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Multilateral Trade Negotiations

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Sub-Group on Meat

AUSTRALIAN STATEMENT

When the MTN was launched in 1973 there was a world shortage of beef. The outlook suggested that this would continue. Producing countries such as Australia reacted by increasing investment in their industries in response, not only to high prices, but also to appeals by the major importing countries. Voluntary restraints were removed in the United States, restrictive import devices were dropped in Europe and in Japan imports were greatly liberalized.

What has happened since then is well known to all. Demand has contracted, supplies have expanded and the trade barriers have gone up. To a certain extent this situation was not foreseeable and some elements were, perhaps, unavoidable. But we would like to think that the 1974-75 trading situation could not occur again. We would like to think that in future we would have early warning of drastic changes in the market situation, that the burden of adjustment to such change would be borne equitably and that the Draconian import measures adopted by some countries could be avoided. As a result of the disastrous beef market situation of the last four years, the livelihood of tens of thousands of people in rural Australia has been destroyed or seriously undermined. We know that a similar situation exists in other exporting countries.

It is a matter of great disappointment to Australia that the Multilateral Trade Negotiations have not assisted and may, indeed, have inhibited the search for a solution to the world beef crisis. The problem has been with us for close on four years, during which time Australia and other exporting countries have sought particular remedies in the GATT and bilaterally, to no avail. We believed, and continue to believe, that the rôle of the GATT is to provide a mechanism to seek solutions to particular problems when that need is apparent. Even a small initiative such as the creation of the GATT Consultative Group on Meat was only obtained in an atmosphere of considerable stress and no little opposition. The reason given for that opposition was that the appropriate forum was the MTN.

We now have the opportunity to explore what concrete steps can be taken in the MTN to solve the problems of the beef trade.

One thing that has come out of the dialogue in this Sub-Group is that there are problems in the meat trade which afflict exporters and importers alike. There is little point in going over again how these problems arose. Now that we have reached this point in the MTN, we hope that, so far as meat is concerned, all interested countries will co-operate:

- in adopting measures which will provide some immediate relief to exporting countries, and
- to establish mechanisms which will allow the world meat trade to be monitored and as circumstances inevitably become more propitious, to devise and move towards implementing meaningful measures of market stabilization and trade liberalization.

The work of the Sub-Group so far has served a useful purpose in identifying problems and examining the nature of the protective mechanisms employed by the main importing countries.

At this moment, there is no major meat market that does not rely on non-tariff barriers as the principal means of limiting imports. In such a situation, tariffs do no more than reduce exporters' returns and in no way affect the quantities which are permitted entry to a particular market. On the other hand, the protective mechanisms of the non-tariff kind have little commonality. They range from straight out QR's and State trading to voluntary restraints and variable levies. It is not possible to deal with such measures by methods of common applications.

It is apparent, also, from the studies which have been undertaken by the Sub-Group, that the protective systems are related to the differing characteristics of the various meat markets. It would be Utopian to expect, in the time frame of these negotiations and given the present state of world meat production and consumption, that importers would be prepared to adjust their basic apparatus of protection.

However, we believe that there is scope for the major importing countries to take immediate action which would improve the present situation without imposing undue strains on their own industries. It should be possible to remove tariffs on beef and live animals which, given the present import structures, have little protective effect. Tariffs are the only import measures which have any commonality among the major import markets. The removal of tariffs would, at least, offer some possibility of a modest improvement in return and thus help to improve the confidence of producers and the investment climate in exporting countries.

Clearly, however, given the multitude of non-tariff barriers operating against the trade in many countries, this measure would provide only limited benefits in many cases. Where there is no reasonable level of assured access, there is little scope for improved returns. Accordingly, to achieve for meat the objectives of the Tokyo Declaration, Australia believes that it will be necessary to obtain an improvement in the levels of access provided by importing countries, and for action to be taken to ensure that world trade is not distorted by subsidised exports.

The Sub-Group's examination of the present trading difficulties and the national policies which generate them, together with the statements of participants at past meetings of the Sub-Group, have led the Australian delegation to conclude, reluctantly, that there is no general approach which can be applied at this time to resolve the problems created by non-tariff barriers and subsidised exports. The Agriculture Group has recognized this problem for agriculture generally and has accepted that an alternative way of proceeding would be through requests and offers between each importing country and its suppliers, each according to its own circumstances. Requests under this procedure are due by 1 November. The Australian delegation believes that it would be appropriate for these procedures to be oversighted by the Meat Sub-Group.

The removal of tariffs and moves via the request offer procedure to negotiate improved quantitative access conditions and limitations on subsidised exports should provide scope for improving the conditions of trade.

