

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

IMC/INV/5/Rev.9
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Arrangement Regarding Bovine Meat

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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

AUSTRALIA

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 Rule 18 of the Rules of Procedure).

Note: This document has been revised in accordance with the three-year rule contained in Rule 18 of the Rules of Procedure, and replaces all previous IMC/INV/5/... documents.

PART G

Part G.1 Information on Domestic Policies and Trade Measures

I. Production

A. Description of beef industry

Australia is a major producer and exporter of beef and veal and the industry is of major significance in both the rural and general economy of Australia.

The cattle herd in Australia numbered some 23.1 million at 31 March 1988. Beef and veal production was 1,527,000 tons in 1988 and is forecast at around 1,540,000 tons in 1989 and 1,471,000 tons in 1990.

The gross value of production of the beef industry, including dairy cattle for meat and the value of animals exported live, was \$A 2,881 million in 1986/87. This represented almost 17 per cent of the gross value of rural output of \$A 17,300 million in the same year.

In March 1987 there were 42,875 properties with fifty or more beef cattle and a further 24,172 properties with less than fifty beef cattle. Some 70 per cent (47,067) run less than 200 beef cattle which 5 per cent have 1,000 head or more. Beef cattle properties of less than 200 hectares total 19,655 (29 per cent), while 11,043 (16 per cent) of properties are more than 2,000 hectares in area.

Some 58 per cent (891,000 tons carcass weight equivalent) of total production of beef and veal was exported in 1988. The proportion of production exported has been consistently near or over 50 per cent in recent years, indicating the industry's orientation towards the export trade. The main factor influencing beef prices in Australia is export demand, particularly that from the United States. There is a very high correlation between Australian sale-yard prices and prices for manufacturing-grade beef in the United States.

The Australian cattle industry is primarily based on range grazing of cattle from birth to slaughter. However, a growing proportion of cattle is being prepared through feed lot operations.

The industry operates essentially in a free market situation where levels of production, consumption, exports and prices are determined by the interaction of cattle supplies with demand by processors catering for the domestic market, by exporters and, at times, by producers for restocking.

B. Government policies affecting production

Although direct Government involvement in the industry is limited, policies relating to the Australian cattle industry form an integral part of overall policies for the rural sector generally.

Constitutional powers relating to agricultural production rest primarily with the States, whose governments administer such matters as agricultural education, advisory and extension services, production controls (where applicable), and land tenure and settlement policy as well as intra-State trading.

A function of the Australian and State Governments is to make available to producers information on the market situation and outlook, both domestically and overseas, to assist them in making informed production decisions.

The Australian Government is particularly concerned with providing assistance to the cattle industry to facilitate structural adjustment processes. It also contributes towards disease control programmes, export inspection costs and the funding of scientific and economic research into factors affecting production, processing and marketing in the industry. However, as a result of policy decisions taken in 1988, the industry will increase its contribution to the cost of export inspection and will also contribute to the cost of an enhanced exotic animal disease preparedness programme. A limited range of indirect assistance measures is also available.

The Australian Government aims to foster an economic environment within which cattle producers can adjust their production levels to meet available demand on domestic or export markets at remunerative price levels, determined by the market. For example, the Australian Government has carriage of bilateral and multilateral negotiations to seek maximum favourable access conditions for exported Australian beef, which is of benefit to the industry overall.

Price policies and related measures

Australian cattle producers receive no price or income guarantees. The majority of cattle are sold at traditional sale yards on a per head or live-weight basis, although direct transactions between producers and buyers are also common, either in the form of on-farm sales or through the consignment of stock to meat works where producers are paid on a carcass weight and grade basis. Direct sales to processors according to objective carcass measurement have been encouraged by the Australian Government's support of the implementation of carcass classification in meat works. Prices received by producers are determined by demand on the Australian and overseas markets and the level of Australian supply.

