CONFIDENTIAL

TN.64/Me/W/10
2 March 1966
Special Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

Group on Meat

AUSTRALIA

The following information has been submitted by the Australian delegation in accordance with the programme of work laid down in document TN.64/Me/5.

In completing the questionnaire the Australian Government has made every effort to supply information in the most useful form that would be readily comparable with information from other countries. There are, however, several difficulties in this, arising out of the distinctive nature of the Australian beef industry in comparison with beef industries in other countries. Some of these can be listed:

1. In many countries beef production is a by-product of the dairy industry. In Australia, however, by far the greatest part of production of beef comes from specialist beef herds. Dairying is for the most part a separate and self-contained industry.

2. The Australian cattle industry receives no Government support. The only assistance given is in comparatively small amounts to help in research.

3. The industry is based on grass feeding on the open range. There is very little hand feeding other than to sustain herds during periods of drought or other national disaster.

4. A large part of Australia's exports of beef are of manufacturing quality which goes to the hamburger, sausage trade, etc. The types of animals produced for this trade are quite different from the highly finished cattle going into the choice beef trade in Northern Hemisphere countries. Even the comparatively highly finished cattle in Australia are not comparable with the beasts produced by stall feeding methods in other countries.

5. Australia is a large land mass and the type of beef production varies considerably in the different areas of the continent. A very large part of the export trade, however, is supplied by cattle bred in the extremely hot and dry areas of Northern and Central Australia and moved to more temperate coastal areas for grass fattening before slaughter and export. The pattern is quite different from European countries in particular, where calves from dairy herds are stall fattened for beef.

6. The prices received by Australian producers for their cattle vary between the different localities according to the influence exerted on demand by overseas markets and/or local consumption. For instance, the beef producing areas in Northern Australia are almost entirely dependent on export markets for the sale of their production. On the other hand, prices in Southern markets are influenced to a much greater extent by domestic demand.

I. Existing beef policies

(i) Support prices: guaranteed prices, guide prices, intervention prices (indicating differences according to type of meat or cattle)

Not relevant to Australia. The Australian Government does not extend any form of support to the domestic beef industry.

(ii) Market prices for cattle; yearly average

Australian Livestock Market Prices (Major Markets)

Year ended 30 June

(Dressed weight exclusive of skin and offal)
(US¢ per kg.)

Year	SYDNEY	MELBOURNE	BRISBANE	SYDNEY	MELBOURNE	BRISBANE
	Ox 650-700 lbs. (295-320 kgs.) 1st and 2nd quality			Cow 450-550 lbs. (205-250 kgs.) 1st and 2nd quality		
1960/61	56.1	60.4	48.7	45.3	51.8	44.7
1961/62	41.7	41.3	38.8	32.9	37.5	36.6
1962/63	44.1	43.6	41.6	34.9	38.0	39.1
1963/64	44.0	47.6	44.4	36.3	41.5	40.8
1964/65	50.7	51.0	49.2	40.9	45.3	42.8
		Ox 3rd quality			Cow 3rd quality	
1960/61		48.7	43.1		48.0	41.6
1961/62		43.1	38.2		37.7	37.0
1962/63		43.1	39.2		37.7	37.9
1963/64		44.0	41.4		39.4	40.1
1964/65		46.3	42.6		41.4	40.0

Note: If the figures in this table are used for comparison with other countries then some adjustment would need to be made for quality. It is not valid, for example, to compare first quality Australian beef with choice grade beef in the United States. Whilst it is difficult to make adjustments for quality, because the type of beef produced is quite different in various countries, on a rough measure it would seem that Australian first quality beef falls within the lower levels of the United States grading system - that is below United States good.

(iii) Total producer's return per kg. live weight, including assistance and subsidies

Auction Prices[1]

Year ended 30 June

(Live weight)
(US¢ per kg.)

Year	SYDNEY	MELBOURNE	BRISBANE	SYDNEY	MELBOURNE	BRISBANE
	Ox - Prime Light (536-582 kgs.)			Cow - Prime Light (373-455 kgs.)		
1960/61	30.9	33.2	26.8	24.9	28.5	24.6
1961/62	22.9	22.7	21.3	18.1	20.6	20.1
1962/63	24.3	24.0	22.9	19.2	20.9	21.5
1963/64	24.2	26.2	24.4	20.0	22.8	22.4
1964/65	27.9	28.1	27.1	22.5	24.9	23.5

[1] Australian cattle price statistics are available only on a dressed weight basis. The above prices are based on the dressed weight prices shown in Table 1 converted at a ratio of 55 per cent.

