

# GENERAL AGREEMENT ON

RESTRICTED

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# TARIFFS AND TRADE

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## INTERNATIONAL MEAT COUNCIL

### Report to the CONTRACTING PARTIES prepared by the Chairman of the International Meat Council on his own responsibility

1. Since the 1990 report<sup>1</sup>, the International Meat Council (IMC) has held two regular meetings on 14 December 1990 and on 20-21 June 1991, which were both preceded by meetings of the Meat Market Analysis Group (MMAG). At its June 1991 meeting, the IMC elected Mr. Jean-Michel Henry (France) as its Chairman and Mr. Masanori Hayashi (Japan) as Vice-Chairman. The MMAG elected Mr. Masanori Hayashi as its Chairman. Currently the Arrangement Regarding Bovine Meat has twenty-seven signatories<sup>2</sup> representing thirty-eight countries including Paraguay which, for the first time, was represented at the June 1991 meetings.

2. In both meetings the functioning of the Arrangement, the situation in and outlook for individual meat markets and the world market for meat as a whole (which, as usual, was debated more in depth in the MMAG meetings) and policy questions of special concern to participants were discussed.

3. Since the beginning of the Uruguay Round Negotiations, and in particular during the last year, no substantive discussion regarding the **functioning of the Arrangement** took place. Participants noted that a substantive discussion concerning not only the form, but also the wording of the Arrangement was required. However, it was agreed that, without prejudging the results of the Uruguay Round, this examination should take place after those results are known, or at whatever moment it would be felt necessary by participants including, if necessary, by calling a special meeting of the Council.

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<sup>1</sup>L/6740.

<sup>2</sup>Argentina, Australia, Austria, Belize, Brazil, Bulgaria, Canada, Colombia, European Communities, Egypt, Finland, Guatemala, Hungary, Japan, New Zealand, Nigeria, Norway, Paraguay, Poland, Romania, South Africa, Sweden, Switzerland, Tunisia, United States, Uruguay and Yugoslavia.

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4. In 1990, the **bovine meat markets** were characterised by increased production, lower consumption and growing stocks, but nevertheless declining exports reflecting lower sales by both the European Community and Brazil. As a result, export prices remained relatively attractive. The Gulf crisis and developments in the USSR and East and Central Europe had evident negative repercussions on world trade in beef and partly explain the reduction in exports by Brazil and the European Community. The drop in beef consumption is not a new development, but was exacerbated last year, especially in Europe, by the outbreak of the bovine spongiform encephalopathy (BSE) in the United Kingdom and some other countries.

5. In 1991, the situation is not expected to improve and, indeed, may be deteriorating. While a certain market stabilization was earlier expected, beef production in participating countries is now set to rise, consumption is likely to continue to decline, exports are expected to remain stable, while stocks are close to record levels. Although there is not yet evidence that world beef prices are falling, the price rise registered last year has come to a halt, and the pressure is growing. Although demand in the Middle East markets has picked up, developments in the USSR and East and Central Europe continued to have a strong dampening impact on international meat trade this year. In the opinion of a number of experts a collapse of the beef markets could occur in the medium term, if bovine meat production is not rapidly brought into line with the demand.

6. The market **situation and outlook for other meats** is characterised by: sustained expansion of the poultry meat sector led by continuously growing consumption; increased pigmeat output and an expected recovery of trade this year after two years of decline, with pigmeat prices remaining strong in North America and recovering in Europe; and a sheepmeat sector continuing to be strongly affected by low wool prices which result in increased sheepmeat production, declining prices and expanding trade.

7. The discussion of **policy questions** of special concern to participants, revolved around a written question addressed by New Zealand to the European Community regarding the stabilization mechanisms introduced by the EC in both the sheepmeat and beef sectors, and around a number of oral questions addressed by different participants to the European Community, the United States, Brazil and Poland. The Council was also informed of policy developments in South Africa, Japan and Bulgaria.

8. For its June 1991 session, the IMC invited representatives of the International Meat Secretariat (IMS), an international non-governmental organization of private firms, meat traders and representatives of all other sub-sectors of the meat industry, to an informal meeting. The discussions concentrated on a number of subjects, including new products, the market interaction among different types of meat, dairy, cereals and wool, changes in consumer preferences, and the market situation and outlook in some major countries which are not members of the Arrangement Regarding Bovine Meat.