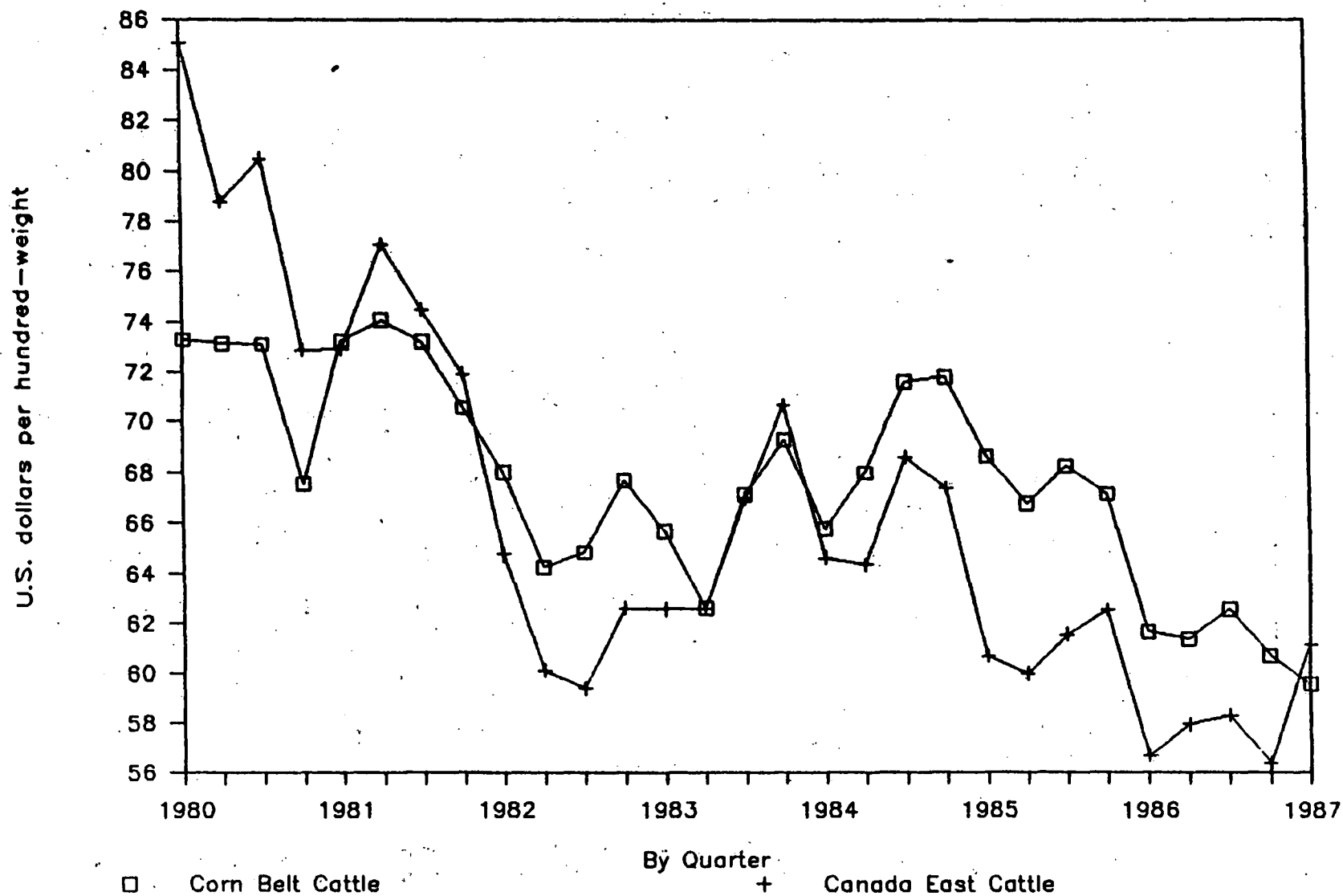
Cattle feeding operations: Total expenses of operations in the Great Plains States and Canada West, by quarters, January 1980-March 1987



Source: Compiled from data presented in table 67.

Figure 23

Cattle feeding operations: Total expenses of operations in the Corn Belt States and Canada East, by quarters, January 1980-March 1987.



Source: Compiled from data presented in table 67,

According to data published by the USDA and supplied by the CCA, during 1980-86 feedlot operations in the United States had average annual negative net margins (losses) per animal in every year, while operations in Canada had losses in most years (table E-68).

Great Plains and Canada West operations.---In each year during 1980-86, it was reportedly unprofitable to produce fed cattle in both the Great Plains and Canada West. For Great Plains custom cattle-feeding operations, negative net margins were experienced in 24 of the 28 quarters during 1980-86, with an average loss of \$4.90 per cwt (table E-69). In Canada West, losses were reported in 20 of the 28 quarters, with an average loss of \$1.55 per cwt. In comparing the figures on net margins, it is important to understand that both the U.S. and Canadian figures represent unweighted averages (based on weighted averages of selling prices), whereas operators have some leeway in both buying and selling that may help them to operate at levels above the stated net margins. As seen in figure 24, net margins in the Great Plains and Canada West closely tracked each other.

Corn Belt and Canada East operations.---A comparison between cattle-feeding operations in the Corn Belt and Canada East shows that during most quarters, such operations yielded negative net margins. As with operations in the Great Plains States and Canada West, the operations herein considered have some leeway in both buying and selling cattle, which may enable them to operate at levels above the stated data. In the Corn Belt, operators were faced with negative net margins (losses) during 25 of the 28 quarters, averaging a loss of \$5.22 per cwt during 1980-86, and in Canada East operators were faced with losses during 17 of the 28 quarters, averaging a loss of 2.19 per cwt per quarter. Net margins for cattle-feeding operations in both Canada East and the Corn Belt closely tracked each other during 1980-83; however, during 1984-86, the Canadian operators were more likely to have positive net margins than their U.S. counterparts (fig. 25).

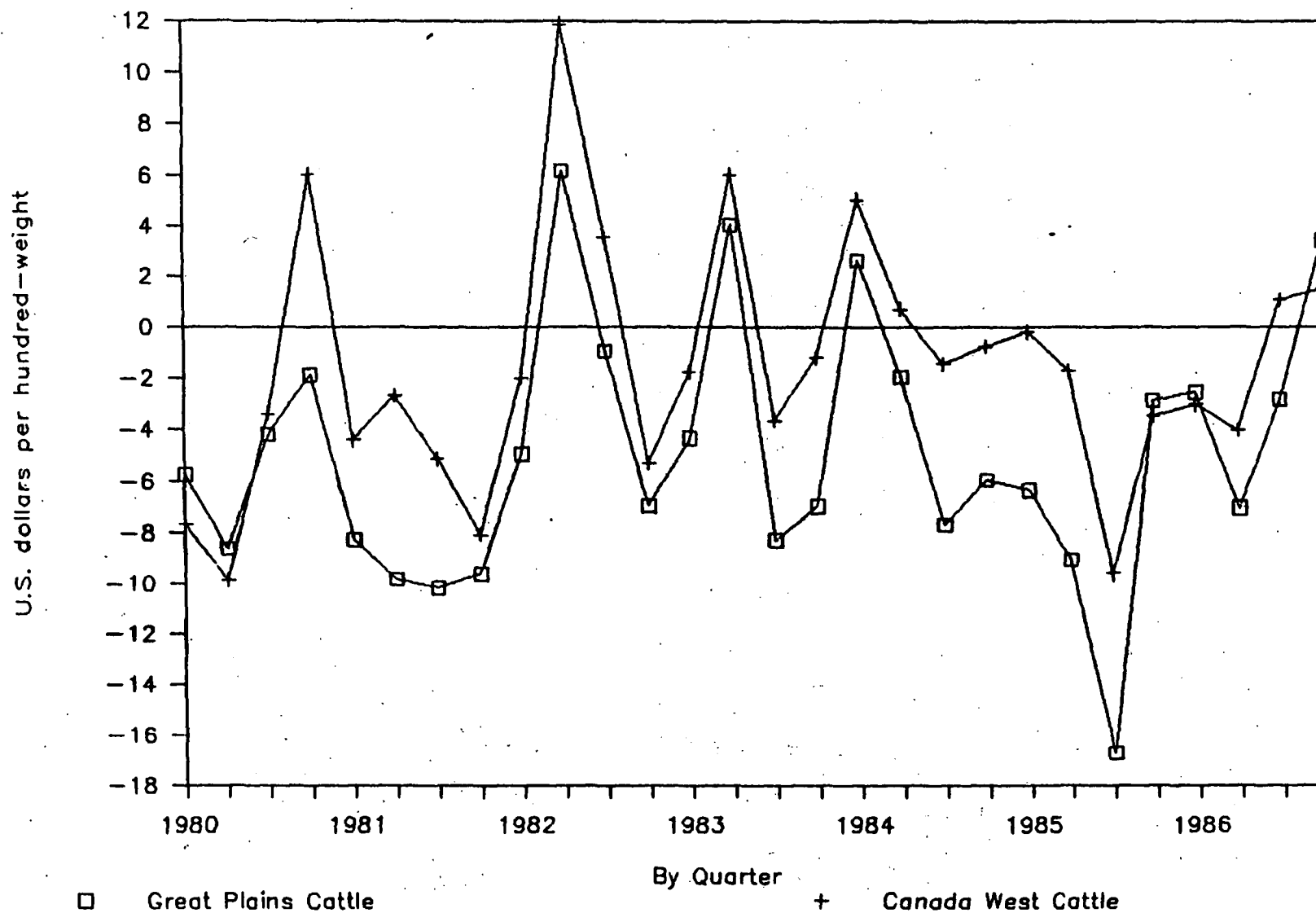
Exchange Rates

Quarterly exchange-rate data reported by the International Monetary Fund indicate that during the period January 1980 through December 1986, the nominal value of the Canadian dollar depreciated relative to its U.S. counterpart in 20 out of 27 quarters by an overall 15.9 percent (table E-70). ^{1/} Table E-71 shows the annual exchange rates used to calculate the value of Canadian imports and exports. In response to the higher level of inflation in Canada compared with that in the United States over the 27-quarter period from January 1980 through September 1986, the real value of the Canadian currency depreciated by only 2.2 percent relative to the U.S. dollar--significantly less than the apparent depreciation of 15.9 percent represented by the change in the nominal exchange rate. Figure 26 graphically depicts the apparent depreciation compared with real depreciation, during 1980-86.

^{1/} International Monetary Fund, International Financial Statistics.

Figure 24

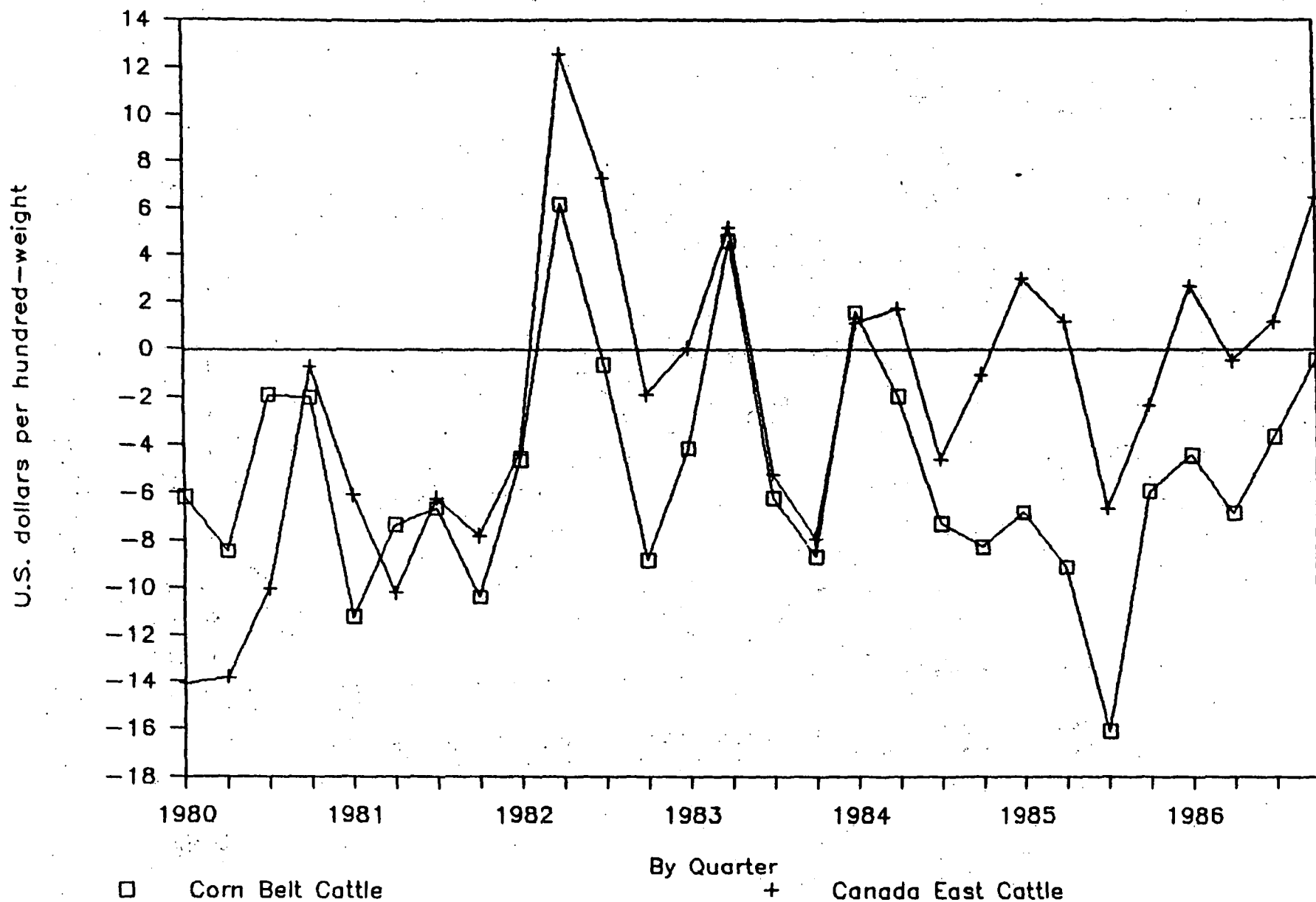
Cattle feeding operations: Net margins of operations in the Great Plains States and Canada West, by quarters, January 1980-December 1986



Source: Compiled from data presented in table 69.

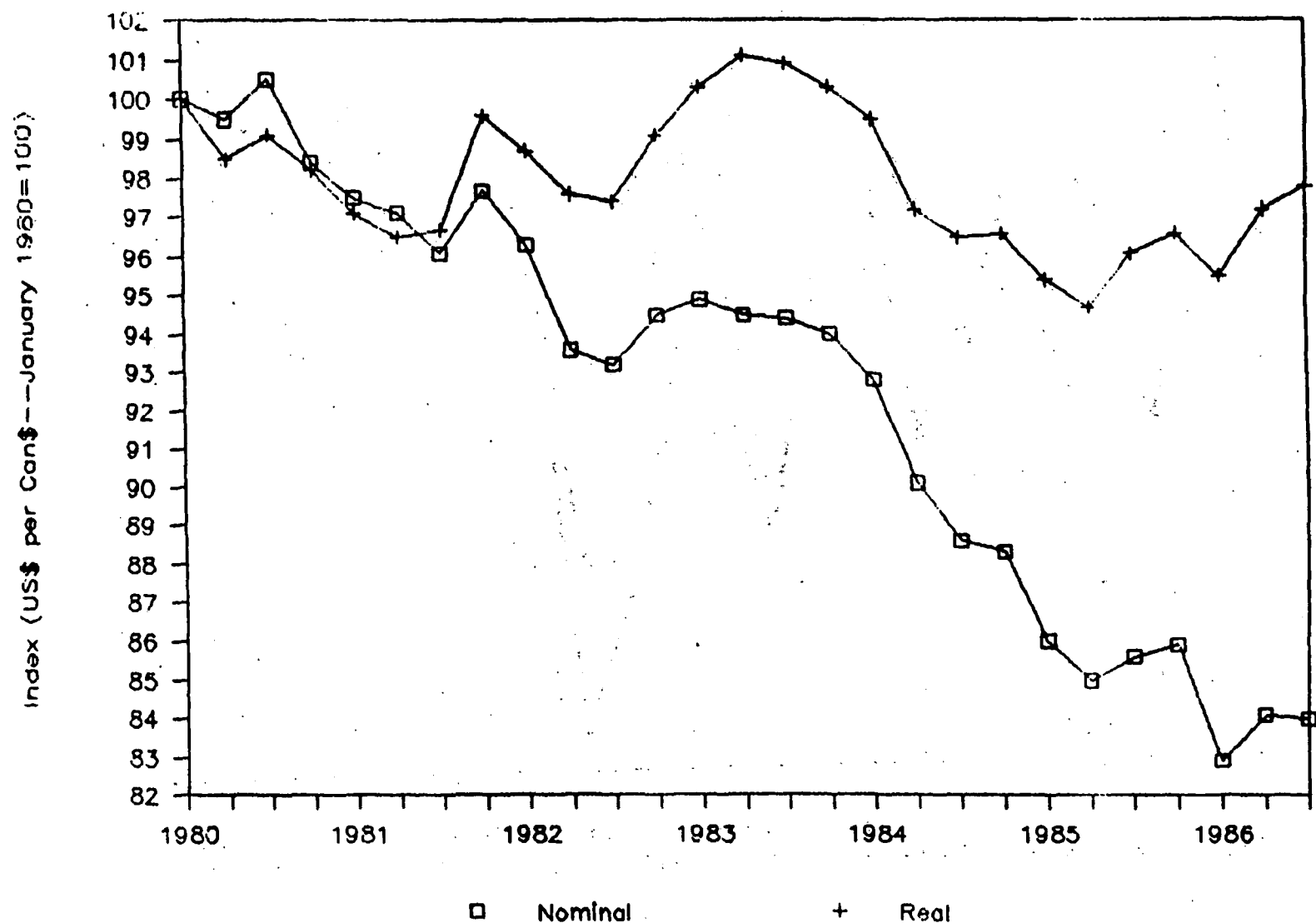
Figure 25

Cattle feeding operations: Net margins of operations in the Corn Belt States and Canada East, by quarters, January 1980-December 1986



Source: Compiled from data presented in table 69.

Figure 26.—Exchange rates: Indexes of nominal and real exchange rates between U.S. and Canadian dollars, by quarter, January-March 1980 through July-September 1986



Source: Derived from data presented in table 70.

Meatpacking and Processing

Studies by the USDA, several land-grant colleges, and the Iowa Department of Economic Development support the contention that large-volume cattle-slaughtering plants (including those that slaughter 500,000 or more animals per year) tend to have competitive advantages over plants that slaughter fewer animals. Testimony by members of the CCA at the Commission's public hearing on the investigation 1/ and the written submission by the CMC 2/ also support this contention. The competitive advantages include scale economies associated with volume purchases of inputs (including live cattle and supplies and equipment), greater possibilities for labor specialization, and maximum utilization of plant and equipment.

Also, large-volume plants quickly collect economically viable amounts of byproducts (such as hides and organs) and thus can send shipments to market with little delay; conversely, small-volume plants must collect byproducts for long periods of time to have economically viable amounts, or may not be able to collect economically viable amounts at all because some byproducts are perishable. As discussed in the section of this report entitled "Industry Concentration" and as shown in table E-6, large-volume plants accounted for an increasing share of U.S. cattle slaughter during 1982-86.

Officials of the CMC report that Canadian cattle-slaughtering plants tend to be smaller volume plants than U.S. plants. Canadian cattle slaughter in 83 Federally inspected slaughtering plants in Canada averaged about 3.3 million animals annually during 1982-86, about 9 percent to 10 percent as large as those in the United States. Officials of the CMC report that no Canadian cattle-slaughtering plant slaughters anywhere near 500,000 animals annually. In its post-hearing submission, the CMC reported that the largest volume Canadian cattle-slaughtering plant processed 260,000 animals annually. The CMC also reported that "obviously the efficiencies of the larger U.S. plants affects the price they are able to pay for live cattle, from both the United States and Canada." 3/

Labor wage rates for packinghouse workers in Canada appear to be higher than such rates in the United States. In commenting on such rates, the CMC reported:

"The I.T.C. has expressed interest in the cattle and beef trade with Washington State. Wages in beef slaughter plants in the state are below those paid in Alberta. One major Washington slaughterer is currently paying between approximately \$9.50 and \$10.50 (C\$) compared to an average of just over \$12.00 per hour at most Alberta plants. Furthermore, the total benefit package cost is greater in Canada. In the U.S., fewer benefits are provided, but the cost of individual benefits is greater." 4/

1/ Transcripts of hearing at p. 206.

2/ Submission to the U.S. International Trade Commission, Respecting Conditions of Competition Between U.S. and Canadian Cattle and Beef Industries, p.p. 3-5.

3/ Posthearing submission of the CMC, p. 2.

4/ Submission to the U.S. International Trade Commission, Respecting Conditions of Competition Between U.S. and Canadian Cattle and Beef Industries, p. 4.

Level of Technology

The variation in the level of technology employed by different cattlemen, meatpackers, and processors in the United States and Canada probably exceeds the variation in the level of technology employed in the two countries in general. Both the United States and Canada have producers who employ the most recent technological developments available and both countries have producers who have been slower to employ new technology. Especially with cattlemen who may have achieved near self-sufficiency on their farms and ranches and who have no debt, it is possible to operate at apparently acceptable rates of return with rather low levels of technology. In general there is a free flow of technical knowledge between the United States and Canada through government and private scientific and research publications and popular trade journals and magazines. Also, information is exchanged informally among producers at conventions and trade shows.

Companies that sell supplies and equipment, including products such as feed additives and medicines, are generally eager to offer their products in both the United States and Canada. Indeed many such companies operate internationally.

With respect to the live animals that constitute the genetic make-up of the herds in both countries, there also tends to be, in general, close comparability. Although there are some health and sanitary restrictions, it is generally reasonably easy to transport animals for breeding between the two countries, contributing to a general homogeneity between the national herds. Technology, including recent technological advances, also contributes to movement of genetic material between the two countries. Transportation of bull semen for artificial insemination, (discussed in the section of this report entitled "U.S. Industry") has made it possible to incorporate genetic material from bulls in either country into the national herds of the other country, without transporting the animal itself. Recent developments in embryo transplants provide similar possibilities for transporting genetic material from superior females. Indeed, it is possible to transport a dozen or more embryos internationally in a container no larger than a thermos bottle. At the Commission's hearing on the investigation, the Washington Cattlemen's Association, Inc., indicated that U.S. and Canadian cattle and beef are loosely comparable. 1/

Transportation

In a posthearing submission, 2/ the CCA reported that per-loaded-mile transportation rates for shipping live cattle by truck (which range from Can\$2.60 to Can\$2.90 per loaded mile--equal to about US\$1.95 to US\$2.20 with exchange rate in effect as of May 1987) are the same for shipments within Canada and to the United States. The submission also indicated that shipments

1/ Testimony of Mr. Don McClure, transcript of hearing at p. 18.

2/ "Comparative Transportation Cost Data on Beef and Live Cattle", CCA, Apr. 28, 1987.

of live cattle from major shipping points in Alberta Province to major destinations in Ontario and Quebec (more than 2,000 miles away) were typically nearly 2 1/2 to 3 1/2 times farther away than Ellensburg, Washington (640 miles away), and Ogden, Utah (886 miles away). The Canadian rates are higher than rates in the United States as reported by several witnesses at the public hearing: such U.S. rates ranged from US\$1.60 to US\$1.80 per loaded mile. The higher Canadian rates reflect higher gasoline and diesel fuel costs in Canada. Also, officials of Agriculture Canada contend that Canadian Government regulations prohibit backhauls, contributing to higher transportation costs in Canada.

The CCA submission also showed that the cost of shipping beef by truck from Calgary, Alberta, to Montreal, Quebec (Can\$10.50 per cwt equal to about US\$7.85 per cwt with exchange rates in effect as of May 1987), was about twice as much as shipping beef from Calgary to Portland, Oregon, and San Francisco, California (Can\$4.25 and Can\$5.95 respectively equal to about US\$3.20 and US\$4.46), and about one-third higher than shipping to Chicago (Can\$7.99 equal to about US\$6.00. Table E-14 indicates that primarily feeder cattle move West to East in Canada and the North/South movement between the U.S. and Canada consists of mainly fed and slaughter cattle (tables E21 and E27).

Movements of cattle are affected by freight rates and costs, regional market conditions and cattle prices. The buying radius of packing plants depends in part on concentrations of cattle operations and types of cattle slaughtered, plant size, transportation costs and cattle prices. Testimony indicated that an Oklahoma packing plant in a concentrated fed cattle area has a buying radius of 125 miles compared to a buying radius of 600-700 miles of a plant in southeastern Washington. 1/ Transportation rates are based on loaded mile which refers to a U.S. Highway Department weight restriction of about 52,000 pounds per loaded cattle truck. 2/ For example, at U.S. rates of US\$1.60 to \$1.80 per loaded mile, cattle cost about \$1.00 per cwt. to ship about 290 to 325 miles. 3/ Testimony of a large feedlot operator in the State of Washington indicating occasional sourcing of Mexican feeder cattle 4/ as well as the table in appendix G showing U.S. imports of live cattle and calves from Canada, by destination, 1984-86 demonstrates a wide range of cattle movement adjusting to regional market conditions and cattle price differences.

1/ Testimony of Mark Thompson, Montana Cattle Feeders Association, transcript of hearing at p. 145.

2/ Testimony of Walter Johnson, a Montana cattle producer, transcript of hearing at p. 132.

3/ Cost/mile times distance equals total transport costs; total costs divided by cattle weight equals cost per cwt.

4/ Testimony of Jack Para, a Washington feedlot operator, transcript of hearing at p. 63.

APPENDIX A

**COPY OF THE LETTER TO CHAIRMAN LIEBELER
FROM BOB PACKWOOD, CHAIRMAN, U. S.
SENATE COMMITTEE ON FINANCE**

BILL DUFF, KANSAS
WILLIAM V. ROYCE, DELAWARE
JOHN C. DANFORTH, MISSOURI
JOHN P. CHAFEL, RHODE ISLAND
JOHN HEINZ, PENNSYLVANIA
MALCOLM WALLOP, WYOMING
DAVID DUMENGER, MINNESOTA
WILLIAM L. ARMSTRONG, COLORADO
STEVEN D. BYRMS, IDAHO
CHARLES E. GRASSLEY, IOWA

RUSSELL B. LONG, LOUISIANA
LLOYD BENTON, TEXAS
SPAR M. MATSUNAGA, HAWAII
DANIEL PATRICK MOYNIHAN, NEW YORK
MAX BAUCUS, MONTANA
DAVID L. BOREN, OKLAHOMA
BRI BRADLEY, NEW JERSEY
GEORGE J. MITCHELL, MAINE
DAVID PRYOR, ARKANSAS

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United States Senate

COMMITTEE ON FINANCE
WASHINGTON, DC 20510

WILLIAM DEFENDERFER, CHIEF OF STAFF
MICHAEL STERN, MINORITY STAFF DIRECTOR

October 16, 1986

Honorable Susan Liebeler
Chairman
International Trade Commission
701 E Street, N.W.
Washington, D.C. 20436

Dear Madam Chairman:

The Committee on Finance hereby requests, under Section 332 of the Tariff Act of 1930, that the Commission conduct an investigation of the competitive conditions in the cattle and beef industries of the United States and Canada. The study should concentrate on the competitive position of Canadian live cattle and beef in the United States markets. The study should also review the magnitude of Canadian imports in relation to imports from other major sources, such as live cattle from Mexico and beef from Australia and New Zealand.

Specifically, the Commission's study should, to the extent possible:

1. Describe the United States and Canadian industries, including elements such as number of producers, industry concentration, and geographic distribution.
2. Describe the United States and Canadian markets in terms of consumption levels and trends, production cycles, and both import and export levels and trends.
3. Describe in detail the trade in cattle between the United States and Canada, including a discussion of how variations in the levels of exports correlate with changes in exchange rates. To the extent possible, the Commission should assess the regional impact of imports by determining their geographic concentration.

Hon. Susan Liebeler
October 16, 1986
page two


4. Describe the effect on trade in live cattle of: tariffs, quotas, voluntary restraint agreements, countervailing and antidumping duties, and health and sanitary regulations, including regulations with respect to Bluetongue disease.
5. Identify Federal, State and Provincial government assistance programs that are available to the cattle growing and processing industries. Such government assistance programs may include assistance that reduces fixed costs, that reduces variable costs, or that enhances revenues.
6. Discuss all other factors with a significant bearing on competitive conditions, including product prices and transportation costs.

We request that the Commission follow its usual practice of providing an opportunity for industry representatives and other interested persons to present their views.

Finally, we request that the Commission submit its report to the Committee on Finance no later than nine months after receipt of this letter.

Thank you once again for your assistance.

Sincerely,


BOB PACKWOOD

APPENDIX B

THE COMMISSION'S NOTICE OF INVESTIGATION

SUPPLEMENTARY INFORMATION: The purpose of this Notice is to inform the public, pursuant to sec. 25 of the OCS Lands Act Amendments of 1978, that the Minerals Management Service is considering approval of the DOCD and that it is available for public review.

Revised rules governing practices and procedures under which the Minerals Management Service makes information contained in DOCDs available to affected States, executives of affected local governments, and other interested parties became effective December 13, 1979, (44 FR 53685). Those practices and procedures are set out in revised §250.34 of Title 30 of the CFR.

Dated: December 19, 1986.

J. Rogers Pearcy,

Regional Director, Gulf of Mexico OCS Region.

[FR Doc. 86-29072 Filed 12-24-86; 8:45 am]

BILLING CODE 4310-MR-M

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701-TA-283 and 731-TA-364 (Preliminary)]

Acetylsalicylic Acid (Aspirin) From Turkey

Determinations

On the basis of the record¹ developed in the subject investigations, the Commission determines,² pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Turkey of bulk acetylsalicylic acid,³ provided for in item 410.72 of the Tariff Schedules of the United States, which are alleged to be subsidized by the Government of Turkey. The Commission also determines,³ pursuant to section 733(a) of the Act (19 U.S.C. 1673b(a)), that there is a reasonable indication that an industry in the United States is

materially injured by reason of imports from Turkey of bulk acetylsalicylic acid which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On October 31, 1986, petitions were filed with the Commission and the Department of Commerce by Monsanto Co., St. Louis, MO, alleging that an industry in the United States is materially injured and threatened with materials injury by reason of imports of bulk acetylsalicylic acid from Turkey which are subsidized by the Government of Turkey and sold in the United States at LTFV. Accordingly, effective October 31, 1986, the Commission instituted preliminary countervailing duty investigation No. 701-TA-283 (Preliminary) and preliminary antidumping investigation No. 731-TA-364 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of November 7, 1986 (51 FR 40524). The conference was held in Washington, DC, on October 20, 1986, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determinations in these investigations to the Secretary of Commerce on December 15, 1986. The views of the Commission are contained in USITC Publication 1928 (December 1986), entitled "Certain Acetylsalicylic Acid from Turkey: Determinations of the Commission in Investigations Nos. 701-TA-283 and 731-TA-364 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations."

By order of the Commission.

Issued: December 16, 1986.

Kenneth R. Mason,
Secretary.

[FR Doc. 86-28945 Filed 12-24-86; 8:45 am]

BILLING CODE 7030-02-M

[332-241]

Competitive Position of Canadian Live Cattle and Beef in U.S. Markets

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation.

EFFECTIVE DATE: December 15, 1986.

SUMMARY: At the request of the United States Senate Committee on Finance, the Commission has instituted investigation No. 332-241 under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), for the purpose of gathering and presenting information on the competitive position of Canadian live cattle and beef in U.S. markets.

FOR FURTHER INFORMATION CONTACT: David E. Ludwick or Thomas Westcot, Agriculture, Fisheries, and Forest Products Division, U.S. International Trade Commission, Washington, D.C. 20436, telephone (202) 724-1783 and 724-0095, respectively.

Background and Scope of Investigation

As requested by the Committee on Finance, the Commission in its report will seek to:

(A) Describe the United States and Canadian industries, including elements such as number of producers, industry concentration, and geographic distribution.

(B) Describe the United States and Canadian markets in terms of consumption levels and trends, production cycles, and both import and export levels and trends.

(C) Describe in detail the trade in cattle between the United States and Canada, including a discussion of how variations in the levels of exports correlate with changes in exchange rates. To the extent possible, the Commission should assess the regional impact of imports by determining their geographic concentration.

(D) Describe the effect on trade in live cattle of: Tariffs, quotas, voluntary restraint agreements, countervailing and antidumping duties, and health and sanitary regulations, including regulations with respect to Bluetongue disease.

(E) Identify Federal, State, and Provincial government assistance programs that are available to the cattle growing and processing industries. Such government assistance programs may include assistance that reduces fixed costs, that reduces variable costs, or that enhances revenues.

(F) Discuss all other factors with a significant bearing on competitive conditions, including product prices and transportation costs.

The Committee requested that the Commission report the results of its investigation no later than 9 months after receipt of the request, or by July 17, 1987.

¹ The record is defined in § 207.2(l) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(l)).

² Chairman Liebowitz dissenting; Commissioner Lodwick not participating.

³ The product covered by these investigations is acetylsalicylic acid (aspirin) containing no additives other than inactive substances (such as starch, lactose, cellulose, or coloring material) and/or active substances in concentrations less than that specified for particular non-prescription drug combinations of aspirin and active substances as published in the Handbook of Non-Prescription Drugs, 8th edition, American Pharmaceutical Association, and is not in tablet, capsule, or similar forms for direct human consumption.

Public Hearing:

The Commission will hold a hearing in connection with the investigation at a time and place to be announced.

Written submissions

Interested persons are invited to submit written statements concerning the investigation. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirement of § 201.6 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. To be assured of consideration by the Commission, written statements should be received at the earliest practicable date, but not later than March 1, 1987. All submissions should be addressed to the Secretary at the Commission's office in Washington, DC.

Hearing-impaired persons are advised that information on this matter can be obtained by contacting our TDD terminal on (202) 724-0002.

