

GENERAL AGREEMENT ON
TARIFFS AND TRADEMultilateral Trade Negotiations

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Group "Agriculture"Sub-Group on MeatSTATEMENT MADE BY THE REPRESENTATIVE OF THE
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It is a great honour for the EEC to note the interest with which its statement is awaited. It is equally surprising to note how perturbed delegations are if it does not immediately initiate discussion!

This state of mind is understandable enough when we consider that the unprecedented difficulties which at present overhang the world meat market, the current uncertainties over prospects for production, consumption, trade and prices, together with the absence let alone the inadequacy of valid precedents which might serve as a point of reference for positive action, do not contribute to the search for a multilateral solution to the various problems which affect the meat trade.

The Community however is ready to take part in a constructive spirit in the discussions in the Sub-Group on Meat. And it is ready to take part in the search for means of laying the foundations of a strategy for dialogue and co-operation in this sector.

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As many delegations pointed out yesterday, the past history of the meat market - in particular development over the last three or four years - shows clearly that this sector enjoys no greater protection than do others from wide variations both at the level of production and at the level of consumption and prices. In recent times, periods of serious scarcity have succeeded periods of burdensome surpluses and vice versa, their emergence appearing all the more sudden, sometimes even abrupt,

because neither producers nor governments immediately appreciated the importance of the changes taking place, which were nevertheless the harbingers of serious crises. The impact on trade of these fluctuations was magnified because international trade represents only a very small percentage of production.

The underlying reasons for these alternations of extreme situations are inherent in all agricultural production; such events are therefore usually unforeseeable and uncontrollable. But the effects of these imponderables are aggravated by the reaction of producers and especially by the lack of co-ordination between the policies followed by the individual governments concerned, which tend to react too vigorously, and also without much consideration for any decisions taken elsewhere, to short-term economic developments in domestic markets or in foreign markets. But there is another fact which must not be lost sight of and which is also fundamental to this instability, and that is the dependence, perhaps more marked at the present day than in the past, of the meat sector, on the one hand on uncertainties in the economic situation external to agriculture (such as inflation for example and variations in purchasing power), such external factors being particularly important to the meat sector, and on the other hand, on price variations in other agricultural products directly related to meat (such as cereals and soyabeans).

This being said in passing, it is clear that all these phenomena characterize the specificity of the agricultural sector and make it impossible to treat agriculture like industry.

The main effort of participants must therefore be directed to the avoidance of a recurrence of these recent extreme situations, which are damaging both to producers and to consumers -- and consequently to the search for greater stability and increased predictability in the international meat trade.

In the opinion of the Community, the first measure to be taken for this purpose - as its representative stated at the meeting of the Group on Agriculture on 24 March last - is to strengthen the present machinery for mutual information and consultation and improve the market forecasting system.

For a sector as sensitive as meat, it is important that we should develop a common concern to keep each other mutually informed and to consult each other about what we are doing and, as far as possible, about what we propose to do.

The Community is convinced that, if the authorities or public bodies had a better understanding of the international meat market and all its ramifications, the decisions which they have to take would be more enlightened and would take better account of the consequences these decisions may have for their trade partners.

The Community is conscious of the fact that there are already a number of international organizations which do this kind of work, FAO, ECE and OECD for example, and that, within GATT itself, as a result of the initiative of the Australian delegation, an International Consultative Meat Group is already at work. It is not therefore proposing the establishment of a new forum for information and discussion. Its aim is to see what lesson can be drawn from the usefulness of the various groups, how their activity could be improved, and how one or two of these groups could perhaps be integrated in the ultimate negotiating machinery, the final aim being to obtain as accurate an idea as possible of the market situation and the probable factors in its evolution and to set up some consultation machinery which would enable us to assess - not in any spirit of confrontation - to what extent the contractual obligations arising out of the General Agreement or negotiated in the Multilateral Trade Negotiations are, or could be, threatened by the development of the situation, and to try to find common solutions to common problems.

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The strengthening of the machinery for mutual information should, in the opinion of the Community, allow the development of a policy designed to counteract in good time - that is to say before they reach their extreme limits - the cycles of surpluses and shortages. Such a policy, which can only be applied at the international level and with full co-ordination, can assume various forms.

Before however answering the question how it is possible to ensure better management of the international meat market, and what sort of understanding it is possible to reach on the practical measures to be applied on the basis of available data, I must make a few preliminary observations.

First of all, with regard to the structure of the international meat market, a full range of measures are applied at the frontier both to imports and to exports, but not all have the same scope or the same impact on trade formation.

Some of them - common to many countries and therefore well known - together with others like veterinary or health measures, predetermine a sort of distribution of import markets which means that, from the practical standpoint, the burden of adjustment of supply and demand, of both surpluses and shortages, has to be shouldered by just a few importers, if not just a single one. I have no desire to start an argument about the merits of any particular measure, all I want to do is to point out, at this stage, better international co-operation and a more equitable distribution of the burdens would mean that the European Economic Community would not be left, as is generally the case, to shoulder alone the burden of the imbalances which develop in world markets. A multilateral approach to negotiations is therefore a necessity.

