

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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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

EUROPEAN ECONOMIC COMMUNITY

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 partly 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/2/... documents.

PART G

Part G.1 - Information on Domestic Policies
and Trade Measures

I. Production

The European Community has taken action to adjust the common agricultural policy (CAP) to market trends with a view to the general objectives laid down in the Treaty of Rome, and, with regard to livestock farming and meat, the measures on restructuring of cattle farming decided in 1992 are aimed at guaranteeing farmers' income not only through price support but also through assistance to cattle farmers in the form of premiums.

Policy on livestock farming and in particular bovine meat is based on both:

- the market, i.e. the law of supply and demand; and
- support measures which stabilize prices in relation to the cyclical trends in production and prices.

(a) Cattle-farming structures

In the European Community, the usable agricultural surface area covers approximately 133 million hectares and the area used for forage for ruminants, mainly cattle and sheep, covers approximately 50 per cent of the usable agricultural surface area as follows:

- surface areas used only for grass, 37 per cent of the usable agricultural surface area; and
- surface areas used for other green fodder, 18 per cent of the usable agricultural surface area.

Cattle farming (milk plus meat) concerns roughly one farm in two, amounting to approximately 2.2 million cattle farmers at the end of 1991, and accounts for about one third of the end production of agriculture.

It was estimated that the average size of cattle farms at the end of 1991 was 36 animals and 13 nurse cows in dairy farms. In recent years (1987-1991), cattle farming structures continued to undergo far-reaching changes:

- a noticeable decline in the total number of cattle farmers of about -3.2 per cent annually, in particular through the disappearance of small dairy farms;
- a slight increase in beef farms exceeding 2 per cent annually;

a sharp rise in the number of bovine animals per farm of approximately +3.7 per cent annually and in the number of nurse cows per farm of about +4.1 per cent annually.

Cattle herds in the Community comprise typical dairy breeds, mixed dairy/meat breeds and an increasing number of beef breeds which are eagerly sought by breeding centres in other countries for the purposes of improving breeding stock.

Three main categories of cattle farmers may be distinguished, corresponding to the following three types of activity:

- cows for culling and young calves (milk production);
- pasture-grazed suckler herds and adult bovine animals (oxen);
- young male beasts fattened in specialized production premises with cereal-based fodders (maize ensilage).

With the large-scale development of organized production of bullocks, young male beasts now account for more than one third of total bovine meat produced in the Community.

(b) Sanitary regulations

The European Community has banned the use of hormones and other growth stimulators for fattening animals in all member States and to that end has introduced Community controls to ensure the uniform and general application of the standards laid down by the Community for consumer health protection.

With a view to recognizing countries in the European Community as free of foot and mouth disease, new Community measures to combat this disease and new health policy measures (non-vaccination against foot and mouth disease policy) have been implemented.

(c) Meat market support and/or stabilization measures

In the 1991/1992 and 1992/1993 marketing years, the official prices of animal products were set at the following levels:

- intervention price for male adult bovine animals: 343.00 ECU/100 kg. carcass;
- basic price for pig carcasses: 189.70 ECU/100 kg. carcass;
- basic price for lamb carcasses: 422.95 ECU/100 kg. carcass.

For the 1992 marketing year, the reduction coefficient applicable under the stabilization system for the market in sheepmeat has been fixed at 7 per cent.

With a view in particular to promoting the improvement of the quality of bovine meat placed on the market, the Community has decided to make it

compulsory for approved slaughterhouses to grade and identify the carcasses of adult bovine animals in accordance with the Community grading scale for such carcasses.

For the last two marketing years, the Community has adopted measures to manage the domestic market that are more responsive to market prices.

The new price-support system includes in particular:

- setting of purchase prices by tendering; only offers that do not exceed market prices by more than a reasonable margin are eligible;
- the threshold prices for triggering intervention purchases have been set as follows (tendering procedure):

Market price as % of intervention price, equals ECU 343/100 kg. carcass	Normal tender	Safety net	
		3 MS together 60% of Community production	1 member State
Community market price	84%		78%
Market price/ member States	80%	75%	72%

As part of the reform of the common agricultural policy, measures for the restructuring of the bovine and sheepmeat markets have also been agreed; for cattle farming, these measures include a significant decrease in the level of price support, and, in compensation for this change in policy, the granting of direct income subsidies not linked to production levels; these complementary subsidies came into effect on 1 January 1993 and are restricted:

- at the farm level, to a threshold of livestock units (LSU) per hectare of surface under fodder; and,
- at the Community level, to a ceiling on the number of animals eligible for subsidies equivalent to that in force in a reference year (1990, 1991 or 1992).

1. Price and intervention system

A reduction of 15 per cent over three years of the intervention price for Class R3 male adult bovine animals was decided upon as follows:

- 5 per cent on 1 July 1993 = 325.85 ECU/100 kg. carcass;

- 10 per cent on 1 July 1994 = 308.70 ECU/100 kg. carcass;
- 15 per cent on 1 July 1995 = 291.55 ECU/100 kg. carcass.

The following ceilings for the quantity of bovine meat subject to intervention in the tendering procedure have been fixed:

1993: 750,000 tonnes;
1994: 650,000 tonnes;
1995: 550,000 tonnes;
1996: 400,000 tonnes;
1997: 350,000 tonnes.

Intervention purchases under the safety net (not included in the quantities mentioned above) can only take place in a country where the market price does not exceed 60 per cent of the intervention price.

In order to improve the fattening of bovine animals, it is proposed that, from 1993, zero quality carcasses under the Community scale of classification should be gradually excluded from official intervention.

