

GENERAL AGREEMENT ON

RESTRICTED

Spec(93)29
30 July 1993

TARIFFS AND TRADE

Arrangement Regarding Bovine Meat

INTERNATIONAL MEAT COUNCIL

Twenty-Eighth Meeting

Draft Report

Chairperson: Ms. Brid Canon

The International Meat Council (IMC) held its twenty-eighth meeting on 25 June 1993. The IMC adopted the agenda set out in GATT/AIR/3440/Rev.1.

Application of the decision of the GATT Council of 16-17 June 1993 concerning the participation of the Federal Republic of Yugoslavia (Serbia and Montenegro) in GATT activities

1. The outgoing Chairman of the IMC, Mr. Jean-Michel Henry, made the following statement:

"At the meeting of the Council on 16-17 June 1993, the Chairman made the following statement concerning the participation of ex-Yugoslavia in GATT activities.

"Since the decision by the Council of 19 June 1992 (C/M/257 and Corr.1), according to which the representative of the Federal Republic of Yugoslavia should refrain from participation in the business of the Council, the United Nations General Assembly has adopted Resolution 47/1.

Taking account of this Resolution and after consultations with members of the Council, it has been agreed to modify the decision of 19 June 1992 in the following way:

The Council considers that the Federal Republic of Yugoslavia (Serbia and Montenegro) cannot continue automatically the contracting party status of the former Socialist Federal Republic of Yugoslavia in the GATT, and therefore decides that the Federal Republic of Yugoslavia (Serbia and Montenegro) should apply for accession to the GATT and that it shall not participate in the work of the Council and its subsidiary bodies.

The Council further invites other committees and subsidiary bodies of the GATT, including the Committees of the Tokyo Round Agreements and the Committee on Trade and Development, to take the necessary decisions in accordance with the above."

2. The International Meat Council formally decided accordingly that the Federal Republic of Yugoslavia (Serbia and Montenegro) shall not participate in its work.

Election of Chairman and Vice-Chairman

3. In accordance with Rule 2 of the Rules of Procedure, the IMC shall elect a Chairman and a Vice-Chairman at its first regular meeting of the year, i.e. normally in June. The election shall take immediate effect. The IMC elected Ms. Brid Canon (Ireland) as Chairperson and elected Mr. Peter May (Australia) as Vice-Chairman.

Replies to the inventory parts of the questionnaire

4. Participants were reminded that according to Rule 18 of the Rules of Procedure a complete revision of the inventory of all measures affecting trade in bovine meat and live animals, including commitments resulting

from bilateral, plurilateral and multilateral negotiations, was due every three years. This revision was consequently due in June 1992. The Chairperson indicated that the majority of participants had revised their inventories accordingly. However, she noted that in many cases the replies to the inventory parts of the questionnaire were unsatisfactory, being very general and not always comprehensive.

5. Participants were reminded that according to Rule 16 of the Rules of Procedure, they are required to notify changes in their policies and measures as soon as these occur and in any case in June.

Evaluation of the market situation and outlook

6. To assist the discussion under this item, the IMC had the following documents at its disposal: "Situation and Outlook in the International Meat Markets" (IMC/W/89) and the "Summary Tables" (IMC/W/90).

7. The Chairman of the MMAG, Mr. Peter May, presented the following oral report of the discussions of the Group to the IMC:

"8. Before taking up the report of the Group's discussions on the situation and outlook in meat markets, I have to inform the International Meat Council that the secretariat, on behalf of the outgoing Chairman of the MMAG, Mr Masanori Hayashi, referred to the GATT Council Decision of 16-17 June 1993 concerning the participation of the Federal Republic of Yugoslavia (Serbia and Montenegro) in GATT activities. The Meat Market Analysis Group formally decided that the Federal Republic of Yugoslavia (Serbia and Montenegro) shall not participate in the work of the Group.

