

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

IMC/INV/6/Rev.5  
9 December 1985

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Arrangement Regarding Bovine Meat

Original: English

## INTERNATIONAL MEAT COUNCIL

### Inventory of Domestic Policies and Trade Measures and Information on Bilateral, Plurilateral or Multilateral Commitments

#### Reply to Parts G and H of the Questionnaire

##### SWEDEN

##### Revision

The participants have agreed to provide information concerning their domestic policies and trade measures including bilateral and plurilateral commitments on the basis of Parts G and H of the Questionnaire (Rule 16 of the Rules of Procedure). The documents containing replies to these parts of the Questionnaire are circulated under the symbol IMC/INV; they are revised as and when changes are notified.

This set of documents constitutes the inventory of all measures affecting trade in bovine meat, including commitments resulting from bilateral, plurilateral and multilateral negotiations, which the Council has instructed the secretariat to draw up and keep up to date, under the provisions of Article III of the Arrangement (Note to Article III of the Arrangement and Rules 18 of the Rules of Procedure).

Part G  
Information on Domestic Policies  
and Trade Measures

During the past two decades important structural changes have taken place within Swedish agriculture. The number of farms has greatly decreased, as industrialization has rapidly increased. Today those engaged in agriculture represent less than 5 per cent of the total active population. Nearly 80 per cent of total agricultural income is derived from animal products, chiefly milk, beef and pigmeat. About one eighth comes from beef and veal production.

General policy framework

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I. Guidelines for the agricultural policy

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New guidelines for an integrated agricultural and food policy in Sweden were laid down by two Parliamentary Decisions in 1984 and 1985. According to the new guidelines the main objective shall be to secure food supplies under normal as well as emergency conditions. Under the main objective there are two general objectives of equal importance. The consumer's objective implies that consumers should have access to foodstuffs of good quality at reasonable prices. The income objective means that the farmers should be assured a standard of living equal to that of comparable occupational groups. In addition agriculture and the food industry must pay regard to the need for good environment and for economizing the use of natural resources. The resources in agriculture should broadly correspond to what is needed to secure domestic food requirements under normal as well as emergency conditions and to meet commitments made by Sweden in

relation to international cooperation against world famine. It should primarily be the concern of agriculture itself to adjust the present surplus production to domestic requirements.

For costs that arise for grain surpluses due to a larger agricultural area than called for to cover the requirements mentioned the government shall take part (40%) of the responsibility for the next five years. It is foreseen that an adjustment of agricultural production can be achieved by e.g. a switch to alternative crops and by restrictive use of fertilizers and chemicals. In the negotiations between producers and consumers on agricultural prices no strict and automatic compensation will be given to producers for cost increases. Support to agriculture in Northern Sweden will be increased to some extent. The ban on new investments in animal production has been prolonged for one year.

The new guidelines also advocate stronger consumer influence in the application of the agricultural and fish price regulations.

As concerns international policy aspects Sweden's 1985 Parliamentary Decision spells out that the international situation in agriculture and trade is one of the important factors determining the formulation of an agricultural and food policy. Sweden should continue to support efforts made to liberalize international trade as far as possible without setting aside the basic objective to maintain Sweden's food supply security. However, a one-sided dismantling of agricultural support in Sweden is not considered possible since this could lead to serious consequences for the food supplying capacity of the country in a crisis. Also in the future imports are considered desirable in order to promote sound competition in the food industry as well as to give consumers a broad variety of food products.

Swedish producer price levels are protected by import levies. For a number of basic foodstuffs, including beef and veal, a mixed producer/consumer price line ("middle price line") was

applied in the years 1973-1983. This meant that government subsidies were paid in order to keep consumer food prices down for most of the period in combination with a price freeze.

The consumer subsidies for beef and veal were gradually reduced in 1981 and 1982 and were fully abandoned in December 1983. Consumer subsidies are still being granted in the dairy sector for liquid milk.

## II. Agricultural price regulation

### Principles of the price regulation system

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A parliamentary resolution concerning the principles of the price regulation system normally covers a period of more than one year. The first price regulation period based on the present guidelines has been fixed for one year from 1 July 1985 to 30 June 1986. A resolution of this kind is preceded by negotiations between two delegations representing farmers and consumers respectively under the chairmanship of the National Agricultural Market Board. When the negotiations have been completed the Board submits a proposal to the Government, which presents a Bill to Parliament.