Non-price measures

(i) General assistance

Assistance can be made available to farmers in the industry under the Rural Adjustment Scheme, primarily in the form of grants, loans and interest rate subsidies to facilitate structural adjustment within the industry. The overriding objective of the Scheme is to promote improved performance and structure in the rural industry by assisting farmers to

overcome financial difficulties arising from causes beyond their control, improving their farm performance or to make an orderly exit from the industry if they are without prospects. Assistance is provided for debt reconstruction, farm build-up, farm improvement and carry-on finance purposes. In addition, re-establishment and household support assistance are also provided to, respectively, assist those farmers without a future in the rural industry to successfully re-establish themselves post-farming and to alleviate personal hardship.

On past occasions, the Australian Government has initiated emergency assistance measures to alleviate the plight of farmers affected by natural disasters. There are no such measures operating currently. The States administer normal natural disaster relief arrangements, which are partly funded by the Commonwealth. These relief measures are available to eligible primary producers in times of natural disaster such as floods, bush fires and drought.

Australian producers can alleviate income instability to some extent by taking advantage of income averaging provisions for taxation purposes which are available to all primary producers. In addition, under the Income Equalization Deposits Scheme, producers are encouraged to set aside funds during high income years for use during low income years. A revised scheme is currently being introduced.

In May 1988, the Government introduced wide-ranging, micro-economic reforms, many of which will have an impact on the cattle industry. Cattle producers, along with all other farmers, will benefit from general reductions in the levels of assistance to Australia's manufacturing industry. As part of the reforms, there have been changes to the tax system, specifically on depreciation of plant and equipment and tax treatment of livestock valuation, the former representing a reduction in the subsidies element of previous arrangements.

(ii) Credit facilities

Cattle producers are able to benefit from special credit facilities available to the rural industry generally through the Commonwealth Development Bank.

The Commonwealth Development Bank was established to supplement traditional sources of development finance for both primary producers and industrial undertakings where credit would not otherwise have been available on reasonable terms and conditions. The Bank's main criterion when providing credit assistance is the prospect for success of the venture rather than the amount of security available. The Bank also provides finance on hire-purchase terms for vehicles, equipment and machinery.

(iii) Input subsidies

Limited input subsidies are available to all farming industries in Australia, including the cattle industry, for example through Government contributions to research. Subsidies on fertilizers have, however, now been removed.

The abattoir industry does not benefit from grants or other specific assistance measures from the Australian Government. However, State or local government-owned abattoirs are at times provided with direct grants or concessionary loans.

(iv) Animal health

The Australian Government has substantially increased Commonwealth funding for major test and slaughter programmes to eradicate brucellosis and tuberculosis in Australian cattle and buffalo. This increased funding will ensure an acceleration of the programme in remote areas. Large areas of Australia are already completely free of these diseases.

C. Stabilization and/or subsidization programmes

There are no stabilization and/or direct subsidization programmes offered by governmental or other bodies in Australia to cattle producers or to producers in other sectors which affect cattle production.

II. Internal prices and consumption

Prices at producer, wholesale, retail or export levels are determined by market forces. Promotion of beef and veal on the domestic market is undertaken primarily by the Australian Meat and Livestock Corporation, which is financed by industry funds. The Corporation is concerned to halt the declining consumption of beef and veal in Australia and is presenting a comprehensive campaign encompassing both promotional and nutritive aspects to this end.

III. Measures at the frontier

A. Customs tariff

Import duties are levied at the levels specified in Annex A.

B. Import measures at tariff line level

As a member of GATT since its inception, Australia has placed considerable emphasis on avoiding measures contrary to the spirit of the Agreement. Apart from the 2 per cent duty removed on 1 July 1988, Australia has not imposed quantitative restrictions or any form of levy on imported bovine meat and livestock.

Australia has acceded to the CCC Nomenclature Convention and is so obliged to observe its requirements in its tariff. There are no bilateral commitments or tariff rates binding on import of bovine meat and livestock into Australia.

Regulations applying under the Commerce (Trade Descriptions) Act require that imported articles used for food must have a trade description. This is required to be in the English language and should comprise details of the country in which the goods are produced, a true description of the

goods and a statement of the metric weight or measure of the goods. As indicated in Annex A, a product imported under tariff items 0201.0000, 0206.0000 and 1602.0000 requires such a marking.

