

EXPORT MARKET DEVELOPMENT TASK FORCE



Working Paper

Processed Meat Products



Agriculture
Canada



Industry, Trade
and Commerce

Industrie
et Commerce



A WORKING PAPER PREPARED FOR THE
Canada. EXPORT MARKET DEVELOPMENT TASK FORCE

PROCESSED MEAT PRODUCTS

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THE EXPORT MARKET DEVELOPMENT TASK FORCE

In the summer of 1978, the federal Deputy Ministers of Agriculture Canada and Industry, Trade and Commerce established the Export Market Development Task Force. They appointed Mr. C. Stuart, Director General - Agriculture, Fisheries and Food Products Branch, Industry, Trade and Commerce, and Mr. P.W. Couse, Director General - Market Development Directorate, Agriculture Canada, to lead the task force.

The task force leaders directed that a number of working papers be prepared, initially on: the U.S.A. Market for Variety Cheeses and Aged Canadian Cheddar, Breeding Cattle and Semen, Pulses, and Financing and Credits Insurance. Other working papers have now been prepared on Blueberries, Processed Meat Products and, Processed Fruits and Vegetables.

The study groups preparing the working papers were composed of officers from both departments, working at the federal level on identifying domestic and international market opportunities, and recommending policies, programs and specifications which would help Canadian agriculture.

This study has been prepared to assist discussions on the best means to further develop export markets for Canadian agricultural products. The views expressed are those of the study group, largely based on interviews with members of the industry and hog marketing boards and commissions. They are not necessarily the views of the Department of Industry, Trade and Commerce, Agriculture Canada, nor of the Export Market Development Task Force.

The Task Force will discuss this study with provincial and federal officials, to establish how government and industry should best proceed to develop Canada's agricultural exports.

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1.0 Introduction

Following a meeting of Federal and Provincial Ministers of Agriculture in early 1978, the Federal Deputy Ministers of Agriculture Canada and Industry, Trade and Commerce established the Export Marketing Development Task Force. Mr. C. Stuart, Director General, Agriculture, Fisheries and Food Products Branch, Industry, Trade and Commerce, and Mr. P.W. Couse, Director General, Market Development Directorate, Agriculture Canada, were appointed to lead the Task Force.

The task force leaders directed that a number of working papers be prepared, of which this, covering processed meat products, is one.

For the purpose of this study "processed meat products" includes all cured, smoked, and/or cooked meat, sausages and luncheon meats of all types, and canned hams, bacon, sausages, wieners, luncheon meats and stews.

Sections 1.1 to 1.3 give a broad introduction to the study.

1.1 Study

The study itself has included a series of interviews with officials of several Provincial Governments, members of hog marketing boards and commissions, and representatives of the industry. A list of those interviewed is attached as Annex I.

In addition a review of existing literature, statistical material and published tariffs has been undertaken. Extracts are attached as annexes and relevant references are included in the text.

1.2 Historical Review

"Canada's export trade in processed meats probably began in 1860 when William Davies of Toronto made a trial shipment to his brother in England of eight boxes of bacon containing forty-two Wiltshire sides. Forty years later this had grown to an annual Canadian volume of one hundred million pounds".⁽¹⁾ Shipments to Great Britain continued on a varying scale until the early 1950's, when Denmark virtually appropriated this market for herself. This export trade was largely responsible

(1) "A Quarter Century of Development in the Canadian Hog and Bacon Industry". H.K. Leckie

for the development of the characteristics and quality of the Canadian hog.

In the early part of this century trade in pickled product developed in the Caribbean area. There is a substantial market for the so-called "barrelled" pickles products such as pork tails, snouts, riblets, and beef plates and navels. Most of this product is now shipped in 35 lb. pails. Trade is well established, and it only remains to ensure that all interested meat packers are aware of market opportunities.

In the years following World War II Canadian meat packers began to venture into the U.S. market in selected areas, chiefly California, the heavily populated Eastern seaboard, Chicago and environs, and the Pacific Northwest. Export volumes in processed product fluctuated widely from year to year.

In more recent years sales have been made to various Pacific Rim countries, the Middle East, Europe, Africa, Central and Southern America and Australia, but volumes have never been large, and in many cases have been the result of disposal of processed product manufactured under one of the Agricultural Stabilization programmes.

1.3 The Industry

The processed meat manufacturing industry is widely distributed across Canada. It is composed of a large variety of firms, ranging in size from extremely small operations employing less than ten persons to large companies with several hundred employees at any one location. Some of these companies have developed their processing operation as an off-shoot of an original livestock slaughtering activity, in order to round out their product line in the market place, or, in the early days, to prevent spoilage and increase shelf life, or to capitalize on the availability of by product from their slaughter operations. Others have developed their business through seeing the need for, and having the expertise to produce, specialized processed meats for specific markets. Ethnic tastes have played a large part in this type of development. The sale of these products has expanded rapidly as Canadians generally have acquired a taste for them. As demand has increased, manufacturers have tended to widen the range of the products they have produced.

Many companies presently producing processed meat products have little or no interest in attempting to develop export markets. Company size seems to have had no bearing on the decision, rather, it appears to be linked to their perceived place in the domestic market, or to their desire to consolidate that position before considering exports, or to a disinclination to become involved in the intricacies of export documentation, labelling, shipping problems, inspection requirements, distribution, agent appointment, etc.

At the same time, those Canadian companies with the best track record in export markets are not necessarily the largest. Some medium to small sized firms have an enviable performance and have managed to structure their growth in part on their export marketing successes.

2.0 Current Industry Status

Statistical information regarding the Canadian processed meats industry is almost non-existent. Table No. 1 gives Net Distributive Sales for sweet pickled and smoked meats, and total shipments both domestic and export, of most processed meats for the past three years. These figures are from a discontinued publication, Statistics Canada Catalogue 32-020.

TABLE 1

CANADA

Net Distributive Sales - Domestic only

000 lbs

	<u>1978</u>	<u>1977</u>	<u>1976</u>
Sweet pickled meats	43,341	45,330	47,982
Smoked meats	329,475	318,346	297,575

Total Shipments - Domestic and Export

000 lbs

	<u>1978</u>	<u>1977</u>	<u>1976</u>
Sausages, fresh/frozen	68,802	72,364	76,032
Wieners	126,474	137,072	138,115
Bologna	73,248	61,196	64,851
Dried Sausages	14,392)		
Specialty Sausages whole	55,926)	92,987	99,370
Specialty Sausages sliced	22,399)		
Hams, cooked piece	20,019)	30,909	24,192
Hams, cooked sliced	10,529)		
Other Cooked meats	29,175	54,420	53,172
Meat & Poultry pastes	13,205	6,941	4,596
Meat pies	17,942	N/A	N/A
Other meat preparations	32,796	34,810	30,919
TOTAL	<u>484,907</u>	<u>490,699</u>	<u>491,247</u>

	<u>1978</u>	<u>1977</u>	<u>1976</u>
<u>Canned</u>			
Meats, stews, dinners etc.	36,779	42,074	43,050
Meat & Poultry pastes	5,614	6,703	6,610
Canned beef	4,753	2,261	4,763
Pork Luncheon meat	10,304	9,507	10,419
Hams	15,416	16,247	13,836
Pork, other	9,577	8,915	10,020
All other meats	13,339	4,799	3,960
TOTAL canned	<u>95,782</u>	<u>90,867</u>	<u>94,707</u>

Source: Statistics Canada Cat 32-020 Selected meat and Meat Preparations.

(No longer published)

Domestic sales of sweet pickled meats declined steadily from 1976 through 1978. This may reflect changing consumer demand or changed pricing policies by chain stores at the retail level. (In past years chains featured sweet pickled meats as advertised specials - loss leaders)

Total shipments of processed product, other than canned, also have declined during the period under review. Reduction in sausage shipments may be due to either the price structure relative to other alternatives or to the effects of publicity regarding fat in the diet or diet-conscious consumers. The large decline in wiener sales is almost certainly due to the change in demographic structure.

Due to the change in reporting method between 1977 and 1978 it is impossible to compare the figures reported under "Other cooked meats", "Meat and Poultry pastes" and "Meat Pies". If these three categories are combined, there is a decrease of 1.039 million pounds from 1977 to 1978.

In the case of canned meats, the declining trend from 1976 to 1977 has been reversed in 1978, but, at the same time, there has been a marked change in the type of product produced.

Table No. 2 gives somewhat comparable figures for the U.S. industry. These figures should be reviewed in the light of the relative human populations of the two countries (an approximate ratio of 10:1). Some marked differences and similarities may be noted. Production of cured (smoked, dried) product increased 7.0% from 1976 to 1978 compared to an increase in Canada of 7.9%. Fresh sausage production has increased substantially, whereas Canadian production has declined. Wiener production in the U.S.A. has declined only about 2% compared to 8.5% in Canada. Consumption of canned hams and canned meats generally is much higher per capita in the U.S.A. than in Canada.

However, comparison of these two tables only gives part of the picture. For example, in 1977 the U.S.A. domestic production of canned hams totalled 275,666 thousand pounds, while at the same time imports of canned hams from all sources totalled 252,127 thousand pounds. In that same year Canadian canned ham production totalled 16,247 thousand pounds, while imports totalled 1,542 thousand pounds. These, and other aspects of the market are explored in detail later in this paper.

TABLE 2

U.S.A.

Meat Products Processed Under Federal Inspections

	<u>000 lbs.</u>		
	<u>1978</u>	<u>1977</u>	<u>1976</u>
Cured Meats(1)	4,560,589	4,451,992	4,260,410
<u>Smoked, Dried or Cooked</u>			
Hams	1,597,876	1,518,662	1,423,480
Bacon(2)	1,562,316	1,574,055	1,528,774
Other Pork	534,616	539,078	611,091
Beef	300,054	280,086	N/A
Other Meats	284,652	235,402	N/A
Convenience Foods (Pizza, Pies, Dinners etc.)	1,563,298	1,425,362	N/A
Sausage, fresh	991,189	851,382	932,977
Sausage, dried or Semi-dried	329,302	311,001	301,519
Wieners	1,509,177	1,561,949	1,534,947
Bologna	804,808	822,915	881,125
Other Sausage	362,957	309,909	322,300
Sliced Bacon	1,417,686	1,387,636	1,373,322
Other Sliced Product	1,598,904	1,425,195	1,061,262
Canned Hams 3 lbs/DN	11,355	16,245	41,768
3-6 lbs	168,016	171,983	147,368
6 lbs/UP	92,620	87,438	61,586
<u>TOTAL Canned Hams</u>	<u>271,991</u>	<u>275,666</u>	<u>250,992</u>
Other Pork	15,673	18,260	10,337
Luncheon Meat	278,572	264,947	247,097
All other Canned Meats	<u>1,770,117</u>	<u>1,723,108</u>	<u>1,898,944</u>
<u>TOTAL Canned Meats</u> (incl. Hams)	<u>2,336,353</u>	<u>2,281,981</u>	<u>2,407,370</u>

(1) Includes Product shown as Smoked, Dried, Cooked

(2) Includes Sliced Bacon

N/A Not Available

Source: U.S.D.A. and A.M.I.

The survey of the industry undertaken in preparation for this report indicated that the industry is keenly aware of the need to press for new markets and to develop those markets in order to expand their production base and improve efficiency.

3.0 Export Markets

The main export markets available to Canadian producers of processed meat products would appear to be the U.S.A., the Pacific Rim countries, the EEC and the Caribbean. While product has been sold in other areas, these would appear to be of lesser importance. Annex II shows Canadian processed meat exports by country of destination for the past six years. These are shown by specific commodity as reported by Statistics Canada. In reviewing these tables it must be remembered that the substantial sales of canned meat and meat preparations (Commodity Classification 17-99) in the years 1975 and 1976 are due to the disposal of product canned under the beef stabilization support plan in the first four months of 1975.

In many areas it should be noted that Canadian exports have declined or ceased. Much of this trend is due to

import restrictions imposed by the various countries in an attempt to either reduce the outflow of currency or to encourage and establish their domestic industry. This is particularly true of the Caribbean.

In an endeavour to simplify analysis of the various markets they will be dealt with separately.

3.1 United States of America

The United States is obviously the most likely market for Canadian processed meat products. Commonality of taste preferences, types of product, methods of marketing, language and styles of living; relative equality of income levels and disposable income; proximity to the market and ease of shipping; all these should conspire to promote sale of Canadian product. The fact that this has not, to any large degree, occurred, is worth examination. The discussion is handled in the following paragraphs under separate topics.

3.2 General Background

While the history of Canadian processed meat exports goes back considerably beyond the period immediately after World War II, it was not until the early 1950's that Canadian meat packers seriously attempted to enter the U.S. market on a sustained and continuing basis. The first products to gain acceptance in any volume were "Canadian bacon" (sliced smoked boneless backs), side bacon and canned hams. Export volumes developed slowly but steadily on these items in some localized specific areas, chiefly California, the Chicago area and the Eastern seaboard. Market position was eventually lost for a variety of reasons. U.S. packers developed "Canadian style" bacon which they were able to produce and market more cheaply and the Danish and Dutch processors took over the canned ham market with their cheaper (state subsidized) product. In addition they maintained aggressive marketing campaigns which Canadian processors either could not afford to match or were disinclined to attempt to do. Later the

Comecon¹⁾ countries appropriated a very large share of the canned ham business from the Danish and Dutch originators.

Other reasons for the decline in Canadian exports in these three products were U.S. customs and USDA meat inspection procedures; failure to treat the market as an extension of the domestic market, reduced supplies of livestock forcing Canadian prices above those in the U.S.A.; the effects of the "protein crisis" of 1973; the opening up of the Japanese market for fresh frozen hams and backs making a better return for these cuts available to the Canadian packer than he could obtain in the processed product market; higher wage rates in Canada than the USA in the meat packing industry; periods when the Canadian dollar was at a premium over the U.S. dollar; and insufficient livestock supplies in Canada for the domestic market forcing Canada into an import position rather than the traditional export position, for red meat.

1) 'Comecon' refers to those countries that are members of the Council for Mutual Economic Aid - basically those countries of Eastern Europe with state controlled economies plus Mongolia, Yugoslavia and Cuba.

During this same period several firms developed the market for dinner hams, which, because of their size, lean-ness, and general quality, quickly gained acceptance in several market areas. There was not, at that time, a U.S. domestic product equivalent to the Canadian import, but the U.S. industry moved fairly quickly to develop it, and with strong emphasis on mass marketing techniques soon took over the market for this product. At the same time, the factors noted in the previous paragraph all played their part.

At the same time, however, and in subsequent periods, Canadian exports of sausage of all kinds, cooked (boiled) hams, and certain types of luncheon meats, began to appear in some markets, mostly down the western coastal states. Sales of this type of product have continued steadily, and those firms engaged in this trade seem to have established a foothold in the market, although volumes are not large by total industry standards.

Some successes have been achieved by companies specialising in "ethnic" products: Chinese style pork sausage; German type sausages such as thuringer, bratwurst, braunschweiger, etc.; Italian type sausages

TABLE 3 -LIVESTOCK, MEAT, AND MEAT PRODUCTS: U.S. IMPORTS, PRODUCT WEIGHT BASIS,
ANNUAL 1972-77

Commodity	1972	1973	1974	1975	1976	1977 1/
-----Metric tons-----						
Red Meats:						
Beef and veal:						
Fresh, frozen or chilled:						
Beef, bone-in.....	5,589	8,581	4,836	3,426	9,545	9,293
Veal, bone-in.....	16,388	14,273	13,850	11,050	9,992	10,839
Beef, boneless.....	567,648	586,120	469,049	533,375	560,211	540,964
Beef and veal, prepared items.....	11,047	2,717	1,541	1,237	7,655	3,798
Canned:						
Corned.....	36,349	31,718	30,353	24,049	45,285	34,148
Other, including beef sausage.....	9,219	10,875	12,267	4,888	8,616	8,977
Prepared and preserved.....	25,471	24,617	20,517	18,329	30,979	25,618
Total beef and veal 2/.....	671,711	678,901	552,414	596,354	672,284	633,636
Pork:						
Fresh, or frozen.....	29,207	28,303	21,599	14,917	11,192	12,215
Hams and shoulders.....	136,095	140,051	131,494	126,333	121,514	114,364
Bacon.....	3,782	2,573	2,751	1,498	2,689	2,019
Sausage.....	2,684	2,786	2,425	1,944	2,094	2,209
Pickled or salted.....	7,286	7,057	5,926	3,696	6,541	4,539
Total pork 2/.....	179,053	180,771	164,195	148,389	144,030	135,346
Lamb, mutton, and goat:						
Fresh or frozen:						
Lamb.....	16,914	12,380	8,079	11,166	15,546	9,543
Mutton and goat.....	25,209	5,904	1,760	504	403	342
Total lamb, mutton, and goat 2/.....	42,123	18,284	9,839	11,670	15,949	9,885
Mixed sausage.....	2,810	2,319	2,166	1,294	1,359	1,387
Other meats.....	6,937	5,902	4,963	5,126	4,753	3,725
Total sausage and other meats.....	9,747	8,221	7,129	6,420	6,113	5,111
Total red meats (excluding horse meat) 2/.....	902,635	886,177	733,577	762,833	838,375	783,979
Meat for animal food:						
Horse meat, edible and inedible.....	8,983	3,443	1,511	523	600	228
Other.....	16,287	15,513	6,749	7,501	3,124	1,082
Total meat for animal food.....	25,270	18,957	8,260	8,025	3,724	1,309
Byproducts:						
Variety meats.....	3,570	3,269	2,671	2,534	2,427	2,591
Lard.....	114	7	140	46	36	0
Tallow and greases.....	2,600	6,828	7,187	8,005	4,777	3,099
Meat extract.....	419	701	331	193	350	317
Wool (clean basis):						
Apparel.....	11,245	8,891	5,352	7,532	17,413	15,503
Carpet.....	35,590	18,459	6,877	7,721	8,653	8,517
Total wool 2/.....	43,835	27,350	12,230	15,253	26,066	24,021
Animal hair (clean basis).....	1,931	1,615	1,039	1,078	1,565	1,230
Hides and skins: 3/						
Cattle parts.....	573	470	459	151	548	492
Sheep and lambs.....	4,385	3,185	823	564	971	2,252
-----Thousand pieces-----						
Cattle, calf, kip, and buffalo.....	862	1,380	1,088	1,254	1,135	1,088
Goat and kid.....	3,355	1,624	583	879	1,255	1,137
Sheep and lambs.....	16,852	12,894	15,732	15,520	16,615	15,468
Horse.....	194	39	46	28	49	50
Pig.....	353	1,786	2,651	1,086	1,126	348
Other.....	563	514	317	229	212	270
Total hides and skins 2/.....	22,179	18,287	20,417	18,996	20,392	18,361
-----Head-----						
Live animals:						
Cattle.....	1,186,476	1,038,985	568,271	389,319	983,844	1,133,279
Sheep, lambs, and goats.....	13,790	9,516	900	3,499	4,607	3,546
Hogs.....	89,032	87,615	196,347	29,768	45,577	43,030
Horses, asses, mules, etc.....	3,229	3,349	3,719	9,179	10,047	11,321

1/ Preliminary. 2/ May not add due to rounding. 3/ Excludes furskins.

