CONFIDENTIAL

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Special Distribution

Group on Meat

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# SPAIN

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

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## I. Existing beef policies

### (i) Support prices: guaranteed prices, guide prices, intervention prices

A Ministerial Order dated 28 March 1952 formally announced that in respect of cattle of all types and meat thereof, trade, movement and prices were to be unrestricted, with the exception of second and third grade beef and veal, boned, which remains subject to a maximum price.

Subsequently, by a Ministerial Order dated 21 March 1963, this derestriction was extended to beef and veal of all types.

In order to prevent a shortage from causing undue price increases at any time so as to affect the extent to which consumer requirements can be met at reasonable prices, the Administration established certain guide prices (Order of 3 August 1964).

These prices are based on the margins quoted at the slaughter-house for certain qualities, and the official agencies hold in reserve adequate supplies of frozen meat which can be released onto the market whenever prices exceed the established limit.

As a protective measure for beef production, an association for concerted action was set up as between the Administration and livestock producers wishing to participate, by fixing a guaranteed price at which the official agencies would purchase all the cattle offered for sale by farms taking part in the scheme, in accordance with certain standards of quality and weight.

Subsequently, as the position in this sector was developing favourably, the Administration decided to extend the arrangements for purchase at these prices to all baby beef and beef carcasses offered by livestock producers.

As an incentive to production of young cattle, the Administration grants a premium on cattle which meet certain standards of quality and weight.

1964

Guide Prices at Consumption Stage in Cents
Per Kilogramme Carcass Weight

| | |
|---|---|
| Yearling cattle and heifers, flayed, from 180 to 220 kgs. liveweight | 88.33 |
| Adult cattle | 63.33 |

1965

Guaranteed Price to Producer in Cents
Per Kilogramme Carcass Weight

| | |
|---|---|
| Yearling cattle, 350 kgs. or more liveweight | 105.00 |
| Cattle | 79.16 |

Guaranteed Price at Consumption Stage in Cents
Per Kilogramme Carcass Weight

| | |
|---|---|
| Yearling cattle and heifers, flayed, from 180 to 220 kgs. liveweight | 116.66 |
| Adult cattle | 88.33 |

1966

Guaranteed Price to Producer in Cents
Per Kilogramme Carcass Weight

| | |
|---|---|
| Yearling cattle from 125 to 179 carcass weight | 105.00 |
| Yearling cattle, more than 180 carcass weight[1] | 110.00 |
| Cows, any weight | 79.16 |

[1] Including permanently the production premium of 5 cents on yearling cattle.

(ii) Market prices for cattle

During the period considered, the average domestic market price for cattle (heifers and cows respectively) has been as follows:

In Dollars Per Metric Ton Liveweight

| Year | Heifers | Cows |
|---|---|---|
| 1960 | 443.83 | 291.00 |
| 1961 | 501.00 | 305.16 |
| 1962 | 549.50 | 360.33 |
| 1963 | 579.50 | 364.16 |
| 1964 | 610.00 | 424.16 |
| 1965 | 790.16 | 544.16 |

(iii) Total producer's return

The total producer's return consists of the market price and the premium which the Administration has been granting on yearling animals since August 1964 as an incentive for production of young cattle.

In US Cents per Kilogramme

| | | |
|---|---|---|
| Heifers | ) 1964 | 66,000 |
| | ) 1965 | 84,016 |

(iv) Inventory and costs of aids and subsidies

A. Benefits granted to the association for concerted action

A number of incentives are granted within the association for production of bovine meat.

Some are of a technical nature, including advisory services given to farmers by the official livestock authorities. In addition there are official selection and experimental centres, and facilities for artificial insemination of breeding animals and the supply of selected breeding stock.

Among the economic benefits a distinction should be made between outright subsidies and agricultural credit.

The subsidy amounts to 10 per cent of investments required for building, installation and equipment of the farm.

The credit amount to 60 per cent of investments required for fixed installations, i.e. those mentioned in the preceding paragraph; and up to 50 per cent of the total required for revolving capital. In addition a variable amount of credit may be granted for the purchase of livestock.

