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 Australia submitted a paper which is circulated herewith to the members of the Group for their information.
1. The purpose of this paper is to complement the factual and statistical information already available to the Group from various sources. It is Australia's tentative view that, initially, the Meat Group might consider problems in the world meat trade in beef and veal and mutton and lamb. Other meats, such as pigmeats and poultry, might be brought into consideration at a later stage.

2. It is relevant to recall that the Meat and Cereals Groups were established late in 1961 as one result of the sustained effort by the CONTRACTING PARTIES to GATT to expand agricultural trade. Since then the meeting of Trade Ministers in May 1963 has confirmed the establishment of these Groups and has given them the following purposes:

"to negotiate appropriate arrangements ... (for) the creation of acceptable conditions of access to world markets for agricultural products in furtherance of a significant development and expansion of world trade in such products".

3. The Meat Group is therefore now charged with undertaking a trade negotiation as an integral part of the Kennedy Round. It is expected that in this negotiation commitments will be undertaken on protective measures and on internal measures of assistance to domestic production that will represent substantial concessions and benefits to agricultural exporting countries analogous with the concessions and benefits which industrial countries expect to obtain for their industrial exports through the Kennedy Round negotiations.

4. Apart from these protective measures and questions of internal policy the Group will also need to consider other matters of international concern affecting the trade in meat and what arrangements might be appropriate with regard to the international trade.

Objectives

5. In this context the Group's objectives might be seen as the negotiation of commitments and arrangements which will promote the development and expansion of world trade in meat, permitting continuous and expanding access to existing potential markets, and resulting in remunerative and stable prices to efficient producers.

Expansion of trade

6. Prospects for consumption increases for meat are better than for many other primary commodities. Growth in meat consumption is apparently closely related to growth in incomes and, as world living standards rise, it can be expected that world consumption of meat will also rise if supplies are available at reasonable prices. As a perishable commodity and in some other respects the
position of meat in a number of ways is rather different from that of other commodities. However, whilst there are no immediately obvious world surpluses of meat at present beef production in major importing and exporting countries is rising. To avoid the development of surpluses or of unduly depressed prices for meat traded internationally, and the consequent disruption of world trade in meat, there must be continuing opportunities for exporting countries to increase their marketings.

Access

7. Most meat exporting countries rely heavily on increasing export income to finance their development. Since meat exports form a large part of total exports they look to expanding trade in meat to provide an important source of increased export income. For this reason alone exporting countries cannot hold back production increases.

8. The traditional meat exporting countries give little or no governmental price or income support to producers. In Australia, for instance, there is no such government support for the cattle and sheep industries.

9. By contrast, with the notable exception of North America production of meat in industrialized importing countries is supported by such means as high market prices, guarantees to producers or production subsidies.

10. In cases where countries protect their industries by tariffs alone, and if such tariffs are significant barriers to trade, improved access can of course be achieved by negotiating the level of tariff. In other cases the barriers at the frontier are of a non-tariff kind and would need to be encompassed in a negotiation. This includes such questions as the level and operation of "sluice gate" prices (prix d'écluse).

11. The Meat Group will therefore need to consider commitments or undertakings relating to these aspects of access under both heads - national policies of assistance to meat production and protective measures at the frontier. Also, in relation to access for imports and the expansion of world trade in meat, price is critical.

Price

12. With regard to internal prices or returns to producers a high level of international trade requires that importing countries should maintain prices for domestic production at levels which neither unduly encourage production nor discourage increases in consumption.
13. With respect to international prices, a realistic approach to the problems of the world trade in meat will also be concerned with arrangements (appropriate to the circumstances of the trade in meat) directed to mitigating fluctuations and to securing price levels that are remunerative to efficient producers.

14. Where in a particular market import prices are depressed in relation to the general level of international prices, techniques might be explored for securing a better alignment of prices and of avoiding distortion of the pattern of world trade.

Other matters

15. The Meat Group might consider arrangements under which importing countries would not make special bilateral arrangements with Eastern European countries that would give them any preferred position in their markets over other meat exporting countries.

16. Measures might also be considered for the expansion of meat consumption both in those developed markets where consumption is comparatively low and in potential markets.

General

17. There is less past experience in respect of international arrangements on meat to call upon than for some commodities and some of the technical problems are both important and complex.

18. It is suggested that the Group might seek to establish the nature of the problems in the world meat trade and to identify the elements that are important in the development and expansion of that trade. The Group could then set about the negotiation of appropriate commitments and arrangements.

19. The form in which the results of these negotiations might be given expression will be for further consideration, for example, which of the results will need to be embodied in the final documents of the general Kennedy Round trade negotiations, and which should be incorporated in an international meat agreement.