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The task before us is to analyze the specific characteristics, the structure, and the problems of the world meat trade including the impact of trade barriers and trade distorting measures upon this trade. In our last meeting, various delegations, including my own delegation, have already spoken of certain aspects and problems of the international trade in meat and have stressed specific features of this trade. In our view, the characteristics and the structure of this trade are highlighted by the following:

The production of bovine meat and cattle is not as widespread as that of basic agricultural products, such as grains. The location of the major centres of production is largely determined by climatic conditions and the availability of suitable land. Land tenure conditions, though variable over the long run, must also be taken as a given datum when considering the economically most favourable conditions of production. Finally, national price policies which encourage or discourage both production and consumption have a major bearing on world trade in beef, veal and bovine animals.

Only 5 or 6 per cent of world production of beef and veal enters world trade. This trade is dominated by a small number of importing and exporting countries. Thus, in 1972, the United States, the EEC and Japan accounted for 74 per cent of world imports. In the same year, Australia, New Zealand, Argentina, Brazil and Uruguay accounted for 73 per cent of world exports.

A glance at statistics indicate that imports are generally supplemental to domestic production. For instance, in the United States and the EC, imports in 1972 accounted only for 9 and 17 per cent respectively of domestic output. It is true, Japanese imports in 1972 were equivalent to 29 per cent of domestic output. However, the proportion of imports relative to domestic production must be seen in the light of consumption levels. In the United States, per capita consumption of beef and veal in 1972 amounted to 54 kgs. By contrast, per capita consumption of beef and veal in the EC amounted in 1972 to only 25 kgs., less than half as much as

in the United States. In Japan, per capita consumption of beef and veal amounted to only 4 kgs. : this is only one thirteenth of the consumption in the United States.

On the other hand, exports from Australia, Argentina and New Zealand represented 57 per cent, 32 per cent and 63 per cent of the domestic output. In these countries, consumption levels were high and exportable surpluses are presently not generated by restrictions of domestic consumption.

The structure of world trade is also characterized by regional features. Live cattle is quite naturally traded by countries in close proximity to each other. For instance, United States imports of feeder animals from Mexico and Canada in recent years ranged from 600,000 to 1,000,000 head per annum.

Needless to say, international trade in beef and veal is also influenced by differences in sanitary standards. These standards which are applied by most of the major, but also by minor, trading countries have an impact on the direction of trade flows.

Two other important features which characterize recent developments in the world meat situation are changes in the cattle cycle and the world-wide economic recession.

Prior to 1972, cattle cycles in the major beef and veal trading countries were divergent. However, around 1972, producers in all major countries began almost simultaneously to cut back slaughter numbers in order to increase herds. This move resulted in a lowering of import restrictions as countries sought to offset temporary shortages in domestic beef supplies by increasing imports.

Yet due to a slowdown in economic activity and concomitant inflationary pressures, the demand for beef began to weaken in early 1974. Subsequently cattle prices began to fall.

All the facts so far mentioned have naturally a bearing on the world market situation for beef and veal. However, demand and supply in the world market are most importantly influenced by trade inhibiting measures. These trade inhibiting measures are the major reason for the present imbalance in the world beef trade.

In the United States view, the most crucial problem is the continuing lack of access to certain major import markets which has had a strongly destabilizing effect on world trade. The following points illustrate various facets of the market access problem:

Lack of continuing access has denied trade benefits to exporting countries, consistently reduced their export earnings, and inhibited the long-term development of their livestock industries;

Sudden and drastic import restricting measures have thrown an additional burden of adjustment on exporting countries, and on the world market, during periods when market conditions were already depressed;

The use of trade measures which insulate the domestic markets of importing countries from world markets to maintain high price supports for livestock has delayed the internal adjustment process in those countries, for example, by preventing consumption from increasing in response to lower prices and thereby reducing surplus supplies and the prolonged world-wide disequilibrium;

Inward-looking meat trade policies, coming at a time of contraction of world trade generally, have contributed to protectionist pressures in other countries and have made more difficult the task of dismantling agricultural trade barriers in a mutually advantageous way.

It is ironic, and unfortunate, that the "market instability" that some countries have cited as a justification for their highly protective import systems has occurred largely because of those systems and because those countries' policies have inhibited the international adjustment process. As the delegate of Australia pointed out in his statement at the June meeting (MTN/ME/W/3) beef and veal is one of the few categories of agriculture products where, in most major trading countries, consumption is highly responsive to price. In principle, therefore, if major trading countries maintained a reasonable degree of market access so that world prices influenced domestic prices, adjustment would normally be accomplished rapidly and market instability would be drastically reduced. However, the United States has been virtually the only major importing country to conduct its meat import trade on the basis of sustained market access, particularly during the major adjustment period of the past two years.

Although the problems of instability and international adjustment are foremost on the agenda because of the almost unprecedented turmoil that has recently afflicted the world livestock and meat economy, it is important not to lose sight of the wide range of trade restrictions, as documented in MTN/ME/W/8, that have long burdened the livestock and meat trade. If major trading countries are to be induced to negotiate significant concessions relating to market access, all countries will have to contribute their part.