Apart from subsidies and credit facilities there are extensive reductions in both State and municipal taxes, and a preferential benefit payable in the event of compulsory expropriation for essential installations.

B. Credits granted by State and private organizations

The Agricultural Credit Bank is the organization which grants the largest amounts of credit in the entire agricultural sector, including the individual grant for the purchase of machinery and livestock, which in 1965 reached an estimated amount of 3.6 million pesetas.

Other credits are granted by the Mortgage Bank, the National Agricultural Settlement Institute, the public granaries, etc.

C. Subsidies

Pursuant to Government Orders dated 3 August 1964, 25 November 1964, 8 February 1965 and 15 March 1966, production premiums are paid in respect of yearling cattle in order to discourage slaughtering of young cattle and consequently to raise the meat yield and provide the consumer with good quality meat from young animals, having more taste and more nutritive value than meat of milk-fed animals.

The subsidy is at the rate of 3 pesetas per kilogramme net carcass weight and is paid to the owner of the animal at the time of slaughter. The animal must weigh not less than 180 kgs. carcass weight.

Apart from this direct subsidy, the Ministry of Agriculture grants some indirect aids to livestock producers for improvements in farms and livestock installations and for the extension of pasturage which is very limited.

(v) Total quantity and value of production

| Year | Production - m.t. | Value ($) |
|---|---|---|
| 1960 | 159,578.7 | 112,690,750 |
| 1961 | 177,546.0 | 129,783,133 |
| 1962 | 163,169.0 | 137,683,150 |
| 1963 | 172,467.4 | 152,763,683 |
| 1964 | 225,438.3 | 208,969,900 |
| 1965[1] | 190,176.0 | - |

[1] Provisional figure.

The above table includes statistics of bovine animals slaughtered in the years indicated in municipal slaughter-houses and on private premises.

The figures relate to total production for all uses, i.e. both for direct consumption and for industrial use.

(vi) Measures at the frontier

Customs duties

| |
|---|
| Frozen meat:<br><br>1 per cent ad valorem - provisional duty<br>9 per cent internal charges compensation tax, equivalent to the internal taxes levied on domestic production<br><br>Chilled meat:<br><br>1 per cent ad valorem - provisional duty<br>8 per cent internal charges compensation tax |

Levies

A levy is charged on boned meat for industry and on chilled meat of yearling animals for refrigerated cutting-up rooms and slaughter-houses.

The amount of the levy is fixed each week and at the present time it is as follows:

| | |
|---|---|
| Frozen boned meat | 9,122 pesetas/m.t. |
| Chilled yearling meat | 12,800 pesetas/m.t. |

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

The data available on cereals used for intensive fattening are very incomplete, and in general are estimates. The following table shows the quantities used for animal feeding in general over the past five years:

Metric Tons

| | 1960/61 | 1961/62 | 1962/63 | 1963/64 | 1964/65 |
|---|---|---|---|---|---|
| Wheat | - | - | 4,800 | 4,800 | 16,800 |
| Barley | 1,253,100 | 1,400,200 | 1,798,000 | 1,658,800 | 1,498,000 |
| Rye | 179,300 | 167,900 | 259,200 | 29,000 | 87,400 |
| Oats | 313,700 | 413,600 | 433,000 | 276,500 | 262,000 |
| Maize | 839,500 | 879,500 | 733,900 | 973,900 | 998,000 |
| Other | 17,700 | 17,500 | 20,000 | 26,100 | 58,600 |

Million Dollars

| | 1960/61 | 1961/62 | 1962/63 | 1963/64 | 1964/65 |
|---|---|---|---|---|---|
| Wheat | - | - | 0.446 | 0.495 | 1.98 |
| Barley | 92,020 | 97,196 | 124,586 | 132,795 | 118.34 |
| Rye | 14,878 | 13,978 | 21,016 | 3,195 | 7.47 |
| Oats | 21,916 | 27,656 | 27,761 | 20,668 | 20.16 |
| Maize | 73,428 | 70,843 | 66,336 | 86,548 | 85.12 |
| Other | 1.24 | 1.21 | 1.45 | 2.24 | 4.48 |

Source: "El Producto Neto de la Agricultura espanola". (Net output of Spain's agriculture).

