

example only cash costs as defined by Agriculture Canada have been used as an estimate of both Canadian and American costs. It is assumed that the feeding period will produce an animal of 1050 pounds at 2.5 pounds of gain per day. The spread is \$4.56/cwt to the advantage of the feeders in the United States. Later evidence shows that feeding costs in the United States are themselves lower than Canadian costs. Therefore, the advantage in total cost will be much larger.

Cow-calf producers are the foundation of the beef industry; their costs are relatively fixed and if they do not receive adequate returns they must either subsidize their beef operation from other enterprises or move out of the cow-calf business. This analysis shows that it costs close to 30 per cent more to produce a 450 lb calf in Canada. Unless our trade policies reflect this reality, Canadian cow-calf producers will continue to operate at prices well below their cost of production since the Canadian beef price is established in the United States.

Costs of Production — Feedlot Feeding of Slaughter Animals

In order to define more precisely the cost differences between the two countries a further comparison was done of actual feedlot costs.

The majority of beef calves produced in Canada spend the latter portion of their lives on a high energy grain and roughage diet to produce the required level of fat content around and within the meat necessary to obtain a high grade. This process is called finishing and usually occurs in a feedlot where the cattle are fed a specific type and quantity of grain and roughage. There are two basic methods of feeding cattle in Canada:

Grain and hay ration: This system is common in Western Canada where barley is the main feed grain, the hay or roughage is usually a grass legume mixture, either dry or in the form of haylage. Animals are started on lower amounts of grain and high roughage levels; the amount of grain is increased as the animals come closer to reaching its finished weight of 1050 — 1100 lbs.

Corn silage ration: In Eastern Canada, producers often feed corn silage and grain corn. The corn silage itself contains a considerable quantity of corn and is generally of a much higher energy value than the hay or roughage fed in Western Canada. Grain corn is also used to finish these animals and it also is a more efficient feed than barley.

As a result of these two different feeding systems, the cost of production in Eastern Canada tends to be lower than in the West. The West has some definite advantages in terms of housing (lack of humidity in the