

GENERAL AGREEMENT ON

RESTRICTED

IMC/INV/8/Rev.3

14 June 1989

TARIFFS AND TRADE

Arrangement Regarding Bovine Meat

Original: English

INTERNATIONAL MEAT COUNCIL

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

Reply to Parts G and H of the Questionnaire

HUNGARY

Revision

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 Agreement (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/8/... documents.

I. Production

(a) Factors affecting meat production

1. Hungary is a traditional producer and exporter of live cattle and bovine meat, production levels have always considerably exceeded domestic consumption. Cattle numbers in recent decades have been around two million head, but since the early 80s a continuous and significant decline occurred, herd numbers dropping to an all-time low of 1,664,000 head by 1987. The downward trend seemed to have stopped by 1988 and an increase of 1.5 per cent has taken place, thereby herd numbers reaching 1,690,000 head. This is still well below traditional levels reflecting the effects on producers' incomes of the unfavourable international market conditions in the last period.

2. Large-scale farms play a major rôle in cattle raising with a share of about 80 per cent of total herd numbers. The cattle numbers held by small scale producers in 1987 was just over 300,000 head, while the share of these producers in the gross value of Hungarian cattle production is somewhat higher (24 per cent).

3. Herds in Hungary were traditionally made up of "Hungarian Pied" cattle which provides high quality beef, although its milk production is not outstanding. In the recent period in order to increase milk production, dairy cattle types, mainly Holstein-Friesian cattle were introduced.

4. As a consequence of lower herd numbers bovine meat production has also decreased in recent years. The inspected slaughtering was 466,000 head in 1983, has dropped to 387,000 by 1987 and with a further decline of 18 per cent it has reached an all-time low of 318,000 head in 1988. The total beef and veal production was 125 thousand tons (dressed carcass weight) in 1987, 90.5 thousand tons in 1988, down from 145 thousand tons two years earlier.

(b) Government policies affecting production

See (c) below.

(c) Stabilization and/or direct subsidization programmes

5. Cattle and beef production is an important sector of Hungarian agriculture and traditionally plays a significant rôle in exports too. In the recent period, with growing protectionism in the beef sector both world-wide and at the traditional markets, sales conditions for Hungarian cattle and beef have considerably worsened, although since 1986 there was an improvement in prices. The lower profitability of cattle raising was the main reason of decreasing production, a trend which seems to have been interrupted only by 1988.

6. In order to ensure the viability of the beef sector and stabilize producers' incomes the Hungarian Government maintains certain support measures. The major tool is a price stabilization scheme under which indicative prices are set annually for the beef sector by the Ministry of

Agriculture and Food. These prices are applicable mainly for large-scale transactions in beef cattle (sales to processing industry). Contracts can be concluded within a 10 per cent (plus or minus) range of the indicative price levels. Prices applied in small-scale transactions are not regulated, but set by market supply and demand conditions. Similarly, for the sale of live cattle not intended for slaughtering, free market prices apply.

7. The indicative prices in force since 1 January 1989 are as follows:

Hungarian Pied

Beef cattle

Ft/kg.

Bull-calves

Superior quality	above 500 kg.	67.50
1st class quality	above 500 kg.	63.50
2nd class quality	above 450 kg.	56.50
3rd class quality	above 450 kg.	52.50

Beef-heifers

Superior quality	above 450 kg.	62.00
1st class quality	above 450 kg.	58.00
2nd class quality	above 430 kg.	52.00
3rd class quality	above 430 kg.	48.00

Adult cattle above 500 kg.

1st class quality	59.00
2nd class quality	50.50
3rd class quality	45.50

"Hungarian pied" interbred with Holstein-Friesian

Bull-calves over 450 kg.

Superior quality	61.00
1st class quality	56.50
2nd class quality	51.50
3rd class quality	46.50

Beef-heifers

Superior quality	above 430 kg.	54.40
1st class quality	above 430 kg.	51.50
2nd class quality	above 400 kg.	47.50
3rd class quality	above 400 kg.	43.00

Ft/kg.