9. Turning to the discussions of the Group on the situation and outlook in meat markets, I am pleased to inform you that it seemed to me we had a most lively and interesting meeting, in what I would be tempted to call a "healthy competitive spirit". My first comments will go to global economic trends which, not being generally very encouraging, have their

nuances, according to regions. Thus, while in North America economy continues to improve, even if modestly, in Western Europe and in the European Community in particular, economic conditions continue to deteriorate and unemployment is rising to worrying levels. While a number of participants referred to sustained economic growth in most Asian countries, a show down can be observed in Japan and economic recession is still affecting Oceania. Finally, the difficult economic situation in Central and Eastern European countries and the Commonwealth of Independent States (CIS) was clearly illustrated by the comments of the representatives of those countries and the European Commission for Europe (ECE) statement handed to the Group. The situation in Africa shows no signs of significant improvement, while in South America encouraging signs are emerging.

10. These economic trends have obvious implications for the world meat markets, and countries operating in the area free of Foot-and-Mouth disease (FMD) (where average beef export prices run at least 50 per cent above those in the FMD area) are currently "best served" by those trends. It so happens that North Asian markets remain the most buoyant in the world, especially to the benefit of North American and Oceanian exporters. In the meantime, red meat demand continues to suffer from the deteriorating economic circumstances in most of the markets where Foot-and-Mouth disease is endemic. However, other factors affect the world meat markets and I will try to summarize some of them as they emerged from the two days discussion of the Group. I will address the beef and veal sector in particular, leaving some general comments regarding other meats to the end of my report.

11. While world meat production is expected to increase, beef and veal output will show little change in 1993. Beef and veal consumption will continue to loose ground in favour of cheaper meats, in particular poultry meat, and lower levels of bovine meat trade will probably result in an overall reduction of total meat exchanges. In Oceania, Australia and

New Zealand beef sectors continue to be largely affected by developments in North America, even if New Zealand beef exports remain more dependent on the US market than those of Australia. During our discussions, lengthy debates over the impact of the US Meat Import Law and the recent imposition of an annual tariff quota by Canada on imports of boneless beef imports, clearly illustrated the importance of the North American markets for both countries. Furthermore, the negotiation of Voluntary Export Restraint (VERs) agreements with the United States diverted product from Australia and New Zealand to North Asian markets, in particular Japan and Korea. In 1993-94, while the total value of Australian exports of beef and veal is forecast to fall due to lower export volumes, New Zealand expects lower export returns as the result of increased sales to lower paying markets.

12. Beef imports by Japan reached a record level in April 1993, reflecting the last tariff reduction under the on-going market liberalization programme. Beef prices continue to decline, but the representative of Japan is of the view that there are limits to the consumption growth in his country which may not require further liberalization of the market. In North America, slow cattle herd rebuilding continues. In the United States, from January to April 1993 reduced beef production provoked by lower carcass weights resulted in unexpected record cattle prices. However, with the arrival of heavier cattle to the market, prices are currently declining. While beef and veal imports are expected to decline this year, reflecting the VERs, live cattle imports, virtually all from Mexico and Canada continue to increase steadily. The Group was informed by the US representative that the exclusion of Canadian imports from the Meat Import Law (MIL) had little effect in the base level used to calculate the trigger level under the Law. She also noted that live cattle imports converted in carcass weight equivalent had only a limited impact on the trigger level. She expects the trigger level to increase beyond 1994, should the Law still be in force, but noted that the US MIL is on the negotiating table of the Uruguay Round. United States beef exports are projected to rise in 1993,

especially in response to increased import demand in Japan, while bilateral negotiations aiming at a further liberalization of the Republic of Korea failed for the moment.

