At the informal meeting of members of the Group on 22 May 1963, members were invited to submit observations or proposals which could be circulated for the meeting of the Group on 1 July 1963. The Government of the United Kingdom submitted a paper which is circulated herewith to the members of the Group for their information.
1. The problems of international trade in meat are more complex than those which arise with some other commodities which have been the subject of international agreements. Meat is highly perishable, and international trade in it calls for specialized organization and equipment. Moreover it includes a wide variety of produce in various forms. Although the difficulties which have arisen in the meat trade are in some respects less acute than those which affect commodities of which burdensome surpluses are a regular feature, intermittent imbalance of supply and demand is becoming increasingly apparent. The United Kingdom Government is concerned at the resulting instability on the British market which is disadvantageous to both domestic and overseas suppliers and which may well become more critical unless action is taken.

2. The United Kingdom Government holds the view that these problems would best be dealt with by an international commodity agreement for meat, and as both a major producer and importer would like to play a constructive part in securing agreement as quickly as possible on the principles that should underlie such an agreement, and also on the action that might be taken pending the completion of long-term arrangements. The paper deals primarily with the meat of cattle and sheep, but the United Kingdom would not, of course, wish to rule out the extension of generally accepted principles to other types of carcass meat and to the trade in fat animals for slaughter.

The world trade in meat

3. The principal features of the world trade in meat were set out in the Group’s Report CG/2 of 18 June 1962. In the view of the United Kingdom the aspects of the situation which now merit the attention of the Group are:

(i) The general trend of increasing production in both importing and exporting countries despite setbacks due to the weather and other causes.

(ii) The wide variation in levels of consumption between different countries.

(iii) Domestic policies for the stimulation of production and restriction of access.

(iv) The instability of prices on international markets largely resulting from the above factors and from the timing of supplies to importing countries.
General principles

4. An international meat agreement should be designed to secure the objectives embodied in the Havana Charter and to be fair to exporting and importing countries alike. The arrangements should take account of existing patterns and flow of trade while providing the necessary flexibility to permit desirable adjustments and developments in the light of changing circumstances. They should involve the minimum restriction or distortion of commercial trade and the legitimate activities of those engaged in it. In the view of the United Kingdom the main elements to be covered would be access and production policies, and prices. Provision should also be made for the regular international discussion and confrontation of these and other elements of policy.

Access and production policies

5. An agreement should contain provisions designed to ensure that the exporting countries are not denied reasonable access on normal commercial terms into the markets of the importing countries. Importing countries would undertake not to impede the flow of trade by the adoption of continuance of policies that denied such access. Relative freedom for imports at the frontier can be frustrated by other measures giving undue encouragement to home production. The precise nature of the steps required from different countries would depend on the protective methods used.

6. One possibility which seems particularly appropriate to the United Kingdom market and may be appropriate to others would be to provide by agreement for:

   (a) supplies from domestic production and imports starting at broadly the present levels and increasing with growth of demand;

   (b) adoption and maintenance of policies by the governments concerned in relation to production, exports and imports which will give reasonable assurances that the shares will not be altered in a manner inconsistent with the agreement;

   (c) an assurance that both home and imported supplies will be allowed to share in any expansion of the market.

In the view of the United Kingdom it is essential that any such arrangements should provide for flexibility, both to allow ready variation to meet unexpected contingencies, including short-term fluctuations in supply and demand, and in the longer term to prevent undue rigidity in the pattern of trade.
Price

7. The United Kingdom delegation does not exclude the possibility of including in an agreement specific provisions about minimum prices, but their present view is that, because of the nature of the commodity, price objectives may in practice - at least in certain markets - be most readily secured by market-sharing arrangements of the type discussed in the preceding paragraph. Supplies may take the form of live animals for slaughter, highly perishable fresh meat, or chilled meat which becomes perishable when unshipped; some meat in frozen or processed form can be held in the importing country but other forms must be marketed immediately after importation. An agreement that international trade in meat should be within specified price ranges, while not undesirable in principle, may therefore prove difficult in practice.

Confrontation

8. In order that the obligations and assurances provided in the agreement may be kept under constant review, the United Kingdom Government considers that the agreement should contain provisions for confrontation between participating member countries on their domestic production, exporting and importing policies on meat. Such confrontation might also be used in order to identify and remove any other obstacles to trade between participating countries.

Method of operation of agreement

9. While the United Kingdom Government hopes that it will be possible to define principles that will be accepted by all countries engaged in the meat trade, they recognize that this trade is not homogeneous and that the adoption of these principles may call for different measures in different countries and markets. It may be, therefore, that local agreements between the States principally concerned with a particular market will prove necessary to give precision to the objectives of a general agreement. The latter should therefore provide for the creation of an international meat council which would encourage the negotiation of the necessary local agreements and subsequently keep them under review.

10. Machinery of this kind would make it unnecessary for the general agreement itself to contain, for every type of meat entering world trade, precise obligations in terms of quantity or prices. Instead the States concerned would be able to make whatever arrangements were best adapted to implement that agreement in particular sectors of the trade. The international meat council itself would provide a forum in which any question of the effect of a local agreement on a State which was not a party to it could be considered.
11. Further consideration will be needed of institutional and procedural matters. It will also be for consideration whether the agreement should contain surplus disposal provisions.

Contribution of the United Kingdom

12. For their part the United Kingdom Government would be prepared to subscribe to an agreement embodying the principles suggested above and to play their full part in the operation of an international meat council and in carrying out the obligations involved. In particular they are prepared to restrain domestic meat production by extending to cattle and sheep a "standard quantity" arrangement of the type already applicable to pigs designed to stabilize production at about present levels and to permit increases only as the market expands. This would relate the guaranteed prices given to producers to specific levels of production and provide for an automatic reduction in the rate of subsidy if these levels were exceeded. These proposed measures will not however be effective by themselves in stabilizing the British market unless in respect of imported supplies agreements of the type suggested in this paper can be negotiated. The United Kingdom Government would not, however, propose any reduction in the present total volume of imports on the British market and they would be prepared to ensure the opportunity for supplying countries, as well as domestic producers, to share in any expansion of that market.

The need for interim arrangements

13. The United Kingdom Government appreciates that it may take some time to work out the details of an international agreement that would be applicable over the whole field of the international trade in meat. But they have already had experience this year of the instability of the British beef market under the pressure of supplies and have been forced to make temporary ad hoc arrangements with individual suppliers. Temporary arrangements of this kind are not entirely satisfactory to either party and the United Kingdom Government would prefer to make more formal interim arrangements in line with the principles set out above, in advance of a general agreement, for stabilizing the British market for the main types of meat. If agreement can be reached with supplying countries, the United Kingdom is prepared at once to enter into arrangements, starting in 1964, of the type described in paragraph 6 above and including measures for restraining the home production of beef and lamb.

14. The United Kingdom Government hopes that there will be sufficient agreement on the general principles set out in this paper to enable the Group to agree that arrangements of this kind would be entirely compatible with the objectives of the Group and might be subsumed in a wider agreement at a later date.