

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
MIN/ME/W/15
19 November 1975
Special Distribution

Multilateral Trade Negotiations

Original: Spanish

Group "Agriculture"

Sub-group on Meat

STATEMENT MADE BY THE REPRESENTATIVE OF ARGENTINA ON 7 OCTOBER 1975

The international market in bovine meat is characterized by cyclical fluctuations in which scarcity situations alternate with situations like the present, which can be described as one of over-supply.

As the international trade represents only a small part of global production, any changes in it, particularly those brought about by policies of excessive protection for inefficient domestic production, give rise to sharp fluctuations in the volume and direction of international trade flows.

This in turn reacts harmfully on the economies and cattle industries of efficient producing and exporting countries, causing serious economic disturbance through the resulting instability of the international market, as well as considerable losses of export earnings.

Countries like Argentina thus find themselves obliged to accept and bear the harmful economic consequences of measures taken by importing countries for the purpose, supposedly, of solving domestic production problems. That means in practice a transfer of real resources from the cattle economies of the exporting countries to those of the importing countries. Consequently, unless these policies of excessive protection for the domestic production of importing countries are changed and action taken to remedy their effects, it will be very difficult to solve these problems and smooth out the cyclical fluctuations which affect the international trade in bovine meat.

The different forms of protection adopted by the principal importing countries have given the international market for chilled bovine meat a special character. Eighty-five per cent of the world trade, which is concentrated in the EEC, the United States and Japan, is virtually divided into two separate markets, with quite distinct supply structures, as a result of the composition by origin of their imports. While the United States and Japanese markets are virtually the preserve of Australian and New Zealand suppliers, through the imposition of sanitary restrictions which prevent imports of meat of competitive qualities from other principal exporting countries, the EEC market is supplied by imports of every kind of chilled meat from other sources, without any qualitative or discretionary distinction.

Argentina has a wide experience of the direct and indirect forms of protection which restrict or impede access for its chilled meat to the various markets. This experience it has acquired over the years during which those restrictions and

prohibitions acted as an effective economic brake on its production and export of meat, and caused it to lose to other producers its dominant position in the international meat trade.

Up till the beginning of the fifties, the United Kingdom market, which accounted for 65 per cent of international trade in bovine meat, was mainly supplied by Argentina. Towards the end of that decade, and coinciding with a period of rapid economic expansion in the developed countries, Germany and Italy, also mainly supplied by Argentina, began to emerge as substantial importers at the world level, followed by the United States and Japan, closed to Argentine exports of chilled and frozen meat by sanitary restrictions. These last two markets today account for 45 per cent of the international trade.

The sixties saw a marked expansion in world demand, accompanied by a strengthening of prices, a relaxation of restrictions on imports, a growth in production, an expansion of world trade and an increase in cattle stocks.

This process culminated, as a consequence of the policies of excessive support to domestic production followed by the importing countries, in the appearance at the beginning of 1973 of a situation of relative over-supply. Coming on top of a world economic situation of inflation and recession, this led to the reintroduction of restrictive measures and/or the suspension of imports to the markets of the developed countries, principally in the EEC, the United States and Japan.

The consequences for Argentina, with the United States and Japanese markets closed to it, and having to compete in the EEC for the small amounts of trade not subject to suspension, meant a loss of export earnings in 1974 alone of \$500 million.

This proves that sanitary restrictions, which in normal situations produce a division of the international market, lead in periods of crisis, due to the general pressure of global supply, to the diversion of traditional trade flows and distortion of markets.

Argentine exports thus find themselves affected by two kinds of import restrictions: those arising out of price policies which stimulate production and discourage consumption, as in the case of the EEC, and those arising out of sanitary measures, applied by means of inspection systems and/or technical standards, which in turn amount to real trade restrictions, as in the case of the United States and Japan.

Consequently, Argentina feels that the efforts of this Sub-Group should be directed to the achievement of two aims, in conformity with those laid down in the Tokyo Declaration: the expansion of world consumption of bovine meat, and the elimination of practices which distort or disturb international trade.

Now it is obvious that, to achieve these aims, we need multilateral solutions involving joint concerted action by all the principal exporters and importers responsible for the present structure of the international market. That means the application of multilateral solutions multilaterally negotiated, and that is, in my opinion, something that cannot be realized unless we can first manage to internationalize a market which, in practice, is divided into compartments through the effect of distorting trade practices and the existence of sanitary barriers. Both have a decisive influence on a structure which, from the point of view of concentration and flow of trade, is not propitious and cannot ensure the achievement of the aims of the Tokyo Declaration.

Unless we, in these negotiations, endeavour to find solutions to both aspects of the problem, trade barriers will continue, disguised as normal health protection measures. It is incomprehensible, however, that sanitary restrictions should continue to be applied based on criteria which discriminate against a political entity rather than against an infected place or geographical area. That turns then into unsurmountable barriers for countries which, though they may suffer from sporadic outbreaks of foot-and-mouth disease in certain areas, do nevertheless possess disease-free regions, like South Western Argentina, recognized as one of the healthiest cattle regions in the world.

On the other hand, advances in scientific and technical knowledge now being applied in the organization of more specific action in the campaign against the disease should also be applied in the search for practical, safe and non-discriminatory measures to prevent the risk of contagion. The criterion of potential risk should be replaced by that of practical probability of risk of communication of the disease, after taking into account the type of product, price and conditions of production, methods of transport, handling and warehousing, as well as the final destination of the product.

If our discussions and negotiations in this sub-group are to be successful, we must not lay too much emphasis on the past but be prepared to review thoroughly the situation existing today, in order to devise solutions for the future which will ensure a more rational use of international cattle resources and help to prevent excessive cyclical fluctuations. What we need for that purpose is concerted action to limit the protection accorded to domestic production and guarantee normal supplies to import markets. In view of the variety of elements and measures which go to make up the production and marketing policies of the principal importing and exporting countries engaged in international trade, such concerted action could be based on the acceptance of obligations of corresponding effect.

Each participant would accept these obligations as elements of its production and marketing policies, so as either to guarantee access to its market or to guarantee supplies, according to the case. These necessary elements or measures could easily be identified from the country-by-country information contained in document MTN/ME/W/8.

The differential treatment to be accorded to importing and exporting developing countries could be incorporated in these elements or measures in conformity with such obligations, and in food aid machinery or programmes to provide a better nutritional balance for the beneficiary developing countries, with an adequate supply of proteins.