13. Madame Chair, turning now to market developments in the FMD area, the good news is that beef and veal production is falling in the European Community in line with declining cattle numbers, and the bad news is that EC beef stocks continue to remain at a high level which gives cause for concern. Cattle prices have improved in 1992/93 and intervention purchases decreased significantly (despite even lower intervention sales). Imports are expected to rise slightly, while exports are forecast to decline, a trend expected to continue into next year. The disposal of the EC beef stocks is increasingly difficult in a manner which causes minimal trade distortion. As the EC representative indicated, this is even more so when the availability of special export credits to the Commonwealth of Independent States continues to be problematic. The Group was informed of the main aspects of the Common Agricultural Policy reform in the beef sector, and an extensive debate followed the EC representative presentation. However, it became clear that at this stage any assessment by the EC Commission on the possible impact of the reform in the market is impossible. The situation in most other Western European countries is one of relative stability with a significant export decline forecast again in Sweden, reflecting the Swedish government's farm policy reform. In contrast, the situation in most Central and Eastern European countries and the CIS is, broadly speaking, one of declining cattle numbers, production, consumption and trade. However, we heard from the representatives of Bulgaria, Poland and Romania that the situation may now have reached its lowest point, but some improvement may occur as from next year. In Hungary, the market situation deteriorated further this year but there is no forecast available for 1994 at present time. Most of these countries referred to the export losses and serious financial prejudice provoked by the EC import ban on their sales, on grounds of FMD. In a quick "snapshot" of the situation in Africa. The FAO observer informed the

Group of improved pasture conditions in some countries, following the contraction of cattle stocks in 1992. In South Africa, we were told, cattle herd rebuilding is taking place.

14. Looking into South America, we were told that beef and veal production is increasing in Brazil, while exports although rising in volume, are declining in value. While cattle prices remain attractive, a new wage policy, attempting to maintain the consumers' purchasing power, suggests that beef consumption may rise in 1993. Exports for the year as a whole are expected to fall. Herd rebuilding in Argentina results in lower beef production and exports. The fixed parity of the peso against the US dollar is another factor affecting Argentine beef exports. Domestic beef prices, even if declining somewhat, remain high and consumption increases, a trend possibly accentuated by higher slaughter due to recent floods in the province of Buenos Aires. Average export prices are on the rise. In Uruguay, beef production is stable and exports are expected to rise in 1993 and 1994, while sales of live cattle to Argentina are up.

15. Madame Chair, you probably have noted that I made little comment on beef and veal consumption trends. The reason is that most of the countries represented in the MMAG discussions are met with similar trends, as I indicated in the beginning of my report: beef and veal consumption continues to lose ground in favour of other meats, and in particular, poultry meat. There was an interesting debate on this particular issue, in which it was noted that aside from the general economic situation and price relativities, other reasons including the negative image of beef, the consumers' demand for a "natural product", the export level in certain countries, etc., were factors affecting beef consumption levels. I will proceed to informal consultations in order to determine whether it is appropriate to ask the secretariat to prepare a special paper on the subject.

16. Finally, with regard to other meats I would note that pigmeat production in 1993 is expected to increase in the major producing countries including China, the European Community, the United States, and Canada, while production is forecast to decline in the CIS, Poland and Japan. Poland's production is forecast to decrease for the first time this year since the beginning of the reforms in 1990. Per capita pigmeat consumption in the EC as well as in other countries will continue its rising trend in 1993. World exports of pigmeat will expand, notably from the United States and Taiwan, whereas the Community's exports are forecast to increase only marginally. Japan's imports are forecast to increase further in 1993.

17. In the four major poultry meat producing countries, the United States, the European Community, China and Brazil, production is forecast to rise in 1993. Brazil's poultry meat production and consumption are forecast to increase significantly. Exports, on the other hand, may decrease. United States exports are forecast to expand moderately. Per capita poultry meat consumption will continue to rise in the major consuming countries, notably in the United States and Brazil.

18. To summarize the MMAG discussions, I would say that, despite all the existing problems world meat markets may not be at the best of their shape, but have seen worst days. I was particularly encouraged to hear that there are some signs of improvement in Africa, the Central and Eastern Europe and the CIS.

