

GENERAL AGREEMENT ON

RESTRICTED

IMC/INV/8/Rev.2

7 July 1988

TARIFFS AND TRADE

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

HUNGARY

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 Agreement (Note to Article III of the Arrangement and Rule 18 of the Rules of Procedure).

PART G

Part G.I. Information on Domestic Policies and Trade Measures

I. Production

(a) Factors affecting meat production

Hungary is a traditional producer and exporter of live cattle and bovine meat; production levels have always considerably exceeded domestic consumption. Cattle numbers in recent decades have hovered around 2 million heads, but since the early 1980s a continuous and significant decline occurred, herd numbers dropping to an all-time low of 1,664 thousand heads of cattle in 1987. This is a reflection of the unfavourable conditions on international markets bringing about decreased profitability of cattle raising in Hungary.

Cattle raising in large-scale farms plays a major rôle with a share of over 80 per cent of total herd numbers. The cattle number held by small-scale producers in 1987 was just over 300 thousand heads, although these producers represent a higher share (24 per cent) of the gross value of Hungarian cattle production.

Herds in Hungary were traditionally made up of "Hungarian Pied" cattle which provides high-quality beef, although its milk yield is not outstanding. Recently there was a growing proportion of dairy cattle types, mainly Holstein-Frisian cattle, introduced in order to increase the milk production.

The level of bovine meat production has also decreased in recent years in line with the decline in cattle herd numbers. Inspected slaughtering in 1983 was 466 thousand heads and in 1987 it dropped to 387 thousand, representing a decline of 17 per cent in four years. Total beef and veal production in 1987 was 125 thousand tons (dressed carcass weight), down from 145 thousand tons two years earlier.

(b) and (c) Government policies affecting production

Cattle and beef production is an important sector of Hungarian agriculture and traditionally plays a significant rôle in exports too. In the recent period, with growing protectionism in the beef sector in the traditional markets, sales conditions for Hungary have considerably worsened, bringing about lower profitability for producers and decreased output levels.

Under these conditions, the Hungarian Government is compelled to maintain certain support measures with a view to ensuring the viability of the beef sector and guaranteeing a minimum level of income for producers. Under a price support scheme for the beef sector, indicative prices are set annually by the Ministry of Agriculture, applicable mainly for large-scale

transactions of beef cattle (sales to the processing industry). Contracts can be concluded within a 10 per cent (plus or minus) range of the published price levels. Prices in small-scale transactions are set by supply and demand at the market. Similarly, in the case of sales of live cattle not intended for slaughtering, free market prices apply.

The indicative prices in force since 1 January 1988 are as follows:

	<u>Beef cattle</u> Ft/kg.
<u>Bull-calves</u>	
Superior quality above 500 kg.	47.70
1st class quality above 500 kg.	44.50
2nd class quality above 450 kg.	39.70
3rd class quality above 450 kg.	36.70
<u>Beef-heifers</u>	
Superior quality above 450 kg.	42.70
1st class quality above 450 kg.	40.20
2nd class quality above 430 kg.	35.70
3rd class quality above 430 kg.	32.70
<u>Adult cattle above 500 kg.</u>	
1st class quality	41.50
2nd class quality	36.20
3rd class quality	32.20
<u>"Hungarian Pied" interbred with Holstein-Frisian</u>	
	Ft/kg.
<u>Bull-calves</u>	
Superior quality	45.50
1st class quality	42.20
2nd class quality	38.50
3rd class quality	35.50
<u>Beef-heifers</u>	
Superior quality above 430 kg.	41.00
1st class quality above 430 kg.	38.20
2nd class quality above 400 kg.	35.00
3rd class quality above 400 kg.	32.00

	Ft/kg.
<u>Adult cattle above 450 kg.</u>	
1st class quality	40.00
2nd class quality	35.00
3rd class quality	31.70
<u>Pure-bred dairy cattle, and "Hungarian Pied" cattle interbred with dairy cattle</u>	
	Ft/kg.
<u>Bull-calves above 450 kg.</u>	
Superior quality	42.20
1st class quality	40.20
2nd class quality	37.70
3rd class quality	34.70
<u>Heifers</u>	
Superior quality above 430 kg.	39.20
1st class quality above 430 kg.	37.20
2nd class quality above 400 kg.	34.20
3rd class quality above 400 kg.	31.20
<u>Adult cattle above 450 kg.</u>	
1st class quality	39.20
2nd class quality	34.20
3rd class quality	31.20

For special high-quality beef cattle a quality price supplement can be applied. The average price received by cattle producers at the end of 1987 was Ft 49.50/kg., up 8 per cent compared to the previous year.

For the marketing of calves for breeding purposes the following prices apply:

	Ft/kg.
Calves for breeding purposes between 70 and 200 kg.	46
Beef and calves between 70 and 200 kg.	44

Other elements of support scheme in the beef sector are as follows:

- a bonus of Ft 5,000 for each liveborn calf;
- a price supplement of Ft 7/kg. for beef cattle marketed;

- a bonus of Ft 20,000 for each head of beef cattle, representing a net addition to the herd.

With a view to promoting small-scale cattle raising, such producers are entitled to a bonus of Ft 2,100 for the first cow and Ft 4,500 for each head of cattle added to their herd.

II. Internal prices and consumption

The major part of the retail traded beef is supplied by large, specialized slaughter-houses, although there is also small-scale slaughtering in regional plants operated by cattle producers. At the end of 1987 the average wholesale price for beef was Ft 86.40/kg., while the retail price averaged Ft 134.00/kg. As far as taxation is concerned, zero per cent value added tax is applicable for beef, as is the case for most basic foodstuffs.

About 70 per cent of beef production is consumed domestically, amounting to 88-89 thousand tons annually. Beef consumption has not changed much in recent years, stagnating at a level of 8.6-8.9 kg./capita.

The consumption of pork and poultry is traditionally much higher than that of bovine meat, these competitive meats making up the bulk of the 79 kg./capita consumption. In recent years whatever slight increase in meat consumption occurred was due to growth in poultry meat.

III. Measures at the frontier

(a) Live bovine animal and beef imports are subject to ad valorem tariffs as follows:

<u>Heading No.</u>	<u>Description of goods</u>	<u>Duties in % ad valorem</u>	
		<u>GSP</u>	<u>MFN</u>
01.02	Live animals of the bovine species:		
01	Live animals of the bovine species for breeding purposes	0	0
99	Other		15
02.01	Meat and edible offals of the animals falling within heading No. 01.02, fresh, chilled or frozen:		
02	Meat of animals of the bovine species		15
05	Edible offals		15
02.06	Meat and edible meat offals, salted, in brine, dried or smoked:		
03	Beef, veal and bovine offals		25
16.02	Other prepared or preserved meat or meat offal:		
02	Other prepared or preserved beef, veal and pork	0	20

(b) There are no quantitative restrictions on imports of live bovine animals or beef. Foreign trade transactions in respect of these products, are subject to the usual licensing requirements.

Exports of bovine animals and beef are not subject to duties or other charges. Considering the artificially depressed world market prices of cattle and beef in the recent period, exports may benefit from a subsidy, with a view to preserving the traditional Hungarian markets and sales levels. The maximum possible level of subsidy for these products is 28 per cent.

Sanitary regulations corresponding to the internationally applied standards are issued by the Ministry of Agriculture and Food. Imports of live bovine animals and meat are subject to a health and veterinary certificate issued by the exporting country's competent authorities. Bovine animals and meat can only be imported (and exported) via border stations that have veterinary control facilities.

Part H

Part H. Information on Bilateral or Plurilateral Agreements in the Field of Bovine Animals, Meat and Offals

None.