Issued: December 17, 1986.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-28946 Filed 12-24-86; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 337-TA-253]

Electrically Resistive Monocomponent Toner; Commission Decision Not To Review Initial Determination Designating the Investigation More Complicated

AGENCY: U.S. International Trade Commission.

ACTION: Nonreview of an initial determination (ID) declaring the investigation more complicated and extending the deadline for completion of the investigation by 3 months.

SUMMARY: The Commission has determined not to review an ID (Order No. 7) declaring the above-captioned investigation more complicated, and extending the deadline for completion of the investigation by 3 months, i.e., until November 20, 1987.

FOR FURTHER INFORMATION CONTACT: Edwin J. Madaj, Jr., Esq., Office of the General Counsel, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436, telephone 202-523-0161. Hearing-impaired individuals are advised that information concerning this investigation can be obtained by contacting the Commission's TDD terminal on 202-724-0002.

By order of the Commission.

Issued: December 12, 1986.

Kenneth R. Mason,

Secretary.

[FR Doc. 86-28947 Filed 12-24-86; 8:45 am]

BILLING CODE 7020-02-M

Trade Commission, telephone 202-523-0148.

SUPPLEMENTARY INFORMATION: The authority for the Commission's disposition of this matter is contained in section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) and in § 210.53 of the Commission's *Rules of Practice and Procedure* (19 CFR 210.53).

On November 19, 1986, the presiding administrative law judge (ALJ) issued both an order (Order No. 6) granting respondents Canon, Inc., and Canon, U.S.A., Inc. leave to amend their answer to the complaint to add an additional affirmative defense and an ID (Order No. 7) designating the investigation more complicated within the meaning of § 210.59 of the Commission's rules (19 CFR 210.59). All procedural deadlines were extended for 3 months. Complainant Aunyx Corp. had indicated that it reserved the right to move to for a more complicated designation if the motion to amend the answer was granted, while the Commission investigative attorney had argued that the investigation should be declared more complicated if leave to amend the answer was granted. The ID indicated that the basis for the more complicated designation was that the already complex antitrust issues of the investigation had been made even more involved by the new affirmative defense of respondents' rights under certain U.S. patents. The ID also found that unless the investigation was declared more complicated, there would be insufficient time for adequate discovery and proper development of the record.

The Commission received no petitions for review of the ID nor any comments from other Government agencies.

Copies of the ALJ's ID and all other nonconfidential documents filed in connection with this investigation are available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436, telephone 202-523-0161. Hearing-impaired individuals are advised that information concerning this investigation can be obtained by contacting the Commission's TDD terminal on 202-724-0002.

[Investigation No. 731-TA-288 (Final)]

Erasable Programmable Read Only Memories (EPROM'S) From Japan Determination

On the basis of the record¹ developed in the subject investigation, the Commission determines,² pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States is materially injured by reason of imports from Japan of erasable programmable read only memories (EPROM's), provided for in item 687.74 of the Tariff Schedules of the United States, which have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective March 17, 1986, following a preliminary determination by the Department of Commerce that imports of EPROM's from Japan were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. 1673). Notice of the institution of the Commission investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of April 2, 1986 (51 FR 11358). Subsequently, the Department of Commerce extended the date of its final determination and, accordingly, the Commission revised its schedule with a notice published in the *Federal Register* of May 7, 1986 (51 FR 16905).

On July 30, 1986, Commerce entered into an agreement with Japan that suspended the investigation pursuant to section 734 of the Act (19 U.S.C. 1673c) (51 FR 28253, August 6, 1986).³ on August 28, 1986, however, petitioners filed a request to continue the investigation pursuant to section 734(g)(2) of the Act (19 U.S.C. 1673c(g)(2)) and, on October 30, 1986, Commerce published a final affirmative determination of sales at LTFV (51 FR 39680).

Notice of the continuation of the Commission's final investigation and of a hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary to the Commission and by publishing the

¹The record is defined in § 207.2(i) of the Commission's *Rules of Practice and Procedure* (19 CFR 207.2(i)).

²Chairman Liebelier dissenting.

³The Commission published its suspension notice in the *Federal Register* of August 20, 1986 (51 FR 29708).

APPENDIX C

THE COMMISSION'S NOTICE OF PUBLIC HEARING

Agriculture; the United States Information Agency; and the Department of State.

In the United States, the Department of the Interior is responsible for directing and coordinating U.S. participation in the World Heritage Convention. The Department implements its responsibilities under the Convention in accordance with the statutory mandate contained in Title IV of the National Historic Preservation Act Amendments of 1980 (Pub. L. 96-515; 16 U.S.C. 470a-1, a-2). On May 27, 1982, the Interior Department published in the Federal Register the final rules which are used to carry out this legislative mandate (47 FR 23392). The rules contain further information on the Convention and its implementation in the United States.

United States World Heritage Nominations: 1987

The Interior Department, in cooperation with the Federal Interagency Panel for World Heritage, has selected the following properties as United States nominations to the World Heritage Committee for inscription on the World Heritage List.

I. Cultural Properties

Architecture: Early United States
THE THOMAS JEFFERSON
ARCHITECTURAL THEME
Monticello, Charlottesville, Virginia (38° 0'N; 78° 30'W)

Thomas Jefferson, the third American President, was a great architect who practiced the Classic Revival style. In Monticello, his mansion, he combined elements of Roman, Palladian, the 18th century French design with features expressing his extraordinary personal inventiveness. Criteria: (i) A unique artistic achievement, a masterpiece of the creative genius; and (ii) has exerted great influence, over a span of time and within a cultural area of the world, on development in architecture.

University of Virginia; Jefferson District
Charlottesville, Virginia (38° 0'N; 78° 30'W)

Includes original classrooms and professors' quarters housed in pavilions aligned on both sides of an elongated terraced court, as well as the domed Rotunda, a scaled-down version of the Pantheon. This building was the focal point of Thomas Jefferson's design. Jefferson envisioned a community of scholars living and studying in an architecturally unified complex of buildings. Criteria: (i) A unique artistic achievement, a masterpiece of the creative genius; and (ii) has exerted great influence, over a span of time and

within a cultural area of the world, on developments in architecture.

Hawaiian
PU'UHONUA O HONAUNAU
NATIONAL HISTORICAL PARK
Hawaii (19° 25'N; 155° 55'W)

This area (formerly known as City of Refuge National Historical Park) includes sacred ground, where vanquished Hawaiian warriors, noncombatants, and kapu breakers were granted refuge from secular authority. Prehistoric housesites, royal fishponds, and spectacular shore scenery are features of the park. Criteria: (iii) Bears a unique or exceptional testimony to a civilization which has disappeared; (iv) an outstanding example of a type of building or architectural ensemble which illustrates a significant stage in history; and (vi) directly or tangibly associated with ideas or beliefs of outstanding universal significance.

Dated: February 9, 1987.

P. Daniel Smith,
Deputy Assistant Secretary for Fish and
Wildlife and Parks.

[FR Doc. 87-3504 Filed 2-18-87; 8:45 am]

BILLING CODE 4310-70-M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-241]

Competitive Position of Canadian Live Cattle and Beef in U.S. Markets

AGENCY: International Trade Commission.

ACTION: Notice of time and place of public hearing.

EFFECTIVE DATE: January 21, 1987.

FOR FURTHER INFORMATION CONTACT:
David E. Ludwick (202-724-1763), Office of Industries, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436. Hearing-impaired individuals may obtain information of this matter by contacting the Commission's TDD terminal on 202-724-002.

SUPPLEMENTARY INFORMATION: On December 15, 1986, the Commission instituted the subject investigation and announced that a public hearing would be held at a time and place to be announced (51 FR 46942, Dec. 29, 1986). The public hearing is scheduled to begin at 9:30 a.m. April 16, 1987, and to be continued, if necessary, beginning at 9:30 a.m. April 17, at the Ramada Inn, 1223 Milloway Lane, Billings, Montana. All persons shall have the right to appear in person or by counsel, to present information and to be heard. Persons wishing to appear at the public

hearing should file requests to appear and should file prehearing briefs (original and 14 copies) with the Secretary, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436, not later than noon, March 23, 1987.

Issued: February 13, 1987.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 87-3547 Filed 2-18-87; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 337-TA-242]

Certain Dynamic Random Access Memories, Components Thereof, and Products Containing Same; Initial Determination Terminating Respondents on the Basis of Settlement Agreement

AGENCY: International Trade Commission.

ACTION: Notice is hereby given that the Commission has received an initial determination from the presiding officer in the above-captioned investigation terminating the following respondents on the basis of a settlement agreement: Matsushita Electric Industrial Co., Ltd. Matsushita Electronics Corporation and Matsushita Electric Corporation of America.

SUPPLEMENTARY INFORMATION: This investigation is being conducted pursuant to section 337 of the Tariff Act of 1930 (19 U.S.C. 1337). Under the Commission's rules, the presiding officer's initial determination will become the determination of the Commission thirty (30) days after the date of its service upon the parties, unless the Commission orders review of the initial determination. The initial determination in this matter was served upon the parties on February 13, 1987.

Copies of the initial determination, the settlement agreement, and all other nonconfidential documents filed in connection with this investigation are available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436, telephone 202-523-0161. Hearing impaired individuals are advised that information on this matter can be obtained by contracting the Commission's TDD terminal on 202-724-0002.

WRITTEN COMMENTS: Interested persons may file written comments with the Commission concerning termination

APPENDIX D

WITNESSES AT THE PUBLIC HEARING

TENTATIVE CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject : Competitive Position of Canadian
Live Cattle and Beef in U.S.
Markets

Inv. No. : 332-241

Date and time: April 16, 1987 - 9:30 a.m.

Sessions were held at the Ramada Inn, 1223 Malloway Lane,
Billings, Montana.

Congressional appearance:

Honorable Max Baucus, United States Senator, State of Montana

WITNESS AND ORGANIZATION:

National Cattlemen's Association

Jack Dahl, NCA President, Gackle, North Dakota

Tom Cook, Director, Industry Affairs,
Washington, D.C.

Tommy Beall, Cattle-Fax, Englewood, Colorado

Washington Cattle Feeders Association, Pasco,
Washington

Jake Para, member of the Board of Directors

Washington Cattlemen's Association, Inc.,
Ellensburg, Washington

Don McClure, Past President

WITNESS AND ORGANIZATION:

Montana Board of Livestock, Boyes, Montana

Nancy Espy, Chairman

Dr. Don Ferlicka, State Veterinarian

Montana Cattleman's Association, Reedpoint, Montana

Gene Van Oosten, President

Montana Stockgrowers Association, Great Falls, Montana

Jack Eidel, President

Bill Harr, Member

Montana Stockgrowers Association, Belt, Montana

Walter H. Johnson, Member

Montana Cattle Feeders Association

Mark Thompson, Member

Montana WIFE, Malta, Montana

Vickie Olson, Member

Great Falls, Montana

James A. Scott

National Farmers Union

Ken Siroky

Malta, Montana

Ms. Esther Ruud

WITNESS AND ORGANIZATION:

Bronz & Farrell--Counsel
Washington, D.C.
on behalf of

The Canadian Cattlemen's Association

Stan Wilson, President of the Association

Jim Graham, Chairman of the Foreign Trade
Committee of the Association

Charles Gracey, Executive Vice President
of the Association

Chris Mills, Agricultural Policy Advisor
to the Association

Edward J. Farrell--OF COUNSEL

APPENDIX E
STATISTICAL TABLES

Table E-1
Cash receipts from farming, 1982-86

(In millions of dollars)					
Item	1982	1983	1984	1985	1986
Livestock and products:					
Cattle and calves.....	29,813	28,685	30,664	29,051	29,911
Other meat animals.....	11,104	10,208	10,169	9,134	8,348
Dairy products.....	18,234	18,757	17,944	18,135	18,135
Poultry and eggs.....	9,538	10,003	12,305	11,285	11,427
Other animals and products.....	1,560	1,800	1,960	1,930	1,861
Total.....	70,249	69,453	73,042	69,535	69,682
Other agricultural					
crops.....	72,095	68,349	69,465	74,762	62,664
Government payments.....	3,492	9,295	8,430	7,704	11,398
Grand total.....	145,836	147,097	150,937	152,001	143,744

Note.—Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-2

Cattle feedlots: Number in 5 major cattle-feeding States 1/ of the Corn Belt, by capacity, 1982-86

Item	1982	1983	1984	1985	1986
Number of feedlots with capacity of under 1,000 animals: <u>2/</u>	57,684	55,425	50,658	43,449	37,222
Number of feedlots with capacity of 1,000 animals or more <u>3/</u>	1,316	1,275	1,142	1,151	1,378
Total.....	59,000	56,700	51,800	44,600	38,600

1/ Illinois, Iowa, Kansas, Minnesota, and Nebraska.

2/ The number of feedlots with a capacity of under 1,000 animals is the number at the end of the year.

3/ The number of feedlots with a capacity of 1,000 or more animals is the number of lots operating anytime during the year.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-3

Number of cattle feedlots in 8 major cattle-feeding States of the Western rangelands, 1/ 1982-86

Item	1982	1983	1984	1985	1986
Number.....	7,757	7,011	6,797	6,286	5,992

1/ Arizona, California, Colorado, Idaho, Oklahoma, South Dakota, Texas, and Washington.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-4

Number of U.S. firms slaughtering cattle and calves by types of cattle, 1981-85

Year	Steers and heifers	Cows and bulls	All cattle	Calves
1981.....	489	521	599	262
1982.....	471	505	580	259
1983.....	463	501	570	251
1984.....	435	471	533	236
1985.....	391	429	481	219

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-5

Cattle and calves: U.S. inventory, by classes, as of Jan. 1 of 1983-87

(In thousands)					
Class	1983	1984	1985	1986	1987
Beef cows.....	37,940	37,494	35,370	33,633	33,910
Milk cows.....	11,047	11,109	10,805	11,177	10,547
Heifers 500 pounds and over for beef cow replacement.....	6,336	6,183	5,542	5,149	5,154
Heifers 500 pounds and over for milk cow replacement.....	4,545	4,532	4,760	4,761	4,335
Other heifers.....	7,965	7,851	8,056	8,090	7,548
Steers 500 pounds and over.....	16,214	16,371	16,369	15,967	15,249
Bulls 500 pounds and over.....	2,609	2,549	2,411	2,261	2,204
Calves under 500 pounds...	28,346	27,611	26,436	24,431	23,084
Total.....	115,001	113,700	109,749	105,468	102,031

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-6

Cattle: Number of federally inspected slaughter plants, by sizes, number of cattle slaughtered in such plants, and shares of total commercial slaughter accounted for, 1982-86

Number of cattle slaughtered per year	1982			1983			1984			1985			1986		
	Plants	Quantity slaugh- tered	Share of commer- cial slaughter Percent	Plants	Quantity slaugh- tered	Share of commer- cial slaughter Percent	Plants	Quantity slaugh- tered	Share of commer- cial slaughter Percent	Plants	Quantity slaugh- tered	Share of commer- cial slaughter Percent	Plants	Quantity slaugh- tered	Share of commer- cial slaughter Percent
Under 1,000.....	904	350	1.0	893	335	0.9	922	333	0.9	940	331	0.9	917	319	0.9
1,000 to 9,999.....	320	1,035	2.9	345	1,076	2.9	313	933	2.5	277	866	2.4	244	817	2.2
10,000 to 49,999...	148	3,777	10.5	129	3,422	9.3	129	3,211	8.5	116	2,874	7.9	105	2,644	7.1
50,000 to 499,999..	122	19,301	53.8	121	18,712	51.1	120	18,230	48.5	99	14,572	40.2	95	14,987	40.2
500,000 and over...	12	9,396	26.2	14	11,269	30.7	16	13,076	34.8	19	15,960	44.0	19	16,828	45.1
Total.....	1,506	33,859	1/94.4	1,502	34,814	1/94.9	1,500	35,783	1/95.2	1,451	34,602	1/95.4	1,380	35,594	1/95.5

1/ Remainder accounted for by State inspection.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-7

Calves: Number of federally inspected slaughter plants, by sizes, number of calves slaughtered in such plants, and shares of total commercial slaughter accounted for by such plants, 1982-86

Number of cattle slaughtered per year	1982			1983			1984			1985			1986		
	Plants	Quantity slaugh- tered	Share of commer- cial slaughter Percent	Plants	Quantity slaugh- tered	Share of commer- cial slaughter Percent	Plants	Quantity slaugh- tered	Share of commer- cial slaughter Percent	Plants	Quantity slaugh- tered	Share of commer- cial slaughter Percent	Plants	Quantity slaugh- tered	Share of commer- cial slaughter Percent
		Thou- sands			Thou- sands			Thou- sands			Thou- sands			Thou- sands	
Less than 100.....	626	9	0.3	609	9	0.3	645	10	0.3	624	9	0.3	569	9	0.3
100 to 9,999.....	155	243	8.0	152	224	7.3	146	216	6.6	141	245	7.2	159	244	7.2
10,000 and more....	55	2,476	82.0	56	2,564	83.3	63	2,792	84.8	66	2,891	85.4	64	2,915	85.5
Total.....	836	2,728	1/ 90.3	817	2,797	1/ 90.9	854	3,018	1/ 91.7	831	3,145	1/ 92.9	792	3,169	91.1

1/ Remainder accounted for by State inspection.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-8

Cattle and calves: Share of slaughter accounted for by 4, 8, and 12 largest firms, by type and years, 1980-84

Item	1980	1981	1982	1983	1984
Steers and heifers:					
4 largest firms.....	39.0	42.7	45.0	50.6	52.9
8 largest firms.....	56.2	58.1	60.9	62.6	64.6
12 largest firms.....	63.3	66.7	68.7	69.4	72.1
Cows and bulls:					
4 largest firms.....	10.5	10.3	10.0	11.6	12.4
8 largest firms.....	19.9	19.8	18.8	20.9	21.7
12 largest firms.....	27.1	27.4	25.7	27.8	28.1
Calves:					
4 largest firms.....	35.8	35.3	33.4	34.0	35.0
8 largest firms.....	51.8	51.4	50.2	51.2	51.0
12 largest firms.....	60.6	60.3	59.2	59.8	60.0

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-9

Cattle: Share of steer and heifer and cow and bull slaughter accounted for by the 4 largest volume slaughtering firms, by specified States, 1972 and 1982

State	(In percent)			
	Steers and heifers		Cows and bulls	
	1972	1982	1972	1982
Arizona.....	89	99	<u>1/</u>	<u>1/</u>
California.....	19	41	36	52
Colorado.....	66	99	<u>1/</u>	<u>1/</u>
Florida.....	<u>1/</u>	<u>1/</u>	81	87
Georgia.....	<u>1/</u>	<u>1/</u>	80	97
Idaho.....	83	96	<u>1/</u>	<u>1/</u>
Illinois.....	61	85	<u>1/</u>	<u>1/</u>
Indiana.....	81	88	<u>1/</u>	<u>1/</u>
Iowa.....	67	85	80	97
Kansas.....	73	92	<u>1/</u>	<u>1/</u>
Kentucky.....	<u>1/</u>	<u>1/</u>	85	98
Michigan.....	53	69	76	88
Minnesota.....	73	97	75	91
Mississippi.....	<u>1/</u>	<u>1/</u>	88	98
Missouri.....	85	98	<u>1/</u>	<u>1/</u>
Montana.....	96	98	<u>1/</u>	<u>1/</u>
Nebraska.....	43	62	62	83
New Mexico.....	98	100	<u>1/</u>	<u>1/</u>
New York.....	<u>1/</u>	<u>1/</u>	36	72
North Carolina.....	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
North Dakota.....	100	100	<u>1/</u>	<u>1/</u>
Ohio.....	42	62	<u>1/</u>	<u>1/</u>
Oklahoma.....	80	94	67	82
Oregon.....	65	74	<u>1/</u>	<u>1/</u>
Pennsylvania.....	77	87	46	66
South Dakota.....	95	99	99	95
Tennessee.....	<u>1/</u>	<u>1/</u>	62	88
Texas.....	52	82	41	45
Washington.....	73	99	<u>1/</u>	<u>1/</u>
Wisconsin.....	90	99	67	88

1/ Not available.

Source: Compiled from unpublished data of the U.S. Department of Agriculture.

Table E-10
Cash receipts from agriculture in Canada, by Provinces, 1986

(In thousands of Canadian dollars)											
	Newfoundland	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Canada Total
Cattle and calves.....	1,278	32,388	29,683	22,918	294,792	1,143,802	316,265	480,602	1,160,070	161,983	3,643,781
Other meat animals.....	4,623	24,914	36,183	23,053	679,261	693,737	244,213	110,449	278,953	55,115	2,150,501
Dairy products.....	11,108	30,414	80,326	53,417	1,011,977	958,731	106,783	75,462	228,955	230,155	2,787,328
Poultry and eggs.....	20,712	3,990	49,009	37,389	363,497	516,648	96,980	52,362	133,820	161,709	1,436,116
Other animals and products.....	890	2,919	13,809	3,568	30,635	53,536	17,947	12,896	23,635	20,047	179,882
Total animals and products.....	38,611	94,625	209,010	140,345	2,380,162	3,366,454	782,188	731,771	1,825,433	629,009	10,197,608
Other crops.....	5,346	92,537	48,125	72,053	502,430	2,030,438	1,309,054	3,223,539	1,753,881	336,215	9,373,618
Other, including gov- ernment payments.....	432	10,088	10,116	8,977	349,627	134,338	23,612	156,519	261,800	51,684	1,007,193
Grand total.....	44,389	197,250	267,251	221,375	3,232,219	5,531,230	2,114,854	4,111,829	3,841,114	1,016,908	20,578,419

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of Statistics Canada.

Table E-11

Live cattle: Number of cattle and operations in Canada, by size of operation, 1981

Number of cattle and calves per operation	Number of operations	Total number of cattle and calves Thousands	Percentage distribution of total operations	Percentage distribution of total cattle and calves
			-----	Percent-----
1 to 32.....	73,108	1,062	25	8
33 to 122.....	86,419	3,156	47	23
123 and over.....	25,546	6,698	28	69
Total.....	185,073	10,916	100	100

Note.--Because of rounding, figures may not add to the totals shown.

Source: 1981 Census of Canada, Agriculture: Livestock and Poultry.

Table E-12

Live cattle and calves: Inventory in Canada, by types, as of Jan. 1 of 1983-87

(In thousands)					
Type	1983	1984	1985	1986	1987
Beef cows.....	3,281	3,236	3,065	2,948	2,975
Other beef cattle and calves.....	6,574	6,393	6,192	5,969	5,871
Total beef cattle and calves.....	9,855	9,629	9,257	8,917	8,846
Dairy cows.....	1,763	1,731	1,723	1,674	1,647
Total cattle and calves.....	11,618	11,360	10,980	10,591	10,493

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from Livestock and Animal Product Statistics, Statistics Canada.

Table E-13

Live cattle and calves: Number in Canada, by types, regions, and Provinces, as of Jan. 1, 1986

(In thousands)					
Region and Province	Beef cows	Other beef cattle and calves	Total beef cattle and calves	Dairy cows	Total cattle and calves
Alberta.....	1,130.0	1,765.0	2,895.0	150.0	3,045.0
Saskatchewan.....	760.0	908.0	1,668.0	77.0	1,745.0
Manitoba.....	325.0	485.0	810.0	80.0	890.0
Prairie Provinces <u>1/</u> ..	2,215.0	3,158.0	5,373.0	307.0	5,680.0
Western Canada,					
total.....	2,395.0	3,500.0	5,895.0	395.0	6,290.0
Ontario.....	325.0	1,653.0	1,978.0	525.0	2,503.0
Quebec.....	172.0	623.0	795.0	665.0	1,460.0
Nova Scotia.....	26.6	74.0	100.6	35.4	136.0
New Brunswick.....	17.8	54.0	71.8	28.7	100.5
Prince Edward Island..	10.9	61.1	72.0	22.0	94.0
Newfoundland.....	0.9	3.1	4.0	3.2	7.2
Atlantic					
Provinces <u>2/</u>	56.2	192.2	248.4	89.3	337.7
Eastern Canada,					
total.....	553.2	2,468.2	3,021.4	1,279.3	4,300.7
Canada, total.....	2,948.2	5,968.2	8,916.4	1,674.3	10,590.7

1/ Alberta, Saskatchewan, and Manitoba.

2/ Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from Livestock and Animal Product Statistics, Statistics Canada.

Table E-14

Live cattle and calves: Shipments from western Canada to eastern Canada, by uses and types of transportation, 1982-86

(In thousands)					
Type and use	1982	1983	1984	1985	1986
Cattle and calves for slaughter shipped by--					
Rail.....	17.3	5.5	18.4	3.2	2.3
Truck.....	21.5	19.2	24.7	12.9	33.7
Total.....	38.8	24.8	43.2	16.2	36.0
Cattle and calves for feeding shipped by--					
Rail.....	241.4	248.1	217.4	137.1	47.4
Truck.....	260.7	259.1	286.0	339.4	333.2
Total.....	502.0	507.2	503.3	476.5	380.6
All cattle and calves shipped by--					
Rail.....	258.7	253.7	235.8	140.3	49.7
Truck.....	282.1	278.3	310.7	352.3	366.9
Total.....	540.8	532.0	546.5	492.6	416.5

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of Agriculture Canada.

Table E-15

Live cattle and calves: U.S. production, 1/ U.S. imports from Mexico, Canada, and total, U.S. exports, apparent consumption, 2/ and imports as a share of production and consumption, 1982-86

							Share of production and consumption supplied by imports from Mexico, Canada, and from all countries					
							Mexico		Canada		Total, all countries	
Year	Production	Imports from--		Total, all countries	Exports	Apparent consumption	Produc- tion	Consump- tion	Produc- tion	Consump- tion	Produc- tion	Consump- tion
-----Thousands-----							-----Percent-----					
1982..	44,200	510	495	1,005	122	38,864	1.2	1.3	1.1	1.3	2.3	2.6
1983..	43,925	562	359	921	131	39,725	1.3	1.4	.8	.9	2.1	2.3
1984..	42,500	390	363	753	102	40,879	1.0	1.0	.9	.9	1.8	1.8
1985..	41,045	476	359	836	173	39,674	1.2	1.2	.9	.9	2.0	2.1
1986..	41,201	1,087	247	1,335	156	40,698	2.6	2.7	.6	.6	3.2	3.3

1/ The calf crop, which is the number of calves born during the year.

2/ Commercial slaughter.

3/ Imports of live cattle and calves from all other sources combined amounted to fewer than 1,000 animals in every year during 1982-85.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Production and apparent consumption, compiled from official statistics of the U.S. Department of Agriculture; imports and exports, compiled from official statistics of the U.S. Department of Commerce.

Table E-16

Beef and veal: U.S. production, imports for consumption from Canada and all other sources, exports of domestic merchandise, apparent consumption, and imports as a share of consumption and production, 1982-86

Year	Production	Imports for consumption from--			Exports of domestic merchandise	Apparent consumption	Imports as a share of consumption from--			Imports as a share of production from--		
		Canada	All other	Total			Canada	All other	Total	Canada	All other	Total
		-----Million pounds-----					-----Percent-----			-----Percent-----		
1982.....	22,984	160	1,873	2,033	254	24,456	0.7	7.7	8.3	0.7	8.1	8.8
1983.....	23,696	166	1,826	1,992	276	25,167	.7	7.3	7.9	.7	7.7	8.4
1984.....	24,093	212	1,635	1,847	334	25,403	.8	6.4	7.3	.9	6.8	7.7
1985.....	24,243	240	1,851	2,091	332	25,873	.9	7.2	8.1	1.0	7.6	8.6
1986.....	<u>1/</u> 24,895	213	1,914	<u>1/</u> 2,127	504	<u>1/</u> 26,352	.8	7.3	8.1	.9	7.7	8.5

1/ Projected.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Production and apparent consumption, compiled from official statistics of the U.S. Department of Agriculture; imports and exports, compiled from official statistics of the U.S. Department of Commerce.

Table E-17

Red meat and poultry: U.S. production, by types, 1982-86, January-March 1986, and January-March 1987

(In millions of pounds)						
Period	Beef	Veal	Pork	Lamb and mutton	Total red meat	Poultry
1982.....	22,536	448	14,229	365	37,578	15,425
1983.....	23,243	453	15,199	375	39,270	15,750
1984.....	23,598	495	14,812	379	39,284	16,392
1985.....	23,728	515	14,807	358	39,408	17,340
1986 <u>1/</u> ...	24,371	524	14,063	338	39,296	18,219

1/ Projected.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-18

Cattle: Commercial slaughter, by classes of cattle, 1982-86

Year	Steers and heifers--			Cows, bulls, and stags (culls)	Calves	Total consumption	Percent of total			
	Fed	Nonfed	Total				Fed	Nonfed	Culls	Calves
	-----1,000 head-----									
1982.....	24,902	2,769	27,671	8,172	3,021	38,864	64	7	21	8
1983.....	25,752	2,492	28,244	8,405	3,076	39,725	65	6	21	8
1984.....	25,758	2,414	28,172	9,410	3,297	40,879	63	6	23	8
1985.....	26,155	1,984	28,139	8,150	3,385	39,674	66	5	21	9
1986.....	25,957	2,660	28,617	8,673	3,408	40,698	64	7	21	8

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-19

Meat, poultry, and fish: U.S. civilian consumption, total and per capita, 1982-86

	Red meat 1/		Total beef		Lamb and	Total red	Poultry		
Year	Beef	Veal	and veal	Pork	mutton	meat	meat 2/	Fish 3/	All meat
Total consumption (million pounds)									
1982.....	23,998	457	24,456	14,425	381	39,261	14,703	2,828	56,792
1983.....	24,710	457	25,167	15,369	388	40,924	15,136	3,039	59,099
1984.....	24,900	503	25,403	15,396	398	41,197	15,722	3,217	60,136
1985.....	25,347	526	25,873	15,646	385	41,905	16,619	3,437	61,961
1986 1/.....	25,809	543	26,352	14,912	375	41,639	17,360	3,519	62,518
Per capita consumption (pounds)									
1982.....	104.3	2.0	106.3	62.6	1.7	170.6	63.9	12.3	246.8
1983.....	106.2	2.0	108.2	66.1	1.7	175.9	65.0	13.1	254.0
1984.....	106.1	2.1	108.2	65.6	1.7	175.5	66.9	13.7	254.8
1985.....	106.9	2.2	109.2	66.0	1.6	176.8	70.1	14.5	261.4
1986 1/.....	107.8	2.3	110.1	62.3	1.5	174.0	72.5	14.7	261.2

1/ Carcass-weight equivalent for red meat.

2/ Certified-ready-to-cook weight.

3/ Edible weight; excludes game fish consumption.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Red meat and poultry consumption, compiled from official statistics of the USDA; fish consumption, compiled from the U.S. Department of Commerce.

Table E-20

Per capita disposable income and per capita expenditures for red meat ^{1/} and poultry ^{1/}, 1982-86

Year	Per capita disposable income	Per capita expenditures for--					Ratio of expenditures for disposable income--				
	(nominal)	Beef	Pork	Total	Poultry	Total	Beef	Pork	Total	Poultry	Total
				red meat					red meat		
		Dollars					Percent				
1982.....	9,385	187.45	103.66	291.11	44.11	335.22	2.00	1.10	3.10	.47	3.57
1983.....	10,340	187.38	105.62	293.00	47.33	340.33	1.81	1.02	2.83	.46	3.29
1984.....	11,265	188.33	100.28	288.61	54.39	343.00	1.67	.89	2.56	.48	3.04
1985.....	11,817	183.97	100.62	284.58	54.39	338.98	1.56	.85	2.41	.46	2.87
1986 <u>2/</u>	12,293	184.10	104.56	288.65	61.70	350.42	1.49	.85	2.34	.50	2.83

^{1/} Red meat includes beef and pork only; poultry includes broilers and turkeys only.^{2/} Based on first 9 months of 1986.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Disposable income (Survey of Current Business, U.S. Department of Commerce), Per capita expenditures--Livestock and Poultry Situation, August 1986, U.S. Department of Agriculture.

Table E-21

Live cattle and calves: Quantity of U.S. exports to Canada, by classes, 1982-86

Year	Fed steers and heifers	Slaughter cows	Slaughter bulls	Slaughter calves	Feeder cattle and calves	Total
1982.....	71,006	243	201	13,912	809	86,171
1983.....	69,733	259	137	12,286	7,355	89,770
1984.....	18,267	1,133	75	17,412	10,593	47,480
1985.....	45,936	617	36	6,070	4,927	57,586
1986.....	45,946	3,139	84	9,763	12,456	71,388

Source: Compiled from official statistics of Agriculture Canada, Livestock Market Review.

Table E-22

Live cattle and calves: U.S. exports to Mexico, by classes, 1982-86

(In thousands)

Source	1982	1983	1984	1985	1986
Beef for breeding:					
Males.....	2	1	5	12	5
Females.....	3	1	5	25	9
Total.....	5	2	10	37	14
Dairy for breeding:					
Males.....	1/	1/	1	5	1
Females.....	5	1	8	25	23
Total.....	5	1	9	30	24
Total breeding.....	10	3	19	67	38
Not for breeding:	8	2	20	28	19
Grand total.....	18	5	40	95	57

1/ Less than 500 animals.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-23

Beef and veal: U.S. exports, by principal markets, 1982-86

Market	1982	1983	1984	1985	1986
Quantity (1,000 pounds) 1/					
Japan.....	164,607	188,249	244,478	259,571	351,925
Canada.....	25,608	27,727	60,340	57,057	53,424
Brazil.....	4	4	66	0	89,819
All other.....	72,251	71,101	57,957	47,325	50,038
Total.....	262,470	287,081	362,841	363,953	545,206
Value (1,000 dollars)					
Japan.....	\$238,967	\$259,695	\$329,744	\$356,728	\$480,166
Canada.....	58,971	69,384	141,425	148,157	151,800
Brazil.....	5	70	82	-	32,415
All other.....	127,443	121,893	105,238	85,965	90,753
Total.....	425,386	451,042	576,489	590,850	755,134

1/ Carcass weight equivalent.

