

# GENERAL AGREEMENT ON

RESTRICTED

IMC/INV/13/Rev.5  
19 June 1992

## 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

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

#### UNITED STATES

#### 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 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/13... documents.

PART G

Part G.1 Information on Domestic Policies and Trade Measures

Question I(a)

Would you provide a description of the beef industry in your country (e.g. number and size of holdings, methods of production, domestic or export orientation, contribution to total value of farm output, etc.) and the economic factors which govern its evolution?

Answer I(a)

The United States cattle and beef industry is the largest subsector of American agriculture. Cash receipts for cattle and calves were the highest for all commodities in 1990, 25 per cent of all farm marketings. Annual sales of cattle and calves in 1990 totalled US\$39.7 billion, 45 per cent of total United States cash receipts from farm marketings of livestock and livestock products. The beef industry includes four divisions: farmers and ranchers who raise and grow beef cattle and calves; cattle feeders who finish cattle; slaughterers and processors who convert live animals to dressed meat and meat products; and merchants who sell beef to consumers. Most retail cuts of beef come from grain-fed cattle.

The United States cattle industry is directed towards satisfying domestic demand for beef. Although in 1991, 5 per cent of United States beef production was exported, the United States beef consumption has typically been greater than national production. During 1991, United States beef consumption exceeded production by about 5 per cent.

More than 1 million people are involved in the cattle industry. Moreover, the cattle industry contributes to other segments of the American economy. Every dollar of cattle sales directly generates an additional US\$5-6 of business activity for farm supply and food businesses. One out of every five jobs in private enterprise is related to agriculture and agribusiness.

There were approximately 1.33 million farms and ranches with beef and dairy cattle in 1990. An estimated 1.1 million producers raise beef cattle. These units range from part-time cattle operators with only a few animals to large commercial units with hundreds of thousands of animals. Cattle are produced on farms and ranches in more states and regions than any other agricultural commodity.

Farmers and ranchers that raise and grow beef cattle convert low value feed resources into protein and other nutrients for humans. Eighty per cent of the feed consumed by beef cattle in the United States is derived from roughages and by-products inedible to man. Forty-five per cent of the land in the United States is classified as grazing or range land. Cattle raising and growing utilizes the forages of this land for meat production. Thus food can be harvested from thousands of acres of land too rough, too dry or too infertile to produce crops.

Feedlots, where cattle are grain-fed and finished for marketing, are an integral aspect of the United States cattle industry. The grain that is fed to cattle is not food grain, at least not in the United States, but feed grain such as field corn and sorghum. Beef production and the weight gain efficiency of cattle in the United States would be much smaller without feedlots. Intensive feedlots minimize the labour cost of beef production. Moreover, extensively grazing cattle over limited land resources would reduce the nation's herd size. Thus, feedlots increase beef supplies and lower meat prices for consumers. In addition to the economic advantages of feedlots, grain feeding contributes to the improved palatability of beef. Therefore, cattle are grain-fed to efficiently produce a product desired by consumers.

Average annual per capita consumption of high value beef and veal on a carcass weight basis was approximately 44 kilograms in 1991. This is one of the highest beef and veal consumption rates in the world and reflects American taste preferences and the nation's high standard of living.

Question I(b)

Would you detail any policies or measures of your Government which influence cattle production either directly or indirectly, other than direct support or stabilization measures, for example: input subsidization, special credit or loan policies, special tax arrangements for cattle producers, beef improvement programmes, health and sanitary regulations (e.g. disease eradication programmes, grading and inspection services provided by Government etc.)?

Answer I(b)

There are no specific Government policies or measures intended to influence cattle production, either directly or indirectly, in the areas of input subsidization, special credit or loan policies, or special tax arrangements for cattle producers.

The United States Government provides a service to identify and certify the class, grade and other qualities of agricultural commodities. Class, grade and other qualities are standardized for meat of cattle, sheep or swine in carcass form. Services are available for product in interstate and intrastate commerce to facilitate the processing, marketing and utilization of livestock products. The service is furnished for products derived from animals slaughtered in federally inspected establishments or approved under state meat inspection. Fees are charged for services rendered.

The grade of a steer, heifer, cow or bullock carcass is evaluated according to: (1) the "yield grade" which indicates the output of closely trimmed (1/2 inch fat or less), boneless retail cuts derived from wholesale cuts (round, sirloin, shirt loin, rib and square cut chuck) of a carcass, and (2) the "quality grade" which indicates the palatability of meat.

The United States beef grades are divided into eight quality and five yield grades. The quality grades are: Prime, Choice, Good, Standard, Commercial, Utility, Cutter and Canner. Yield grades range from 1 through 5 and reflect yield differences of boneless, closely trimmed, retail cuts. Thus, they reflect differences in overall fatness of carcasses and cuts. Yield grade 1 represents the highest yield of retail cuts and the least amount of fat trim. Yield grade 5 represents the lowest yield of retail cuts and the highest amount of fat trim.

There are no specific Government expenditures for beef improvement programmes. However, see the answer to Question II for Government measures to influence beef consumption and thus cattle production.

Question I(c)

Would you detail any stabilization and/or direct subsidization programmes offered by Government or other bodies in your country to cattle producers or to producers in other sectors which affect cattle production? Would you also provide an indication of the average (per 100 kgs. or per animal or per producer, etc.) or total level of payment in the three most recent years available?

Answer I(c)

The United States Government provides no direct subsidies to the United States cattle or beef producers.

The United States Government does have indirect stabilization programmes for the United States cattle and beef producers. The United States Department of Agriculture (USDA) for example provides health and sanitary inspection services, health and sanitary research, economic and marketing research and services, education programmes, scientific research and extension, and grading programmes. No data is available for these expenditures.

USDA stabilization and/or subsidization programmes to other agricultural sectors that might affect cattle production include soil conservation programmes, water management programmes and commodity programmes (grain, oilseed, cotton, etc.). In addition, private commodity and farm organizations, corporate and private research and reporting, health services, state colleges, and a multitude of other economic forces, could have an impact on cattle production in the United States. Nevertheless, it is argued that they not be construed as stabilization programmes.

