

The United States also utilizes tariffs to control imports. On fresh and frozen beef the tariff is 3 cents per pound unless the meat has been processed, for example, boxed beef of specialty cuts. Then the tariff is charged on an *ad valorem* basis at a rate of 10 per cent. An *ad valorem* tariff of 7.5 per cent is charged on canned beef. Live cattle enter under tariffs of either 1.5 cents or 2.5 cents per pound depending on the volume of imports.

The European Economic Community has tried to maintain stability in its beef markets by isolating them from the world market by a system of import duties and variable levies. The import duties are *ad valorem* tariffs: 16 per cent on live cattle; 20 per cent on meat, fresh, chilled or frozen; and 26 per cent on preserved meat and meat preparations. In addition to the tariffs, import levies on cattle and calves may be applied depending upon comparisons of import prices and Community prices. When market prices fall below an established guide price an import levy amounting to 100 per cent of the difference between the guide price and the lowest import price is charged on live cattle and a related levy is charged on imports of fresh, frozen or preserved meats. Both the price comparisons and the levies are determined on a weekly basis.

Traditionally, Canada has not regulated the volume of imports of beef, veal or slaughter cattle. However, tariffs have been charged at rates of 1.5 cents per pound on live cattle, regardless of volume, and 3 cents per pound on fresh or frozen beef and veal, regardless of the degree of processing. Our tariffs on canned beef are on an *ad valorem* basis and have varied up to 20 per cent.

It is obvious that Canada has the least restrictions against imports, that our beef industry has the least protection against competition from lower cost beef, veal and live cattle. The trade policies of the European Economic Community and the United States have been developed to promote either price or supply stability; they are specifically linked to domestic agricultural policy goals. Canada's restrictions on the importation of beef are not so linked. This lack of direction was to have disastrous effects on the beef industry from 1973 onward.

Recession and the Collapse of the World Beef Cycle

The trade restrictions and barriers established by the major beef importing nations were not mechanically applied throughout the past decade. Adjustments were made in light of changing conditions: first, in the period 1968 to 1973 when demand increased significantly and domestic production lagged; and, then, in 1974 when supply exceeded demand