Source: Bureau of the Census

such as mortadella, salami, and pepperoni; Italian type dried or cooked products such as capicola. Where these have been established, repeat business appears to develop on a regular, if unspectacular, scale. In section 2.0 "Current Industry Status" some reference has already been made to the relationship between U.S. domestic production and imports. However, it should be further emphasised here that Canadian exports to the U.S.A. in any recent year of any one processed meat product represent an almost infinitesimal percentage of the U.S. domestic production. Using the figures from Table 2 and from Annex II for the years 1977 and 1978, the following picture emerges:

Canadian exports as a
percentage of U.S. production

	<u>1978</u>	<u>1977</u>
Bacon	0.03	0.03
Hams cured/smoked	0.05	0.02
Pork other cured/smoked	0.04	0.02
Sausage, fresh, frozen	0.06	0.05
Sausage, cured	0.13	0.10
Cooked Ham	0.00	0.00
Canned Ham	0.00	0.00

In addition, reference to Table 3 "U.S. Imports, product weight basis, annual 1972-77" shows a steady decline of imports from all countries of processed meat products. This trend is not confined to processed meats, however, as imports of all red meats have declined during the period reviewed. Several factors are responsible, among them an increase in U.S. domestic production, and more stringent health and sanitation regulation enforcement.

Table 4 shows, for the years 1976 and 1977, U.S. imports of processed meat products by country of origin. Canada is shown as a significant supplier in only three product groups, bacon, sausage, and mixed sausage. For all other products, those of Canadian origin are included in "other countries". By far the largest portion of U.S. imports of these products originates in Eastern European or E.E.C. countries. Exports from all those countries are subsidized either directly or indirectly by the state. Until December 31st, 1978 the U.S.A. had a law in place which waived countervailing duty on imports of subsidized product. As at January 1st, 1979 this law was allowed to lapse so that, in theory at least, the U.S.A. would impose countervail duties equal to the amount of subsidy on imports. It was at first unclear as to whether or not this was being done. It may be

that no action was being taken pending the completion of GATT negotiations. Latest information available indicates that the USA has now renewed the waiving of countervail on food products.

During the years 1972 to 1977 U.S. Exports of these same products have also shown a dramatic rise, as illustrated in Table 5. The most significant increases are in the categories of sausage products and canned meats of all types. It is reasonable to assume that the pattern of Canadian exports should follow that of the U.S.A.

TABLE 4 LIVESTOCK, MEAT AND MEAT PRODUCTS: U.S IMPORTS, PRODUCT WEIGHT BASIS
BY COUNTRY OF ORIGIN ANNUAL 1976-77

Commodity imported and: country of origin			:	Commodity imported and: country of origin		
		1976	:			1977
			:	Metric tonnes		
<u>Smoked, Cooked or Canned</u>			:	<u>Canned beef</u>		
<u>Hams and shoulders:</u>			:	<u>Corned:</u>		
Denmark.....	38,195	39,755	:	Argentina.....	20,874	16,407
Poland.....	34,419	32,291	:	Brazil.....	21,113	15,147
Yugoslavia.....	13,701	15,585	:	Paraguay.....	2,990	2,045
Netherlands.....	23,880	14,901	:	Other countries.....	308	549
Hungary.....	5,124	5,857	:	<u>Total.....</u>	<u>45,285</u>	<u>34,148</u>
Romania.....	3,058	3,640	:	<u>Other canned beef</u>		
Czechoslovakia.....	637	716	:	Argentina.....	7,563	8,084
Fed. Rep. of Germany:	363	492	:	Brazil.....	295	403
Belgium-Luxembourg..:	120	435	:	Paraguay.....	615	366
Other countries.....	2,017	692	:	Italy.....	114	55
<u>Total.....</u>	<u>121,514</u>	<u>114,364</u>	:	Other countries.....	29	69
			:	<u>Total.....</u>	<u>8,616</u>	<u>8,977</u>
<u>Bacon:</u>			:	<u>Beef prepared or preserved:</u>		
Hungary.....	1,489	1,112	:	Argentina.....	14,663	11,894
Romania.....	858	619	:	Brazil.....	11,719	11,011
Canada.....	190	173	:	New Zealand.....	1,051	1,285
Other countries.....	152	115	:	Denmark.....	1,351	1,012
<u>Total.....</u>	<u>2,689</u>	<u>2,019</u>	:	Australia.....	1,868	273
			:	Other countries.....	327	143
<u>Sausage:</u>			:	<u>Total.....</u>	<u>30,979</u>	<u>25,618</u>
Canada.....	1,315	1,225	:			
Denmark.....	722	915	:			
Other countries.....	57	69	:			
<u>Total.....</u>	<u>2,094</u>	<u>2,209</u>	:			
			:			
<u>Pickled or salted:</u>			:			
Poland.....	2,900	1,782	:			
Romania.....	1,597	1,699	:			
Denmark.....	605	590	:			
Netherlands.....	992	277	:			
Other Countries.....	447	191	:			
<u>Total.....</u>	<u>6,541</u>	<u>4,539</u>	:			
			:			
<u>Mixed sausage:</u>			:			
Denmark.....	887	849	:			
Canada.....	261	448	:			
Fed. Rep. of Germany:	118	77	:			
Other countries.....	93	13	:			
<u>Total.....</u>	<u>1,359</u>	<u>1,387</u>	:			
			:			
<u>Other meats:</u>			:			
Denmark.....	2,685	2,418	:			
France.....	591	561	:			
Netherlands.....	61	222	:			
Rep. of China.....	117	177	:			
Other countries.....	1,299	347	:			
<u>Total.....</u>	<u>4,753</u>	<u>3,725</u>	:			

Source: Bureau of the Census
Foreign Commodity Analysis, FAS, USDA

TABLE 5 LIVESTOCK, MEAT AND MEAT PRODUCTS: U.S. EXPORTS, PRODUCT WEIGHT BASIS, ANNUAL 1972-77

Commodity	1972	1973	1974	1975	1976	1977 ^{1/}
-----Metric tonnes-----						
Red meats:						
Beef and veal:						
Fresh or frozen.....	19,625	32,380	21,292	20,363	36,093	40,982
Pickled or cured.....	4,032	3,510	1,658	329	462	517
Total beef and veal ^{2/}	23,658	35,890	22,950	20,693	36,555	41,499
Pork:						
Fresh or frozen.....	36,798	65,071	35,289	82,028	128,895	116,282
Cured not canned:						
Hams and shoulders.....	1,526	2,768	3,014	4,155	3,041	2,941
Bacon.....	1,531	1,015	797	575	1,028	1,216
Other.....	3,934	2,857	2,920	3,709	3,422	2,919
Canned, dried, salted, and smoked.....	1,243	1,179	902	686	1,114	1,810
Total pork ^{2/}	45,032	72,889	42,922	91,153	137,500	125,168
Lamb, mutton, and goat (except canned)...	588	787	1,152	1,305	1,403	1,755
Sausage, bologna, and frankfurters:						
Except canned.....	1,098	1,366	1,196	1,352	1,366	1,710
Canned.....	711	1,197	1,154	885	1,157	1,716
Total sausage, bologna, and frankfurters ^{2/}	1,809	2,562	2,350	2,237	2,523	3,426
Other meat products:						
Except canned.....	1,278	1,954	1,240	508	658	525
Specialties canned.....	606	822	2,222	2,101	3,101	1,075
Other canned.....	3,590	4,400	5,555	3,051	3,905	6,598
Total other meat products.....	5,474	7,176	9,017	5,660	7,664	8,198
Total red meats (excluding horse meat) ^{2/}	76,560	119,304	78,392	121,048	185,644	180,047

^{1/} Preliminary. ^{2/} May not add due to rounding.

TABLE 6

U.S. PRODUCTION AND IMPORTS, PROCESSED PRODUCTS 1977

	<u>Production</u>	<u>000 lbs</u> <u>Imports from</u> <u>all countries</u>	<u>Imports from</u> <u>Canada</u>
Ham, Shoulders	2,057,750	252,127	-
Bacon*	1,574,055	4,451	381
Other Sliced	1,425,195	-	-
Sausage	4,778,246	7,531	3,688
Canned**	1,992,000	-	-
Pickled, salted	-	10,007	-
Other	-	8,212	-
TOTAL	<u>11,827,236</u>	<u>282,329</u> (2.39%)	<u>4,069</u> (0.03%)

* Includes sliced bacon

** Excludes less than 20% meat products

Import categories do not match those of production column due to method of reporting and publishing.

During the past six years sales have been made of bacon, ham, other cured and smoked pork products, fresh and fresh frozen sausage, cured sausage, cooked ham, cooked and prepared meats, canned hams, other canned pork, canned sausage and canned meat and meat preparations. Volume has not been heavy in any category in any one year, and in the case of the cured/smoked items annual volume closely parallels the hog cycle: rising with increased hog production and falling as it declines. It is of course true that hog market prices are lower at peak levels of hog production, and, in consequence, prices of finished product would trend lower, permitting easier market penetration.

3.3 Market Size

The population of the USA, at some 230 million, is roughly ten times that of Canada. Livestock populations also reflect this ratio. Production capabilities for processed meat products are of the same order. However, study of Table 3 reveals that the market is not self sufficient and that these are substantial imports of canned hams and picnics, bacon, sausage and cured and smoked meats. There are substantial 'ethnic' populations in various areas of the USA with strong demand for European style products of various types, for most of

which there are existing Canadian production capabilities.

3.4 Market Areas

As mentioned previously the chief market areas which have been the targets of Canadian exporters are the Northwest Pacific States, California, the mid-west area centred on Chicago, and the Eastern seaboard from Boston to Washington including those portions of the states bordering on lakes Erie and Ontario. This emphasis has been because these areas are more readily served by truck transport and are conveniently accessible to Canadian processors. There is no reason why these areas should not continue to be of prime importance as export markets, both because of these factors and because of the high density of population. At the same time, Canadians must realize that these markets will also be those in which they will encounter the most aggressive competition and in which they will have to exercise considerable marketing expertise and market support if they are to be successful.

In recent years there has been more awareness of the potential of Florida and perhaps Texas as export markets. In the case of the former there are reasonably good truck transport facilities from Central and Eastern

Canada, high density population plus a heavy tourist influx in the winter months, many of whom will be familiar with Canadian product, and high per capita disposable income levels. In the case of Texas, strong claims can be made for exports due to high income levels and good population density in the major cities, and reasonably good knowledge of Canadian brand names (due to the oil connection), but there are some problems in transporting product to the market.

Some arguments have been advanced for the export of French Canadian produced product to Louisiana, but to date little or no development has taken place. Truck transport would seem to be the greatest problem.

3.5 Marketing

It has become apparent over the years that one of the major reasons for Canadian firms to fail in the U.S. market has been their unwillingness, or inability, to treat the U.S. market as similar to, or indeed an extension of, the domestic Canadian market. Experience during the post World War II years has shown that the U.S. market, more so perhaps than any other world market, demands a commitment in terms of product quality, product supply, marketing technique

and development of long term goals which must not be undermined or destroyed by short term conditions or expediency. Admittedly, some of the short term conditions which have caused Canadian exporters to lose their market in the U.S.A. have been beyond their control.

In the past there has been an attitude of opportunism prevalent in Canadian circles, rather than one of planning and commitment to export to the U.S. market. This particular aspect of exporting has not been discussed in the review of other market areas in this report, but is relevant in each of them to a greater or lesser degree. While many firms have an 'export manager' they often do not have the necessary back-up staff or the budgeted funds to support a sustained export drive. One major firm recently disbanded its export sales organization, partly as an economy cut but partly also due to the lack of livestock supply in those areas in which it had its major slaughtering facilities. While it is still exporting, nevertheless it has apparently downgraded its export marketing emphasis.

Encouragement to the industry, in the form of livestock production commitment in the long term, would be helpful in enabling the development of export marketing programmes.

3.6 Factors in Exporting to the U.S.A.

From discussions with industry members, potential U.S. importers, and from the study leaders own experience, several factors have emerged as being of vital importance to success or failure in the U.S. market. Most of them are identical to factors for success in domestic marketing.

Potential exporters to the U.S.A. must:

- Be prepared to offer product of a known consistent quality, preferably, but not necessarily, equal to that sold domestically.
- Be prepared to engage in promotional activity for the product in the market area.
- Be prepared, from time to time, to meet competitive pricing structures of like product - domestic or imported.
- Make firm commitments on quantity of product to be delivered into a market area on a regular basis and to ensure delivery on schedule - which may entail carrying warehouse stocks in any given market area.

- Ensure that agents and/or distributors properly carry out their prescribed functions in the market area.
- Maintain contact on a regular basis with customers in the market area by regularly scheduled visits.
- Deal immediately with product complaints.
- Ensure that product destined for the export market is not product rejected for sale in the domestic market.
- Ensure proper rotation of any warehouse stocks.
- Treat the export market always as a legitimate extension of the domestic trade with adequate personnel to supervise and coordinate export and domestic production and marketing.

Of prime importance in all of the foregoing must be a sense of commitment to the export market, a willingness to begin operations at a low level of volume and to expand that volume as the market develops, but always within the capabilities of the exporting manufacturer. While exports to the U.S.A. should be regarded as opportunities to trade, they should not be regarded as opportunistic ventures in the sense that short-term quick profits can be made at the expense of long term

market development. (This of course is true in any marketing programme.)

3.7 Requirements of U.S. Market

In order to enter the U.S. market, a potential exporter must:

- Submit product labels and descriptions to the U.S.D.A. for approval prior to commencing exporting.
- Ensure that his manufacturing premises are U.S.D.A. approved on a continuing basis.
- Ensure that his products meet ingredient standards requirements of U.S.D.A. and F.D.A.
- Arrange shipping schedules so that sufficient time is allowed for inspection and inspection sampling procedures at border points or at destination.
- Arrange for a qualified and reliable customs broker to handle border clearance procedures and documentation.
- Ensure that full documentation (invoices, bills of lading, MHD inspection certificates, etc.) accompany shipment.

3.8 Constraints

There are several constraints against exports of processed meat products to the U.S.A., some of which have already been alluded to either directly, or in other contexts. Those that are referred to most frequently by the industry, not necessarily in order of importance are:

- Label approval. The procedure is lengthy and time consuming and labels approved for use in Canada are not necessarily acceptable in the U.S.A. In addition, all Canadian labels must be bilingual, and in some areas of the U.S.A. this has been alleged to be detrimental to sale to the consumer. In consequence, Canadian manufacturers often find it needful to develop new labels for identical products to those already being marketed on the domestic market. This results in varying degrees of added expense as label design, and printing plates may have to be changed, and labels (packages) could be more expensive due to limited runs not co-ordinated with or part of domestic label production. This factor alone has caused several potential exporters to think twice about entering the U.S. market. A plea made by many firms was for uniformity in labelling between Canada and the U.S.A. They felt that the problem of bilingual labels

was of less importance and could be overcome in the market place - even in some areas by suggesting the 'difference' of an imported product.

- At the present time all plants exporting to the U.S.A. must undergo regular inspection by U.S.D.A. officials in addition to the ongoing daily inspection by Canadian MHD inspectors and the overall semi annual review by senior MHD staff. The U.S.D.A. inspections are required by U.S. Law. However, the industry feels that Canadian regulations and inspection standards are equal to or superior to U.S.D.A. requirements and that steps should be taken to eliminate this procedure as unnecessarily time consuming and expensive.

- Analysis procedures for determining sulfa residues etc., particularly after residues have been detected in a previous shipment.

Recent problems with product ingredients such as nitrites, and the differing standards currently existing in both countries, together with concern as to future regulations, are, in the opinion of most industry personnel consulted, detrimental to trade. Coordination and unification of standards was felt to be of highest priority.

Current implementation of regulations concerning such matters as residues of sulfa drugs in pork products, over which the manufacturing industry has no control, are proving to be serious deterrents to trade.

Industry is demanding prompt action to eliminate such problems.

- Availability of refrigerated trucking space and suitable connecting transfers to destination when needed. The chief problem here is that the Canadian transportation system is designed to function on an East-West axis, whereas the export market demands a North-South axis.

Several firms indicated that transport facilities from their plant to market areas in the U.S. were far from adequate and that, in many instances, rates charged were higher than those for similar hauls within the U.S.A., thus placing them at a competitive disadvantage even with product landed from other countries at U.S. seaports.

- U.S.D.A. border inspection procedures are costly and time-consuming, and often result in unnecessary damage and spoilage to shipments.

Border inspection by the U.S.D.A. was the source of the greatest amount of comment by the industry. Current procedure is as follows. On arrival at the border point (providing this is during U.S.D.A. staff working hours), the U.S.D.A. inspector reports all details of the load to the nearest computer terminal of the U.S.D.A. system. He is then advised, as a result of computer calculations, which boxes of which product in the load are to be withdrawn on a random sampling basis for inspection. This procedure usually results in the unloading of the entire load to obtain the samples. The sample boxes are then inspected visually and samples withdrawn for chemical/biological testing, if so required. If no irregularities are found during the visual examination, and provided that the shipment is from a plant not under special testing procedures due to prior residue problems or ingredient irregularities, the product is then reloaded in the shipping vehicle and given a provisional clearance to proceed. (Future shipments may be held up if chemical/biological analyses discover violations of U.S. regulations.) This whole procedure involves lengthy delay and often damage to

boxes and contents through mishandling or un-necessary rough treatment. While procedures are identical at all border points there seems to be much better treatment at some than at others i.e. speedier handling, less physical damage and less mixing up of individual orders within the loads. When, as often happens, individual orders are mixed, this necessitates re-sorting of the whole load at destination. The procedure increases shipping costs materially, as drivers' time door-to-door is increased over straight driving time, equipment is held on non-productive time while inspection is being awaited and carried out, and refrigeration and handling costs are higher than on door-to-door delivery.

- All delays in shipping contribute to a real reduction in product shelf-life, particularly when production or expiry dating procedures must be followed.

- Tariffs. There have been problems from time to time with U.S. tariff application to product. U.S. tariffs have also been higher than corresponding Canadian tariffs.

- Variations between Canadian and U.S. legal requirements regarding maximum content of particular additives.

- One problem that was not discussed but which may become very real in 1980 was the effect of metrication on consumer packages. Equipment will be converted to metric mass packaging and will then be incapable of simultaneously producing product packed in pounds or ounces. Normal product "runs" in Canada are such that it would likely be prohibitive from a cost of production viewpoint to switch over (even if feasible) to run product for the U.S. market. Equally, it is very unlikely that metric sizes could be sold in the U.S., as straight mass conversion from grams to ounces would give odd decimal ounce packages to compete with U.S. domestic packed product.

4.0 Pacific Rim Countries

There is no doubt that exports of certain types of processed meat products to some Pacific Rim countries are severely limited by several factors, such as:

- Inadequate refrigerated storage and distribution systems
- Standards of living and average gross annual income
- Unfamiliarity with product and "non-Westernization" of diet.
- Cost of product relative to other alternatives.