Another thing I must point out, and I admit this was not in my original text but I feel obliged to answer the statements made yesterday concerning the objective of liberalization and particularly the dismantling only of measures on imports. In this connexion the Community feels obliged to recall paragraph 3(e) of the Tokyo Declaration. It would also recall its earlier statements relating to respect for the principles and the machinery of the Common Agricultural Policy. And it

would emphasize the absolute necessity for the distribution of responsibilities, if our desire is to reach constructive solutions, and that means that positive undertakings must be given by the exporting countries.

Finally, the Community considers - and this is the third point I wish to make - that however important they may be in international trade and in the agricultural activity of many countries, products of the bovine meat sector (including live animals) are not amenable to any market management or organization as strongly structured as it is in the case of grains. The heterogeneous nature of meat products, their dependence on other agricultural products, the relative representativeness of markets, the differences of structure in production and marketing, the lack of valid international points of reference for current prices (the lack of any meat exchange illustrates this point), the very volume of trade involved, all these factors lead to the view that it is not possible to conclude a stabilization agreement or agreements of the conventional type, of world-wide scope.

Having expressed these general considerations, the Community suggests, as a means of achieving a better management of the international meat market, in addition to strengthening the machinery for information and consultation, co-ordination of the action of importers and exporters so as to ensure that operations in the world market are carried out in an orderly manner.

For exporting countries, this would mean conducting their export policy in such a manner that - as regards both quantity and price - their supplies were consistent with the development of the domestic market of the importing country.

For importing countries, it would mean reflecting in the administration of their import régime the undertakings given by exporters, the content and modalities of any adjustments which might be agreed, depending on the nature of the assurances formally given by the exporting countries.

It does indeed appear possible that, within the framework of existing policies, agreed rules and disciplines may be established between importing and exporting countries to ensure greater stability and greater predictability in trade conditions.

There is nothing new about this approach suggested by the Community. Some major importing and exporting countries have already put it into practice in the past, but when adopted just in an individual case it has not produced the results expected. What is needed - in order that this form of closer co-operation between producers and consumers in the management of their imports and exports policy may contribute substantially to the stabilization and expansion of the bovine meat trade - is to give it a multilateral framework. All actions by exporting and importing countries must be directed to the same objective - to ensure that operations in the world market are carried out in orderly fashion - although their modalities may assume a bilateral character consonant with the structure of the trade, the nature of its needs or any other particular factors, such as the existence of a specific market linked to a given consumer habit.

A short while ago I referred, under the topic of "burden sharing" to the important question of health regulations. First of all, the Community considers that, in conformity with the terms of reference of "Group Agriculture" which lay down that all matters relevant to trade must be dealt with our Sub-Group is competent to discuss this question and should therefore at the appropriate time resume the discussions from the point where they were left by Group 3(e) last year.

Indeed, in October 1974 at the meeting of Group 3(e), a number of suggestions were put forward on this subject. They will be found in document MTN/11, pages 8-10. The representative of the Community advocated a pragmatic approach which apparently attracted a broad consensus. This approach was based on the idea that, while the principle, recognized in Article XX of the GATT, of health protection is absolute, it should nevertheless be clearly established that it can only be exercised subject to the reservation that the health measures in

question are not applied in such a way as to constitute either a means of arbitrary or unjustified discrimination or a hidden restriction on international trade; whence the necessity to ascertain on an international basis whether the present regulations in this sector are consistent with the principles of the GATT so as to determine whether, in the present situation, there are measures which are likely to prevent normal development of trade.

Once that was done, any country which considered itself injured should be able to engage in direct negotiations on a bilateral basis. In view, however, of the paucity of results obtained with the present machinery and procedures, the Community had then suggested drawing up a number of guidelines or criteria, or possibly a certain framework, which should be adhered to, so that such bilateral consultations could proceed smoothly and above all yield positive results.

That is the course the Community now proposes to follow in dealing, at the appropriate time, with the technique of negotiation with regard to health questions.

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In submitting this approach - strengthening of the present arrangements for information and consultation, application of "agreed disciplines" between importers and exporters, improvement of existing procedures with regard to health questions - the Community feels that it is putting forward a solution which covers the whole of the problems arising in the meat sector. It is convinced that its adoption would lead to a regularization of the bovine meat markets, thereby preventing recourse to drastic protection measures against imports, or export measures likely to cause market disturbances.

The Community is ready to engage progressively in a thorough discussion on the three elements of its proposal and therefore proposes the following programme of work for the next meetings of this Sub-Group:

- (1) Analysis of the structure and composition of the international bovine meat market (including live animals) in all its forms.
- (2) A search for means of bringing more order into the international meat market, such search to be based on the following two themes:
 - Topics relating to the strengthening of information and thus of the arrangements and machinery for information and consultation.
 - Topics relating to the co-ordination of actions by importers and exporters.