Adult cattle above 450 kg.

1st class quality	53.50
2nd class quality	47.00
3rd class quality	42.00

Pure-bred dairy cattle and "Hungarian pied" cattle interbred with dairy cattleBull-calves above 450 kg.

Superior quality	55.00
1st class quality	51.50
2nd class quality	47.50
3rd class quality	44.00

Beef-heifers

Superior quality	above 430 kg.	50.00
1st class quality	above 430 kg.	47.50
2nd class quality	above 400 kg.	44.00
3rd class quality	above 400 kg.	40.00

Adult cattle above 450 kg.

1st class quality	49.00
2nd class quality	43.00
3rd class quality	39.50

8. For the marketing of calves for breeding purposes the following prices apply:

Calves for breeding purposes between 70 and 200 kg.	46.00
Beef calves between 70 and 200 kg.	44.00

9. Other elements of the support scheme in the beef sector are as follows:

- a bonus of Ft 5,000 for each liveborn calf;
- a bonus of Ft 20,000 for each head of beef cattle, representing a net addition to the herd.

II. Internal prices and consumption

10. The major part of beef is supplied by large, specialized slaughterhouses, although there is also some small-scale slaughtering in regional plants operated by cattle producers. At the end of 1988 the average wholesale price for beef was Ft 102.72/kg. while the retail price averaged Ft 113.00/kg. As far as taxation is concerned, 0 per cent value added tax is applicable for beef, as is the case for most basic foodstuffs.

11. About 70 per cent of the beef production is consumed domestically, amounting to 88,000-89,000 tons annually. Beef consumption has not changed much in recent years, stagnating at a level of 8.6-8.9 kg./capita.

12. The consumption of pork and poultry is traditionally much higher than that of bovine meat; these competitive meats make up the bulk of the 79 kg./capita total meat consumption. In recent years whatever slight growth in meat consumption occurred, was due to increased consumption of poultry.

III. Measures at the frontier

(a) Customs tariff

13. Live bovine animal and beef imports are subject to ad valorem tariffs, as follows:

<u>Heading No.</u>	<u>Description of goods</u>	<u>Duties in</u> <u>% ad valorem</u>	
		<u>GSP</u>	<u>MFN</u>
01.02	Live animals of the bovine species:		
01	Live animals of the bovine species for breeding purposes	0	0
99	Other		15
02.01	Meat and edible offals of the animals falling within heading No. 01.02, fresh, chilled or frozen:		
02	Meat of animals of the bovine species		15
05	Edible offals		15
02.06	Meat and edible meat offals, salted, in brine, dried or smoked:		
03	Beef, veal and bovine offals		25

<u>Heading No.</u>	<u>Description of goods</u>	<u>Duties in</u> <u>% ad valorem</u>	
		<u>GSP</u>	<u>MFN</u>
16.02	Other prepared or preserved meat or meat offal:		
02	Other prepared or preserved beef, veal and pork	0	20

(b) Other import measures

14. There are no quantitative restrictions on imports of live bovine animals or beef. Foreign trade transactions in respect of these products, too, are subject to the general licensing requirements.

(c) Measures affecting export levels

15. Exports of bovine animals and beef are not subject to duties or other charges. Due to still low world market prices of cattle and beef and depending on sales conditions, exports may benefit from a subsidy, with a view to preserving the traditional Hungarian markets and sales levels. The maximum possible level of subsidy is 28 per cent.

(d) Health and sanitary regulations

16. Sanitary regulations corresponding to the internationally applied standards are issued by the Ministry of Agriculture and Food. Imports of live bovine animals and meat are subject to a health and veterinary certificate issued by the exporting country's competent authorities. Bovine animals and meat can only be imported (and exported) via border stations that have veterinary control facilities.

(e) Quantitative restriction on imports or exports

See (b) above.

Part HInformation on Bilateral or Plurilateral Agreements
in the Field of Bovine Animals, Meat and Offal

17. None.