

The measures taken by Japan, the European Economic Community and Canada left the United States as the residual market for the excessive international beef supplies. Even though the *Meat Import Act* had already been suspended by the President, the dumping did not occur. Producers in the main exporting countries decided to withhold their cattle from market and to take advantage of favourable grazing conditions in the expectation of future price improvements. The American government did, finally, react to the Canadian import quotas by announcing, in November, retaliatory quotas on Canadian exports of live cattle, 17,000 head, and dressed beef and veal, 17 million pounds, for the twelve month period from 12 August 1974. It went even further by placing exports of hogs and pork under quota. The American quota levels were set well below the quantities usually exported by Canada.

The trade restrictions imposed by the importing nations were directed at minimizing the impact on their producers of this premature but inevitable world surplus. They acted without hesitation to attack the immediate problem by isolating to greater and lesser degrees their markets and in some cases, by challenging the traditional exporters with subsidies on beef exports and food-aid programs. Thus, as the world economy completed the first year of its new era, the era of high cost energy, the international beef market was in a shambles and the future held only the prospect of lower returns to producers.

World Surpluses and the Canadian Market

Canada maintained its quotas on imports of beef and veal until 31 December 1975. Imports of slaughter cattle were taken off quota in August 1975 permitting a partial return to the traditional continental trade. The federal government had decided that from 1 January 1976 the Canadian beef industry needed only the protection of the nominal tariffs of 1.5 cents and 3 cents per pound on cattle and meat respectively. Other countries eased their restrictions as well but none reverted to such an open market position.

Japan permitted imports to enter at only 50 percent of the previous record levels but tied them very closely to a new domestic beef stabilization scheme. The European Economic Community returned to a twinning system where import licences were issued for amounts equivalent to purchases from the intervention stocks. In the United States the *Meat Import Act* remained operative and voluntary restraint agreements were negotiated with all the supplying countries excepting Canada.

With the New Year Canada became the only open market for our traditional suppliers. The industry's protection was nominal tariffs, the