Finally, for a transitional period of three years, it will be possible to allow intervention for light-weight carcasses of 150-200 kg. in replacement of the grant of a premium of ECU 100 per young male calf of a dairy breed withdrawn from production before it is ten days old.

2. System of premiums

The granting of premiums for cattle farming is subject to the following density criterion in LSU/ha. permanent surface area:

in 1993: 3.5 LSU/ha.
in 1994: 3.0 LSU/ha.
in 1995: 2.5 LSU/ha.
in 1996: 2.0 LSU/ha.

This criterion does not, however, apply when the number of cattle per farm does not exceed 15 LSU.

In addition, a further complementary premium of ECU 30 per eligible head may be granted when the density does not exceed 1.4 LSU/ha.

(i) Special premium for young bovine animals

The special premium for young bovine animals payable for the age groups of ten months and over and 22 months and over has been fixed at:

ECU 60 for 1993
ECU 75 for 1994
ECU 90 for 1995

In countries where the slaughter of male bovine animals at the end of the grazing period (IX-XI) exceeds 40 per cent of the total annual figure

of animals slaughtered, an additional out-of-season premium amounting to ECU 60/head may be granted for male bovine animals slaughtered during the period from 1 January to 30 April of the following year.

(ii) Premium for maintenance of suckler cow herds

The premium for suckler cows is granted to farmers who do not sell milk nor dairy products or where the amount of milk produced does not exceed a quantity to be determined on the basis of the reference number of nursing cows eligible minus one per cent (accumulation of a reserve).

The amount of the premium is as follows:

ECU 70 in 1993
ECU 95 in 1994
ECU 120 in 1995

A supplementary premium of ECU 25 per cow may be granted at national level (of which ECU 20 are financed by the EAGGF (Community funds) in less developed regions (Greece, Ireland and Northern Ireland, Portugal and other regions in the South of Italy, Spain and France)).

3. Other provisions

In the new German Bundesländer, where stock farming is still being restructured, the number of animals eligible for premiums has been fixed at:

- 780,000 young bovine animals for the special premium;
- 180,000 suckler cows eligible;
- 1,000,000 ewes eligible.

In the sheepmeat and goatmeat sector a guarantee threshold has been established, together with a mechanism for varying the premium payable to farmers to compensate for loss of income.

The total cost of payments made during recent years by the EAGGF-guarantee on behalf of the bovine meat sector amounted to:

ECU millions

1986	1987 ¹	1988 ²	1989	1990	1991	1992
3,481.7	2,148.7	2,475.2	2,428.5	2,833.3	4,295.0	4,469.0

¹Ten months.

²Eleven and a half months.

II. Internal prices and consumption

Since the market price continued to be significantly below the intervention price, during the 1991/92 marketing year official intervention purchases amounted to approximately 990 thousand tonnes of bovine meat and led to an increase in official stocks to roughly 1,010 thousand tonnes at the end of October 1992.

In addition to the sale at reduced prices of intervention bovine meat to institutions and groups of a social character, the Community decided to make bovine meat from the intervention stocks available to charitable organizations for distribution to those most in need in the Community (more than 30,000 tonnes in the 1992 and 1993 financial years).

Finally, while giving further encouragement to the extensive rearing of bovine meat breeds, the European Community has decided to promote consumption of high-quality bovine meat more in line with the preferences and demands of consumers today.

III. Measures at the frontier

Following the introduction of the combined nomenclature of goods established on the basis of the harmonized system which was the subject of an international convention, the Community regulations concerning livestock farming and meat have been adapted accordingly using the integrated tariff of the European Communities (Taric).

The estimated supply balances for 1992 have been fixed as follows:

- zero tonnes of frozen bovine meat for processing;
- 198,000 head of young male bovine animals for fattening with partial suspension of the levy, the large majority imported from Czechoslovakia, Hungary or Poland, with a levy reduced by 75 per cent (65 per cent reduction for the remainder).

Independently, for 1992 it has also been decided to open an exceptional import tariff quota of 11,430 tonnes of high-quality bovine meat.

For 1992, it has been decided to open an import tariff quota of 16,500 head of bovine animals with a levy also reduced by 75 per cent for Czechoslovakia, Hungary and Poland.

There has been a sharp rise in imports of live young bovine animals, particularly from some East European countries, both in 1989 and to a greater extent in 1990, amounting to +60 per cent and +120 per cent respectively in comparison with previous years; since this increase in imports could jeopardize efforts to achieve an equilibrium in Community markets, in April 1991 and May 1992 the Community adopted protective measures by putting a ceiling on the import of calves outside the supply balance.

In addition to the traditional special agreements on preferential imports, the Community has opened the possibility of importing certain quantities of bovine meat at a reduced levy during the period 1992 to 1996 in accordance with the association agreements signed with Czechoslovakia, Hungary and Poland in December 1991.

PART H

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

The European Community has expanded some bovine meat import quotas following the enlargement of the Community to include Spain and Portugal, and eased certain special bovine meat import arrangements, in particular for meat from ACP countries.

Thus, under the agreement with the Argentine Republic on the conclusion of negotiations under GATT Article XXIV:6, following the accession of Spain and Portugal, the Community undertook to increase the import tariff quotas:

- for frozen meat, from 50,000 to 53,000 tonnes, and
- for high quality meat, to 34,300 tonnes.

Moreover, the Community has unilaterally opened an independent tariff quota at a rate of 4 per cent of 1,500 tonnes of frozen bovine thin skirt.

With regard to lamb and sheepmeat, the Community has signed voluntary restraint agreements with its main sheepmeat suppliers, in particular New Zealand, providing for the total suspension of the levy applicable to imports of such products, for an annual volume of about 260,000 tonnes together with an import-price surveillance procedure.