Note: All cattle in Australia are sold under free market conditions. The producer does not receive any Government support and his gross return is the price received at auction.

(iv) Inventory and costs of aids and subsidies of every type which may influence production and returns to producers

The only Government assistance consists of a matching contribution with the industry on a dollar-for-dollar basis for technical and scientific research in the beef industry. Governmental contributions over the last five years have been as follows:

(a) Beef research (US$)

1960/61	1961/62	1962/63	1963/64	1964/65
$422	$4,311	$246,666	$594,538	$825,696

(v) Total quantity and value of production

Australian Beef and Veal Production and Estimated Value

Year ended 30 June

(Carcass weight - excludes offals)
(metric tons and US$ million)

	1960/61		1961/62		1962/63	
	m.t.	US$m.	m.t.	US$m.	m.t.	US$m.
Beef	602,520	-	759,295	-	878,676	-
Veal	40,403	-	44,457	-	49,930	-
Beef and veal	642,923	353.0	803,752	363.9	928,606	431.1

	1963/64		1964/65[1]	
	m.t.	US$m.	m.t.	US$m.
Beef	947,705	-	963,965	-
Veal	53,610	-	58,143	-
Beef and veal	1,001,315	481.1	1,022,108	543.9

[1] Preliminary.

(vi) Analysis of measures at the frontier: specific and ad valorem customs duties and charges on imports; variable levies; tariff quotas and quantitative import restrictions; other restrictions to imports or to the sale of imported goods; fees paid on account of administrative import formalities

The tariff is the only frontier measure on imports.

Australian Customs Tariff

	Rates of Duty (US¢ per kg.)	
	General	Preferential
Beef and veal: fresh, chilled or frozen	6¢ per kg. Plus primage 10%	6¢ per kg. Plus primage 5% New Zealand: 10% or, if lower, 6¢ per kg.
Live cattle	Duty free	

II. Incidence on meat production of policies on cereals and dairy products

(i) Estimated volumes and prices of cereals used for intensive fattening of cattle with a breakdown showing type of cereal and origin

Cattle produced in Australia are almost entirely range fed (i.e. fattened on grass). Hence the information sought is not applicable because of the type of extensive production methods employed in this country. See introductory note.

(ii) Evolution of ratio between cereal prices and fat cattle prices

In Australia the number of cattle being fattened on an intensive scale, i.e. in feedlots using grain as the feed medium, is negligible. Consequently, there is little demand for cereal grains by the cattle producer during normal seasons. See introductory note.

(iii) Total producers' returns for milk, including assistance and subsidies

Average Level of Returns to Milk Producers

(US¢/imperial gallon)

1959/60	1960/61	1961/62	1962/63	1963/64
22.1	22.3	21.2	21.9	22.3

(iv) Evolution of ratio between the prices of fat cattle, live weight basis, and milk prices

Under Australian conditions this question is irrelevant. There is no direct relationship between fat cattle prices and milk prices in Australia.

The Australian dairy industry is in the main confined to smallholdings where milking cattle are grazed on a semi-intensive scale on improved pasture rather than on the intensive hand-fed scale. The average cow herd size for the Commonwealth in 1959/60 (latest available figures) was twenty-seven head. The fact that holdings are relatively small renders them unsuitable for profitable beef cattle breeding and/or fattening which is carried out on a less intensive scale and consequently larger areas of land are necessary. The average beef cattle herd size in Australia is 137 head (1959/60 figures).

The main source of beef production (90 per cent) is from beef cattle which are not suitable for milk production. Beef production from dairy herds amounts to approximately 10 per cent of the total beef output.

Year Ended 30 June

	Average return to producers - milk (US¢ per gallon)	Average return to beef producers for 1st quality cattle (live weight basis)[2]
1959/60	22.1	28.4
1960/61	22.3	30.3
1961/62	21.2	22.3
1962/63	21.9	23.7
1963/64[1]	22.3	24.9

[1]Subject to revision.

[2]Derived from table in Section I(iii).

(v) Estimated quantity and value of beef and veal production from dairy herds

Estimated Quantity and Value of Beef and Veal Production from Australian Dairy Herds

(Year ended 31 March)

(Carcass weight)

(metric tons and 1,000 US$)

	1960	1961	1962	1963	1964	1965
Metric tons	111,930	101,360	103,860	104,620	104,110	n.a.
Value US$	31.5	26.4	24.2	29.3	34.0	n.a.

