

# GENERAL AGREEMENT ON

RESTRICTED

IMC/INV/6/Rev.8  
2 September 1992

## 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

#### 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 Agreement (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/6/... documents.

Part G

A. General policy framework

The present guidelines for the Swedish food policy were laid down by a parliamentary decision taken in 1990. The decision resulted in a radical shift in the policy. Up to that decision the Swedish agricultural regulating system was characterized by administered internal prices supported by a system of border protection and export subsidies.

The new food policy is based on the principle that agriculture should be subject to the same conditions as other sectors of the economy. The farmers should only be paid for goods and services for which there is a demand. This implies that the internal market regulations, including export subsidies and storage support are abolished. Border protection will be reduced in response to the possible outcome of the ongoing GATT-negotiations (the Uruguay Round).

The reform of the agricultural policy started on 1 July 1991 and will be completed after a five-year period of adjustment of production and transition to the conditions of a deregulated market.

During the five-year transitional period farmers will be stimulated by direct payments to plant alternative crops, energy crops and forest. Substantial investments will also be made in educational and advisory schemes. The reform will necessitate considerable adjustments, not only as regards production, but also in the farmers' entrepreneurial rôle.

The importance of agriculture in the north of Sweden, in terms of the Swedish regional and security policy, justifies additional support to this part of the country. Support will continue to be given to the north of Sweden.

The environmental goals of the food policy include preservation and development of a flourishing and varied rural landscape and the reduction of the adverse environmental effects caused by the leakage of plant nutrients and the use of chemicals. The use of chemicals in agriculture is to be reduced by 50 per cent by the mid-1990's.

Food security in times of war and crises is to be based on peacetime resources in the food production sector and the potential for adjustment. Since agriculture today relies to a great extent on imports of such inputs as artificial fertilizers, plant protectants and protein feeds, these products must be stockpiled in greater quantities to meet food security requirements. Stockpiles of food supplies must also be increased.

B. Information on domestic policies and trade measures concerning beef and veal

I. Production

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

The fattening of calves of dairy stock for slaughter has become an important part of Swedish beef production. The majority of Swedish beef producers are dairy farmers for which milk is the important product and beef a by-product. Only about one tenth of the Swedish cow herd consists of beef cows, mostly held by non-dairy farmers. In 1990 the total number of bovine animals was 1,718,000 and the number of holdings with bovine animals around 47,000. Of these holdings 26,000 held dairy cows. The total number of bovine animals as well as the number of holdings have decreased compared to 1985. In 1985 the bovine herd amounted to 1,837,000 and the total number of holdings to 59,000, of which 35,000 held dairy cows. The distribution on different sizes of holdings and numbers of bovine animals in each size group for the year 1990 is shown below.

	<u>Number of dairy cows</u>				
	0	1-9	10-24	25-49	50-
Number of holdings ('000)	21	5	12	7	1
Number of bovine animals ('000)	425	66	428	551	248

As a result of the food policy reform no budgetary financed export subsidies will be granted for bovine meat from 1994/95. Under a transitional period of three years (1991/92-1993/94) limited sums of SEK 200, SEK 150 and SEK 100 million respectively have been granted to finance exports of bovine meat and pig meat.

After the food policy reform, border protection is the only remaining form of price support for beef. As a result of the abolishment of the internal market regulation the collective financing of exports has ceased. This implies that the price will decrease if production exceeds the level for which there is a demand at a prevailing price.

In 1989/90 beef production accounted for about 12 per cent of the total value of farm output. Milk and pigmeat accounted for 33 per cent and 13 per cent respectively.

The overall economic situation has perhaps greater impact on the beef sector than on other sectors since beef is an expensive commodity with high price elasticity. The economic recession in the first years of the 1980's led to high interest rates, increased production costs and decreased disposable incomes. The situation was unfavourable for the beef sector in view of its cost structure and a weak demand for beef. Domestic demand

decreased resulting in surpluses. Production levels remained more or less the same. Due to rising unemployment in sectors outside agriculture most dairy farmers/beef producers had difficulties in finding alternatives to continued production in spite of unfavourable conditions (rising production costs).

