

# GENERAL AGREEMENT ON

RESTRICTED

IMC/INV/9/Rev.5

16 March 1993

## 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

#### FINLAND

#### 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/9/... documents.

PART G

Part G.1 - Information on domestic policies and trade measures

In spite of a rather prompt structural change, the Finnish agriculture is still characterized by a relatively small farm size, on average 12.8 ha. of arable land, and a large proportion of people employed in agriculture, 6.9 per cent of total number of employees. Mainly because of climatic conditions which favour fodder production, especially hay and silage, animal production accounts for 70 per cent of the gross return in agriculture.

The Finnish agricultural production is mainly based on animal husbandry. Only 15 per cent of the arable land is used for crop production for human consumption. The share of animal husbandry is almost half of the total return in agriculture. Production structure has changed in the course of time so that the share of milk has decreased, whereas that of meat has increased. The specialization of agriculture accelerated especially in the 1960s and 1970s. Moving to beef production is encouraged by the beef cow premium system. Beef production used to be a by-product of milk, but nowadays it is more generally a specialized branch of production.

I. PRODUCTION

(a) Description of the beef industry

Beef production in 1985-1991 has developed as follows:

Production  
( '000 metric tons)

Year	1985	1986	1987	1988	1989	1990	1991
Beef	129.1	128.1	126.3	114.4	110.1	117.9	121.3
- of which marketed	128.3	127.3	125.7	113.9	109.8	117.3	120.9
Veal	0.7	0.6	0.7	0.4	0.3	0.3	0.3
- of which marketed	0.6	0.5	0.7	0.4	0.3	0.2	0.2
Total beef	129.8	128.7	127.0	114.8	110.4	118.2	121.6
- of which marketed	128.9	127.8	126.4	114.3	110.1	117.6	121.1

Beef production is controlled by a licence scheme. Without a licence from the authorities, it is not possible to become a producer of beef.

The number of animals has decreased in the latter part of the 1980s. This has been compensated by the growth in average carcass weight of bulls:

Average Carcass Weight  
(kg./Animal)

Year	1985	1986	1987	1988	1989	1990	1991
Cow	212.3	211.6	211.0	208.8	218.6	223.4	222.9
Bovine, excluding cow	195.1	196.2	194.9	202.1	223.7	236.3	246.3

Production is aimed for domestic use, but there has been over-production of some 5-20 per cent in recent years. The consumption levels in the future are related to the economic situation in the country. With lower income, consumers purchase less beef and cheaper cuts of it. Production cannot be much higher than domestic consumption, which nowadays (1993) seems to stagnate around 100,000 tons per year. Another problem relates to the fact that unemployment makes it difficult to move from agriculture to other branches of economy.

Beef production is concentrated in the central and eastern parts of Finland. The distribution of production by rural district is shown in the table below:

Production structure by region

Beef Production and Number of Beef Farms  
by Rural Districts in 1990

District	Production ( '000 metric tons)	Number of specialized holdings
Uusimaa	4.63	438
Turku	4.48	272
Häme	7.50	622
Keski-Suomi	7.08	1,044
Pirkanmaa	6.21	756
Kymi	7.73	834
Pohjois-Karjala	8.45	980
Satakunta	5.56	538
Mikkeli	7.05	908
Ahvenanmaa	0.61	49
Oulu	3.77	926
Kainuu	3.46	395
Vaasa	4.48	385
Kuopio	11.53	1,055
Etelä-Pohjanmaa	14.02	1,198
Keski-Pohjanmaa	11.58	705
Lapi	4.41	395
Total	119.06	11,500

Production areas are similar to the areas of milk production, which are mainly located in the "inner" and central parts of Finland. It must be kept in mind when reading the above table that the largest part of beef production still comes from milk farms or from specialized beef farms having animals of milk breeds (Ayrshire, Friesian or Finnish cattle); the share of meat from beef breeds is approximately 5 per cent.

(b) Government policies affecting production

The 1993 year budget contains a reduction of export subsidies for farm products of about FIM 1,360 million (from FIM 3,175 to FIM 1,815 million). The farmers' share of export costs decreases from FIM 1,500 million to FIM 500 million. Furthermore, the farmers' percentage share of export costs decreases from 47 to 28 per cent.