(vi) Comparative evolution of the dairy cattle herd and of the intensively fed beef herd in relation to total cattle herd

Australian Cattle Numbers by Type

Year ended 31 March

('000 head)

	1961	1962	1963	1964	1965
Dairy cattle	4,901	5,046	5,076	4,934	4,842
Beef cattle[1]	12,431	12,987	13,473	14,121	13,935
Total all cattle	17,332	18,033	18,549	19,055	18,777

[1]See introductory note. The Australian beef industry is based on grass feeding on the open range and consequently there is very little intensively fed beef production.

III. Internal prices

(i) Information on the levels of internal prices for beef and veal per kg. of carcass, in the most representative markets or cities

Australian Wholesale Carcass Beef Prices at Principal Markets[1]

Year ended 30 June

(US$ per kg.)

Year	QUEENSLAND (BRISBANE)		NEW SOUTH WALES (SYDNEY)	
	1st quality ox beef	Veal	1st quality ox beef	Cow beef
	¢/kg.	¢/kg.	¢/kg.	¢/kg.
1960/61	49.8	58.6	n.a.	n.a.
1961/62	41.8	50.1	n.a.	n.a.
1962/63	44.9	52.9	n.a.	n.a.
1963/64	47.5	49.1	46.4	37.7
1964/65	50.0	55.9	54.0	41.8

[1] Wholesale prices in Australia are not normally published. The prices shown in this table are unpublished data provided by State Departments of Agriculture.

(ii) Retail prices or consumer prices

Australian Retail Beef Prices

Selected Beef Cuts

(US¢ per kg.)

	SYDNEY		
	Sirloin	Rumpsteak	Silverside
1960/61 July/Sept.	124.3	167.4	97.5
October/December	130.7	173.5	100.7
January/March	131.8	176.4	100.1
April/June	131.4	173.9	97.5
1961/62 July/Sept.	126.7	164.8	92.4
October/December	121.3	159.3	91.1
January/March	119.7	158.2	92.0
April/June	120.0	154.8	90.4
1962/63 July/Sept.	119.3	154.6	88.8
October/December	124.8	157.5	94.3
January/March	127.1	161.7	95.7
April/June	126.0	161.3	95.0
1963/64 July/Sept.	125.5	157.9	94.9
October/December	125.0	159.5	95.8
January/March$	124.3	165.9	99.5
April/June	125.4	167.2	99.7
1964/65 July/Sept.	125.5	171.2	101.3
October/December	129.0	174.4	106.9
January/March	127.8	175.2	106.2
April/June	131.4	177.6	107.3

Australian Retail Beef Prices

Selected Beef Cuts

(US¢ per kg.)

	MELBOURNE		
	Sirloin	Rumpsteak	Silverside
1960/61 July/Sept.	121.4	204.0	120.5
October/December	123.4	202.2	121.9
January/March	122.4	197.5	120.4
April/June	123.7	200.9	120.2
1961/62 July/Sept.	119.6	194.1	115.8
October/December	117.0	181.8	112.3
January/March	116.9	178.8	112.1
April/June	118.0	177.8	110.3
1962/63 July/Sept.	118.6	181.0	110.1
October/December	119.5	177.8	110.6
January/March	116.4	174.7	112.1
April/June	117.5	173.9	100.0
1963/64 July/Sept.	119.6	177.5	110.5
October/December	119.8	177.0	116.6
January/March	120.5	178.8	118.6
April/June	121.2	181.1	114.4
1964/65 July/Sept.	120.1	183.5	116.1
October/December	121.4	183.3	115.6
January/March	122.1	183.7	116.6
April/June	126.9	187.8	119.6

Australian Retail Beef Prices

Selected Beef Cuts

(US¢ per kg.)

	BRISBANE		
	Sirloin	Rumpsteak	Silverside
1960/61 July/Sept.	100.2	120.8	95.1
October/December	109.6	129.4	104.4
January/March	108.4	128.3	102.3
April/June	99.3	120.4	92.6
1961/62 July/Sept.	99.9	123.7	93.7
October/December	99.8	124.3	92.3
January/March	100.6	126.4	93.5
April/June	97.0	122.1	90.5
1962/63 July/Sept.	96.9	121.9	89.5
October/December	100.6	128.3	94.6
January/March	105.0	135.7	97.2
April/June	102.6	133.6	95.9
1963/64 July/Sept.	103.9	134.4	96.6
October/December	108.1	138.6	100.7
January/March	109.4	144.4	102.7
April/June	109.3	146.1	103.5
1964/65 July/Sept.	110.2	158.7	104.1
October/December	116.8	153.1	111.4
January/March	117.6	154.9	111.8
April/June	118.9	159.4	112.0

(iii) Costs of marketing

There are no statistics collected of costs of marketing cattle in Australia. Because of variations in distance from meatworks and in methods of sale (e.g. auction, consignment or sale on farm) it would be virtually impossible to determine representative costs of marketing.