Source: Exports to Canada compiled from official statistics of Agriculture Canada; exports to all other markets compiled from official statistics of the U.S. Department of Commerce.

Table E-24

Live cattle and calves: U.S. imports from Mexico, Canada, and all other sources, 1982-86

Source	1982	1983	1984	1985	1986
Quantity (thousands)					
Mexico.....	510	562	390	476	1,087
Canada.....	495	359	363	359	247
All other.....	1/	1/	1/	1/	1/
Total.....	1,005	921	753	836	1,335
Value (1,000 dollars)					
Mexico.....	115,028	138,902	96,420	124,124	282,273
Canada.....	182,247	173,353	188,133	180,905	142,922
All other.....	423	387	1,210	1,491	759
Total.....	297,698	312,642	285,763	306,520	425,954

1/Fewer than 500 animals.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-25

Certain purebred cattle for breeding purposes: U.S. imports from Canada and all other sources, by types, 1982-86

Type and source	1982	1983	1984	1985	1986
	Quantity				
Males: <u>1/</u>					
Canada.....	1,089	951	716	576	537
All other sources.....	0	7	66	37	6
Total.....	1,089	958	782	613	543
Dairy females: <u>2/</u>					
Canada.....	3,126	3,598	2,878	3,384	1,962
All other sources.....	0	0	6	0	0
Total.....	3,126	3,598	2,884	3,384	1,962
Other females: <u>3/</u>					
Canada.....	3,527	4,803	2,696	2,205	2,266
All other sources.....	12	133	130	98	0
Total.....	3,539	4,936	2,826	2,303	2,266
Total:					
Canada.....	7,742	9,352	6,290	6,165	4,765
All other sources.....	12	140	202	135	6
Total.....	7,754	9,492	6,492	6,300	4,771
	Value (1,000 dollars)				
Males: <u>1/</u>					
Canada.....	1,345	1,243	933	658	579
All other sources.....	-	31	399	211	21
Total.....	1,345	1,274	1,332	869	601
Dairy females: <u>2/</u>					
Canada.....	3,222	4,261	2,535	2,449	1,469
All other sources.....	-	-	3	-	-
Total.....	3,222	4,261	2,538	2,449	1,469
Other females: <u>3/</u>					
Canada.....	4,359	5,579	2,578	2,084	1,901
All other sources.....	36	299	600	393	1
Total.....	4,395	5,878	3,178	2,477	1,901
Total:					
Canada.....	8,926	11,083	6,046	5,188	3,949
All other sources.....	36	330	1,002	607	21
Total.....	8,962	11,413	7,048	5,795	3,970

1/ TSUSA item No. 100.0130.

2/ TSUSA item No. 100.0140.

3/ TSUSA item No. 100.0150.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-26

Cows for dairy purposes: 1/ U.S. imports from Canada and all other sources, 1982-86

Source	1982	1983	1984	1985	1986
Quantity (thousands)					
Canada.....	8	13	8	14	15
All other sources.....	0	2/	2/	0	2
Total.....	8	13	8	14	17
Value (1,000 dollars)					
Canada.....	7,049	10,320	5,723	10,336	10,582
All other sources.....	-	81	13	-	804
Total.....	7,049	10,402	5,736	10,336	11,386

1/ TSUS item No. 100.50.

2/ Fewer than 500 animals.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-27

Live cattle and calves: Quantity of U.S. imports from Canada, by reported intended use and by selected border ports of entry, 1984-86

(Quantity)						
Port and year	Purebred animals (for free entry) and other animals for breeding or dairy	Feeding or grazing	Slaughter	Subtotal	Other purposes	Total
1984:						
New England and mid-Atlantic.....	12,955	9,172	105,233	127,360	771	128,131
MI & ND.....	7,220	9,145	87,640	104,005	9,916	113,921
MT.....	6,498	2,895	18,958	28,351	947	29,298
ID & WA.....	534	2,892	100,531	103,957	370	104,327
Total.....	27,207	24,104	312,362	363,673	12,004	
1985:						
New England and mid-Atlantic.....	15,924	274	70,460	86,658	382	87,040
MI & ND.....	7,784	47,688	58,420	113,892	18,784	132,676
MT.....	3,801	62,901	9,121	75,823	1,120	76,943
ID & WA.....	592	13,761	68,701	83,054	440	83,494
Total.....	28,101	124,624	206,702	359,427	20,726	
1986:						
New England and mid-Atlantic.....	17,049	2,526	40,864	60,439	4,984	65,423
MI & ND.....	10,333	3,568	44,063	57,964	2,732	60,696
MT.....	2,629	2,826	27,821	33,276	570	33,846
ID & WA.....	534	1,098	87,536	89,168	232	89,400
Total.....	30,545	10,018	200,284	240,847	8,518	

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from "Quarterly Recap of Import Animals Inspected," Animal and Plant Health Inspection Service, U.S. Department of Agriculture.

Table E-28

Cattle weighing 200 pounds or more but under 700 pounds each: U.S. imports for consumption from Canada, by month, 1982-86 and January-February 1987

Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
Quantity (thousands)													
1982.....	1	1	8	14	13	5	4	5	10	15	15	6	97
1983.....	2	2	3	4	2	3	2	2	1	2	3	3	28
1984.....	1	1	1	1	2	1	1	1/	1	3	3	3	18
1985.....	1	10	31	30	14	2	1	1	2	2	9	6	107
1986.....	4	2	2	1	2	1	1	1	1	1	2	2	20
1987.....	1	1											
Value (1,000 dollars)													
1982.....	397	359	2,368	4,291	4,507	1,656	1,342	1,601	3,119	4,280	3,937	1,822	29,680
1983.....	846	898	1,237	1,398	660	757	446	439	266	869	743	1,269	9,830
1984.....	505	464	376	341	664	225	286	134	473	944	926	1,175	6,512
1985.....	334	3,789	11,136	10,753	5,321	892	414	351	522	926	2,127	1,674	38,241
1986.....	1,472	556	710	386	851	336	261	260	425	424	898	622	7,201
1987.....	318	283											

1/ Fewer than 500 animals.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-29

Calves weighing under 200 pounds each: U.S. imports for consumption from Canada, by month, 1982-86 and January-February 1987

Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
Quantity (thousands)													
1982.....	8	12	21	25	25	13	6	8	8	8	15	8	158
1983.....	5	3	7	12	14	8	5	5	5	8	7	8	88
1984.....	5	6	8	15	17	8	5	3	3	3	3	2	78
1985.....	3	3	3	3	4	2	1	1	2	1	1	1	26
1986.....	1	1	1	5	4	2	1	1/	1	1	1	1/	18
1987.....	1	1											
Value (1,000 dollars)													
1982.....	409	614	1,206	1,475	1,857	976	458	564	630	438	549	377	9,552
1983.....	283	212	551	895	1,328	744	301	302	215	384	341	362	5,918
1984.....	219	320	471	960	1,263	734	398	239	169	188	106	82	5,148
1985.....	145	172	220	243	374	289	49	57	95	34	34	35	1,746
1986.....	80	98	105	349	346	179	54	38	31	140	80	10	1,511
1987.....	158	100											

1/ Fewer than 500 animals.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-30

Cattle weighing 700 pounds or more each: 1/ U.S. imports for consumption from Canada, by month, 1982-86 and January-February 1987

Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
Quantity (thousands)													
1982.....	12	9	18	21	16	17	15	17	17	19	36	26	223
1983.....	22	19	28	24	23	18	15	10	16	16	17	13	221
1984.....	8	15	17	18	15	20	33	32	32	26	21	17	254
1985.....	13	20	30	21	17	17	11	11	11	15	19	20	205
1986.....	19	25	21	15	15	16	24	17	14	7	11	6	189
1987.....	12	18											
Value (1,000 dollars)													
1982.....	7,864	4,978	10,118	14,164	10,388	10,751	8,794	10,436	10,141	9,455	17,191	12,759	127,040
1983.....	12,982	11,178	17,319	14,956	15,221	12,003	10,092	6,664	9,924	9,080	9,159	7,624	136,202
1984.....	5,913	10,353	11,680	12,751	10,246	12,685	21,086	20,974	19,282	16,869	12,288	10,578	164,704
1985.....	8,291	12,329	18,647	13,245	10,127	10,537	7,171	7,414	6,485	8,788	10,577	11,781	125,391
1986.....	11,455	15,191	13,682	9,872	9,232	9,279	14,656	11,569	9,523	4,931	6,218	4,070	119,679
1987.....	7,729	11,717											

1/ TSUS items 100.53 and 100.55.

2/ Does not include purebred animals for breeding purposes or cows imported specially for dairy purposes.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-31

All cattle: 1/ U.S. imports for consumption from Canada, by month, 1982-86 and January-February 1987

Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
Quantity (thousands)													
1982.....	22	22	48	60	56	36	27	32	38	44	68	42	495
1983.....	30	25	42	44	43	32	23	18	23	27	29	25	359
1984.....	14	23	27	36	35	30	40	37	37	34	28	23	363
1985.....	17	35	67	56	36	24	15	15	16	20	30	28	359
1986.....	25	29	25	22	24	21	28	20	18	11	16	9	247
1987.....	15	21											
Value (1,000 dollars)													
1982.....	9,420	6,368	14,498	20,727	18,159	15,018	12,219	14,223	15,411	15,863	23,622	16,718	182,247
1983.....	15,403	13,673	22,019	21,046	20,271	15,485	12,253	8,584	11,569	11,098	11,088	10,865	173,353
1984.....	7,006	11,706	13,839	15,364	13,056	14,707	22,526	22,384	20,912	19,131	14,557	12,943	188,133
1985.....	9,521	17,274	31,615	26,044	17,217	13,277	8,734	9,060	8,383	11,139	14,053	14,588	180,905
1986.....	13,712	17,278	15,407	12,044	11,992	11,283	16,601	12,974	11,251	6,399	8,437	5,545	142,922
1987.....	9,006	13,317											

1/ TSUSA items 100.0130-100.0150 and 100.40-100.55.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-32

Live cattle and calves: U.S. imports for feeding or grazing from Mexico and Canada, 1984-86

Source	1984	1985	1986
	Quantity (thousands)		
Mexico.....	389	475	1,066
Canada.....	24	125	10
Total.....	413	600	1,076
	(Percent of total)		
Mexico.....	94	79	99
Canada.....	6	21	1
Total.....	100	100	100

Note.--Because of rounding, figures may not add to the totals shown.

Source: Imports from Mexico compiled from official statistics of the U.S. Department of Commerce, imports from Canada compiled from "Quarterly Recap of Import Animals Inspected," Animal and Plant Health Inspection Service, U.S. Department of Agriculture.

Table E-33

Cattle and calves: Number placed on feed in 13 major cattle feeding States, imports for feeding or grazing from Canada, and imports for feeding or grazing from Canada as a share of number placed on feed, by quarters, 1984-86

Category	January- March	April- June	July- September	October- December	Total
1984:					
Number of cattle and calves placed on feed in 13 major cattle feeding States (1,000 animals).....	5,511	5,562	6,252	7,592	24,917
Cattle and calves for feeding or grazing imported from Canada (1,000 animals).....	2	9	5	7	24
Imports of cattle and calves for feeding or grazing from Canada as a share of number placed on feed in 13 major cattle feeding States (percent).....	<u>1</u> /	0.2	0.1	0.1	0.1
1985:					
Number of cattle and calves placed on feed in 13 major cattle feeding States (1,000 animals).....	5,315	5,206	5,480	7,365	23,366
Cattle and calves for feeding or grazing imported from Canada (1,000 animals).....	68	41	2	14	125
Imports of cattle and calves for feeding or grazing from Canada as a share of number placed on feed in 13 major cattle feeding States (percent).....	1.3	0.8	<u>1</u> /	0.2	0.5
1986:					
Number of cattle and calves placed on feed in 13 major cattle feeding States (1,000 animals).....	5,270	5,221	6,336	6,726	23,553
Cattle and calves for feeding or grazing imported from Canada (1,000 animals).....	4	2	1	2	10
Imports of cattle and calves for feeding or grazing from Canada as a share of number placed on feed in 13 major cattle feeding States (percent).....	0.1	<u>1</u> /	<u>1</u> /	<u>1</u> /	<u>1</u> /

1/ Less than 0.05 percent.

Note.--Because of rounding figures may not add to the totals shown.

Source: Number placed on feed compiled from official statistics of the U.S. Department of Agriculture; imports compiled from "Quarterly Recap of Import Animals Inspected," Animal and Plant Health Inspection Service, U.S. Department of Agriculture.

Table E-34

Cattle: U.S. commercial slaughter, imports for consumption for slaughter from Canada, and imports from Canada as a share of U.S. commercial slaughter, by quarters, 1984-86

Year and item	January- March	April- June	July- September	October- December	Total
1984:					
U.S. commercial slaughter (1,000 animals).....	9,169	9,343	9,562	9,508	37,582
Imports of cattle for slaughter from Canada (1,000 animals).....	46	46	91	52	234
Imports from Canada as a share of commercial slaughter (percent).....	0.5	0.5	1.0	0.5	0.6
1985:					
U.S. commercial slaughter (1,000 animals).....	8,936	9,022	9,352	8,979	36,289
Imports of cattle for slaughter from Canada (1,000 animals).....	51	46	33	54	184
Imports from Canada as a share of commercial slaughter (percent).....	0.6	0.5	0.4	0.6	0.5
1986:					
U.S. commercial slaughter (1,000 animals).....	8,884	9,573	9,653	9,179	37,289
Imports of cattle for slaughter from Canada (1,000 animals).....	68	51	42	26	187
Imports from Canada as a share of commercial slaughter (percent).....	0.6	0.5	0.5	0.3	0.5

1/ Less than 0.05 percent.

Note.--Because of rounding, figures may not add to the totals shown.

Source: U.S. commercial slaughter based on official statistics of the U.S. Department of Agriculture; imports from Canada estimated by staff of U.S. International Trade Commission on the basis of "Quarterly Recap of Import Animals Inspected," Animal and Plant Health Inspection Service, U.S. Department of Agriculture.

Table E-35

Calves: U.S. commercial slaughter, imports for consumption from Canada, and imports from Canada as a share of U.S. commercial slaughter, by quarters, 1982-86

Year and item	January- March	April- June	July- September	October- December	Total
1982:					
U.S. commercial slaughter (1,000 animals).....	770	675	770	807	3,021
Imports from Canada. (1,000 animals).....	41	63	22	31	158
Imports from Canada as a share of U.S. commercial slaughter (percent).....	5.3	9.3	2.9	3.8	5.2
1983:					
U.S. commercial slaughter (1,000 animals).....	734	669	805	868	3,076
Imports from Canada (1,000 animals).....	15	34	15	23	88
Imports from Canada as a share of U.S. commercial slaughter (percent).....	2.0	5.1	1.9	2.6	2.9
1984:					
U.S. commercial slaughter (1,000 animals).....	817	745	856	874	3,293
Imports from Canada (1,000 animals).....	9	40	11	8	68
Imports from Canada as a share of U.S. commercial slaughter (percent).....	1.1	5.4	1.3	0.9	2.1
1985:					
U.S. Commercial slaughter (1,000 animals).....	820	770	872	923	3,385
Imports from Canada (1,000 animals).....	9	9	4	3	26
Imports from Canada as a share of U.S. commercial slaughter (percent).....	1.1	1.2	0.5	0.3	0.8
1986:					
U.S. commercial slaughter (1,000 animals).....	873	836	859	839	3,407
Imports from Canada (1,000 animals).....	3	11	2	2	18
Imports from Canada as a share of U.S. commercial slaughter (percent).....	0.3	1.3	0.2	0.2	0.5

1/Less than 0.5 percent.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Commercial slaughter based on official statistics of the U.S. Department of Agriculture, imports compiled from official statistics of the U.S. Department of Commerce.

Table E-36

Live cattle: U.S. imports, by customs districts, 1982-86

Country of origin and customs district	1982	1983	1984	1985	1986
Quantity (1,000 animals)					
Canada:					
Buffalo, NY.....	18	29	28	29	21
Detroit, MI.....	21	28	18	18	18
Great Falls, MT.....	65	56	88	113	104
Ogdensburg, NY.....	165	120	68	38	29
Pembina, ND.....	134	48	87	94	40
Portland, ME.....	17	19	15	12	6
Seattle, WA.....	49	42	43	43	19
St. Albans, VT.....	25	16	16	7	8
All other.....	1	1	1/	5	2
Total.....	495	359	363	359	247
Mexico:					
El Paso, TX.....	313	292	205	257	495
Laredo, TX.....	90	132	80	68	287
Nogales, AZ.....	106	138	105	151	287
All other.....	1	1/	1/	1/	18
Total.....	510	562	390	476	1,087
All other.....	1/	1/	1/	2	1
Grand total.....	1,005	921	754	837	1,335
Value (1,000 dollars)					
Canada:					
Buffalo, NY.....	11,086	18,709	16,963	17,103	11,459
Detroit, MI.....	14,804	20,228	12,043	12,758	11,105
Great Falls, MT.....	39,828	42,488	65,148	60,168	65,985
Ogdensburg, NY.....	29,599	32,654	14,120	15,459	12,347
Pembina, ND.....	56,057	29,497	55,306	49,470	28,149
Portland, ME.....	4,487	5,826	2,617	2,819	1,170
Seattle, WA.....	23,072	20,158	18,633	18,953	8,229
St. Albans, VT.....	2,875	3,600	3,183	2,735	3,265
All other.....	439	193	120	1,440	1,213
Total.....	182,247	173,353	188,133	180,905	142,922
Mexico:					
El Paso, TX.....	82,930	88,286	65,611	88,582	165,565
Laredo, TX.....	24,343	37,622	20,706	20,201	82,495
Nogales, AZ.....	7,653	12,942	10,096	15,342	31,157
All other.....	102	52	7	2/	3,056
Total.....	115,028	138,902	96,420	124,124	282,273
All other.....	423	387	1,210	1,491	759
Grand total.....	297,698	312,642	285,763	306,520	425,954

1/ Fewer than 500 animals.

2/ Less than \$500.

Note.—Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-37

Calves weighing 200 pounds or more but under 700 pounds each: ^{1/} U.S. imports for consumption, from Mexico, by month, 1982-86

(In thousands)

Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
1982.....	16	18	32	65	79	40	21	16	47	1	66	108	508
1983.....	32	22	22	16	81	122	52	63	36	2	8	105	560
1984.....	113	94	71	27	14	2	15	2/	11	3	1	39	389
1985.....	60	4	4	4	15	22	21	15	17	2	101	201	466
1986.....	137	75	70	54	103	38	50	32	18	12	202	264	1,054

^{1/} TSUS items 100.45; does not include pure bred animals imported for breeding purposes.

^{2/} Fewer than 500 animals.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-38

Beef and veal: U.S. imports for consumption, by major sources, 1982-86, January-February 1986, and January-February 1987

Source	1982	1983	1984	1985	1986	January-February--	
						1986	1987
Quantity (1,000 pounds, carcass weight equivalent)							
Australia.....	972,805	834,575	728,082	795,060	934,482	140,715	141,925
New Zealand.....	468,415	485,605	431,006	516,105	502,243	63,324	99,278
Argentina.....	122,921	157,661	143,574	178,739	154,622	30,328	38,012
Canada.....	159,821	166,384	212,399	240,448	212,550	49,922	36,385
Costa Rica.....	71,194	47,630	59,066	73,250	103,205	21,550	15,686
Brazil.....	85,933	135,651	152,012	139,153	88,889	17,793	9,842
Dominican Republic...	14,827	10,534	2,366	24,724	36,733	6,093	4,436
Denmark.....	11,776	8,451	15,447	15,572	13,474	2,573	1,467
Guatemala.....	8,457	26,485	26,393	40,093	1/	1/	1/
All other.....	116,412	119,350	76,825	67,418	81,278	20,620	6,261
Total.....	2,032,561	1,992,326	1,847,170	2,090,564	2,127,475	352,918	353,292
Value (1,000 dollars)							
Australia.....	629,816	569,371	480,558	473,583	537,200	86,151	88,330
New Zealand.....	311,184	336,934	297,593	320,096	292,650	40,657	62,263
Argentina.....	89,109	108,350	101,703	116,704	104,451	19,210	30,141
Canada.....	116,570	118,673	144,947	155,726	134,197	31,019	25,099
Costa Rica.....	53,378	36,928	44,765	51,059	71,340	14,678	11,163
Brazil.....	54,075	80,554	82,260	71,102	46,833	9,018	6,767
Dominican Republic...	13,175	9,400	2,206	17,469	25,661	4,263	3,453
Denmark.....	22,438	18,045	21,643	22,596	20,864	3,327	3,147
Guatemala.....	6,931	17,058	16,411	22,367	1/	1/	1/
All other.....	91,576	92,710	58,919	52,716	63,314	16,712	5,031
Total.....	1,388,252	1,388,023	1,251,005	1,303,418	1,296,511	225,035	235,395

1/ Included in all other.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-39

Fresh, chilled, or frozen beef and veal: Carcass weight equivalent of U.S. imports for consumption, by major sources, 1982-86, January-February 1986, and January-February 1987

Source	1982	1983	1984	1985	1986	January-February--	
						1986	1987
Quantity (1,000 pounds, carcass, weight equivalent)							
Australia.....	969,298	832,230	726,251	794,193	933,796	140,593	141,914
New Zealand.....	467,033	484,170	429,604	514,971	501,204	63,142	99,238
Canada.....	158,879	161,763	210,418	237,321	210,382	49,611	36,188
Costa Rica.....	71,194	47,630	59,066	73,250	103,126	21,555	15,686
Dominican Republic...	14,827	10,534	2,366	24,724	36,733	6,093	4,436
Guatemala.....	8,457	26,483	26,393	40,093	13,443	5,545	2,935
Denmark.....	2,036	0	7,431	7,602	5,586	1,522	440
Honduras.....	48,111	49,424	30,456	19,776	30,586	7,336	112
All other.....	60,965	63,861	30,975	35,143	18,979	6,010	1,300
Total.....	1,800,800	1,676,095	1,522,960	1,747,073	1,853,835	301,407	302,248
Value (1,000 dollars)							
Australia.....	625,833	566,562	477,911	472,831	536,598	86,004	88,312
New Zealand.....	310,157	335,944	296,534	319,349	291,730	40,513	62,215
Canada.....	114,097	112,270	141,221	151,240	129,782	30,475	24,441
Costa Rica.....	53,378	36,928	44,765	51,059	71,274	14,678	11,163
Dominican Republic...	13,175	9,400	2,206	17,469	25,661	4,263	3,453
Guatemala.....	6,931	17,056	16,411	22,367	8,065	3,256	1,744
Denmark.....	1,236	-	4,833	5,095	3,917	1,125	301
Honduras.....	35,496	35,594	21,930	11,818	20,808	4,787	108
All other.....	46,401	46,916	21,489	25,630	15,684	6,449	822
Total.....	1,206,704	1,160,670	1,027,300	1,076,858	1,103,519	191,551	192,559

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-40

Fresh, chilled, or frozen beef and veal: Product weight of U.S. imports for consumption, by major sources, 1982-86, January-February 1986, and January-February 1987

Source	1982	1983	1984	1985	1986	January-February	
						1986	1987
Quantity (1,000 pounds, product weight)							
Australia.....	715,298	613,404	535,410	585,390	688,487	103,667	104,584
New Zealand.....	345,838	359,165	319,963	381,845	372,572	47,680	73,647
Canada.....	124,985	128,439	167,102	193,351	172,523	40,485	30,839
Costa Rica.....	52,392	35,025	43,431	54,091	76,113	15,871	11,534
Dominican Republic...	10,992	7,800	1,804	18,280	27,021	4,480	3,261
Guatemala.....	6,399	19,483	19,477	29,480	9,963	4,085	2,158
Denmark.....	1,497	0	5,737	6,002	4,222	1,198	335
Honduras.....	35,398	36,341	22,394	14,565	22,530	5,394	82
All other.....	44,876	47,143	23,092	27,570	15,136	5,037	1,007
Total.....	1,337,675	1,246,800	1,138,410	1,310,574	1,388,567	227,898	227,448
Value (1,000 dollars)							
Australia.....	625,833	566,562	477,911	472,831	536,598	86,004	88,312
New Zealand.....	310,157	335,944	296,534	319,349	291,730	40,513	62,215
Canada.....	114,097	112,270	141,221	151,240	129,782	30,475	24,441
Costa Rica.....	53,378	36,928	44,765	51,059	71,274	14,678	11,163
Dominican Republic...	13,175	9,400	2,206	17,469	25,661	4,263	3,453
Guatemala.....	6,931	17,056	16,411	22,367	8,065	3,256	1,744
Denmark.....	1,236	-	4,833	5,095	3,917	1,125	301
Honduras.....	35,496	35,594	21,930	11,818	20,808	4,787	108
All other.....	46,401	46,916	21,489	25,630	15,684	6,450	825
Total.....	1,206,704	1,160,670	1,027,300	1,076,858	1,103,519	191,551	192,561

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-41

Beef and veal: U.S. imports for consumption from Canada, by selected U.S. customs districts, 1982-86

Customs district	1982	1983	1984	1985	1986
Quantity (1,000 pounds, product weight)					
Ogdensburg, NY.....	48,021	47,096	66,807	52,285	38,373
Great Falls, MT.....	25,646	30,490	39,593	48,160	44,519
Pembina, ND.....	15,586	13,970	21,924	45,402	38,919
Buffalo, NY.....	26,170	26,317	30,828	29,227	30,526
Detroit, MI.....	5,597	8,459	6,823	16,823	19,030
Seattle, WA.....	1,946	3,181	2,289	3,754	1,564
All other.....	3,697	2,764	1,180	884	289
Total.....	126,663	132,277	169,444	196,535	173,220
Value (1,000 dollars)					
Ogdensburg, NY.....	47,884	44,158	60,369	45,799	32,505
Great Falls, MT.....	21,887	25,650	32,437	36,600	30,331
Pembina, ND.....	12,950	11,404	17,159	33,225	27,046
Buffalo, NY.....	22,381	21,354	24,416	21,728	23,322
Detroit, MI.....	5,072	9,647	6,479	13,588	16,104
Seattle, WA.....	2,204	3,319	2,491	3,500	1,268
All other.....	4,192	3,141	1,596	1,286	509
Total.....	116,570	118,673	144,947	155,726	131,085

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Customs Service.

Table E-42

All beef and veal: U.S. imports for consumption from Canada, by month, January 1982-February 1987

Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
(1,000 pounds, carcass weight equivalent)													
1982.....	14,535	14,930	17,834	13,053	11,387	12,728	11,242	16,193	20,760	17,413	9,363	382	159,821
1983.....	20,068	16,285	23,246	17,734	13,494	13,132	14,428	17,730	12,907	8,177	6,466	2,717	166,384
1984.....	18,455	25,555	21,069	20,720	17,350	12,712	11,169	12,500	11,654	16,968	24,252	19,993	212,399
1985.....	15,171	25,159	26,601	17,303	17,750	17,779	14,462	15,314	18,917	18,873	26,653	26,467	240,448
1986.....	23,110	26,812	20,774	15,706	15,955	14,800	16,642	16,877	17,790	12,970	18,613	12,501	212,550
1987.....	17,952	18,432											
Value (1,000 dollars)													
1982.....	10,091	10,265	12,115	9,426	8,534	10,301	8,758	11,793	15,370	12,606	6,924	387	116,570
1983.....	12,894	11,465	16,762	13,648	10,703	10,344	9,993	11,854	8,749	5,616	4,638	2,005	118,673
1984.....	11,590	17,052	15,527	15,211	12,582	9,172	7,794	8,015	7,990	11,163	15,527	13,324	144,947
1985.....	10,216	17,920	19,281	12,121	12,186	11,140	9,032	9,398	10,924	11,005	15,718	16,786	155,726
1986.....	14,463	16,556	12,998	9,455	9,790	9,637	9,984	10,334	11,691	7,972	12,871	8,446	134,197
1987.....	12,554	12,545											

Note: Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-43

Fresh, chilled, or frozen beef and veal: Carcass weight equivalent of U.S. imports for consumption from Canada, by month, January 1982-February 1987

Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
Quantity (1,000 pounds, carcass weight equivalent)													
1982.....	14,483	14,888	17,778	12,990	11,294	12,632	11,168	16,089	20,685	17,319	9,227	325	158,879
1983.....	20,004	16,227	22,961	17,323	12,864	12,495	13,927	17,099	12,472	7,514	6,242	2,634	161,763
1984.....	18,256	25,472	20,816	20,357	17,087	12,593	10,990	12,442	11,530	16,879	24,123	19,872	210,418
1985.....	15,098	25,004	26,374	17,184	17,482	17,330	14,203	15,038	18,275	18,671	26,438	26,224	237,321
1986.....	22,896	26,715	20,616	15,418	15,645	14,425	16,478	16,734	17,699	12,887	18,518	12,351	210,382
1987.....	17,838	18,350											
Value (1,000 dollars)													
1982.....	9,933	10,133	11,972	9,276	8,315	10,056	8,556	11,529	15,167	12,363	6,591	205	114,097
1983.....	12,735	11,276	16,244	13,140	9,960	9,600	9,341	11,041	8,119	4,773	4,271	1,769	112,270
1984.....	11,305	16,836	15,153	14,672	12,141	8,929	7,432	7,854	7,680	10,880	15,236	13,103	141,221
1985.....	10,028	17,619	18,892	11,936	11,867	10,497	8,712	9,046	10,193	10,648	15,351	16,452	151,240
1986.....	14,163	16,313	12,654	9,009	9,291	9,065	9,592	10,024	11,410	7,666	12,473	8,125	129,782
1987.....	12,170	12,272											

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-44

Fresh, chilled, or frozen beef and veal: Product weight of U.S. imports for consumption, from Canada, by month, 1982-86 and January-February 1987

Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
Quantity (1,000 pounds, product weight)													
1982.....	11,437	11,477	13,802	10,365	9,019	10,016	8,848	12,705	16,401	13,625	7,051	239	124,985
1983.....	15,408	12,926	18,290	14,208	10,542	10,323	11,073	13,190	9,530	5,733	5,050	2,166	128,439
1984.....	14,014	19,684	16,446	16,175	13,232	9,801	8,693	9,534	9,128	13,535	20,374	16,485	167,102
1985.....	12,218	20,806	21,611	13,958	14,392	13,556	11,211	12,101	14,667	15,401	21,804	21,626	193,351
1986.....	18,577	21,907	16,790	12,350	12,390	11,582	13,304	13,559	14,680	10,513	16,047	10,825	172,523
1987.....	15,305	15,534											
Value (1,000 dollars)													
1982.....	9,933	10,133	11,972	9,276	8,315	10,056	8,556	11,529	15,167	12,363	6,591	205	114,097
1983.....	12,735	11,276	16,244	13,140	9,960	9,600	9,341	11,041	8,119	4,773	4,271	1,769	112,270
1984.....	11,305	16,836	15,153	14,672	12,141	8,929	7,432	7,854	7,680	10,880	15,236	13,103	141,221
1985.....	10,028	17,619	18,892	11,936	11,867	10,497	8,712	9,046	10,193	10,648	15,351	16,452	151,240
1986.....	14,163	16,313	12,654	9,009	9,291	9,065	9,592	10,024	11,410	7,666	12,473	8,125	129,782
1987.....	12,170	12,272											

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-45

Beef and veal, prepared or preserved: U.S. imports for consumption from major sources, 1982-86, January-February 1986, and January-February 1987

Source	1982	1983	1984	1985	1986	January-February--	
						1986	1987
Quantity (1,000 pounds, carcass weight equivalent)							
Argentina.....	122,921	157,661	143,574	178,739	154,622	30,328	38,012
Brazil.....	85,933	135,651	152,012	139,152	88,889	17,793	9,842
Denmark.....	9,740	8,451	8,015	7,971	7,887	1,051	1,028
Uruguay.....	6,185	4,640	13,432	6,848	14,758	1,324	1,431
Canada.....	943	4,621	1,980	3,127	2,167	312	197
All other.....	6,039	5,207	5,197	7,654	5,316	708	534
Total.....	231,761	316,231	324,210	343,491	273,639	51,516	51,044
Value (1,000 dollars)							
Argentina.....	89,109	108,350	101,703	116,704	104,451	19,210	30,141
Brazil.....	54,075	80,554	82,260	71,101	46,833	9,018	6,767
Denmark.....	21,203	18,045	16,810	17,501	16,948	2,202	2,846
Uruguay.....	3,912	2,842	7,944	4,424	8,727	895	1,080
Canada.....	2,473	6,402	3,726	4,486	4,415	544	658
All other.....	10,776	11,158	11,261	12,345	11,618	1,614	1,342
Total.....	181,548	227,353	223,704	226,561	192,992	33,484	42,834

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-46

Quota-type meats: 1/ U.S. imports for consumption, by sources, 1982-86

(In thousands of pounds)

Source	1982	1983	1984	1985	1986 2/
Australia.....	714,837	601,135	542,774	595,692	601,582
New Zealand.....	348,761	367,877	328,248	398,576	340,582
Canada.....	124,680	129,998	166,207	187,762	169,846
Costa Rica.....	45,525	33,427	38,270	54,660	63,252
Dominican Republic.....	10,244	8,017	1,692	18,860	23,795
Honduras.....	31,737	34,102	22,317	15,116	19,788
Guatemala.....	5,237	19,066	18,351	28,229	6,701
Sweden.....	0	0	2,020	3,444	6,674
European Community.....	7,004	11,223	9,708	9,725	6,172
El Salvador.....	2,568	3,267	2,777	1,664	649
Guam.....	-	-	-	531	343
Belize.....	0	0	0	263	189
Panama.....	4,419	1,900	1,277	118	90
Nicaragua.....	23,248	28,094	7,793	3,914	0
Haiti.....	882	662	37	46	0
Mexico.....	451	1,318	0	0	0
Total.....	1,319,594	1,240,086	1,141,471	1,318,600	1,239,663

1/ Fresh, chilled, or frozen beef and veal, mutton, goat meat, and certain prepared beef.

2/ Preliminary.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Customs Service.