In addition to various measures directly aimed at restoring balance between supply and demand, the economic recovery in the second half of the 1980's reduced the previous surplus situation and Sweden became a net importer of beef in 1987.

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 stocks is higher than in beef production from non-dairy stock. The level of such beef production is therefore low.

(b) Policies and measures influencing production, other than support or stabilization measures

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

As a result of the structure of Swedish beef production, measures aimed at reducing milk production also have an effect on beef production. In September 1990 a special support was introduced to farmers who cease to produce milk in the period September 1990 - May 1993. The size of support depends on the quantity of milk sold from 1 July 1989 to 30 June 1990 and it is gradually reduced during the transitional period. Support is paid in the form of a once-for-all-amount when production has ceased. So far approximately 8 per cent of the milk producers have received support within this scheme.

A system of non-production grants to dairy farmers of sixty to sixty-five years of age, was introduced in 1983. This system which will be in force until 1996 has also a downward influence on beef production.

In order to stimulate a permanent conversion of arable land from intensive production of food to other forms of production a special support was introduced in 1991. Support is paid, inter alia, when land is permanently converted into extensive grazing. This support has an upward influence on beef production.

As a part of the adjustment of the Swedish agricultural sector a special support is granted to self-recruiting beef herds. A total of SEK 115 million is reserved for this purpose.

C. Support and stabilization measures

(i) Instruments of support or stabilization

The food policy reform means that the internal market regulations, including export subsidies and storage support, are abolished. Continued border protection, in the form of import levies, ensures that a price support is maintained for the production for which there is a demand on the internal market. Market prices are no longer maintained by means of internal regulation measures if surpluses occur. This implies that prices will decrease if production exceeds the level for which there is a demand at prevailing prices. As a result, production will be adjusted to the quantities which can be disposed of on the internal market or exported without subsidies. Under the transitional period (1991/92-1993/94) however limited sums are granted to finance exports of bovine meat and pig meat.

In order to facilitate imports temporary reductions of import levies can be made, see III (b). The Swedish Board of Agriculture is responsible for the temporary reductions of levies.

(ii) Reference prices

On 1 July 1991 a border protection system based on internal reference prices was introduced. The reference prices are laid down by the Swedish Government. Import levies are calculated in relation to these reference prices.

When the reference prices were introduced in 1991, they were set on average about 5 per cent lower than previous middle prices.

The reference price for bovine meat, carcasses and half-carcasses, has been SEK 2,957/100 kg. since 1 July 1991.

(iii) Amount of producer subsidies

Apart from the general price support system there are special subsidies for beef and veal produced in Northern Sweden. The amount depends on geographical location. The current maximum amount is 835 öre/kg. as from 1 July 1988. Due to the GATT/UR mid-term agreement it was decided in 1989 not to increase the price support, but to introduce temporary direct payments to farmers. The support is divided into two parts: basic amount and regional support (to the northern parts of Sweden).

As regards basic amount within the animal sector no support was paid to beef and veal production in fiscal year 1989/90, just to milk production. In fiscal year 1990/91 the basic amount to beef and veal production was SEK 120/young stock, SEK 2,420/milk-cow, SEK 24/slaughter pig and SEK 40/lamb. In fiscal year 1991/92 the basic amount was SEK 2,330/milk-cow, SEK 155/young stock and SEK 48/lamb.

In addition to the basic amount a regional support was paid each year to the northern parts of Sweden. Regional support in the animal sector amounted to SEK 110 million in 1989/90, SEK 137.3 million in 1990/91 and SEK 245 million in 1991/92. Of this regional support the support to the beef and veal production for the above-mentioned years was SEK 84 million, SEK 34 million and SEK 49 million.

As regards the temporary direct payments in fiscal year 1992/93 a decision is postponed until the GATT-negotiations are concluded.