### The 1985/86 price regulation period

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In the present price regulation period as in the 1982-84 period special attention is to be given to measures to avoid surpluses in the field of animal products. This means that the measures aiming at reducing production and promoting consumption introduced in the 1982-84 period are to be continued. The measures which bear upon both dairy production and beef production include i.a. the non-payment of delivery supplements for dairy farmers 65 years and more of age, grants to dairy farmers 60-65 years of age to quit production, elimination of state loan guarantees for new investments in the animal

production sector (dairy, meats) and prolonged ban until 30 June 1986 on new investments in animal production. In order to reduce beef production more directly premiums are being granted for slaughter of female calves and heifers if deemed necessary by the National Agricultural Market Board.

In order to promote beef consumption price campaigns for beef which have become customary in recent years will be held also in 1985/86. In addition, price rebates have been and will be given for beef and pigmeat for consumption in schools.

Adjustments during the price regulation period  
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During a price regulation period half-yearly adjustments are made of producer prices and import levies on the basis of changed production costs. Such adjustments are also preceded by negotiations in the same way as proposals concerning the price regulation system. Further adjustments are made once a year (1 July) in order to accomodate farmers' earnings to the income development of comparable occupational groups. When adjustments are made of import levies, significant changes in the development of world market prices are also taken into account. The Government finally determines these half-yearly and yearly adjustments.

Information on domestic policies and trade measures concerning  
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beef and veal  
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I. Production

(a) The Swedish beef industry and economic factors governing its development

The majority of Swedish beef producers are dairy farmers for which milk is the important product and beef a by-product. In

1984 the total number of bovine animals was 1,878,000 and the number of holdings with bovine animals around 61,000. Of these 37,000 held dairy cows. The distribution on different sizes of holdings and numbers of bovine animals in each size group for 1984 is shown below.

	<u>Number of dairy cows</u>				
	0	1-9	10-24	25-49	50 -
Number of holdings (000)	24	11	18	7	1
Number of bovine animals (000)	442	133	606	504	193

The fattening of calves of dairy stock for slaughter has become an important part of Swedish beef production. This is to a large extent done by the dairy farmers themselves. Male and female calves of dairy stock are also fattened for slaughter or bred for recruitment by specialized producers. This kind of production was increasing until 1980 (476,000) but has since then been decreasing. As to dairy farmers the number of small holders (less than 25 cows) has been decreasing steadily for the past decade while the number of large holders (25 cows and more) is increasing. Only about one tenth of the Swedish cow herd consists of beef cows, mostly held by non-dairy farmers.

Production of beef as well as other animal products is domestically orientated due to the agricultural policy aiming at balance between domestic production and consumption of animal products. Costs connected with surplus production have to be borne by the producers.

Beef production accounts for about one eighth (13%) of the total value of farm output as compared with the value of milk and pigmeat production accounting for 40% and 16% respectively.

The overall economic situation in recent years in Sweden with high interest rates and costs and decreasing disposable incomes has affected the development of the Swedish beef industry

negatively. Domestic demand has been decreasing resulting in surpluses since production levels have remained more or less the same in spite of rising production costs, reduced profitability and incomes and high investment costs. Due to rising unemployment in sectors outside agriculture most dairy farmers/beef producers have had difficulties in finding alternatives to continued production in spite of unfavourable conditions. In 1984 and 1985 the overall economic situation has been more positive though. Among the economic factors more specifically governing the development of the Swedish beef industry are producer returns and costs for dairy products, beef and competing meats. The profitability in dairy production and beef production from dairy stock is higher than in beef production from non-dairy stock. An expansion of such beef production is therefore unrealistic.

(b) Policies and measures of governments or other bodies likely to influence production, other than support or stabilization measures

Rationalization of farms and farm structures is one of the means for achieving the primary goals of the Swedish agricultural policy. The support in this field consists mainly of credit grants aiming at building up and preserving efficient family farms.

On 21 April 1983 a temporary law came into force, prohibiting with few exceptions all investments in animal production (including beef). This investment ban is intended to extend until 30 June 1986.

In order to limit increases in consumer prices for beef and veal, parts of the agreed prices to producers were financed by budgetary means in the years 1974-1983 (se II. (c)). Due to these food subsidies the domestic consumption of beef and veal and pigmeat became higher than would otherwise have been the case. Domestic meat production adapted its level to the increased consumption level. Due to budgetary restraints the

consumer subsidies for beef and veal were gradually reduced on 1 January and 1 October 1981 and on 1 January 1982 and were finally abandoned completely on 1 December 1983. Along with decreasing disposable incomes and food price increases in general the abandoning of the consumer subsidies for beef and other meats has affected negatively the consumption of meat and has contributed to production surpluses in the present situation. The costs connected with surplus production have to be borne by the producers. In the long run this will incite producers to reduce production until a better balance with domestic consumption is reached.