The table below shows annual averages of the guaranteed prices for fodder cereals.

It should be noted that these guaranteed prices are lower than those in the free market.

Dollars Per Metric Ton

| | 1962/63 | 1963/64 | 1964/65 |
|---|---|---|---|
| Rye | 66.66 | 77.33 | 73.33 |
| Maize | 60.00 | 55.83 | 55.83 |
| Sorghum | - | 70.00 | 70.00 |
| Barley | 58.33 | 67.50 | 67.50 |
| Oats | 51.66 | 58.33 | 58.33 |

In recent years the annual average levels of free prices have been as follows:

Dollars per Metric Ton

| | 1962 | 1963 | 1964 | 1965 |
|---|---|---|---|---|
| Rye | 80.50 | 81.66 | 83.50 | 87.83 |
| Maize | 84.16 | 93.16 | 83.83 | 88.00 |
| Barley | 65.50 | 77.66 | 79.50 | 79.50 |
| Oats | 62.00 | 71.00 | 76.83 | 76.50 |

Source: "La Agricultura Espanola". (Spain's Agriculture).

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

The following data relate to prices for cattle and for cereals in the past four years.

Dollars per Metric Ton

| | 1962 | 1963 | 1964 | 1965 |
|---|---|---|---|---|
| Heifers | 549.50 | 597.50 | 610.00 | 790.16 |
| Cows | 360.33 | 364.16 | 424.16 | 544.16 |
| Rye | 80.50 | 81.66 | 83.50 | 87.83 |
| Maize | 84.16 | 93.16 | 83.83 | 88.00 |
| Barley | 65.50 | 77.66 | 79.50 | 79.50 |
| Oats | 62.00 | 71.00 | 76.83 | 77.50 |

Expressed in index terms, the evolution of these prices has been as follows:

| | 1962 | 1963 | 1964 | 1965 |
|---|---|---|---|---|
| Heifers | 100.00 | 105.45 | 111.01 | 143.79 |
| Cows | 100.00 | 101.06 | 117.71 | 151.01 |
| Rye | 100.00 | 101.44 | 103.72 | 109.10 |
| Maize | 100.00 | 110.69 | 99.60 | 104.56 |
| Barley | 100.00 | 118.56 | 121.37 | 121.37 |
| Oats | 100.00 | 114.51 | 123.91 | 125.00 |

(iii) Total producers' returns for milk

The total producers' return for milk is the market price, and this is subject to regulation in the consumption centres where there are central dairies.

Milk producers do not receive any aids or subsidies from any official body.

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

The following data show the market price for cattle and the price of milk which is the producers' return.

In US Cents

| | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 |
|---|---|---|---|---|---|---|
| Heifers[1] | 44.40 | 50.10 | 54.95 | 57.95 | 61.00 | 79.02 |
| Cows[1] | 29.10 | 30.52 | 36.03 | 36.42 | 42.42 | 54.42 |
| Price of milk, producers' return[2] | 7.71 | 7.81 | 8.05 | 8.40 | 9.30 | 10.45 |

[1] In kilogrammes.

[2] In litres. In order to determine the price of milk in cents per kg., one should multiply these figures by 1.03, although it seems more realistic for the comparison to give these data in terms of cents per kg.

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

In the absence of other data, the following table shows the total cattle herd in the past three years, with a breakdown according to age and use to which the animals are put.

Total Cattle Herd
(in thousand head)

| | 1963 | 1964 | September 1965 |
|---|---|---|---|
| Total herd | 3,671 | 3,723 | 3,712 |
| 1. Animals less than one year old | 735 | 768 | 786 |
| Male | 188 | 173 | 176 |
| Female | 601 | 593 | 620 |
| 2. Animals from one to three years old | 789 | 766 | 795 |
| 3. Animals more than three years old | 2,146 | 2,189 | 2,131 |
| Animals for breeding | 22 | 21 | 19 |
| Steers and bulls not for breeding | 144 | 122 | 95 |
| All cows | 1,980 | 2,046 | 2,016 |
| 4. Dairy cows | 707 | 703 | 745 |
| Of Swiss races | 85 | 100 | 99 |
| Of Dutch races | 486 | 477 | 519 |
| Of other races | 136 | 126 | 127 |
| 5. Mixed dairy cows | 795 | 828 | 763 |
| 6. Other cows | 478 | 515 | 508 |