Table E-47

Cattle and calves: Canadian production, imports, exports, and apparent consumption, 1982-86

Year	Produc- tion 2/	Imports	Exports 3/	Apparent consumption 1/			Imports as a share of--		Exports as a share of--	
				Cattle	Calves	Total	Produc- tion	Consump- tion	Production	Consumption
<u>Thousands</u>				<u>Percent</u>						
1982....	5,072	91	514	3,399	446	3,845	1.8	2.4	10.1	13.4
1983....	5,040	95	375	3,341	477	3,818	1.9	2.5	7.4	9.8
1984....	4,877	52	383	3,214	520	3,734	1.1	1.4	7.9	10.3
1985....	4,703	61	381	3,273	496	3,769	1.3	1.6	8.1	10.1
1986....	4,631	75	261	3,234	490	3,724	1.6	2.0	5.6	7.0

1/ Number slaughtered at federally inspected and provincially inspected slaughter plants.

2/ Calf crop, or the number of calves born during the year.

3/ Estimated by the staff of the U.S. International Trade Commission.

Source: Production compiled from official statistics of Statistics Canada, imports and apparent consumption compiled from official statistics of Agriculture Canada, exports estimated by staff of the U.S. International Trade Commission based on official U.S. import statistics of the U.S. Department of Commerce and official export statistics of Statistics Canada.

Table E-48

Cattle and calves: Composition of Canadian slaughter, 1/ 1982-86

(in thousands)

Year	Steers	Heifers	Cows	Bulls	Total cattle slaughter	Calf	Total cattle and calf
1982 <u>2</u> /..	1,604	1,014	717	64	3,399	446	3,845
1983.....	1,576	991	723	51	3,341	477	3,818
1984.....	1,477	928	757	52	3,214	520	3,734
1985.....	1,466	931	825	52	3,273	496	3,769
1986.....	1,507	936	740	52	3,234	490	3,724

1/ Includes both federally and provincially inspected slaughter.2/ 53 weeks.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of Agriculture Canada.

Table E-49.

Beef and veal: Canadian production, imports, exports, apparent consumption, and imports and exports as a share of production and consumption, 1982-86

Year	Produc- tion	Imports	Exports	Apparent consump- tion 1/	Imports as a share of--		Exports as a share of--	
					Produc- tion	Consump- tion	Production	Consumption
---Million pounds, carcass weight equivalent---					-----Percent-----			
1982....	2,275	194	183	2,291	8.6	8.5	8.1	8.0
1983....	2,284	201	183	2,291	8.8	9.0	8.0	8.0
1984....	2,198	254	231	2,222	11.6	11.4	10.5	10.4
1985....	2,282	254	258	2,273	11.1	11.2	11.3	11.4
1986....	2,249	229	249	2,235	10.2	10.2	11.1	11.1

1/ Includes changes in inventories.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-50

Red meat and poultry: Consumption in Canada, by type, 1982-86

(in millions of pounds)

Year	Beef and veal 1/	Pork 1/	Total	Poultry 2/
1982.....	2,291	1,517	3,808	1,228
1983.....	2,291	1,572	3,863	1,281
1984.....	2,222	1,541	3,763	1,305
1985.....	2,273	1,594	3,867	1,402
1986.....	2,235	1,488	3,723	1,457

1/ Carcass weight equivalent.

2/ Ready-to-cook equivalent.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-51

Red meat and poultry: Per capita consumption in Canada, by types, 1982-87

(in pounds)

Year	Beef and veal	Pork	Beef, veal, and pork total	Poultry	Beef, veal, pork, and poultry total
1982.....	92.9	61.4	154.3	49.9	204.2
1983.....	91.9	63.1	155.0	50.5	205.5
1984.....	88.4	61.5	150.1	52.2	203.3
1985.....	89.5	62.8	150.3	55.2	205.5
1986 <u>1</u> /.....	88.6	60.9	149.5	57.7	207.2
1987 <u>2</u> /.....	84.2	62.0	146.2	60.3	206.5

1/ Preliminary.2/ Projected.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table E-52

Beef, fresh, chilled, or frozen: 1/ Canadian imports by major sources, 1982-86

Source	1982	1983	1984	1985	1986
Quantity (million pounds)					
New Zealand.....	49.8	54.6	37.2	51.1	45.4
United States.....	19.4	23.3	43.1	42.9	42.4
Australia.....	43.8	31.6	28.6	41.4	68.9
EC.....	7.7	14.8	50.2	24.4	2.6
Nicaragua.....	0.4	1.7	9.7	4.3	3.7
Total.....	121.2	125.9	168.8	164.1	163.1
Value (1,000 Canadian dollars)					
New Zealand.....	61,048	71,663	51,969	66,982	57,424
United States.....	46,223	55,156	105,839	107,141	104,567
Australia.....	52,235	40,689	40,412	49,323	85,414
EC.....	8,488	15,679	55,243	24,370	2,599
Nicaragua.....	698	2,681	18,031	4,306	4,289
Total.....	168,692	185,866	271,494	252,122	254,293

1/ Canadian commodity Nos. 011-01, 011-03, and 011-05.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of Statistics Canada.

Table E-53

Veal, fresh, chilled, or frozen: 1/ Canadian imports from Australia, the United States, and all other sources, 1982-86

Source	1982	1983	1984	1985	1986
Quantity (million pounds)					
Australia.....	3.2	1.5	1.0	1.7	2.6
United States.....	0.8	0.4	1.7	0.6	1.1
All other.....	2/	2/	2/	2/	2/
Total.....	4.0	1.9	2.8	2.6	3.7
Value (\$CAN 1,000)					
Australia.....	5,585	2,306	2,245	2,706	3,779
United States.....	1,554	1,117	3,397	1,362	2,155
All other.....	70	3/ -	58	435	3/
Total.....	7,209	3,423	5,700	4,503	5,934

1/ Canadian commodity No. 011-08.

2/ Less than 0.5 million pounds.

3/ Less than \$0.5 million.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of Statistics Canada.

Table E-54

Cured beef 1/: Canadian imports from the United States and all other sources, 1982-86

Source	1982	1983	1984	1985	1986
Quantity (1,000 pounds)					
United States....	386	276	172	324	225
All other.....	0	0	0	0	0
Total.....	386	276	172	324	225
Value (1,000 Canadian dollars)					
United States....	3,369	2,977	2,606	2,123	2,526
All other.....	-	-	-	-	-
Total.....	3,369	2,977	2,606	2,123	2,526

1/ Canadian commodity No. 013.09.

Source: Compiled from official statistics of Statistics Canada.

Table E-55

Canned beef: Canadian imports, by major sources, 1982-86

Source	1982	1983	1984	1985	1986
Quantity (1,000 pounds)					
Brazil.....	6,613	8,157	7,168	8,348	5,353
Australia.....	3,832	3,149	2,338	2,812	2,325
Italy.....	220	483	357	185	384
Argentina.....	981	1,421	822	1,174	485
All other.....	131	80	346	421	9
Total.....	11,778	13,289	11,031	12,940	8,556
Value (1,000 Canadian dollars)					
Brazil.....	8,633	9,916	7,945	9,465	6,540
Australia.....	6,274	4,415	3,372	3,692	2,899
Italy.....	507	1,048	794	853	990
Argentina.....	1,313	1,702	957	1,402	587
All other.....	165	111	408	214	6
Total.....	16,893	17,193	13,478	15,626	11,022

1/Includes canned corned beef, Canadian commodity 017.03 and canned beef and veal n.e.s. 017.09.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of Statistics Canada.

Table E-56

Live cattle and calves: Canadian exports to all markets except the United States, by types, 1982-86

Type of cattle or calves	1982	1983	1984	1985	1986
	Quantity				
Purebred dairy 1/.....	9,495	10,201	14,698	12,950	12,527
Purebred except dairy 2/.....	5,338	4,981	1,533	1,520	376
Dairy, n.e.s., weighing less than 200 pounds 3/.....	847	2	0	0	0
Dairy, n.e.s., weighing 200 pounds or over 4/.....	1,710	150	3,253	5,717	960
N.e.s., weighing less than 200 pounds 5/.....	0	18	0	0	2
N.e.s., weighing 200 pounds or more but not over 450 pounds 6/.....	2	0	10	0	3
N.e.s., weighing 450 pounds but not over 700 pounds 7/.....	0	0	6	0	3
N.e.s., weighing 700 pounds and over 8/.....	1,370	288	841	1,858	302
Total.....	18,762	15,640	20,341	22,045	14,173
	(1,000 Canadian dollars)				
Purebred dairy 1/.....	20,567	26,793	31,421	25,533	26,103
Purebred except dairy 2/.....	5,972	6,753	2,544	3,319	1,155
Dairy, n.e.s., weighing less than 200 pounds 3/.....	35	4	-	-	-
Dairy, n.e.s., weighing 200 pounds or over 4/.....	2,070	296	3,928	6,527	960
N.e.s., weighing less than 200 pounds 5/.....	25	4	5	21	2
N.e.s., weighing 200 pounds or more but not over 450 pounds 6/.....	9	-	3	-	3
N.e.s., weighing 450 pounds but not over 700 pounds 7/.....	1,708	1	3	131	3
N.e.s., weighing 700 pounds and over 8/.....	1,616	2	6	178	352
Total.....	32,002	33,853	37,910	35,709	28,578
1/ Canadian commodity No. 1-10.					
2/ Canadian commodity No. 1-19.					
3/ Canadian commodity No. 1-45.					
4/ Canadian commodity No. 1-49.					
5/ Canadian commodity No. 1-75.					
6/ Canadian commodity No. 1-83.					
7/ Canadian commodity No. 1-85.					
8/ Canadian commodity No. 1-90.					

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of Statistics Canada.

Table E-57

Beef and veal: Canadian exports to all markets except the United States, by types, 1982-86

Type	1982	1983	1984	1985	1986
	(Million pounds)				
Beef, fresh, chilled, or frozen <u>1</u> /.....	10.7	9.6	9.4	9.5	8.8
Beef, cured <u>2</u> /.....	4.4	4.0	3.5	2.7	0.2
Veal, fresh, chilled, or frozen <u>3</u> /.....	0.2	4/	4/	0.1	0.1
	(Can1,000 dollars)				
Beef, fresh, chilled, or frozen <u>1</u> /.....	18,560	12,608	12,564	15,719	18,119
Beef, cured <u>2</u> /.....	3,120	2,616	2,566	2,750	283
Veal, fresh, chilled, or frozen <u>3</u> /.....	288	83	209	145	2,585
Total.....	21,968	15,307	15,339	18,614	20,987

1/ Canadian commodity Nos. 011-01, 011-03, and 011-05.

2/ Canadian commodity No. 013-09.

3/ Canadian commodity Nos. 011-07 and 011-08.

4/ Less than 50,000 pounds.

Source: Compiled from official statistics of Statistics Canada.

Table E-58

Quota-type beef and veal: 1/ Canadian imports by major sources, 1982-86

(Million pounds)

Source	1982	1983	1984	1985	1986
Australia.....	47.0	33.1	29.5	43.2	68.9
New Zealand.....	49.8	54.7	37.3	51.1	45.4
United States.....	20.1	23.8	44.8	43.4	42.4
European Community.....	7.7	14.8	50.3	24.7	2.6
All other.....	.7	1.5	9.7	4.4	3.7
Total.....	125.2	127.9	171.7	166.9	163.1

1/ Canadian tariff item No. 701-1.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from Trade of Canada.

Table E-59

Frozen boneless manufacturing beef: Comparative annual average-U.S. and Canadian prices, by types, delivered to Chicago, 1983-86 and January-March 1987

Period	(Cents per pound)			
	50 percent		85 percent	
	chemical lean		chemical lean	
	from--		from--	
	United		United	
	States 1/	Canada	States	Canada
1983.....	54.3	54.0	104.3	105.1
1984.....	58.8	60.5	97.1	99.4
1985.....	46.7	48.8	95.7	97.5
1986.....	48.8	49.4	91.9	93.0
January-March				
1987.....	53.0	55.3	100.9	100.0

1/ Converted from f.o.b. Midwest river points delivered to Chicago, by adding a factor of 2¢ per pound.

Source: Derived from dairy price quotation in The Meat Sheet published by The Meat Sheet, The Total Price Report.

Table E-60

Frozen boneless manufacturing beef: Comparative average U.S. and Canadian prices, by types, by quarters, delivered to Chicago, 1983-86 and January-March 1987

Period	(Cents per pound)					
	50 percent chemical lean from--			85 percent chemical lean from--		
	United States 1/	Canada	Premium for U.S. product 2/	United States	Canada	Premium for U.S. product 2/
1983:						
1st Quarter....	58.0	54.7	3.4	107.5	105.0	2.4
2d Quarter.....	60.1	61.6	-1.4	111.4	110.7	.7
3d Quarter.....	51.2	50.4	.8	103.5	106.9	-3.2
4th Quarter....	48.3	49.8	-1.5	95.3	97.8	-2.6
1984:						
1st Quarter....	58.5	59.0	-.5	102.0	102.2	-.2
2d Quarter.....	58.9	60.9	-2.0	101.6	103.8	-2.1
3d Quarter.....	62.7	63.5	-.8	95.8	98.5	-2.8
4th Quarter....	55.0	58.3	-3.3	89.8	93.3	-3.5
1985:						
1st Quarter....	55.9	60.3	-4.4	100.8	101.8	-1.0
2d Quarter.....	47.5	50.0	-2.6	98.1	99.9	-1.8
3d Quarter.....	37.8	40.5	-2.7	92.6	94.1	-1.6
4th Quarter....	45.9	44.3	1.6	91.1	94.0	-2.9
1986:						
1st Quarter....	44.8	45.6	-.8	92.3	93.0	-.7
2d Quarter.....	38.6	41.4	-2.8	92.5	90.9	1.6
3d Quarter.....	54.0	51.9	2.2	94.2	93.4	.8
4th Quarter....	58.3	59.4	-1.0	88.2	94.8	-6.6
1987:						
1st Quarter....	53.0	55.3	-2.3	100.9	100.0	.9

1/ Converted from f.o.b. Midwest river points delivered to Chicago, by adding a factor of 2¢ per pound.

2/ Because of rounding, figures may not add to the totals shown.

Source: Derived from daily price quotation in The Meat Sheet, published by the Meat Sheet, The Total Price Report.

Table E-61

Cattle prices: Comparative annual average U.S. and Canadian auction prices, by types, 1980-86 and January-March 1987

(U.S. dollars per hundred weight)								
Period	Feeder cattle 1/		Slaughter cattle 2/		Cull cattle 3/		Veal calves 4/	
	United		United		United		United	
	States	Canada	States	Canada	States	Canada	States	Canada
-----U.S. dollars per hundred weight-----								
1980.....	72.70	71.95	67.67	66.05	44.93	45.76	84.79	88.17
1981.....	64.35	63.88	64.72	63.09	41.40	42.05	83.00	81.60
1982.....	63.08	60.68	64.89	60.67	39.96	38.72	80.53	75.45
1983.....	62.46	63.79	63.25	59.40	39.23	39.54	78.08	74.38
1984.....	63.45	62.80	65.47	60.84	39.96	38.83	71.76	72.50
1985.....	62.34	60.28	59.28	56.14	37.43	36.91	68.58	66.86
1986.....	60.13	62.22	58.30	55.45	36.41	36.72	69.11	67.52
Jan.-Mar.								
1987.....	67.80	73.05	61.77	59.02	42.61	40.89	74.87	74.91

1/ U.S. prices based on average of sales (No. 1 steers, medium frame 600 to 700 lbs.) located in Amarillo, TX; Billings, MT; Kansas City, MO; South St. Paul, MN; and Thomasville, GA. Canadian prices based on average of sales in Calgary, Alberta; Montreal, Quebec; Southern Saskatchewan; Toronto, Ontario; and Winnipeg, Manitoba.

2/ U.S. prices based on average of sales (slaughter cattle, steers, choice Nos. 2 to 4, 1,100 to 1,300 lbs.) located in Amarillo, TX; Greeley, CO; Moses Lake, WA; Omaha, NE; South St. Paul, MN; and Visalia, CA. Canadian prices based on average of sales (slaughter cattle, A1 and 2 steers, 1,000 lbs. and over) in Calgary, Alberta; Montreal, Quebec; Southern Saskatchewan; Toronto, Ontario; and Winnipeg, Manitoba.

3/ U.S. prices based on average of sales (cows, commercial Nos. 2 to 4) located in Omaha, NE; Salt Lake City, UT; and South St. Paul, MN. Canadian prices based on average of sales in Calgary, Alberta; Montreal, Quebec; Southern Saskatchewan; Toronto, Ontario; and Winnipeg, Manitoba.

4/ U.S. prices based on average of sales (vealers, choice, 150 to 250 lbs. except 150 to 300 lbs. from 1985 on) located in Albany, NY and South St. Paul, MN. Canadian prices based on average of sales (good veal) located in Montreal, Quebec; Toronto, Ontario; and Winnipeg, Manitoba.

Source: U.S. prices from Livestock Detailed Quotations (Annual), 1980-86, United States Department of Agriculture, Agricultural Marketing Service, Livestock, Poultry, Grain and Seed Division. Canadian prices from Livestock Market Review, Agriculture Canada, Marketing and Economics Branch.

Table E-62

Feeder cattle: 1/ Comparative U.S. and Canadian auction prices, by quarters, 1980-86 and January-March 1987

(U.S. dollars per hundred weight)					
Period	United States 2/	Canada 3/	Premium paid in United States	Range of prices in	
				United States	Canada
1980:					
1st Quarter....	78.39	78.09	0.30	6.41	7.35
2d Quarter....	67.90	67.69	.21	7.93	3.43
3d Quarter....	72.69	70.43	2.26	9.34	5.50
4th Quarter....	71.82	71.61	.21	9.42	6.84
1981:					
1st Quarter....	69.04	66.74	2.30	6.95	5.66
2d Quarter....	64.49	66.39	-1.90	7.14	2.57
3d Quarter....	63.13	62.87	.26	9.85	5.15
4th Quarter....	60.74	59.54	1.20	7.36	5.08
1982:					
1st Quarter....	61.25	56.60	4.65	5.99	5.09
2d Quarter....	64.57	62.59	1.98	7.99	3.57
3d Quarter....	64.97	62.36	2.61	7.82	3.67
4th Quarter....	61.52	61.16	.36	6.06	4.15
1983:					
1st Quarter....	65.66	64.80	.86	5.30	6.12
2d Quarter....	65.37	65.94	-.57	5.82	4.88
3d Quarter....	58.77	60.74	-1.97	5.50	3.57
4th Quarter....	60.03	63.57	-3.54	6.60	5.63
1984:					
1st Quarter....	65.38	63.35	2.03	6.15	4.81
2d Quarter....	62.43	62.44	-.01	8.64	5.06
3d Quarter....	62.43	61.76	.67	7.72	5.48
4th Quarter....	63.55	63.64	-.09	8.57	5.46
1985:					
1st Quarter....	66.76	61.33	5.43	5.75	4.02
2d Quarter....	64.05	61.80	2.25	7.36	4.23
3d Quarter....	58.72	57.97	.75	5.84	3.68
4th Quarter....	59.84	60.04	-.20	5.94	5.38
1986:					
1st Quarter....	60.07	60.40	-.33	6.02	6.14
2d Quarter....	56.99	58.76	-1.77	6.42	15.21
3d Quarter....	61.75	63.74	-1.99	6.60	6.32
4th Quarter....	61.72	65.98	-4.26	7.72	11.82
1987:					
1st Quarter....	67.80	73.05	-5.25	5.50	13.29

1/ For the United States, feeder cattle prices were accumulated for No. 1 steers, medium frame 600 to 700 lbs; Canadian prices were accumulated for feeder steers, 600 to 700 lbs.

2/ Based on average of sales located in Amarillo, TX; Billings, MT; Kansas City, MO; South St. Paul, MN; and Thomasville, GA.

3/ Canadian prices based on average of sales located in Calgary, Alberta; Montreal, Quebec; Southern Saskatchewan; Toronto, Ontario; and Winnipeg, Manitoba.

Source: U.S. prices from Livestock Detailed Quotations (Annual), 1980-86, United States Department of Agriculture, Agricultural Marketing Service, Livestock, Poultry, Grain and Seed Division. Canadian prices from Livestock Market Review, Agriculture Canada, Marketing and Economics Branch.

Table E-63

Slaughter cattle: 1/ Comparative U.S. and Canadian auction prices, by quarters, 1980-86 and January-March 1987

(U.S. dollars per hundred weight)					
Period	United States 2/	Canada 3/	Premium paid in United States	Range of prices in	
				United States	Canada
1980:					
1st Quarter....	66.84	66.53	0.31	3.08	6.64
2d Quarter....	65.73	61.94	3.79	4.32	5.61
3d Quarter....	71.04	67.06	3.98	2.25	6.37
4th Quarter....	67.06	68.66	-1.60	4.91	4.89
1981:					
1st Quarter....	62.89	63.59	-.70	5.75	5.73
2d Quarter....	67.50	64.23	3.27	3.96	7.82
3d Quarter....	67.00	64.22	2.78	2.25	6.25
4th Quarter....	61.50	60.32	1.18	5.33	6.71
1982:					
1st Quarter....	64.01	56.05	7.96	1.89	8.13
2d Quarter....	71.42	67.03	4.39	3.37	6.49
3d Quarter....	64.46	61.89	2.57	2.49	7.49
4th Quarter....	59.67	57.73	1.94	4.70	6.11
1983:					
1st Quarter....	62.40	57.87	4.53	3.11	8.08
2d Quarter....	67.93	63.43	4.50	3.30	6.62
3d Quarter....	61.14	57.55	3.59	2.54	6.62
4th Quarter....	61.51	58.74	2.77	3.60	7.25
1984:					
1st Quarter....	67.42	60.49	6.93	6.63	6.64
2d Quarter....	66.78	61.49	5.29	4.09	7.08
3d Quarter....	63.69	60.10	3.59	3.89	9.50
4th Quarter....	63.97	61.30	2.67	3.55	7.35
1985:					
1st Quarter....	62.87	58.50	4.37	2.41	9.04
2d Quarter....	58.58	57.08	1.50	3.77	5.05
3d Quarter....	52.89	51.33	1.56	2.74	4.80
4th Quarter....	62.79	57.64	5.15	2.65	4.85
1986:					
1st Quarter....	57.62	54.73	2.89	1.68	8.92
2d Quarter....	55.48	53.05	2.43	2.50	6.84
3d Quarter....	59.14	55.61	3.53	2.71	5.89
4th Quarter....	60.95	58.43	2.52	2.42	6.91
1987					
1st Quarter....	61.77	59.02	2.75	3.64	6.51

1/ U.S. prices based on sales of slaughter cattle, steers, choice Nos. 2 to 4, 1,100 to 1,300 lbs. Canadian prices based on sales of slaughter cattle, Nos. A1 and 2 steers, 1,000 lbs. and over.

2/ Based on average of sales located in Amarillo, TX; Greeley, CO; Moses Lake, WA; Omaha, NE; South St. Paul, MN; and Visalia, CA.

3/ Based on average of sales located in Calgary, Alberta; Montreal, Quebec; Southern Saskatchewan; Toronto, Ontario; and Winnipeg, Manitoba.

Source: U.S. prices from Livestock Detailed Quotations (Annual), 1980-86, United States Department of Agriculture, Agricultural Marketing Service, Livestock, Poultry, Grain and Seed Division. Canadian prices from Livestock Market Review, Agriculture Canada, Marketing and Economics Branch.

Table E-64

Cull cattle: 1/ Comparative U.S. and Canadian auction prices, by quarters, 1980-86 and January-March 1987

(U.S. dollars per hundred weight)					
Period	United States 2/	Canada 3/	Premium paid in United States	Range of prices in	
				United States	Canada
1980:					
1st Quarter....	48.31	47.96	0.35	0.74	6.98
2d Quarter.....	43.36	44.12	-.76	.95	5.51
3d Quarter.....	44.51	46.22	-1.71	.70	4.77
4th Quarter....	43.55	44.73	-1.18	.37	7.12
1981:					
1st Quarter....	42.27	43.04	-.77	.32	6.29
2d Quarter.....	42.59	43.83	-1.24	.40	4.11
3d Quarter.....	42.97	44.46	-1.49	.59	6.05
4th Quarter....	37.78	36.87	.91	1.40	7.24
1982:					
1st Quarter....	38.41	36.41	2.00	.71	6.85
2d Quarter.....	42.68	41.28	1.40	.92	3.32
3d Quarter.....	41.65	41.98	-.33	1.77	3.60
4th Quarter....	37.10	35.19	1.91	1.09	6.26
1983:					
1st Quarter....	40.02	38.39	1.63	.60	4.53
2d Quarter.....	42.78	43.20	-.42	.43	3.57
3d Quarter.....	39.10	41.22	-2.12	.58	6.47
4th Quarter....	35.00	35.33	-.33	1.21	7.85
1984:					
1st Quarter....	39.56	37.90	1.66	.62	3.95
2d Quarter.....	42.62	41.14	1.48	1.13	4.18
3d Quarter.....	40.35	40.05	.30	1.88	6.77
4th Quarter....	37.30	36.24	1.06	2.77	6.45
1985:					
1st Quarter....	41.33	38.23	3.10	1.52	4.06
2d Quarter.....	40.69	39.32	1.37	1.70	3.00
3d Quarter.....	35.35	36.54	-1.19	.17	4.20
4th Quarter....	32.33	33.55	-1.22	.57	6.16
1986:					
1st Quarter....	35.71	36.33	-.62	.98	4.24
2d Quarter.....	36.51	36.35	.16	.68	3.34
3d Quarter.....	37.45	37.98	-.53	1.72	3.03
4th Quarter....	35.95	36.21	-.26	1.12	4.58
1987:					
1st Quarter....	42.61	40.89	1.72	1.24	5.37

1/ U.S. prices based on sales of cows, commercial Nos. 2 to 4. Canadian prices based on sales of cows, Nos. D1 and 2.

2/ Based on average of sales located in Omaha, NE; Salt Lake City, UT; and South St. Paul, MN.

3/ Based on average of sales located in Calgary, Alberta; Montreal, Quebec; Southern Saskatchewan; Toronto, Ontario; and Winnipeg, Manitoba.

Source: U.S. prices from Livestock Detailed Quotations (Annual), 1980-86, United States Department of Agriculture, Agricultural Marketing Service, Livestock, Poultry, Grain and Seed Division. Canadian prices from Livestock Market Review, Agriculture Canada, Marketing and Economics Branch.

Table E-65

Veal calves: 1/ Comparative U.S. and Canadian auction prices, by quarters, 1980-86 and January-March 1987

(U.S. dollars per hundred weight)

Period	United States 2/	Canada 3/	Premium paid in United States	Range of prices in	
				United States	Canada
1980					
1st Quarter....	89.16	93.67	-4.51	35.15	25.61
2d Quarter.....	83.57	86.85	-3.28	22.15	20.69
3d Quarter.....	83.86	85.34	-1.48	9.64	18.49
4th Quarter....	82.55	86.80	-4.25	7.08	35.09
1981					
1st Quarter....	85.26	84.66	.60	12.35	32.40
2d Quarter.....	88.50	85.27	3.23	9.73	27.00
3d Quarter.....	81.70	80.23	1.47	9.70	26.60
4th Quarter....	76.54	76.25	.29	14.33	36.94
1982					
1st Quarter....	79.29	76.75	2.54	19.91	34.55
2d Quarter.....	84.72	76.34	8.38	7.02	30.21
3d Quarter.....	80.05	73.96	6.09	6.64	23.44
4th Quarter....	78.06	74.74	3.32	3.86	30.17
1983					
1st Quarter....	84.19	77.44	6.75	17.47	23.98
2d Quarter.....	81.34	77.37	3.97	13.26	29.43
3d Quarter.....	75.65	69.74	5.91	3.05	25.26
4th Quarter....	71.14	72.98	-1.84	22.16	12.49
1984					
1st Quarter....	81.95	72.03	9.92	17.27	21.99
2d Quarter.....	81.22	74.98	6.24	8.46	21.59
3d Quarter.....	61.23	73.37	-12.14	13.72	18.86
4th Quarter....	62.62	69.62	-7.00	22.98	16.23
1985					
1st Quarter....	71.91	68.76	3.15	27.70	19.42
2d Quarter.....	71.15	68.90	2.25	20.01	16.91
3d Quarter.....	66.46	64.52	1.94	12.36	12.83
4th Quarter....	64.80	65.27	-.47	22.31	19.20
1986:					
1st Quarter....	67.07	67.06	.01	32.46	22.18
2d Quarter.....	69.66	66.89	2.77	24.70	10.71
3d Quarter.....	68.62	66.34	2.28	9.15	11.13
4th Quarter....	71.09	69.77	1.32	7.18	15.94
1987:					
1st Quarter....	74.87	74.91	.04	13.59	20.65

1/ U.S. prices based on sales of vealers, Choice, 150 to 250 lbs, except 150 to 300 lbs from 1985 on. Canadian prices based on sales of good veal calves.

2/ Based on average of sales located in Albany, NY and South St. Paul, MN.

3/ Based on average of sales located in Montreal, Quebec; Toronto, Ontario; and Winnipeg, Manitoba.

Source: U.S. prices from Livestock Detailed Quotations (Annual), 1980-86, United States Department of Agriculture, Agricultural Marketing Service, Livestock, Poultry, Grain and Seed Division. Canadian prices from Livestock Market Review, Agriculture Canada, Marketing and Economics Branch.

Table E-66

Cattle feeding operations' total annual cattle feeding expenses in the United States and Canada, 1980-86

Year	(U.S. dollars per hundred weight)			
	United States		Canada	
	Great Plains 1/	Corn Belt 2/	East 3/	West 4/
1980.....	73.69	71.76	79.31	69.67
1981.....	75.86	72.77	74.10	67.73
1982.....	67.92	66.21	61.72	58.48
1983.....	68.27	66.18	65.70	59.03
1984.....	70.26	69.28	66.26	59.41
1985.....	69.21	67.73	61.19	59.37
1986.....	61.36	61.58	57.29	55.62

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. Expense items do not necessarily coincide with experience of individual feedlots. Steers are assumed to gain 500 lbs in 180 days. Most cattle sold f.o.b. at the feedlot with 4-percent shrink. Based on weight gain of 600 lbs, sales weight of 1,056 lbs, for a net weight gain of 456 lbs. Sale weight 1,056 lbs (1,100 lbs less 4-percent shrink). Choice slaughter steers, 900 to 1,100 lbs, Texas-New Mexico direct.

2/ Represents only what expenses would be if all selected items were paid for during the period indicated. The items do not necessarily coincide with experience of individuals for management, production level, and locality of operation. Based on weight in of 600 lbs, sales price at 1,050 lbs, for a net gain of 450 lbs.

3/ Represents only what expenses would be if all selected items were paid for during the period indicated. Expense items do not necessarily coincide with experience of individual feedlots. Yearling steer, weight in 700 lbs, weight out 1,150 lbs, net gain 450 lbs, kept 180 days.

4/ Represents only what expenses would be if all selected items were paid for during the period indicated. Expense items do not necessarily coincide with experience of individual feedlots. Yearling steer, weight in 650 lbs, weight out 1,050 lbs, net gain 400 lbs, kept 146 days.

Source: Data for U.S. expenses from United States Department of Agriculture, Livestock and Poultry Situation and Outlook Report. Data for Canadian expenses from Canadian Cattlemen's Association, CANFAX TRENDS DATA.

Table E-67

Cattle feeding operations' total quarterly cattle feeding expenses in the United States and Canada, January 1980-March 1987

Period	(U.S. dollars per hundred weight)			
	United States		Canada	
	Great Plains 1/	Corn Belt 2/	East 3/	West 4/
1980:				
1st Quarter.....	73.99	73.29	85.06	74.06
2d Quarter.....	75.52	73.13	78.81	71.62
3d Quarter.....	75.77	73.09	80.49	69.33
4th Quarter.....	69.48	67.54	72.86	63.66
1981:				
1st Quarter.....	74.57	73.25	72.92	67.17
2d Quarter.....	78.69	74.06	77.07	69.21
3d Quarter.....	77.83	73.21	74.49	67.97
4th Quarter.....	72.34	70.56	71.91	66.58
1982:				
1st Quarter.....	69.62	68.03	64.78	58.07
2d Quarter.....	66.36	64.26	60.12	55.97
3d Quarter.....	67.14	64.85	59.37	57.81
4th Quarter.....	68.56	67.70	62.61	62.08
1983:				
1st Quarter.....	67.71	65.68	62.57	58.08
2d Quarter.....	65.13	62.60	62.61	57.56
3d Quarter.....	70.21	67.12	66.97	60.50
4th Quarter.....	70.02	69.30	70.64	60.00
1984:				
1st Quarter.....	67.02	65.78	64.63	55.46
2d Quarter.....	69.55	68.00	64.37	60.22
3d Quarter.....	73.07	71.59	68.62	60.22
4th Quarter.....	71.40	71.77	67.39	61.71
1985:				
1st Quarter.....	70.18	68.69	60.69	57.78
2d Quarter.....	69.41	66.79	59.98	58.91
3d Quarter.....	70.79	68.29	61.57	59.85
4th Quarter.....	66.45	67.15	62.54	60.93
1986:				
1st Quarter.....	61.24	61.67	56.65	55.22
2d Quarter.....	62.60	61.38	57.92	55.61
3d Quarter.....	62.68	62.58	58.28	54.42
4th Quarter.....	58.93	60.70	56.33	57.23
1987:				
1st Quarter.....	59.86	59.54	61.18	59.59

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. Expense items do not necessarily coincide with experience of individual feedlots. Steers are assumed to gain 500 lbs in 180 days. Most cattle sold f.o.b. at the feedlot with 4-percent shrink. Based on weight gain of 600 lbs, sales weight of 1,056 lbs, for a net weight gain of 456 lbs. Sale weight 1,056 lbs (1,100 lbs less 4-percent shrink). Choice slaughter steers, 900 to 1,100 lbs, Texas-New Mexico direct.