In order to decrease animal production the price level of protein feeds was raised twice in 1982, apart from changes due to changed world market prices. (About 80% of Sweden's protein feeds are imported and roughly half of all protein feeds are fed to bovine animals.)

Delivery supplements for milk from dairy farmers aged more than 65 years were abandoned in June 1982. Mainly intended to reduce dairy production this measure also has a reducing effect on beef production. Slaughter fees had for several years been applied for pigmeat. Such fees were introduced for cows in 1982 and have since then been extended to all kinds of bovine meat.

Grants to dairy farmers, 60-65 years, who quit dairy production as well as grants for slaughter of female calves and heifers are measures which also have a downward influence on beef production.

The quota scheme for milk suggested by the producers themselves which was adopted on 1 July 1985 will result in a temporary increase of beef production due to increased slaughterings of cows and heifers. In the longer term decreased beef production can be expected due to this measure.

(c) Support and stabilization measures(i) Instruments of support or stabilization

The domestic price level is supported by import levies which stay fixed as long as domestic prices remain between certain price limits. The middle price between the price limits can be said to represent the price level aimed at according to the agricultural policy objectives. Middle prices, price limits and import levies are regularly adjusted. Import levies are supplemented by market regulation measures mainly concerning storing and exports. The practical implementation of these measures lies with the market Regulation Association for Meat, a semi-governmental body working under the directives of the National Agricultural Market Board. When domestic supply is inadequate temporary reductions of import levies are made in order to stimulate imports.

(ii) Levels of middle prices and price limits

Middle prices and price limits as from 1 July 1985<sup>x)</sup>, SEK/100 kgs

	Lower price limit	Middle price	Upper price limit
Veal, whole carcasses	2,525	2,686	2,847
Beef, whole carcasses	2,468	2,598	2,728

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x) 1 US\$ = SEK 8.64 in July 1985

As from 1 July 1981, the system with price limits and middle prices applied for a number of primary agricultural products was largely revised. As for beef and pork the range between the upper and lower price limits was reduced considerably. This revision has helped in achieving a better price stability on the

market. The system with buffer zones, however, which was introduced for the same purposes proved to be less useful and more complicated than intended and was therefore abandoned in the end of 1984.

(iii) Amount of producer subsidies

Apart from the general price support system there are no direct subsidies for beef and veal production except for a special price addition for beef and veal produced in Northern Sweden. The amount depends on geographical location. The maximum amount is 573 öre/kg at present.

(iv) Average returns to producers

The average returns to producers for cattle, slaughtered weight, are shown in table D.1 in the statistical part of the questionnaire. (Average price received by producers).

II. Internal prices and consumption

(a) Wholesale and retail prices on the domestic market

The minor price variations that occur in different regions depend on differences in transport costs and in costs of living in general.

(b) Factors which condition the development of domestic consumption

Pigmeat is the major competing meat to beef. Domestic prices and supply of pigmeat have an influence on beef and veal consumption. Per capita consumption of pigmeat was 30.9 kg in 1984 (32.7 in 1983) as compared with per capita consumption of beef and veal which was 15.8 kg in 1984 (16.9 in 1983).

(c) Policies and measures affecting consumption

In the years 1974-1983 consumer prices for beef and veal were subsidized from budgetary means. As a result of rapid general price increases in 1972 a price freeze for certain basic foodstuffs was introduced as from 1 January 1973 and consumer subsidies were applied especially with the intention to benefit families with children and low-income earners. These subsidies in combination with the price freeze had a clearly positive effect on the level of beef and veal consumption, apart from the intended price reducing effect. The increased consumption of beef and veal due to the food subsidies took place partly at the expense of foodstuffs which were not subsidized, i.a. poultry and fish. The food subsidies were reduced on 1 January 1981, on 1 October 1981 and on 1 January 1982 and finally abandoned on 1 December 1983. This led to sharply increased consumer prices, especially in 1984 causing substantial consumption losses.