However, information collected from a small number of meatworks revealed that the following costs would be involved:

(a) Costs from farm to meatworks (cattle sold at auction)

	(US¢ per kg.) (bone-in weight)
Transport to sale yards	Not available because of varying distances from point of sale
Yarding	0.09
Auctioneer's commission	3 per cent

(b) Meatworks costs from slaughter to wholesale

	(US¢ per kg.) (bone-in weight)
Slaughter	1.10
Quartering, cropping, chilling	0.57
Loading out to retail	0.22[1]
Total variable costs	1.89
Fixed costs - investment, overhead, etc.	5.40
Total	7.29

(c) Costs from wholesale to retail

Under Australian conditions wholesale transactions are normally conducted by private treaty. Individual retailers purchase carcass meat direct from wholesale butchers and bear the cost of transport to the retail outlet. No information on wholesalers' mark-up is available.

[1] This would vary depending on distance from meatworks to point of retail sale.

(d) Costs from retail to consumer

No specific figures are available but, on the basis of information from trade organizations, a retail butcher would, on the average, obtain a mark-up of between 33 1/3 per cent to 40 per cent on the wholesale price paid in normal conditions.

This would be equivalent to 25 per cent to 28½ per cent of his average sale (retail) price. This mark-up includes provision for overheads which vary with turnover.

(iv) Charges on wholesale and retail sales of meat, at the national, provincial and municipal level, as recorded at the most representative commercial centres

There are no taxes or charges on wholesale or retail meat sales imposed by national, provincial or municipal authorities.

IV. International prices

(i) Information on the levels of international prices prevailing in the various markets for the defined qualities and modes of presentation of meats (f.o.b., c.i.f., free-at-frontier prices as the case may be)

As beef imports into Australia are negligible the question is not relevant. International prices for selected Australian beef cuts in the United Kingdom and United States markets are set out below.

Australian Beef Prices in the Principal Importing Countries

Year ended 30 June

(US¢ per kg.)

1. UNITED KINGDOM (ex store London) Boneless beef - frozen

Year	Crops	Forequarters shins	Briskets	Striploins	Hindquarters topsides	Silversides
1960/61[1]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1961/62	56.1	63.9	44.6	82.1	76.5	79.3
1962/63	62.5	64.7	37.0	92.5	81.3	83.1
1963/64	73.4	72.1	56.1	99.4	89.2	90.0
1964/65	75.7	76.2	58.6	119.6	102.7	100.2

[1] Prices for 1st quality frozen hindquarters during 1960/61 averaged 56.1 ¢/kg.
Prices for 1st quality frozen forequarters during 1960/61 averaged 47.2 ¢/kg.

n.a. = Not available.

2. UNITED STATES (c.i.f. New York) Manufacturing beef - frozen

Year	Bull beef	Cow beef
1960/61	83.8	78.7
1961/62	79.4	74.3
1962/63	80.7	75.4
1963/64	81.8	76.3
1964/65	83.3	76.1

(ii) Data on the conditions of price formation in international markets; comments on the feasibility of establishing prices for these products figuring in international trade and the legal possibilities of maintaining such prices

Under existing conditions the world meat trade is largely in the hands of private traders.

Prices in world meat markets are characterized by:

(i) a wide disparity between markets in the prices received by exporters;

(ii) a marked instability in prices to exporters.

In previous submissions to the GATT Meat Group, Australia has drawn attention to these problems and the need for reasonable and stable international prices. Experience has shown that the policies followed by some countries have had the effect of keeping prices to exporters much lower than the prices to domestic producers, whether by the subsidizing of home production or protection by way of levies and/or duties. Australia believes that it should be possible to secure a greater measure of stability and uniformity in prices. At the same time it recognizes that there could be technical difficulties associated with the implementation of such an arrangement. These include:

(a) the great variety in the form of presentation (carcasses, sides, hinds, fores, crops, boneless cuts, etc.);

(b) discount selling and consignment sales;

(c) lack of uniformity in grading.

While technical problems of this kind are real, Australia is confident that they are not insurmountable and would be prepared to enter into discussions on what might be done to overcome them.

If as part of a total settlement in the Kennedy Round in which satisfactory arrangements are negotiated for beef some understanding was reached for the stabilization of international prices at a particular level or levels, the Australian authorities anticipate that the necessary powers would be available to implement such an arrangement.