2/ Represents only what expenses would be if all selected items were paid for during the period indicated. The items do not necessarily coincide with experience of individuals for management, production level, and locality of operation. Based on weight in of 600 lbs, sales price at 1,050 lbs, for a net gain of 450 lbs.

3/ Represents only what expenses would be if all selected items were paid for during the period indicated. Expense items do not necessarily coincide with experience of individual feedlots. Yearling steer, weight in 700 lbs, weight out 1,150 lbs, net gain 450 lbs, kept 180 days.

4/ Represents only what expenses would be if all selected items were paid for during the period indicated. Expense items do not necessarily coincide with experience of individual feedlots. Yearling steer, weight in 650 lbs, weight out 1,050 lbs, net gain 400 lbs, kept 146 days.

Source: Data for U.S. expenses from United States Department of Agriculture, Livestock and Poultry Situation and Outlook Report. Data for Canadian expenses from Canadian Cattlemen's Association, CANFAX TRENDS DATA.

Table E-68

Cattle feeding operations' net annual cattle feeding margins in the United States and Canada, 1980-86

(U.S. dollars per hundred weight)				
Year	United States		Canada	
	Great Plains 1/	Corn Belt 2/	East 3/	West 4/
1980.....	-5.10	-4.66	-9.68	-3.73
1981.....	-9.46	-8.93	-7.60	-5.05
1982.....	-1.66	-1.99	3.40	2.04
1983.....	-3.87	-3.62	-1.99	-.14
1984.....	-3.24	-4.01	-.72	.89
1985.....	-8.75	-9.50	-1.22	-3.74
1986.....	-2.25	-3.86	2.46	-1.12

1/ Feeder steer, weight in 600 lbs, weight out 1,056 lbs after 4-percent shrink, net gain of 456 lbs.

2/ Feeder steer, weight 600 lbs, weight out 1,050 lbs, net gain of 450 lbs.

3/ Yearling steer, weight in 700 lbs weight out 1,150 lbs, net gain of 450 lbs.

4/ Yearling steer, weight in 650 lbs weight out 1,050 lbs, net gain of 400 lbs.

Source: Data for U.S. expenses from United States Department of Agriculture, Livestock and Poultry Situation and Outlook Report. Data for Canadian expenses from Canadian Cattlemen's Association, CANFAX TRENDS DATA.

Table E-69

Cattle feeding operations' net quarterly cattle feeding margins in the United States and Canada, 1980-86

Period	(U.S. dollars per hundred weight)			
	United States		Canada	
	Great Plains 1/	Corn Belt 2/	East 3/	West 4/
1980:				
1st Quarter.....	-5.72	-6.18	-14.08	-7.69
2d Quarter.....	-8.63	-8.48	-13.82	-9.89
3d Quarter.....	-4.16	-1.94	-10.07	-3.39
4th Quarter.....	-1.88	-2.03	-.74	6.04
1981:				
1st Quarter.....	-8.25	-11.26	-6.13	-4.38
2d Quarter.....	-9.82	-7.38	-10.21	-2.68
3d Quarter.....	-10.18	-6.68	-6.24	-5.09
4th Quarter.....	-9.60	-10.39	-7.83	-8.05
1982:				
1st Quarter.....	-4.91	-4.67	-4.33	-2.00
2d Quarter.....	6.19	6.20	12.55	11.87
3d Quarter.....	-0.96	-.66	7.29	3.56
4th Quarter.....	-6.95	-8.83	-1.91	-5.27
1983:				
1st Quarter.....	-4.29	-4.17	.05	-1.79
2d Quarter.....	4.06	4.60	5.17	6.04
3d Quarter.....	-8.27	-6.22	-5.24	-3.63
4th Quarter.....	-6.96	-8.69	-7.95	-1.19
1984:				
1st Quarter.....	2.63	1.56	1.10	5.05
2d Quarter.....	-1.98	-2.00	1.71	.69
3d Quarter.....	-7.67	-7.31	-4.62	-1.45
4th Quarter.....	-5.93	-8.28	-1.09	-.75
1985:				
1st Quarter.....	-6.34	-6.83	3.00	-.20
2d Quarter.....	-9.06	-9.13	1.17	-1.73
3d Quarter.....	-16.72	-16.12	-6.66	-9.61
4th Quarter.....	-2.88	-5.94	-2.37	-3.44
1986:				
1st Quarter.....	-2.57	-4.45	2.68	-3.03
2d Quarter.....	-7.02	-6.86	-.50	-3.98
3d Quarter.....	-2.83	-3.67	1.15	1.05
4th Quarter.....	3.43	-.45	6.49	1.48

1/ Feeder steer, weight in 600 lbs, weight out 1,056 lbs after 4-percent shrink, net gain of 456 lbs.

2/ Feeder steer, weight 600 lbs, weight out 1,050 lbs, net gain of 450 lbs.

3/ Yearling steer, weight in 700 lbs, weight out 1,150 lbs, net gain of 450 lbs.

4/ Yearling steer, weight in 650 lbs, weight out 1,050 lbs, net gain of 400 lbs.

Source: Data for U.S. expenses from United States Department of Agriculture, Livestock and Poultry Situation and Outlook Report. Data for Canadian expenses from Canadian Cattlemen's Association, CANFAX TRENDS DATA.

Table E-70

U.S.-Canadian exchange rates: 1/ Nominal-exchange-rate equivalents of the Canadian dollar, real-exchange-rate equivalents, and producer price indicators in the United States and Canada, 2/ indexed by quarters, January 1980-December 1986

Period	U.S. Producers Price Index	Canadian Producers Price Index	Nominal- exchange rate	Nominal- exchange- rate index	Real- exchange- rate index 3/
	January-March 1980=100.0			January-March 1980=100.0	
1980:					
January-March.....	100.0	100.0	0.8589	100.0	100.0
April-June.....	102.1	101.1	.8545	99.5	98.5
July-September.....	105.4	103.9	.8631	100.5	99.1
October-December...	107.6	107.4	.8447	98.4	98.2
1981:					
January-March.....	110.7	110.2	.8378	97.5	97.1
April-June.....	113.4	112.7	.8343	97.1	96.5
July-September.....	114.3	115.0	.8253	96.1	96.7
October-December...	114.3	116.5	.8391	97.7	99.6
1982:					
January-March.....	115.2	118.1	.8272	96.3	98.7
April-June.....	115.4	120.4	.8035	93.6	97.6
July-September.....	116.0	121.3	.8001	93.2	97.4
October-December...	116.0	121.7	.8120	94.5	99.1
1983:					
January-March.....	116.0	122.6	.8148	94.9	100.3
April-June.....	116.3	124.4	.8123	94.5	101.1
July-September.....	117.4	125.4	.8112	94.4	100.9
October-December...	118.1	126.0	.8074	94.0	100.3
1984:					
January-March.....	119.3	128.0	.7966	92.8	99.5
April-June.....	120.1	129.6	.7737	90.1	97.2
July-September.....	119.8	130.4	.7611	88.6	96.5
October-December...	119.5	130.7	.7585	88.3	96.6
1985:					
January-March.....	119.3	132.3	.7389	86.0	95.4
April-June.....	119.4	133.0	.7303	85.0	94.7
July-September.....	118.6	133.1	.7353	85.6	96.1
October-December...	119.3	134.1	.7250	85.9	96.6
1986:					
January-March.....	117.5	135.4	.7124	82.9	95.5
April-June.....	115.3	133.3	.7224	84.1	97.2
July-September.....	114.7	133.6	.7218	84.0	97.8
October-December...	115.3	4/	.7222	84.1	4/

1/ Exchange rates expressed in U.S. dollars per unit of Canadian currency.

2/ Producer price indicators--intended to measure final product prices--are based on average quarterly indexes presented in line 63 of the International Financial Statistics.

3/ The real value of a currency is the nominal value adjusted for the difference between inflation rates as measured here by the Producers Price Index in the United States and Canada. Producer prices in the United States increased by 14.7 percent during January 1980 through September 1986, compared with a 33.6 percent increase in Canada during the same period.

4/ Not available as of May 1987.

Source: International Monetary Fund, International Financial Statistics, through February 1987.

Table E-71

Annual U.S. and Canadian exchange rates used to calculate the value of Canadian imports and exports

Year	Canadian currency	U.S. currency
1980.....	\$1.1693	\$1.00
1981.....	1.1989	1.00
1982.....	1.2337	1.00
1983.....	1.2324	1.00
1984.....	1.2951	1.00
1985.....	1.3655	1.00
1986.....	1.3895	1.00

Source: International Monetary Fund, International Financial Statistics.

APPENDIX F

**EXCERPTS FROM POSTHEARING SUBMISSION OF THE CANADIAN
CATTLEMEN'S ASSOCIATION**

Statistical data presented in posthearing submission of
the Canadian Cattlemen's Association

<u>Exports to</u>	<u>1,000 dollars</u> (1986)	<u>Exports from</u>		<u>Balance</u>
U.S.				
Cattle hides.....	21,516 (11%)	38,948 (99%)		-17,432
Calf hides.....	2,573 (17%)	4,940 (100%)		- 2,407
Tallow.....	2,543 (4%)	2,968 (100%)		- 425
Animal grease.....	-	977 (94%)		- 977
Animal oil and fat....	1,650 (34%)	1,408 (97%)		+ 242
(nes).....				-21,000
EEC (12)				
Cattle hides.....	25,334 (13%)	277 -		+25,057
Calf hides.....	7,489 (50%)	0 -		+ 7,489
Tallow.....	26,819 (41%)	0 -		+26,819
Animal grease.....	-	59 -		- 59
Animal oil and fat....	790 (16%)	29 -		+ 761
(nes).....				+60,067

Title: Proximate Trade and Trade Balance Figures for Cattle Hides, Calf Hides, Tallow, Animal Grease and Animal Oils and Fats

(1) Canada/U.S.

(2) Canada/EEC 12

12 months ended Dec. 86

Note: 1. Exports and imports expressed in Canadian dollars. Source: Statistics Canada Exports and Imports by commodities.
2. Figures in brackets denote percent of total exports or imports of the item destined to or sourced from the U.S. or the EEC.

Data compiled by Canadian Cattlemen's Association.

APPENDIX G

**U.S. IMPORTS OF LIVE CATTLE AND CALVES, BY STATE, AS
REPORTED BY "QUARTERLY RECAP OF IMPORT ANIMALS INSPECTED"**

U.S. imports of live cattle and calves from Canada, by destination,
1984-86, as reported by "Quarterly Recap of Import Animals Inspected"

Destination	1984	1985	1986
Alabama	19	176	397
Alaska	327	993	247
Arizona	298	199	19
Arkansas	70	141	75
California	665	1670	1001
Colorado	908	16847	2061
Connecticut	4384	2148	2356
Delaware	0	0	0
Florida	216	729	378
Georgia	42	99	95
Idaho	3627	4548	829
Illinois	366	108	137
Indiana	2493	664	3776
Iowa	5143	12580	5205
Kansas	4570	6944	436
Kentucky	414	1643	1093
Louisiana	176	138	27
Maine	15124	13320	2624
Maryland	1450	87	39
Massachusetts	125	308	244
Michigan	15552	10487	7391
Minnesota	34493	28126	15159
Mississippi	2	35	151
Missouri	819	445	292
Montana	3334	15060	1922
Nebraska	25529	33482	13643
Nevada	29	23	21
New Hampshire	82	128	33
New Jersey	1019	953	2332
New Mexico	1	0	50
New York	51877	24787	18717
North Carolina	575	825	914
North Dakota	7859	15470	5269
Ohio	4436	3037	2802
Oklahoma	49	44	168
Oregon	2078	2319	636
Pennsylvania	37617	36357	22544
Rhode Island	1	0	1
South Carolina	39	101	32
South Dakota	11681	11669	4682
Tennessee	137	130	104
Texas	1956	5357	4091
Utah	13941	5747	21942
Vermont	10249	7146	9173
Virginia	136	227	501
Washington	102069	78772	87826
West Virginia	432	108	117
Wisconsin	1105	715	846
Wyoming	1836	17534	159
Hawaii	0	7	0
Puerto Rico	0	32	0
TOTAL	369350	362465	242557

APPENDIX H

SAMPLE COPY OF USDA FORM 17-30D "QUARTERLY RECAP
OF IMPORT ANIMALS INSPECTED"

(Canadian and Mexican Border Ports of Entry)

Champlain, NY.

March 31, 1966

SPECIES	PASSED FOR ENTRY							REJECTED FOR ENTRY					
	ANIMALS NOT INSPECTED	PUREBRED FOR FREE ENTRY	BREEDING OR DAIRY	FEEDING OR GRAZING	SLAUGHTER	OTHER PURPOSES	TOTAL PASSED (Total Cols. A thru F)	PUREBRED FOR FREE ENTRY	BREEDING OR DAIRY	FEEDING OR GRAZING	SLAUGHTER	OTHER PURPOSES	TOTAL REJECTED (Total Cols. H thru L)
	A	B	C	D	E	F	G	H	I	J	K	L	M
1. Cattle		11	355	101	352		819		7				7
2. Equines	23		15			112	150						
3. Sheep			4				4						
4. Goats													
5. Swine			20		674		694						
6. Other Animals ¹						281	281						
7. Totals (Items 1-6)	23	11	394	101	1026	393	1948						7

ENTRIES		NUMBER	OTHER ANIMALS (Specify species and No.)						18. DESTINATION		
									STATE	NO. CATTLE	NO. OTHER
8. Driven on foot			25 Ringneck Pheasants 150 Chukar Partridges 5 Chimpanzees 2 Kangaroos						AZ.	-	3
9. Transportation by railroad			2 Sea Lions 5 Baboons 77 Racing Pigeons 4 Pet Birds						CT.	-	11
10. Transportation by truck/car	117		10 Tigers 2 African Lions 3 Ligers						FL.	-	22
11. TOTAL ENTRIES (Item 8 + 9 + 10)	117								CA.	-	2
Poultry entered									IL.	23	-
12. Inspected	15								KY.	-	1
13. Not inspected									MA.	-	4
14. TOTAL POULTRY (Item 12 + item 13)	15								MD.	-	7
15. Total No. Eggs entered									ME.	22	-
Semen entered									MN.	1	-
16. Total No. lots	150								NE.	1	-
17. Total No. ampules	10,771								NH.	-	5
			REMARKS						Totals	819	1,129
									TOTAL 18B + 18C (Must equal Item 7G)		
									1,948		
			19. TOTAL NUMBER OF DAYS DURING THE QUARTER						SIGNATURE OF PORT VETERINARIAN		
			A. INSPECTION SERVICE WAS AVAILABLE		B. ANIMALS WERE OFFERED FOR ENTRY				DATE		
			(1) REGULAR	(2) OVERTIME	(1) REGULAR	(2) OVERTIME	April 1, 1986				
			62	91	49	11					

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QUARTERLY RECAP OF IMPORT ANIMALS INSPECTED

(Canadian and Mexican Border Ports of Entry)

PORT OF ENTRY

Eastport, Idaho

QUARTER ENDING

Dec. 31, 1985

INSTRUCTIONS: Prepare in triplicate. Forward original and 1 copy to Hyattsville, Md. Retain copy for Station File.

SPECIES	PASSED FOR ENTRY							REJECTED FOR ENTRY					
	ANIMALS NOT INSPECTED	PUREBRED FOR FREE ENTRY	BREEDING OR DAIRY	FEEDING OR GRAZING	SLAUGHTER	OTHER PURPOSES	TOTAL PASSED (Total Cols. A thru F)	PUREBRED FOR FREE ENTRY	BREEDING OR DAIRY	FEEDING OR GRAZING	SLAUGHTER	OTHER PURPOSES	TOTAL REJECTED (Total Cols. H thru L)
	A	B	C	D	E	F	G	H	I	J	K	L	M
1. Cattle		18	89	856	7486	7	8456						
2. Equines			8			171	179						
3. Sheep			1	515			516						
4. Goats													
5. Swine				210	7726		7936						
6. Other Animals ¹			14				14						
7. Totals (Items 1-6)		18	112	1581	15212	178	17,101						

ENTRIES		NUMBER	OTHER ANIMALS (Specify species and No.)	18. DESTINATION	
8. Driven on foot	—		14 Llama	STATE A	NO. CATTLE B
9. Transportation by railroad	—			WA	7483
10. Transportation by truck/car	303			OR	105
11. TOTAL ENTRIES (Item 8 + 9 + 10)	303			ID	5
				CA	860
				CO	1
				MT	3
				NV	2
				Totals	8456
				TOTAL 18B + 18C (Must equal Item 7G)	17,101
Poultry entered			REMARKS	SIGNATURE OF PORT VETERINARIAN	
12. Inspected	—			Edwin C. Dancy	
13. Not inspected	—				
14. TOTAL POULTRY (Item 12 + item 13)	—				
15. Total No. Eggs entered	—				
Semen entered		—	19. TOTAL NUMBER OF DAYS DURING THE QUARTER		DATE
16. Total No. lots	—		A. INSPECTION SERVICE WAS AVAILABLE		
17. Total No. ampules	—		(1) REGULAR	(2) OVERTIME	
			39	30	1-22-86

QUARTERLY RECAP OF IMPORT ANIMALS INSPECTED

(Canadian and Mexican Border Ports of Entry)

Sweetgrass, Mt.

QUARTER ENDING

12-31-85

INSTRUCTIONS: Prepare in triplicate. Forward original and 1 copy to Hyattsville, Md. Retain copy for Station File.

SPECIES	PASSED FOR ENTRY							REJECTED FOR ENTRY					
	ANIMALS NOT INSPECTED	PUREBRED FOR FREE ENTRY	BREEDING OR DAIRY	FEEDING OR GRAZING	SLAUGHTER	OTHER PURPOSES	TOTAL PASSED (Total Cols. A thru F)	PUREBRED FOR FREE ENTRY	BREEDING OR DAIRY	FEEDING OR GRAZING	SLAUGHTER	OTHER PURPOSES	TOTAL REJECTED (Total Cols. H thru L)
	A	B	C	D	E	F	G	H	I	J	K	L	M
1. Cattle		85	852	2028	1661	119	4745		20	3	6		29
2. Equines	77		37			445	559					1	1
3. Sheep			16			7	23						
4. Goats						1	1						
5. Swine			9		7643		7652						
6. Other Animals ¹						22	22						244
7. Totals (Items 1-6)	77	85	914	2028	9304	594	13002		20	3	6	1	30

ENTRIES	NUMBER	1. OTHER ANIMALS (Specify species and No.)	State	Cattle	Other	18. DESTINATION		
						STATE	NO. CATTLE	NO. OTHER
8. Driven on foot	0	Pet Birds	ME.	185	251			
9. Transportation by railroad	0	4 parrots	Neb.	627	1	Arizona	180	97
10. Transportation by truck/car	410	4 cockatiel	Nevada	7	47	Arkansas	13	
11. TOTAL ENTRIES (Item 8 + 9 + 10)	410	1 parakeet	N. Mexico	1	47	Calif.	1	461
Poultry entered		1 budgie	N. Carolina	35	4	Colo.	643	19
12. Inspected	21,550	1 bighorn sheep	N. Dakota	1		Ga.	43	
13. Not inspected	0	2 stone sheep	Ohio	1	15	Hawaii	2	
14. TOTAL POULTRY (Item 12 + Item 13)	21,550	1 llama	Okla.	2		Idaho	4	15
15. Total No. Eggs entered			Oregon	39	10	Illinois	4	
Semen entered	23		S. Dakota	3	1	Iowa	9	7235
16. Total No. lots	303	REMARKS	Tenn.	6	12	Kansas	1271	3
17. Total No. ampules straws	24,970	1 alpaca	Texas	265	13	Ky.	1	1
		7 black bears	Utah	1137	2	Mass.		1
			Virginia	1		Mich.		
			Wash.			Minn.	6	
			Wyoming	78	19	Mo.	181	2
						Totals	4745	8257
						TOTAL 18B + 18C (Must equal Item 7G)		13,002
19. TOTAL NUMBER OF DAYS DURING THE QUARTER						SIGNATURE OF PORT VETERINARIAN		
A. INSPECTION SERVICE WAS AVAILABLE						M. C. Schaefer		
(1) REGULAR						DATE		
(2) OVERTIME						1-2-86		
(1) REGULAR								
(2) OVERTIME								

APPENDIX I

EXPLANATION OF THE RATES OF DUTY APPLICABLE TO LIVE CATTLE AND MEAT
OF CATTLE AND SELECTED PORTIONS OF THE TARIFF SCHEDULES OF THE
UNITED STATES, ANNOTATED (1987)

Explanation of the rates of duty applicable to live cattle and meat of cattle

The rates of duty in the column numbered 1 are most-favored-nation (MFN) rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. The People's Republic of China, Hungary, Poland, Romania, and Yugoslavia are the only Communist countries eligible for MFN treatment. However, MFN rates would not apply if preferential tariff treatment is sought and granted to products of developing countries under the Generalized System of Preferences (GSP) or the Caribbean Basin Economic Recovery Act (CBERA), or to products of Israel or of least developed developing countries (LDDC's), as provided under the Special rates of duty column. Because most column 1 duty rates represent the final stage of the reductions negotiated in the Tokyo Round, most imports from LDDC's enter duty-free under the GSP or are dutiable at column 1 rates.

The rates of duty in the column numbered 2 apply to imported products from those Communist countries and areas enumerated in general headnote 3(d) of the TSUS.

The GSP affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 and renewed in the Trade and Tariff Act of 1984, applies to merchandise imported on or after January 1, 1976 and before July 4, 1993. It provides duty-free entry to eligible articles imported directly from designated beneficiary developing countries.

The CBERA affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67 and implemented by Presidential Proclamation 5133 of November 30, 1983, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984; it is scheduled to remain in effect until September 30, 1995. It provides duty-free entry to eligible articles imported directly from designated Basin countries.

Preferential rates of duty in the Special column followed by the code "I" reflect the rates of duty applicable to products of Israel under the United States-Israel Free Trade Area Implementation Act of 1985, as provided in general headnote 3(e)(viii) of the TSUS. Where no rate of duty is provided for products of Israel in the Special column for a particular tariff item, the rate of duty in column 1 applies.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1987)

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 1. - Live Animals

Page 1-3

1 - 1 --
100.01 - 100.05

Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
				1	Special	2
		PART 1. - LIVE ANIMALS				
		<u>Part 1 headnotes:</u>				
		1. This part covers all live animals, vertebrate and invertebrate, except fish and shellfish (see parts 3 and 15 of this schedule) and microbial cultures (see part 3 of schedule 4), but including whales and other sea mammals.				
		2. Unless the context requires otherwise, each provision for named or described animals applies to such animals regardless of their size or age, e.g., "sheep" includes lambs.				
		3. Certain special provisions applying to live animals are in schedule 8.				
100.01		Animals (except black, silver, or platinum foxes, and any fox which is a mutation, or type developed, therefrom), certified to the collector of customs by the Department of Agriculture as being pure bred of a recognized breed and duly registered in a book of record recognized by the Secretary of Agriculture for that breed, imported by a citizen or agency of the United States specially for breeding purposes, whether intended to be used by the importer himself or for sale for such purposes.....	No.	Free		Free
		Horses:				
	10	Male.....	No.			
	20	Female.....	No.			
		Cattle:				
	30	Male.....	No.			
		Female:				
	40	Dairy.....	No.			
	50	Other.....	No.			
	80	Animals, not specially provided for.....	No.			
		Animals, domesticated, straying across the boundary line into any foreign country, or driven across such boundary line by the owner for temporary pasturage purposes only, together with their offspring:				
100.03	00	If brought back to the United States within 8 months.....	No.....	Free		Free
100.04	00	Other.....	No.....	Subject to rates set forth in this part		Subject to rates set forth in this part
100.05	00	Animals, game, imported to be liberated in the United States for stocking purposes.....	No.....	Free		Free

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1987)

Page 1-4

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 1. - Live Animals1 - 1 --
100.07 - 100.79

Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty		
				1	Special	2
100.07	00	Live birds: Chickens, ducks, geese, guineas, and turkeys: In the downy stage with quills not discernible.....	No.....	2c each	Free (E,I)	4c each
100.09	00	Other.....	Lb.....	2c per lb.	Free (E,I)	8c per lb.
100.15	00	Pigeons, fancy or racing.....	No.....	Free		Free
100.20	00	Quail, bobwhite.....	No.....	15c each	Free (E,I)	50c each
100.25	20	Other live birds: Valued not over \$5 each.....	.....	8c each	Free (A,E,I)	50c each
	40	Canaries.....	No.			
		Other.....	No.			
100.30	00	Valued over \$5 each: Canaries.....	No.....	5% ad val.	Free (E,I)	20% ad val.
100.31	00	Other.....	No.....	4% ad val.	Free (A,E,I)	20% ad val.
100.35	00	Live animals other than birds: Asses and burros.....	No.....	15% ad val.	Free (E) 4.8% ad val. (I)	15% ad val.
100.40	00	Cattle: Weighing under 200 pounds each: For not over 200,000 head entered in the 12-month period beginning April 1, in any year.....	No.....v Lb.	1c per lb.	Free (E,I)	2.5c per lb.
100.43	00	Other.....	No.....v Lb.	1c per lb.	Free (E,I)	2.5c per lb.
100.45	00	Weighing 200 pounds or more but under 700 pounds each.....	No.....v Lb.	1c per lb.	Free (E,I)	2.5c per lb.
100.50	00	Weighing 700 pounds or more each: Cows imported specially for dairy purposes.....	No.....v Lb.	Free		3c per lb.
100.53	00	Other: For not over 400,000 head entered in the 12-month period beginning April 1, in any year, of which not over 120,000 shall be entered in any quarter beginning April 1, July 1, October 1, or January 1.....	No.....v Lb.	1c per lb.	Free (E,I)	3c per lb.
100.55	00	Other.....	No.....v Lb.	1c per lb.	Free (E,I)	3c per lb.
100.60	00	Foxes: Silver or black.....	No.....	7.5% ad val.	Free (E,I)	15% ad val.
100.63	00	Other.....	No.....	7.5% ad val.	Free (E,I)	15% ad val.
100.65	00	Goats.....	No.....	\$1.50 per head	Free (E,I)	\$3 per head
100.70	00	Horses and mules: Imported for immediate slaughter.....	No.....	Free		Free
100.73	00	Other: Horses: Valued not over \$150 per head.....	No.....	Free		\$30 per head 20% ad val.
100.75	00	Valued over \$150 per head.....	No.....	Free		
100.77	00	Mules: Valued not over \$150 per head.....	No.....	\$15 per head	Free (E,I)	\$30 per head
100.79	00	Valued over \$150 per head.....	No.....	10% ad val.	Free (E) 3.2 ad val. (I)	20% ad val.

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TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1987)

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 2. - Meats

Page 1-7

1 - 2 - A
105.10 - 105.84

Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
				1	Special	2
PART 2. - MEATS						
Part 2 headnotes:						
1. This part covers only meats, including meat offal, fit for human consumption. The meats of all animals, including whales and other sea mammals but not fish and shellfish (see parts 3 and 15 of this schedule), are covered, and unless the context requires otherwise, reference to an animal includes such animal regardless of size or age.						
2. In assessing the duty on meats, no allowance shall be made for normal components thereof such as bones, fat, and hide or skin. The dutiable weight of meats in airtight containers subject to specific rates includes the entire contents of the containers.						

Subpart A. - Bird Meat						
Birds (dead), fresh, chilled, or frozen, if whole, or if plucked, beheaded, eviscerated, or cut into pieces (including edible offal), but not otherwise prepared or preserved:						
Birds, whole, or which have been plucked only:						
105.10	00	Chickens, ducks, geese, and guineas.....	Lb.....	3c per lb.	Free (E,I)	10c per lb.
105.20	00	Turkeys.....	Lb.....	8.5c per lb.	Free (E,I)	10c per lb.
105.30	00	Other.....	Lb.....	2.5c per lb.	Free (A,E,I)	10c per lb.
Birds which have been plucked, beheaded, and eviscerated (including birds with any edible offal retained in or returned to the abdominal cavity), whether or not the feet have been removed, but not cut into pieces:						
105.40	00	Chickens.....	Lb.....	5c per lb.	Free (E,I)	10c per lb.
105.50	00	Turkeys:	Lb.....	5c per lb.	Free (E)	10c per lb.
Valued under 40 cents per pound.....						
105.55	00	Valued 40 or more cents per pound.....	Lb.....	12.5% ad val.	Free (E)	25% ad val.
105.60	00	Other.....	Lb.....	5c per lb.	Free (A,E,I)	10c per lb.
105.70	00	Other.....	Lb.....	10c per lb.	Free (E,I)	10c per lb.
Birds otherwise prepared or preserved:						
105.82	00	Goose-liver products.....	Lb.....	3.5c per lb.	Free (E,I)	10c per lb.
105.84	00	Other.....	Lb.....	5c per lb.	Free (A,E,I)	10c per lb.

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TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1987)

Page 1-8

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 2. - Meats

1 - 2 - B
106.10 - 106.25

Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
				1	Special	2
		Subpart B. - Meats Other Than Bird Meat				
		Subpart B headnote:				
		1. For the purposes of this subpart -- (a) The term "fresh, chilled, or frozen" covers meats even though completely detendonized and deboned, but does not cover meats which have been prepared or preserved; and (b) the term "prepared or preserved" covers meats even if in a fresh, chilled, or frozen state if such meats have been ground or comminuted, diced or cut into sizes for stew meat or similar uses, rolled and skewered, or specially processed into fancy cuts, special shapes, or otherwise made ready for particular uses by the retail consumer; and also covers meats which have been subjected to processes such as drying, curing, smoking, cooking, seasoning, flavoring, or to any combination of such processes.				
		Meats (except meat offal), fresh, chilled, or frozen, of all animals (except birds):				
106.10	1/	Cattle.....	.....	2c per lb.	Free (E*,I)	6c per lb.
		Beef, with bone:				
	20	Fresh or chilled.....	Lb.			
	40	Frozen.....	Lb.			
	60	Beef, without bone.....	Lb.			
	80	Other (veal).....	Lb.			
106.22	001/	Sheep (except lambs).....	Lb.....	1.5c per lb.	Free (E,I)	5c per lb.
106.25	001/	Goats.....	Lb.....	Free		5c per lb.
		1/ P.L. 88-482, as amended, provides that meats covered by the tariff descriptions in items 106.10, 106.22, 106.25, 107.55, 107.61, and 107.62 may be made subject to an absolute quota by Presidential proclamation.				

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TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1987)

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 2. - Meats

Page 1-9

1 - 2 - B
106.30 - 107.35

Item	Stat. Suf-fix	Articles	Units of Quantity	Rates of Duty		
				1	Special	2
106.30	00	Meats (except meat offal), fresh, chilled, or frozen, of all animals (except birds) (con.):				
106.40	20	Lambs.....	Lb.....	0.5c per lb.	Free (E,I)	7c per lb.
	40	Swine.....	Lb.	Free		2.5c per lb.
		Fresh or chilled.....	Lb.			
		Frozen.....	Lb.			
106.50	00	Game animals:				
106.55	20	Deer (except reindeer).....	Lb.....	Free	Free (E,I)	6c per lb.
	40	Other.....	Lb.	2.5c per lb.		6c per lb.
		Rabbit.....	Lb.			
		Other.....	Lb.			
106.60	00	Frogs.....	Lb.....	Free		10% ad val.
106.65	00	Horses (except meat packed in immediate containers weighing with their contents less than 10 pounds each).....	Lb.....	Free		Free
		Other:				
106.70	00	Valued not over 30 cents per pound.....	Lb.....	3c per lb.	Free (A,E,I)	6c per lb.
106.75	20	Valued over 30 cents per pound.....	Lb.	10% ad val.	Free (A,E)	20% ad val.
	40	Rabbit.....	Lb.		3.2% ad val. (I)	
		Other.....	Lb.			
106.80	00	Edible meat offal, fresh, chilled, or frozen, of all animals (except birds):				
106.85	00	Valued not over 20 cents per pound.....	Lb.....	Free		6c per lb.
		Valued over 20 cents per pound.....	Lb.....	Free		30% ad val.
		Sausages, whether or not in airtight containers:				
		Pork:				
107.10	00	Fresh.....	Lb.....	0.6c per lb.	Free (A,E,I)	3.25c per lb.
107.15	00	Other.....	Lb.....	0.6c per lb.	Free (A,E,I)	3.25c per lb.
107.20	00	Beef, in airtight containers.....	Lb.....	7.5% ad val.	Free (A,E*,I)	30% ad val.
107.25	20	Other.....	Lb.	5% ad val.	Free (A,E*,I)	20% ad val.
	40	Beef.....	Lb.			
		Other.....	Lb.			
107.30		Pork, prepared or preserved (except sausages):				
		Not boned and cooked and packed in airtight containers.....	.....	1c per lb.	Free (E,I)	3.25c per lb.
	20	Hams and shoulders.....	Lb.			
	40	Bacon.....	Lb.			
	60	Other.....	Lb.			
107.35		Boned and cooked and packed in airtight containers.....	.....	3c per lb.	Free (E,I)	3c per lb.
		Hams and shoulders:				
	15	In containers holding less than 3 pounds.....	Lb.			
	25	In containers holding 3 pounds and over.....	Lb.			
	40	Bacon.....	Lb.			
	60	Other.....	Lb.			