Market regulation measures are used to create and maintain a supply on the market that is adapted to demand. Such measures also contribute to a better price stability and a more even supply on the market, thus affecting consumption. These measures mostly concern trade and storing. An alternative to exports or storing is to reduce consumer prices temporarily in order to increase domestic demand. From 1981 and onwards campaigns for beef at reduced consumer prices have taken place regularly (for pigmeat from 1983 and onwards). The quantities and conditions involved have varied between these campaigns.

The campaigns in the beginning of this period were centrally organized to a large extent. In the autumn 1982 campaign and in following campaigns it has been left to the market (retailers) to decide sizes and distribution of price rebates to consumers among the whole variety of retailed beef, given a flat-rate reduction of the wholesale price for beef. The quantities for each retailer have been related to historical beef sales. These campaigns have been relatively successful among both consumers and retailers. Beef consumption has risen considerably due to

the campaigns although it is difficult to make any exact assessments of the effects of these measures on consumption.

In the spring 1985 a campaign was carried through which concerned 2,000 tons of beef cuts (mainly minced beef but also i.a. roast beef and insides). The price campaign activities for the year 1985/86 are going to be more comprehensive than in any previous year. 200 million SEK have been set aside for this year's programme. Hereby it is hoped to achieve a 10 per cent increase of beef consumption which corresponds to about 12,000 tons. In order to achieve good results cooperation and coordination of campaign activities between the Meat Regulation Association and the retail trade is necessary. Another essential element is information. Brochures with rebate coupons are going to be distributed to all households. The programme involves the retail trade as well as parts of the catering sector. As in the spring campaign minced beef and beef cuts will be campaigned. In addition meat preparations with a high beef content will be included.

Since August 1982 and onwards price rebates for beef in school lunches have also been granted.

### III. Measures at the frontier

(a) Customs duties - None

(b) Import levies

Statistical  
number

Heading number	Code number	Description of goods	Import levy as from 1985-07-01 (SEK/100 kgs)
01.02		Live animals of the bovine species:	
		Animals of the bovine species:	
	ex 100	- Pure-bred breeding animals, calves	620
	ex 100	- Pure-bred breeding animals, other	520
		- Other:	
	901	-- Calves	620
	902	-- Steers, yearling bulls and heifers	520
	903	-- Cows	520
	904	-- Oxen and bulls	520
ex 02.01		Meat and bovine animals, unboned (bone-in):	
		- Fresh or chilled:	
		-- Veal:	
	222	--- Carcasses or half-carcasses	1,150
	223	--- Other	2,710
		-- Meat of other bovine animals:	
	226	--- Carcasses, half-carcasses and quarters	1,630 <sup>1)</sup>
	227	--- Other	2,710 <sup>2)</sup>

1) not taking into account repayments of import levies (upon application to the Swedish Agricultural Market Board) which were the following as per 1 July 1985 (SEK/100 kgs):  
Cows and older bulls: wholes and halves 50, forequarters 100, young bovine animals: wholes and halves 320, hindquarters 270, forequarters 370.

2) for a number of beef cuts part of the import levy is normally repaid (upon application to the Swedish Agricultural Market Board). The amounts repaid were the following as per 1 July 1985, SEK/100 kgs: fillets and insides 200, roast beef 350, thick flanks, outsides, chucks and blades 630, manufacturing beef 1,120.

Statistical  
number

Heading number	Code number	Description of goods	Import levy as from 1985-07-01 (SEK/100 kgs)
		- Frozen:	
		-- Veal:	
	242	--- Carcasses or half-carcasses	1,150
	243	--- Other	2,710
		-- Meat of other bovine animals:	
	246	--- Carcasses, half-carcasses and quarters	1,630 <sup>1)</sup>
	247	--- Other	2,710 <sup>2)</sup>
		Meat of bovine animals, boned:	
		- Fresh or chilled:	
	321	-- Veal	2,710 <sup>2)</sup>
	325	-- Meat of other bovine animals	2,710 <sup>2)</sup>
		- Frozen:	
	341	-- Veal	2,710 <sup>2)</sup>
	345	-- Meat of other bovine animals	2,710 <sup>2)</sup>
ex 02.06		Meat and edible meat offals (except poultry liver), salted, in brine, dried or smoked:	
	802	Meat of bovine animals	2,710 <sup>1)</sup>
		Edible meat offals:	
		- Of horses, bovines, domestic swine and sheep:	
	901	-- Hearts and lungs	50
	902	-- Heads	545
	904	-- Other	750
ex 16.02		Other prepared or preserved meat or meat offal:	
		Other:	
		- In airtight containers:	
	100	-- Meat of bovine animals	2,000
		-- Meat offal and preparations consisting of meat and meat offals mainly from bovine animals, and products based thereon with a meat product content of:	
	ex 503	--- 80% or more	2,000
	ex 504	--- 60% or more but less than 80%	1,600
	ex 505	--- 40% "- 60%	1,200