In those areas where a demand exists for processed meat products, such products need to be imported in shelf stable canned form. Canada has exported product in this category to a number of countries in the Pacific Rim area, but there does not appear to have been a consistent pattern to such exports. A study of Annex II will quickly reveal this fact and also will highlight the extent and limitations of Canadian exports in recent years.

A brief analysis of each market area follows.

4.1 Australia and New Zealand

While at one time there appears to have been a substantial market in Australia for canned hams and canned picnics (canned pork n.e.s.), exports were made almost entirely by one company, which has now gone out of business. Escalating Canadian market prices for the raw material, fresh or fresh frozen hams and picnics, tended to price the product out of the Australian market because of the premium that would be required over alternative choices of domestically produced beef and pork. This specific comment applies equally in most markets for Canadian processed meat products. There appears to be little or no demand in either Australia or New Zealand for other Canadian processed meats.

4.2 Malaysia and Singapore

Extremely limited sales have been made to these two market areas in recent years. The largest volume shipped to Singapore in 1978 is canned meat product of relatively low value. Both these market areas are struggling to develop their own livestock and meat industries and are also much more easily serviced from Australia.

Shipment from Canada to this area is difficult because of lack of transportation facilities, the need to trans-ship in a second country, and the rigidity of the import regulations regarding such transfer shipment and health and sanitation certification.

4.3 Hong Kong

During the past few years a substantial market has developed in Hong Kong for wieners. It is, however, an extremely price conscious market for this product, and companies participating in the trade have had to produce to an extremely low cost formulation which would unlikely prove to be an acceptable product in other, more discriminating markets. There is some market for Chinese style pork sausage, but again this tends to be a relatively low cost formulation, which lessens its production appeal due to the need to run special batches for this market.

4.4 Japan

Japan would appear to be the most likely market area for Canadian processed meat products, and is certainly the one in the Pacific Rim area in which Canada has shown the most consistent success, although on a very small scale.

Japanese domestic production of processed meats has risen dramatically in the past few years as shown in Table 7, which has been compiled from Japanese statistics. At the same time, imports of these products, as recorded in Table 8, have been steadily declining. Even in 1973, when imports of ham, bacon, and sausage were at an all time high, they amounted to an extremely small percentage of domestic production. Japanese imports of all of these products for 1977 have been tabulated for all countries of origin in Table 9, indicating that Canada ranks eighth with 1.66% of all imports, far surpassed by Denmark with 43.09% of the total. However, with the U.S.A. ranking in second place there would appear to be some hope that, given adequate supplies of raw materials, and the present relative value of the Canadian dollar, Canadian exporters should be able to obtain a far larger share of the market.

TABLE 7

JAPANESE PRODUCTION OF PROCESSED PORK PRODUCTS
ALL FIGURES IN METRIC TONNES

	<u>HAM</u>	<u>BACON</u>	<u>SAUSAGE</u>
1973	137880	11880	129280
1974	134440	16040	129410
1975	137898	16934	143092
1976	154943	18889	160341
1977	176469	24507	177876

TABLE 8

JAPANESE IMPORTS OF PROCESSED PORK PRODUCTS RELATED
TO DOMESTIC PRODUCTION
ALL FIGURES IN METRIC TONNES

	<u>HAM & BACON</u>				
	<u>Production</u>	Change from <u>prev. yr.</u>	<u>Imports</u>	Change from <u>prev. yr.</u>	Imports as % of <u>Production</u>
1973	149,760	- 3.2	3,179	+171.1	2.12
1974	150,480	+ 0.5	2,124	- 33.2	1.41
1975	154,832	+ 2.0	2,126	+ 0.1	1.37
1976	173,832	+12.3	1,743	- 18.0	1.00
1977	200,976	+15.6	1,710	- 1.9	0.85

	<u>SAUSAGE</u>				
	<u>Production</u>	Change from <u>prev. yr.</u>	<u>Imports</u>	Change from <u>prev. yr.</u>	Imports as % of <u>Production</u>
1973	129,280	+ 3.9	1,705	+175.0	1.32
1974	129,410	+ 0.1	1,630	- 4.4	1.26
1975	143,092	+10.6	1,116	- 31.5	0.78
1976	160,341	+12.1	1,086	- 2.7	0.68
1977	177,876	+10.9	1,173	+ 8.0	0.66

TABLE 9

JAPANESE IMPORTS OF HAM, BACON, AND SAUSAGES
BY COUNTRY OF ORIGIN 1977

	<u>Kg</u>	<u>%</u>
Denmark	1,213,380	43.09
U.S.A.	714,693	24.79
Netherlands	452,473	15.69
Australia	153,586	5.33
Sweden	126,325	4.38
Poland	57,866	2.01
Germany, West	51,353	1.78
Canada	47,858	1.66
P.R. China	27,643	0.96
Ireland	22,661	0.79
France	8,460	0.29
Norway	6,585	0.23
Hungary	75	0.23
<u>TOTAL</u>	<u>2,882,958</u>	<u>100.00</u>

TABLE 10

JAPANESE IMPORTS OF PROCESSED PORK PRODUCTS

<u>YEAR</u>	<u>PRODUCT</u>	<u>FROM CANADA</u>		<u>TOTAL</u>		<u>CANADIAN % OF TOTAL</u>	
		<u>kg</u>	<u>1000 ¥</u>	<u>kg</u>	<u>1000 ¥</u>	<u>by wt.</u>	<u>by value</u>
1973	Ham & Bacon	28,926	28,392	3,179,132	2,224,821	0.91	1.28
	Sausage	28,335	24,555	1,705,098	889,641	1.66	2.76
1974	Ham & Bacon	22,246	23,555	2,123,878	1,682,506	1.05	1.40
	Sausage	18,413	13,548	1,629,966	1,041,917	1.13	1.30
1975	Ham & Bacon	2,079	3,220	2,126,119	1,612,720	0.10	0.20
	Sausage	15,900	10,762	1,116,470	758,628	1.42	1.42
1976	Ham & Bacon	2,376	4,394	1,743,484	1,622,297	0.14	0.27
	Sausage	26,752	26,901	1,086,469	765,414	2.46	3.51
1977	Ham & Bacon	4,832	7,809	1,710,371	1,390,430	0.28	0.56
	Sausage	43,026	33,072	1,172,587	754,237	3.67	4.38

Table 10 gives a detailed breakdown, from Japanese official statistics, of Canadian exports of ham, sausage, and bacon to Japan for the years 1973 to 1977 inclusive. Canadian sales of ham and bacon declined dramatically, whereas that for sausage, after a sharp drop from 1973 to 1974, has shown steady improvements since then.

Product destined for the Japanese market must, as a rule, be tailored to Japanese tastes. Japanese generally have a lower salt tolerance than Canadians and salt content of typical Canadian products at about 2.2% is too high. Japanese prefer products with a maximum salt content of approximately 1.7%. This obviously requires special production runs for export, unless the company can successfully market the identical product in Canada: which some firms have seriously considered doing.

With the increasing Westernization of Japanese eating habits, particularly amongst the younger generations, there is some hope that Canadian processed meats could attain some penetration in the market. It has been the Japanese practice in the past to incorporate fish as an ingredient of various products such as wieners and "boneless hams", which by Canadian tradition,

definition, and manufacturing practice, contain only red meat ingredients. With the changes of international fishing regulations fish has become less plentiful and more expensive for the Japanese and there is some speculation as to the effect this will have on Japanese manufacturing practices. There are already indications that manufacturers are seeking alternative or substitutionary ingredients in these products. However, at the same time more "processing" fish is now potentially available for use in Canada. One Canadian company is already in the process of developing a wiener containing fish as an ingredient, and while there are some minor technological problems to be overcome, it would appear to be almost ready to market this product in Japan. It is this kind of concept, the production of processed meats for marketing in a specific market area, which may offer the greatest potential for Canadian exports in the future.

4.5 Constraints against exports to Japan

There are several constraints to exporting processed meats to Japan, and some of them are listed here, with minimal discussion, and not necessarily in order of importance:

- Any product containing more than 20% of beef automatically falls within the Japanese quota system on beef imports and can only be shipped to an importer who has a beef import quota and is willing to use it for the importation of the product in question.

- Labelling as carried out in the country of origin is acceptable but, before sale in Japan, a label in Japanese must be affixed to the package. This is carried out by the importer but it adds appreciably to the product cost.

- All ingredients must be declared to the Japanese Ministry of Agriculture, Food and Forestry and all ingredients must be on the Japanese approved list. If any ingredient is not on this list then the product cannot usually be imported into Japan, even though it meets the requirements of the exporting country.

- The processor must supply the Japanese Ministry of Agriculture and Forestry with all details of product processing. While this is similar to Canadian requirements for imports of this nature, Canadian processors are reluctant to comply with this request, fearing lack of confidentiality by the Japanese recipients of this type of information.

- The very nature of the Japanese food distribution system, in which product passes through the hands of several intermediary firms before reaching the retail level, is felt to increase the cost of imported product disproportionately to that of similar or alternative domestic products. If true, this would unduly increase the price spread at retail between competing domestic and imported product.

- The Japanese tariff system is both complex and, in the opinion of most exporters, inordinately high, thus unduly escalating the cost of imported processed meat products. Some details of the system are to be found in Annex V.

4.6 Other Pacific Rim Countries

Obviously, during the past few years, some exports have been made to the various Oceanic territories, principally that of French Oceania. These are, however, extremely limited markets and there appears to be little or no room for growth. The economy of Indonesia does not, at the present time, seem to be conducive to imports of processed meat products. Further factors which deter Canadian trade are the difficulty of arranging shipping space; the proximity of Australian

and New Zealand processing plants; and their better shipping facilities.

5.0 India, Pakistan and Bangladesh

Distance, shipping problems, religious codes, food handling facilities, and economic and political conditions all tend to make exports of processed meat products to these three countries difficult if not nearly impossible. In the last few years some sales have been made, almost entirely of canned product, and mostly in conjunction with food relief or agricultural stabilization programmes.

6.0 Middle East

Since World War II there have been several attempts by Canadian manufacturers/exporters to establish a foothold in the area loosely known as the Middle East, comprising the various Arab states from the Indian border to the Mediterranean and Israel. Demand has been chiefly for canned meat products. Most attempts have foundered due to either the difficulties of shipping from Canada, product having to be trans-shipped in either the U.K., France, or Italy; or because of credit/financing problem or to the difficulty

of meeting the requirements of ritual slaughter; or to failure of the product to continue to be price competitive in the market due to the supply/cost vagaries of the Canadian market.

As a corollary of the economic development of the oil producing countries in the past few years there would appear to be more opportunity to develop this market, even though the constraints referred to in the preceding paragraph still exist. Study of the exports made in the past six years, as recorded in Annex II, would indicate little progress has been made. Shipments of canned beef luncheon meat made under the agricultural stabilization programme must not, however be regarded as evidence of market penetration.

In recent months information obtained from discussions with some industry members indicates that there has been a resurgence of interest, particularly in the Lebanon, for certain types of dried or cooked sausage products and some canned meats.

It is unlikely that sales will develop for any products containing pork as an ingredient, although very limited sales might develop for canned hams. The latter is dubious in the extreme due to the proximity of canned ham production in Yugoslavia, Rumania and Hungary.

7.0 Africa

The developing nations of Africa are unlikely markets for processed products for most of the same reasons cited for the Pacific Rim countries. In spite of this some shipments have been made in recent years, but other than those under food relief or agricultural stabilization programmes, they have generally been small and are often for the limited market provided by resident Westerners or Europeans. The exceptions to this seem to be the sale of canned meat product to Mozambique and canned hams to Senegal, both in 1978.

These markets should be reviewed to determine the scope of future developments.

8.0 Europe - E.E.C.

While on the surface Europe would seem to be the second or third most logical market for Canadian product, and in the past substantial Canadian exports of processed product were made, the inception of the E.E.C. Common Agricultural Policy with its high tariffs and levies, has proven to be an effective barrier to imports from non E.E.C. countries.

There is no doubt that the E.E.C. is, potentially, a vast market for processed meats, but exporters are finding that it is probably feasible to ship only high quality specialty products. These will compete on a price/quality basis with domestically produced¹ product.

Most of these products are those that are referred to in Canada as belonging to a specific 'ethnic' classification, e.g. German dried sausages, Italian salamis, mortadella, etc. The present value of the Canadian dollar vis-a-vis other currencies plays no small part in making this trade probable. While the statistics for actual trade in 1978, as shown in Annex II, indicate the very low volumes that were actually shipped, nevertheless industry members who are actively engaged in the trade are of the opinion that trade can be increased substantially, provided there is no drastic upward valuation of the dollar.

1 ("Domestically produced" in this context means produced in any of the E.E.C. countries for sale in that same country or any other E.E.C. member territory.)

There is some opportunity for specialized canned meat products but the competition from Comecon members is such that volumes will always remain small. Canadian products are unlikely to be cost competitive with the subsidized state controlled economies where it is considered to be economically desirable to export these finished products.

It is extremely unlikely, for the various reasons outlined above, that smoked and/or cooked processed meats can be exported successfully to the E.E.C.

8.1 Europe - Comecon

The economies of the countries of the Comecon - Cuba excepted - are based in part on the production of livestock for the express purposes of supplying domestic requirements and to engage in export trade with the free world in order to obtain 'hard' currencies for imports of raw materials, capital equipment and technology, etc.

The processing industry in most Comecon countries appears to be subsidized. Token shipments of processed product have been made in recent years, but growth potential appears to be non-existent.

9.0 The Caribbean

The Caribbean has been one of the main export areas for Canadian processed meat products. Originally the trade consisted almost entirely of barrelled pickled product: pork tails, pork snouts, feet, beef plates or novels, etc. This was later augmented by tropical cured and smoked hams and picnics, and in more recent years by canned meats, luncheon meats, sausages both fresh and cured, smoked or dried. In order to simplify the discussion the following comments are arranged by type of product, rather than by individual country/territory.

9.1 Pickled Product

The traditional trade of this product in oak barrels was replaced by that in lined steel drums. This, in turn, has largely given way to the use of 35 lb. plastic pails, which offer convenience of handling to both shipper and purchaser. The trade has been well defined

over the years and most Canadian firms are aware of the potential, have active agents in place in the various Caribbean communities, or deal through Canadian export brokers who have established good connections. As a general rule, demand exceeds supply for this type of product.

9.2 Tropical Cured Hams and Picnics

Trade in these products is generally seasonal in nature, demand being confined to Christmas and Easter, when these products are traditionally used. In recent years sales have been spotty due to a variety of reasons which are discussed in paragraph 9.5 under "Constraints".

9.3 Sausage, Luncheon Meats, Sliced Product

Demand exists for all these products, chiefly sparked by the tourist trade. Study of the statistics in Annex II indicates where Canadians have been successful in recent years. Trade is hampered to some degree by the constraints discussed in paragraph 9.5. At least one company has been successful in developing the Puerto Rican market with specialized "ethnic" type sausage products. This company feels that it will be able to expand volume substantially in the future, barring unforeseen strengthening of the Canadian versus the U.S. dollar.

The Netherlands Antilles (Curacao, Aruba, etc.) seems to be developing as a good market for this type of product.

9.4 Canned product

Trade volume of all canned products, including canned hams, has been widely variable, and would seem to be almost entirely dependent on the tourist trade. These products are generally too expensive for inclusion in the regular diets of the native peoples.

9.5 Constraints to Trade

There are several major constraints to trade which operate effectively against potential Canadian exporters to the Caribbean. Chief among them, not necessarily in order of importance, are:

- Endeavours by the various governments to promote industrial development, to achieve self sufficiency in food products, and to develop processing capabilities.

- Nationalisation of purchasing, thus eliminating or restricting long established commercial trading connections.

- Shipping schedules from Canadian ports, rates, and shipping space available for refrigerated product are not conducive to trade in competition with U.S. product shipped out of South Eastern U.S. ports, such as Miami. While it is possible to utilize fresh produce transport returning to Florida, to arrange shipments from Canada via Miami, there are some cost and trans-shipping problems.

- The normal market relationships between Canada and the U.S.A. for dressed hogs and pork cuts often cause Canadian product to be non-competitive in the Caribbean market. As an illustration of this point, it is possible for the Canadian hog market to be lower than the U.S. market, thus putting dressed Canadian hogs on an export basis, while at the same time individual pork cuts may be on an import basis. (For example, the market price on hams or bellies may be higher in Canada than in the U.S.A.) These are normal demand situations, but they can cause Canadian product to be non-competitive in another export market, in this case the Caribbean.

- Handling and distribution systems in most Caribbean countries tend to be primitive by North American standards. This can cause unnecessarily high damage and spoilage claims.

10.0 Central and South America

Until recently most Canadian exports of processed product were made into Central America and consisted largely of pickled barrelled product similar to that shipped to the Caribbean. Some sales of bacon have been made to Panama, and some canned product from A.S.B. programmes was shipped to Colombia. More recently exports of cured product and sausage have been made to Panama, and canned hams, canned pork and canned meat and meat preparations have been shipped to Venezuela.

10.1 Venezuela

The Venezuelan market is almost certainly the most interesting and the most likely to be productive. The following excerpts from a report ¹⁾ from the Canadian Embassy in Caracas are enlightening:

1) "Venezuelan Import Regulations", Roger D. Chan, Second Secretary (Commercial), Caracas, March 7, 1979.

"Venezuela's rapidly growing population and increasing per capita income have caused a tremendous surge in the demand for more and better quality foodstuffs; to the point where Venezuela is importing approximately 45% of its requirements. In 1977, agricultural imports amounted to over one billion dollars.

Canadian exporters have not been able to capitalize on this rapidly growing market. One of the reasons for this inability may have been a lack of understanding of Venezuelan import regulations.

Extensive government control does exist over the market for various agricultural commodities.....

It is important to note that import licences in Venezuela are subject to tremendous domestic pressures, both on the demand and the supply side. Canadian exporters are often surprised to learn that a product is completely prohibited for a period of three months and then large quantities are imported under virtually free import system. The reverse is also true. The Venezuelan market for many raw foods and processed or packaged foods is very much a spot market.

The Ministry of Development determines the need for importation. The difference between projected consumption and projected total national supply is the amount the Ministry will normally authorize for importation."

The quoted memorandum gives details of the Venezuelan import system, documentation required, labelling requirements, and registration fees. Tariffs may be suspended at the discretion of the Venezuelan government.

While Canadian companies have had some successes in the Venezuelan market, there is obviously more opportunity there but price competitiveness may be fairly severe from European firms operating under direct or hidden subsidies and from U.S. firms benefitting from economies of scale and shorter shipping distances.

10.2 Brazil, Argentina, Paraguay and Uruguay

These are all major livestock producing countries and all are interested in promoting and protecting their own industry. Market potential for Canadian processed meats appears to be either extremely limited or non-existent.

