

the importation of beef, veal and live cattle from third countries was imposed. This was done under the "protection clause" of the *Treaty of Rome* which permits such actions when imports cause or threaten to cause serious market disruptions which might jeopardize the objectives of the Common Agricultural Policy. The embargo, originally scheduled to expire on 31 October 1974, was extended indefinitely by the Council of Agricultural Ministers in September.

The European Economic Community acted to restrict imports and to stabilize its beef market after the favourable world market was suddenly reversed. By so doing it further disrupted the world market by reducing its size. Exports from South American and from Oceania now only had access to the North American market but even there they had to compete with subsidized exports from Western Europe. Prices in the exporting countries began to weaken and then to collapse. In the fourth quarter of 1973, for example, the Australian beef price was 71.2 cents (U.S.) per kilogram liveweight, and by the fourth quarter of 1974 it had fallen to 21.2 cents (U.S.).¹

There were changes in the North American trade situation during this same time. The import surcharges imposed by the Canadian government in November 1973 were removed in three equal stages in January and February 1974. The continental market had only a brief return to its normal restrictions before an embargo was imposed on the importation into Canada of American beef, lamb, mutton, live cattle and sheep. On 9 April 1974 an import certification program was established to prevent the entry of meat or animals whose growth had been stimulated by the use of diethylstilbestrol (DES), a hormone linked to cancer. This action, although taken on health grounds, was clearly of assistance to the Canadian beef industry. Without the ban Canadian producers would have been at a considerable disadvantage. Agreement between the two governments on an acceptable DES certification program was finally reached on 2 August 1974 and imports were permitted to resume.

However, within two weeks the Canadian government acted to restrict the importation of beef and veal in fresh and frozen form and of live cattle over 700 pounds by establishing global quotas to be controlled through the *Export and Import Permits Act*.² These quotas were to be effective for twelve months from 12 August 1973 and permitted the entry during that time of 82,835 head of live cattle and 125.8 million pounds of dressed beef and veal. These quantities were equivalent to the average annual Canadian imports of the preceding five years.

¹Appendix C, Table I, page 92.

²Appendix B, page 84.