C. Measures affecting the level of exports

No subsidies or refunds are provided in Australia for exports of beef and veal products or live cattle and calves.

All beef (except that exempted under Order 7 of the Prescribed Goods (General) Orders) (Annex B) prepared for export must be processed in an establishment registered for export by the Department of Primary Industries and Energy. The Department is responsible for the development and maintenance of Australian hygiene standards with respect to livestock and meat, the inspection of all food produced in export establishments and the certification of exported meat in accordance with requirements of overseas countries.

Australian exports of red meat (for human consumption) and livestock may only be made by persons or firms licensed by the Australian Meat and Livestock Corporation, a statutory authority. It is funded by industry levies on livestock slaughterings and on exports of live animals.

The main functions of the Corporation are to regulate export trading in meat and livestock falling within its charter (cattle, sheep, goats and buffalo) and to encourage and promote the consumption and sale of Australian red meat and the sale of livestock, both in Australia and overseas. The Corporation licenses meat and livestock exporters and regulates their activities by orders and directions on a variety of matters.

Through its ability to issue, suspend or cancel export licences the Corporation has the power to guard against unacceptable trading conduct and so protect Australia's international trading image. The Corporation has the power to negotiate shipping freight rates and issue orders to exporters concerning maximum freight rates and approved carriers.

In addition the Corporation has the power to engage in export trading of meat and livestock in its own right. To date the Corporation has not used its trading powers, although the former Australian Meat Board did negotiate direct sales to the USSR in 1970-71 and 1975-76 and to the United States Defence Forces in 1967 and 1968. It is also open to the Corporation, subject to ministerial approval, to act as sole trader to particular markets when it is considered that such action would best serve the interests of the Australian meat industry. The Corporation may, subject to ministerial approval, also deal in livestock and meat futures. Neither of these powers have been exercised.

To meet quantitative restrictions in any particular market, the Corporation can introduce arrangements to control Australian exports to that market. Control schemes in the past have applied to the United States, Canada, the EEC and Japan. These schemes were designed to

facilitate orderly export marketing and to ensure that exporters did not exceed the restraint or quota limits set by the importing country's government. At present, a control scheme operates for sheepmeat, goatmeat and buffalo meat and high-quality beef to the EEC.

D. Health regulations

In view of its isolation geographically, Australia enjoys a relatively disease-free status compared with many other beef producing and consuming countries. In order to prevent the entry of exotic diseases, the importation of live animals and animal products is permitted only subject to compliance with the provisions of quarantine legislation.

The Australian Department of Primary Industries and Energy has recently been given responsibility for the administration of the plant and animal sections of the Quarantine Act 1908. The importation of animals, parts of animals, animal products, and certain goods is only permitted subject to compliance with the quarantine legislation and in all cases must be accompanied by documents specified in the legislation. On arrival, the importation will be subjected to inspection and treatment as may be prescribed. This applies also to biological materials.

Importation is subject to restriction in the case of certain countries or made subject to certain conditions according to the disease status of the country wishing to export to Australia and the degree of assessed quarantine risk associated with the animal or animal product concerned.

In the case of meat, current legislation (see Annex C) now allows the importation of uncooked meat depending on the species of origin and the disease status of the country of origin; and canned meat from any country on the condition the meat be subjected to an approved cooking process in an approved container.

Currently, live cattle and genetic material may be imported from selected countries depending on the disease status of the country of origin. Cattle from New Zealand are permitted entry without quarantine. Cattle from other approved countries are required to undergo a period of quarantine, either at the Cocos Islands Animal Quarantine Station or at one of the mainland quarantine stations. The disease security offered by embryos allows their importation from countries (e.g. Africa) from which the importation of the live animals would not be considered.

E. Quantitative restrictions on imports or exports

Quantitative restrictions are not generally applied to either imports or exports of beef and veal in Australia, except under circumstances described in paragraph 6 of (c) under this item.