19. In conclusion, Madame Chair, I would like to thank all participants and observers for a meeting I consider as having been most useful and constructive."

20. In reply to a question raised in the MMAG meeting, the United States representative indicated that between May 1992 and May 1993 the steer-corn price ratio ranged from a low 29.4 in June to a high 39.6 in January. In

the first quarter 1993 the ratio averaged 39.4; in the second quarter 37.5 and projections for the third and fourth quarter were for 34.8 and 36.1, respectively. The hog-corn ratio ranged from a low 18.7 in May 1992 to a high 22.2 in February 1993. In the first quarter 1993 the ratio averaged 21.7; in the second quarter 21.3 and projections for the third and fourth quarter were for 21.9 and 20.5, respectively.

21. The representative of the European Community said that the main objective of the CAP Reform was the best possible mastership of production, but the assessment of its impact in the market although not impossible, was premature. He agreed with the Chairman of the MMAG to say that globally the meat markets situation had improved. However, he noted that the situation was different in the FMD free area, where meat prices were rising steadily, and in countries operating in the FMD area where, in a number of countries, meat prices tended downwards. This was the case in the European Community, where three main factors illustrated the difference. Firstly, meat prices, and in particular pigmeat and poultry meat prices, were falling. Beef prices were at best stabilizing, despite a production drop of some 10 per cent in the last two to three years. Secondly, EC cattle numbers, and in particular breeding cow inventories, were falling resulting in decreased production potential. In contrast, they were rising significantly in a number of countries in the FMD free area. Finally, the economic situation and outlook in the Community was rather bleak compared to that of some other industrialized countries. Under these circumstances, while in the European Community producers were discouraged to increase production, in other areas producers were encouraged to produce more. In future meetings, the attention of the Council should focus on these issues and on their consequences for the world meat markets.

22. The representative of Australia indicated that increasing production and herd numbers, a more positive market "sentiment" and, in some cases, increasing consumption, were among the positive signs affecting the market

situation for beef. Among the negative signs, he noted that in those markets where there were indications of increasing demand for beef and increasing market prices, government measures which were contemplated or taken were perhaps aimed at discouraging those trends. In other instances, the consumption patterns were not quite as positive and there was a degree of uncertainty about how these markets would develop and how the problem of existing levels of stocks would be addressed. He added that very simplistic assessments of the causes for a specific situation, leading to pressure for simplistic solutions should be avoided.

23. During the MMAG meeting, he had identified one or two occasions where those sorts of circumstances had in fact arisen. One related to consumption patterns. It was erroneous to look at very bold figures and conclude that consumption trends in different countries were influenced by a similar set of conditions. Sometimes consumption might be constrained or depressed as the result of two completely different sets of circumstances. One was when demand was deficient, and therefore consumption fell. Prices in those markets should be allowed to fall sufficiently to create some incentive to increase consumption. The other one was when demand was inherently strong. The likelihood was therefore that prices rise, deflecting demand away from higher priced products to lower priced products and therefore (beef) consumption tended to fall.

24. In his delegation's view, one major worrying problem overhanging the beef market over the next twelve to eighteen months, was the continuing high level of stocks in one or two countries, particularly in Europe, and the uncertainty about how this situation would evolve. There was greater risk that those stocks could rise. That possibility was driven largely by continuing incentives to maintain levels of beef production, but also by a number of negative factors both economic and uneconomic that were affecting beef and veal demand. He wondered what the EC stock management policy would be over that period, especially if market pressures resulted in some deterioration of the stock situation. Would the EC try firstly to

address that situation within its own market, or would it look into the possibility of moving those additional quantities to the world market? Such decision would have a major bearing on the way the world beef markets would develop over the next twenty months.

