

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/ME/W/24

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Multilateral Trade Negotiations

Group "Agriculture"

Sub-Group on Meat

DOCUMENT BRINGING TOGETHER THE ELEMENTS CONTAINED IN THE  
PROPOSALS OF AUSTRALIA (MTN/ME/W/22 AND MTN/ME/W/22/Add.1)  
AND THE EUROPEAN COMMUNITIES (MTN/ME/W/18 AND MTN/ME/W/23),  
AND THE CONSIDERATIONS EXPRESSED DURING THE INITIAL  
DISCUSSION OF THOSE PROPOSALS

Note by the Secretariat

1. This document was prepared at the request of the Sub-Group on Meat which agreed during its meeting in October, that it would continue at its next meeting the discussion of the elements contained in the proposals submitted by Australia (MTN/ME/W/22 and MTN/ME/W/22/Add.1) and the European Communities (MTN/ME/W/18 and MTN/ME/W/23). To help that discussion, the secretariat was to prepare on its own responsibility a document bringing together the elements contained in the Australian and European Communities' proposals and the considerations expressed during the initial discussion of those proposals (MTN/ME/5).
2. It should be borne in mind that, having been prepared on the sole responsibility of the secretariat, this document does not imply any commitment on the part of the members of the Sub-Group, some of whose observations were in any case only preliminary.
3. It should also be noted that this document related to considerations expressed during the initial discussion of the Australian and European Communities' proposals and that certain elements, such as the special and differentiated treatment to be accorded to developing countries, have as yet only been dealt with in an incomplete fashion.

4. The Australian and European Communities' proposals, if taken together provide for an international scheme for live animals and meat, with the following integral parts:

- General provisions:

information  
surveillance  
consultations  
other general provisions

- Specific provisions:

bilateral/plurilateral joint disciplines  
request/offer procedure

This document follows the above outline in its chapter headings. It concludes with a discussion of the administrative machinery proposed and certain problems of a general nature.

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PART ONE1. Product coverage<sup>1</sup>

The scheme would apply to the following products:

	<u>CCCN</u>
Live bovine animals	01.02
Meat and edible offals of bovine animals, fresh, chilled, or frozen	ex 02.01
Meat and edible offals of bovine animals, salted in brine, dried or smoked	ex 02.06
Other prepared or preserved meat or offal of bovine animals	ex 16.02
Swine, live	01.03
Sheep, live	ex 01.04
Meat and edible offals of swine and sheep, fresh, chilled or frozen	ex 02.01
Pig fat, fresh, chilled, frozen, salted in brine or smoked	ex 02.05
Meat and edible meat offals of swine and sheep, salted, in brine, dried or smoked	ex 02.06
Sausages and the like, of meat, meat offal or animal blood	16.01
Other prepared or preserved meat of swine and sheep and offals thereof	ex 16.02 <sup>7</sup>

Considerations expressed

Discussions of a multilateral framework agreement at this stage could primarily be focused on the bovine sector but should not necessarily prejudge its eventual extension to cover other meat and animal sectors.

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<sup>1</sup>See MTN/ME/W/18 and MTN/ME/W/22, paragraph 6.

PART TWO

General provisions

2. Information<sup>1</sup>

Countries with an interest in meat trade would furnish periodically to the group the following basic data:

- cattle herd (number of head - composition, number of cows and age), meat production (slaughter rate - average carcass weight), fodder supply conditions, market prices obtained by producers;
- consumption (meat categories, etc.);
- trends and prospects for the coming year of production, consumption, imports and exports;
- intentions regarding policies for production, consumption, imports and exports.

These data could be exchanged and discussed by the group around three times a year, and permit the group to draw up a world supply and demand estimate twice a year.

The studies undertaken by the group may include, whenever necessary, analysis of the likely impact of policies relating to production consumption or trade introduced or under consideration by member countries and any other country having a significant interest in international trade in meat and live animals.

Considerations expressed

The usefulness of exchanging information was recognized.

Work being done in other international fora, e.g. OECD, FAO should be taken into account and not duplicated.

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<sup>1</sup>See MTN/ME/W/18, paragraph 6(i) and (ii) and MTN/ME/W/22, page 6, paragraph 4.

### 3. Surveillance<sup>1</sup>

In addition to the exchange of information described above, variations in the level of certain market data, e.g. cattle herd, slaughtering, domestic and international prices should be examined so as to permit timely detection of the symptoms of any emergence of extreme situations.

#### Considerations expressed

An early warning system to anticipate international shortages or surpluses was welcomed.

It was noted that existing models are not sufficiently sophisticated to allow forecasts to be made from which conclusions could automatically be drawn.

It was also noted that no early warning system, however perfectly designed, could have predicted the recent world crisis in the bovine sector.