PART H

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

Within the Tokyo Round of GATT Multilateral Trade Negotiations, Australia reached agreements on beef with the United States, Japan, Canada and the EEC. The agreement with Japan was renegotiated in 1988 to provide for a substantial liberalization of the Japanese beef import régime. These commitments are of a global nature and are open to contracting parties on a most-favoured-nation basis. Details of these undertakings are provided in the submissions by the countries concerned.

Specific concessions negotiated with Australia are:

- levy-free access for 5,000 tonnes (product weight) of fresh, chilled or frozen high-quality beef to the EEC;
- levy-free access for 2,250 tonnes (bone-out basis) of frozen buffalo meat to the EEC.

ANNEX A

Import Duties on Edible Meat, Meat Products and Offals
Derived from Bovine Animals

<u>HS Code</u>	<u>Commodity</u>	<u>Rate (%)</u>	
		<u>General Tariff</u>	<u>Preferential Tariff</u>
0202.0020	Live animals of the bovine species Restrictions: prohibited imports quarantine (animals)	Free	Free
ex 02.02.0000 0206.0000	Meat and edible offals of animals falling within 02.02, suitable for fresh, chilled or frozen Exclusions: meat, raw, deep frozen, coated with batter based on flour; sausage casings; goldbeater strands; fat Restrictions: commerce marking quarantine (animals)	Free	Free
0210.0000	Meat and edible meat offals salted, in brine, dried or cooked, suitable for human consumption Exclusions: fat, sausage casings; organo-therapeutic glands (dried) Restrictions: commerce marking quarantine (animals)	Free	Free
ex 0204.0000	Cuts, bladders and stomachs, whole and pieces thereof Restrictions: commerce marking quarantine (animals)	Free	Free
ex 16.01.0000	Sausages, and the like, of meat, meat offal or animal skin Restrictions: commerce marking quarantine (animals)	10% D: 5%	10% PAC: Free CAN: Free D: Free
ex 16.02.20.00	Liver of any animal Restrictions: commerce marking quarantine (animals)	10% D: 5%	10% PAC: Free D: Free
ex 16.02.50.00	Other prepared or preserved meat or meat offal of bovine animals (except liver) - excluding meat flour, soups and broths, pet food Restrictions: commerce marking quarantine (animals)	10% D: 5%	10% PAC: Free CAN: 5% COMMON ISLANDS: Free D: Free

ANNEX B

Prescribed Goods (General) Orders

Exception

7. A declaration in Order 6 does not extend to prescribed goods that are:
- (a) goods that are ships' stores or aircraft stores, being goods brought into or shipped in Australia for the use of the passengers and crews or for the service of the ship on a voyage, or the aircraft on a flight, from Australia;
 - (b) goods, other than fish, that are not produced, processed or manufactured in Australia;
 - (c) goods, other than fish, that have not been produced, processed or manufactured in Australia, being goods that have been imported into Australia and held in bond;
 - (d) goods, other than fish, that are imported into Australia and re-exported in the same covering and under the same trade description as the covering and the trade description in or under which, as the case may be, they were imported;
 - (e) goods that are consigned to an external territory for consumption within that territory; or
 - (f) goods that are exported in a consignment that does not exceed:
 - (i) in the case of liquid - 10 litres; and
 - (ii) in any other case - 10 kg.

Exception not to apply

8. Where goods of the kind referred to in paragraph 7(e) or (f) are exported to a foreign country a law of which requires that the goods comply with the requirements of that country, the reference in either paragraph 7 to goods of that kind shall be read as not including a reference to goods that are to be exported to that country.