25. The European Community representative indicated that the EC beef production was falling, a trend supportive of the decline of beef stocks, which had already started, and was expected to continue over the next few months. There were also other reasons leading to the fall of intervention stocks, in particular the existence of import requirements in non profitable and non solvable markets, which only the Community would be in a position to satisfy. Thus, the absorption of the EC stocks should be relatively easy.

Examination of national policies linked to trade in bovine meat and live animals

26. There were no written questions submitted in advance. The representative of Poland noted that even if his delegation was aware of the fact that sanitary regulations were different from trade policy instruments, his authorities were sure that the sanitary regulations imposed in 1993 by the European Community on imports of cloven-hoofed animals and products coming from the Central and Eastern European countries had a trade policy like effect. Those regulations had caused some trade diversion and substantial losses to Polish exporters valued at US\$20 million per month. Therefore, his authorities felt obliged to provide some general information concerning the current state of affairs for the benefit of other IMC participants (see annex).

27. In reply to the Polish representative, the delegate from the European Community said that his authorities were open to consultations and hoped that a satisfactory solution could be found. Referring to the FMD outbreak in Italy, he noted that the sanitary regulation aimed only at

protecting EC livestock from the risk of further outbreaks. The European Community was now engaged in a non vaccination policy and could not be exposed to such risk. The outbreak in Italy originated in certain Central and Eastern European countries and his authorities were forced to introduce a policy against the risk of other outbreaks. By the same token, they had requested assurances from its major suppliers regarding, in particular, exports of live cattle to the EC. Such assurances had been given by most of the Central and Eastern European countries, even if a problem still existed with Poland.

28. The Australian representative indicated that as from 24 June 1993, the European Community had agreed to accept and recognize the special control arrangements that had been introduced in Australia, to satisfy the Community requirements that beef cattle are not treated with hormone growth promotants. This had been a question of uncertainty for the Australian industry for the past six months and his authorities were very pleased that the EC had recognized the integrity of the arrangements put in place. They were also pleased that all the EC requirements had been fully satisfied and that there was no longer a threat to the continuation of Australian's A\$18 million trade in meat and offal to Europe.

29. He went on, to note his authorities disappointment with the decision of the Canadian government on 21 June, to implement restraint arrangements for the remain of 1993 for bovine meat. In Australia's view the finding of the threat of serious injury to Canadian producers for boneless beef imports was unjustified. No evidence had been presented to sustain the view that the rate of monthly imports prevailing at the time of the enquiry would continue throughout the year or that the level of these imports would have any negative effect on the Canadian industry. While it was encouraging that the measures would initially be confined to imports in 1993, there was no justification for the restrictions. Australia would vigorously pursue its international rights in this area, including in regard to Article XIX consultations under the GATT, which had already commenced. His authorities remained confident that a close examination of

the issue would lead to a satisfactory solution allowing the lifting of the restrictions from the end of the current year and avoiding any additional ones to apply in 1994 or 1995. In Australia's view, the measures were not just related to the circumstances in the Canadian market. They were very much a temporary response to a wider set of concerns evolving access arrangements to the United States in 1993.

30. The circumstances that had given rise to the implementation of restrictions, were related to very positive and favourable conditions in the Canadian and United States markets for beef and live cattle. These conditions were evidenced not only by the record levels of producer prices in both countries, but also by a substantial and record increase in the levels of trade between them. The restrictive and very mechanistic arrangements resulting in the introduction of trade restrictions on third countries' shipments to both countries were allowing the benefits of those improved market conditions to be constrained solely to the North American market. Present import arrangements suggested that trade regionalization in that area worked to exclude supplies from other countries. His authorities were also concerned that such measures not only meant no increase in trade to both countries, but also that they served to displace quantities of beef and veal onto other markets with possible very disruptive effects. Australia could only encourage the Canadian and United States governments to closely examine the arrangements that they apply in their beef and veal sectors, to recognize the causes that gave rise to the very positive market developments, and to move to limit the future application of restrictions in their markets.

