

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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INTERNATIONAL MEAT COUNCIL

**Report to the CONTRACTING PARTIES on the responsibility of
the Chairperson of the International Meat Council**

1. Since the 1994 report¹, the International Meat Council (IMC) held two regular meetings, on 12 January 1994 and on 17 June 1994, both preceded by meetings of the Meat Market Analysis Group (MMAG). The IMC also held a special meeting on 21 March 1994 in order to adopt the new text of the Arrangement. At its regular June 1994 meeting, the IMC re-elected Ms. Brid Cannon (Ireland) as Chairperson and Mr. Peter May (Australia) as Vice-Chairman. The MMAG re-elected Mr. Peter May as Chairman.

Functioning of the Arrangement

2. The Arrangement Regarding Bovine Meat² entered into its fifth three-year period of operation on 1 January 1992, and thus would have expired on 31 December 1994 unless extended for a further three-year period. At a special meeting held on 21 March 1994, the IMC agreed on a revised text of the Arrangement, in order to incorporate it as a Plurilateral Agreement in Annex 4 to the Agreement Establishing the World Trade Organization (the WTO Agreement). The new International Meat Agreement³ was concluded on 15 April 1994 and will come into force on the date of entry into force of the WTO Agreement. At its regular meeting on 17 June 1994, the IMC decided to extend the Arrangement Regarding Bovine Meat only until the date of entry into force of the WTO Agreement and decided that the Arrangement will terminate as of that same date.

3. At the IMC regular meetings, participants noted that a number of issues regarding the functioning of the Arrangement needed to be addressed. These include the revision of the Rules of Procedure and the revision of the questionnaires. In particular, the Arrangement's relationship, if any, with the WTO Committee on Agriculture would have to be discussed once its mandate and monitoring requirements were established.

Meat markets situation and outlook

4. The world meat markets situation and in particular, the bovine meat market situation, was a relatively satisfactory one in 1993 and 1994. This was despite an unfavourable economic environment in 1993 and certain sector specific developments which resulted in more restricted market access opportunities.

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²The Arrangement currently has twenty-seven signatories representing thirty-eight countries: Argentina, Australia, Austria, Belize, Brazil, Bulgaria, Canada, Colombia, European Communities, Egypt, Finland, Guatemala, Hungary, Japan, New Zealand, Nigeria, Norway, Paraguay, Poland, Romania, South Africa, Sweden, Switzerland, Tunisia, United States, Uruguay, Yugoslavia.

³IMC/34 (Rev.1 in the English version)

5. In 1993, estimated world meat production increased, reflecting an output rise of pigmeat and poultry meat. Beef and veal production declined, reflecting lower cattle numbers in the European Communities and in most Central and Eastern European countries and the Commonwealth of Independent States (CIS). In a number of industrialized countries meat consumption increased in line with demographic developments, but on a per capita basis, the substitution of beef and veal consumption by less expensive poultry meat, continued and was supported by a depressed economic conditions. Japan and some South East Asian markets were again among the few places where beef and veal demand expanded strongly.

6. World meat trade declined slightly last year, with increased exports of poultry meat offsetting lower beef, pigmeat and sheepmeat sales. The fall in beef and veal trade was due to reduced exports of major exporting countries and, in particular, of the European Communities. North Asian markets continued to be the most dynamic ones, with Japanese imports reaching new records. Access to North American beef markets was again restricted in 1993 by the introduction of voluntary export restraint agreements in the United States and the imposition of a tariff rate quota on beef imports by Canada.

7. In 1993, manufacturing beef prices strengthened in the Foot and Mouth Disease (FMD) free area, reflecting higher than expected cattle prices in the United States. Sustained demand in Japan and Korea also resulted in firm high quality beef prices. In the FMD area, despite strengthened import demand, international manufacturing beef prices remained relatively depressed, while prices for high quality beef cuts were affected by increased supplies. World beef stocks decreased significantly following a sharp reduction in intervention stocks held by the European Communities.

8. World meat production is forecast to increase in 1994 following the output expansion of all types of meats and especially poultry meat. Bovine meat output is expected to increase in the European Community, United States, Canada, Brazil and Uruguay. While production in Africa could stagnate, strong increases, particularly in China and Korea, will result in significant production growth in the Far East. In contrast, beef and veal production is expected to decline in Oceania. In most Eastern and Central European countries, including Russia, the downward production trend observed in recent years is expected to continue although in some cases at a slower pace.

9. In 1994, and for the first time in the last few years, per capita beef consumption is forecast to increase significantly in North America, particularly in the United States, reflecting lower retail prices and generally improved economic conditions. Consumption remains relatively stable in the European Community and continues to decline in the Central and Eastern European countries.

10. Despite lower bovine meat exports, world meat trade is projected to expand slightly due to increased exports of pigmeat, poultry meat and sheepmeat. A significant reduction in EC beef export levels would be largely responsible for the reduction of global beef trade in 1994. While the United States beef and live cattle exports are projected to grow reflecting stronger exports to Japan, Korea and Mexico, export sales by Australia are expected to stagnate. Exports from Uruguay are expected to increase substantially and moderately from Argentina, while Brazilian beef exports may be hindered by an overrate new currency. Japanese beef imports are forecast to rise while increased Korean beef import quotas should result in higher shipments to that market.

11. International beef prices seem to be weakening in the "Pacific markets" reflecting lower cattle prices in North America and slowing import demand in Japan. In contrast, export prices seem to be firming in the "Atlantic markets". Sharply reduced beef stocks and an expected marginal production increase in the European Communities are expected to support this trend.

12. After a marginal rise in 1993, world pigmeat production is expected to increase in 1994 led by strong growth in China, the world's number one producer. Production is expected to decline slightly in the European Communities and the United States, while significant reductions are expected in Russia and Poland. Having declined last year, world pigmeat exports are likely to increase in 1994 due to an expansion of exports from several developing countries and despite expected reductions in exports from European Communities and the United States.

13. World poultry meat output is expected to continue to expand in 1994, boosted by rises in all the major producing countries, United States, European Community, China and Brazil, but also in other countries all over Asia, the Far East and Africa. World poultry meat exports are also expected to rise. While EC exports are forecast to be somewhat reduced, Brazilian exports are forecast to rise despite an appreciation of the real and expected lower imports by Japan and increased competition from China.

14. World sheepmeat production is expected to increase somewhat in 1994. New Zealand sheepmeat exports are anticipated to recover, while lower production was expected to further reduce export supply in Australia.

Policy questions

15. The IMC and the MMAG also addressed a range of policy issues of special concern to participants. However, no written questions have been submitted in accordance with established guidelines since the last report. Nonetheless, it was noted that this did not necessarily mean that there were no trade problems in these sectors. Indeed, some of the contentious issues had been addressed in the context of the final phases of the Uruguay Round negotiations.