ANNEX C

Quarantine Proclamation No. 134A

Schedule 1

Interpretation

1. In this Proclamation:

'animal' includes birds and reptiles but does not include fish, crustacea, molluscs or aquatic mammals,

'country of origin', in relation to meat, means the country or countries where the animal, from which the meat was derived, lived during the period of six months before slaughter including the time (if any), within that period, after the conception and before the birth of the animal;

'meat' means any part, including the blood, of an animal, being a part that is intended, or able, to be consumed as human or animal food, but does not include bone or fat not attached to the tissue of the animal from which it was derived or bone-meal, dairy products, deer velvet, eggs, gelatin, glue pieces, hoofs, horns, meat-meal or tallow;

'prepare', in relation to the carcass or meat of an animal, includes:

- (a) to dismember, cut up, clean or pack the carcass;
- (b) to cut up, sort, clean, preserve or pack the meat; or
- (c) to produce any substance from the carcass or meat

'requirement' means one of the numbered requirements in Schedule 2

'sealed container' means a container:

- (a) made of metal, glass or other material;
- (b) hermetically sealed; and
- (c) of a kind approved, by instrument, by the Director

'the Act' means the Quarantine Act 1908;

'the Director' means:

- (a) the Director of Animal and Plant Quarantine; or
- (b) a person authorized by him or her, by instrument, to do any specified act, or all acts, that may be done by him or her under this Proclamation.

'uncanned' means not contained in a sealed container;

'uncanned meat' includes any uncanned product containing meat;

'veterinarian', in relation to a country in which animals were slaughtered, means a person:

(a) qualified to diagnose and treat the disease, and injuries, of animals; and

(b) an official, in full-time service with the government of that country, whose functions include inspecting animals or meat before the export of meat from that country.

2. Requirement 11 does not prohibit trans-shipment of uncanned meat.

Schedule 2

Requirements: uncanned meat

1. The meat shall have been derived from a single species of animal.

2. The meat shall be able to be identified, by testing by a recognized method, as having been derived from a single species of animal.

3. The meat shall not have been derived from an animal that has died otherwise than by slaughtering.

4. The animals from which the meat was derived shall have been inspected within a reasonable time before and after slaughter by a veterinarian in the country in which the animals were slaughtered and found to be free from any infectious or contagious diseases, or any pest, affecting animals or meat.

5. The country or origin of the meat shall have been free, for the period of six months before slaughter of the animals from which it was derived, from:

(a) in the case of pigmeat:

- (i) foot-and-mouth disease;
- (ii) rinderpest;
- (iii) African swine fever;
- (iv) classical swine fever; and
- (v) swine vesicular disease;

(b) in the case of poultry meat:

- (i) foot-and-mouth disease;
- (ii) rinderpest; and
- (iii) Newcastle disease; and

- (c) in the case of other meat:
 - (i) foot-and-mouth disease; and
 - (ii) rinderpest.

5. Each:

- (a) establishment where the animals, from which the meat was derived, were slaughtered;
- (b) establishment where the meat was prepared; and
- (c) establishment where the meat was stored:

shall have been an establishment in respect of which an approval, by instrument, by a person acting on behalf of the Commonwealth, was in force during the whole of the period:

- (d) in the case of an establishment referred to in paragraph (a) - when the animals were slaughtered;
- (e) in the case of an establishment referred to in paragraph (b) - when the meat was being prepared in that establishment; or
- (f) in the case of an establishment referred to in paragraph (c) - when the meat was stored in that establishment.

7. The identification numbers of:

- (a) the establishment where the animals, from which the meat was derived, were slaughtered; and
- (b) each of the establishments where the meat was prepared.

shall:

- (c) be readily visible on the meat; or
- (d) where the meat is packed or wrapped - be marked on the package or wrapping containing the meat, in such a way that the number cannot readily be removed without damaging the meat, package or wrapping.

8. The meat shall not have been exposed, before export from the country in which the animals, from which it was derived, were slaughtered, to contamination by any infectious or contagious disease, or any pest, affecting animals or meat.

9. The meat shall have been packed in a manner approved by the Director by instrument.

10. The meat shall have been transported from the place of slaughter to Australia in containers cleaned, and sealed, in a manner approved by the Director by instrument.

11. The meat shall have been consigned directly to Australia from the country in which the animals, from which it was derived, were slaughtered.