Among importing nations the United States protects beef producers at a low level with tariffs. The United States bargained for voluntary export restraint agreements among major beef exporters to the United States in 1983 and 1984, and again in 1987, 1988 and 1991. The United States tariff on imported beef is US\$2 cents per pound.

## II. Internal prices and consumption

### Question II(a)

Are there any policies or other measures in force directed at affecting beef consumption levels and/or retail beef prices in your country? If so, please specify and elaborate.

### Answer II(a)

The Beef Promotion and Research Act of the 1985 Farm Bill is designed to promote the competitiveness of beef vis-à-vis other meats in domestic markets. The Act established a national programme funded by a mandatory US\$1 per head fee on each bovine sold. An assessment is also collected on all imported cattle and beef products. Up to US\$50 cents of the US\$1 per head assessment may go to existing state beef promotion programmes. Total assessments under the Beef Promotion and Research Order of the Secretary of Agriculture generate about US\$80 million in revenues per year. The order is administered by a Cattlemen's Beef Promotion Research Board and consists of over 1,200 members, primarily cattle producers and importers. The Board approves budgets and elects members to a Beef Promotion Operating Committee. This committee is responsible for developing budgets and awarding contracts for beef promotion activities.

The programme has informed the media, health professionals, food marketers and consumers of the nutritional value of beef. In addition, new, more convenient products are being developed and improved. The objective is to develop and expand the markets for United States beef in the United States and overseas.

Programme advertising, aimed at improving attitudes toward beef, targets adults who are twenty-five to fifty-four years old and who have above average educations and incomes. A mix of national advertising is used. The media include network television, network radio, consumer magazines and newspapers, professional publications and journals, and food trade publications. Retail sales promotions target purchasing decisions made at the supermarket meat counter. Point-of-purchase materials are developed and introduced in supermarkets. This programme also includes in-store videos and field staff personnel who work with retailers.

Food service promotion is directed at restaurant operators. These programmes encourage menu extensions. Restaurant trade advertising, beef menu ideas, and merchandising support for school food service programmes are just some of the projects.

A result of the programme is that professionals in the food industry and consumers have accurate information on beef and its uses. Beef producers thus benefit from improved attitudes and knowledge of beef products.

III. Measures at the frontiers

(a) Customs tariff

Question III(a)

Please make a detailed presentation of the Customs' Tariff applied by your country on imported beef and veal products and live cattle and calves.

Answer III(a)

(A current Harmonized Tariff Schedule for live cattle, beef and veal is attached - Annex I)

(b) Other import measures

Question III(b)

Please provide details of other import measures at the tariff line level such as variable levies, special surtaxes, quantitative restrictions (simply whether they exist and the level), etc.

Answer III(b)

The United States has no licensing or quota system in effect, however the total quantity of beef, veal, mutton, goat meat and certain other prepared and preserved beef and veal products may be controlled by the Meat Import Act of 1979 (P.L. 96-177). If an estimated quantity of meat imports is greater than the trigger level derived from a formula in the Act, a decision is required whether to: (1) impose quotas; (2) request Voluntary Restraints Agreements (VRAs) from supplying countries; (3) suspend any potential limitations; or (4) set limitations at a level higher than the trigger level. Thus, the Act specifies the level at which quotas can be set, but it does not specify the action that must be taken. In general, the Act allows free access to the United States market in most years. Import quotas, if applied under the Act, are sufficiently high to keep United States beef imports the highest in the world. The United States beef and veal imports were more than twice any other country in the world in 1991.

The Meat Import Act of 1979 was amended twice in 1988 by P.L. 100-418 to add the Harmonized Tariff codes for the specific commodities in the Act, and P.L. 100-449, the United States-Canada Free-Trade Implementation Act of 1988. P.L. 100-449, the United States-Canada Free-Trade Implementation Act of 1988, has amended the United States Meat Import Act of 1979 by: (1) mandating the exclusion of Canada from the base level used to calculate the adjusted base quantity and trigger level, and (2) excluding Canada from the import estimating process. P.L. 100-418 now specifies the Harmonized Tariff Schedule (HTS) of the United States sub-headings as 0201.10.00, 0201.20.20, 0201.20.40, 0201.20.60, 0201.30.20, 0201.30.40, 0201.30.60,

0202.10.00, 0202.20.20, 0202.20.40, 0202.20.60, 0202.30.20, 0202.30.40, 0202.30.60, 0204.21.00, 0204.22.40, 0204.23.40, 0204.41.00, 0204.42.40, 0204.43.40 and 0204.50.00, for the United States Meat Import Law. The substitution of these HTS sub-headings does not change the product commodity coverage of United States Meat Import Act.

(c) Measures affecting export levels

Question III(c)

Please detail measures, if any, which your country takes to affect the level of exportation of beef and veal products and live cattle and calves (such as subsidies, refunds, levies and charges, restrictions, etc.)

Answer III(c)

The United States takes no measures, such as subsidies, refunds, levies, charges and restrictions to affect the level of exportation of beef and veal products and live cattle and calves.

The Export Enhancement Program (EEP), announced by the United States Department of Agriculture (USDA) on 15 May 1985, enables United States exporters to meet prevailing world prices for targeted commodities and destinations. Since the programme was initiated there has not been an EEP programme for beef and veal or beef cattle or calves. The programme is not used to undercut world market prices but to meet competition from other subsidizing countries, especially the European Community. While expansion of United States farm exports is the programme's main goal, other important objectives are to challenge unfair trade practices and encourage the United States trading partners to negotiate agricultural trade problems. The Food, Agriculture, Conservation and Trade Act of 1990 authorized the Commodity Credit Corporation to allocate at least US\$500 million in funds or commodities each fiscal year through 1995 to carry out EEP. Programmes for beef, veal, cattle and calves are not being considered at this time.

