

Meat Import Act

what we want, then we definitely need a consistent and long term beef import policy. Our Canadian producers and their supporters say that Canada needs legislation to control beef imports. On the other hand, there are others who claim that the current provisions of the Export and Import Permits Act could very well solve problem of excess imports. The beef industry, for one—and I refer now to Bill C-46 which is now under consideration—wants the government to come up with a solution which would neutralize the destabilizing factor which affects our industry and that of Canada's trading partners, and in the final analysis, and this is very important, consumer prices.

Canadian beef production and marketing fit into the over-all North American context. Our production cycles follow closely those of the American market although, when our prices are higher or when there are excess supplies, there is enough time lag for the Canadian industry to be vulnerable to the effects of American imports. Nevertheless, despite the considerable effect of American markets on ours, the United States remain a major outlet for our exports of feeding cattle, dressed cattle and, from time to time, surpluses of finished cattle.

Canada has often been a net exporter of beef and finished cattle in its trading with the United States. Before 1969, it was in that position with all other countries. Since 1967, the production of beef in Australia and New Zealand has increased sufficiently to meet the increasing demand on international markets and has become more than synchronized with North American production. At the time when Canadian producers started to enlarge their herds, as a result of grain surpluses which led to the building up of reserves and the growth of the beef market, the import market was also able to meet the demand for beef of lesser quality such as that used for minced beef. An increase in the quantity of beef imported from Australia and New Zealand, over six times the average volume imported in previous years, allowed us to meet the demand in 1969. Beef imports from those countries stayed at that level during the seventies while Canada had surpluses and consumption of Canadian beef increased. Since that time, Canada has become a net importer of beef.

From 1973 to 1980, beef imports in Canada reached critical levels; this led to a clamour for official and coherent control, specially in the form of laws and regulations. The problem was first felt during the last quarter of 1973. At that time, an unusual quantity of finished cattle was imported from the United States, following price controls in that country where beef supplies accumulated; as a consequence, prices deteriorated in Canada.

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Beef imports from Australia were particularly high in 1973 with the result that total imports of beef made up 10.5 per cent of national consumption. The price of feeder steers went down in Canada and the price of feeder cows began to decrease.

Canadian production of beef went down to 10.3 per cent below that of the previous year, as slaughter of beef decreased and stocks of feeder cows were not further reduced.

The price of feeder steers went up until June to \$80 the hundredweight. For the balance of the year, the price of feeder steers went down to about \$5.50 below the record prices under the pressure of competition created by a plentiful supply of pork and poultry. As the production of beef decreased in Oceanic countries and in the United States, total imports of beef went down to 183, 407 pounds, namely 8.8 per cent of Canadian consumption at the time, or a drop of about 15 per cent from the previous year. Besides imports, interest rates during 1979-80 were another source of grave concern for beef producers. Interest rates stayed at about 15 per cent or more between October 1979 and April 1980. In spite of a slackening which lasted several months, the rates went over the 15 per cent mark again in early December 1980 and at the end of the year, unfortunately, they did exceed 17 per cent. The effect of such interest rates was to boost the cost of beef production and in some cases to dampen production in feeder lots with the result that the expansion of cow-calf operators was postponed.

It was in mid-1980 that Canadian beef producers really began to build up their herds. On July 1, 1980, the stock of slaughter cows was 4.8 per cent higher than it was one year earlier. Still, low production in cow-calf operations and droughts impeded the expansion of that market. The number of heifers set aside for reproduction was 2.8 per cent below what it was in mid-1979. In Saskatchewan and Alberta, the main beef producing provinces, the number of heifers kept for reproduction was down 2.7 per cent and 11.3 per cent respectively as compared with the previous year. Heifer and calf slaughtering increased mostly at the end of the year, particularly in western Canada. The higher number of heifers and cows shipped to slaughterhouses contributed to boost beef production by about 3 per cent over 1979 when it was expected that there would be a slow down in the herd build-up process. It was therefore the pressure exerted by a healthy supply of cut rate pork during the first half of the year which deflated the price of slaughter cattle between March and July below 1979 prices.

Of course Canadian pork production went up sharply in 1979 and 1980, and the same phenomenon will certainly be observed in 1981, a year during which at worst production might stabilize. Canadians have therefore become very important pork producers, with the result, of course, that beef prices declined. As recently as this week, Mr. Speaker, I attended the annual meeting of the Quebec Federation of Poultry Producers where I was told that chicken prices had gone down because of an overproduction of pork, so I suggest that perhaps beef producers are up against the same thing.

On most markets, prices recovered in August and remained stable until October, and then they went up slightly until the end of the year. The price of feeder cattle followed a similar