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1987)

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SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 2. - Meats1 - 2 - B
107.40 - 107.63

Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
				1	Special	2
		Beef and veal, prepared or preserved (except sausages):				
107.40	00	Beef or veal, cured or pickled:				
		Valued not over 30 cents per pound.....	Lb.....	1c per lb.	Free (A,E*,I)	4.5c per lb.
107.45	00	Valued over 30 cents per pound.....	Lb.....	10% ad val.	Free (A,E*) 3.2% ad val. (I)	30% ad val.
107.48		Beef in airtight containers:				
		Corned beef.....	.....	7.5% ad val. ^{1/}	Free (A,E*,I)	30% ad val.
	20	In containers holding not more than 2 pounds.....	Lb.			
	40	In containers holding more than 2 pounds.....	Lb.			
107.52		Other.....	.....	3% ad val.	Free (E*,I)	30% ad val.
	20	In containers holding not more than 2 pounds.....	Lb.			
	40	In containers holding more than 2 pounds.....	Lb.			
107.55	002	Other:				
		Valued not over 30 cents per pound.....	Lb.....	2c per lb.	Free (E*,I)	6c per lb.
		Valued over 30 cents per pound:				
		Prepared, whether fresh, chilled, or frozen, but not otherwise preserved:				
107.61	002	Beef specially processed into fancy cuts, special shapes, or otherwise made ready for particular uses by the retail consumer (but not ground or comminuted, diced or cut into sizes for stew meat or similar uses, or rolled or skewered), which meets the specifications in regulations issued by the U.S. Department of Agriculture for Prime or Choice beef, and which has been so certified prior to exportation by an official of the government of the exporting country, in accordance with regulations issued by the Secretary of the Treasury after consultation with the Secretary of Agriculture.....	Lb.....	4% ad val.	Free (E*,I)	20% ad val.
107.62	002	Other.....	Lb.....	10% ad val.	Free (E*) 3.2% ad val. (I)	20% ad val.
107.63	00	Other.....	Lb.....	4% ad val.	Free (E*,I)	20% ad val.

^{1/} Duty on corned beef temporarily reduced. See item 903.15 in part 1B, Appendix to the Tariff Schedules.

^{2/} P.L. 88-482, as amended, provides that meats covered by the tariff descriptions in items 106.10, 106.22, 106.25, 107.55, 107.61, and 107.62 may be made subject to an absolute quota by Presidential

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TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1987)

APPENDIX TO THE TARIFF SCHEDULES
Part 1. Temporary Legislation

Page 9-5
9 - 1 - 8
903.15 - 903.25

Item	Stat. Suf-fix	Articles	Units of Quantity	Rates of Duty			Effective Period
				1	Special	2	
		<p>3. (a) Items 911.13, 911.14, 911.15, and 911.16 shall not apply when the market price of copper is under 51 cents per pound.</p> <p>(b) For purposes of subparagraph (a), the market price of copper has the meaning assigned to it by headnote 5(b) of the headnotes of schedule 6, part 2, subpart C.</p> <p>(c) For purposes of subparagraph (a), the market price of copper shall be considered to be under 51 cents per pound only on and after the 20th day after the date of a report by the United States International Trade Commission to the Secretary of the Treasury that it has determined that the market price has been under 51 cents per pound for one calendar month. After any such report, the market price shall be considered as not being under 51 cents per pound only on and after the 20th day after the date of a report by the Commission to the Secretary that it has determined that the market price has been 51 cents or more per pound for one calendar month.</p> <p>(d) Determinations by the Commission under this headnote shall be made in the manner prescribed by headnote 5(c) of schedule 6, part 2, subpart C.</p> <p>4. For so long as items 905.10 and 905.11 are in effect, headnotes 3, 4, and 5 of subpart C of part 1 of schedule 3 shall be suspended (except insofar as they relate to hair of the camel) and in lieu thereof--</p> <p>(a) for purposes of item 307.40--</p> <p>(i) the classification provisions for wool not finer than 46s shall apply to any package of wool containing not over 10 percent by weight of wool finer than 46s but not containing wool finer than 48s; and</p> <p>(ii) the citation for imports classifiable under item 307.40 shall be such item number followed by the item number for the part of the contents of the package which determines the rate of duty; and</p> <p>(b) for purposes of item 905.11, a tolerance of not more than 10 percent of wools not finer than 48s may be allowed in each bale or package of wools imported as not finer than 46s.</p> <p>5. For the purposes of the superior heading to items 906.10 and 906.12, the term "mass-produced kits" includes only those which are designed to be sold in the customs territory of the United States exclusively in kit form.</p> <p>6. For the purposes of item 911.95, the term "entertainment broadcast band receivers" means receivers designed principally to receive signals in the AM (530-1710 KHz) and FM (88-108 MHz) entertainment broadcast bands, whether or not capable of receiving signals on other bands such as aviation, television, marine, public safety, industrial, and citizens bands.</p>					
903.15	1/	Corned beef in airtight containers (provided for in item 107.48, part 2B, schedule 1).....	1/	3% ad val.	No change (A*, E*, I)	No change	On or before 12/31/89
903.25	1/	Culled carrots, fresh or chilled, in immediate containers each holding more than 100 pounds (provided for in item 135.42, part 8A, schedule 1) if entered for consumption during the period from August 15 in any year to the 15th day of the following February, inclusive.....	1/	Free		No change	On or before 12/31/89
		<p>1/ See Appendix statistical headnote 1.</p> <p>Note: The shaded area indicates that the effective period for special tariff treatment has expired.</p>					

APPENDIX J

LIVE CATTLE AND MEAT OF CATTLE: U.S. RATES OF DUTY, BY TSUS ITEMS

Live cattle and meat of cattle: U.S. rates of duty, by TSUS items

Staged col. 1 rate of duty effective with respect to articles entered on or after Jan. 1—												
Description	1930 rate of duty	Pre-MTN	1980	1981	1982	1983	1984	1985	1986	1987	Col. 2 rate of duty	Average ad valorem of 1986 duty Percent
		Col. 1 rate of duty										
Cents per pound; percent ad valorem												
Cattle:												
Purebred cattle for breeding (item 100.01 pt.).....	Free	Free	Free	Free	Free	Free	Free	Free	Free	Free	Free	0
Other:												
Weighing under 200 pounds each:												
For not over 200,000 head entered in the 12-month period beginning Apr. 1 in any year (item 100.40).....	2.5¢	1.5¢	1.3¢	1.1¢	1¢	1¢	1¢	1¢	1¢	1¢	2.5¢	0
Other (item 100.43)...	2.5¢	2.5¢	2¢	1.5¢	1¢	1¢	1¢	1¢	1¢	1¢	2.5¢	1.1
Weighing 200 pounds or more but under 700 pounds each (item 100.45).....	2.5¢	2.5¢	2¢	1.5¢	1¢	1¢	1¢	1¢	1¢	1¢	2.5¢	2.0
Weighing 700 pounds or more each:												
Cows imported special- ly for dairy pur- poses (item 100.50).....	3¢	1.5¢	Free	Free	Free	Free	Free	Free	Free	Free	3¢	0
Other:												
For not over 400,000 head entered in the 12-month per- iod beginning Apr. 1 in any year, of which not over 120,000 shall be entered in any quarter beginning Apr. 1, July 1, Oct. 1, or Jan. 1 (item 100.53).....	3¢	1.5¢	1.3¢	1.1¢	1¢	1¢	1¢	1¢	1¢	1¢	3¢	0
Other (item 100.55).....	3¢	2.5¢	2¢	1.5¢	1¢	1¢	1¢	1¢	1¢	1¢	3¢	2.0
Meats of cattle (except edible meat offal), fresh, chilled, or frozen (item 106.10) 1/.	6¢	3¢	2.5¢	2¢	2¢	2¢	2¢	2¢	2¢	2¢	6¢	2.3

See footnotes at end of table.

Live cattle and meat of cattle: U.S. rates of duty, by TSUS items (continued)

Staged col. 1 rate of duty effective with respect to articles entered on or after Jan. 1—												
Description	1930 rate of duty	Pre-MTN Col. 1 rate of duty	1980	1981	1982	1983	1984	1985	1986	1987	Col. 2 rate of duty	Average ad valorem of 1986 duty Percent
Cents per pound; percent ad valorem												
Sausages, whether or not in airtight containers:												
Beef, in airtight con- tainers (item 107.20) 2/.....	30%	15%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	30%	0
Other beef (item 107.25) 2/.....	20%	10%	5%	5%	5%	5%	5%	5%	5%	5%	20%	5.0
Beef and veal, prepared or preserved (except sau- sages):												
Beef or veal, cured or pickled:												
Valued not over 30 cents per pound (item 107.40) 2/....	4.5¢	3¢	2.7¢	2.5¢	2.2¢	2¢	1.7¢	1.5¢	1.2¢	1¢	4.5¢	0
Valued over 30 cents per pound (item 107.45) 2/.....	30%	10%	10%	10%	10%	10%	10%	10%	10%	10%	30%	4.5
Beef in airtight con- tainers:												
Corned beef (item 107.48) 2/, 3/.....	30%	15%	4.5%	3%	3%	3%	7.5%	7.5%	7.5%	7.5%	30%	0.7
Other (item 107.52).....	30%	15%	4.5%	3%	3%	3%	3%	3%	3%	3%	30%	3.0
Other:												
Valued not over 30 cents per pound (item 107.55).....	6¢	3¢	2.5¢	2¢	2¢	2¢	2¢	2¢	2¢	2¢	6¢	11.5
Valued over 30 cents per pound:												
Prepared, whether fresh, chilled, or frozen, but not otherwise preser- ved: 1/												
Beef, high quality (item 107.61)....	20%	10%	7%	4%	4%	4%	4%	4%	4%	4%	20%	4.0
Other (item 107.62)....	20%	10%	7%	4%	4%	4%	4%	4%	4%	4%	20%	10.0
Other (item 107.63)....	20%	10%	7%	4%	4%	4%	4%	4%	4%	4%	20%	4.0

1/ P.L. 88-482, as amended, provides that meats covered by the tariff descriptions in items 106.10, 106.25, 107.55, 107.61, and 107.62 may be made subject to an absolute quota by Presidential proclamation.

2/ Imports are eligible for duty-free treatment under the Generalized System of Preferences.

3/ Included in item 107.50 at the same rates of duty prior to Jan. 1, 1976. Duty on corned beef temporarily reduced. See item 903.15 in part 18, Appendix to the Tariff Schedules.

APPENDIX K

RECOGNIZED BREEDS AUTHORIZED FOR DUTY-FREE ENTRY UNDER THE
TARIFF SCHEDULES OF THE UNITED STATES

hall be presented to the inspector before the animal and pedigree certificate are examined as provided in § 151.7.

Sec. 101, 76 Stat. 72; 19 U.S.C. 1202;
36 FR 23357, Dec. 9, 1971)

151.7 Examination of animal.

(a) For the purpose of determining identity, an examination shall be made by an inspector of each animal or which free entry is claimed under the act. All animals shall be examined at the port of entry: *Provided, however*, That dogs, other than those regulated under § 92.18 of this chapter, and cats may be examined either at the port of entry or at any other port where customs entry is made.

(b) The owner, agent, or importer shall provide adequate assistance and facilities for restraining and otherwise handling the animal and present it in such manner and under such conditions as in the opinion of the inspector will make a proper examination possible. Otherwise, the examination of the animal will be refused or postponed by the inspector until the owner, agent, or importer meets these requirements.

(c) A pedigree certificate, as required by § 151.4 shall be presented at the time of examination to the inspector making the examination in order that proper identification of the animal may be made. When upon such examination of any animal, the color, markings, or other identifying characteristics do not conform with the description given in the pedigree certificate and the owner, agent, or importer desires to pursue the matter further, the inspector shall issue ANH Form 17-419 to the owner, agent, or importer, and shall forward the pedigree certificate or this animal, together with ANH Form 17-419, to the Washington office of Veterinary Services by certified mail. A determination will be made by such office as to the identity of the animal in question and the eligibility of the animal for certification under § 151.2. The pedigree certificate will be returned to the party who submitted it as soon as such determination is made. Removal of an animal from the port where examination is made prior to presentation of the pedigree certificate or other failure to comply with

the requirements of this paragraph shall constitute a waiver of any further claim to certification under the regulations in this part.

(Sec. 201, 46 Stat. 673; 19 U.S.C. 1201, as amended; sec. 101, 76 Stat. 72; 19 U.S.C. 1202)

[26 FR 6072, July 7, 1961]

§ 151.8 Eligibility of an animal for certification.

To be eligible for certification under the act, an animal must be purebred of a recognized breed and have been registered in good faith in a book of record listed in § 151.9 and must not have been registered on inspection without regard to purity of breeding.

[23 FR 10104, Dec. 23, 1958]

RECOGNITION OF BREEDS AND BOOKS OF RECORD

§ 151.9 Recognized breeds and books of record.

Breeds of animals and books of record listed in paragraphs (a) and (b) are hereby recognized. Recognition of such breeds and books of record will be continued, however, only if the books of record involved are kept by the custodians thereof in a form which is reasonably current and the book otherwise meets the requirements of this part, in the opinion of the Deputy Administrator, Veterinary Services. When a registry association which publishes a book of record that was recognized in printed form ceases to publish the book in such form and in lieu thereof publishes the book in microfilm form, the recognition of such book of record will be continued only if the book meets the requirements of this part. A copy of each printed volume and microfilm record of a book of record published after the book is recognized under this part shall be sent to Veterinary Services immediately following such publication. All books of record sent to Veterinary Services, Animal and Plant Health Inspection Service, United States Department of Agriculture, shall be submitted through the United States Government Despatch Agency, 26 Federal Plaza, New York, New York 10007, U.S.A.

Animal and Plant Health Inspection Service, USDA

(a) *Breeds and books of record in countries other than Canada.* Books of the registry associations listed below are recognized for the following breeds: *Provided*, That no Belted Galloway cattle, horse of Criolla, Fjordhest (formerly known as Westland), Holstein, Shetland Pony or Welsh Pony and Cob breed, dog or cat regis-

tered in any of the books named shall be certified under the act as purebred unless a pedigree certificate showing three complete generations of known and recorded purebred ancestry of the particular breed involved, issued by the appropriate association listed below, is submitted for such animal.

CATTLE

Code	Name of breed	Book of record	By whom published
1101	Aberdeen-Angus	Aberdeen-Angus Herd Book	Aberdeen-Angus Cattle Society, Hugh R. Nelson, secretary, Pudgrie House, 17 Bon-Accord Sq., Aberdeen, Scotland.
1112	do	New Zealand Aberdeen-Angus Herd Book	New Zealand Aberdeen-Angus Cattle Breeders' Association, Post Office Box 83, Hastings, New Zealand.
1102	Africander	Africander Cattle Herd Book	The Africander Cattle Breeders' Society, under the supervision and authority of the South African Stud Book Association, E.L. Houseman, secretary, 40 Henry St., Bloemfontein, Union of South Africa.
1201	Alderney	Herd Book of the Bailwick of Guernsey (Alderney Branch).	Royal Alderney Agricultural Society (The Alderney Branch of the Royal Guernsey A. and H. Society), P.D. Sumner, secretary, The Bungalow, Butes, Alderney, Channel Isles.
1202	Ayrshire	Ayrshire Herd Book	Ayrshire Cattle Herd Book Society of Great Britain and Ireland, John Graham, secretary, 1 Racecourse Rd., Ayr, Scotland.
1301	Devon	Devon's Devon Herd Book	Devon Cattle Breeders' Society, Cyril Ernest Berry, secretary, Court House, The Square, Wivelscotombe, Somerset, England.
1302	Dexter	Dexter Herd Book	Dexter Cattle Society, T. S. Pich, secretary, Manor Farm, Stubbs Lane, Lower Kingswood, Taunton, Surrey, England.
1103	Belted Galloway	Belted Galloway Herd Book	Belted Galloway Cattle Society, J. Campbell Luing, secretary, Galloway Estate Office, Newton Stewart, Wigtownshire, Scotland.
1104	Galloway	Galloway Herd Book	Galloway Cattle Society of Great Britain and Ireland, Donald M. McQueen, secretary, Roughshills, Dalbeattie, Scotland.
1203	Guernsey	English Guernsey Herd Book	English Guernsey Cattle Society, J. W. Barker, secretary, Mappin House, Winsky St., Oxford St., London, W. 1, England.
1204	do	Herd Book of the Bailwick of Guernsey (Guernsey Branch).	Royal Guernsey Agricultural and Horticultural Society, M. C. Le Page, secretary, States Arcade Balcony, St. Peter Port, Guernsey, Channel Isles.
1105	Hereford	Herd Book of Hereford Cattle	Hereford Herd Book Society R.J. Bentley, secretary, 3 Otta St., Hereford, England.
1106	Highland	Highland Herd Book	Highland Cattle Society of Scotland, Donald G. Noble, secretary, 17 York Pl., Perth, Scotland.
1205	Holstein-Friesian	Friesch Rundvee-Stamboek	Vereeniging "Het Friesch Rundvee-Stamboek," Dr. J. M. Dijkstra, secretary, Zuiderplein 2-6, Leeuwarden, The Netherlands.
1206	do	Nederlandsch Rundvee-Stamboek	Vereeniging "Het Nederlandsch Rundvee-Stamboek," H. W. J. Dekker, Chief Administrator, Stadhoudersplantsoen 24, 's-Gravenhage, The Netherlands.
1207	Jersey	Jersey Herd Book	Royal Jersey Agricultural and Horticultural Society, H. G. Shepard, secretary, 3 Mulcaster St., St. Helier, Jersey, Channel Isles.
1208	do	Jersey Herd Book of United Kingdom	Jersey Cattle Society of the United Kingdom, Edward Asby, secretary, 19 Bloomsbury Sq., London, W. C. 1, England.
1303	Kerry	British Kerry Cattle Herd Book	British Kerry Cattle Society, R. O. Hubl, secretary, The Meashore, Stanmore Hill, Stanmore, Middlesex, England.
1304	do	Kerry Cattle Herd Book	Royal Dublin Society, Horace H. Poole, registrar, Ball's Bridge, Dublin, Ireland.
1305	Lincoln Red	Lincoln Red Herd Book	Lincoln Red Cattle Society, W. Dunneaway, secretary, Agriculture House, Park St., Lincoln, England.

CATTLE—Continued

Code	Name of breed	Book of record	By whom published
1209	Red Danish	Stambog over Rødt af Rødt Dansk Malke race. Stambog over Tyre af Rødt Dansk Malke race. Register-Stambog over Kvæg af Rødt Dansk Malke race. Red Poll Herd Book	De Samvirkende Danske Landbølærninger, A. Wulff Pedersen, secretary, Vindegade 72, Odense, Denmark
1306	Red Poll	Red Poll Herd Book	Red Poll Cattle Society of Great Britain and Ireland, Inc., A. C. Burton, secretary, 32 Princes St., Ipswich, Suffolk, England
1307	Shorthorn	Coates's Herd Book	Shorthorn Society of Great Britain and Ireland, Arthur Greenhalgh, secretary, Victoria House, Southampton Row, London, W.C. 1, England
1107	South Devon	Herd Book of South Devon Cattle	South Devon Herd Book Society, W. G. Turpill, secretary, 16 Sherborne Rd., Newton Abbot, Devon, England
1115	Simmental	Irish Simmental Cattle Society	Irish Simmental Cattle Society Ltd., Springhill Carrigrohilly, Co. Cork, Ireland
1308	Sussex	Sussex Herd Book	Sussex Herd Book Society, A. G. Holland, secretary, 17 Devonshire St., London, W. 1, England
1309	Welsh	Welsh Black Cattle Herd Book	Welsh Black Cattle Society, G. Williams Edwards, secretary, 13 Bangor St., Caernarvon, No. Wales

HORSES

Code	Name of breed	Book of record	By whom published
2201	Arabian	Arab Horse Stud Book	The Arab Horse Society, Col. R. C. de V. Ashin, secretary, Beechmead, Rowledge, Farnham, Surrey, England
2202	do	Polska Księga Stadna Koni, Arabskich Czyszej Kni.	Towarzystwo Hodowli Koni Arabskiego, Maria Brykczynska, secretary, Krakow 1w, Sarego 2, Poland
2203	do	General Stud Book	Weatherby & Sons, 15 Cavendish Sq., London, W. 1, England
2204	do	Registro-Matricula de Caballos de Pura Sangre	Jefatura de Cra Caballar y Remonta, Don Manuel Diaz Calderon, Secretario Stud-book, Ministerio del Ejercito, Madrid, Spain
2205	do	Stud Book Argentino	Ministerio de Hacienda de la Nacion, Loteria de Beneficencia Nacional y Casinos, Ricardo A. Maestri, Jefe, Av. Libertador General San Martin 4101, Capital Federal, Republica Argentina
2206	do	Stud Book Francais Registre des Chevaux de Pur Sang	Commission du Studbook Francais de Pur Sang, M. Maze-Sencier, Inspecteur General, Chef, Service des Haras, Ministère de l'Agriculture, 78 rue de Varenne (7), Paris, France
2207	do	Stud Book de Venezuela	Instituto Nacional de Hipodromos, Jorge Coll Nunez, Jefe, Hipodromo "La Rinconada," Caracas, Venezuela
2208	do	The Arabian Stud Book. (Recognition of this book will be restricted to Arabian horses which originate for importation in Saudi Arabia, or trace to pure Arabian stock of that country.)	The Arabian Horse Club Registry of America, Inc., Henry B. Babson, secretary, 120 So. La Salle St., Chicago 3, Ill.
2204	Arabian	Russian Arabian Stud Book of Moscow, Union of Soviet Socialist Republics	Ministry of Agriculture USSR, All-Union Research Institute of Horsebreeding
2210	Belgian	Stud-Book des Chevaux de Trait Belges	Societe Royale "Le Cheval de Trait Belge," Edgard Bedorut, Secrétaire general, 45a rue de l'Ecuyer, Brussels, Belgium
2209	Cleveland Bay	Cleveland Bay Stud Book	Cleveland Bay Horse Society, Oswald Welford, secretary, The Angelus, Roxby, Staithes, Saltburn, Yorkshire, England
2210	Clydesdale	Clydesdale Stud-Book	Clydesdale Horse Society of Great Britain & Ireland, Robert Jarvis, secretary, 19 Hallington Gardens, Glasgow, S.W. 2, Scotland

HORSES—Continued

Code	Name of breed	Book of record	By whom published
2210	Criolla	"Registre Definitivo Seccion" de Registro Genealogico para la Raza Criolla	Sociedad Rural Argentina, E. F. Garay, Gerente Tecnico, Florida 460, Buenos Aires, Argentina
2301	Fjordhest (formerly known as Westland)	Stambok over Fjordhest	Statens Stambokkontor, Arne Hogstad, Statens Stambokforer, Munkedamveien 35 VI, Oslo, Norway
2211	Hackney	Hackney Stud Book	Hackney Horse Society, R. A. Brown, secretary, 16 Bedford Sq., London, W.C. 1, England
2212	Holstein	Holsteinisches Gestutbuch	Verband der Züchter des Holsteiner Pferdes e. V., Herr H. Horstmann, Geschäftsführer, Klosterlande 93, Elmshorn, Germany
2103	Percheron	British Percheron Stud Book	British Percheron Horse Society, A. E. Vyse, secretary, Owen Webb House, Gresham Rd., Cambridge, England
2104	do	Stud-Book Percheron de France	Societe Hippique Percheronne de France, E. Lemaire, secretaire general, 7 rue Visette-Gate 1, Nogent-le-Rotrou (E-6-L), France
2302	Shetland Pony	Shetland Pony Stud-Book	Shetland Pony Stud-Book Society, Thomas H. F. Mylles, secretary, 81 George St., Perth, Scotland
2105	Shire	Shire Horse Stud Book	Shire Horse Society, A. G. Holland, secretary, 17 Devonshire St., London, W. 1, England
2106	Suffolk	Suffolk Stud-Book	Suffolk Horse Society, Raymond Keer, secretary, 6 Church St., Woodbridge, Suffolk, England
2213	Thoroughbred	Australian Stud Book	Australian Jockey Club and Victoria Racing Club, W. J. McFadden, Keeper of the Stud Book, 6 Bigh St., Sydney, N.S.W., Australia
2214	do	General Stud Book	Weatherby & Sons, 15 Cavendish Sq., London, W. 1, England
2215	do	Jamaica Stud-Book	The Jockey Club of Jamaica, Miss L. Pike, secretary, 10 Duke St., Kingston, Jamaica, B.W.I.
2216	do	Stud Book de Chile	Club Hípico de Santiago, Alejandro Obolensky Dadian, Jefe de Stud-Book, Casilla 3674, Santiago, Chile
2217	do	Stud Book de Venezuela	Instituto Nacional de Hipodromos, Jorge Coll Nunez, Jefe, Hipodromo "La Rinconada," Caracas, Venezuela
2218	do	New Zealand Stud Book	New Zealand Racing Conference, A. M. McBeath, secretary, P.O. Box 1430, Wellington, C. 1, New Zealand
2219	do	Registro-Matricula de Caballos de Pura Sangre	Jefatura de Cra Caballar y Remonta, Don Manuel Diaz Calderon, Secretario Stud-book, Ministerio del Ejercito, Madrid, Spain
2220	Thoroughbred	Stud Book Francais Registre des Chevaux de Pur Sang	Commission du Studbook Francais de Pur Sang, M. Maze-Sencier, Inspecteur General, Chef, Service des Haras, Ministère de l'Agriculture, 78 rue de Varenne (7), Paris, France
2221	do	Libro Genealogico dei Cavalli di Puro Sangue	Jockey Club Italiano, Gen. Federico Garofoli, segretario, Corso Vittorio Emanuele 87, Rome, Italy
2222	do	Registre des Chevaux de Pur Sang	Jockey-Club de Belgique, Lt. Col. Baron Jacques van Zuylen van Nyevelt, Secrétaire general, 1 rue Guimard, Brussels 4, Belgium
2223	do	Stud Book Brasileiro	Jockey Club Brasileiro, Ricardo Xavier da Silveira, Diretor do Stud Book, Av., Rio Branco 197, Rio de Janeiro, Brazil
2224	do	Stud Book Peruano	Jockey Club del Peru, Alberto Alvarez Calderon, Gerente, Union 1066, Lima, Peru
2225	do	Stud Book Argentino	Ministerio de Hacienda de la Nacion, Loteria de Beneficencia Nacional y Casinos, Ricardo A. Maestri, Jefe, Av. Libertador General San Martin 4101, Capital Federal, Republica Argentina

HORSES—Continued

Code	Name of breed	Book of record	By whom published
2226	do	American Stud Book (Recognition of this book will be restricted to Thoroughbreds imported as follows: (a) Horses bred or born in the United States, shipped to a foreign country and returned to this country; (b) horses bred or born in Great Britain, Northern Ireland, Eire, or France, whose pedigrees trace wholly, or in part, to horses bred or born in the United States; (c) horses from countries where a book of purebred registration for Thoroughbreds does not exist; or (d) horses previously certified for entry under the act and for which Certificates of Foreign Registration were issued by The Jockey Club of New York, and which were subsequently exported to any country and returned to the United States with such certificates).	The Jockey Club, Mrs. L. Brennan, Registrar, 300 Park Ave., New York 22, N.Y.
2233	do	Angemessenes deutsches Gestübbuch für Vollblut.	Deutsches Institut für Vollblutzucht und Rennen, 6 Cologne Weidenpesch, Heinrichstrasse 100, Postfach 180, Republic of Germany.
2234	do	Stud Book Uruguayo	Jefe del Stud Book Uruguayo, Jose C. Frigeno, Head, Uruguayan Jockey Club, Montevideo, Uruguay.
2235	do	The General Stud Book of South Africa	The Jockey Club of South Africa, Box 3409, Johannesburg, Union of South Africa.
2303	Welsh Pony and Cob	Welsh Stud Book	Welsh Pony & Cob Society, J. A. George, secretary, Offices of the Royal Welsh Agricultural Society, Queen's Rd., Aberystwyth, Cardiganshire, Wales.

ASSES

Code	Name of breed	Book of record	By whom published
001	Poitou	Jack and Jennet Section of Stud-Book ou Livre Genealogique des Animaux Mulassiers du Poitou	Societe Centrale d'Agriculture des Deux-Sevres R. Martinot, Secrétaire, Cite Administrative, rue Duguesclin, Niort (Deux-Sevres), France.

SHEEP

Code	Name of breed	Book of record	By whom published
01	Border Leicester	Border Leicester Flock Book	Society of Border Leicester Sheep Breeders, Robert Jarvis, secretary, Room 273, 83 Hope St., Glasgow, C 2, Scotland.
32	Cheviot	Cheviot Sheep Flock Book	Cheviot Sheep Society, Guy H. Armstrong, secretary, Commercial Bank Bldgs., Hawick, Scotland.
33	Corriedale	Flock Book for Corriedale Sheep in Australia	The Australian Corriedale Association, H.T.C. Woodlull, secretary, Royal Showgrounds, Epsom Road, Ascot Vale, W. 2, Victoria, Australia.
34	Corriedale	Corriedale Flock Book (New Zealand)	The Corriedale Sheep Society, Inc., C. H. Lawrence, secretary, 154 Hereford St., Christchurch, New Zealand.
11	Dorset Horn	Dorset Horn Flock Book	Dorset Horn Sheep Breeders' Association, E. F. B. Lucas, secretary, Bank Chambers, Dorchester, Dorset, England.
2	Hampshire Down	Hampshire Down Flock Book	Hampshire Down Sheep Breeders' Association, Miss Doris M. Stanbury, secretary, 38 Endless St., Salisbury, Wilt., England.

SHEEP—Continued

Code	Name of breed	Book of record	By whom published
4105	Kent or Romney Marsh	Kent or Romney Marsh Flock Book	Kent or Romney Marsh Sheep Breeders' Association, G. W. Tuffrey, secretary, Station Rd., Ashford, Kent, England.
4203	Kerry Hill	Kerry Hill Flock Book	Kerry Hill (Wales) Flock Society, Ralph P. Evans, secretary, c/o The Radnorshire Co., Ltd., Knighton, Radnorshire, Wales.
4106	Leicester	Leicester Flock Book	Leicester Sheep Breeders' Association, P. S. Atkinson, secretary, The Exchange, Exchange St., Driffield, E. Yorks., England.
4107	Lincoln	Flock Book of Lincoln Longwool Sheep	Lincoln Longwool Sheep Breeders' Association, Brian Shelley, secretary, Westminster Bank Chambers, 8 Guildhall St., Lincoln, England.
4204	Oxford Down	Flock Book of Oxford Down Sheep	Oxford Down Sheep Breeders' Association, Mrs. L. I. Deacon, secretary, Thornyfields, Basing Rd., Bratton-on-the-Green, Northampton, England.
4108	Romney Marsh	New Zealand Romney Marsh Flock Book	New Zealand Romney Marsh Sheep Breeders' Association, Inc., R. J. J. Campbell, secretary, 117 Kimbolton Rd., Felding, New Zealand.
4205	Ryeland	Ryeland Flock Book	Ryeland Flock Book Society, Ltd., P. J. Hoskins, secretary, 23 King St., Hereford, England.
4206	Shropshire	Shropshire Flock Book	Shropshire Sheep Breeders' Association and Flock Book Society, Ivor Guy Mansell, secretary, College Hill, Shrewsbury, Shropshire, England.
4207	Southdown	Southdown Flock Book	Southdown Sheep Society, Inc., R. G. Noakes, secretary, Westways, Barning Woods, Mardstone, Kent, England.
4218	do	Southdown Sheep Society of New Zealand (Inc.)	The Southdown Sheep Society of New Zealand (Inc.) S. I. McKenzie, secretary, A.M.P., Chambers, 14 Broadway, Palmerston North, New Zealand.
4208	Suffolk	Suffolk Flock Book	Suffolk Sheep Society, Harry A. Byford, secretary, 30 Museum St., Ipswich, Suffolk, England.
4109	Wensleydale	Wensleydale Longwool Sheep Flock Book	The Wensleydale Longwool Sheep Breeders' Association, W. Dickinson, secretary, "Carmel," Church Walk, Ulverston, Lancashire, England.
4001	Various recognized breeds	Flock Book for British Breeds of Sheep in Australia	Australian Society of Breeders of British Sheep, H.T.C. Woodlull, secretary, Royal Show Grounds, Epsom Rd., Ascot Vale, W. 2, Victoria, Australia.
4002	do	New Zealand Flock Book	New Zealand Sheep Breeders' Association, H.M. Stutholme, secretary, P.O. Box 3002, Addington, Christchurch, New Zealand.

GOATS

Code	Name of breed	Book of record	By whom published
5001	Saanen and Toggenburg	British Goat Society Herd Book (Saanen and Toggenburg Sections)	British Goat Society, Miss M.F. Rugg, secretary, Diss, Norfolk, England.