There is a feed levy applied to the consumption of industrially produced feed. The feed levy was raised in 1991 from 1.60 FIM/kg. to 1.90 FIM/kg. of feed fat or of feed protein. Consumption of industrial feed mixtures has decreased, whereas sales from farm to farm have increased.

The Farm Income Act

Producer prices of agricultural products or the procedures for their determination are regulated by farm income acts. Many of the acts have also included stipulations on regional price policy and income distribution.

The present act was passed in 1990 and is effective for pricing years 1990/91-1994/95. Like the previous laws, it provides the framework for price negotiations between the State and the farmers' organizations. Price setting is a two-phase process. In principle, the rise in costs is compensated twice a year. The change in farm income is negotiated. Usually, the development in farm income has corresponded to the development of wages and salaries in other sectors of the economy. Remarkable changes have later been made in the law, for instance the farmers' 13 per cent upper limit in export costs was abolished in 1992.

The Farm Income Act defines the target price products, for which producer prices are set. These are rye, wheat, feed barley, feed oats, milk, bovine meat, pork, mutton and eggs. The target prices are reviewed twice a year, on 1 March and 1 September. In 1991, target prices were not reached as regards beef (all beef 11.3 per cent below target price). In 1992, this trend continued: in October, the producer price of all beef was 23.27 FIM/kg., the target price being 27.92 FIM/kg. (16.7 per cent below target price).

The Farm Income Act is subject to review. Its aim is to decrease export costs with the effect of accelerated decrease of production level and increase the farmers' share of such costs.

Target prices have been set as follows.

Target Prices Since 1985

Date of change	Beef total (FIM/kg.)
1.1.1985	13.91
1.3.1985	24.67
1.4.1986	24.97
1.3.1987	25.10
1.4.1988	26.10
1.3.1989	27.80
1.3.1990 <sup>1</sup>	28.22
1.3.1991	28.42
1.3.1992	27.92

<sup>1</sup>Change in data basis (difference of 3 per cent)

The Act on Rural Activities

The legislation for agricultural and rural development has been reformed. The Act on Rural Activities came into force on 1 January 1991. The new act substituted and combined certain previous laws, the most important of which was the Farm Act. The purpose of the new act is to improve the structure and qualifications of farming and to promote and diversify rural activities. According to the act, farm credits, interest concessions and government guarantees for bank credits can be, under certain circumstances, granted to enterprises considered viable in the long term.

Consolidation of agricultural loans in 1992

Due to the economic depression and the reduction of agricultural support, many farms have met with economic difficulties. For farms viable in the long term, which are temporarily in economic difficulties, concessions and guarantees could be granted in 1992. In the first additional State budget for 1992, there was a budget transfer of FIM 125 million allocated to interest subsidies. Market interest loans of some FIM 950 million were consolidated. These Government measures applied to all branches of production.

(c) Stabilization programmes

The production bonus and the regional subsidy for meat have been combined as a production subsidy for meat. There are nine price zones for which the support is different; highest in the north and lowest in the south. Furthermore, there are four support classes for beef (subsidy in force as of 1 January 1993):

	Lowest support (FIM/kg.)	Highest support (FIM/kg.)
(a) Bull > 240 kg.	5.50	15.10
(b) Bull 210 to 239.9 kg. or heifer 170 to 239.9 kg.	4.00	13.60
(c) Bull 190 to 209.9 kg.	2.50	12.10
(d) Heifer cow	4.00	4.00

The subsidy class range for (a) used to be > 260 kg. The new limit has had only very limited effect on production.

Since 10 October 1991 until 31 March 1992, these payments were as follows:

	Lowest support (FIM/kg.)	Highest support (FIM/kg.)
(a) Bull > 260 kg.	5.00	14.60
(b) Bull 220 to 259.9 kg. or heifer 170 to 259.9 kg.	3.50	13.10
(c) Bull 190 to 219.9 kg.	2.00	11.60
(d) Heifer cow	3.50	3.50

Since 1 April 1992 until 31 December 1992, these payments were as follows:

	Lowest support (FIM/kg.)	Highest support (FIM/kg.)
(a) Bull > 260 kg.	6.50	16.10
(b) Bull 220 to 259.9 kg. or heifer 170 to 259.9 kg.	5.00	14.60
(c) Bull 190 to 219.9 kg.	3.50	13.10
(d) Heifer cow	5.00	5.00

The beef cow premium was FIM 1,700 per cow per year for a maximum of thirty beef cows. In 1992, the total number of beef cows was only some 20,000 heads. There have been two milk buy-out schemes, which have increased the production of beef. The first one was implemented from December 1990 to May 1991. It applied to 215 million litres of milk (5,400 suppliers and 41,200 cows). The second milk buy-out scheme was in force from March to June 1992. It applied to 107 million litres of milk (2,200 suppliers and 19,000 cows). Part of the milk cows in the latter buy-out scheme were left as beef cows (to increase the number of beef cattle).