10.3 Other South American Countries

The economies of the remaining South American countries do not presently lend themselves to importation of relatively highly priced processed meat products. Likelihood of Canadian firms achieving any success in these markets would appear to be small.

11.0 General Comment:

Table 11 shows, for comparison purposes, Exports of U.S. processed meat products by country of destination for the years 1976 and 1977.

TABLE 11 LIVESTOCK, MEAT AND MEAT PRODUCTS: U.S EXPORTS PRODUCT WEIGHT BASIS
BY COUNTRY OF DESTINATION 1976-77

Commodity exported and: country of destination: 1976 : 1977			Commodity exported and: country of destination: 1976 : 1977		
Metric tonnes			Metric tonnes		
<u>Beef and veal:</u>			<u>Sausage, bologna and frankfurters:</u>		
Pickled or cured:			Except canned:		
Canada.....	132	200	Bahamas.....	505	445
Surinam.....	142	76	Canada.....	115	252
Nicaragua.....	0	45	Japan.....	106	185
Other countries.....	188	196	Netherlands Antilles:	132	145
Total.....	<u>462</u>	<u>517</u>	Hong Kong.....	129	100
			Other countries.....	379	583
			Total.....	<u>1,366</u>	<u>1,710</u>
<u>Pork:</u>			Canned:		
Hams or shoulders, cured:			Canada.....		
Canada.....	2,027	1,817	Japan.....	221	267
Bahamas.....	429	422	Netherlands Antilles:	147	216
Other countries.....	585	702	Saudi Arabia.....	70	182
Total.....	<u>3,041</u>	<u>2,941</u>	Other countries.....	551	726
			Total.....	<u>1,157</u>	<u>1,716</u>
Bacon, cured:			<u>Other meat products:</u>		
Canada.....	353	611	Except canned:		
Bahamas.....	154	176	Canada.....	221	145
Barbados.....	64	69	Japan.....	153	73
Other Countries.....	457	360	Bahamas.....	30	50
Total.....	<u>1,028</u>	<u>1,216</u>	Other countries.....	254	257
			Total.....	<u>658</u>	<u>525</u>
Other pork cured:			Specialties canned:		
Venezuela.....	440	786	Bahamas.....	256	197
Canada.....	1,147	738	Canada.....	1,941	100
Barbados.....	371	304	Saudi Arabia.....	149	99
Trinidad-Tobago.....	60	233	Japan.....	156	85
Leeward-Windward Is.:	50	151	Other countries.....	599	594
Other Countries.....	1,354	707	Total.....	<u>3,101</u>	<u>1,075</u>
Total.....	<u>3,422</u>	<u>2,919</u>			
			<u>Other meats canned:</u>		
Canned Pork:			Canada.....		
Domnican Republic....:	292	331	Venezuela.....	1	597
Netherlands Antilles:	198	198	Trust Terr. Pac. Is.:	351	548
Canada.....	75	178	Japan.....	191	282
Trinidad-Tobago.....	18	146	Panama.....	116	269
Other Countries.....	531	957	Other countries.....	2,023	1,658
Total.....	<u>1,114</u>	<u>1,810</u>	Total.....	<u>3,394</u>	<u>6,099</u>

1/ Preliminary

Source: Bureau of the Census
Foreign Commodity Analysis, FAS USDA

12.0 Supply

Major concerns in mounting a marketing programme for any product are product supply in the early stages of the programme, assurance of continuity of supply to maintain and develop the programme in the future, and costs of production as related to the overall supply position.

"Attempting to establish international markets without available supplies can deteriorate a nation's and/or region's credibility".⁽¹⁾

"Any effort to expand export sales* is dependent on the availability of a reliable supply of product at a competitive price".⁽²⁾

"The hog production cycle and resulting prices create uncertainty for the producer, processor, distributor and consumer segments of our industry..... Up until this

(1) "Market Penetration of Alberta and Saskatchewan Pork Products into the Pacific Region of the U.S. - Smith, Richter and Hawkins

(2) "North American Hog/Pork Study" - Hawkins, Bennett, and Boswell

* Note: In the context of this quote "in the long term" is understood.

time, our country's agricultural policies have tended to be short term, usually directed towards alleviating surplus situations. Success realized in obtaining new food product markets has usually been during times of depressed prices. These markets, generally, are lost when domestic prices rise. Our problem, therefore, is not just one of locating markets, but more important, it is one of keeping markets once we have found them.

Markets can be developed, maintained, and expanded if:

- (a) The product satisfies the specific market requirements.
- (b) The product is competitive to alternatives.
- (c) There is a commitment to supply even when supply is short."⁽³⁾

Canadian endeavours to mount export marketing programmes for processed meat products have been fraught with

(3) Excerpt from talk "Hog Export Plan - Some Features" given by Mr. E. Schultz, Manager, Alberta Hog Producers' Marketing Board at the Alberta Pork Seminar, Banff, January 1974.

failures due to the inadequacy of livestock supplies causing non-competitive pricing structures and insufficient finished product to maintain their place in the export market.

While a processor/marketer of finished product may be fully committed to export marketing, he is powerless to supply a market or to compete in it in the face of inadequate supplies of livestock for the domestic Canadian market. This is not to suggest that a potential exporter be guaranteed livestock supplies at prices lower than the domestic market. Rather it is a plea for the concept that the Canadian market should always be self sufficient to enable export programmes to be successful long term. Self sufficiency envisioned here is not necessarily total self sufficiency in all cuts: it may be preferable to export some cuts and replace them on the domestic market by imports; or it may be that some cuts will be in balance and others must be exported to maintain balance.

Without an assurance of supply there is little or no incentive for a processor to develop a market nor to invest capital to maintain and/or improve the efficiency and productivity of his plants' operations.

It does not seem to make economic sense to export live slaughter hogs:

"A market for exporting live hogs to the Pacific region is also available. However, exporting raw materials normally contributes little towards a nation's economic growth. Therefore, an analysis of the economic benefit of exporting live hogs compared to processing hogs in Canada and exporting processed pork should be undertaken."⁽⁴⁾

The foregoing reflects the general attitude of many of the firms interviewed. Their main concern appears to be that sufficient stability be induced in the livestock industry, more particularly in the hog production segment, to ensure adequate supplies of hogs at all times. Without such stability they can see no hope of developing or sustaining a long term export marketing thrust for processed meat products.

(4) "Market Penetration of Alberta and Saskatchewan Pork Products" - Smith et al.

Annex IV, "Hog Production: Canada and the United States, Background and estimated marketing levels for 1979 and 1980", deals in some detail with the importance of hog production to the Canadian economy, cyclical trends and price levels.

It will be seen from a study of this Annex that: "1979 marketings in Canada could average 12 to 14 per cent above the 1978 level of 9.3 million head". Also that: "North America's hog production in the past has been characterized by a cycle of about four years in length....the North American marketing cycle will rise sharply in 1980, with correspondingly lower hog prices. This uprising in North America's hog marketings can be expected to commence in the summer of 1979, followed by a downturn in 1981.

Of concern to the Canadian industry will be the relative size of this downturn. Obviously, no exporter can seriously consider a major export marketing programme with all that it entails in the way of promotional expenses, marketing costs and possible capital risks, if his supply source is likely to be curtailed in the near future. In addition, to mount such a programme effectively could take up to eighteen months to two years, by which time supplies of the basic raw material, hogs, could be decreasing.

13.0 Tariffs - General

As mentioned elsewhere in the text, high tariffs have proven very effective barriers to trade in some of Canada's most important markets.

With the substantial conclusion of the "Tokyo Round" of multilateral trade negotiations, proposed tariffs have been published. The only changes affecting processed meat trade are between Canada and the U.S.A.

These reductions may materially assist Canadian exporters to penetrate the U.S. market with some processed meat products.

Annex V gives a brief summary of comparative tariffs in our major export markets as they are at the present time and as proposed after ratification of the agreement by the various governments.

14.0 Federal & Provincial Government Programmes & Incentives

The Federal and several Provincial Governments have provided various programmes and incentives to promote the export sale of processed meat products. These have often been carried out in combination with other types of foods and on occasion with products of other industries.

A brief summary of those programmes of which the study group has been made aware is shown in Annex VI.

15.0 Current Industry Viewpoints

The survey of the industry in early 1979 elicited the following:

- Concern at the levels of current availability and price of raw materials. Import controls on manufacturing quality beef combined with the reduced availability of Canadian boneless beef may effectively reduce any expansionist moves in the export market for those products containing beef.
- Beef supply problems may force pork ingredient prices to unrealistic levels.
- Concern over the power of marketing boards to reduce livestock supply to the domestic industry, manipulate selling methods to obtain prices unrelated to external markets and to foster a spirit of confrontation between producer and packer, when what is needed is a spirit of co-operation.
- Difficulty of obtaining needed capital funds to maintain or improve productivity, efficiency, and modernization of plant and equipment.

- Concern that Governments, both Federal and Provincial, should concentrate on these matters which are in their field of endeavour, and should not encroach on those areas which industry feels are their responsibility and in which they have the necessary expertise.

(a) While they are appreciative of the assistance provided by trade missions and trade shows, they are unanimous in their opinion that the actual marketing of products be left to them.

(b) Included in this comment are the alignment of domestic and foreign labelling requirements, speeding up the process of label approval, reduction in the "harassment" of border inspection, removal or amelioration of non-tariff barriers of various kinds, reduction of tariffs or equalization of tariffs, and uniformity of export documentation.

- Concern over the inconsistencies and inequalities in Canadian freight rates -

(i) the effect of the Crow Rates on the livestock industry -

(ii) rate structure problems caused by lack of competition in air cargo.

- Concern that the present increase in hog production will be of short-term duration only.
- Concern that marketing board activity in the Prairie region will force closure of one or more meat packing plants and consequent reduction in processed meat production.
- Concern with duplication of expense and effort in Trade Fairs and Missions by both levels of government.

16.0 Observations and Conclusions

Observations: - While the "barrelled" pickled product trade has become well established and the industry generally is fully cognizant of it, current trends in many Caribbean countries are to regulate this trade through government action.

- There is a paucity of statistical material available covering processed meat production and trade.

- The processed meat industry is keenly aware of the need to press for new markets in order to improve efficiency and expand its production base.

- The industry is strongly of the opinion that while government agencies can help them find and explore new markets, the actual marketing must be undertaken by the industry itself.

- The main markets for Canadian processed meat products would appear to be the U.S.A., selected Pacific Rim countries, the Caribbean, Venezuela, and the E.E.C., with some limited potential in the Middle East.

- There appears to be some potential for exports of Canadian processed meat product to Florida, Texas and Louisiana, market areas which have not yet been fully explored.

- There are large "ethnic" populations in the U.S.A. with a strong demand for European style products, for most of which there are existing Canadian production capabilities.

- Many attempts by Canadian firms to enter the U.S. market have ended in failure due to inability or unwillingness to treat the market as an extension of their domestic market, or because of a lack of supply of raw materials.

- Selected areas in the Caribbean, such as the Netherlands Antilles, are developing into good markets for Canadian processed products.

- Non-tariff barriers such as inspection procedures and labelling requirements are a strong deterrent to trade in many countries. In addition, import restrictions imposed by many countries to reduce outflows of currency or to promote domestic industries have harmed Canadian exports.

Conclusions:

- While the U.S. market is the most likely one for Canadian product, it is nevertheless an extremely demanding and competitive one, and potential entrants must be apprised of these facts.

- Canadian firms must be advised of the need for commitment to the export market once they plan to enter it. They should try to obtain supply commitments from hog producer agencies to maintain such markets. Hog producer agencies should be persuaded to be willing to commit deliveries for such endeavours.

- Markets can be developed, maintained and expanded if:
 - (a) The product satisfies the specific market requirements.

 - (b) The product is competitive to alternatives.

 - (c) There is commitment to supply even when supply is short.

17.0 Recommendations

1. Hog supply: That Agriculture Canada assess the potential Canadian hog slaughter numbers required to achieve national self sufficiency in pork and pork products, annually, for the next five years, basing the assessment on population trends, per capita consumption data, projected availability of beef and poultry and their relative pricing structures, and grain production and world market prospects. That this study be updated semi-annually and disseminated among producer groups, hog marketing boards, and the meat packing industry, with a view to stimulating hog production and thus an export marketing programme for processed meats by individual firms.

Hog supply: That Agriculture Canada draw together

2. all the published and unpublished studies, commission reports and enquiries on freight rates in Canada, with particular reference to the Crow Rates, and determine the effect on hog production of revising freight rates to reflect the actual costs of each freight haul.

3. Labelling: That there be a complete review of labelling requirements of both Canada and the United States with a view to co-ordinating the requirements so that labels approved for Canada would almost certainly obtain approval for the USA without further revision. This review should probably be undertaken by Agriculture Canada.

4. Government Inspection: That discussions be instigated between Canada and the U.S.A. regarding inspection requirements for both products and manufacturing plants with a view to simplifying border inspection procedures. Such a step would validate the present plant inspection procedure currently being carried out by both countries of each others plants.

5. Trade shows, Trade Missions: That some attempt be made by both Federal and Provincial Governments to co-ordinate their efforts in these fields to avoid duplication and unnecessary expense.

6. Information: That information gleaned from all sources be pooled between Federal and Provincial governments and industry members - where this information does not contravene confidentiality - for better market penetration.

7. Cooperation: That an attempt be made jointly by Federal and Provincial Governments, in those provinces where problems exist, to bring together Hog Marketing Boards and Commissions and the Meat Packing industry in a spirit of cooperation, rather than confrontation, to promote the growth and profitability of the entire hog industry. This recommendation is made from the point of view of its potential impact on the processed meat export trade.

8. "Barrelled" Meats: That when such government agencies as CIDA are endeavouring to obtain this type of product, their requests be channelled through the Department of Industry, Trade and Commerce, as well as D.S.S., so that all segments of the industry may be aware of the requirement.

9. Statistical Information: That Statistics Canada resume publication of statistical information covering production and shipment of processed meat products. That the format of such statistical material be determined through consultation with industry.

10. U.S. Market: Potential for exports to Florida, Texas and Louisiana should be explored, in addition to re-evaluation of the major U.S. areas which are already being served in a limited way.

11. Venezuela: That the potential for sales of processed meats in Venezuela be explored.

12. Air Cargo: That a comparison be made between air cargo freight rates from Canadian and corresponding U.S. points to major foreign markets, with a view to obtaining competitiveness.

ANNEX I

Persons Interviewed

Quebec:

- | | | |
|----|--|---|
| 1. | Quebec Department of Agriculture | Mr. J. Desjardins
Director, Marketing Service |
| | | Mr. G. Thompson
Marketing Counsellor |
| 2. | Provigo (Distribution) Inc. | Mr. C. Dufour
General Manager,
Meat Division |
| 3. | Lesters Foods Ltd. | Mr. Roger Labelle
Operations Manager |
| 4. | Les Viandes Lépine Inc.
Beef, Veal and Smoked
Meats Division | Mr. René Laquerre
V.P., General Manager |
| 5. | Legrade Inc. | Mr. Ronald Desgroseillers
V.P. Sales and Marketing |
| 6. | Melrose Packers Ltd. | Mr. Gilles Forest
Sales Manager |
| 7. | Melrose International Trading Co.
of Canada Ltd. | Mr. Jack Irish
Mr. Iver Dietze |
| 8. | B. Terfloth & Co. (Canada) Ltd. | Mr. Richard Morgan
Vice President |
| 9. | S. Coorsh & Sons Ltd. | Mr. David R. Taylor
Marketing Sales Manager |
| | | Mr. A. Zimmer
General Manager |
| 1 | | |
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| 0. | Taillefer Division of
Grissol Foods Ltd. | Mr. Robert C. Nadeau
General Manager |
| 1 | | |
| ↓ | | |
| 1. | Produits Le Boucan Inc. | Mr. Claude Roy
President |
| 1 | | |
| ↓ | | |
| 2. | Hygrade Foods Inc. | Mr. Nigel Goodall
V.P. Marketing |
| 1 | | |
| ↓ | | |
| 3. | Martin Meat Brokerage
(Division of Provigo) | Mr. Leo S. Leblanc
Manager |

Ontario:

- | | |
|---|---|
| 1. Ontario Food Council
Ministry of Agriculture & Food | Mr. Henry Pauls
Director |
| | Mr. Mike Lynch
Market Development
Specialist |
| | Dr. G.R. Craig
Director
Meat Inspection Service |
| 2. Canada Packers International
Trade Division | Mr. H. Miles
General Manager |
| 3. Siena Foods Ltd. | Mr. C. Mooradian
Marketing Manager |
| 4. Bittners | Mr. H. Theune
General Manager |
| 5. Brandt Meat Packers | Mr. Otto Rosenmeier
General Manager |
| 6. Shopsy's Foods Ltd. | Mr. A. Ben David
Manager |
| 7. Quality Meat Packers Ltd. | Mr. Frank Powell
General Manager |
| 8. Swift Canadian Co. Ltd. | Mr. T. Robertson
Marketing Manager
T.R. Meats |
| | Mr. C. Moore
Marketing Manager, Pork |
| 9. Kaiser & Spencer (Toronto) Ltd. | Mr. D. Newton
Manager |
| | Mr. R.R. Cousins
Export Product Manager |
| 10. Burns Meats Ltd. | Mr. Harold Anger
Provisions Manager |

- | | |
|--|--------------------------------------|
| 11. Pillers Sausages &
Delicatessens Ltd. | Mr. E. Huber
President |
| | Mr. W. Huber
General Manager |
| 12. J.M. Schneider Inc. | Mr. Henry Beben
V.P. Marketing |
| | Mr. Harry Brown
Commodity Manager |
| 13. R & T International | Mr. Daniel C. Reid
President |
| 14. Ontario Pork Producers
Marketing Board | Mr. Dayre Peer
General Manager |
| 15. Ronald A. Chisholm Ltd. | Mr. W.A. Pelley
Vice President |
| 16. Agincourt Foods Ltd. | Mr. R. Langley
President |
| 17. Select Food Products Ltd. | Dr. Frediricks
President |
| | Mr. M. Frediricks
General Manager |
| 18. Fearmans Ltd. | Mr. B. Hall
General Manager |
| 19. Primo Importing &
Distributing Co. Ltd. | Mr. A. Pelliccione
Vice President |
| | Mr. J. Vitale
Export Manager |
| 20. Freeze-Dry Foods Ltd. | Mr. L. Baully
General Manager |

Manitoba:

- | | |
|----------------------------------|--|
| 1. Manitoba Dept. of Agriculture | Mr. A.E. Gascoigne
Director, Marketing Branch |
| 2. F.G. Bradley Co. Ltd. | Mr. P. O'Donovan
Controller |
| | Mr. J. Fogg
Manager |

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|--|---|
| 3. J.M. Schneider Inc., Winnipeg | Mr. J.H. Curran
Western Operations Manager |
| 4. East West Packers | Mr. J. Levin
President |
| 5. Manitoba Hog Producers
Marketing Board | Mr. L. Sedgewick
Sales Manager |
| 6. Burns Meats Ltd., Winnipeg | Mr. N. Palylyk
General Manager |
| 7. Canada Packers Ltd., Winnipeg | Mr. J. Usher
General manager |
| | Mr. Ron Barker
Provisions Manager |
| 8. Swift Canadian Co. Ltd., Winnipeg | Mr. I. Ferguson
General Manager |