While beef cattle have not been exported under the EEP program, there have been infrequent dairy cattle sales. These were initiated in April 1986, with sales approved for about 70,000 head to thirteen countries. Virtually all of the sales were for bred heifers. Most contracts were for Holstein-Friesian cattle, and a few for the Brown Swiss breed.

(d) Health regulations

Question III(d)

Please outline health regulations which your Government imposes on imported beef and veal and live cattle and calves.

Answer III(d)

Generally, cattle and calf, and beef and veal imports are prohibited from countries with rinderpest and/or foot-and-mouth disease. Exceptions are made for ruminants passing through the Harry S. Truman Animal Import

Center in Kansas City, Missouri and meat of ruminants that has been cooked or cured. In addition, importations, except under certain specified conditions, of cattle and calves, and beef and veal are prohibited from transiting a country with rinderpest or foot-and-mouth disease. Furthermore, cattle and calf, and beef and veal imports are prohibited from ships and/or containers that have not been inspected and/or sealed.

Inspections are conducted periodically of foreign meat processing plants to ensure meat safety standards comparable to federally inspected United States plants. The frequency of on-site reviews is determined by plant size, nature and complexity of operations, and anticipated volume of exports to the United States. Plants that export large volumes or are of special concern are reviewed at least four times annually. Other certified plants are reviewed at least once a year.

Although visits are announced, inspectors conduct independent, in-depth surveys similar to those conducted in United States plants. If no health hazard is recognized or a deficiency is corrected immediately, product shipment is usually not interrupted. However, in cases of serious deficiency the inspection service may remove the eligibility of plants to export to the United States. If the inspection administrator determines that the problem is system wide, an export authorization may be removed for all certified plants in the system; or, if more appropriate, an embargo may be imposed on products from that country. These requirements would be effective until the inspection service is satisfied that standards comparable to United States requirements are enforced.

(e) Quantitative restrictions

Question III(e)

Please provide details of your country's policy regarding quantitative restrictions on imports or exports (as referred to in III(b) and III(c) above). What tariff items are included in such restrictions?

Answer III(e)

The United States has opposed the use of quotas and non-tariff restrictions by any country. In private consultations and public forum, we have insisted on free access to foreign markets, and have actively work towards this end.

PART G

Part G.2 Notification of Policy Changes

While not enumerated here, many of the policy changes that have occurred over the years are presented in the previous pages.

PART H

Information on Bilateral and Plurilateral Agreements  
in the Field of Bovine Animals, Meat and Offals

Attached on the following pages is information pertaining to agreements with the European Community, Switzerland, Austria and Korea.

EXCHANGE OF LETTERS BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND  
THE UNITED STATES CONCERNING FRESH, CHILLED AND FROZEN BEEF

1. The United States agrees to operate its import system of fresh, chilled and frozen beef in such a manner as to allow access for 5,000 metric tons of European Community beef from member countries free of foot-and-mouth disease; the European Economic Community will administer the amount. As regards countervailing duties, the United States will act in conformance with the relevant provisions of the subsidy countervailing code.

2. By 1983 the United States and the European Economic Community will consult about the possibility of further expanding trade in fresh, chilled and frozen beef.

EXCHANGE OF LETTERS BETWEEN THE EUROPEAN ECONOMIC COMMUNITY  
AND THE UNITED STATES CONCERNING HIGH-QUALITY BEEF

1. The European Economic Community agrees to establish a levy-free quota of 10,000 metric tons of high-quality beef with an ad valorem tariff of 20 per cent to be bound in GATT. This beef shall be defined by either of the two following definitions and certified to by the exporting country:

- (i) Beef quarters, wholesale cuts, boneless primal and sub-primal cuts or or portioned steaks from carcasses possessing the following characteristics:
  - (a) Minimum external white fat covering over the ribeye muscle at the twelfth rib of 0.4 inch to 0.9 inch.
  - (b) Carcass weight of 600 to 850 pounds.
  - (c) Minimum ribeye area at twelfth rib - 9 square inches.
  - (d) Maximum age - thirty months. Carcass must have no visible ossification of cartilage buttons over tips of spinous processes associated with the first through the eleventh thoracic vertebrae.
  - (e) Minimum intermuscular fat intermingled in lean of longissimus (ribeye) muscle at the twelfth rib as shown by photographic standard (equivalent to modest or fat content of lean of 6.0 minimum, wet tissue basis, for longissimus). Note: this will not apply to other muscles of carcass.
  - (f) Colour: Lean must be a bright, cherry-red colour at time of cutting of carcass.
  - (g) Fresh chilled carcasses or cuts must be at a temperature (internal or ribeye muscle) of less than 4 degrees C when packed for shipment.
- (ii) Carcasses or any cuts from cattle not over thirty months of age which have been fed for 100 days or more on a nutritionally-balanced, high-energy feed concentration ration containing no less than 70 per cent grain, and at least 20 pounds total feed per day.

It should be noted that United States beef which is graded USDA choice or prime will automatically meet the definition of one of the above.

2. By 1983 the United States and the European Economic Community will consult about the possibility of further expanding trade in high-quality beef.

Commitment of Switzerland Concerning Access to its Market for Beef

1. As a result of the Multilateral Trade Negotiations held in the framework of GATT, Switzerland takes the commitment to open minimum import possibilities (licences) for the following global quantities of beefmeat, fresh, frozen or chilled, Item 0201.20/22 of the Swiss customs tariff: 2,000 tons per year.

2. These import possibilities will apply to high-quality beefmeat from carcasses with lean meat, red, firm and fine grained in texture, with some marbling and a firm, white fat cover.

3. The following cuts will qualify for this régime:

- (a) ribs;
- (b) parts, including strip loin, tender loin and rump (either together or cut);
- (c) tops, including top-butter (topside), silverside, eye round, knuckle;
- (d) tongues.