### 4. Consultations<sup>2</sup>

If it appears from examination of data pursuant to paragraphs 2 and 3 that there is a risk of shortage or surplus developing on the international market, consultations would be initiated between all participants to consider what measures could be taken to alleviate the consequences of the crisis situation that might develop. Such measures could consist of actions having a short-term impact on supply and demand in the world market, such as for example storage measures (whether for live animals or for meat), consumption measures, or temporary adjustments of the commitments entered into by exporting countries, which adjustments could possibly be reflected in the administration by importing countries of their import régimes.

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<sup>1</sup>See MTN/ME/W/18, paragraph 5(iii).

<sup>2</sup>See MTN/ME/W/18, paragraph 5(iv).

Considerations expressed

The binding nature of the commitments arising from such proposed consultations was questioned.

It was suggested that meaningful solutions to correcting world disequilibria must include adjustments in domestic policies of importers as well as exporters, particularly with regard to production incentives or disincentives.

It could be specified that no country could adjust its trade measures without prior consultations under the multilateral meat group (Part Four).

It was suggested that a barometer for determining whether the proposed provisions for consultations were useful, was to ask whether such consultative machinery, had it existed, would have led to the adjustments necessary to avoid the world crises of the recent past.

It was felt that such consultations would probably not have prevented the crisis but might have attenuated its worst results.

It was noted that these consultations would be a more relevant outlet for international discussion and co-operation than is presently provided for under Article XXII of the GATT.

5. Other general provisions:

(a) Health and sanitary measures<sup>1</sup>

There should be an undertaking on the part of all participating countries to afford, where appropriate, adequate opportunity for bilateral (or plurilateral) discussions on the application of those measures. The participants would likewise undertake to participate in the work of the appropriate international bodies (ECE, WHO, Codex Alimentarius ...) on this subject and to implement to the fullest extent possible any international regulations or rules adopted.

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<sup>1</sup>See MTN/ME/W/18, paragraph 7.

Considerations expressed

The Meat Sub-Group should watch closely developments in the work of the Standards Sub-Group of the MTN, particularly with reference to the animal and meat sector.

Mention was made of the provisions of the GATT, in particular those of Article X, XX, XXII and XXIII, which appeared to cover most of the elements of the proposal put forward.

(b) Safeguards<sup>1</sup>

A country that adopts safeguard measures would engage in prior consultation within the appropriate body of the Agreement before effectively applying the measures concerned. Provision should likewise be made to cover the case where a serious crisis in a country necessitates the immediate introduction of drastic measures on imports or exports. Such measures could be made effective without prior consultation, but there would have to be a consultation within the appropriate body of the Agreement as soon as possible after the adoption of these exceptional measures. The purpose of the consultation would be to examine the effects of the measures on the world market and the means to alleviate their scope and duration.

Considerations expressed

It was suggested that there should be multilateral rules on safeguards for meat that would go further than the present provisions of GATT Article XIX, which refer only to concessions and do not cover export restrictions. Such multilateral rules would be preferable to separate provisions attached to bilateral or pluri-lateral arrangements on meat.

It was however felt that nothing in a multilateral framework agreement on meat should weaken participants' rights and obligations under GATT Article XIX. Work on improving this Article was being undertaken already in separate discussions under the Safeguards Group in the MTN, the results of which should apply to meat. The need for a safeguards system different from that provided for by the General Agreement was questioned. The contention that GATT rules were inadequate regarding safeguard measures affecting exports was questioned in light of the existence of GATT Article XI.

The necessity of making specific reference to exports in a safeguard provision under an MFA was also questioned in light of the fact that the past experience of a global meat shortage had not given rise to quantitative restrictions on the part of the major exporters.

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<sup>1</sup>See MTN/ME/W/18, paragraph 6.

(c) Negotiation/code of conduct<sup>1</sup>

Provision should be made for a multilateral meat group to continue discussions and negotiations aimed at the expansion and liberalization of world trade in meat and live animals as provided for in the Tokyo Declaration. Additionally, as part of its work, the group would develop and when the time is more propitious, move to implement a code of conduct governing the actions of member countries in the international beef trade.

Considerations expressed

It was noted that the goal of negotiating meaningful commitments under the MTN should not be abandoned. A provision for continued negotiation on meat after the MTN was considered as possibly prejudicing that goal.

(d) Export subsidies

Considerations expressed

It was noted that there should be a measure of control or discipline with respect to the effects of export subsidies. In this connexion mention was made of the work being carried out in the Sub-Group on "Subsidies and Countervailing Duties".

It was also noted that the multilateral aspects of export subsidies as applied to meat and live animals could be discussed.

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<sup>1</sup>See MTN/ME/W/22.

PART THREE

Specific Provisions

6. Tariff removal<sup>1</sup>

Tariffs are one type of barrier which has a certain commonality among the major import markets, has generally little protective effect in present circumstances, and should therefore be removed.

Considerations expressed

It was believed that there is scope for the major importing countries to take immediate action on tariffs which would improve the present situation without imposing undue strain on their own industries.