SWINE

Code	Name of breed	Book of record	By whom published
6001	Irish Large White	Herd Book of Irish Large White Pigs	Royal Dublin Society, Horace H. Poole, registrar, Ball's Bridge, Dublin, Ireland.
6002	Berkshire Gloucestershire Old Spots Large Black Large White Middle White	Herd Book of the National Pig Breeders' Association	National Pig Breeders' Association, E.G. Wake, secretary, 69 Clarendon Rd., Watford, Herts, England

SWINE—Continued

Code	Name of breed	Book of record	By whom published
	Tamworth British Saddleback		

DOGS

Code	Name of breed	Book of record	By whom published
7306	Australian Kelpie	The Working Kelpie Council National Stud Book	The Working Kelpie Council, P.O. Box E31 St. James, Sydney 2000, Australia.
7301	Boxer	Boxer-Zuchtbuch	Boxer-Klub e. V. Sitz München, Bernhard Schmitz, Präsident, 38 Otterstrasse, München 9, Germany.
7201	Dachshund	Teckel-Stammbuch	Deutscher Teckelklub e. V., Josef Chateau, Stammbuchführer, Vallendar/Rhein, Haus Rheinneder, Germany.
7202	Foxhound	Foxhound Kennel Stud Book	Masters of Foxhounds Association, Lt. Col. J. E. S. Chamberlayne, Hon. secretary, 51 Victoria St., London, S. W. 1, England.
7203	do	Welsh Hound Stud Book	Welsh Hound Association, Ishwyn E. E. Davies, Hon. secretary, Berthddu, Llandnam, Montgomeryshire, East Wales.
7302	German Shepherd	Zuchtbuch für deutsche Schäferhunde (SZ)	Verein für deutsche Schäferhunde (SV), Hann Kriemheller, Hauptgeschäftsführer, Beim Schnarbrunnen 4, Augsburg 5, Germany.
7303	Great Dane	Zuchtbuch für Deutsche Doggen	Deutscher Doggen-Club, Richard Staadt, Präsident, Elterstrasse 25, Solingen-Ohligs, Germany.
7204	Greyhound	Australian Greyhound Stud Book	The Australian and New Zealand Greyhound Association, Robert John Madiment, secretary, 349 Collins St., Melbourne, C. 1, Australia.
7205	do	Greyhound Stud Book	National Coursing Club, Sydney H. Dalton, secretary, College Hill Chambers, London, E.C. 4, England.
7206	do	Irish Greyhound Stud Book	Irish Coursing Club, Miss K. Butler, secretary, Davis Rd., Clonmel, Co. Tipperary, Ireland.
7207	Harrier and Beagle	Harrier and Beagle Stud Book	Association of Masters of Harriers and Beagles, J. J. Kirkpatrick, Hon. secretary, East Wing, Kirtlington Park, Oxford, England.
7304	Rottweiler	Zucht- und Korbuch	Allgemeiner Deutscher Rottweiler-Klub, Mrs. Josephine Rühle, Sekretarin, Vorsteigstrasse 5, Stuttgart-West, Germany.
7305	St. Bernard	Bernhardiner-Zuchtbuch	St. Bernhardsklub e. V., Franz Hrachowina, Zuchtbuchführer, Bergmannstrasse 35, München 12, Germany.
7001	Various recognized breeds	Irish Kennel Club Stud Book	Irish Kennel Club, Miss Maud C. Fox, secretary, 23 Eden Quay, Dublin, C. 8, Ireland.
7002	do	Kennel Club Stud Book	English Kennel Club, E. Holland Buckley, secretary, 1-4 Clarges St., Piccadilly, London, W. 1, England.
7003	do	Livre des Origines Françaises	Société 1 Centrale Canine pour l'Amélioration des Races de Chiens en France, Col. Raoul Nicole, Directeur Administrateur, 3 Rue de Choiseul, Paris 2, France.
7004	do	Livre des Origines de la Société 1 Royale Saint-Hubert	Société 1 Royale Saint-Hubert, R. Wilocq, Secrétaire 1, 391 Chaussée Saint-Pierre, Brussels 4, Belgium.
7005	do	Norsk Kennelklubb Stambook	Norsk Kennel Klub, Olaf A. Roig, secretary, Bjørn Farmannsgate 16, Oslo, Norway.
7006	do	Zuchtbuch des Klub für Terrier e. V.	Klub für Terrier e.V., Wilhelm Vahle, Sekretar, Schöne Aussicht 9, Keislerbach b. Frankfurt/Main, Germany.
7007	do	Schweizerische Kynologische Gesellschaft	Schweizerische Kynologische Gesellschaft, Carl Witmer, secretary, Seestrasse 64, Küchberg/Zürich, Switzerland.
7008	do	Svenska Kennelklubbens Register	Svenska Kennelklubben, Ivan Swedrup, secretary, Linnegatan 25, Stockholm O 4, Sweden.

CATS

Code	Name of breed	Book of record	By whom published
8001	Long-haired and short-haired	The Governing Council of the Cat Fancy Stud Book	The Governing Council of the Cat Fancy, W.A. Hazeldine, secretary, 1 Roundwood Way, Banstead, Surrey, England.

(b) *Breeds and books of record in Canada—(1) Animals generally.* The books of record of the Canadian National Live Stock Records, Ottawa, Canada, of which F. G. Clark is Director, are recognized for the following breeds: *Provided*, That no animals registered in the Canadian National Live Stock Records shall be certified under the act as purebred unless such animals trace only to animals which are proved to the satisfaction of Veterinary Services to be of the same breed: *Provided further*, That no Dexter cattle, Karakul sheep, Alpine goat, Nubian goat, or horse of the American Saddle Horse, Arabian, Canadian, Morgan, Shetland Pony or Welsh Pony and Cob breed in Canada shall be certified under the act as purebred unless a pedigree certificate showing three complete generations of known and recorded purebred ancestry of the particular breed involved, issued by the Canadian National Live Stock Records, is submitted for such animal.

Code	Name of breed	Code	Name of breed
CATTLE			
1108	Aberdeen, Angus	1111	Highland
1210	Ayrshire	1214	Jersey
1211	Brown Swiss	1311	Lincoln Red
1212	Canadian	1312	Red Poll
1310	Dexter	1313	Shorthorn
1109	Galloway		
1213	Guernsey		
HORSES			
2227	American Saddle Horse	2109	Percheron
2228	Arabian	2304	Shetland Pony
2107	Belgian Draft	2110	Shire
			Suffolk
2229	Canadian	2111	Thoroughbred
2108	Clydesdale	2232	Welsh Pony
2230	Hackney	2305	and Cob
2236	Morgan		
SHEEP			
4110	Blackface	4115	Lincoln
4111	Cheviot	4116	Merino

Code	Name of breed	Code	Name of breed
4112	Cornedale	4213	Oxford Down
4113	Cotswold	4117	Rambouillet
4209	Dorset Horn	4214	Ryeland
4210	Hampshire	4215	Shropshire
4211	Karakul	4216	Southdown
4212	Kerry Hill	4217	Suffolk
4114	Leicester		
GOATS			
5002	Alpine		
	Angora		
	Nubian		
	Saanen		
	Toggenburg		
SWINE			
6003	Berkshire		
	Chester White		
	Duroc-Jersey		
	Hampshire		
	Lacombe		
	Landrace		
	Large Black		
	Poland China		
	Tamworth		
	British Saddleback		
	Yorkshire		

(2) *Holstein-Friesian cattle in Canada (Code 1215).* The Holstein-Friesian Association of Canada, Brantford, Ontario, Canada, of which G. M. Clemons is secretary and editor, is recognized for the Holstein-Friesian breed registered in the Holstein-Friesian Herd Book of that Association.

(3) *Dogs in Canada (Code 7009).* The Stud Book of the Canadian Kennel Club, Incorporated (Canadian National Live Stock Records) is recognized for all the breeds of dogs registered therein: *Provided*, That no dog so registered shall be certified under the act as purebred unless a pedigree certificate showing three complete generations of known and recorded purebred ancestry of the particular breed involved, issued by the Canadian Kennel Club, Incorporated, is submitted for such dog.

(4) *Standardbred horses in Canada (Code 2231).* The Canadian Standard

Bred Stud Book kept by the Canadian Standard Bred Horse Society, 122 Brown's Line, Toronto 14, Ontario, Canada, is recognized for all Standardbred horses registered therein: *Provided*, That no Standard bred so registered shall be certified under the act as purebred unless a pedigree certificate showing three complete generations of known and recorded purebred Standardbred ancestry, issued by the Canadian Standard Bred Horse Society, is submitted for each such horse.

(5) *Charolais cattle in Canada (Code 1112)*. The full French book of record of the Canadian Charolais Association, Calgary, Alberta, Canada, is recognized for the Charolais breed registered therein.

(6) *Maine-Anjou cattle in Canada (Code 1113)*. The full French book of record of the Canadian Maine-Anjou Association, which is maintained by the Canadian National Live Stock Records, is recognized for the Maine-Anjou breed registered in the Canadian Maine-Anjou Herd Book: *Provided*, That no Maine-Anjou cattle so registered shall be certified under the act as purebred unless a pedigree certificate showing at least three generations of known and recorded purebred ancestry of the breed involved, issued by the Canadian National Live Stock Records, is submitted for each such animal.

(7) *Simmental cattle in Canada (Code 1114)*. The Canadian Simmental Association, Calgary, Alberta, Canada, of which Mr. John Kish is Executive Secretary, is recognized for the Simmental breed registered in the Canadian Simmental Association Full Blood Herd Book: *Provided*, That no simmental cattle so registered shall be certified under the act as purebred unless a pedigree certificate showing at least three generations of known

and recorded purebred ancestry of the breed involved, issued by the Canadian Simmental Association is submitted for each such animal.

(8) *Hereford cattle in Canada (Code 1110)*. The Canadian Hereford Herd Book of The Canadian Hereford Association, 5160 Skyline Way NE, Calgary, Alberta, Canada, of which Dr. Duncan J. Porteous is General-Manager, is recognized for the Hereford breed registered therein.

(Sec. 101, 76 Stat. 72, Item 100.01, Title I, Tariff Act of 1930, as amended; 19 U.S.C. 1202, Item 100.01; 7 CFR 2.17, 2.51, and 371.2(d))

[23 FR 10104, Dec. 23, 1958]

EDITORIAL NOTE: For Federal Register citations affecting § 151.9, see the List of CFR Sections Affected in the Finding Aids section of this volume.

§ 151.10 Recognition of additional breeds and books of record.

Before a breed or a book of record shall be added to those listed in this part, the custodian of the book of record involved shall submit to Veterinary Services a complete copy of the book of record, consisting of any published printed volumes and any microfilm records issued by the registry association up to date of application, together with a copy of all rules and forms in force on said date affecting the registration of animals in said book.

[24 FR 2644, Apr. 7, 1959]

§ 151.11 Form of books of record.

(a) If a registry association has not published its book of record in printed form, a record in approved microfilm form which the Deputy Administrator, Veterinary Services finds provides a system for determining the recorded

[24 FR 2644, Apr. 7, 1959]

ancestry of the animals identified therein will be acceptable. When a registry association which has published its book of record in printed form ceases such publication and in lieu thereof publishes a microfilm record, the microfilm record shall commence with the first pedigree recorded by the association which is not in the printed volumes and shall otherwise be in approved form.

(b) A microfilm record will be approved under this part only if it is 16 mm. non-perforated safety film exposed at a reduction ratio not to exceed 24 diameters. All information on the original document shall be reproduced onto the microfilm so that it is clearly readable. The microfilm carton shall be indexed to state the numbers of the pedigree certificates on the roll of film it contains.

[24 FR 2644, Apr. 7, 1959]

APPENDIX L
THE MEAT IMPORT ACT OF 1964



Public Law 88-482
88th Congress, H. R. 1839
August 22, 1964

An Act

78 STAT. 594.

To provide for the free importation of certain wild animals, and to provide for the imposition of quotas on certain meat and meat products.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) item 852.20 of title I of the Tariff Act of 1930 (Tariff Schedules of the United States; 28 F.R., part II, August 17, 1963) is amended to read as follows:

Wild birds and animals.
Free entry.
77A Stat., 426.
19 USC 1202.

852.20	Wild animals (including birds and fish) imported for use, or for sale for use, in any scientific public collection for exhibition for scientific or educational purposes.	Free	Free
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(b) Headnote 1 of part 4 of schedule 8 of such title I is amended by striking out "item 830.50," and inserting in lieu thereof "items 830.50 and 852.20."

(c) The amendments made by this section shall take effect on the tenth day after the date of the enactment of this Act.

Sec. 2. (a) It is the policy of the Congress that the aggregate quantity of the articles specified in items 106.10 (relating to fresh, chilled, or frozen cattle meat) and 106.30 (relating to fresh, chilled, or frozen meat of goats and sheep (except lambs)) of the Tariff Schedules of the United States which may be imported into the United States in any calendar year beginning after December 31, 1964, should not exceed 75,000,000 pounds; except that this quantity shall be increased or decreased for any calendar year by the same percentage that estimated average annual domestic commercial production of these articles in that calendar year and the two preceding calendar years increases or decreases in comparison with the average annual domestic commercial production of these articles during the years 1959 through 1963, inclusive.

Meat imports.
Limitation.

77A Stat., 20.
19 USC 1202.

(b) The Secretary of Agriculture, for each calendar year after 1964, shall estimate and publish:—

(1) before the beginning of such calendar year, the aggregate quantity prescribed for such calendar year by subsection (a), and

(2) before the first day of each calendar quarter in such calendar year, the aggregate quantity of the articles described in subsection (a) which (but for this section) would be imported in such calendar year.

In applying paragraph (2) for the second or any succeeding calendar quarter in any calendar year, actual imports for the preceding calendar quarter or quarters in such calendar year shall be taken into account to the extent data is available.

(c) (1) If the aggregate quantity estimated before any calendar quarter by the Secretary of Agriculture pursuant to subsection (b) (2) equals or exceeds 110 percent of the aggregate quantity estimated by him pursuant to subsection (b) (1), and if there is no limitation in effect under this section with respect to such calendar year, the President shall by proclamation limit the total quantity of the articles described in subsection (a) which may be entered, or withdrawn from warehouse, for consumption, during such calendar year, to the aggregate quantity estimated for such calendar year by the Secretary of Agriculture pursuant to subsection (b) (1).

Presidential
Proclamation.

(2) If the aggregate quantity estimated before any calendar quarter by the Secretary of Agriculture pursuant to subsection (b) (2) does not equal or exceed 110 percent of the aggregate quantity estimated by him pursuant to subsection (b) (1), and if a limitation is in effect under this section with respect to such calendar year, such limitation shall cease to apply as of the first day of such calendar quarter;

Pub. Law 88-482

August 22, 1964

78 STAT. 595.

except that any limitation which has been in effect for the third calendar quarter of any calendar year shall continue in effect for the fourth calendar quarter of such year unless the proclamation is suspended or the total quantity is increased pursuant to subsection (d).

(3) The Secretary of Agriculture shall allocate the total quantity proclaimed under paragraph (1), and any increase in such quantity pursuant to subsection (d), among supplying countries on the basis of the shares such countries supplied to the United States market during a representative period of the articles described in subsection (a), except that due account may be given to special factors which have affected or may affect the trade in such articles. The Secretary of Agriculture shall certify such allocations to the Secretary of the Treasury.

Proclamation
suspension.

(d) The President may suspend any proclamation made under subsection (c), or increase the total quantity proclaimed under such subsection, if he determines and proclaims that—

(1) such action is required by overriding economic or national security interests of the United States, giving special weight to the importance to the nation of the economic well-being of the domestic livestock industry;

(2) the supply of articles of the kind described in subsection (a) will be inadequate to meet domestic demand at reasonable prices; or

(3) trade agreements entered into after the date of the enactment of this Act ensure that the policy set forth in subsection (a) will be carried out.

Any such suspension shall be for such period, and any such increase shall be in such amount, as the President determines and proclaims to be necessary to carry out the purposes of this subsection.

(e) The Secretary of Agriculture shall issue such regulations as he determines to be necessary to prevent circumvention of the purposes of this section.

(f) All determinations by the President and the Secretary of Agriculture under this section shall be final.

Approved August 22, 1964.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 25 (Comm. on Ways & Means) and No. 1824 (Comm. of Conference).

SENATE REPORT No. 1167 (Comm. on Finance).

CONGRESSIONAL RECORD:

Vol. 109 (1963): Feb. 26, considered and passed House.

Vol. 110 (1964): July 27, considered in Senate.

July 28, considered and passed Senate, amended.

Aug. 11, House disagreed to Senate amendments and requested conference.

Aug. 18, House and Senate agreed to conference report.

APPENDIX M

THE MEAT IMPORT ACT OF 1979

PUBLIC LAW 96-177—DEC. 31, 1979

93 STAT. 1291

Public Law 96-177
96th Congress

An Act

To modify the method of establishing quotas on the importation of certain meat, to include within such quotas certain meat products, and for other purposes.

Dec. 31, 1979
[H.R. 2727]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of August 22, 1964, entitled "An Act to provide for the free importation of certain wild animals, and to provide for the imposition of quotas on certain meat and meat products" (19 U.S.C. 1202 note) is amended to read as follows:

Meat imports,
quota
modifications.

"SEC. 2. (a) This section may be cited as the 'Meat Import Act of 1979'.

Meat Import Act
of 1979.

"(b) For purposes of this section—

Definitions.

"(1) The term 'entered' means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

"(2) The term 'meat articles' means the articles provided for in the Tariff Schedules of the United States (19 U.S.C. 1202) under—

"(A) item 106.10 (relating to fresh, chilled, or frozen cattle meat);

"(B) items 106.22 and 106.25 (relating to fresh, chilled, or frozen meat of goats and sheep (except lambs)); and

"(C) items 107.55 and 107.62 (relating to prepared and preserved beef and veal (except sausage)), if the articles are prepared, whether fresh, chilled, or frozen, but not otherwise preserved.

"(3) The term 'Secretary' means the Secretary of Agriculture.

"(c) The aggregate quantity of meat articles which may be entered in any calendar year after 1979 may not exceed 1,204,600,000 pounds; except that this aggregate quantity shall be—

"(1) increased or decreased for any calendar year by the same percentage that the estimated average annual domestic commercial production of meat articles in that calendar year and the 2 preceding calendar years increases or decreases in comparison with the average annual domestic commercial production of meat articles during calendar years 1968 through 1977; and

"(2) adjusted further under subsection (d).

For purposes of paragraph (1), the estimated annual domestic commercial production of meat articles for any calendar year does not include the carcass weight of live cattle specified in items 100.40, 100.43, 100.45, 100.53, and 100.55 of such Schedules entered during such year.

"(d) The aggregate quantity referred to in subsection (c), as increased or decreased under paragraph (1) of such subsection, shall be adjusted further for any calendar year after 1979 by multiplying such quantity by a fraction—

"(1) the numerator of which is the average annual per capita production of domestic cow beef during that calendar year (as

93 STAT. 1292

PUBLIC LAW 96-177—DEC. 31, 1979

"Domestic cow
beef."

estimated) and the 4 calendar years preceding such calendar year; and

"(2) the denominator of which is the average annual per capita production of domestic cow beef in that calendar year (as estimated) and the preceding calendar year.

For the purposes of this subsection, the phrase 'domestic cow beef' means that portion of the total domestic cattle slaughter designated by the Secretary as cow slaughter.

"(e) For each calendar year after 1979, the Secretary shall estimate and publish—

"(1) before the first day of such calendar year, the aggregate quantity prescribed for such calendar year under subsection (c) as adjusted under subsection (d); and

"(2) before the first day of each calendar quarter in such calendar year, the aggregate quantity of meat articles which (but for this section) would be entered during such calendar year.

In applying paragraph (2) for the second or any succeeding calendar quarter in any calendar year, actual entries for the preceding calendar quarter or quarters in such calendar year shall be taken into account to the extent data is available.

"(f)(1) If the aggregate quantity estimated before any calendar quarter by the Secretary under subsection (e)(2) is 110 percent or more of the aggregate quantity estimated by him under subsection (e)(1), and if there is no limitation in effect under this section for such calendar year with respect to meat articles, the President shall by proclamation limit the total quantity of meat articles which may be entered during such calendar year to the aggregate quantity estimated for such calendar year by the Secretary under subsection (e)(1); except that no limitation imposed under this paragraph for any calendar year may be less than 1,250,000,000 pounds. The President shall include in the articles subject to any limit proclaimed under this paragraph any article of meat provided for in item 107.61 of the Tariff Schedules of the United States (relating to high-quality beef specially processed into fancy cuts).

"(2) If the aggregate quantity estimated before any calendar quarter by the Secretary under subsection (e)(2) is less than 110 percent of the aggregate quantity estimated by him under subsection (e)(1), and if a limitation is in effect under this section for such calendar year with respect to meat articles, such limitation shall cease to apply as of the first day of such calendar quarter. If any such limitation has been in effect for the third calendar quarter of any calendar year, then it shall continue in effect for the fourth calendar quarter of such year unless the proclamation is suspended or the total quantity is increased pursuant to subsection (g).

"(g) The President may, after providing opportunity for public comment by giving 30 days' notice by publication in the Federal Register of his intention to so act, suspend any proclamation made under subsection (f), or increase the total quantity proclaimed under such subsection, if he determines and proclaims that—

"(1) such action is required by overriding economic or national security interests of the United States, giving special weight to the importance to the Nation of the economic well-being of the domestic cattle industry;

"(2) the supply of meat articles will be inadequate to meet domestic demand at reasonable prices; or

"(3) trade agreements entered into after the date of enactment of this Act insure that the policy set forth in subsections (c) and (d) will be carried out.

19 USC 1202
note.

Publication in
Federal
Register.

PUBLIC LAW 96-177—DEC. 31, 1979

93 STAT. 1293

Any such suspension shall be for such periods, and any such increase shall be in such amount, as the President determines and proclaims to be necessary to carry out the purposes of this subsection.

"(h) Notwithstanding the previous subsections, the total quantity of meat articles which may be entered during any calendar year may not be increased by the President if the fraction described in subsection (d) for that calendar year yields a quotient of less than 1.0, unless—

"(1) during a period of national emergency declared under section 201 of the National Emergencies Act of 1976, he determines and proclaims that such action is required by overriding national security interests of the United States;

50 USC 1621.

"(2) he determines and proclaims that the supply of articles of the kind to which the limitation would otherwise apply will be inadequate, because of a natural disaster, disease, or major national market disruption, to meet domestic demand at reasonable prices; or

"(3) on the basis of actual data for the first two quarters of the calendar year, a revised calculation of the fraction described in subsection (d) for the calendar year yields a quotient of 1.0 or more.

Any such suspension shall be for such period, and any such increase shall be in such amount, as the President determines and proclaims to be necessary to carry out the purposes of this subsection. The effective period of any such suspension or increase made pursuant to paragraph (1) may not extend beyond the termination, in accordance with the provisions of section 202 of the National Emergencies Act of 1976, of such period of national emergency, notwithstanding the provisions of section 202(a) of that Act.

50 USC 1622.

"(i) The Secretary shall allocate the total quantity proclaimed under subsection (f)(1) and any increase in such quantity provided for under subsection (g) among supplying countries on the basis of the shares of the United States market for meat articles such countries supplied during a representative period. Notwithstanding the preceding sentence, due account may be given to special factors which have affected or may affect the trade in meat articles or cattle. The Secretary shall certify such allocations to the Secretary of the Treasury.

"(j) The Secretary shall issue such regulations as he determines to be necessary to prevent circumvention of the purposes of this section.

Regulations.

"(k) All determinations by the President and the Secretary under this section shall be final.

Determinations.

93 STAT. 1294

PUBLIC LAW 96-177—DEC. 31, 1979

Study, report
and
recommendations
to congressional
committees.

"(1) The Secretary of Agriculture shall study the regional economic impact of imports of meat articles and report the results of his study, together with any recommendations (including recommendations for legislation, if any) to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate not later than June 30, 1980."

Effective date.
19 USC 1202
note.

SEC. 2. This Act shall take effect January 1, 1980.

Approved December 31, 1979.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 96-238 (Comm. on Ways and Means).

SENATE REPORT No. 96-465 (Comm. on Finance).

CONGRESSIONAL RECORD, Vol. 125 (1979):

Nov. 13, 14, considered and passed House.

Dec. 18, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 15, No. 52:

Dec. 31, Presidential statement.

APPENDIX N

ACTIONS TAKEN UNDER THE MEAT IMPORT ACT OF 1964 AND THE
MEAT IMPORT ACT OF 1979

Actions under the Meat Import Act, 1964-87

Year	Adjusted base pre- scribed under sec- tion 2(a)	Trigger level (ad- justed base plus 10% sec. 2(c)	Import level estimated under sec. 2(b)(2)	Actual imports	Action taken by President
-----Million pounds-----					
1964.....	-	-	-	739.9	Voluntary restraints negotiated under section 204 with Mexico and Australia
1965.....	848.7	933.6	1st. qtr. 733.0 2nd. qtr. 714.0	613.9	No new voluntary restraints. Restraints with Mexico and Australia continue.
1966.....	890.1	979.1	3rd. qtr. 675.0 4th. qtr. 630.0 1st. qtr. 700.0 2nd. qtr. 760.0	823.4	No new voluntary restraint. Restraint with Mexico and Australia continue
1967.....	904.6	995.1	3rd. qtr. - 4th. qtr. 800.0 1st. qtr. 960.0 2nd. qtr. 900.0	894.9	No voluntary rest- raints negoitated
1968.....	950.3	1,045.3	3rd. qtr. 860.0 4th. qtr. 860.0 1st. qtr. 900.0 2nd. qtr. 925.0	1,001.0	No voluntary restraint argreements negotiated
1969.....	988.0	1,086.8	3rd. qtr. 935.0 4th. qtr. 990.0 1st. qtr. 1,035.0 2nd. qtr. 1,035.0	1,084.1	Voluntary restraints negotiated with Honduras.
1970.....	998.8	1,098.7	3rd. qtr. 1,035.0 4th. qtr. 1,035.0 1st. qtr. 1,061.5 2nd. qtr. 1,061.5	1,170.4	Voluntary restraints negotiated with Haiti, Panama, Australia, Ireland, New Zealand, Dominican Republic, Honduras, Guatemala, Nicaragua, Costa Rica, Mexico. Executive proclamation issued for enforcing quotas and simul- taneously suspended.

See footnote at end of table.

Actions under the Meat Import Act, 1964-87

Year	Adjusted base pre- scribed under sec- tion 2(a)	Trigger level (ad- justed base plus 10% sec. 2(c)	Import level estimated under sec. 2(b)(2)	Actual imports	Action taken by President
-----Million pounds-----					
1971.....	1,025.0	1,127.5	1st. qtr. 1,160.0 2nd. qtr. 1,160.0 3rd. qtr. 1,160.0 4th. qtr. 1,160.0	1,132.6	Voluntary restraints negotiated with Panama, Costa Rica, Guatemala, Australia, Ireland, New Zealand, Haiti, Dominican Republic, Mexico, Nicaragua, and Honduras. Executive proclamation imposed quotas and simultaneously suspended.
1972.....	1,042.4	1,148.6	1st. qtr. 1,240.0 2nd. qtr. 1,240.0 3rd. qtr. 1,240.0 4th. qtr. 1,275.0	1,355.5	Voluntary restraints with El Salvador, Honduras, Australia, Nicaragua, Dominican Republic, Ireland, New Zealand, Guatemala, Haiti, Mexico, and Costa Rica. Executive proclamation imposed quota and simultaneously suspended.
1973.....	1,046.8	1,151.5	1st. qtr. 1,450.0 2nd. qtr. 1,450.0 3rd. qtr. 1,450.0 4th. qtr. -	1,355.6	No voluntary rest- raints negotiated. Executive proclamation imposing quotas and simultaneously suspended.
1974.....	1,027.9	1,130.7	1st. qtr. 1,575.0 2nd. qtr. 1,575.0 3rd. qtr. 1,210.0 4th. qtr. 1,115.0	1,079.1	No voluntary rest- raints negotiated Executive proclamation imposing quotas and simultaneously suspended.

See footnote at end of table.

Actions under the Meat Import Act, 1964-87

Year	Adjusted base pre- scribed under sec- tion 2(a)	Trigger level (ad- justed base plus 10% sec. 2(c)	Import level estimated under sec. 2(b)(2)	Actual imports	Action taken by President
-----Million pounds-----					
1975.....	1,074.3	1,181.7	1st. qtr. 1,150.0 2nd. qtr. 1,180.0 3rd. qtr. 1,180.0 4th. qtr. 1,180.0	1,208.9	Voluntary restraints negotiated with Haiti, Panama, Guatemala, Australia New Zealand, Dominican Republic, and Costa Rica.
1976.....	1,120.9	1,232.9	1st. qtr. - 2nd. qtr. 1,223.0 3rd. qtr. 1,223.0 4th. qtr. 1,250.0	1,231.7	Voluntary restraints negotiated with Australia, El Salvador, Nicaragua, Guatemala, Haiti, Honduras, New Zealand, Panama, Dominican Republic, Mexico, and Costa Rica. Executive proclamation setting quota and permitting increase.
1977.....	1,165.4	1,281.9	1st. qtr. 1,271.9 2nd. qtr. 1,271.9 3rd. qtr. 1,271.9 4th. qtr. 1,271.9	1,249.8	Voluntary restraints negotiated with Australia, New Zealand, Canada, Mexico, Costa Rica, Nicaragua, Honduras, Guatemala, Dominican Republic, El Salvador, Panama, Haiti, and Belize.
1978.....	1,183.9	1,302.3	1st. qtr. 1,292.3 2nd. qtr. 1,292.3 3rd. qtr. 1,492.3 4th. qtr. 1,492.3	1,482.7	Voluntary restraints negotiated with Australia, New Zea- land, Canada, Mexico Costa Rica, Nicar- agua, Honduras, Guatemala, Dominican Republic, El Salvador, Panama, Haiti, and Belize. <u>1/</u>

Actions under the Meat Import Act, 1964-87

Year	Adjusted base pre- scribed under sec- tion 2(a)	Trigger level (ad- justed base plus 10% sec. 2(c)	Import level estimated under sec. 2(b)(2)	Actual imports	Action taken by President
-----Million pounds-----					
1979.....	1,131.6	1,244.8	1st. qtr. 1,570.0 2nd. qtr. 1,570.0 3rd. qtr. 1,570.0 4th. qtr. 1,570.0	1,533.9	Voluntary restraints negotiated with Australia, New Zealand, Canada, Mexico, Costa Rica, Nicaragua, Honduras, Guatemala, Dominican Republic, El Salvador, Panama, Haiti, and Belize. Executive proclamation setting quotas and permitting increase.
1980.....	1,516.0	1,667.6	1st. qtr. 1,650 2nd. qtr. 1,571 3rd. qtr. 1,420 4th. qtr. 1,420	1,431.2	No voluntary restraint agreements negotiated
1981.....	1,316.0	1,447.0	1st. qtr. 1,458 2nd. qtr. 1,402 3rd. qtr. 1,322 4th. qtr. 1,235	1,235.7	No voluntary restraint agreements negotiated
1982.....	1,181.8	1,300.0	1st. qtr. 1,210 2nd. qtr. 1,175 3rd. qtr. 1,225 4th. qtr. 1,294	1,319.6	Voluntary restraint agreements negotiated with Australia and New Zealand, letters of understanding exchanged with Canada 2/
1983.....	1,119.0	1,231.0	1st. qtr. 1,224 2nd. qtr. 1,224 3rd. qtr. 1,224 4th. qtr. 1,230	1,240.1	Voluntary restraint agreements negotiated with Australia and New Zealand, letters of understanding exchanged with Canada 3/
1984.....	1,117.0	1,228.7	1st. qtr. 1,190 2nd. qtr. 1,190 3rd. qtr. 1,190 4th. qtr. 1,190	1,141.5	No voluntary restraint agreements negotiated

Actions under the Meat Import Act, 1964-87

Year	Adjusted base pre- scribed under sec- tion 2(a)	Trigger level (ad- justed base plus 10% sec. 2(c)	Import level estimated under sec. 2(b)(2)	Actual imports	Action taken by President
-----Million pounds-----					
1985.....	1,199.0	1,319.0	1st. qtr. 1,215 2nd. qtr. 1,200 3rd. qtr. 1,180 4th. qtr. 1,210	1,318.6	No voluntary restraint agreements negotiated
1986.....	1,309.0	1,440.0	1st. qtr. 1,300 2nd. qtr. 1,390 3rd. qtr. 1,395 4th. qtr. 1,395	1,239.7	No voluntary restraint agreements negotiated
1987.....	1,309.0	1,440.0	1st. qtr. 1,400 2nd. qtr. 1,405	1,239.7	No voluntary restraint agreements negotiated as of January 13, 1987

1/ On June 5, 1978, the United States announced its intention to increase its 1978 voluntary restraint level, negotiated in December 1977, by 200 million pounds.

2/ On October 21, 1982, the United States signed VRA's (voluntary restraint agreements) with Australia and New Zealand and exchanged letters with Canada to limit those countries exports of the subject meats to the United States for the rest of 1982. qt. The restraint levels for 1982 are shown in the following tabulation:

Restraint levels in 1982
(million pounds)

Australia..... 676.9
New Zealand.... 340.0
Canada..... 121.2

3/ In 1983, the United States signed VRA's with Australia and New Zealand and exchanged letters with Canada to limit those countries exports of the subject meats to the United States for the rest of 1983. qt. The restraint levels for 1983 are shown in the following tabulation:

Restraint levels in 1983
(million pounds)

Australia..... 600.0
New Zealand.... 364.5
Canada..... 130.0

Source: Compiled from U.S. treaties and Other International Agreements (TIAS).

APPENDIX O

SECTION 204 OF THE AGRICULTURAL ACT OF 1956

188

PUBLIC LAW 540—MAY 28, 1956

[70 STAT.

Public Law 540

CHAPTER 327

May 28, 1956
[H.R. 10875]

AN ACT

To enact the Agricultural Act of 1956.

Agricultural Act
of 1956.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Act of 1956".

TITLE I—SOIL BANK ACT

SHORT TITLE

Soil Bank Act.

SEC. 101. This title may be cited as the "Soil Bank Act".

DECLARATION OF POLICY

SEC. 102. The Congress hereby finds that the production of excessive supplies of agricultural commodities depresses the prices and income of farm families; constitutes improper land use and brings about soil erosion, depletion of soil fertility, and too rapid release of water from lands where it falls, thereby adversely affecting the national welfare, impairing the productive facilities necessary for a continuous and stable supply of agricultural commodities, and endangering an adequate supply of water for agricultural and nonagricultural use; overtaxes the facilities of interstate and foreign transportation; congests terminal markets and handling and processing centers in the flow of commodities from producers to consumers; depresses prices in interstate and foreign commerce; disrupts the orderly marketing of commodities in such commerce; and otherwise affects, burdens, and obstructs interstate and foreign commerce. It is in the interest of the general welfare that the soil and water resources of the Nation be not wasted and depleted in the production of such burdensome surpluses and that interstate and foreign commerce in agricultural commodities be protected from excessive supplies. It is hereby declared to be the policy of the Congress and the purposes of this title to protect and increase farm income, to protect the national soil, water, and forest and wildlife resources from waste and depletion, to protect interstate and foreign commerce from the burdens and obstructions which result from the utilization of farmland for the production of excessive supplies of agricultural commodities, and to provide for the conservation of such resources and an adequate, balanced, and orderly flow of such agricultural commodities in interstate and foreign commerce. To effectuate the policy of Congress and the purposes of this title programs are herein authorized to assist farmers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities, and to carry out a program of soil, water, forest and wildlife conservation. The activities authorized under this title are supplementary to the acreage allotments and marketing quotas authorized under the Agricultural Adjustment Act of 1938, as amended, and together with such acreage allotments and marketing quotas, constitute an over-all program to prevent excessive supplies of agricultural commodities from burdening and obstructing interstate and foreign commerce.