31. The representative of New Zealand endorsed the comments from Australia on the Canadian action and on the more general situation in the North American beef market. New Zealand shared the Australian concerns and had expressed them in the context of the Working Party on the Canada/US Free Trade Agreement. The displacement effect that his authorities had envisaged at that time was now occurring. The New Zealand government had expressed its extreme disappointment regarding the Canadian

decision and would continue to insist that there are no grounds for an Article XIX action. His authorities did not believe that imports from New Zealand were a threat to Canada's beef market, nor that they had a price effect impinging on its domestic production or producers. New Zealand advised Canada that it reserved its GATT rights on this issue and that it was considering the pursuance of any further action. The issue would be discussed between the respective Ministers over the week-end in another venue in Bangkok, and bilateral discussions had taken place in Ottawa since the announcement of the Article XIX intentions. This would be the most appropriate forum to pursue such discussions.

32. The European Community representative expressed his authorities concerns regarding the maintenance by Canada of countervailing duties on meat imports from the Community, in formal contradiction with the conclusions of a GATT panel. He noted that the rules existed to be respected and that participants should not wait for new rules to be established to accept panel findings. He recalled that in the past the European Community and the Canadian government had passed an agreement establishing the importation of a certain amount of EC beef to Canada. This bilateral agreement had also been voided. He noted that the EC continued to be an interested party regarding beef imports into Canada, at least at their traditional level, and claimed the right for its participation in future consultations and for its share in the Canadian market. He asked the Canadian representative if the 72 thousand tons limit introduced by Canada in beef imports (48 thousand tons for the remaining of 1993) corresponded to the quantity provided by the Canadian meat import law. Furthermore, he wondered if the import restrictions applied to the same type of meat than the one covered by the US Meat Import Law.

33. The representative of Canada said that when the Meat Import Law (which does not include goat meat) was put into the standby position, the import amount that was forecast for 1993 was 71.9 thousand tons. According to the Law, the amount was forecast using a countercyclical

formula similar, but not equal, to the one used in the US Meat Import Law. The 72 thousand tons limit was a recommendation of the CITT, but details regarding its calculation were not available. He agreed with the representatives of Australia and New Zealand that bilateral consultations under Article XIX were the proper forum for discussions, but he stressed that Canada had different views from both countries on the issue and hoped that those consultations would resolve the problem.

34. The United States representative indicated that the US Meat Import Law applied to all fresh, chilled, frozen, beef and veal and goat meat, but not to mutton, pork or poultry meat. The Canadian action was on boneless beef and this type of meat was covered by the US MIL.

35. In reply to one question, the European Community representative said that the calculation of the manufacturing beef balance sheet was based on the assessment of the requirements and availabilities in the EC. If availabilities were higher than requirements, the balance was fixed at zero tons. This had been the case in the last two to three years. As a result, the Community had unilaterally decided to open an autonomous high quality cuts import quota (11,430 tons). However, in 1993, administrative difficulties had resulted in a 50 per cent limitation on the quantities delivered under this quota. The remaining 50 per cent should be opened in the beginning of the second half of 1993 or in 1994, in order to allow the entry of the product. However, he added, the estimated balance sheet import scheme was not a quota and would not be transformed in a quota of whatever type.

Examination of the functioning of the Arrangement

36. The Chairperson recalled that after consultations with a certain number of delegations and the Secretariat on the examination of the functioning of the Arrangement, the former Chairman of the IMC, Mr. Jean-Michel Henry, had concluded at the last meeting of the Council that given the non-finalization of the Uruguay Round and despite an

unsatisfactory functioning of the Arrangement, the IMC should adjourn discussions on the matter. This included the revision of certain rules of procedure even though they might seem to be haphazard. Since then, and for the same reason, Mr. Henry had not found necessary to convene any special meeting of the IMC.