Saskatchewan:

- | | |
|---|---|
| 1. Saskatchewan Agriculture
Marketing & Economics Branch | Mr. A.R. Knudsen
Marketing Co-ordinator |
| | Mr. J.A.G. Spencer
Industry Consultant |
| | Mr. Robert B. Adeland
Co-ordinator, Food Promotion |
| 2. Agriculture Development Corporation
of Saskatchewan | Mr. G.A. Wells
Trade Director |
| 3. Saskatchewan Hog Marketing
Commission | Mr. J. Morris
General Manager |
| | Mr. D. Hrapchak
Sales Manager |
| | Mr. P. Rivière
Commissioner |
| 4. Intercontinental Packers Ltd. | Mr. Lorne Meldrum
V.P. Marketing & Trading |

Alberta:

1. Alberta Department of Agriculture
Mr. H. Hanna
A.D.M.
Production & Marketing
Mr. B. McEwen
A.D.M.
International Marketing
Messrs. W. Robertson,
B. Mehr, B. Hodge, D. Rous
2. Burns Meats Ltd., Calgary
Mr. D. Ritchie
President
Mr. L.N. Bradich
V.P. Operations - Beef
Mr. G. O'Brien
V.P. Operations - Pork
Mr. H.T. Beck
General Manager, Calgary
3. Centennial Foods Ltd.
Mr. S. Fielding
President
4. Canada Packers Ltd., Edmonton
Mr. C. Shaw
Provisions Manager
Mr. D.F. Smith
Cooked Meat Manager
5. Swift Canadian Co. Ltd., Edmonton
Mr. R. Rogers
General Manager
6. Burns Meats Ltd., Edmonton
Mr. B. Robertson
General Manager
7. Gainers Ltd.
Mr. P. Gibson
President
8. Alberta Hog Producers
Marketing Board
Mr. E. Schultz
General Manager
Mr. S. Price
Chairman
9. Figol Distributors Ltd.
Mr. E.P. Figol
President

British Columbia:

- | | |
|--|--|
| 1. British Columbia Ministry
of Agriculture | Mr. D.A. Rugg
Head, Marketing Branch |
| | Mr. R.J. Alcock
Supervisor,
Market Information |
| | Mr. B. Brown
Marketing Officer |
| 2. British Columbia Ministry
of Economic Development | Mr. G. Artz |
| 3. Snackery Foods Ltd. | Mr. R.G. McGregor
President, General Manager |
| 4. Puritan Cannery Ltd.
Division of Thomas J. Lipton Ltd. | Mr. W.E. Lehman
B.C. Area Manager |
| 5. Fletchers Fine Foods Ltd. | Mr. J. Newton
President |
| | Mr. H. Grammetbauer
Sales Manager |
| 6. Vancouver Fancy Meats Co. Ltd. | Mr. R.J. Sweeney
President & General Manager |
| | Mr. W. Gestrin
Manager, Export Sales |
| 7. J.D. Sweid & Co. Ltd. | Mr. H. Hanson
General Manager |
| 8. Meteor Meat Co. Ltd. | Mr. J.S. Hamilton
General Manager |
| 9. Calkins & Burke Ltd. | Mr. B. Thomas
General Manager |

California:

- | | |
|---------------------------|-----------------------|
| 1. Langguth Brokerage Co. | Mr. Elmer E. Langguth |
| | Mr. T. Wells |

ANNEX II

CANADIAN EXPORTS BY COUNTRY

13-23 BACON, CURED	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
DENMARK	-	-	-	-	-	-	-	-	-	-	2	2
FRANCE	-	-	-	-	-	-	-	-	1	1	-	-
WEST GERMANY	1	1	-	-	9	9	8	11	6	7	9	13
HONG KONG	1	-	-	-	-	-	-	-	-	-	-	-
SINGAPORE	-	-	-	-	-	-	-	-	1	1	-	-
JAPAN	42	57	31	43	1	1	1	3	1	3	-	-
GUYANA	-	-	-	-	-	-	9	3	-	-	-	-
FRENCH GUIANA	3	4	-	-	-	-	-	-	-	-	-	-
BAHAMAS	44	48	18	19	3	5	4	6	2	3	*	-
BERMUDA	76	77	96	93	67	96	75	111	102	132	141	201
BRITISH HONDURAS	-	-	-	-	-	-	-	-	-	-	-	-
BARBADOS	38	44	62	61	27	39	22	26	30	27	27	24
JAMAICA	-	-	-	-	-	-	2	3	17	22	1	1
LEEWARD-WINDWARD IS	33	39	15	16	24	34	4	5	47	38	13	11
TRINIDAD - TOBAGO	-	-	-	-	-	-	-	-	-	-	-	-

(cont'd)

ANNEX II

CANADIAN EXPORTS BY COUNTRY

13-23 BACON, CURED	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
CUBA	-	-	-	-	-	-	-	-	1	1	-	-
NETHERLANDS ANTILLES	1	2	1	2	-	-	-	-	2	3	3	3
PANAMA	9	10	-	-	-	-	-	-	-	-	-	-
GREENLAND	8	8	1	1	-	-	-	-	-	-	-	-
ST-PIERRE ET MIQUELON	5	5	7	6	4	6	6	9	26	7	6	10
U.S.A.	<u>1500</u>	<u>1933</u>	<u>1396</u>	<u>1671</u>	<u>608</u>	<u>930</u>	<u>335</u>	<u>617</u>	<u>433</u>	<u>474</u>	<u>482</u>	<u>354</u>
TOTAL	<u>1761</u>	<u>2227</u>	<u>1628</u>	<u>1914</u>	<u>741</u>	<u>1120</u>	<u>466</u>	<u>794</u>	<u>669</u>	<u>718</u>	<u>683</u>	<u>620</u>

Totals may not add due to rounding

* less than 500 lbs.

ANNEX II

CANADIAN EXPORTS BY COUNTRY

13-24 HAM, CURED	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
WEST GERMANY	1	-	-	-	2	2	1	1	2	2	3	5
HONG KONG	-	-	-	-	6	5	-	-	-	-	-	-
SINGAPORE	-	-	-	-	-	-	-	-	-	-	2	3
JAPAN	108	94	6	9	4	7	131	166	16	22	50	64
AUSTRALIA	-	-	51	78	-	-	-	-	-	-	-	-
GUYANA	-	-	-	-	-	-	1	1	-	-	-	-
VENEZUELA	-	-	-	-	-	-	9	12	-	-	-	-
FRENCH GUIANA	3	4	3	5	5	5	-	-	-	-	-	-
PERU	1	-	-	-	-	-	-	-	-	-	-	-
BAHAMAS	33	39	65	57	55	81	45	56	36	45	46	60
BERMUDA	30	30	15	21	16	23	8	11	13	20	10	14
BARBADOS	19	16	9	7	33	41	18	23	4	5	51	34
JAMAICA	-	-	-	-	-	-	12	7	1	1	1	2
LEeward-WINDWARD IS.	17	19	10	11	3	5	3	3	19	22	9	11
TRINIDAD-TOBAGO	61	65	4	4	48	65	91	117	29	37	112	134

(cont'd)

ANNEX II

CANADIAN EXPORTS BY COUNTRY

13-24 HAM, CURED	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
CUBA	-	-	-	-	-	-	-	-	1	1	-	-
FRENCH WEST INDIES	8	11	11	14	7	13	21	31	13	10	-	-
NETHERLANDS ANTILLES	2	3	2	3	-	-	7	10	6	7	-	-
GREENLAND	9	10	-	-	-	-	-	-	-	-	-	-
ST-PIERRE ET MIQUELON	30	34	24	26	35	48	52	39	31	51	40	65
U.S.A.	<u>1032</u>	<u>1477</u>	<u>1213</u>	<u>1335</u>	<u>523</u>	<u>1025</u>	<u>709</u>	<u>1062</u>	<u>353</u>	<u>690</u>	<u>726</u>	<u>928</u>
TOTAL	<u>1350</u>	<u>1803</u>	<u>1412</u>	<u>1570</u>	<u>735</u>	<u>1320</u>	<u>1107</u>	<u>1538</u>	<u>523</u>	<u>915</u>	<u>1050</u>	<u>1321</u>

Totals may not add due to Rounding

ANNEX II

CANADIAN EXPORTS BY COUNTRY

13-29 PORK, CURED, N.E.S.	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
WEST GERMANY	4	3	-	-	1	2	2	1	-	-	-	-
NIGERIA	-	-	-	-	-	-	1	-	-	-	-	-
LIBERIA	-	-	-	-	-	-	1	-	-	-	-	-
HONG KONG	-	-	3	5	-	-	-	-	36	18	-	-
JAPAN	88	93	-	-	39	36	99	114	52	53	24	33
AUSTRALIA	-	-	-	-	-	-	-	-	1	1	-	-
COLOMBIA	-	-	-	-	-	-	9	6	-	-	-	-
FRENCH GUIANA	12	11	6	5	-	-	-	-	-	-	-	-
BAHAMAS	9	9	2	2	-	-	1	3	1	1	5	4
BERMUDA	33	27	10	9	2	2	6	5	18	16	49	49
BRITISH HONDURAS (BELZILE)	8	3	17	8	-	-	33	8	-	-	-	-
BARBADOS	89	26	206	46	217	76	424	125	259	53	363	131
JAMAICA	1	-	3	2	1	1	25	8	12	6	3	2
LEEWARD-WINDWARD IS.	29	25	14	13	54	46	56	26	87	48	40	22

(cont'd)

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ANNEX II

CANADIAN EXPORTS BY COUNTRY

	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
13-29 PORK, CURED, N.E.S.												
TRINIDAD AND TOBAGO	72	54	23	14	187	128	264	142	417	187	385	170
FRENCH WEST INDIES	35	45	12	16	26	40	-	-	22	38	-	-
NETHERLANDS ANTILLES	14	11	44	40	7	9	10	12	60	26	48	16
PANAMA	-	-	-	-	-	-	40	4	-	-	27	9
GREENLAND	-	-	-	-	-	-	-	-	-	-	-	-
ST-PIERRE ET MIQUELON	11	8	7	6	8	8	9	10	10	10	9	13
U.S.A.	<u>500</u>	<u>312</u>	<u>169</u>	<u>133</u>	<u>132</u>	<u>110</u>	<u>111</u>	<u>92</u>	<u>85</u>	<u>66</u>	<u>214</u>	<u>130</u>
TOTAL	<u>904</u>	<u>629</u>	<u>516</u>	<u>299</u>	<u>675</u>	<u>460</u>	<u>1090</u>	<u>556</u>	<u>1060</u>	<u>522</u>	<u>1166</u>	<u>577</u>

Totals may not add due to rounding

ANNEX II

CANADIAN EXPORTS BY COUNTRY

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15-09 SAUSAGE, FRESH & FROZEN	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
UNITED KINGDOM	2	4	-	-	2	5	-	-	-	-	-	-
AUSTRIA	-	-	-	-	-	-	-	-	-	-	*	12
WEST GERMANY	1	1	13	11	8	5	7	7	6	4	7	9
HONG KONG	-	-	-	-	-	-	-	-	-	-	-	-
JAPAN	-	-	1	1	-	-	-	-	-	-	*	-
FRENCH GUIANA	-	-	1	1	1	1	-	-	-	-	-	-
BAHAMAS	45	36	22	20	74	59	57	39	55	48	80	78
BERMUDA	82	64	67	52	78	70	64	64	77	73	92	115
BARBADOS	1	1	2	1	4	4	21	14	12	7	-	-
JAMAICA	1	1	-	-	-	-	-	-	-	-	-	-
LEEWARD-WINDWARD IS.	1	1	3	3	*	-	1	1	*	-	8	6
TRINIDAD & TOBAGO	16	16	-	-	1	3	-	-	-	-	-	-
CUBA	-	-	-	-	-	-	-	-	*	-	-	-
NETHERLANDS ANTILLES	1	1	-	-	2	2	12	7	-	-	39	37
GREENLAND	5	4	*	1	-	-	-	-	-	-	-	-
ST-PIERRE ET MIQUELON	*	-	1	1	-	-	2	2	-	-	*	-
U.S.A.	<u>515</u>	<u>452</u>	<u>588</u>	<u>519</u>	<u>623</u>	<u>634</u>	<u>602</u>	<u>743</u>	<u>463</u>	<u>493</u>	<u>575</u>	<u>632</u>
TOTAL	<u>670</u>	<u>581</u>	<u>698</u>	<u>610</u>	<u>792</u>	<u>781</u>	<u>766</u>	<u>877</u>	<u>614</u>	<u>626</u>	<u>801</u>	<u>888</u>

Totals may not add due to rounding

* Less than 500 lbs.

ANNEX II

CANADIAN EXPORTS BY COUNTRY

15-18 SAUSAGE, CURED	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
UNITED KINGDOM	14	26	38	82	16	34	6	14	6	12	2	6
DENMARK	-	-	-	-	-	-	-	-	-	-	*	1
FRANCE	-	-	-	-	-	-	1	1	1	-	-	-
WEST GERMANY	73	48	90	67	36	29	68	46	41	25	35	31
NETHERLANDS	-	-	-	-	2	5	1	3	-	-	-	-
U.S.S.R.	-	-	8	6	-	-	-	-	*	-	2	2
SOUTH AFRICA	-	-	-	-	-	-	12	9	1	1	-	-
HONG KONG	3	4	9	10	108	56	493	265	890	447	878	414
SINGAPORE	-	-	-	-	8	4	7	5	4	2	6	5
JAPAN	53	59	34	33	37	28	54	63	123	149	121	167
FRENCH OCEANIA	-	-	-	-	-	-	11	26	9	26	5	18
GUYANA	-	-	-	-	-	-	3	2	-	-	-	-
FRENCH GUIANA	5	6	3	4	-	-	-	-	-	-	-	-
BAHAMAS	1277	786	1082	778	1127	773	1228	868	1199	770	1190	989
BERMUDA	427	304	430	365	423	346	338	297	281	247	288	309

(cont'd)

ANNEX II

CANADIAN EXPORTS BY COUNTRY

15-18 SAUSAGE, CURED	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
BARBADOS	202	132	235	181	219	168	164	126	352	233	14	12
JAMAICA	88	26	7	9	7	6	18	22	36	34	17	16
LEEWARD-WINDWARD IS.	59	43	32	29	32	30	17	19	98	76	54	48
TRINIDAD AND TOBAGO	25	40	11	22	20	28	11	26	7	19	6	19
NETHERLANDS ANTILLES	213	144	172	125	167	121	202	109	104	59	142	99
PUERTO RICO	-	-	-	-	-	-	1	-	162	176	306	422
PANAMA	-	-	-	-	-	-	-	-	-	-	10	9
GREENLAND	*	-	-	-	-	-	-	-	-	-	-	-
ST-PIERRE ET MIQUELON	49	35	71	41	31	29	29	30	35	37	42	52
U.S.A.	<u>2874</u>	<u>3447</u>	<u>2681</u>	<u>3499</u>	<u>2741</u>	<u>3973</u>	<u>2733</u>	<u>4086</u>	<u>2992</u>	<u>4214</u>	<u>3309</u>	<u>5161</u>
TOTALS	<u>5361</u>	<u>5099</u>	<u>4903</u>	<u>5251</u>	<u>4973</u>	<u>5631</u>	<u>5398</u>	<u>6016</u>	<u>6340</u>	<u>6528</u>	<u>6426</u>	<u>7779</u>

Totals may not add due to rounding

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ANNEX II

CANADIAN EXPORTS BY COUNTRY

15-24 BOILED HAM, COOKED	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
JAPAN	7	11	1	2	-	-	1	1	-	-	1	1
FRENCH GUIANA	-	-	1	1	-	-	-	-	-	-	-	-
BAHAMAS	3	6	3	6	2	5	1	3	*	-	*	-
BERMUDA	3	4	4	6	4	7	3	6	4	8	5	10
BARBADOS	26	27	-	-	-	-	-	-	-	-	-	-
JAMAICA	2	2	-	-	-	-	*	-	-	-	-	-
LEEWARD-WINDWARD IS.	4	5	-	-	1	2	-	-	5	4	-	-
NETHERLANDS ANTILLES	-	-	-	-	-	-	*	-	-	-	-	-
ST-PIERRE ET MIQUELON	1	1	*	-	-	-	*	1	-	-	2	4
U.S.A.	<u>42</u>	<u>60</u>	<u>51</u>	<u>71</u>	<u>31</u>	<u>53</u>	<u>104</u>	<u>206</u>	<u>18</u>	<u>34</u>	<u>37</u>	<u>78</u>
TOTALS	<u>87</u>	<u>116</u>	<u>60</u>	<u>87</u>	<u>38</u>	<u>67</u>	<u>110</u>	<u>217</u>	<u>27</u>	<u>47</u>	<u>45</u>	<u>95</u>

Totals may not add due to rounding

ANNEX II

CANADIAN EXPORTS BY COUNTRY

15-99 COOKED & PREPARED MEAT	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
<u>NOT CANNED</u>												
UNITED KINGDOM	244	326	73	70	1	8	11	53	41	88	-	-
BELGIUM - LUXEMBOURG	-	-	-	-	-	-	-	-	-	-	1	1
FRANCE	-	-	-	-	-	-	5	13	-	-	-	-
WEST GERMANY	*	-	4	11	-	-	17	13	-	-	1	1
SWEDEN	10	14	-	-	-	-	-	-	18	8	-	-
SWITZERLAND	6	27	5	39	-	-	6	58	-	-	-	-
BULGARIA	-	-	-	-	1	6	-	-	-	-	-	-
ISRAEL	-	-	-	-	-	-	-	-	*	1	-	-
GHANA	-	-	-	-	-	-	1	1	-	-	-	-
SOUTH AFRICA	-	-	-	-	-	-	3	6	*	-	-	-
GUINEA	-	-	-	-	-	-	*	-	-	-	-	-
HONG KONG	3	3	-	-	-	-	-	-	-	-	2	2
JAPAN	4	6	*	-	2	3	5	6	37	56	12	33
THAILAND	-	-	-	-	5	4	-	-	-	-	-	-

(cont'd)

ANNEX II

CANADIAN EXPORTS BY COUNTRY

15-99 COOKED & PREPARED MEAT	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
<u>NOT CANNED</u>												
AUSTRALIA	3	6	-	-	-	-	4	3	-	-	4	3
FRENCH OCEANIA	-	-	-	-	-	-	2	11	-	-	-	-
GUYANA	-	-	*	-	-	-	-	-	-	-	-	-
FRENCH GUIANA	1	1	-	-	-	-	-	-	-	-	-	-
BAHAMAS	4	7	12	18	24	31	21	29	5	5	13	18
BERMUDA	94	104	53	73	57	84	43	61	21	33	19	34
BARBADOS	1	1	6	10	1	1	6	8	29	27	27	29
JAMAICA	1	1	6	4	2	8	18	25	1	5	14	16
LEEWARD-WINDWARD IS.	7	6	6	7	-	-	*	-	12	10	14	19
TRINIDAD & TOBAGO	2	6	2	4	4	9	3	6	6	17	2	9
CUBA	1	1	3	4	-	-	5	4	-	-	5	5
PUERTO RICO	-	-	-	-	-	-	-	-	-	-	45	60
FRENCH WEST INDIES	-	-	-	-	-	-	*	1	-	-	-	-
NETHERLANDS ANTILLES	*	-	*	1	-	-	1	1	*	4	-	-