However, Australia is conscious that the present circumstances in many meat importing countries do not provide an atmosphere in which wide-ranging adjustments can be made to trade policies. For this reason, adjustment to these policies in the time frame of these negotiations may not go as far as both importing and exporting countries may wish. Accordingly, without detracting from the vital need to take effective action immediately via the request offer procedure to improve conditions of trade, arrangements should be made to ensure that, when times become more propitious, further more far reaching measures can be adopted.

Signs are emerging which point to an improved beef market situation for most countries in the next twelve months and this should enable meaningful measures to improve the world trading situation, without serious injury to domestic cattle industries, to be taken in the future. In particular, the apparent levelling off of the "liquidation" phase of cattle cycles in many importing countries should herald significant reductions in supplies from domestic sources. The existence of record grain supplies should greatly improve the profitability of lot-feeding operations.

Thus, the Australian delegation believes that in the near future, but probably beyond the time frame of the Multilateral Trade Negotiations, changed circumstances will make it possible for countries to take more fundamental steps towards trade expansion for meat and live animals.

To this end, we would propose the establishment of a permanent forum, either by an extension of the terms of reference of the GATT Consultative Group on Meat or by the formation of a new group within the framework of the GATT, to provide a facility for the exchange and assessment of information and, most importantly, for continuing discussions and negotiations aimed at the expansion and liberalization of world trade in meat and live animals as provided for in the Tokyo Declaration. Additionally, as part of its work, the group would develop and, when the time is more propitious, move to implement a code of conduct governing the actions of member countries in the international beef trade.

This suggestion is a modification and extension of the Multilateral Framework Agreement and Joint Discipline Proposals submitted by the EEC. It is concerned with longer-term remedies and adjustments and as such extends beyond the time frame envisaged for conclusion of the Multilateral Trade Negotiations. We believe it provides a sound basis for furthering the interests of every country, whether exporter or importer, in establishing continuing stable levels of production, consumption and trade.

Attached to this statement is an outline of possible terms of reference for such a group. These are by no means exclusive and we would welcome the comments of other participants on them and on the proposal for short-term measures outlined in this statement.

In advancing this proposal for a continuing negotiating forum, we would not wish to see attention diverted away from the need for immediate action in the current negotiations. Our proposal for the establishment of a negotiating group reflects a realistic appreciation of the present constraints on importing countries to dismantle non-tariff barriers and to liberalize and expand world meat trade overnight. We remain firmly of the view that actions should, and can, be taken now within the MTN which will contribute to the liberalization objectives of the Tokyo Declaration. The negotiating group is seen as an essential follow-up to build on the steps taken now - to complement present efforts but not to act as an avenue for deferral of action now.

INTERNATIONAL MEAT GROUP

Outline of Terms of Reference

The participants in the Meat Sub-Group of the Agriculture Group established in the Multilateral Trade Negotiations:

- mindful of the serious disturbances that occurred in international trade in meat and live animals over the period 1974-1977
- concerned to promote the orderly development and expansion of international trade in meat and live animals
- convinced that increased co-operation and concerted action will contribute to the achievement of greater stability and expansion in international trade in meat and live animals

Agree to the formation of an international meat group to further pursue, for international trade in meat and live animals, the objectives laid down in the Ministerial Declaration made in Tokyo in September 1973.

Membership

1. Membership of the group shall be open to all contracting parties to the General Agreement on Tariffs and Trade and the government of any other country interested in trade in meat and live animals, which is prepared to participate fully in the work of the group as set out hereunder and to accept obligations thereby created.

Functions

2. The group shall provide a forum for continuing negotiations to achieve the further expansion and ever greater liberalization of world trade in meat and live animals. In furtherance of this function, the group shall examine and develop a code governing the conduct of member countries in their participation in international trade in meat and live animals.

3. The group shall, in all of its actions, contribute to the fullest possible extent to the stability and growth of the international meat and live animal markets in the interests of both importing and exporting members.

4. The group shall provide a forum for the exchange of information and shall make regular studies of the world situation in meat and live animals and its probable development. The studies undertaken by the group may include, whenever necessary, analysis of the likely impact of policies relating to production, consumption or trade introduced or under consideration by member countries and any other country having a significant interest in international trade in meat and live animals.

For these purposes, the group shall arrange for the collection and dissemination of appropriate information making use of existing sources so far as practicable.

5. The members of the group shall ensure that the group's programme is consistent with the spirit and articles of the General Agreement on Tariffs and Trade.

6. For the purposes of these terms of reference, the term "meat and live animals" shall mean: meat of cattle, sheep and pigs and live cattle, sheep and pigs.