The general acreage payment for all agriculture in Finland, decreased from FIM 840 million to FIM 750 million. The direct payment per hectare (flat rate subsidy) was raised from FIM 827 million to FIM 1,130 million (general payment for all farmers).

On a monthly basis, beef producer prices have changed as follows:

Average Monthly Producer Prices in 1989-1992  
(FIM/kg.)

Month	Young cattle beef			Total beef			
	1989	1990	1991	1989	1990	1991	1992
1	28.05	28.93	26.41	27.33	28.19	24.82	25.57
2	28.19	28.95	26.99	27.51	28.17	25.58	26.50
3	28.57	29.95	26.64	27.90	29.19	24.68	26.39
4	28.73	29.87	26.71	28.04	29.04	25.15	25.48
5	28.68	29.41	26.81	28.02	28.57	25.62	25.03
6	28.67	29.07	26.57	28.02	28.26	25.41	24.91
7	28.84	29.20	26.46	28.19	28.41	25.21	24.97
8	29.03	28.67	26.18	28.32	27.80	24.96	24.41
9	28.90	28.02	25.82	28.13	27.07	24.56	23.76
10	28.54	27.28	25.60	27.82	26.21	24.21	23.27
11	28.90	26.86	25.99	28.23	25.65	24.81	
12	29.06	27.14	26.54	28.35	25.85	25.40	

In spite of the increase of target prices, producer prices started to go downwards after 1989:

Average Producer Prices Since 1985  
(FIM/kg.)

Year	Cow	Other beef	Total beef
1985	22.56	25.40	24.56
1986	23.45	25.78	25.11
1987	23.93	26.23	25.54
1988	25.76	28.13	27.35
1989	26.24	28.68	27.99
1990	25.54	28.65	27.70
1991	22.10	26.39	25.02

## II. Internal prices and consumption

Beef consumption in Finland increased in the 1980s reaching its highest level in 1990 at 108,000 tons. Since then, consumption has decreased, especially during 1992, when it dropped by almost 7 per cent. Consumption per capita is some 20 kg., which is close to the EC consumption levels.

Year	1987	1988	1989	1990	1991	1992e	1993f
Total consumption ('000 tons)	102.3	102.6	104.7	108.1	106.7	100.2	98.0
Kg. per capita	20.74	20.74	21.16	21.85	21.57	19.95	19.7

Beef consumption depends on the income level. The present economic situation explains to a great extent the drop in consumption. In 1993, the trend seems to continue. There are no special programmes for promoting the consumption of meat.

## III. Measures at the frontier

### (a) Customs tariff

Imports are subject to an import levy.

The following import levies were in force on 1 April 1992:

HS code	Commodity	Levy FIM/kg. 1.4.1992
01.02	Live bovine animals	12.07
02.01.10	Meat of bovine animals	24.14
02.01.20	Other cuts with bone-in, fresh	24.14
02.01.30	Boneless meat of bovine animals	31.38
02.02.10	Meat of bovine animals, frozen, carcasses and half-carcasses	24.14
02.02.20	Other cuts with bones-in, frozen	24.14
02.02.30	Boneless meat of bovine animals, frozen	31.38
02.10.20	Meat of bovine, salted, smoked, etc.	36.21

(b) Other import measures

All imports are subject to licence. The Foreign Trade Licensing Bureau grants licences after having heard the opinion of the Marketing Council. However, the Government has taken the decision to gradually abolish the licensing system. After the complete abolition, border protection will only be possible by means of tariffs and levies.

(c) Measures affecting export levels

Export is subsidized by the Government and by the producers. Export subsidies in 1985-1991 have varied as follows (FIM per kg. and million FIM):

FIM/kg.