52 Stat. 31.
7 USC 1261.

AGREEMENTS LIMITING IMPORTS

SEC. 204. The President may, whenever he determines such action appropriate, negotiate with representatives of foreign governments in an effort to obtain agreements limiting the export from such countries and the importation into the United States of any agricultural commodity or product manufactured therefrom or textiles or textile products, and the President is authorized to issue regulations governing the entry or withdrawal from warehouse of any such commodity, product, textiles, or textile products to carry out any such agreement. Nothing herein shall affect the authority provided under section 22 of the Agricultural Adjustment Act (of 1933) as amended.

49 Stat. 773.
7 USC 624.

APPROPRIATION TO SUPPLEMENT SECTION 32 FUNDS

Appropriation.

49 Stat. 774.

SEC. 205. There is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1957, the sum of \$500,000,000 to enable the Secretary of Agriculture to further carry out the provisions of section 32, Public Law 320, Seventy-fourth Congress, as amended (7 U. S. C. 612c), subject to all provisions of law relating to the expenditure of funds appropriated by such section, except that up to 50 per centum of such \$500,000,000 may be devoted during any fiscal year to any one agricultural commodity or the products thereof.

TRANSFER OF BARTERED MATERIALS TO SUPPLEMENTAL STOCKPILE

50 Stat. 596.

58 Stat. 456.

SEC. 206. (a) Strategic and other materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products, unless acquired for the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U. S. C. 98-98h), or for other purposes shall be transferred to the supplemental stockpile established by section 104 (b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U. S. C. 1704).

(b) Strategic materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products may be entered, or withdrawn from warehouse, free of duty.

Appropriation.

(c) In order to reimburse the Commodity Credit Corporation for materials transferred to the supplemental stockpile there are hereby authorized to be appropriated amounts equal to the value of any materials so transferred. The value of any such material for the purpose of this subsection, shall be the lower of the domestic market price or the Commodity Credit Corporation's investment therein as of the date of such transfer, as determined by the Secretary of Agriculture.

SURPLUS DISPOSAL ADMINISTRATOR

SEC. 207. The Secretary of Agriculture is authorized to appoint an agricultural surplus disposal administrator, at a salary rate of not exceeding \$15,000 per annum, whose duties shall include such responsibility for activities of the Department, including those of the Commodity Credit Corporation, relating to the disposal of surplus agricultural commodities as the Secretary may direct.

APPENDIX P

SELECTED PORTIONS OF THE CANADIAN TARIFF SCHEDULES

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SCHEDULE "A"

Group 1
Page 1

Tariff Items Date and No. of Memo	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff	U.K. and Ireland
GROUP 1						
ANIMALS, AGRICULTURAL PRODUCTS, FISH AND PROVISIONS						
100-1 30/11/06	Horses, cattle, sheep, goats, asses, swine and dogs, for the improvement of stock, under regulations prescribed by the Governor in Council	Free	Free	Free	—	Free
200-1 2/6/31, 424-B	Domestic fowls, pure-bred, for the improvement of stock, homing or messenger pigeons, and pheasants	Free	Free	Free	—	Free
205-1	Rabbits, pure-bred, for the improvement of stock, under regulations prescribed by the Minister	Free	Free	Free	—	Free
300-1 30/11/06	Bees	Free	Free	Free	—	Free
400-1	Horses, n.o.p. each	Free	Free	\$25.00	—	Free

Animals, living, n.o.p.:						
501-1 P.C. 1980-3442 18/12/80	Cattle per pound on and after January 1, 1982	Free	1.5 cts. 1 ct.	3 cts.	—	.5 ct. 1 ct.
502-1	Sheep, lambs and goats per head	Free	\$1.00	\$3.00	—	\$1.00
503-1	Silver or black foxes	Free	Free	25 p.c.	—	Free
504-1	Cows imported specially for dairy purposes per pound	Free	Free	3 cts.	—	Free
505-1	N.o.p.	Free	Free	25 p.c.	—	Free

Group 1
Page 2

SCHEDULE "A"

Tariff Items Date and No. of Memo	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff	U K. and Ireland
600-1	Live hogs per pound ----- Meats, fresh, n.o.p.:	Free	Free	3 cts.	—	Free
701-1	Beef and veal per pound MFN scheduled rate changes: Table 1, Line 2.	2 cts.	2 cts.	8 cts.	—	2 cts.
703-1	Lamb and mutton per pound MFN scheduled rate changes: Table 1, Line 3. <i>Australian Trade Agreement</i> per pound 1/2 ct.	4 cts.	4.1 cts.	8 cts.	—	4 cts.
703-2	Lamb, when the growth, produce or manufacture of New Zealand Free Note: In accordance with Article 1 of the Australian Trade Agreement, lamb from that country is admissible free of duty, on account of the treatment extended to importations of lamb from New Zealand.					
703-3	New Zealand Mutton per pound 0.5 ct.					
704-1	Pork per pound	Free	Free	5 cts.	—	Free
705-1	N.o.p. per pound	Free	Free	5 cts.	—	Free
707-1	Edible meat offal of all animals per pound -----	Free	Free	5 cts.	—	Free
800-1	Canned beef <i>Australian Trade Agreement</i> Free New Zealand Free	15 p.c.	15 p.c.	35 p.c.	—	15 p.c.

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SCHEDULE "A"

Group 1
Page 3

Tariff Items Date and No. of Memo	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff	U.K. and Ireland
800-2	<i>Australian Trade Agreement</i> <i>Canned corned beef</i> Free					
805-1	Canned pork New Zealand Free	15 p.c.	15 p.c.	35 p.c.	10 p.c.	15 p.c.
810-1	Canned hams New Zealand Free	15 p.c.	15 p.c.	35 p.c.	—	15 p.c.
815-1	Pâtés de foie gras, foies gras, preserved, in tins or otherwise; lark pâtés Free	Free	Free	35 p.c.	—	Free
820-1	Animal liver paste Free	Free	Free	35 p.c.	—	Free
825-1	Canned meats, n.o.p. Canned snails of the genus <i>Helix</i> New Zealand Free	15 p.c.	15 p.c.	35 p.c.	12.5 p.c.	15 p.c.
		7.5 p.c.	7.5 p.c.		—	7.5 p.c.
830-1	Canned poultry or game, n.o.p. New Zealand Free	15 p.c.	15 p.c.	35 p.c.	—	15 p.c.

SCHEDULE "A"

Group 1

Page 5

Tariff Items Date and No. of Memo	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff	U K. and Ireland
940-1	Horse meat, tripe and other animal offal, ground or unground, unfit for human consumption; whale meat; feeds consisting wholly or in part of cereals but not including baked biscuits; all the foregoing when for use exclusively in the feeding of fur-bearing animals or in the manufacture of feeds for such purposes	Free	Free	Free	—	Free
942-1 D12-2-1	Animal offal for use in the manufacture of prepared foods for cats and dogs (Temporary tariff item: see Appendix 1)	Free	Free	Free	—	Free
945-1	Feeds for use exclusively in the feeding of trout and salmon MFN scheduled rate changes: Table 2, Line 166.	5 p.c.	5 p.c.	25 p.c.	—	5 p.c.

Meats, prepared or preserved, other than canned:						
1001-1	Bacon, hams, shoulders and other pork per pound	Free	1 ct.	5 cts.	—	1 ct.
1001-2	Salt pork in barrels	Free	Free		—	Free
1001-3 D12-2-1	Dry salt pork fatback for processing into salt pork in brine per pound (Temporary tariff item: see Appendix 1)	Free	Free	5 cts.	—	Free
1001-4	Pork sausages per pound	Free	.6 ct.	5 cts.	—	.6 ct.
1002-1	N.o.p. per pound	Free	1 ct.	6 cts.	Free	1 ct.
1002-2	Salt beef in barrels	Free	Free		—	Free

1100-1	Raw Rennet	Free	Free	Free	—	Free
1200-1 30/11/06	Sausage skins or casings, not cleaned	Free	Free	Free	—	Free

APPENDIX Q

CANADA'S MEAT IMPORT ACT

29-30 ELIZABETH II

29-30 ELIZABETH II

CHAPTER 82

CHAPITRE 82

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

Loi régissant l'importation de la viande fraîche, réfrigérée ou congelée et modifiant la Loi sur les licences d'exportation et d'importation

[Assented to 18th December, 1981]

[Sanctionnée le 18 décembre 1981]

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

Sa Majesté, sur l'avis et avec le consentement du Sénat et de la Chambre des communes du Canada, décrète:

SHORT TITLE

TITRE ABRÉGÉ

Short title

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

1. *Loi sur l'importation de la viande.*

Titre abrégé

INTERPRETATION

DÉFINITIONS

Definitions

"meat"

2. In this Act,
"meat" means fresh, chilled and frozen beef and veal;

2. Les définitions qui suivent s'appliquent à la présente loi.

Définitions

"Minister"

"Minister" means the Minister of Agriculture.

«Ministre» Le ministre de l'Agriculture.

«Ministre»

«viande» Viande de bœuf ou de veau fraîche, réfrigérée ou congelée.

«viande»

IMPORT RESTRICTIONS

LIMITATION DES IMPORTATIONS

Restriction of imports

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

3. (1) Le Ministre peut par arrêté, avec l'agrément du ministre de l'Industrie et du Commerce:

Fixation des limites

(a) on or before the 1st 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

a) soit, au plus tard un 1^{er} décembre ou dès que possible après cette date, en tenant compte de la formule et des considérations énoncées dans l'annexe et des consultations avec les États qui exportent de la viande vers le Canada, faire appliquer pour l'année suivante la limitation aux quantités importables de viande que le Ministre estime indiquée;

(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 subsection (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 subsection (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.

b) soit procéder à la modulation, à la suspension ou à l'annulation des limites fixées en vertu de l'alinéa a).

Modulation des
limites

(2) Dans les cas où un État convient de réduire ou réduit spontanément le volume de ses exportations de viande vers le Canada, le Ministre peut par arrêté, avec l'agrément du ministre de l'Industrie et du Commerce, suspendre ou annuler les limites fixées en vertu du paragraphe (1), ou les moduler de manière à augmenter les quantités de viande importables au Canada.

Autorisation de
dépassement
des limites

(3) Le Ministre peut par arrêté, avec l'agrément du ministre de l'Industrie et du Commerce, autoriser le dépassement des limites fixées en vertu du paragraphe (1) dans les cas où il constate l'inadaptation de l'offre à la demande intérieure pour ce qui est du bœuf, du veau et des autres viandes.

Primauté du
GATT

4. Le Ministre ne peut, sauf conformité avec l'Accord général sur les tarifs douaniers et le commerce, s'autoriser de la présente loi pour ramener le volume des importations de viande à un chiffre inférieur à celui qui a fait l'objet de l'engagement d'accès minimum global pris par le Canada au cours des négociations commerciales multilatérales menées dans le cadre de cet accord.

CUSTOMS DOCUMENTS

Acquisition of
customs
documents

5. (1) Where the Minister notifies the Minister of National Revenue 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 subsection 172(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 subsection (4) or (5), but subject to subsection (3),

DOCUMENTS DOUANIERS

Acquisition de
documents
douaniers

5. (1) Le ministre du Revenu national peut, par dérogation au paragraphe 172(3) de la *Loi sur les douanes*, fournir les copies des documents douaniers concernant des marchandises importées au Canada, notamment des factures, que le Ministre lui demande expressément pour l'exercice de ses fonctions prévues par la présente loi, soit au Ministre, soit aux employés du ministère de l'Agriculture que le Ministre désigne pour l'application du présent article.

Interdiction de
révéler des
renseignements

(2) Sauf dans le cas de poursuites intentées en vertu des paragraphes (4) ou (5), sous réserve cependant du paragraphe (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 subsection (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 subsection (2) is guilty of an offence and is liable on summary conviction to a fine not exceeding one thousand dollars 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 subsection (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 one thousand dollars 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 subsection (4) or (5), any copy of an invoice or other document made available

a) seules les personnes désignées par le Ministre pour l'application du présent article sont autorisées à prendre connaissance des copies de factures ou d'autres documents fournies par le ministre du Revenu national conformément au paragraphe (1);

b) il est interdit de révéler ou de faire révéler, par quelque moyen que ce soit, les renseignements obtenus lors de la prise de connaissance de ces copies, d'une manière qui permette d'établir un rapprochement avec un importateur, son mandataire ou un de ses clients reconnaissable.

(3) Le Ministre peut, par arrêté, autoriser la révélation:

a) de renseignements relatifs à une personne ou une organisation qui y consent par écrit;

b) de renseignements relatifs à une entreprise dont le propriétaire y consent par écrit;

c) de renseignements mis à la disposition du public en vertu d'une loi ou de toute autre règle de droit.

Exception à
l'interdiction de
révéler

(4) Quiconque contrevient sciemment au paragraphe (2) est coupable d'une infraction et passible, sur déclaration sommaire de culpabilité, d'une amende d'au plus mille dollars et d'un emprisonnement d'au plus six mois, ou de l'une de ces peines.

Infraction

(5) Quiconque, étant désigné par le Ministre pour l'application du présent article, se sert des renseignements obtenus en prenant connaissance des copies de factures ou d'autres documents fournies par le ministre du Revenu national conformément au paragraphe (1) pour spéculer sur des actions, obligations ou autres valeurs ou sur un produit ou article est coupable d'une infraction et passible, sur déclaration sommaire de culpabilité, d'une amende d'au plus mille dollars et d'un emprisonnement d'au plus six mois, ou de l'une de ces peines.

Idem

(6) Sauf dans le cas de poursuites intentées en vertu des paragraphes (4) ou (5), les copies de factures ou d'autres documents

Renseignements soumis
au secret
professionnel

by the Minister of National Revenue pursuant to subsection (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.

fournies par le ministre du Revenu national conformément au paragraphe (1) sont soumises au secret professionnel et ne peuvent servir de preuve dans aucune procédure; quiconque est désigné par le Ministre pour l'application du présent article ne peut être requis, par ordonnance d'une cour, d'un tribunal ou d'un autre organisme, lors d'une procédure, de faire une déposition orale ni de produire une copie de facture ou d'un autre document ayant trait à des renseignements obtenus conformément au présent article.

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 subsection (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 31st 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.

COMITÉ CONSULTATIF

Comité consultatif

6. (1) Le Ministre constitue un comité consultatif composé d'un président et de deux à quatre autres membres, qui représentent les producteurs et les consommateurs de viande.

Suppléance

(2) En cas d'absence ou d'empêchement d'un membre du comité consultatif, le Ministre peut, selon les modalités qu'il peut prescrire, nommer un membre suppléant intérimaire représentant le même secteur que le membre remplacé.

Mandat

(3) Le comité consultatif se réunit sur convocation du Ministre et conseille celui-ci sur les questions d'importation de viande dont le Ministre le saisit.

Rémunération et frais

(4) Les membres du comité consultatif peuvent recevoir pour leurs services la rémunération et les frais fixés par le gouverneur en conseil.

RAPPORT ANNUEL

Rapport annuel

7. Au début de chaque année civile, le Ministre, dans les meilleurs délais, établit et dépose devant le Parlement un rapport sur l'application de la présente loi au cours de l'année précédente.

ENTRÉE EN VIGUEUR

Entrée en vigueur

8. La présente loi entre en vigueur à la date fixée par proclamation.

1980-81

Importation de la viande

C. 82

5

S., c. E-17;
cc. 29, 32 (2nd
Suppl.); 1974,
c. 9

EXPORT AND IMPORT PERMITS ACT

LOI SUR LES LICENCES D'EXPORTATION ET
D'IMPORTATION

S.R., c. E-17; c.
29 et 32 (2^e
suppl.); 1974,
c. 9

1974, c. 9, s. 2

9. Subsection 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;"

9. Le paragraphe 5(1) de la *Loi sur les licences d'exportation et d'importation* est modifié par l'insertion, après l'alinéa a.1), de l'alinéa suivant:

«a.2) appuyer une mesure prise en vertu de la *Loi sur l'importation de la viande* en limitant le volume des importations des produits auxquels cette loi s'applique;»

1974, c. 9,
art. 2

SCHEDULE

(subsection 3(1))

1. Before establishing restrictions on the quantity of meat that may be imported into Canada pursuant to subsection 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

ANNEXE

[paragraphe 3(1)]

1. Pour fixer la limite des quantités de viande importables conformément au paragraphe 3(1) de la loi, le Ministre tient compte du chiffre moyen des importations de bœuf et de veau (numéro tarifaire 701-1) enregistré pendant la période de référence 1971-1975 et corrigé annuellement des variations de la consommation intérieure de bœuf et de veau par rapport à cette période, compte tenu du caractère cyclique de l'offre intérieure et des autres corrections découlant des considérations qui suivent:

2. a) *Corrections en fonction de la consommation intérieure*

Les corrections sont à déterminer selon une moyenne mobile triennale fondée sur l'année en cours et deux années antérieures par rapport à la consommation intérieure moyenne pendant la période de référence 1971-1975.

b) *Corrections en fonction des variations cycliques de l'offre intérieure*

Ces corrections sont à calculer de la façon suivante: moyenne mobile quinquennale du nombre de vaches et de génisses commercialisées pendant l'année en cours et les quatre années précédentes par rapport à la moyenne mobile biennale correspondante pendant l'année en cours et une année antérieure.

c) *Autres corrections*

Les corrections mentionnées aux alinéas a) et b) ne permettent pas toujours de faire varier le volume des importations en fonction de

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 = 5-year average
(1971-75) imports

× 3-year average (current year and preceding 2 years) domestic disappearance

5-year average (1971-75) domestic disappearance

× 5-year average (current and preceding 4 years) domestic cow and heifer marketings

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

l'évolution des besoins du marché. Indépendamment du volume des importations que détermineraient les corrections, si la moyenne triennale de la consommation intérieure par habitant centrée sur l'année en cours (avec extrapolation de la consommation intérieure pendant l'année d'application des limites) est inférieure à la moyenne triennale de la consommation intérieure par habitant centrée sur l'année précédente, le volume des importations est relevé au moins proportionnellement à l'expansion démographique anticipée.

3. Le Ministre tient également compte des considérations suivantes:

- a) l'offre et le prix du bœuf, du veau et des autres viandes au Canada;
- b) toute évolution importante des facteurs, notamment les mesures sanitaires ou les limitations commerciales indépendantes de la présente loi, qui influent sur le commerce extérieur du bétail, du bœuf et du veau;
- c) tous autres critères qu'il estime indiqués.

4. La formule tirée des alinéas 2a) et b) peut être exprimée ainsi:

Volume d'importation pour l'année suivante
= moyenne quinquennale (1971-1975) des importations

× moyenne triennale (année en cours et les 2 précédentes) de la consommation intérieure

moyenne quinquennale (1971-1975) de la consommation intérieure

× moyenne quinquennale (année en cours et les 4 précédentes) du nombre de vaches et de génisses commercialisées

moyenne biennale (années en cours et précédente) du nombre de vaches et de génisses commercialisées

APPENDIX R

ACTIONS TAKEN UNDER CANADA'S MEAT IMPORT ACT

Actions under the Meat Import Act

Year	Global minimum access commitment agreed to at the GATT	Estimated imports Million pounds	Actual imports	Actions taken
1982.....	142.28	-	125.2	Import licenses were required for last quarter of 1982 to monitor trade; such licenses were issued freely. On December 31, 1982, the Minister of Agriculture announced his decision that import controls would not be needed for 1983; the decision was to be review quarterly.
1983.....	143.6	137.0	127.9	Import license were required effective August 22, 1983 to monitor trade; such licenses were issued freely on February 2, 1984, the Minister of Agriculture announced his decision that import controls would not be needed for 1984; the decision was to be reviewed quarterly.
1984.....	145.1	130.0	171.7	On May 15, 1984, the advisory committee recommended that a countervailing duty investigation be initiated concerning imports of beef from the EC. On December 21, 1984, an import of 146.6 million pounds for 1985, to become effective January 1, 1985 was announced.
1985.....	146.5	168.0	166.9	On May 13, 1985, the quota quantity applicable to the EC was increased to 13.5 million pounds from 5.9 million pounds. Nicaragua's quota was increased from 0.7 million pounds to 4.0 million pounds. Thus the new quota quantity for 1986 totaled. On May 27, 1985 high-quality beef (generally USDA prime and choice) was excluded from the quota. On December 19, 1985, import controls (quotas) for 1986 were imposed and immediately suspended.
1986.....	147.8	-	163.1	On December 11, 1986, import controls (quotas) for 1987 were imposed and immediately suspended.

APPENDIX S

EXCERPTS FROM THE FOOD SECURITY ACT OF 1985

99 STAT. 1354 PUBLIC LAW 99-198—DEC. 23, 1985

Public Law 99-198
99th Congress

An Act

To extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Food Security Act of 1985".

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SEC. 2. The table of contents is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.

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- Sec. 103. Application of support price for milk.
- Sec. 104. Avoidance of adverse effect of milk production termination program on beef, pork, and lamb producers.
- Sec. 105. Domestic casein industry.
- Sec. 106. Study relating to casein.
- Sec. 107. Circumvention of historical distribution of milk.
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Subtitle B—Dairy Research and Promotion

- Sec. 121. National Dairy Research Endowment Institute.

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- Sec. 505. Skiprow practices.
- Sec. 506. Preliminary allotments for 1991 crop of upland cotton.
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- Sec. 702. National poundage quota and farm poundage quota.
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TITLE I—DAIRY

Subtitle A—Milk Price Support and Producer-Supported Dairy Program

MILK PRICE SUPPORT, PRICE REDUCTION, AND MILK PRODUCTION TERMINATION PROGRAMS FOR CALENDAR YEARS 1986 THROUGH 1990

SEC. 101. (a) Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

“(1)(A) During the period beginning on January 1, 1986, and ending on December 31, 1990, the price of milk shall be supported as provided in this subsection.

“(B) During the period beginning on January 1, 1986, and ending on December 31, 1986, the price of milk shall be supported at a rate equal to \$11.60 per hundredweight for milk containing 3.67 percent milkfat.

“(C)(i) During the period beginning on January 1, 1987, and ending on September 30, 1987, the price of milk shall be supported at a rate equal to \$11.35 per hundredweight for milk containing 3.67 percent milkfat.

“(ii) Except as provided in subparagraph (D), during the period beginning on October 1, 1987, and ending on December 31, 1990, the price of milk shall be supported at a rate equal to \$11.10 per hundredweight for milk containing 3.67 percent milkfat.

“(D)(i) Subject to clause (ii), if for any of the calendar years 1988, 1989, and 1990, the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary on January 1 of such calendar year, will exceed 5,000,000,000 pounds (milk equivalent), on January 1 of such calendar year, the Secretary shall reduce by 50 cents the rate of price support for milk as in effect on such date.

“(ii) The rate of price support for milk may not be reduced under clause (i) unless—

“(I) the milk production termination program under paragraph (3) achieved a reduction in the production of milk by participants in the program of at least 12,000,000,000 pounds during the 18 months of the program; or

“(II) the Secretary submits to Congress a certification, including a statement of facts in support of the certification of the Secretary, that reasonable contract offers were extended by the Secretary under such program but such offers were not accepted by a sufficient number of producers making reasonable bids for contracts to achieve such a reduction in production.

“(E) If for any of the calendar years 1988, 1989, and 1990, the level of purchases of milk and the products of milk under this

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subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary on January 1 of such calendar year, will not exceed 2,500,000,000 pounds (milk equivalent), the Secretary shall increase by 50 cents the rate of price support for milk in effect on such date.

"(F) The price of milk shall be supported through the purchase of milk and the products of milk.

"(2)(A) During the period beginning on April 1, 1986, and ending on September 30, 1987, the Secretary shall provide for a reduction to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use.

"(B) The amount of the reduction under subparagraph (A) in the price received by producers shall be—

"(i) the period beginning on April 1, 1986, and ending on December 31, 1986, 40 cents per hundredweight of milk marketed; and

"(ii) during the first 9 months of 1987, 25 cents per hundredweight of milk marketed.

"(C) The funds represented by the reduction in price, required under subparagraph (A) to be applied to the marketings of milk by a producer, shall be collected and remitted to the Commodity Credit Corporation, at such time and in such manner as prescribed by the Secretary, by each person making payment to a producer for milk purchased from such producer, except that in the case of a producer who markets milk of the producer's own production directly to consumers, such funds shall be remitted directly to the Corporation by such producer.

"(D) The funds remitted to the Corporation under this paragraph shall be considered as included in the payments to a producer of milk for purposes of the minimum price provisions of the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937."

(b) Paragraph (3) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by—

(1) striking out subparagraphs (A) through (G), and inserting in lieu thereof the following:

"(A)(i) The Secretary shall establish and carry out under this paragraph a milk production termination program for the 18-month period beginning April 1, 1986.

"(ii) Under the milk production termination program required under this subparagraph, the Secretary, at the request of any producer of milk in the United States who submits to the Secretary a bid, may offer to enter into a contract with the producer for the purpose of terminating the production of milk by the producer in return for a payment to be made by the Secretary.

"(iii) For the 18-month period for which the milk production termination program under this subparagraph is in effect, the Secretary shall—

"(I) as soon as practicable, determine the total number of dairy cattle the Secretary estimates will be marketed for slaughter as a result of such program; and

"(II) by regulation specify marketing procedures to ensure that greater numbers of dairy cattle slaughtered as a result of the production termination program provided for

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in this section shall be slaughtered in each of the periods of April through August 1986, and March through August 1987 than for the other months of the program. Such procedures also shall ensure that such sales of dairy cattle for slaughter shall occur on a basis estimated by the Secretary that maintains historical seasonal marketing patterns. During such 18-month period, the Secretary shall limit the total number of dairy cattle marketed for slaughter under the program in excess of the historical dairy herd culling rate to no more than 7 percent of the national dairy herd per calendar year.

"(iv) Each contract made under this subparagraph shall provide that—

"(I) the producer shall sell for slaughter or for export all the dairy cattle in which such producer owns an interest;

"(II) during a period of 3, 4, or 5 years, as specified by the Secretary in each producer contract and beginning on the day the producer completes compliance with subclause (I), the producer neither shall acquire any interest in dairy cattle or in the production of milk nor acquire, or make available to any person, any milk production capacity of a facility that becomes available because of compliance by a producer with such subclause unless the Secretary shall by regulation otherwise permit; and

"(III) if the producer fails to comply with such contract, the producer shall repay to the Secretary the entire payment received under the contract, including simple interest payable at a rate prescribed by the Secretary, which shall, to the extent practicable, reflect the cost to the Corporation of its borrowings from the Treasury of the United States, commencing on the date payment is first received under such contract.

"(v) Any producer of milk who seeks to enter into a contract for payments under this paragraph shall provide the Secretary with (I) evidence of such producer's marketing history; (II) the size and composition of the producer's dairy herd during the period the marketing history is determined; and (III) the size and composition of the producer's dairy herd at the time the bid is submitted, as the Secretary deems necessary and appropriate.

"(vi) Except as provided in subparagraph (D), no producer who commenced marketing of milk in the 15-month period ending March 31, 1986, shall be eligible to enter into a contract for payments under this subparagraph.

"(vii) A contract entered into under this paragraph by a producer who by reason of death cannot perform or assign such contract may be performed or assigned by the estate of such producer.

"(B) The Secretary may establish and carry out a milk diversion or milk production termination program for any of the calendar years 1988, 1989, and 1990 as necessary to avoid the creation of burdensome excess supplies of milk or milk products.

"(C) In setting the terms and conditions of any milk diversion or milk production termination under this paragraph and of each contract made under this subparagraph, the Secretary shall take into account any adverse effect of such program or contracts on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

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"(D) A producer who commenced marketing milk after December 31, 1984, shall be eligible to enter into a contract for payments under this subparagraph if such producer's entire milk production facility and entire dairy herd were transferred to the producer by reason of a gift from, or the death of, a member or members of the family of the producer. The term 'member of the family of the producer' means (i) an ancestor of the producer, (ii) the spouse of the producer, (iii) a lineal descendant of the producer, or the producer's spouse, or a parent of the producer, or (iv) the spouse of any such lineal descendant.";

(2) striking out subparagraphs (H), (I), (J), (L), and (O); and

(3) redesignating subparagraph (K) as subparagraph (E).

(c) Paragraph (5)(B) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(5)(B)) is amended by—

(1) striking out "(i)";

(2) striking out ", (ii)" and inserting in lieu thereof "or";

(3) striking out ", or (iii)" and all that follows through "paragraph (3)";

(4) redesignating the text thereof as clause (i);

(5) adding at the end thereof the following:

"(ii) Each person who buys, from a producer with respect to whom there is in effect at the time of such sale a contract entered into under paragraph (3), one or more dairy cattle sold for slaughter or export, who knows that such cattle are sold for slaughter or export, and who fails to cause the slaughter or export of such cattle within a reasonable time after receiving such cattle shall be liable for a civil penalty of not more than \$5,000 with respect to each of such cattle.

"(iii) Each person who retains or acquires an interest in dairy cattle or the production of milk in violation of a contract entered into under this paragraph shall be liable, in addition to any amount due under paragraph (3)(A)(iv), to a marketing penalty on the quantity of milk produced during the period in which such ownership is prohibited under the contract. Such penalty shall be computed at the rate or rates of the support price for milk in effect during the period in which the milk production occurred.

"(iv) Each person who makes a false statement in a bid submitted under paragraph (3) as to (I) the marketings of milk for commercial use by the producer, or (II) the size or composition of the dairy herd that produced such marketings, or (III) the size or composition of the dairy herd at the time the bid is submitted shall be subject, in addition to any amount due under paragraph (3)(A)(iv) or clause (iii) of this subparagraph, to a civil penalty of \$5,000 for each head of cattle to which such statement applied.

"(v) Each person who makes a false statement as to the number of dairy cattle that was sold for slaughter or export under a contract under paragraph (3)(A) shall be subject, in addition to any amount due under paragraph (3)(A)(iv) or clause (iii) of this subparagraph, to a civil penalty of not more than \$5,000 for each head of cattle to which such statement applied."

(d) Section 201(c) of the Agricultural Act of 1949 (7 U.S.C. 1446(c)) is amended by striking out "The price" and inserting in lieu thereof "Except as provided in subsection (d), the price".

(e) Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by adding at the end thereof the following:

"(7) The Secretary shall carry out this subsection through the Commodity Credit Corporation."

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(f) The provisions of this section shall become effective January 1, 1986.

ADMINISTRATIVE PROCEDURES

SEC. 102. Section 553 of title 5, United States Code, shall not apply with respect to the implementation of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) by the Secretary of Agriculture, as amended by section 101, including determinations made regarding—

- (1) the level of price support for milk;
- (2) any reduction in the prices paid to producers of milk; and
- (3) the milk production termination program.

APPLICATION OF SUPPORT PRICE FOR MILK

SEC. 103. For purposes of supporting the price of milk under section 201(d) of the Agricultural Act of 1949, the Secretary of Agriculture may not take into consideration any market value of whey.

AVOIDANCE OF ADVERSE EFFECT OF MILK PRODUCTION TERMINATION PROGRAM ON BEEF, PORK, AND LAMB PRODUCERS

SEC. 104. To minimize the adverse effect of the milk production termination program on beef, pork, and lamb producers in the United States during the 18-month period for which such program is in effect under section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)), in such period—

(1) the Secretary of Agriculture shall use funds available for the purposes of clause (2) of section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes" (7 U.S.C. 612c), approved August 14, 1935, including the contingency funds appropriated under such section 32, and other funds available to the Secretary under the commodity distribution and other nutrition programs of the Department of Agriculture, and including funds available through the Commodity Credit Corporation, to purchase and distribute 200,000,000 pounds of red meat in addition to those quantities normally purchased and distributed by the Secretary. Such purchases by the Secretary shall not reduce purchases of any other agricultural commodities under section 32;

(2) the Secretary of Agriculture shall use funds available through the Commodity Credit Corporation to purchase 200,000,000 pounds of red meat, in addition to those quantities normally purchased and distributed by the Secretary, and to make such meat available—

(A) to the Secretary of Defense, on a nonreimbursable basis, for use in commissaries on military installations located outside of the United States; or

(B) for export under the authority of any law in effect on or after the date of the enactment of this Act;

(3) the Secretary of Defense and other Federal agencies, to the maximum extent practicable, shall use increased quantities of red meat to meet the food needs of the programs that they administer, and State agencies are encouraged to cooperate in such effort; and

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(4) the Secretary of Agriculture shall encourage the consumption of red meat by the public.

DOMESTIC CASEIN INDUSTRY

SEC. 105. (a) The Commodity Credit Corporation shall provide surplus stocks of nonfat dry milk of not less than 1,000,000 pounds annually to individuals or entities on a bid basis.

(b) The Commodity Credit Corporation may accept bids at lower than the resale price otherwise required by law, in order to promote the strengthening of the domestic casein industry.

(c) The Commodity Credit Corporation shall take appropriate action to ensure that the nonfat dry milk sold by the Corporation under this section is used only for the manufacture of casein.

STUDY RELATING TO CASEIN

SEC. 106. The Secretary of Agriculture shall conduct a study to determine whether imports of casein tend to interfere with or render ineffective the milk price support program of the Department of Agriculture. Not later than 60 days after the date of the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

CIRCUMVENTION OF HISTORICAL DISTRIBUTION OF MILK

SEC. 107. The Secretary of Agriculture shall—

(1) monitor the Commodity Credit Corporation purchases of the products of milk during 1986 and 1987; and

(2) report to Congress, on a quarterly basis, on disruptions of, or attempts by handlers or cooperative marketing associations to circumvent, the historical distribution of milk among processors during the milk production termination program.

APPLICATION OF AMENDMENTS

SEC. 108. The amendments made by this subtitle shall not affect any liability of any person under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) as in effect before the date of the enactment of this Act.

Subtitle B—Dairy Research and Promotion

NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

SEC. 121. The Dairy Production Stabilization Act of 1983 (7 U.S.C. 1421 note, et seq.) is amended by adding at the end thereof the following:

"Subtitle C—Dairy Research Program

"DEFINITIONS

"SEC. 130. For purposes of this subtitle—

"(1) the term 'board' means the board of trustees of the Institute;

"(2) the term 'Department' means the Department of Agriculture;