(cont'd)

ANNEX II

CANADIAN EXPORTS BY COUNTRY

15-99 COOKED & PREPARED MEAT	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
<u>NOT CANNED</u>												
GREENLAND	1	-	-	-	-	-	-	-	-	-	-	-
ST-PIERRE ET MIQUELON	2	2	5	3	4	4	4	6	18	17	12	18
U.S.A.	<u>498</u>	<u>768</u>	<u>230</u>	<u>585</u>	<u>232</u>	<u>618</u>	<u>329</u>	<u>828</u>	<u>423</u>	<u>1002</u>	<u>498</u>	<u>1126</u>
TOTALS	<u>881</u>	<u>1280</u>	<u>405</u>	<u>829</u>	<u>334</u>	<u>776</u>	<u>483</u>	<u>1133</u>	<u>277</u>	<u>1297</u>	<u>669</u>	<u>1375</u>

Totals may not add due to rounding

ANNEX II

CANADIAN EXPORTS BY COUNTRY

(xiv)

17-24 HAMS, CANNED	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
SENEGAL	-	-	-	-	-	-	-	-	-	-	7	10
HONG KONG	1	2	-	-	-	-	-	-	-	-	3	6
PAKISTAN	-	-	-	-	-	-	-	-	*	-	-	-
SINGAPORE	*	-	-	-	-	-	-	-	1	1	-	-
JAPAN	-	-	1	3	2	4	1	2	1	2	3	16
AUSTRALIA	36	50	705	1069	217	303	37	45	-	-	-	-
FRENCH GUIANA	-	-	*	-	-	-	-	-	-	-	-	-
VENEZUELA	13	19	-	-	20	32	-	-	213	359	179	354
BERMUDA	*	-	1	2	*	-	*	-	-	-	*	29 (1)
LEEWARD-WINDWARD IS.	20	22	11	11	15	20	-	-	-	-	*	1
TRINIDAD & TOBAGO	30	46	-	-	-	-	-	-	4	10	20	25
DOMINICAN REPUBLIC	-	-	-	-	-	-	-	-	-	-	4	7
NETHERLANDS ANTILLES	14	17	2	3	16	18	-	-	-	-	*	-
ST-PIERRE ET MIQUELON	*	-	*	-	-	-	1	1	-	-	*	-
U.S.A.	<u>1418</u>	<u>2092</u>	<u>835</u>	<u>1129</u>	<u>427</u>	<u>744</u>	<u>5</u>	<u>10</u>	-	-	-	-
TOTALS	<u>1582</u>	<u>2250</u>	<u>1556</u>	<u>2218</u>	<u>697</u>	<u>1122</u>	<u>45</u>	<u>58</u>	<u>218</u>	<u>372</u>	<u>218</u>	<u>448</u>

Totals may not add due to rounding

* Less than 500 lbs.

(1) Error in either weight or value

ANNEX II

CANADIAN EXPORTS BY COUNTRY

17-29 PORK CANNED N.E.S.	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
HAITI	2	1	-	-	5	2	-	-	-	-	8	7
NETHERLANDS ANTILLES	36	36	30	26	29	33	-	-	-	-	2	3
ST-PIERRE ET MIQUELON	-	-	*	-	-	-	1	1	-	-	1	1
U.S.A.	*	-	6	6	4	3	-	-	-	-	*	-
TOTALS	<u>247</u>	<u>253</u>	<u>336</u>	<u>340</u>	<u>154</u>	<u>152</u>	<u>40</u>	<u>38</u>	<u>17</u>	<u>16</u>	<u>113</u>	<u>209</u>

Totals may not add due to rounding

* Less than 500 lbs.

(1) Error in either weight or value

ANNEX II

CANADIAN EXPORTS BY COUNTRY

17-69 SAUSAGE, CANNED	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
AUSTRALIA	-	-	33	34	-	-	-	-	-	-	-	-
BAHAMAS	-	-	-	-	5	5	-	-	-	-	-	-
BERMUDA	-	-	-	-	-	-	*	-	-	-	-	-
BARBADOS	-	-	*	-	-	-	-	-	-	-	-	-
JAMAICA	-	-	-	-	-	-	-	-	33	29	-	-
LEEWARD-WINDWARD IS.	4	3	5	6	1	1	-	-	-	-	-	-
TRINIDAD & TOBAGO	43	53	30	36	-	-	-	-	-	-	-	-
NETHERLANDS ANTILLES	1	1	-	-	-	-	-	-	-	-	-	-
U.S.A.	-	-	11	7	-	-	-	-	-	-	-	-
TOTALS	48	59	80	84	5	5	-	-	33	29	-	-

Totals may not add due to rounding

* Less than 500 lbs.

ANNEX II

CANADIAN EXPORTS BY COUNTRY

(xviii)

17-99 MEAT & MEAT PREPARATION	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
<u>CANNED</u>												
UNITED KINGDOM	22	12	12	14	34	46	1	9	-	-	-	-
BELGIUM - LUXEMBOURG	-	-	-	-	-	-	16	25	2	3	-	-
FRANCE	-	-	-	-	-	-	*	-	-	-	-	-
WEST GERMANY	3	1	-	-	10	5	9	5	1	1	1	-
SWITZERLAND	-	-	2	18	-	-	-	-	-	-	*	1
QATAR	-	-	-	-	-	-	-	-	1	-	-	-
JORDAN	-	-	-	-	-	-	9	11	-	-	-	-
KUWAIT	-	-	-	-	-	-	-	-	5	3	-	-
LEBANON	-	-	-	-	5	3	397	496	-	-	-	-
YEMEN PDR.	1	2	-	-	-	-	88	110	-	-	-	-
UAR	608	395	-	-	-	-	-	-	-	-	-	-
DAHOMEY	19	10	-	-	-	-	-	-	-	-	-	-
SOUTH AFRICA	-	-	*	-	-	-	-	-	-	-	-	-
SAUDI ARABIA	-	-	-	-	-	-	-	-	-	-	1	1

(cont'd)

ANNEX II

CANADIAN EXPORTS BY COUNTRY

17-99 MEAT & MEAT PREPARATION	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
<u>CANNED</u>												
NIGERIA	-	-	-	-	1	1	-	-	-	-	4	7
LIBERIA	-	-	3	1	1	1	-	-	-	-	1	1
MOZAMBIQUE	-	-	-	-	-	-	-	-	-	-	80	50
SYRIA	-	-	-	-	-	-	928	1160	-	-	-	-
EGYPT A.R.	-	-	-	-	-	-	492	615	-	-	-	-
GAMBIA	-	-	-	-	-	-	66	83	-	-	-	-
PORT AF NES	-	-	-	-	-	-	112	141	-	-	-	-
SENEGAL	*	-	-	-	-	-	62	77	-	-	-	-
BANGLADESH	-	-	-	-	25	10	-	-	-	-	-	-
INDIA	-	-	-	-	-	-	-	-	-	-	15	14
HONG KONG	6	3	53	24	7	4	32	17	4	3	-	-
MALAYSIA	7	3	9	5	23	11	-	-	6	3	2	2
SINGAPORE	13	6	33	12	24	13	5	3	11	7	45	14
JAPAN	12	6	157	118	60	39	22	14	51	37	189	80

(cont'd)

ANNEX II

CANADIAN EXPORTS BY COUNTRY

17-99 MEAT & MEAT PREPARATION	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
<u>CANNED</u>												
SOUTH KOREA	-	-	2	1	-	-	-	-	-	-	-	-
PHILLIPPINES	-	-	-	-	-	-	9	11	-	-	-	-
AUSTRALIA	63	39	122	96	4	5	70	53	61	49	23	19
NEW ZEALAND	-	-	18	7	-	-	5	2	6	4	22	24
FIJI	6	3	-	-	-	-	-	-	-	-	-	-
BRITISH OCEANIA NES	11	4	-	-	-	-	-	-	-	-	-	-
FRENCH OCEANIA	-	-	1	1	-	-	-	-	-	-	-	-
U.S. OCEANIA	51	20	58	27	5	5	-	-	-	-	-	-
FRENCH GUIANA	-	-	3	2	-	-	-	-	-	-	-	-
VENEZUELA	-	-	-	-	-	-	-	-	117	192	491	842
BOLIVIA	-	-	-	-	15	10	-	-	-	-	45	14
COLOMBIA	-	-	-	-	-	-	273	342	-	-	-	-
BAHAMAS	237	82	134	62	21	12	31	18	12	8	-	-
BERMUDA	5	2	9	5	6	5	10	3	*	-	2	2

(cont'd)

ANNEX II

CANADIAN EXPORTS BY COUNTRY

(xxi)

17-99 MEAT & MEAT PREPARATION	1973		1974		1975		1976		1977		1978	
	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000	000lbs	\$000
<u>CANNED</u>												
BRITISH HONDURAS (BELIZE)	8	3	12	5	12	5	9	7	-	-	-	-
BARBADOS	23	9	20	10	22	11	8	4	99	68	41	33
JAMAICA	2	2	-	-	1	1	-	-	20	14	-	-
LEEWARD-WINDWARD IS.	12	4	16	6	7	4	15	7	39	168	9	4
TRINIDAD & TOBAGO	15	7	25	13	24	9	17	8	11	7	45	22
CUBA	1	-	1	1	3	3	-	-	-	-	-	-
FRENCH WEST INDIES	-	-	8	5	-	-	-	-	-	-	-	-
HAITI	-	-	-	-	26	21	3	1	-	-	-	-
MEXICO	-	-	-	-	1544	1930	882	1102	-	-	-	-
HONDURAS	-	-	-	-	-	-	29	36	8	4	-	-
PUERTO RICO	-	-	-	-	-	-	-	-	*	1	-	-
NETHERLANDS	17	7	21	12	*	-	2	1	-	-	-	-
GREENLAND	4	8	-	-	-	-	-	-	-	-	-	-
ST-PIERRE ET MIQUELON	8	4	9	6	5	4	12	5	14	9	6	4
U.S.A.	<u>120</u>	<u>161</u>	<u>237</u>	<u>406</u>	<u>92</u>	<u>227</u>	<u>53</u>	<u>125</u>	<u>29</u>	<u>62</u>	<u>42</u>	<u>63</u>
TOTALS	<u>1277</u>	<u>795</u>	<u>964</u>	<u>857</u>	<u>1975</u>	<u>2384</u>	<u>3668</u>	<u>4490</u>	<u>498</u>	<u>642</u>	<u>1063</u>	<u>1196</u>

Totals may not add due to rounding

* Less than 500 lbs.

ANNEX III

EXPORTS OF CANADIAN PROCESSED MEATS BY COUNTRY - 1978

	<u>000 lbs</u>	<u>\$000</u>
United Kingdom	2	6
Austria	1	12
Belgium - Luxembourg	1	1
Denmark	2	3
West Germany	56	59
Switzerland	1	1
U.S.S.R.	2	2
Hong Kong	883	428
Malaysia	2	2
Singapore	53	22
Japan	401	400
Australia	27	22
French Oceania	5	18
Haiti	8	7
New Zealand	22	24
India	15	14
Mozambique	80	50
Liberia	1	1
Nigeria	4	7
Senegal	7	10
Saudi Arabia	1	1
Bahamas	1,334	1,149
Bermuda	606	763
Barbados	523	263
Jamaica	36	37
Leeward-Windward Islands	147	122
Netherlands Antilles	234	158
Trinidad and Tobago	570	379
Cuba	5	5
Dominican Republic	4	7
Panama	37	18
Bolivia	45	14
Venezuela	772	1,382
Puerto Rico	351	482
St-Pierre et Miquelon	118	167
U.S.A.	5,883	8,472
<u>TOTAL</u>	<u>12,234</u>	<u>14,508</u>

Totals may not add due to rounding

Source: Statistics Canada.

HOG PRODUCTION: CANADA AND THE UNITED STATES, BACKGROUND AND ESTIMATED MARKETING LEVELS FOR 1979 AND 1980

Relative Importance of Hog Production

Hog production is an important contributor to agricultural income in Canada. Nearly all provinces depend greatly on hog production as a source of farm income (Table 1). Although farm receipts from hog production vary with changes in total output and prices, the industry has been a reliable and steady source of national cash receipts, accounting for an average of about 10 percent of total national receipts from all commodities.

TABLE 1. FARM CASH RECEIPTS FROM HOGS AS A PERCENTAGE OF TOTAL FARM CASH RECEIPTS, BY PROVINCES AND CANADA.

PROVINCES AND CANADA	1965-69	1970	1975	1978
	PERCENT			
PRINCE EDWARD ISLAND	18.5	19.9	14.6	17.8
NOVA SCOTIA	9.3	9.7	10.6	10.9
NEW BRUNSWICK	6.2	7.3	6.7	5.6
QUEBEC	15.3	14.5	18.0	22.6
ONTARIO	12.4	12.6	11.8	11.6
EAST	13.1	13.1	13.7	15.0
MANITOBA	9.8	16.2	9.4	8.8
SASKATCHEWAN	3.4	7.0	2.6	2.7
ALBERTA	10.4	13.0	7.0	6.4
BRITISH COLUMBIA	1.5	1.6	2.7	3.5
WEST	6.7	10.2	5.2	5.1
CANADA	9.8	11.7	8.8	9.6

Although farm cash receipts from hog production in Canada as a percent of total national receipts has not changed significantly, there have been some significant provincial changes. The hog enterprise in the 1970's has become

more important in Quebec, Nova Scotia and British Columbia. On the other hand, the enterprise has become less important in each of the three Prairie Provinces as a percentage of total farm cash income.

In the United States, farm cash receipts from hog production during 1973-78, averaged close to 8 percent of farm cash receipts from all agricultural commodities, compared with about 10 percent through the 1960's. In contrast to the wide geographical distribution of hog production in Canada, hog production in the U.S. is relatively important only in the Midwest States.

Canada-U.S. Trends

The number of hogs marketed in Canada varies from year-to-year but through the past three decades, marketings have trended upwards (Table 2).

TABLE 2. COMMERCIAL HOG SLAUGHTER: CANADA AND THE UNITED STATES

	CANADA ^{1/}			UNITED STATES			TOTAL Can. plus U.S. 000's
	Number 000's	% Change Year Before	% of total	Number 000's	% Change Year Before	% of Total	
<u>1950-54</u>	6,798	-	8.7	71,007	-	91.3	77,805
<u>1955-59</u>	7,446	+ 9.5	9.0	75,574	+ 6.4	91.0	83,020
<u>1960-64</u>	7,805	+ 4.8	8.8	80,409	+ 6.3	91.2	88,214
<u>1965-69</u>	8,600	+10.1	9.7	79,783	- 1.0	90.3	88,383
<u>1970-74</u>	10,824	+25.9	11.3	84,704	+ 6.2	88.7	95,528
1970	10,422	+20.0	10.8	85,817	+ 2.3	89.2	96,239
1971	11,900	+15.0	11.3	94,438	+10.0	88.7	106,425
1972	10,741	-10.4	11.2	84,707	-10.3	88.8	95,448
1973	10,420	- 3.0	12.0	76,795	- 9.3	88.0	87,215
1974	10,485	+ 0.6	11.4	81,762	+ 6.5	88.6	92,247
1975	8,832	-15.8	11.4	68,687	-16.0	88.6	77,519
1976	8,660	- 1.9	10.5	73,784	+ 7.4	89.5	82,444
1977	9,118	+ 5.3	10.6	77,303	+ 4.8	89.4	86,421
1978	10,212	+12.0	11.7	77,315	N.C.	88.3	87,527

^{1/} Inspected and uninspected slaughter plus live exports for slaughter to the U.S.

Commercial marketing averaged 6.8 million head yearly during the five year period 1950-54. By 1970-74, the annual average was 10.8 million head.

In the United States hog marketings have also been trending upwards. From an annual average of 71 million head during the five year period 1950-54, the number slaughtered increased to 84.7 million annually during the 1970-74 period. During 1975 and 1976, slaughter in both Canada and the U.S. dropped back close to 1960's levels. However, hog slaughter in Canada rose sharply in 1978 whereas the U.S. level remained virtually the same as in 1977. The year 1971, was an all time high in hog marketings in both Canada and the U.S.

With hog slaughter increasing and decreasing more or less simultaneously in Canada and the United States, the relative position of each country with respect to the combined supply has not changed significantly. For 1978, Canada's proportion amounted to 11.7 percent and for 1979 can be expected to average about 11 percent.

Canada's Regional Production Pattern

Through the 1970's there has been a significant regional shift in the origin of Canada's hog slaughter. This has been due to the sharp slaughter decrease in the West, a steady rise in Quebec's hog slaughter and more recently the increase in Ontario. Eastern Canada's hog producer's share of national marketings increased to 70 percent in 1978, from a low of 53.7 percent in 1971 (Table 3)

Quebec's proportion of national marketings has increased from about 20 percent in the early 1970's to over 33 percent in 1978. Ontario's proportion has remained somewhat stationary at about 33 percent but this can be expected to increase in 1979. On the other hand, there has been a sharp reduction for all three Prairie Provinces in their respective proportions of national marketings.