4. These import possibilities will be opened within the Swiss import system. In very exceptional circumstances, under which it would appear impossible to open the total amount, Switzerland is prepared to hold consultations on request of interested countries.

5. From the above quantity a minimum import possibility of 700 tons will be opened for beefmeat qualifying under either of the following definitions:

- (i) Beef quarters, wholesale cuts, boneless primal and sub-primal cuts or portioned steaks from carcasses possessing the following characteristics:
  - (a) Minimum external white fat covering over the ribeye muscle at the twelfth rib of 0.4 inch to 0.9 inch.
  - (b) Carcass weight of 600 to 850 pounds.
  - (c) Minimum ribeye area at twelfth rib - 9 square inches.
  - (d) Maximum age - thirty months. Carcass must have no visible ossification of cartilage buttons over tips of spinous processes associated with the first through the eleventh thoracic vertebrae.

- (e) Minimum intermuscular fat intermingled in lean of longissimus (ribeye) muscle at the twelfth rib as shown by photographic standard (equivalent to modest or fat content of lean of 6.0 minimum, wet tissue basis, for longissimus). Note: This will not apply to other muscles of carcass.
- (f) Colour: lean must be a bright, cherry-red colour at time of cutting of carcass.
- (g) Fresh chilled carcasses or cuts must be at a temperature (internal or ribeye muscle) of less than 4 degrees C when packed for shipment.
- (ii) Carcasses or any cuts from cattle not over thirty months of age which have been fed for 100 days or more on a nutritionally-balanced, high-energy feed concentration ration containing no less than 70 per cent grain, and at least 20 pounds total feed per day.

6. The above import possibilities will be administered according to the demand of Swiss importers.

AGREEMENT CONCLUDING NEGOTIATIONS BETWEEN THE GOVERNMENT  
OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT  
OF THE REPUBLIC OF AUSTRIA UNDER ARTICLE XXVIII  
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

Pursuant to negotiations under Article XXVIII of the General Agreement on Tariffs and Trade (GATT) concerning modification or withdrawal by the Republic of Austria of concessions in its Schedule XXXII, the Government of the United States of America and the Government of the Republic of Austria have agreed as follows:

1. The Government of the Republic of Austria will withdraw tariff concessions as specified in the attached schedule in Annex I to this Agreement.
2. Beginning on the date on which its withdrawal of the concessions above takes effect, the Government of the Republic of Austria shall grant annual access for certain cuts of fresh or chilled high-quality beef, as specified in Annex II to this Agreement.
3. The annual access granted in accordance with this Agreement shall be 400 metric tons entering at a duty rate, in accordance with paragraph 5, not exceeding 20 per cent ad valorem. At least 80 per cent of the volume of this access level must be reserved for the imports of portioned steaks and tenderloins, fresh or chilled, as specified in Annex II to this Agreement. For purposes of this Agreement, the annual access year is understood to begin on 1 January of each year.
4. The new 400 metric ton access established in this Agreement is separate and additional to the existing 600 metric ton annual access for "High Quality Beef" as defined under the Arrangement between the United States and Austria concerning Agricultural Products from 17 October 1979 (hereafter the "1979 Arrangement"). Entry under the new 400 metric ton access may not be conditioned upon the utilization of such existing 600 metric ton annual access.
5. The variable import levy that may be imposed under this new annual access on certain cuts of fresh or chilled "High Quality Beef", as specified in Annex II to this Agreement, shall not exceed the difference between the United States price of the product and the higher Austrian domestic price of the product, reduced by the import costs and an appropriate import profit margin, with a ceiling duty rate of 20 per cent ad valorem. In calculating the levy, the same parameters will be used for like products, independent of their importation under the new 400 metric ton access or that under the 1979 Arrangement. The Government of the Republic of Austria shall provide a detailed explanation regarding the economic variables used in calculating the variable levy upon request of the Government of the United States. In formulating this explanation, the Government of the Republic of Austria may, at its discretion, use reasonable approximations of business confidential data.

6. In the event that the Government of the Republic of Austria introduces a tendering system for high-quality beef, tenders for such products shall specify both the certifications referenced in Part II, paragraph 3 of the 1979 Arrangement, and the quality definition in Annex IV of the 1979 Arrangement, as appropriate.

7. In both aforementioned agreements, in order to foster the fullest utilization of the access and to avoid uneconomic consignments, the following is provided:

7.1 Under a system of licence allocation based on past import patterns a share of 10 per cent shall be allocated to new importers. In case applications remain below this figure the difference shall be added to the share of other importers.

7.2 Licences will not be issued for quantities below 1 (one) metric ton.

8. In the event that any proposed Austrian law, regulation, or administrative practice such as a tendering system as described in paragraph 6 is likely to have material impact on the conditions of trade regarding imports of the products specified in this Agreement and/or in the 1979 Arrangement, the Government of the Republic of Austria will, as soon as possible, notify the Government of the United States of such proposal. Upon such notification, or on its own initiative, the Government of the United States may request that, within thirty days, the Government of the Republic of Austria and the Government of the United States hold consultations regarding the possible implementation of such a law, regulation, or administrative practice, to ensure that the implementation of such a measure shall not nullify or impair the benefits resulting from this Agreement or the 1979 Arrangement.

9. With reference to Austria's application to accede to the European Community, the Government of the Republic of Austria agrees to consult with the United States regarding the impact of accession on the benefits resulting from this Agreement and the 1979 Arrangement. Such consultations are to be held within a reasonable period of time prior to such accession, but in no event less than sixty days. Upon accession, United States rights under this Agreement and the 1979 Arrangement shall be reserved under Article XXIV:6 and other relevant provisions of the GATT.

10. The Government of the Republic of Austria will ensure that the provisions of this Agreement are fully and immediately implemented.

11. The parties to this Agreement, both in general and specifically in the event a mutually satisfactory solution is not reached under paragraphs 8 and/or 9 of this Agreement, agree to reserve their rights under the GATT, including the right to pursue the matter to dispute settlement.