(iv) Average returns to producers

The average returns to producers for cattle, slaughter weight, as shown in table D.1 in the statistical part of the questionnaire, were SEK 28.03/kg. in 1989 and SEK 25.61/kg. in 1990. The estimate for 1991 is SEK 24.69/kg.

II. Internal prices and consumption

Policies and measures affecting consumption

In the years 1974-1983 consumer prices for beef and veal were subsidized from budgetary means. These subsidies, in combination with a price freeze, had a clearly positive effect on the level of beef and veal consumption. The consumer subsidies for beef were finally abandoned on 1 December 1983. This led to increased consumer prices and consumption losses.

Market regulation measures could, apart from measures concerning trade and storing, also include, inter alia, temporary reductions of consumer prices in order to increase domestic demand. From 1981 and onwards, campaigns for beef at reduced consumer prices were taking place regularly (for pigmeat from 1983 and onwards). The quantities and conditions involved varied between these campaigns. The campaigns were considered relatively successful among both consumers and retailers. It had been difficult though to make exact assessments of the effects of these campaigns. As a result of the balance between production and consumption of beef no activities of this type have taken place in recent years.

Since August 1982 and onwards, price rebates for beef in school lunches have been granted. These rebates are now abandoned since the internal market regulation no longer exists.

III. Measures at the frontier

(a) Customs duties

None

(b) Import levies

Statistical number  
in H.S.

Heading No.	Code No.	Commodity description	Import levy as from 1992-0101 (SEK/100 kg.)
01.02		Live animals of the bovine species:	
	ex 100	- Pure-bred breeding animals, calves	1,040
	ex 100	- Pure-bred breeding animals, other	1,000
		Other bovine animals	
	901	Calves	1,040
	902	Steers, yearling bulls and heifers	1,000
	903	Cows, oxen and bulls	1,000
02.01		Meat of bovine animals, fresh or chilled	
	100	Carcasses and half-carcasses	
	ex 100	Veal	1,600
	ex 100 <sup>1</sup>	Beef	1,730
	ex 201 <sup>1</sup>	Veal cuts, bone-in	3,000
	202	Beef quarters	1,730
	ex 202	"Pistols" from hindquarters other than veal	2,200
	ex 209 <sup>1</sup>	Other cuts, bone-in	3,000
	ex 301 <sup>1</sup>	Veal, boneless	3,000
	ex 309 <sup>1</sup>	Beef, boneless	3,000
02.02		Meat of bovine animals, frozen	
	100	Carcasses and half-carcasses	
	ex 100	Veal	1,600
	ex 100 <sup>1</sup>	Beef	1,730
	ex 201 <sup>1</sup>	Veal cuts, bone-in	3,000
	ex 202 <sup>1</sup>	Beef quarters	1,730
	209 <sup>1</sup>	Other cuts, bone-in	3,000
	ex 301 <sup>1</sup>	Veal, boneless	3,000
	ex 309 <sup>1</sup>	Beef, boneless	3,000
02.06		Edible offals of bovine animals	
	ex 100	Hearts and lungs, fresh or chilled	50
	ex 100	Heads, fresh or chilled	500
	ex 100	Other, fresh or chilled	850

<sup>1</sup> Upon application to the Swedish Board of Agriculture a part of the levy can be repaid. The amounts currently repaid (as from 1 January 1992) are shown on page 8.

Statistical number  
in H.S.