LOCATION OF HOG PRODUCTION AND PERCENT OF CANADA'S PRODUCTION, BY PROVINCE AND REGION,
BASED ON ORIGIN OF HOG GRADINGS

TABLE 3

PROVINCE AND REGION	1970	1971	1972	1973	1974	1975	1976	1977	1978
	000 HEAD								
ATLANTIC	351.6	365.3	320.6	319.9	309.1	295.4	288.5	305.0	338.4
%	4.1	3.6	3.4	3.5	3.3	3.7	3.8	3.7	3.7
QUEBEC	1,742.6	1,927.5	1,881.2	1,911.0	2,278.4	2,326.5	2,335.3	2,604.7	3,044.6
%	20.1	19.1	20.1	21.2	24.6	29.4	30.4	31.9	33.5
ONTARIO	2,933.2	3,141.1	2,927.9	2,748.4	2,768.0	2,491.3	2,549.7	2,630.3	3,025.6
%	33.9	31.0	31.3	30.4	29.9	31.5	33.2	32.2	33.3
<u>TOTAL EAST</u>	<u>5,027.4</u>	<u>5,433.9</u>	<u>5,129.7</u>	<u>4,979.3</u>	<u>4,355.5</u>	<u>5,113.2</u>	<u>5,173.5</u>	<u>5,540.0</u>	<u>6,408.6</u>
%	58.1	53.7	54.8	55.1	57.8	64.6	67.4	67.8	70.5
MANITOBA	1,067.2	1,331.2	1,197.3	1,221.2	1,188.3	873.6	819.4	841.2	842.7
%	12.4	13.2	12.8	13.5	12.8	11.0	10.7	10.3	9.3
SASKATCHEWAN	868.3	1,249.9	1,094.2	1,072.8	1,028.6	615.3	534.8	534.3	557.3
%	10.0	12.4	11.7	11.9	11.1	7.8	7.0	6.5	6.1
ALBERTA	1,620.1	2,015.4	1,878.5	1,717.6	1,626.8	1,242.3	1,086.0	1,172.3	1,179.3
%	18.7	19.9	20.1	19.0	17.5	15.7	14.1	14.4	13.0
B.C.	65.2	83.1	57.4	50.3	70.3	68.7	65.7	78.8	97.1
%	0.8	0.8	0.6	0.5	0.8	0.9	0.8	1.0	1.1
<u>TOTAL WEST</u>	<u>3,620.8</u>	<u>4,679.6</u>	<u>4,227.4</u>	<u>4,061.9</u>	<u>3,914.0</u>	<u>2,799.9</u>	<u>2,505.9</u>	<u>2,626.6</u>	<u>2,676.4</u>
%	41.9	46.3	45.2	44.9	42.2	35.4	32.6	32.2	29.5
<u>TOTAL CANADA</u>	<u>8,648.2</u>	<u>10,113.5</u>	<u>9,357.1</u>	<u>9,041.2</u>	<u>9,269.5</u>	<u>7,913.1</u>	<u>7,679.4</u>	<u>8,166.6</u>	<u>9,085.0</u>
%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

In Western Canada the strong cash grain markets during 1972-75 provided many hog-feed grain producers with a clearly profitable alternative to hog production. Many hog producers in Western Canada left the hog business entirely. The number of census farmers reporting pigs in 1971 compared with the 1976 figure dropped 52 percent in Western Canada, compared with a 42-percent decrease in Eastern Canada. Furthermore, the average number of pigs on each farm in Western Canada increased moderately from 59 head in 1971 to 62 in 1976, whereas the increase in Eastern Canada was from 75 head to 122 head for each farm reporting pigs.

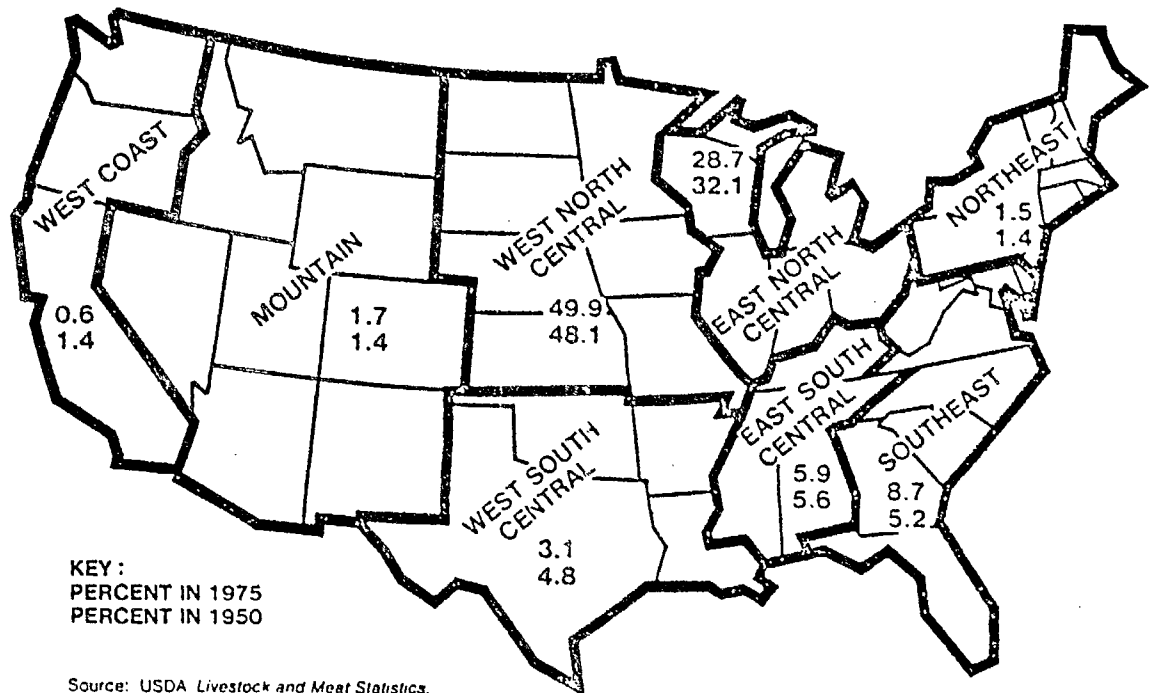
The end result of all this is that Eastern Canada has now reached the point of self-sufficiency in pork with the historical movement of pork from the surplus West to the deficit East appearing to be at an end. As recently as 1974 over 40 percent of Canada's hog production was produced in the West. In 1978, Western and Eastern Canadian hog production were about

equal to the distribution of human population - 28 percent in the West; 72 percent in the East. Also on the basis of proportion of population Quebec has now moved into a pork surplus position and Ontario is very close to balance.

U.S. REGIONAL PRODUCTION PATTERNS

The East and West North Central regions in the United States produce about 80 percent of the hogs. One-half of the total U.S. hog output comes from the States of Iowa, Illinois, Indiana, and Missouri. Shifts in regional production have been marginal over the past 25 years. The West North Central States have increased production nearly enough to offset the decrease in the East North Central States (fig. 1). In just the past 10 years, the five States of Iowa, Wisconsin, Illinois, Indiana, and Ohio have lost a total 5.3 percent of the U.S. hog production to other States. Increasing in proportionate share of production are the Southeast States of North Carolina and Georgia and the West North Central States of Minnesota, Nebraska, and Kansas.

Figure 1. Regional distribution of hogs marketed, 1950, 1975.



U.S. hog production is concentrated in the States that produce corn. Only marginal changes in proportionate share of hog and corn production have occurred among States in the last 10 years. In the future, corn and hog production trends are expected to stay together, and no major shift in hog production from the North Central Corn Belt States is expected.

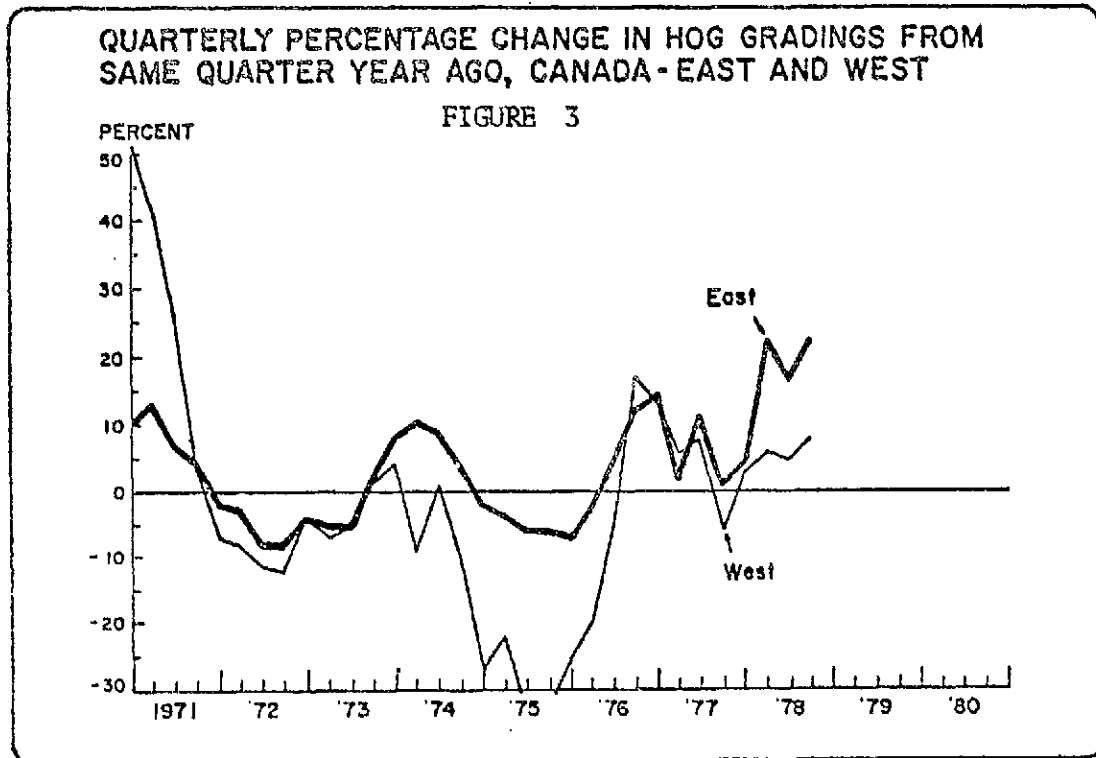
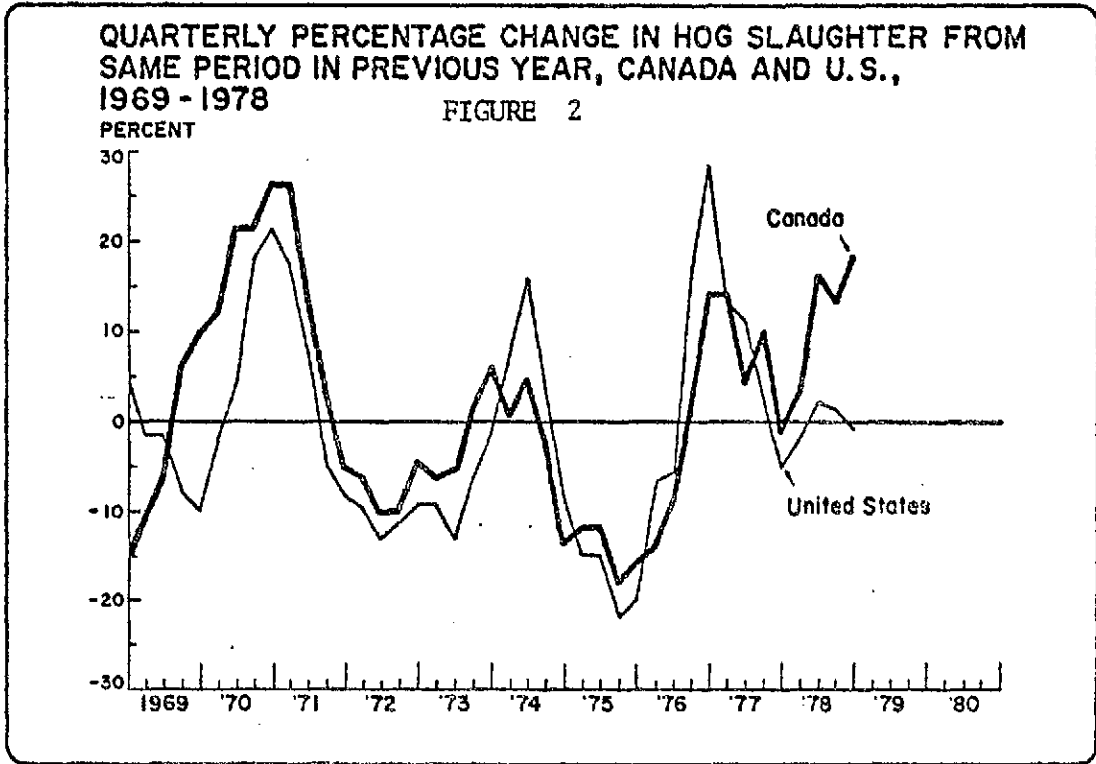
Variability of Hog Marketing

In both Canada and the United States, variability of hog slaughter continues to characterize the hog industry, contributing to wide price swings and instability in the industry and its related sectors.

The irregular supply of hog slaughter in Canada and the U.S. is shown in figure 2, and for Eastern and Western Canada in figure 3. While there has been no moderation in the year-to-year production cycle in Canada, recent yearly changes in U.S. pork output show signs of becoming less pronounced, especially since 1975. A somewhat similar trend appears to be developing in Western Canada.

Traditionally, hog production in the grain growing areas of Western Canada, and the Corn Belt of the U.S., has been a highly flexible operation, developed in relation to available labor and abundant feed grain supplies. However, for new producers the initial investment in facilities and equipment has become increasingly large. And, producers faced with the need for major repairs or new investment in hog facilities are confronted with sharply increased costs. Nonfeed costs have increased faster than feed costs in recent years. The end result could mean that North America's hog production in future years may show less sharp cyclical supply variability when compared with the past. Furthermore, production in Canada and the U.S. has been shifting rapidly towards fewer and larger enterprises. The trend towards farms selling hogs continues to drop faster than the general decrease in number of Canadian farms, as only 20 percent of all farms had pigs in 1976 census, compared with 37 percent in 1971 census. The average number of pigs on Canadian pig farms increased from 40 in 1966 census to 72 in 1971, and 96 in 1976. The USDA indicates that at least 40 percent of all hogs marketed in 1979 will originate on farms selling 1,000 head or more compared with 25 percent in 1974 and 7 percent in 1964. Nevertheless, considerable production still comes from

relatively small hog enterprises in both Canada and the U.S. However, according to current standards, many of these hog enterprises are too small. Hence, the reduction in numbers of small hog enterprises and the increase in numbers of large operations is likely to continue in both countries.



HOG MARKETINGS 1979

The following information in Table 4 is based on contacts made with several provincial government and Marketing Board officials re their respective provincial trend in future levels of hog marketings. Nearly all officials contacted did not wish to go beyond the next year and many were uncertain about 1979.

TABLE 4 ESTIMATED PERCENTAGE INCREASES IN 1979 HOG MARKETINGS BY RESPECTIVE PROVINCIAL OFFICIALS

	<u>1979/78</u>		<u>1979/78</u>
B.C.	up 15-20%	Maritimes	up 10-15%
Alberta	up 10%	Quebec	up 20%
Saskatchewan	up 10%	Ontario	up 15% or more
Manitoba	up 15%	EAST	(up 15 to 20%)
WEST	up 10-12%	CANADA	up 15% or more

HOG MARKETINGS IN 1979 AND EARLY 1980'S

(Source: Agriculture Canada)

Hog Production in Canada is currently on an upward trend. This upswing, which commenced in the fourth quarter of 1976, is expected to continue through 1979, (Table 5), making this a relatively longer upturn in hog slaughter when compared with past national expansion period.

It is important to note the recent provincial pattern of hog marketings in Canada. During the expansion phase of this hog cycle, the rate of increase in Eastern Canada's marketings have been much greater when compared with increases in Western Canada. Traditionally, percentage increases in the West have sharply exceeded those in the East. On the other hand, U.S. hog producer's expansion plans have been very slow, despite favourable enterprise returns for several months.

TABLE 5 CANADA: PERCENT CHANGE IN HOG MARKETINGS^{a/} FROM SAME PERIOD OF PREVIOUS YEAR

	Eastern Canada				Western Canada				Can- ada	United ^b States	
	Mar.	Que.,	Ont.	East	Man.	Sask.	Alta.	B.C.			West
	- percent change -										
<u>1976</u>	-2	+1	+2	+1	-6	-13	-13	-4	-11	-3	+7
<u>1977</u>	+6	+11	+3	+7	+3	+1	+8	+20	+5	+6	+5
<u>1978</u>	+11	+17	+16	+16	+5	+4	+4	+21	+5	+12	N.C.
1st Q.	-2	+4	+4	+4	-1	-1	+2	+22	+1	+2	-2
2nd Q.	+11	+26	+18	+22	+5	+4	+7	+32	+6	+16	+2
3rd Q.	+15	+16	+18	+17	+2	+4	+5	+21	+5	+13	+1
4th Q.	+22	+22	+22	+22	+13	+11	+3	+13	+8	+18	-1
<u>1979 Preliminary</u>											
1st Q.	+25	+28	+33	+30	+22	+11	+9	+33	+14	+26	+3

SOURCE: Agriculture Canada, Ottawa

^aHog gradings plus live exports

^bCommercial hog slaughter

Canada's Inventory Continues Upward

The Statistics Canada January 1, 1979 report on Pigs indicates hog production is continuing to expand more rapidly than most market observers had generally expected. The number of pigs on Canadian farms January 1, 1979 was estimated at 7,495 thousand head, 13 percent more than a year earlier, and 22 percent above January 1, 1977 (Table 6). The largest percentage increases occurred in Eastern Canada but the details in Table 10 also indicates that hog production in Western Canada expanded more rapidly in 1978 than 1977.

TABLE 6 CANADA: NUMBER OF HOGS ON FARMS,
January 1, 1979

Region	January 1			Change	
	1977	1978	1979	1978 1977	1979 1978
000 head					
Prince Edward Island	80.0	80.8	97.0	+1	+20
Nova Scotia	78.0	80.0	89.0	+3	+11
New Brunswick	42.0	41.0	46.0	-2	+12
Quebec	1,805.0	1,989.0	2,240.0	+10	+13
Ontario	1,967.0	2,210.0	2,600.0	+12	+18
EAST	3,972.0	4,400.8	5,072.0	+11	+15
Manitoba	655.0	680.0	745.0	+4	+10
Saskatchewan	501.0	515.0	565.0	+3	+10
Alberta	966.0	990.0	1,035.0	+2	+5
British Columbia	60.5	67.0	78.0	+11	+16
WEST	2,182.5	2,252.0	2,423.0	+3	+8
CANADA	6,154.5	6,652.8	7,495.0	+8	+13

Source: Statistics Canada, Ottawa

Record Hog Marketings in Canada for 1979

The January 1979 report estimated the 1978 fall pig crop (July - to December 31) to be up 14 percent in Canada from the same six months of 1977. The 1978 fall pig crop will provide most of the marketings during the first half of 1979. Sow farrowings intentions for January-June 1979, estimated to be up 10 percent in Canada from the first half of 1978, will provide most of the national marketings during the latter half of 1979.

Hog marketings in Canada for the first half of 1979 are projected to average 17 to 20 percent above January-June, 1978. A smaller percent increase in national marketings is expected in the second quarter of 1979 compared with the first quarter. (See Appendix A, Quarterly Forecast of Hog Marketings). Hog marketings for the last half of 1979 can be expected to average 10 percent or more above the latter half of 1978.

For 1979, hog marketings^{1/} (gradings plus live exports) in Canada could average 12 to 15 percent above the 1978 level. With a 12 to 15 percent increase, marketings would total 10.3 to 10.6 million head. This level of annual marketing would exceed the 1971 all time high of 10.2 million head.

U.S. Hog Marketings to Increase in 1979

The long-anticipated increase in U.S. hog marketings appears likely to arrive in 1979. The number of hogs on U.S. farms in 14 major hog producing states March 1, 1979 was estimated by the USDA at 50.5 million head, up 13 percent from a year earlier. Pigs kept for breeding purposes were up 20 percent from March 1, 1978.

