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GENERAL AGREEMENT ON TARIFFS AND TRADE

Multilateral Trade Negotiations

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Group "Agriculture"
Sub-Group on Meat

STATEMENT MADE BY THE REPRESENTATIVE OF CANADA ON 16 JUNE 1975

I would like to outline in general terms the Canadian Delegation's view of the issues which must be dealt with in these negotiations on trade in meat and live cattle and to indicate our initial position.

General view

In recent years sales of meat and livestock have accounted for about one third of total Canadian farm cash receipts. In terms of output value, meat slaughtering and processing is Canada's third largest industry. Although Canada does not account for a major share of global meat and livestock trade, the economic prosperity of the Canadian livestock sector is very much affected by international developments. Traditionally the Canadian livestock industry has operated within the context of a North American livestock economy and for many years we have participated in a large two-way trade with the United States in terms of both meat and live animals. More recently, however, we have become increasingly linked to the global livestock economy as witnessed, for example, by our substantial exports of pork to the Japanese market.

Consequently, Canada is interested in facilitating to the maximum extent possible an expansion of trade in a range of meat products, including increasing amounts of the more highly processed forms of meat and meat by-products, as well as in livestock. In addition, as there are important linkages between trade in meat and livestock and trade in certain other agricultural products, we are seeking greater stability in international trade in meat and livestock and the improvement, on the basis of mutual advantage, of the rules governing such trade.

In view of the foregoing considerations I will now outline the issues of importance to Canada and, in so doing, indicate the products and problems on which we think negotiations should be initiated.

Import restrictions

Lack of assured and predictable terms of access, particularly in our principal markets, plays an important rôle in inhibiting the rational development of Canada's livestock industry, contributes to extreme fluctuations in supply and prices, and adds to the uncertainty which the sector has to face. Assured market outlets are particularly important to livestock producers, who by the nature of their industry, must make production decisions on the basis of expected market conditions a number of years in the future. Thus the Canadian delegation attaches great importance to binding at lower levels, or otherwise securing, significantly improved terms of access for Canadian meat and live cattle.

The import restrictions which are of major concern to my delegation include:

- high tariffs against beef and pork products
- tariff quotas on live cattle
- discretionary import licensing
- "mandatory" import quotas and their associated "voluntary" export restraints
- variable import levies and other forms of minimum import price systems.

Our concerns also include questions of tariff classification for various meat and meat products as well as the need for recognition in some markets of a separate tariff classification for livestock for breeding purposes.

Export aids

The second major area of concern to my delegation relates to the trade distorting effects of export aids on meat and livestock. In our view, these negotiations should aim at the complete removal of export subsidies.

Market instability

A third, and more general issue of concern to my delegation is the problem of instability in world meat trade. In the last year this has manifested itself in a number of emergency border measures and emergency domestic programmes undertaken by a number of countries. Internationally these measures have tended to disrupt and distort trade flows, often with major indirect supply and price effects for third markets, leading to yet further national actions. Factors which have contributed to market instability include:

- (a) the cyclical nature of meat production
- (b) lack of secure and continuing terms of access
- (c) use of export subsidies
- (d) disruptive effects of domestic price and production policies, including consumer as well as producer orientated policies, and
- (e) unstable grain markets.

Approaches

The Canadian delegation is prepared to examine a wide range of means to resolve the problems of trade in meat and livestock. We would expect that this sub-group would strive to employ, to the maximum possible, techniques developed in the tariff and non-tariff measures groups. Similarly, it may be necessary to draw to the attention of other groups, particular issues of importance to the livestock sector.

As regards the problem of market instability, since all governments to a greater or lesser degree intervene in the market to protect their producers or consumers against extreme situations, we hope that these negotiations will provide an improved basis for taking such actions and will result in a more stable world market environment. To a significant extent the problems of market instability will be mitigated by contractual commitments governing expanded and more secure terms of access. Similarly, the elimination of export subsidies would also contribute to reduction of market instability.

To the extent that instability reflects inherent problems in the industry (i.e. its cyclical characteristics), there would seem to be a need to develop understandings or agreed rules of conduct to implement the necessary adjustments and thereby minimize the adverse impact on trade.

Organization of work

We believe that this sub-group should move quickly to the identification and delineation of the issues and problems which must be dealt with before we turn to an examination of alternative solutions. For the first phase, as a point of departure, we would suggest that the sub-group concentrate on livestock and red meats and their products, i.e. beef, pork and sheep meats.

Finally, I would like to emphasize the Canadian commitment in these negotiations to seeking maximum liberalization and expansion of trade. We believe that greater market stability will be facilitated by expanded and less restrictive meat and livestock trade.