(iii) Concrete data on export subsidies and export aids; global values and quantities and values per unit

As indicated previously, Australian beef exports are sold in free competition in the world market. There are no export subsidies or aids other than the negligible contribution received by the beef industry from the general export promotion activities undertaken by the Australian Government. In 1964/65 the contribution received totalled US$40,000 which was used for the promotion of sales of Australian canned beef in the United Kingdom. In 1964/65 Australian export earnings from beef totalled US$225 million.

(iv) Information on stocking capacities in the various countries

There are no recent details of total cold storage capacity in Australia. However, in 1955 a survey revealed a capacity of 40 metric cubic feet and since that date some expansion would have occurred.

The availability for beef at any point of time would be dependent on the space required for other frozen products e.g., dairy products and fruit.

Over the past five years the peak stocks of beef and veal passed for export and held in cold store in Australia were 40,700 metric tons in April 1964.

V. Bilateral agreements affecting imports and exports

(a) United Kingdom

There has been a Meat Agreement in force between Australia and the United Kingdom since 1 July 1952. It is due to terminate on 30 September 1967.

For Australia, the essential feature of the Agreement is the receipt of unrestricted access to the United Kingdom market for Australian beef exports. While there is also provision for guaranteed prices for Australian chilled and frozen beef, United Kingdom market prices in recent years have been substantially above the level of the prices fixed under the Agreement and no deficiency payments for beef have been received from the United Kingdom Government since 1957.

As part of its obligation under the Agreement the Australian Government contracted to supply to the United Kingdom for a period of years the whole of Australia's beef export surplus with the exception of small quantities to other markets. The provisions for the restriction on exports to other destinations expired in 1961.

Under the United Kingdom/Australia Trade Agreement, Australian beef exports receive duty-free entry into the United Kingdom. This Agreement which was initially to operate for a period of five years from 1957 has been continued by mutual agreement. Its termination is subject to six months notice by either party.

(b) United States

The bilateral Agreement between Australia and the United States signed in February 1964, provided for a basic export entitlement for Australia of 246,000 metric tons of beef, veal and mutton. This quantity was increased by a growth factor of 3.7 per cent for each of the years 1965 and 1966 to 255,000 metric tons and 264,000 metric tons respectively. The Agreement provides for a triennial review of the growth factor. Subsequently, the United States has passed legislation effective from 1 January 1965 providing for the establishment of an annual import ceiling on beef, veal and mutton which, if estimated to be exceeded, would lead to the establishment of individual country quotas.

VI. Data on production, imports, exports and consumption of beef and estimates for 1970, on a standardized statistical basis

Australian Production, Exports and Consumption of Beef and Veal

Year ended 30 June
('000 metric tons)

	1960/61	1961/62	1962/63	1963/64	1964/65*	1969/70
Production[1]						
Beef and veal	643.0	803.7	928.6	1,001.4	1,022.2	
Exports[2]						
Beef and veal	192.6	304.1	391.0	430.0	470.1	
Apparent consumption[3]						
Beef and veal	416.4	463.8	512.4	548.6	498.8	

[1] Carcass weight.

[2] Excludes exports of canned meat but includes ships stores.

[3] Carcass weight equivalent.

* Provisional.

VII. Trends in total per caput consumption of all types of meat including estimates for 1970, in relation to available income, retail price and percentage of consumer expenditure devoted to meat

Per Caput Consumption of Australian Meat

Year ended 30 June
(Kilogrammes)

Year	Beef and veal Bone-in weight	Mutton Bone-in weight	Lamb Bone-in weight	Pork Bone-in weight
1960/61	38.7	28.7	17.3	5.2
1961/62	42.1	25.0	19.5	5.9
1962/63	45.6	23.4	19.1	5.4
1963/64	47.5	21.9	18.9	5.2
1964/65	44.8	21.4	17.9	5.7
1969/70				

Year	Offal	Canned meat Canned weight	Bacon and ham Cured weight
1960/61	4.9	1.9	3.1
1961/62	5.1	1.8	3.2
1962/63	5.4	1.8	3.3
1963/64	5.9	1.9	3.4
1964/65	5.6	n.a.	n.a.
1969/70			

n.a. = not available.

Poultry meat Statistics are not collected on consumption of poultry meat, but consumption in recent years has been estaimated at around 4.5 kgs. per head.

VIII. Sanitary or veterinary regulations affecting the level of beef imports

The import of beef is subject to compliance with the Australian quarantine legislation and must be accompanied by such declarations, certificates and other documents as are required by the Quarantine (Animals) Regulations.

IX. Import policies for live cattle

The importation of cattle into Australia is prohibited for quarantine reasons.