

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Multilateral Trade Negotiations

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Group "Agriculture"

Sub-Group on Meat

STATEMENT MADE BY THE REPRESENTATIVE OF THE UNITED STATES ON 16 JUNE 1975

The United States considers trade liberalization in meats, meat products and live animals a major objective of the multilateral trade negotiations. World trade in this important sector covers a wide variety of commodities representing almost \$15 billion in 1973. This trade is of great significance to many countries. It is of utmost importance to the United States.

The multilateral trade negotiations affords all of us the opportunity to make a significant contribution to restoring and enhancing the stability of the world meat economy. This can be achieved through a far-reaching measure of trade liberalization. For our part, we intend to exert every effort to co-operate in a flexible and constructive manner with other countries in this and other relevant negotiating groups to achieve significant progress in the liberalization of this important sector.

United States exports of meat, meat products and live animals amounted to about \$0.5 billion in 1973 and 1974. United States imports of these products totalled \$1.9 billion in 1973 and \$1.5 billion in 1974. Thus, the United States has a substantial direct export interest and, as the second largest importer, a major interest in world trade. Since the livestock sector (excluding dairy) accounts for 46 per cent of United States farm income, the United States is strongly interested in trade liberalization which would reduce the likelihood of disruption of the domestic market from trade distorting measures of other countries.

During the past year and a half, several major importing countries have taken actions to embargo or restrict imports. These actions caused a profound imbalance in the world's beef economy. The severity of the restrictions enacted was particularly disturbing and indicative of the need for significant liberalization and binding commitments on reasonable market access.

The largest importing entity in the world, the EEC, took a variety of measures, including an eleven month virtual ban on almost all cattle and bovine meat imports, which reduced these imports in 1974 to only about 280,000 metric tons compared to

990,000 metric tons in the preceding year (a 72 per cent reduction). These measures were taken without prior consultation with affected countries. Japan's termination of beef import licensing during the past sixteen months has also had a major disruptive effect - imports declined by nearly 60 per cent in 1974, totalling only about 80,000 metric tons. Import quotas enacted by Canada in 1974 without prior consultation also had a significant impact on the United States because of the geographic proximity of the two countries and the close relation between their livestock and meat sectors. United States retaliatory quotas against Canada enacted in November 1974 had the sole purpose of obtaining the removal of these unjustifiably severe restrictions.

The net effect of these restrictive measures on the part of major importing countries was the shifting of the burden of adjustment to a temporary world surplus of meat supplies, first to exporting countries and later to other importing countries which were attempting to maintain liberal trading policies. In 1974, in spite of the actions of other countries, the United States refrained from enacting meat import restrictions. Nevertheless, total red meat imports in 1974 declined about 17 per cent from the preceding year due to falling domestic meat prices which made United States markets relatively unattractive.

However, with other import markets remaining restricted and livestock numbers building up in exporting countries, the United States undertook consultations early in 1975 with supplying countries on a programme of voluntary export restraints. On this basis, the Secretary of Agriculture announced on 31 March that 1975 United States imports of fresh, chilled and frozen meat (primarily beef and veal) were estimated at 1,180 million pounds (535,000 metric tons). This represents a 9 per cent increase in imports over 1974 when no restrictions were in effect. The United States continues to have an open market (except for retaliatory quotas against Canada) of other types of imported meat (cooked and preserved beef, fresh as well as cooked pork, lamb and poultry, etc.) which in 1974 had a value of \$575 million and amounted to 44 per cent of total United States meat imports.

Assured access to major import markets would encourage importing countries to permit internal prices to respond to world prices and thereby enable consumption to respond to changing market conditions. In this way, importing and exporting countries could share in, and increase the efficiency of, the adjustment process. This would in turn dampen the extreme fluctuations in prices that have characterized the world market in recent years and would encourage a more efficient allocation of resources in world livestock production.

My delegation proposes that this Group organize its work in the following way:

1. Product coverage. We believe that as far as product coverage is concerned, the terms of reference need not be limited at this stage and that countries should remain free to raise issues relating to any meat category they deem to be important. However, at the outset, the Sub-Group might address itself specifically to bovine meat (particularly beef and veal) which accounts for the major international trade flows. Edible by-products, such as offals, should be included in the concept of meat, whereas inedible by-products, such as hides, fats and greases, would not.
2. Procedures. My delegation proposes that in the first stage of our work, we address ourselves to the key problems in this sector. We therefore propose that we first consider the specific characteristics and problems of trade in meat, meat products and live animals and the major trade barriers and trade-distorting measures in this sector. Then we could consider techniques and modalities for dealing with those problems. Again, as in the case of grains, we might for this purpose usefully refer to those barriers that have already been identified by the GATT Agriculture Committee.

Such an examination of trade barriers of major meat exporting and importing countries should be concluded as early as possible. We would suggest that the secretariat be asked to submit a report to the Group on which this examination could be based in subsequent meetings. After the completion of this examination, we should address ourselves to seeking multilateral solutions to the problems which have been identified.

In this context, the question of technical trade barriers, in particular veterinary regulations, might play an important rôle. We would suggest that we defer an examination of this particular problem until such time as the work of the MTN Group on Standards has further progressed so that we will be able to examine and seek solutions for this kind of problem in the light of the special agriculture characteristics of the general standard concepts.

Also, the events of the past year have demonstrated the need for an improved general mechanism relating to safeguards. The United States, therefore, is strongly supporting the work of the MTN Group on Safeguards in this regard.

Last, but not least, we firmly believe that we should seek common trading rules for industry and agriculture to the maximum extent possible. We expect that measures affecting meat will be discussed in other appropriate groups such as the tariff and non-tariff measures groups or other groups in accordance with the Tokyo Declaration and in particular in accordance with the summing up by the Chairman of the Agriculture Group on 8 May.