Year	1985	1986	1987	1988	1989	1990	1991
All beef	14,510	15,922	16,247	-	-	16,740	17,532

FIM (Million)

Year	1985	1986	1987	1988	1989	1990	1991
All beef	152.3	151.5	86.1	-	-	21.0	220.8

(d) Health regulations

For health and sanitary regulations, see Annex 2.

(e) Quantitative restrictions

All imports have been subject to licensing, but there are no quantitative restrictions.

PART G

Part G.2 - Notification of policy changes

Policy changes are presented in the previous pages.

PART H

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

Finland has had Free Trade Agreements with Central and Eastern European countries, which in theory gave Finland the possibility to benefit from lower customs tariffs.

After the liberalization process in Eastern and Central Europe, attempts were made to benefit from those agreements, and small amounts of pigmeat were exported to Poland in 1992. However, these agreements will be gradually taken over by the Free Trade Agreements between EFTA countries and the Central and Eastern European countries.

In line with the possible European Economic Space (EES) Agreement, there will be some small changes in the Finnish export and import volumes of beef.

ANNEX 1

Product specific agricultural policy measures

Name of the policy measure: Subsidy paid on number of animals

LEGISLATIVE BASIS

Name in English

Cabinet Decision on the Support Allocated According to the Number of Livestock (CD No. 687/91).

Objective

Regional subsidy for cattle holders.

Description

The subsidy is based on the Farm Income Act. It is aimed at compensating small and middle-sized farms and in the short growing period in Northern and Middle Finland. Some areas, in Western Finland are also eligible for this support due to regional cold climate. There are also some areas in the Archipelago, which are eligible for the support because of the difficult farming conditions.

Eligibility

Holders of livestock who are self-engaged in animal husbandry and whose age is under sixty-five years.

Payment basis

Payments are based on livestock units, which are calculated according to feed usage. Livestock units are calculated according to the situation on 30 June. The maximum amount of units is twenty-five.

Payment amounts

The amount of subsidy is graded according to the territorial division. Subsidy per livestock unit in different regions is as follows:

Region	1991 FIM/unit	1991 Million/FIM	1991 Cattle holders
1	1,725	3.9	126
2	1,070	33.5	1,350
3	825	35.2	1,899
4	600	23.0	1,790
5	430	28.4	3,530
6	260	15.7	3,616
7	190	24.0	7,230
8	140	22.8	11,647
9 (Archipelago)	600	4.2	689
10 (Inner Archipelago)	600	1.1	119
Sum		191.8	31,996

However, in regions 1 to 5 and in the Archipelago, the subsidy per livestock unit is three times higher, and in regions 6 to 8 the double, for the first twelve dairy cows. Additionally, in regions 1 to 4 and in the Archipelago, the subsidy is double for the first twelve livestock units other than dairy cows.

Year	Total payments Million/FIM	Per applicant FIM
1986	124.2	3,421
1987	127.8	3,650
1988	145.3	4,748
1989	180.5	5,453
1990	191.8	5,994
1991	188.8	6,400
1992	180.0	

#### Administration

The subsidy is granted on the basis of application. Municipal boards of agriculture decide and effect payments to farmers.

ANNEX 2

Sanitary regulations/beef

Legislative basis.

Name of the policy measure

Act on Meat Inspection 160/60.

Statute Concerning Exportation and Importation of Meat and Meat Products 220/60.

Statute on Preventing the Spread of Animal Diseases through Import 884/75.

Objective

To guarantee the wholesomeness and safety of meat and meat products.

Description

The Ministry of Agriculture and Forestry directs and plans meat inspection. The county governments in the counties and the Boards of Health in the municipalities, supervise the compliance with the meat inspection regulations.

The veterinarians in charge of meat inspection supervise compliance with regulations in the slaughterhouses. The veterinarians, as well as the meat inspecting assistants in slaughterhouses, are subordinated to and employed by the Veterinary Department of the Ministry of Agriculture and Forestry.

Imports of beef

On the basis of the Statute on Preventing the Spread of Animal Diseases through Import, the import of beef is allowed only if the Veterinary Department of the Ministry of Agriculture and Forestry has granted an import permit. The decisions on import applications depend on the animal health situation in the exporting country. On the basis of the Statute Concerning Exportation and Importation of Meat and Meat Products, the National Veterinary Institute inspects every consignment of meat. The import control includes sampling and testing for salmonella.