37. The Chairperson noted that the situation remaining unchanged, there seemed to be no point in engaging a discussion on the functioning of the Arrangement. Nevertheless, she kept open the possibility of convening a special meeting of the Council in accordance with developments in the Uruguay Round negotiations.

38. The New Zealand representative noted that the developments in the Uruguay Round over the next six months were going to have an important bearing on the future of the Bovine Meat Arrangement and on its work (as well as on the Dairy Arrangement). He noted that, if a Multilateral Trade Organization was created, participants would have to give careful thought to the possibility of the Arrangement becoming an annex for agreement. He added that, depending on the Uruguay Round, participants might have to come back to the subject to make sure the Arrangement was updated and was made consistent with whatever would be agreed in the Uruguay Round, perhaps towards the end of the year or beginning 1994.

Date of the next meeting

39. The IMC decided to hold its next meeting on Friday 17 December 1993, preceded by the meeting of the MMAG on Wednesday, 15 December, and Thursday, 16 December 1993, subject to changes as necessitated by the MTNs.

ANNEX

STATEMENT BY POLAND

"Since April this year Poland has had problems with the exportation of cloven-hoofed animals to the EC. This situation has been caused by FMD outbreaks in one EC member State. The EC Veterinary Commission has undertaken measures in relation to imports of animals, meat and related products including imports from Poland.

The Commission's decision of the 7th April was based upon the following assumptions as expressed in the document: "investigation has shown that the infection was probably introduced in cattle imported from Eastern Europe; whereas it has not been possible to establish the exact origin of infection..."

In this context the Polish delegation would like to briefly describe the epizootic situation in its country regarding to FMD.

1. Poland has been a country free of foot-and-mouth disease since 1972;
2. Vaccination against FMD has never been used in Poland as a method for the control of this disease;
3. FMD vaccine is not produced in Poland;
4. Poland does not import animals from countries in which vaccination against FMD is performed;
5. Within monitoring system, blood samples of animals from the whole country are checked for FMD antibodies in the Veterinary Research Institute. All results are negative;

6. In veterinary permits issued by the Veterinary Department for import of animals there is a requirement that these animals have to be checked serologically for FMD in the exporting country and have to be originated from territories and countries free of FMD in which vaccination is not carried out;

7. Ten per cent of the imported animals to be slaughtered from each consignment were checked for FMD antibodies. The results were negative;

8. The turnover of animals is under official veterinary supervision. Control which has been performed in Poland by the EC Veterinary Commission in March this year had no reservation as regards the Polish veterinary service organization, control system and so on.

We would like to inform, that Poland is officially recognized by the United States Department of Agriculture as a country free of FMD. It was published in Federal Register on April 24, 1992. The absence of FMD was also confirmed by EC delegation during meeting of Joint Committee held in Warsaw in May this year.

In the first quarter of this year Poland exported to EC Member States, among others, 46,363 live cattle, 70% of which were suckling calves, and 164,285 of sheep, of which over 80% were suckling lambs.

Since the beginning of the bilateral consultations with the EC regarding the Commission's decision Poland has implemented:

- a new, even more strict certification system,
- a pre-notification system.

A few remarks regarding to isolation requirement imposed by the decision 93/242 of the EC. Poland has accepted it, but with exclusion of suckling calves and lambs. The isolation requirement creates additional

trade problems. Fulfilment of this condition is practically impossible since such young animals cannot be separated from their mothers. In the case of very young animals' exports - less than 15 days old - the isolation for 15 days means a total prohibition of exports. Some Polish trade companies exported to France 8 days old calves. A 15 days isolation of suckling animals changes their trade category, so such sales are now effectively excluded by the existing regime.

The isolation of suckling calves and lambs with their mothers, as proposed by the Commission, is against provisions included in Article 5 of this decision.

Polish suggestions to solve the question of isolation did not meet so far positive reply from the EC side.

In conclusion, we remain confident that the consultations with the European Communities will eventually lead to a proper and realistic solution of veterinary problems."