Reductions on tariffs on meat and live animals could be staged according to a formula decided on by the Meat Sub-Group and applied multilaterally. The tariff reduction formula applied on industrial products could serve as a guide.

The removal of tariffs would offer some possibility of a modest improvement in return and thus help to improve the confidence of producers and the investment climate in exporting countries.

It was pointed out that benefits resulting from the removal of tariffs would be insignificant if major import markets maintain non-tariff barriers such as health and sanitary measures and variable levies.

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<sup>1</sup>See MTN/ME/W/22.

7. Bilateral/plurilateral joint disciplines<sup>1</sup>

Once an agreement of principle has been reached on the main elements discussed under Part Two, there would be a series of commitments or joint disciplines to be negotiated without delay, on a bilateral or plurilateral basis between importing and exporting countries. These would be contractual obligations on the part of exporters on their export policies in exchange for contractual obligations on the part of importers on their import policies.

The Sub-Group should be kept informed as to the manner in which such bilateral or plurilateral negotiations have been or are to be engaged, and how they are proceeding.

Considerations expressed

It was suggested that limits on export subsidies, relaxation of health and sanitary measures, and burden sharing among importers could all fall under these bilateral and plurilateral negotiations.

Access commitments which would relax frontier measures should be negotiated immediately.

Access however was regarded not to mean mere liberalization or a commitment to import a global minimum but rather, a linkage and coherency among exporters and importers via joint disciplines which give a stability and transparency to the world market.

It was pointed out that participants would only relax their import restrictions after they saw the nature of export and imports commitments that other countries were willing to engage in.

There was a question as to whether the results of the bilateral/plurilateral negotiations would be applied on a most-favoured-nation basis.

8. Request/offer procedure<sup>2</sup>

Improved quantitative access conditions and limitations on subsidized exports will be negotiated according to the request/offer procedure approved by Group Agriculture last July and contained in MTN/AG/7.

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<sup>1</sup>See MTN/ME/W/23 and MTN/ME/W/18.

<sup>2</sup>See MTN/ME/W/22 and MTN/ME/W/22/Add.1.

Considerations expressed

It was suggested that the result of consultations under the request/offer procedure should be overseen by the Meat Sub-Group and that such a procedure was compatible with the Sub-Group's mandate.

However the appropriateness of the application of the request/offer procedure, as set up by Group Agriculture, to the products in the meat sector, was also questioned.

PART FOUR

9. Administration

(a) International Meat Group<sup>1</sup>

There would be established an international meat group to carry out the market intelligence and consultative functions described under Part Two.

Considerations expressed

It was noted that existing arrangements for information and consultation are inadequate and that there is a lack of appropriate machinery for preventing extreme situations. An international meat group should therefore comprise inter alia a new multilateral co-operation device designed to afford better knowledge of the meat market and trends therein.

The group could be either an extension of the present International Meat Consultative Group, which would entail amendments to its mandate where necessary to conform to the expanded terms of reference for such a group provided under a multilateral framework agreement, or an establishment of a new group under the GATT. (See also page 9, sub-paragraph (c))

The group's rôle was likened to that of the International Wheat Council for trade in cereals.

(b) Participation<sup>2</sup>

Membership in the international meat group shall be open to all GATT contracting parties and the government of any other country interested in trade in meat and live animals, which is prepared to participate fully in the work of the group and accept obligations thereby created.

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<sup>1</sup>See MTN/ME/W/18 and MTN/ME/W/22.

<sup>2</sup>See MTN/ME/W/22.

PART FIVE

10. Other provisions

(a) Relationship with the GATT<sup>1</sup>

Members of the international meat group shall ensure that the group's programme is consistent with the spirit and provisions of the GATT.

Considerations expressed

It was suggested that the consultations described under paragraphs 4 and 5(b) would give more room for concerted international actions to remedy crisis situations than could occur for example by resort to GATT Article XXII.

In cases where commitments under the MFA overstep GATT provisions it was noted that GATT Article XX(h), the so-called exception clause for commodity agreements, could be invoked. Such had been the example of the International Grains Agreement of 1967, which was submitted to the GATT along with the Protocol of the 1964-1967 Trade Conference (the Kennedy Round).

(b) Relationship between Parts Two and Three

Considerations expressed

It was stated that there can be no progress on specific bilateral/plurilateral negotiations under Part Three until the multilateral machinery discussed in Parts Two and Four is agreed to in principle. However, it was also noted that some countries will proceed to negotiate access commitments bilaterally and plurilaterally before perhaps all of the elements of a multilateral programme can be agreed upon.

Negotiations under the two chapters of a mfa (i.e., multilateral provisions and specific bilateral/plurilateral commitments) should develop in parallel since together they would form a multilateral solution for conducting world trade in meat and live animals.

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<sup>1</sup>See MTN/ME/W/22.