12. The Annexes to this Agreement are an integral part thereof.

13. Both Parties declare that this Agreement constitutes a mutually satisfactory conclusion of the negotiations conducted in accordance with Article XXVIII of the GATT with respect to the concessions referenced in paragraph 1 above.

For the Government of  
the Republic of Austria  
18 September 1991

For the Government of  
the United States

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Signature of US Ambassador  
to the GATT

RECORD OF UNDERSTANDING BETWEEN THE GOVERNMENT OF  
THE UNITED STATES OF AMERICA AND THE GOVERNMENT  
OF THE REPUBLIC OF KOREA ON BEEF

The Government of the United States of America and the Government of the Republic of Korea, recognizing the recommendations of the GATT dispute settlement panel report on Korean import restrictions on beef (L/6503) as well as the report of the GATT Balance-of-Payments Committee (BOP/R/183/Add.1) concerning Korea, have agreed as follows:

I. GENERAL TERMS

A. With regard to beef, the Government of the Republic of Korea (hereinafter referred to as the Korean Government) reaffirms its undertaking to eliminate its remaining import restrictions or otherwise bring them into conformity with GATT provisions as included in the conclusion of the report of the GATT/BOP Committee on consultations with the Republic of Korea adopted by the GATT Council on 7 November 1989.

B. Both sides agree that this Record of Understanding will be implemented on a most-favoured-nation (m.f.n.) basis.

C. Conditions and levels of importation and sale of imported beef provided for in this Record of Understanding and its attachments shall not be impaired or modified by either government without prior consultation.

D. A joint study team will be established in order to:

- (1) examine the structural weakness of the Korean livestock industry and review the effects of the industry structure on the appropriate timing of market liberalization;
- (2) review the functions of the LPMO and make recommendations for improvement in marketing and pricing practices in the future.

The study will be completed by 1 May 1991. Other details concerning the joint study team will be decided upon by 1 May 1990.

The United States Meat Export Federation (MEF), the Livestock Products Marketing Organization (LPMO) and the National Livestock Cooperatives Federation (NLCF) will select the members of the study team. Both governments will participate as observers and recommend that third country government and industry representatives be included on the study team. The results of the study team will be taken into consideration by both governments during future consultation.

E. Terms used in this Record of Understanding are defined in Attachment 1.

## II. MARKET ACCESS MEASURES

### General consumption

A. The base quota levels of general consumption importation on a customs clearance basis for the three-year period beginning 1 January 1990 and ending 31 December 1992 shall be as follows:

<u>1990</u>	<u>1991</u>	<u>1992</u>
58,000 MT	62,000 MT	66,000 MT

B. Bilateral consultations concerning an import régime designed to increase imports following the year 1992 shall be initiated no later than 1 July 1992.

### Simultaneous buy/sell (SBS)

C. A simultaneous buy/sell system will be implemented for 7 per cent of the base quota level for the import of beef. This mechanism will be used initially by tourist hotels, tourist restaurants, the NLCF and the Korean Cold Storage Company, Ltd. Principles of the operation of this buyer access system are contained in Attachment 2. Details concerning the operation of this system will be determined by both governments no later than 1 October 1990 based upon recommendations from the industry-to-industry dialogue established in Section III below. Implementation of the SBS system will be effective no later than 1 October 1990. Both governments will consult concerning the future expansion of the SBS system.

## III. INDUSTRY-TO-INDUSTRY DIALOGUE

A. By 1 May 1990, United States industry and LPMO representatives will meet to work out short-term technical problems related to the operations of the LPMO. Topics listed in Attachment 3 have been discussed between United States and Korean industries.

B. The results of the industry-to-industry dialogue will be submitted to the Korean and United States Governments for review and consultation, as appropriate.

## IV. CONSULTATIONS

Both sides agree to consult promptly at the request of either party on any matter relating to this Record of Understanding and its attachments.

## V. GATT RIGHTS

Notwithstanding the above, both Governments reserve their rights under the GATT.

VI. CONCLUSION

Based on the commitments contained in this Record of Understanding and its attachments, which are an integral part of this Understanding, and in anticipation that successful implementation of these commitments will proceed as scheduled, the United States Government shall suspend further action in the investigation into Korea's policies and practices relating to market access for beef conducted under Section 301 of the United States Trade Act of 1974, as amended. Upon exchange of letters with attachment of this Record of Understanding, the Section 301 investigation will be terminated.

26 April 1990

ANNEX 1

Harmonized Tariff Schedule of the United States (1991)

Annotated for Statistical Reporting Purposes

Chapter 1

Live Animals

Note: 1. This chapter covers all live animals except:

- (a) fish and crustaceans, molluscs and other aquatic invertebrates, of heading Nos. 0301, 0306 or 0307;
- (b) cultures of micro-organisms and other products of heading No. 3002; and
- (c) animals of heading No. 9508.

Additional United States Notes:

- 1. The expression "purebred breeding animals" covers only animals certified to the United States Customs Service by the Department of Agriculture as being purebred of a recognized breed and duly registered in a book of record recognized by the Secretary of Agriculture for that breed, imported specially for breeding purposes, whether intended to be used by the importer himself or for sale for such purposes.
- 2. Certain special provisions applying to live animals are in Chapter 98.

