

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Multilateral Trade Negotiations

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Group "Agriculture"
Sub-Group on Meat

STATEMENT MADE BY THE REPRESENTATIVE OF THE EUROPEAN ECONOMIC COMMUNITY ON 6 JULY 1976

1. At its meeting in February 1976 the Sub-Group agreed that at its next meeting it would study the elements contained in proposals made which might be the subject of multilateral treatment as well as elements which might not be the subject of such treatment.

Today the Community wishes to amplify its views regarding what might be the subject of multilateral treatment in the bovine meat sector, using as a starting point its negotiation proposal.

The Community's proposal for the negotiations in the bovine meat sector is well known to the members of this Sub-Group; it was presented in June 1975 and further explained at later meetings. I shall, nevertheless, recall its objectives, which are to ensure better functioning of the international market, in particular by establishing rules for agreed disciplines as between exporting and importing countries.

2. This "agreed discipline" approach is undoubtedly linked to a certain tradition as to trade policies pursued in this sector.

Indeed, a number of exporting and importing countries now practice, or have been practising for several years past, trade co-operation of this kind, each according to the modalities considered suited to its market. For example, the United States act in this way when they control the volume of their imports by means of restraint agreements operating in addition to quotas. The Community itself - which is both an importer and an exporter of bovine meat - has in its capacity as an importer, for example, entered into some agreements on well-specified terms with certain of its suppliers.

3. The most recent developments in the world meat market have brought out, nevertheless, the limitations of these past arrangements.

In the first place, these arrangements have not sufficed to stem the wide price fluctuations that are characteristic of the world market: an increase in 1965; decline in 1967 and 1968; after a strengthening in 1969, a new and appreciable

increase as from 1970 in the Latin American market and subsequently in other markets (first the United States, then the Community and Oceania); a slump in 1974.

In the second place, these arrangements have not made it possible to harmonize and reconcile the production rate of the major exporting countries and that of the major importing regions. Whereas in earlier times the period and duration of cycles generally differed from one major producing region to another, the same sequence of production phases - livestock increase/decapitalization, slaughtering/retention now proceeds practically simultaneously in all countries.

In the third place, these arrangements do not cover the problem of trade restrictions linked to veterinary and health regulations, which cause certain countries to be excluded outright from selling in certain markets.

Lastly, these arrangements exist independently of each other, with no link between them and the more or less exhaustive information on the market as a whole that has been collected in one or other international organization.

4. Given the gaps in the coverage of these arrangements and the inadequacy of multilateral co-operation in the past, whereas as recent events have confirmed there exists an interdependence as between the various markets and an interaction between measures taken, it would clearly be of interest to establish in the GATT trade negotiations a "Multilateral Framework Agreement on Bovine Meat", the content of which would have to be defined in the course of this Sub-Group's meetings.

What does the Community envisage the terms of this "Framework Agreement" as being

5. The lesson that the Community and likewise other members of this Sub-Group have drawn from past experience is that existing arrangements for information and consultation are inadequate and that there is a lack of appropriate machinery for preventing extreme situations.

The "Multilateral Framework Agreement on Bovine Meat" should therefore comprise, first of all, a new multilateral co-operation device designed to afford better knowledge of the meat market and trends therein.

(i) An evaluation of the situation would imply that the countries with an interest in meat trade undertake to furnish periodically the following basic data:

- cattle herd (number of head - composition, number of cows and age), meat production (slaughter rate - average carcass weight), fodder supply conditions, market prices obtained by producers;
- consumption (meat categories, etc.);
- trade: imports and exports: quantitative data (with a breakdown between live cattle - meat and preserves (among these fresh and chilled meat, frozen meat, other meat)) and prices.

Participants would likewise provide their evaluation of trends and prospects in regard to production, consumption, imports and exports (for the 12 coming months) in their own countries, taking into consideration the general economic situation.

Participants would likewise inform each other of their intentions regarding policies for production, consumption, imports and exports.

(ii) These data and other information that might be furnished would allow the parties to the Agreement:

- on the one hand, to carry out an exhaustive exchange of views on the international market situation and prospects. In the Community's opinion, this exercise could take place three times each year;
- on the other hand, to consider terms for the future and establish - twice a year if possible - an estimate of supply and demand at world level.

