
The export of live hogs, fresh lean pork and processed pork products such as bacon and canned ham to western and eastern U.S. states can be increased. This provides opportunities for new products in these markets as well as for further processing in Canada. This potential market development would apply to all exporting provinces, but is particularly important for Quebec and the Prairie Provinces.

The Agreement will enhance access by reducing technical barriers, for example, through reciprocal inspection systems and by reducing tariffs, especially the 3¢/lb tariff on canned hams.

In 1986, Canada exported the equivalent of 465 million pounds of pork to the United States for a total value of \$629.6 million; this accounted for 30 per cent of farm cash receipts from hogs.

Market opportunities for dressed and processed pork will be on the west coast and the east coast of the United States. The main export outlet for live hogs will be the central region, where most of the hog slaughter plants are located.

Canada has the capacity to meet the opportunity in both production and processing, but the processing sector will have to invest in new technology. There are currently some restrictions on movement of meat interprovincially and internationally, but on January 1, 1988, Canada started deregulation of the transportation sector (trucking) over a five-year period. This should facilitate export market development.

No major impediments to competitiveness are identified at the primary level, but Canadian packers may be somewhat limited by their technology, size and, therefore, cost structure compared to U.S. counterparts. Thus, some period of adjustment may be required. Danish canned hams will continue to offer strong competition because of European Community export restitution policies.

Dairy Products

Background

The dairy sector includes the production, processing and distribution of fluid milk and dairy products consumed by Canadians, the production, processing and distribution of dairy products exported from Canada, and trade in dairy animals and associated genetic material.

In Canada, there are approximately 40,000 dairy farms which deliver the equivalent of about 74 million hectolitres of milk annually in the form of fluid milk, industrial milk or industrial cream. The value of this production at the farm is about \$3 billion annually. After the delivery, processing, packaging, distribution and retailing are added, the annual retail value of the sector is about \$7 billion.