Heading No.	Code No.	Commodity description	Import levy as from 1992-0101 (SEK/100 kg.)
02.06	ex 210	Tongues, frozen	850
	ex 220	Livers, frozen	850
	ex 290	Hearts and lungs, frozen	50
	ex 290	Heads, frozen	500
	ex 290	Other, frozen	850
02.10		Meat of bovine animals: salted, in brine, dried or smoked	
	ex 200 <sup>1</sup>	Meat	3,000
	ex 909	Hearts and lungs	50
	ex 909	Heads	500
	ex 909	Other edible offals	850
	ex 909	Edible meal of meat or edible offals	850
16.02		Other prepared or preserved meat, meat offal or blood	
	ex 100	Homogenized preparations	2,025
	ex 209	Pâtés and meat pastes of liver	1,450 <sup>2</sup>
	ex 209	Other: meat product content <40%	
	ex 209 <sup>3</sup>	Other: meat product content >40%	850
	ex 500 <sup>3</sup>	Of bovine animals: meat product content >80%	2,025
	ex 500 <sup>3</sup>	Of bovine animals: meat product content >60%, <80%	1,620
	ex 500 <sup>3</sup>	Of bovine animals: meat product content >40%, <60%	1,215
	ex 500 <sup>3</sup>	Of bovine animals: meat product content <40%	2
	ex 500 <sup>3</sup>	Of bovine animals: preserved products in air tight containers, for retail sale with a meat product content >40%, <60%	550
	900 <sup>3</sup>	Other, including preparations of blood	
	ex 900 <sup>3</sup>	Meat product content >80%	1,580
	ex 900 <sup>3</sup>	Meat product content >60%, <80%	1,260
	ex 900 <sup>3</sup>	Meat product content >40%, <60%	950 <sup>2</sup>
	ex 900 <sup>3</sup>	Meat product content <40%	

<sup>1</sup>Upon application to the Swedish Board of Agriculture, a part of the levy can be repaid. The amounts currently repaid (as from 1 January 1992) are shown on the next page.

<sup>2</sup>Subject to the price compensation scheme for agricultural raw materials, the levy is determined by the Swedish Board of Agriculture.

<sup>3</sup>For pâtés and meat pastes of beef and veal the same levy is applied as for pâtés and meat pastes of liver.

Repayment of import levies

In order to alleviate meat imports, part of the import levy for a number of meat products is repaid (upon application to the Swedish Board of Agriculture). As from 1 January 1992 the repayment for various beef cuts amounted to the following, SEK/100 kg.

Beef and veal cuts

- Thick flanks, outsides, rolls, chuck and blades ex 02.01.209, ex 02.01.309, ex 02.02.209, ex 02.02.309	600
- Hindquarters of veal ex 02.01.201, ex 02.02.201	600
- Manufacturing veal ex 02.01.301, ex 02.02.301	1,210
- Manufacturing beef ex 02.01.309, ex 02.02.309	700

(c) Export measures

Sweden's exports of beef and veal increased in the first years of the 1980's due to various factors, inter alia, the economic recession and the abandoning of the consumer subsidies for beef. Also the two-price system for milk introduced in July 1985 which led to increased slaughtering of cows and heifers temporarily contributed to the surpluses of beef. In order to restore a better balance between production and consumption various measures were taken to reduce production and to stimulate consumption (see 1(b) and (c) and II). Partly as a result of these, the beef surpluses and thus costs for exports decreased sharply and Sweden again became a net importer of beef in 1987.

Until 1 July 1991, export costs in the meat sector were mainly financed by means derived from slaughter fees which were imposed at the slaughter level on all kinds of bovine meat and pigmeat. These internal fees were abolished on 1 July 1991. Due to a parliamentary decision a limited sum of SEK 200, SEK 150 and SEK 100 million has been granted to finance exports of meat during a transition period of three years 1991/92-1993/94. From 1994/95 there will be no export support except for processed meat products within the Swedish price compensation system. Export refunds are granted by the Swedish Board of Agriculture.

(d) Health regulations

The Swedish 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 Swedish Board of Agriculture and on condition that all requirements regarding meat hygiene are met (as to abattoirs and slaughtering methods, content of certain substances deemed harmful, handling, packaging, storing, transports). There are also provisions concerning feeding, e.g. prohibiting the use in Sweden of hormones and restricting the use of antibiotics.

A law concerning animal protection of, inter alia, bovine animals will come into force in 1993. The law contains detailed provisions concerning animal care and animal environment. The law, inter alia, provides that cows shall be loose indoors and let outdoors to graze in the summertime.

(e) Quantitative restrictions on imports or exports

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

PART H

Information on bilateral or plurilateral agreements  
in the field of bovine animals, meats  
and offals

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