Harmonized Tariff Schedule of the United States (1991)

(Annotated for statistical reporting purposes)

Heading/ sub-heading	Stat. suf. & cd.	Article description	Units of quantity	Rates of duty		
				1		2
				General	Special	
0101		Live horses, asses, mules and hinnies:				
		Horses:				
0101.11.00		Purebred breeding animals		Free		Free
	10 3	Male	No.			
	20 1	Female	No.			
0101.19.00		Other		Free		20%
	10 5	Imported for immediate slaughter	No.			
	90 8	Other	No.			
0101.20		Asses, mules and hinnies:				
		Asses:				
0101.20.10	00 2	Purebred breeding animals	No.	Free		Free
0101.20.20	00 0	Other	No.	15%	Free (E,CA,IL)	15%
		Mules and hinnies:				
0101.20.30	00 8	Imported for immediate slaughter	No.	Free		Free
0101.20.40	00 6	Other	No.	10%	Free (E,IL) 7% (CA)	20%
0102		Live bovine animals:				
0102.10.00		Purebred breeding animals		Free		Free
		Dairy:				
	10 3	Male	No.			
	20 1	Female	No.			
		Other:				
	30 9	Male	No.			
	50 4	Female	No.			
0102.90		Other:				
0102.90.20		Cows imported specially for dairy purposes	Free			6.6¢/kg.
	11 1	Weighing less than 90 kg. each	No. v kg.			
	12 0	Weighing 90 kg. or more each	No. v kg.			
0102.90.40		Other		2.2¢/kg.	Free (E,IL) 0.8¢/kg. (CA)	5.5¢/kg.
	20 6	Weighing less than 90 kg. each	No. v kg.			
	30 4	Weighing 90 kg. or more but less than 200 kg. each	No. v kg.			
	50 9	Weighing 200 kg. or more but less than 320 kg. each	No. v kg.			
	60 7	Weighing 320 kg. or more each	No. v kg.			
0103		Live swine:				
0103.10.00	00 4	Purebred breeding animals	No.	Free		Free
		Other:				
0103.91.00	00 6	Weighing less than 50 kg. each	No. v kg.	Free		4.4¢/kg.
0103.92.00	00 5	Weighing 50 kg. or more each	No. v kg.	Free		4.4¢/kg.
0104		Live sheep and goats:				
0104.10.00	00 3	Sheep	No.	Free		US\$3/head
0104.20.00	00 1	Goats	No.	US\$1.50/head	Free (E,IL) 60¢/head (CA)	US\$3/head

Harmonized Tariff Schedule of the United States (1991) (cont'd)  
(Annotated for statistical reporting purposes)

Heading/ sub-heading	Stat. suf. & cd.	Article description	Units of quantity	Rates of duty		2
				1		
				General	Special	
0105		Live poultry of the following kinds: chickens, ducks, geese, turkeys and guineas:				
0105.11.00		Weighing not over 185 g. each: Chickens		2¢ each	Free (E, IL) 1.4¢ each (CA)	4¢ each
		Breeding stock, whether or not purebred:				
	10 9	Layer-type (egg-type)	No.			
	20 7	Broiler-type (meat-type)	No.			
	40 3	Other	No.			
0105.19.00		Other		2¢ each	Free (E, IL) 1.4¢ each (CA)	4¢ each
	20 9	Turkeys	No.			
	40 5	Ducks, geese and guineas	No.			
		Other:				
0105.91.00	00 4	Chickens	No. v kg.	4.4¢/kg.	Free (E, IL) 3¢/kg. (CA)	17.6¢/kg.
0105.99.00	00 6	Other	No. v kg.	4.4¢/kg.	Free (E, IL) 3¢/kg. (CA)	17.6¢/kg.
0106.00		Other live animals:				
0106.00.10	00 1	Birds	No.	4%	Free A, CA, E, IL)	20%
0106.00.30	00 7	Foxes	No.	7.5%	Free (CA, E, IL)	15%
0106.00.50		Other		Free		15%
	10 0	Monkeys and other primates	No.			
	20 8	Worms	X			
	25 3	Bait (other than worms)	X			
	30 6	Leaf cutter bee larvae	kg.			
	60 9	Other	X			

Harmonized Tariff Schedule of the United States (1991)

Supplement 1

Annotated for Statistical Reporting Purposes

Chapter 2

Meat and Edible Meat Offal

Note: 1. This chapter does not cover:

- (a) products of the kinds described in heading Nos. 0201 to 0208 or 0210, unfit or unsuitable for human consumption;
- (b) guts, bladders, or stomachs of animals (heading No. 0504) or animal blood (heading No. 0511 or 3002); or
- (c) animal fat, other than products of heading No. 0209 (Chapter 15).

Additional United States Notes:

1. For the purposes of this chapter:

- (a) the term "processed" covers meats which have been ground or comminuted, diced or cut into size for stew meat or similar uses, rolled and skewered, or specially processed into fancy cuts, special shapes, or otherwise made ready for particular uses by the retail consumer;
- (b) the term "high-quality beef cuts" means beef specially processed into fancy cuts, special shapes, or otherwise made ready for particular uses by the retail consumer (but not ground or comminuted, diced or cut into sizes for stew meat or similar use, or rolled or skewered), which meets the specifications in regulations issued by the United States Department of Agriculture for Prime or Choice beef, and which has been so certified prior to exportation by an official of the government of the exporting country, in accordance with regulations issued by the Secretary of the Treasury after consultation with the Secretary of Agriculture.

2. In assessing the duty on meats, no allowance shall be made for normal components thereof such as bones, fat and hide or skin. The dutiable weight of meats in airtight containers subject to specific rates includes the entire contents of the containers.

Harmonized Tariff Schedule of the United States (1991)

(Annotated for statistical reporting purposes)