The September-November 1978 pig crop, which is the main source of hog slaughter during the spring quarter of 1979, was estimated to be up 8 percent from the corresponding period a year earlier. Marketings during the last half of 1979 will depend largely upon the actual size of the December 1978 - May 1979 pig crop, estimated on March 1, 1979 to be up 20 percent from a year earlier. (Sow farrowings in December-February were reported to be up 16 percent and intentions during March-May up 24 percent from the same months in 1978).

^{1/} The Quarterly Forecast of Hog Marketings is based on inspected slaughter in federal and provincial plants plus live export to the U.S. for slaughter. (See Table 7, page 15, for annual data.)

Sow slaughter in the U.S. during 1978 dropped below year earlier levels for eleven of the twelve months. During October, sow slaughter equalled that of a year ago, but the ratio of gilt slaughter to barrow and gilt slaughter dropped to the lowest level on record, indicating that a major increase in farrowings appears to be underway in the U.S.

In 1978, U.S. commercial hog slaughter totalled 77,287 thousand head, compared with 77,303 thousand head in 1977. In view of very favourable production returns in 1977/78 and continued low feed prices some acceleration in the buildup of U.S. hog inventories has been expected. However, the lack of inventory expansion through 1977 and during the first half of 1978 adds uncertainty to the level of increase in forthcoming U.S. marketings. Furthermore, if winter weather and disease problems curtailed much of the expected expansion in 1978, than the impact of the severe 1979 winter conditions may once again reduce the number of pigs saved and temper the expected increase in U.S. marketings through the last half of 1979.

Lower Hog Prices Expected

If latest production forecasts materialize, especially in the United States, hog prices and profit prospects through the latter half of 1979 are not as bright in North America as a year earlier.

Consumer demand for pork will be influenced in part by the supplies of beef and poultry meat and by the relative strength of employment and income conditions in the economy. Beef supplies in North America will be considerably smaller in 1979, but both chicken and turkey supplies are expected to show a substantial increase from 1978. Adjusted for a 1 percent population growth, total per capita supplies of red meat and poultry in North America may be expected to average slightly below 1978.

Through the first quarter of 1979, index 100 hog prices at Toronto averaged about \$73 and barrows and gilts in U.S. currency about \$68 per cwt dressed. Considering a seasonal increase in marketings and seasonally weak demand, the USDA in February expected the price for the second quarter of 1979 to drop to the \$45-\$47 level (\$58 - \$62 dressed) and drop to the low \$40's (\$54.50 dressed) by the fall. If the 1979 winter weather and disease problems reduce the size of the U.S. pig crop than the expected decrease

in U.S. hog prices could be less than expected.

Despite sharply higher domestic pork output in the first quarter of 1979, hog prices in Canada have continued to closely reflect the "basic price" for market hogs in North America, as established in the U.S. mid-west. Assuming no significant changes in the relation of the Canadian dollar to the U.S. dollar, and that Canada's hog prices will be on an "export basis" with U.S. hog prices, then lower hog prices in Canada from winter levels can be expected during the last half of 1979, especially in the fall period. Index 100 hogs at Toronto may be expected to average in the \$64 - \$68 level during the spring and summer quarter and by fall drop below the \$60 level.

Marketing levels In 1980 and 1981

North America's hog production in the past has been characterized by a cycle of about four years in length. There were roughly two years of low average marketings and high average hog prices, followed by two years of higher average marketings and lower average hog prices. Using data for annual hog marketings and hog prices this is well illustrated in Table 7. This was the traditional hog cycle. Major cyclical production peaks occurred about every 10 years, with lesser production peaks every 3 to 5 years. It continues to be an important phenomenon for North America's hog producers as they adjust pork production to perceived profitable alternatives. But the cycle was much more pronounced through the 1950's and 1960's, than it has been in the 1970's.

Several factors have affected the hog cycle during the 1970's: wide fluctuations of relatively higher feed grain and protein supplement prices, fewer and larger hog enterprises, sharply increased capital requirements, disease problems in the U.S., and possible bans on the use of antibiotic and nitrites. The underlying factor is that economic conditions in hog production are no longer like the pre-1973 periods. Thus, past relationships between hog supply patterns and market price trends that for many years had been relied upon to make future production decisions, have been significantly altered. A combination of forces, in particular the sharp rise in feed grain prices, caused an abrupt and early termination of the expansion phase of hog production in 1974.

This resulted in a very short upswing in hog marketings of only one year (1974) in both Canada and the U.S., followed by a sharp drop in 1975 hog marketings. Moreover, increases in U.S. hog production have been very slow since 1977, in view of good enterprise returns. Neither of the above two situations fits neatly into the conventional four year hog cycle in North America.

Assuming good feed grain crop conditions in 1979, relatively low feed grain prices and reduced death losses of pigs in the U.S.; the North American hog marketing cycle will rise sharply in 1980, with correspondingly lower hog prices (See Table 7). This upswing in North America's hog marketings can be expected to commence in the summer of 1979, followed by a downturn in 1981. Many of the indicators which underlay the hog slaughter increases in both Canada and the U.S. from 1969 to 1971 (figure 4), are again active: a gradual build-up in feed grain stocks with relatively lower feed prices, tighter beef supplies and increasing cattle prices. For Canada, this expansion phase of pork production will be the longest on record.

FIGURE 4

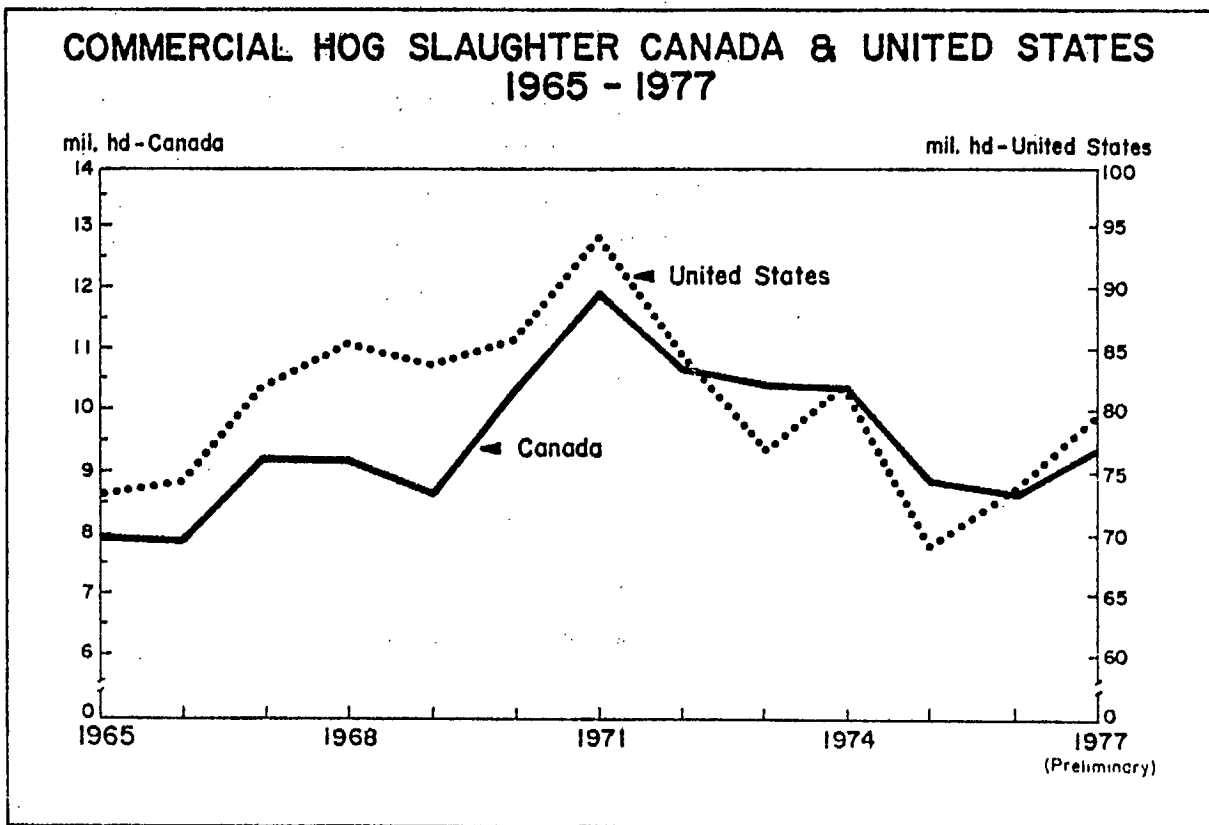


TABLE 7

HOG PRODUCTION AND PRICE CYCLES IN NORTH AMERICA

	Commercial Slaughter			Hog Prices ^{2/} (dressed)		U.S. ^{3/}	Canada ^{3/}
	U.S.	Can. ^{1/}	Total	U.S.	Can.	Hog-Corn Price-Ratio	Hog-barley Price-ratio
	- mil. head -			/cwt		-No-	
1953	66.9	5.0	71.9	28.19	30.80	10.1	15.8
1954	64.8	5.1	69.9	28.53	31.75	14.2	21.0
1955	74.2	5.9	80.1	19.47	26.05	14.2	23.8
1956	78.5	6.0	84.5	19.00	27.50	10.2	17.8
1957	72.6	5.4	78.0	23.45	31.05	10.1	18.4
1958	71.0	6.5	77.5	25.96	29.13	14.8	25.5
1959	81.6	8.6	90.2	18.77	24.80	17.9	23.5
1960	79.0	6.8	85.8	20.46	23.95	13.1	18.6
1961	77.3	6.5	83.8	22.00	27.18	14.9	18.7
1962	79.3	6.6	85.9	21.56	28.30	16.1	18.6
1963	83.3	6.5	89.8	19.72	27.30	15.5	16.3
1964	83.0	7.3	90.3	19.63	26.23	12.8	17.3
1965	73.8	7.1	80.9	27.31	31.77	12.5	16.4
1966	74.0	6.9	80.9	30.12	35.14	16.7	19.6
1967	82.1	8.2	90.3	24.83	29.53	17.9	20.3
1968	85.2	8.2	93.4	24.60	29.59	15.5	17.6
1969	83.8	7.5	91.3	30.36	34.69	16.2	19.5
1970	85.8	8.7	94.5	28.14	30.14	19.5	27.4
1971	94.4	10.2	104.6	23.65	23.67	17.0	20.3
1972	84.7	9.4	94.1	34.19	34.90	13.6	15.7
1973	76.8	9.1	85.9	51.63	52.36	20.6	23.2
1974	81.8	9.5	91.3	45.03	47.86	19.3	20.2
1975	68.7	7.9	76.6	61.95	65.40	11.3	12.9
1976	73.8	7.7	81.5	55.27	62.53	16.9	19.3
1977	77.3	8.2	85.5	52.65	59.85	16.5	21.4
1978	77.3	9.3	86.6	62.17	69.99	20.2	23.2
<u>Projected</u>							
1979	85.0	10.6	95.6	58.00	64.00	22.9	31.7
1980	95.2	11.2	106.4	-	-	-	-
1981	90.0	10.5	100.5	-	-	-	-

1/ Gradings plus live exports

2/ Grade A Toronto 1953/59, weighted national average all market hogs 1969/78: Barrows and gilts in U.S. \$ at 7 markets.

3/ Ratios lagged one year.

Pig Production In the European Economic Community

EEC hog slaughter reached a peak in 1978, bringing low hog prices. Because of the favourable prices of (imported) feed and cereal substitutes such as manioc, production did not have to be reduced. The result was the addition of an upturn to the EEC hog cycle, leading to high production and low prices in 1979. The growth rate of EEC production in 1979 is projected to drop from over 5 percent above a year earlier in the first half to about two percent above in the second half.

Hog Slaughter in Canada, U.S. and the EEC 9

	Canada	U.S.	Can.+ U.S.	EEC-9
	- million head -			
1974	9.5	81.8	91.3	103.4
1975	7.9	68.7	76.6	101.4
1976	7.7	73.8	81.5	103.1
1977	8.2	77.3	85.5	108.4
1978	9.3	77.3	86.6	113.4
1979 ^{1/}	10.6	85.0	95.6	118.3

1/ Projected

Japan

According to the Japanese Ministry of Agriculture and Forestry, pork production in Japan in 1979 is expected to continue increasing, mainly due to favourable feed prices:

Japan: Pork Production, Carcass Weight Equivalent

<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
- thousand metric tons -				
1,039	1,056	1,169	1,275	1,330

APPENDIX A. QUARTERLY FORECAST OF HOG MARKETINGS, MARCH 1979

Province or Region	Actual		Projected		Percent Change from Preceding Year
	January-March 1978		January-March 1979		
	Total 3 Months	Average per Week	Total 3 Months	Average per Week	
	000 hd		000 hd		
Maritimes	79.6	6.1	99.5	7.7	+25
Quebec	694.1	53.4	902.3	69.4	+30
Ontario	718.0	55.2	954.9	73.4	+33
Total East	1,491.7	114.7	1,956.7	150.5	+31
Manitoba	222.6	17.1	271.6	20.9	+22
Saskatchewan	144.7	11.1	160.6	12.4	+11
Alberta	316.8	24.4	342.1	26.3	+ 8
British Columbia	22.5	1.8	29.7	2.3	+32
Total West	706.6	54.4	804.0	61.9	+14
Canada	2,198.3	169.1	2,760.7	212.4	+26

Province or Region	Actual		Projected		Percent Change from Preceding Year
	April-June 1978		April-June 1979		
	Total 3 Months	Average per Week	Total 3 Months	Average per Week	
	000 hd		000 hd		
Maritimes	82.3	6.3	94.6	7.3	+15
Quebec	779.4	60.0	896.3	68.9	+15
Ontario	724.7	55.7	855.1	65.8	+18
Total East	1,586.4	122.0	1,846.0	142.0	+16
Manitoba	225.4	17.4	250.2	19.2	+11
Saskatchewan	146.1	11.2	162.2	12.5	+11
Alberta	316.5	24.3	341.8	26.3	+ 8
British Columbia	24.3	1.9	27.9	2.2	+15
Total West	712.3	54.8	782.1	60.2	+10
Canada	2,298.7	176.8	2,628.1	202.2	+14

Province or Region	Actual		Projected		Percent Change from Preceding Year
	July-December 1978		July-December 1979		
	Total 6 Months	Average per Week	Total 6 Months	Average per Week	
	000 hd		000 hd		
Maritimes	172.0	6.8	171.9	7.4	+ 8
Quebec	1,578.3	60.7	1,720.3	66.2	+ 9
Ontario	1,609.6	61.9	1,802.8	69.3	+12
Total East	3,364.9	129.4	3,714.3	142.9	+10
Manitoba	446.7	17.2	500.3	19.3	+12
Saskatchewan	268.0	10.3	292.1	11.2	+ 9
Alberta	589.1	22.7	648.0	24.9	+10
British Columbia	50.5	1.9	57.1	2.2	+13
Total West	1,354.3	52.1	1,497.5	57.6	+ 9
Canada	4,719.2	181.5	5,211.8	200.5	+10

ANNEX V

TARIFFS

<u>U.S.A</u>		<u>Present</u>	<u>Proposed</u>
<u>Tariff Item</u>	<u>Description</u>	<u>Rate of Duty</u>	<u>Rate of Duty</u>
<u>Sausages, whether or not in airtight containers:</u>			
107.10	Pork, Fresh	1.6¢ lb.	0.6¢ lb.
107.15	Pork, Other	1.625¢ lb.	0.6¢ lb.
107.20	Beef, in airtight containers	7.5% ad. val.	N.C.
107.25	Beef, Other	5% ad. val.	N.C.
<u>Pork prepared and preserved:</u>			
107.30	Not boned & cooked & packed in airtight containers	2¢ lb.	1¢ lb.
107.35	Boned & cooked & packed in airtight containers	3¢ lb.	N.C.
<u>Beef and Veal</u>			
107.48	Corned beef, canned	7.5% ad. val.	N.C.
107.52	Canned beef, not corned beef	7.5% ad. val.	3% ad. val.
107.40	Beef veal, prepared/preserved, other	10% ad. val.	4% ad. val.

<u>JAPAN</u>		Present	Proposed
<u>Tariff Item</u>	<u>Description</u>	<u>Rate of Duty</u>	<u>Rate of Duty</u>
16.01	Sausages	25% ad. val.	N.C.
16.02(2)	Boiled Ham	25% ad. val.	N.C.
	Canned Ham	25% ad. val.	N.C.
	Canned Bacon	25% ad. val.	N.C.
	Cured and smoked meats	25% ad. val.	N.C.
	plus a levy calculated from the current S.I.P. for pork ccs. and the value of the product.		

E.E.C.

The EEC tariff system is extremely complex and demands actual N.C. calculation at the time of entry. In simplest terms, tariffs on processed meat products can be stated to vary from 21 to 24 per cent ad valorem plus a variable levy.

Note: N.C. - No Change

ANNEX VI

Governmental programmes and incentives to promote exports
of processed meat products

Federal Government

1. Mini-Solo Food Shows on Sales Marketing in the USA.
2. In-store promotions in the USA.
3. In store promotions (department stores & supermarket chains) in Japan.
4. Restaurant promotions featuring Canadian foods in Japan.
5. Incoming buyers missions.
6. Participation in International Food Shows.
7. Outgoing missions.
8. P.E.M.D. - all types (market identification, market adjustment, national exhibits).

Provincial Governments

1. Trade Missions - Alberta, British Columbia, Manitoba, Ontario, Québec and Saskatchewan.
2. Food Shows and Sales Meetings - Alberta, British Columbia, Manitoba, Ontario and Québec.
3. Incoming buyers - Alberta, Ontario.

The amount and type of activity varies widely from province to province. Ontario and Alberta appear to have had the most activity in the field of processed meat products.

ANNEX VII

Published material available

1. "Market Penetration of Alberta & Saskatchewan Pork Products into the Pacific Region of the United States" (1975)
A Research Report by L.D. Smith, J.J. Richter & M.H. Hawkins funded by the University of Alberta, The Alberta Hog Producers Marketing Board, The Alberta Agricultural Research Trust & Agriculture Alberta.
2. North American Hog & Pork Study - a project of the Economics Branch of the Canada Department of Agriculture - M. Hawkins, R. Bennet, A. Boswell (1971)
3. World Pork Market Opportunities - 1980
A study completed by Industry, Trade & Commerce (May 1974)
4. PEMD Reports by various companies.
5. Commission of the European Communities, Information on Agriculture: "Cereals and Meat in Eastern Europe, Production, consumption and trade" (May 1978)
6. Domestic Exports by Commodities & Countries.
Statistics Canada
7. "Food Sanitation Law & Food Additives in Japan" - The Federation of Food Additives Associations in Japan, January, 1978.
8. "Proceedings of the National Pork Seminar" - Montreal, November 1977
9. World Market Opportunities "Agriculture & Food Products" IT&C 1978
0. Report on the Japanese Market For Canadian Processed Food Products, 1973 (i) Ham, Bacon, Sausage & Pet Foods
(ii) The Market: Background & Trends
Agriculture, Fisheries & Food Products Branch, Industry, Trade & Commerce.

