

# GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

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## SWITZERLAND

Reply of Switzerland to Questionnaire TN.64/Me/5  
of 1 December 1965

### I

#### Existing beef policies

(i) (ii) (iii)

In Switzerland, after consulting the sectors concerned, the Federal Council sets guide prices (producer prices) for the various categories and quality grades of calves and adult cattle (bulls, steers, heifers and cows) for slaughter. These guide prices are established according to the principles of the Law on Agriculture of 3 October 1951, which states that, subject to the adjustment of production to market conditions and having regard to the interests of other branches of the economy and of consumers, it is necessary to cover the average production costs, calculated over a period of several years, of agricultural undertakings which are efficiently run and taken over in normal conditions.

Together with the average guide price for cattle for slaughter, upward and downward deviations are fixed to allow for normal fluctuations resulting from the adjustment of production to the absorption capacity of the market in the course of the year. As regards calves for slaughter, only support prices are fixed and they are intended to act in the same way as the lower limit of the guide price for adult cattle for slaughter.

The following table shows the guide prices together with the deviations and the producer returns, for the principal categories of cattle for slaughter and the quality grades:

	1960	1961	1962	1963	1964
<u>Heifers and steers Ia</u>					
	(dollars per 100 kgs. live weight)				
Guide prices with upward (+) and downward (-) deviations	74 <sup>±2</sup>	73 <sup>±2</sup>	74 <sup>±2</sup>	76 <sup>±2</sup>	77 <sup>±2</sup>
Producers' return (average market price)	72	73	73	76	79
<u>Cows, young and fat Ia</u>					
Guide prices with upward (+) and downward (-) deviations	61 <sup>±2</sup>	62 <sup>±3</sup>	64 <sup>±3</sup>	66 <sup>±3</sup>	67 <sup>±3</sup>
Producers' return (average market price)	63	64	64	66	71
<u>Cows, older and fat IIa</u>					
Guide prices with upward (+) and downward (-) deviations	49 <sup>±4</sup>	51 <sup>±4</sup>	54 <sup>±4</sup>	56 <sup>±4</sup>	57 <sup>±4</sup>
Producers' return (average market price)	51	52	53	55	59
<u>Cows for sausage-making</u>					
Guide prices with upward (+) and downward (-) deviations	39 <sup>±4</sup>	41 <sup>±4</sup>	44 <sup>±4</sup>	46 <sup>±4</sup>	47 <sup>±4</sup>
Producers' return (average market price)	42	43	43	45	49
<u>Bulls, fat Ia</u>					
Guide prices with upward (+) and downward (-) deviations	63 <sup>±3</sup>	64 <sup>±3</sup>	68 <sup>±3</sup>	70 <sup>±3</sup>	71 <sup>±3</sup>
Producers' return (average market price)	65	66	67	70	74
<u>Calves for slaughter Ia</u>					
(Support price)					
Guide price according to quality	89-96	90-97	95-102	98-107	103-111
Producers' return (average market price)	99	102	106	113	120

(iv)

No subsidies are paid to encourage meat production. The following measures do, however, influence production costs.

- (a) To adjust the size of the herd to the fodder production capacity of the farm and the country and also to encourage domestic cultivation of feedgrains, price supplements are applied on fodder imports. The revenue from these price supplements is used in particular - apart from price support measures in regard to colza seed, cattle and milk - to grant cultivation bonuses on domestic feedgrains. This means that there is some equalization of costs as between producers who grow their own fodder and those who use fodder acquired from outside their farm.

<u>Year</u>	<u>Total of price supplements on imported fodder</u>	<u>Cultivation bonuses for domestic feedgrains</u>
	(million dollars)	
1960	11.7	3.1
1961	12.6	4.7
1962	12.8	5.0
1963	11.5	5.1
1964	10.0	4.9

- (b) In order to offset the higher production costs of farms in mountain areas which are at a disadvantage because of difficult natural conditions, a contribution to these costs is granted. The farms are classified in zones according to altitude and the amount of the contribution varies according to the zone. It is paid for each head of cattle on the farm, subject to a maximum eligible number.

