effectiveness of which was reduced by the premium value of the Canadian dollar.[1] The situation was unfortunately exploited by Canadian importers and Oceanic exporters. Increasing quantities of beef entered at depressed prices and damaged the Canadian market.

In our Committee hearings the impact of the Oceanic imports was clearly stated by Senator Sparrow:

> For a good portion of last year the cattlemen in this country, and other groups were aware that we were getting great influxes of Oceanic beef into this country, and nothing was done about it. . . This great problem not only cost the cattlemen of this nation thousands and thousands of dollars, but it eroded further the confidence in the cattle industry that we, as Canadians, required. I suppose that is more crucial than even the dollars that were lost.[2]

Australia beef, for example, entered Canada at prices considerably lower than it entered the United States.[3] This was at least partially the result of the Australian Meat Board's export diversification scheme whereby credits or entitlements to ship into the American market could only be earned by shipments to other markets, including Canada. Thus exporters were willing to discount these sales up to 27.5 cents (U.S.) per pound in order to obtain a higher average price through their sales to the United States. Canada was removed from the list of eligible diversification markets for sales after 30 April 1976, but the damage continued.

Some witnesses appearing before the Committee have contended that no damage was done at all, citing the higher price which Canadian producers received for their finished cattle (grades A and B), when compared to the returns in the United States. Beef producers appearing before the Committee disagreed, and emphatically stated that this large volume of imports depressed beef prices in general but particularly depressed cow prices. The Honourable Marvin Moore, the Alberta Minister of Agriculture, presented the Committee with evidence to prove this latter contention.

The evidence (Figure II and Table VIII) concerns the price margin which Canadian cows (grades D1 and D2) have usually enjoyed over cows in the United States. In the example, the Calgary and Omaha markets are compared. When imports began to increase in mid-1975, they depressed the price in Canada to a level below that in the United States. This negative price differential continued throughout 1976.

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[1]The average exchange rate (Canadian dollars per American dollars) for the first nine months of 1976 was 0.9839, a premium greater than the 1.5 cent per pound tariff on live cattle. (Bank of Canada, *Review* (Ottawa, July 1977)).

[2]Senate of Canada, Proceedings of the Standing Senate Committee on Agriculture, Issue No. 4, 16 February 1977, p. 17-8.

[3]Appendix C, Table II, page 93.