Heading/ sub-heading	Stat. suf. & cd.	Article description	Units of quantity	Rates of duty		
				1		2
				General	Special	
0201	1	Meat of bovine animals, fresh or chilled:				
0201.10.00		Carcasses and half-carcasses		4.4¢/kg.	Free (E*,IL) 3.9¢/kg. (CA)	13.2¢/kg.
	10 3	Veal	kg.			
	90 6	Other	kg.			
0201.20		Other cuts with bone in:				
		Processed:				
0201.20.20	00 9	High-quality beef cuts	kg.	4%	Free (E*,IL) 3.6% (CA)	20%
0201.20.40	00 5	Other	kg.	10%	Free (E*,IL) 9% (CA)	20%
0201.20.60	00 0	Other	kg.	4.4¢/kg.	Free (E*,IL) 3.9¢/kg. (CA)	13.2¢/kg.
0201.30		Boneless:				
		Processed:				
0201.30.20	00 7	High-quality beef cuts	kg.	4%	Free (E*,IL) 3.6% (CA)	20%
0201.30.40	00 3	Other	kg.	10%	Free (E*,IL) 9% (CA)	20%
0201.30.60	00 8	Other	kg.	4.4¢/kg.	Free (E*,IL) 3.9¢/kg. (CA)	13.2¢/kg.
0202		Meat of bovine animals, frozen:				
0202.10.00		Carcasses and half-carcasses		4.4¢/kg.	Free (E*,IL) 3.9¢/kg. (CA)	13.2¢/kg.
	10 2	Veal	kg.			
	90 5	Other	kg.			
0202.20		Other cuts with bone in:				
		Processed:				
0202.20.20	00 8	High-quality beef cuts	kg.	4%	Free (E*,IL) 3.6% (CA)	20%
0202.20.40	00 4	Other	kg.	10%	Free (E*,IL) 9% (CA)	20%
0202.20.60	00 9	Other	kg.	4.4¢/kg.	Free (E*,IL) 3.9¢/kg. (CA)	13.2¢/kg.
0202.30		Boneless:				
		Processed:				
0202.30.20	00 6	High-quality beef cuts	kg.	4%	Free (E*,IL) 3.6% (CA)	20%
0202.30.40	00 2	Other	kg.	10%	Free (E*,IL) 9% (CA)	20%
0202.30.60	00 7	Other	kg.	4.4¢/kg.	Free (E*,IL) 3.9¢/kg. (CA)	13.2¢/kg.
0203		Meat of swine, fresh, chilled or frozen:				
		Fresh or chilled:				
0203.11.00	00 2	Carcasses and half-carcasses	kg.	Free		5.5¢/kg.
0203.12		Hams, shoulders and cuts thereof, with bone in:				
		Processed	kg.	2.2¢/kg.	Free (E,IL) 1.7¢/kg. (CA)	7.2¢/kg.
0203.12.90	00 2	Other	kg.	Free		5.5¢/kg.
0203.19		Other:				
0203.19.20	00 0	Processed	kg.	2.2¢/kg.	Free (E,IL) 1.7¢/kg. (CA)	7.2¢/kg.

<sup>1</sup>P.L. 88-482, as amended, provides that certain meats may be made subject to an absolute quota by Presidential Proclamation.

Harmonized Tariff Schedule of the United States (1991) (cont'd)  
(Annotated for statistical reporting purposes)

Heading/ sub-heading	Stat. suf. & cd.	Article description	Units of quantity	Rates of duty		
				1		2
				General	Special	
0203.19.40	00 6	Other	kg.	Free		5.5¢/kg.
		Frozen:				
0203.21.00	00 0	Carcasses and half-carcasses	kg.	Free		5.5¢/kg.
0203.22		Hams, shoulders and cuts thereof, with bone in:				
0203.22.10	00 7	Processed	kg.	2.2¢/kg.	Free (E,IL) 1.7¢/kg. (CA)	7.2¢/kg.
0203.22.90	00 0	Other	kg.	Free		5.5¢/kg.
0203.29		Other:				
0203.29.20	00 8	Processed	kg.	2.2¢/kg.	Free (E,IL) 1.7¢/kg. (CA)	7.2¢/kg.
0203.29.40	00 4	Other	kg.	Free		5.5¢/kg.
0204	1	Meat of sheep or goats, fresh, chilled or frozen:				
0204.10.00	00 2	Carcasses and half-carcasses of lamb, fresh or chilled	kg.	1.1¢/kg.	Free (CA,E,IL)	15.4¢/kg.
		Other meat of sheep, fresh or chilled:				
0204.21.00	00 9	Carcasses and half-carcasses	kg.	3.3¢/kg.	Free (CA,E,IL)	11¢/kg.
0204.22		Other cuts with bone in:				
0204.22.20	00 4	Lamb	kg.	1.1¢/kg.	Free (E,IL) 0.4¢/kg. (CA)	15.4¢/kg.
0204.22.50	00 0	Other	kg.	3.3¢/kg.	Free (E,IL) 2.3¢/kg. (CA)	11¢/kg.
0204.23		Boneless:				
0204.23.20	00 3	Lamb	kg.	1.1¢/kg.	Free (E,IL) 0.4¢/kg. (CA)	15.4¢/kg.
0204.23.40	00 9	Other	kg.	3.3¢/kg.	Free (E,IL) 2.3¢/kg. (CA)	11¢/kg.
0204.30.00	00 8	Carcasses and half-carcasses of lamb, frozen	kg.	1.1¢/kg.	Free (E,IL) 0.4¢/kg. (CA)	15.4¢/kg.
		Other meat of sheep, frozen:				
0204.41.00	00 5	Carcasses and half-carcasses	kg.	3.3¢/kg.	Free (E,IL) 2.3¢/kg. (CA)	11¢/kg.
0204.42		Other cuts with bone in:				
0204.42.20	00 0	Lamb	kg.	1.1¢/kg.	Free (E,IL) 0.4¢/kg. (CA)	15.4¢/kg.
0204.42.40	00 6	Other	kg.	3.3¢/kg.	Free (E,IL) 2.3¢/kg. (CA)	11¢/kg.
0204.43		Boneless:				
0204.43.20	00 9	Lamb	kg.	1.1¢/kg.	Free (E,IL) 0.4¢/kg. (CA)	15.4¢/kg.
0204.43.40	00 5	Other	kg.	3.3¢/kg.	Free (E,IL) 2.3¢/kg. (CA)	11¢/kg.
0204.50.00	00 3	Meat of goats	kg.	Free		11¢/kg.
0205.00.00	00 3	Meat of horses, asses, mules or hinnies, fresh, chilled or frozen	kg.	Free		Free
0206		Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen:				
0206.10.00	00 0	Of bovine animals, fresh or chilled	kg.	Free		30%

<sup>1</sup>P.L. 88-482, as amended, provides that certain meats may be made subject to an absolute quota by Presidential Proclamation.