<u>Year</u>	<u>Amount of contribution (in dollars per unit of cattle)</u>			<u>Number of units of cattle for entitlement to contribution</u>	<u>Total of contributions paid (in million dollars)</u>
	Zone I	Zone II	Zone III		
1960	-	9.26	13.89	4	1.57
1961	-	9.26	13.89	4	1.54
1962	9.26	18.52	27.78	5	4.39
1963	9.26	18.52	27.78	5	4.51
1964	9.26	18.52	27.78	5	4.40

(v)

Production of beef and veal

<u>Year</u>	<u>Quantity (tons)</u>	<u>Value (in million dollars)</u> <u>calculated on basis of</u> <u>production prices</u>
1960	98,000	117
1961	104,700	126
1962	117,200	144
1963	111,100	142
1964	101,200	143

(vi)

Measures at the frontier

Imports of cattle for slaughter and of meat are subject to quantitative restrictions. In principle, imports are permitted when market prices reach the upper limit of the guide prices. Permitted import volumes are determined on the basis of a proposal by the sectors concerned and taking into account the market situation. Whenever the cattle markets, organized by professional groupings and supervised by the Swiss Co-operative for supplies of cattle for slaughter and meat, no longer suffice to maintain the market price within the limits of the guide price, importers can be required to contribute to the valorization of surplus domestic cattle to an extent which is reasonable in relation to their imports. The surpluses are mainly dealt with by freezing meat and stock-piling it. The table annexed hereto gives an overall picture of import charges.

## II

Incidence on meat production of policies on cereals and dairy products

(i)

For the moment there is no large-scale use of cereals for intensive fattening of young heifers and bulls. It is estimated that about 4,000 animals are at present fattened in this way each year.

(ii)

In recent years, prices of barley (the principal feedgrain) and Grade Ia beef have evolved as follows:

<u>Year</u>	<u>Average consumer price</u> <u>(retail price)</u> <u>per 100 kg. of barley</u> <u>(dollars)</u>	<u>Average production price</u> <u>for 100 kg. of beef</u> <u>Grade Ia</u> <u>(dollars)</u>	<u>Ratio between</u> <u>production price</u> <u>of beef and barley</u>
1960	11.04	72	6.5
1961	11.53	73	6.3
1962	12.24	73	6.0
1963	10.93	76	7.0
1964	10.84	79	7.3

(iii)

Average producers' return for 100 kg. of whole milk intended for cheese manufacture:

1960	9.68 dollars per 100 kg. of whole milk
1961	10.09 dollars per 100 kg. of whole milk
1962	10.58 dollars per 100 kg. of whole milk
1963	10.97 dollars per 100 kg. of whole milk
1964	11.51 dollars per 100 kg. of whole milk

(iv)

The ratio between the price of milk and of meat has been as follows:

1960	the price of beef, Grade Ia, was 7.4 times that of milk
1961	the price of beef, Grade Ia, was 7.2 times that of milk
1962	the price of beef, Grade Ia, was 6.9 times that of milk
1963	the price of beef, Grade Ia, was 6.9 times that of milk
1964	the price of beef, Grade Ia, was 6.9 times that of milk

(v) (vi)

Switzerland's meat production is closely related to dairy production. The cattle raised have two fundamental characteristics - they are suitable for production of both milk and meat.

#### Evolution of cattle herd in Switzerland

<u>Year</u>	<u>Total cattle herd</u>	<u>of which cows</u>
1960	1,746,000	940,000
1961	1,761,000	943,000
1962	1,782,000	950,000
1963	1,716,000	918,000
1964	1,698,000	897,000
1965	1,773,000	920,000

III

Internal prices

(i) (ii)

As a general rule, meat for retail is supplied from slaughterings by butchers. This means that in Switzerland there is not, strictly speaking, any wholesale trade in meat. The following figures are based on information supplied by butchers; it relates to quality categories which do not exactly coincide with the categories mentioned elsewhere in this document.

<u>Heifers and steers, grade A</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Cost price for butchers, dollars per kg. dead weight <sup>1</sup>	1.39	1.40	1.42	1.48	1.55
Retail price, dollars per kg. of meat <sup>1</sup>	1.56	1.57	1.63	1.72	1.83

(iii)

It is exceedingly difficult to evaluate total earnings of butchers because of the many pieces of products sold. It is probable, however, that the producer's share represents 75 to 80 per cent of the total amount paid by the consumer for meat.

(iv)

No charges are levied on sales of meat.

IV

International prices

Switzerland does not export cattle for slaughter or meat thereof.