(iii) So as in particular to be able to evaluate any risk of substantial variation, sufficiently in advance, it is proposed that a sort of surveillance programme be established in respect of the processes that are the cause of variability in world supply and demand.

Existing models are not sufficiently sophisticated to allow forecasts to be made from which conclusions could automatically be drawn. It appears nevertheless that certain market data - cattle herd, slaughtering, domestic prices and international prices - are the ones most significant of future trends and than an in-depth examination of variations in their level (or amount) as compared to the immediately preceding level (or amount) would permit timely detection of the symptoms of any emergence of extreme situations.

The Community even wonders whether it would not be possible, for some of these data, to fix, within the framework of these consultations, levels beyond which the situation would be considered as portending a crisis, and it would be greatly interested in knowing whether other delegations have any views on this subject.

(iv) If it appears from exhaustive examination of these data that a risk of shortage or surplus is developing in the international market, consultations would be initiated between all participants to consider what measures could be taken to alleviate the consequences of the crisis situation that might develop. Such measures could consist of actions having a short-term impact on supply and demand in the world market, such as for example storage measures (whether for live animals or for meat), consumption measures, or temporary adjustments of the commitments

entered into by exporting countries, which adjustments could possibly be reflected in the administration by importing countries of their import régime.

6. The "Multilateral Framework Agreement for Bovine Meat" should in the second place comprise specific provisions for consultations in cases of application of safeguard measures.

Indeed, as a result of circumstances peculiar to the meat sector or difficulties due to extraneous factors (such as for example a drought, a sudden rise in fodder prices, a significant decline in producers' income, balance-of-payments difficulties or other circumstances) exporting or importing countries can encounter a crisis or threat of crisis in their own market that impels them to take exceptional measures on exports or imports going further than the measures normally applied or foreseen.

Provision should therefore be made in the Multilateral Framework Agreement for the country that adopts any such measures to engage in prior consultation within the appropriate body of the Agreement before effectively applying the measures concerned.

Provision should likewise be made to cover the case where a serious crisis in a country necessitates the immediate introduction of drastic measures on imports or exports. Such measures could be made effective without prior consultation, but there would have to be a consultation within the appropriate body of the Agreement as soon as possible after the adoption of these exceptional measures. The purpose of the consultation would be to examine the effects of the measures on the world market and the means to alleviate their scope and duration.

7. Lastly, as regards health and veterinary measures, the "Multilateral Framework Agreement on Bovine Meat" should include an undertaking on the part of all participating countries to afford, where appropriate, adequate opportunity for bilateral (or plurilateral) discussions on the application of those measures. The participants would likewise undertake to participate in the work of the appropriate international bodies (ECE, WHO, Codex Alimentarius ...) on this subject and to implement to the fullest extent possible any international regulations or rules adopted.

8. An appropriate institutional framework should be established with responsibility for collecting information, compiling (draft estimate) and distributing it, and in addition for organizing meetings and consultations.

The multilateral body set up for this purpose should replace the International Meat Consultative Group and work in close liaison with the FAO Intergovernmental Group on Meat and Working Party No.4 of the Agriculture Committee of OECD.

9. That is the content that the Committee envisages giving to the "Multilateral Framework Agreement on Bovine Meat".

In its view, this Agreement would be conducive to a better balance as between supply and demand with a view to achieving a greater degree of regularity in trade. It is quite clear, and experience has shown, that only through such multilateral co-operation can this objective be attained.

10. Having regard to the comments and remarks already made by some delegations, the Committee wishes to underline the following points:

It has already indicated that other more specific devices could be adopted. It has also indicated the modalities that could be used to this end, so as to take account of the market structure, of the nature of trade in this sector, and of the constraints resulting from existing policies.

Those modalities are, in the Community's view, that in the event that certain exporting countries took on commitments on conditions consistent with a satisfactory trend in the domestic market of the importing country, those commitments could be reflected in the administration by the importing country of its import régime.

The EEC considers, however, that these other devices are not germane to discussion of the content of the Multilateral Framework Agreement. In its view, once the question of this Agreement has been developed sufficiently, one could then revert to this question, since in the Community's opinion the establishment of an Agreement of this kind is an essential prerequisite for any other discussion.