

The Canadian Government has been informed that the United States has announced today that they will be undertaking a public hearing concerning proposed restriction on the importation of certain livestock and meat products from Canada. They indicated that these restrictions were being considered as a consequence of Canadian import quotas on beef, veal and live cattle on August 12.

The Canadian Government was given advance notification of the proposed United States' action and has already registered its strong concern with the United States Government.

The objective of the Government of Canada in introducing import quotas on live cattle and beef from all countries was to ensure that the Canadian programme of stabilization of returns to livestock producers was not adversely affected by declining world market conditions. In the absence of the stabilization programme the long-term future of the Canadian industry would have been jeopardized by short-term trends.

We were concerned that a fundamental disequilibrium in world beef production and consumption has resulted in serious problems for beef producers. This situation was accentuated when both Japan and the U.S.C. adopted policies which severely restrict beef imports. In addition per capita consumption of beef in the United States declined sharply in 1973, largely as a consequence of United States Government actions. This has contributed to an oversupply situation there this year. A combination of these plus other factors has led to the current world beef situation.

The quotas imposed by the Canadian Government were designed to ensure that in this period of disequilibrium shipments to Canada would not exceed volumes which the Canadian market has been traditionally able to absorb during normal market conditions. Therefore, the quotas were based on the average of imports over the last five years.

The United States of America (along with our other trading partners) was advised in advance of the Canadian action. We offered to meet with the three trading partners principally involved. Consultations were held with the United States but it was not found possible to meet United States' concerns.

In keeping with our trade agreement obligations with the United States, Canada immediately notified the G.A.T.T. Subsequently, we advised the G.A.T.T. that our action was taken under Article XIX of the General Agreement which provides internationally agreed procedures for dealing with emergency action against imports to protect domestic producers from serious injury.

The Canadian Government regrets that the United States intends to proceed with measures to restrict Canadian exports to that market. When United States' hearings are completed and details of the proposed United States' action are known, Canada will consider its position in light of the extent of the United States' action and the established procedures available in the G.A.T.T.