V

Bilateral agreements

Within EFTA, Switzerland has concluded with Denmark an agreement on agricultural products designed in particular to facilitate imports of cattle for slaughter and meat from that country. Since 1 January 1964, the customs duties on the following tariff headings have been lowered for EFTA countries:

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<sup>1</sup>In these prices, the value of offals (fifth quarter) is included.

0102

ex .10 young animals weighing more than 60 kg. live weight, having milk teeth (i.e. without permanent teeth), heifers, steers, bulls for slaughter

20; 30; cattle for slaughter  
32; 40

50; 52 young animals for slaughter

0201

ex .20 meat of bovine animals

ex .22 meat of bovine animals, frozen, except edible offals

VI

Data on production, imports and exports of beef (in tons)

<u>Year</u>	<u>Domestic production</u>	<u>Consumption</u>	<u>Imports to cover consumption surplus</u>
1960	98,000	117,300	19,300
1961	104,700	127,700	22,900
1962	117,200	134,700	17,600
1963	111,100	144,300	33,200
1964	101,200	146,600	45,400
1970 <sup>1</sup>	125,000 - 130,000	165,000 - 170,000	40,000

<sup>1</sup> Estimate

VII

Trends in total per caput consumption of all types of meat

Per caput consumption of meat (in kg.)

<u>Type</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Beef	15.95	17.19	17.72	18.96	19.03
Veal	5.77	6.03	6.13	5.95	5.82
Pork	24.56	25.40	25.69	25.69	27.86
Mutton	0.52	0.55	0.56	0.58	0.60
Goat's meat	0.17	0.13	0.15	0.14	0.13
Horse meat	0.91	0.91	0.92	0.79	0.76
Poultry	4.05	4.31	4.82	5.32	5.56
Rabbit)	0.63	0.69	0.78	0.75	0.80
Game )					
Total	52.56	55.21	56.77	58.78	60.56

On the assumption of a normal trend in economic conditions, Swiss experts expect per caput meat consumption to grow at the rate of 2 to 3 per cent annually.

VIII

Sanitary or veterinary regulations affecting the level of beef imports

For the prevention of animal diseases, the Federal Veterinary Office may prohibit imports of meat and animals for slaughter from certain territories or regions thereof.

IX

Import policies for live cattle

No special provisions.

CHARGES ON IMPORTS

Tariff item no.	Description of products	Tariff applied (\$ per unit)	Incidence in % of ad val. duty					Impo. since 1.1.62 (\$ P. 100 kg.)	Veterinary charge (\$ per unit)	Fees for issue of permits (\$ per unit)
			1960	1961	1962	1963	1964			
0102.	<u>Live animals of the bovine species</u>									
.10	- young animals for slaughter	2.32	1.59	1.88	1.77	1.57	0.69	0.12	0.46	
.12	-- weighing more than 60 kg.	2.32	4.00	-	-	6.94	0.69	0.12	0.46	
.18	-- steers	2.32	-	-	-	-	0.69	0.12	0.46	
.20	-- heifers for slaughter	2.32	0.83	0.88	0.90	0.89	0.69	0.12	0.46	
.30	- bulls for slaughter	2.32	0.69	0.74	0.81	0.97	0.69	0.12	0.46	
.32	-- with milk teeth	2.32	0.67	0.69	0.86	0.99	0.69	0.12	0.46	
.40	- cows for slaughter	2.32	0.93	0.94	0.91	0.99	0.69	0.12	0.46	
.50	- oxen	2.32	0.88	0.89	0.90	0.94	0.69	0.12	0.46	
.52	-- with milk teeth	2.32	0.75	0.80	0.72	0.90	0.68	0.12	0.46	
	-- without milk teeth									
0201.	<u>Meat and edible offals, etc.</u>									
.10	- veal	2.32*	1.86	1.79	1.93	1.74	0.69	0.12	3.00	
	-- meat of heifers, bulls, cows and oxen									
.20	-- fresh, whether or not chilled	2.32	2.08	2.05	2.06	2.08	0.69	0.12	3.00	
.22	-- frozen	2.32*	3.74	3.68	4.01	3.07	0.69	0.12	3.00	

Notes: (1) In addition to the charges indicated above a statistical duty is levied, representing 3 per cent of the amount of the customs charges.

(2) The rate of exchange applied is 4,319 francs = \$1 (1964 average of buying and selling rates for the dollar in Switzerland).

\*This rate does not apply to frozen offals which are charged \$9.26 per 100 kg.