12. Having regard to the circumstances of the case, a veterinarian in the country in which the animals, from which the meat was derived, were slaughtered shall have signed in his or her official capacity a certificate in respect of each consignment of uncanned meat:

- (a) stating that the animals, from which the meat was derived, were slaughtered on a specified date or specified dates;
- (b) specifying the identification numbers of the establishments where the animals, from which the meat was derived, were slaughtered;
- (c) specifying the identification numbers of all the establishments where the meat was stored and the period during which the meat was stored at each of those establishments;
- (d) stating that the meat was prepared on a specified date or specified dates; and
- (e) stating that the meat complies with requirements 1 to 11 inclusive.

13. After slaughter of the animals from which it was derived, the meat shall have been stored for not less than thirty days before release from quarantine.

Quarantine Proclamation No. 135A

Schedule 1

Interpretation

1. In this Proclamation:

"animal" includes birds and reptiles but does not include fish, crustacea, molluscs or aquatic mammals;

"canned", in relation to meat, means contained in a sealed container;

"canned meat" includes any canned produce containing 5 per cent or more, by weight, of meat;

"meat" means any part, including the blood, of an animal, being a part that is intended, or able, to be consumed as human or animal food but does not include bone or fat not attached to the tissue of the animal from which it was derived, or bone-meal, dairy products, deer velvet, eggs, gelatin, glue pieces, hoofs, horns, meat-meal or tallow;

"process", in relation to meat, means to cook in a sealed container;

"requirement" means one of the numbered requirements in Schedule 2;

"sealed container" means a container:

- (a) made of metal, glass or other material;
- (b) hermetically sealed; and
- (c) of a kind approved, by instrument, by the Director.

"the Act" means the Quarantine Act 1908;

"the Director" means:

- (a) the Director of Animal and Plant Quarantine; or
- (b) a person authorized by him or her, by instrument, to do any specified act, or all acts that may be done by him or her under this Proclamation;

"veterinarian", in relation to a country in which animals were slaughtered, means a person:

- (a) qualified to diagnose and treat the diseases, and injuries, of animals; and
- (b) appointed, by instrument, on behalf of the government of that country for the purposes of inspecting animals or meat before the export of meat from that country.

2. For the purposes of this Proclamation, sealed containers of canned meat are not in the same batch:

- (a) if the meat was processed at more than one establishment;
- (b) if the meat was not all processed in a single uninterrupted process; or
- (c) where the meat is derived from more than one kind of animal - if the proportions of the kinds of meat in all the sealed containers are not reasonably consistent.

Schedule 2

Requirements: canned meat

1. The species of animal or animals from which the meat was derived shall be specified in writing in respect of each batch of sealed containers of canned meat.

2. The meat shall not have been derived from an animal that has died otherwise than by slaughtering.

3. The animals from which the meat was derived shall have been inspected by a veterinarian within a reasonable time before and after slaughter and found to be free from any infectious or contagious disease, or any pest, affecting animals or meat.

4. The meat shall have been processed.

5. A person acting, and purporting to act, on behalf of the processor of the meat, and another person who is a veterinarian in the country in which the animals, from which the meat was derived, were slaughtered, shall each make a declaration in writing in respect of the product contained in each batch of sealed containers:

- (a) stating that, having regard to the circumstances of the case, he or she is satisfied that during processing every part of the contents of each sealed container in that batch reached a minimum temperature determined by the Director, by instrument, in respect of that product;
- (b) setting out the variations in the temperature of the meat in that batch at reasonable intervals during processing;
- (c) setting out the duration of processing that batch; and
- (d) stating that the meat does not need refrigeration while it remains canned.

6. The establishment where the meat in the batch was processed shall have been an establishment in respect of which an approval, by instrument, by a

person acting on behalf of the Commonwealth, was in force during the whole of the period when the batch was so processed.

7. The identification number of the establishment where the meat in the batch was processed and the batch number shall be embossed, or otherwise marked, on each sealed container in such a way that the numbers cannot readily be erased without damaging the container.

8. Having regard to the circumstances of the case, a veterinarian in the country in which the animals, from which the meat was derived, were slaughtered shall have signed in his or her official capacity a certificate that each batch of the canned meat complies with requirements 1 to 7 inclusive.