1) see note page 12

2) "-

Statistical  
number

Heading number	Code number	Description of goods	Import levy as from 1985-07-01 (SEK/100 kgs)
	ex 507	--- less than 40%	1)
		- Frozen, other than in airtight containers:	
	ex 705	-- Meat of bovine animals	2,000
		-- Other meat and meat offal mainly from bovine animals, and products based thereon with a meat product content of:	
	ex 701	--- 80% or more	2,000
	ex 702	--- 60% or more but less than 80%	1,600
	ex 703	--- 40% "- 60%	1,200
	ex 706	--- less than 40%	1)
		- Other:	
	ex 805	-- Meat of bovine animals	2,000
		-- Other meat and meat offal mainly from bovine animals, and products based thereon, with a meat product content of:	
	ex 801	--- 80% or more	2,000
	ex 802	--- 60% or more but less than 80%	1,600
	ex 803	--- 40% "- 60%	1,200
	ex 806	--- less than 40%	1)
ex 41.01		Raw hides and skins (fresh, salted, dried, pickled or limed), whether or not split	
	200	Of calves	No levy
		Of bovines (including buffalo), or other than of calves:	
	310	- Wet-salted	No levy
	390	- Other	No levy

1) Subject to agricultural price compensation; levy determined by Swedish  
Agricultural Market Board

(c) Export measures

Sweden's exports of beef and veal increased in the first years of the 1980's due to various factors, as stated in our notifications to the IMC. One recent factor temporarily contributing to the surplus of beef is the two-price system for milk introduced in July 1985 which has led to increased slaughterings of cows and heifers. However, Sweden's agricultural policy does not support surplus production of animal products. The price support only applies to the domestic market. The surplus costs have to be borne by the producers. In order to restore a better balance between production and consumption various measures are being taken to reduce production and to stimulate consumption (see I (b) and (c) and II (c)).

The Market Regulation Association for Meat grants export refunds. Costs of the export refunds are tabled below.

	1981/82		1982/83		1983/84	
	SEK mill	SEK/kg	SEK mill	SEK/kg	SEK mill	SEK/kg
Beef, whole carcasses, halves, quarters	84.8	5.49	223.0	8.94	92.1	9.56
Beef cuts	43.3	14.28	59.2	14.12	168.7	20.64

The export costs are mainly financed by means derived from slaughter fees which are imposed at the slaughter level on all kinds of bovine meat and pigmeat. The slaughter fees as from 11 November 1985 amount to the following, SEK/100 kgs:

Young bovine animals and bulls	440
Calves	235
Cows	725
Pigs	325

In 1984/85 slaughter fees totalling 1,743 million SEK were paid by the producers. Other financial sources at the disposal of the Meat Regulation Association amounted to 143 million SEK. The

most important of these other sources were means from import levies. The main use of these means was to finance export refunds for beef and pigmeat (1,370 million). Of the remainder 175 million was spent on storing and 144 million on price campaigns.

The Board of Agriculture monitors the situation in other countries as concerns the existence of contagious bovine animal diseases, e.g. foot-and-mouth. If vaccinations take place no approvals for imports are made. As concerns live animals approvals are made only for imports of bovine animals for breeding due to the disease risks involved. Import permits are issued by the National Food Administration on the approval of the Board of Agriculture and on condition that all requirements regarding meat hygiene are met (as to abattoirs and slaughtering methods, contents of certain substances deemed harmful, handling, packaging, storing, transports). There are also provisions concerning feeding, e.g. prohibiting the use of hormones and restricting the use of antibiotics.

(e) No quantitative import or export restrictions are applied in the beef and veal sector.

#### PART H

##### C. Notification on bilateral agreements in the field of bovine meat =====

A special import price for imports of bovine meat into the European Community from i.a. Sweden is applied. (EEC regulations Nos 805/68, 425/77 and 925/77).

In 1985 Sweden and the Soviet Union concluded a 5-year agreement concerning i.a. Swedish beef exports to the Soviet Union. The quantity mentioned in the agreement is 5,000 tons per year to be delivered in the years 1986-1990.