
Effect of Tariff Rate Changes

Most Favoured Nation tariffs in effect are noted in Table 4.4.

Canada operates within the North American livestock market and has traditionally been highly competitive. The elimination of U.S. tariffs will make the Canadian livestock and red meat sector more competitive, particularly for exported high quality red meats. The tariff elimination should simplify trading transactions and ease pressures on traditionally tight sales margins. As the United States is the most important market for Canada's livestock industry, the tariff elimination will present market development opportunities. The United States is a major meat importing country, hence duty-free access combined with contiguous production and consumption centres should provide the Canadian industry with increased competitive advantages when compared with offshore suppliers.

The tariff elimination could lead to increased specialization in fattening/slaughter in Western Canada to service western U.S. markets, with some increase in feeder cattle imported into Ontario from the United States for fattening. Also, over time tariff elimination should enhance expansion of livestock production in Canada, in line with emerging market opportunities.

Effect of Resolution of Non-Tariff Barriers

Exemption from the U.S. Meat Import Law and the harmonization of technical barriers and standards will ensure that Canadian access to the U.S. market for livestock and red meats is secure and predictable. Harmonized technical regulations and standards should facilitate integration of the North American livestock and red meat markets and thus provide a stable longer-term environment for sector-wide investment. These elements of the Agreement should reduce short-term market disruptions, such as have occurred from time to time. With adequate supplies of feed grains in Western Canada and under-utilized feedlot capacity, some expansion of the livestock base in that region is forecast under the Agreement.