III. Internal prices

Data on the levels of internal prices for beef and veal per kg. of carcass in the most representative markets or cities:

(i) Wholesale prices

Dollars per Metric Ton

| | 1961 | 1962 | 1963 | 1964 | 1965 |
|---|---|---|---|---|---|
| Beef | 599.66 | 719.00 | 682.33 | 764.16 | 1,029.00 |
| Young beef | 693.00 | 812.83 | 801.50 | 895.66 | 1,181.16 |
| Castilla veal | 806.16 | 936.16 | 966.16 | 1,019.33 | 1,379.16 |
| Galicia veal | 766.33 | 908.50 | 951.16 | 1,005.16 | 133.83 |

The data in the above table show annual average prices in dollars per m.t. of carcass over the past five years.

(ii) Retail prices or consumer prices

The data below show annual average prices to the consumer in the provincial capitals.

US Cents per Kg.

| | 1960/61 | 1961/62 | 1962/63 | 1963/64 | 1964/65 |
|---|---|---|---|---|---|
| Veal, 1.a | 132.48 | 151.40 | 161.36 | 174.58 | - |
| Young beef, 1.a | 113.36 | 125.86 | 132.80 | 149.23 | 193.78 |
| Beef, 1.a | 101.71 | 113.03 | 116.90 | 130.31 | 169.53 |

(iii) Costs of marketing

The following list shows the trade margins and charges affecting the price to the retailer.

Marketing Margins for a Yearling of 233 Kg. Carcass Weight

| | |
|---|---|
| Price paid by the public | 100.00 |
| Price received by the producer | 72.44 |
| Costs, farm to slaughter-house | 4.41 |
| Dealer's margins | 2.30 |
| Costs, slaughter-house to butcher | 2.00 |
| Retailer's margin[1] | 18.85 |

[1] Including some general costs.

IV. International prices

(i) Information on the levels of international prices

The most usual presentation is as follows:

(a) with bone, the carcass being divided into four quarters. They are sold in equal lots of fore-quarters and hind-quarters, in which case they are referred to as compensated quarters. They may also be purchased separately - only hind-quarters or only fore-quarters;

(b) boned meat put up in printed packages.

The present retail price can be deduced from the purchases at present made by our country in Argentina, which being one of the largest producers sets the general tone on the export market.

| | |
|---|---|
| Frozen meat in compensated quarters | $580 f.o.b. |
| Chilled meat, hind-quarters | $775 f.o.b. |

(ii) Data on the conditions of price formation in international markets

In Spain, domestic beef is free of price restrictions at all stages. Imports are subject to a fixed maximum price for retail sale. There is a guaranteed minimum price for cattle which is:

| | |
|---|---|
| Veal from animals weighing not more than 180 kgs. | 63.00 pesetas per kg. carcass weight |
| Veal from animals weighing more than 180 kgs. | 66.00 pesetas per kg. carcass weight |
| Beef | 47.50 pesetas per kg. carcass weight |

(iii) Concrete data on export subsidies and export aids

There are no export aids or export subsidies in Spain since our domestic production is not sufficient to meet national requirements. In other countries with a surplus, aids are granted which vary according to the season.

(iv) Information on stocking capacities

In Spain the total cold storage capacity is approximately 126,000 m.t. for stocking frozen meat in proper sanitary conditions.

V. Bilateral agreements affecting imports and exports

At present we only have agreements with Argentina for the following volumes:

| | |
|---|---|
| Frozen meat - June/September | 10,000 m.t. |
| Chilled meat - June/September | 3,200 m.t. |

## IX. Import policies for live cattle

For the time being, Spain has no import programme for live cattle for slaughter to meet domestic requirements.

Imports of cattle for breeding purposes are free of restriction.