

# GENERAL AGREEMENT ON

RESTRICTED

IMC/INV/1/Rev.2

26 May 1989

## TARIFFS AND TRADE

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Arrangement Regarding Bovine Meat

Original: English

### INTERNATIONAL MEAT COUNCIL

#### Inventory of Domestic Policies and Trade Measures and Information on Bilateral, Plurilateral or Multilateral Commitments

#### Replies to Parts G and H of the Questionnaire

#### BRAZIL

The participants have agreed to provide information concerning their domestic policies and trade measures including bilateral and plurilateral commitments on the basis of Parts G and H of the Questionnaire (Rule 16 of the Rules of Procedure). The documents containing replies to these parts of the Questionnaire are circulated under the symbol IMC/INV/...; they are revised as and when changes are notified.

This set of documents constitutes the inventory of all measures affecting trade in bovine meat, including commitments resulting from bilateral, plurilateral and multilateral negotiations, which the Council has instructed the secretariat to draw up and keep up to date under the provisions of Article III of the Arrangement. (Note to Article III of the Arrangement and Rule 18 of the Rules of Procedure.)

Note: This document has been revised in accordance with the three-year rule contained in Rule 18 of the Rules of Procedure, and replaces all previous IMC/INV/1/... documents.

## PART G

### Part G.1 Information on Domestic Policies and Trade Measures

#### I. Production

##### Introduction

Cattle breeding in Brazil is an activity carried out throughout the country. Initially of relatively poor quality, local breeds were subsequently developed with the introduction of the "zebu" and "dutch" breeds, which increased adaptability, resistance and productivity to local conditions. Currently, 80 per cent of the national herd is made up of "zebu" stock; in the southern more temperate regions and around large demographic areas, there is greater preponderance of breeds of European origin. Techniques have also been developed to produce new breeds of cattle, maintaining the original characteristics but also attempting to bring out faster growth and endurance. These new breeds are exemplified by the "canchin" (charloes x zebu), "pitangueiras" (red polled x guzerá and gir) and "ibagé" (polled angus x nelore).

Historically, cattle raising in Brazil has developed through the expansion of the agricultural frontier, in extensive and natural pasture forms of production. This horizontal growth is characterized by the use of new lands in remote regions where, although labour costs are low, deficiencies of infrastructure inhibit greater capital investment. Consequently, the growth of the meat industry has not been as great as the other sectors of the economy, since its expansion has been more due to increasing land utilization as opposed to higher rates of productivity.

Production is mainly aimed at the domestic market. Because of the relatively low levels of purchasing power of the population, however, profitability has been kept low, discouraging investment and the introduction of new and more intensive technologies directed at increasing productivity.

##### (a) Description of the meat industry

Cattle is bred throughout the national territory, mainly by small and medium-sized producers. The industry accounts for 1 per cent of GNP and about 9 per cent of agricultural GNP.

Brazil has now the second largest herd in the world; it is raised predominantly in pastures and therefore the industry is not dependent on the grain sector for inputs. Lately, however, there has been a shift towards some intensive production, mainly to make up for supply shortfalls in the off-season (second half of the year).

This shortfall derives from the seasonal behaviour of supply for slaughter. During the normal slaughter period, from December-January to June-July, there is plentiful supply and a downward price movement. In the remainder of the year, however, the situation is inverted, with tighter supply and an upward price tendency.

(b) Government policies or measures influencing production

In order to reduce the negative influences of the production cycle mentioned above, and thus minimize the supply and demand disequilibria, the Government, since 1974, administers a buffer-stock programme. Its main objective is to create additional demand during the slaughter period, through direct purchases of chilled meat or financing of private refrigerated warehouses. The meat is then subsequently sold in the periods of greater scarcity.

The Government also provides rural credit for the financing of intensive production in the off-season. In 1989, this programme is expected to make 900,000 head of cattle available for slaughter in the months from August to December.

Official government policy for the meat sector is to give priority to fulfilling domestic demand and exporting excess supply. Due to internal structural economic difficulties, however, coupled with the need to generate foreign exchange for debt servicing and taking into account the recent increased supply of competing meats (notably poultry), there has recently been observed a larger availability of bovine meat for export.

In the field of sanitary measures, the Ministry of Agriculture published, on 2 December last, a regulation for the control and eradication of foot-and-mouth disease. The investments allocated to this programme amount to US\$180 million, to be partly financed by the World Bank. The programme sets down, among other objectives, the eradication of the disease in the next two years in the main producing and exporting regions of the country. In this way, the sanitary improvements in Brazil will ensure the quality of the herd and production up to the levels required by the internal and external markets.

With this same objective of guaranteeing the quality and competitiveness of Brazilian meat products, and bearing in mind the controversy surrounding the use of hormones in meat production, the Ministry of Agriculture, also on 2 December 1988, published regulations establishing severe penalties for the use of such substances in cattle breeding. Now, apart from the previous legislation outlawing the use of these artificial weight enhancers, it is also illegal to produce, import and market hormonal substances.

II. Internal prices and consumption

As general policy, there is no Government intervention with respect to prices. Recently, however, there have been short phases of official

controls in the context of macro-economic stabilization programmes, such as those adopted in 1986 and for a short period in 1987. During these plans, a price freeze was implemented which led, however, to shortages of supply, which were made up, as in 1986, by imports. The new plan introduced at the beginning of this year also imposed a control on retail prices, and parallel measures to limit exports and increase imports of meat from any origin free of tariffs. Like its predecessors, this plan is envisaged only for a transitional period in order to reduce the inflationary pressures on the economy, but no date has as yet been determined for its suspension.

With respect to consumption, the Government does not intervene in any manner; there is no subsidization, direct or indirect, for consumers. The only rôle played by the Government is in guaranteeing minimum levels of supply to the internal market, be it through releasing its intervention stocks, be it by means of temporarily suspending import tariffs on meat.

### III. Measures at the frontier

#### (a) Import tariffs

On 1 July 1988, the Brazilian Tariff Régime was subjected to a comprehensive revision. The new streamlined tariff profile, together with the elimination of non-tariff restrictions, is providing greater transparency and efficiency for imports.

As for the effects of these measures on the meat sector, a zero tariff was established for the import of live animals for reproduction. For all other types of meat and their sub-products, a single 30 per cent tariff was established.

#### (b) Other import measures at the tariff line level

There are no other import measures of this kind.

#### (c) Measures affecting export levels

No official programme affecting exports, other than the one mentioned under Section II and III(e) above, is in force.

#### (d) Health regulations on imports

There have been no changes in the health regulations for meat imports. CONCEX Resolution No. 131, of 13 January 1981, already notified to GATT, is still in force.

#### (e) Export and import quotas policies for meat

Apart from the transitional periods of macro-economic adjustment, in which it has been necessary to control supply and demand through monitoring of exports and increasing imports, there is no fixed official quota policy for trade in meat.

PART H

Part H Information on Bilateral and Plurilateral  
Agreements in the Field of Bovine Meat

In international bilateral economic agreements subscribed to by Brazil with neighbouring countries of Latin America, preference margins of 27 per cent to 90 per cent are given over the established tariff rates.