Harmonized Tariff Schedule of the United States (1991) (cont'd)

(Annotated for statistical reporting purposes)

Heading/ sub-heading	Stat. suf. & cd.	Article description	Units of quantity	Rates of duty		
				1		2
				General	Special	
		Of bovine animals, frozen:				
0206.21.00	00 7	Tongues	kg.	Free		30%
0206.22.00	00 6	Livers	kg.	Free		30%
0206.29.00	00 9	Other	kg.	Free		30%
0206.30.00	00 6	Of swine, fresh or chilled	kg.	Free		30%
		Of swine, frozen:				
0206.41.00	00 3	Livers	kg.	Free		30%
0206.49.00	00 5	Other	kg.	Free		30%
0206.80.00	00 5	Other, fresh or chilled	kg.	Free		30%
0206.90.00		Other, frozen		Free		30%
	20 9	Of sheep (including lamb)	kg.			
	40 5	Of goats, horses, asses, mules or hinnies	kg.			
0207		Meat and edible offal, of the poultry of heading No. 0105, fresh, chilled or frozen:				
0207.10		Poultry not cut in pieces, fresh or chilled:				
0207.10.20	00 5	Turkeys	kg.	18.7¢/kg.	Free (E,IL) 13¢/kg. (CA)	22¢/kg.
0207.10.40		Other		11¢/kg.	Free (E,IL) 7.7¢/kg. (CA)	22¢/kg.
		Chickens:				
	20 7	Young (broilers, fryers, roasters and capons)	kg.			
	40 3	Other	kg.			
	60 8	Ducks, geese and guineas	kg.			
0207.21.00		Poultry not cut in pieces, frozen:				
		Chickens		11¢/kg.	Free (E,IL) 7.7¢/kg. (CA)	22¢/kg.
	20 2	Young (broilers, fryers, roasters and capons)	kg.			
	40 8	Other	kg.			
0207.22		Turkeys:				
0207.22.20	00 1	Valued less than 88¢/kg.	kg.	11¢/kg.	Free (E,IL) 7.7¢/kg. (CA)	22¢/kg.
0207.22.40	00 7	Valued 88¢ or more per kg.	kg.	12.5%	Free (E,IL) 8.7% (CA)	25%
0207.23.00	00 4	Ducks, geese and guineas	kg.	11¢/kg.	Free (A,E,IL) 7.7¢/kg. (CA)	22¢/kg.
		Poultry cuts and offal (including livers), fresh or chilled:				
0207.31.00	00 4	Fatty livers of geese or ducks	kg.	22¢/kg.	Free (E,IL) 15.4¢/kg. (CA)	22¢/kg.
0207.39.00		Other		22¢/kg.	Free (E,IL) 15.4¢/kg. (CA)	22¢/kg.
	20 2	Of chickens	kg.			
	40 8	Of turkeys	kg.			
	60 3	Of ducks, geese or guineas	kg.			
		Poultry cuts and offal other than livers, frozen:				
0207.41.00	00 2	Of chickens	kg.	22¢/kg.	Free (E,IL) 15.4¢/kg. (CA)	22¢/kg.
0207.42.00	00 1	Of turkeys	kg.	22¢/kg.	Free (E,IL) 15.4¢/kg. (CA)	22¢/kg.

Harmonized Tariff Schedule of the United States (1991) (cont'd)

(Annotated for statistical reporting purposes)

Heading/ sub-heading	Stat. suf. & cd.	Article description	Units of quantity	Rates of duty		
				1		2
				General	Special	
0207.43.00	00 0	Of ducks, geese or guineas	kg.	22¢/kg.	Free (E,IL)	22¢/kg.
0207.50.00	00 0	Poultry livers, frozen	kg.	22¢/kg.	15.4¢/kg. (CA) Free (E,IL)	22¢/kg.
0208		Other meat and edible meat offal, fresh, chilled or frozen:				
0208.10.00	00 8	Of rabbits or hares	kg.	10%	Free (CA,E,IL)	20%
0208.20.00	00 6	Frogs' legs	kg.	Free		10%
0208.90		Other:				
0208.90.20	00 7	Deer	kg.	Free		13.2¢/kg.
0208.90.30	00 5	Quail, eviscerated, not in pieces	kg.	11¢/kg.	Free (A,E,IL)	22¢/kg.
0208.90.40	00 3	Other	kg.	10%	4.4¢/kg. (CA) Free (E,IL) 7% (CA) <sup>1</sup>	20%
0209.00.00	00 9	Pig fat free of lean meat and poultry fat (not rendered), fresh, chilled, frozen, salted, in brine, dried or smoked	kg.	5%	Free (A,E,IL)	20%
					3.5% (CA)	
0210		Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal:				
		Meat of swine:				
0210.11.00		Hams, shoulders and cuts thereof, with bone in		2.2¢/kg.	Free (CA,E,IL)	7.2¢/kg.
	10 1	Hams and cuts thereof	kg.			
	20 9	Shoulders and cuts thereof	kg.			
0210.12.00		Bellies (streaky) and cuts thereof		2.2¢/kg.	Free (CA,E,IL)	7.2¢/kg.
	20 8	Bacon	kg.			
	40 4	Other	kg.			
0210.19.00		Other		2.2¢/kg.	Free (CA,E,IL)	7.2¢/kg.
	10 3	Canadian style bacon	kg.			
	90 6	Other	kg.			
0210.20.00	00 2	Meat of bovine animals	kg.	10%	Free (A,CA,E*, IL)	30%
0210.90		Other, including edible flours and meals of meat or meat offal:				
0210.90.20	00 3	Meat of poultry of heading No. 0105	kg.	5%	Free (A,E*,IL)	20%
					3.5% (CA)	
0210.90.40	00 9	Other	kg.	5%	Free (A,CA,E*, IL)	20%

<sup>1</sup>See sub-heading No. 9905.02.10