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 Argentina submitted a paper which is circulated herewith to the members of the Group for their information.
PRELIMINARY REMARKS PRESENTED BY THE ARGENTINIAN DELEGATION

1. The world market for meat in general, and cattle meat in particular, is affected by conditions and problems which differ substantially from those influencing other sectors. Thus, disequilibrium between international supply and demand normally occurs during short periods, there are no large permanent stocks, the product is extremely perishable and the long-term outlook for the supply/demand ratio is very promising for the exporting countries. The problem consequently cannot be envisaged in the same manner as can other sectors, and one should review and analyse, from a different angle and with other perspectives, the way in which the Group on Meat can accomplish the task entrusted to it under the Resolution adopted at the last GATT ministerial meeting.

2. For the exporting countries, the three principal import markets for cattle meat (United Kingdom, United States and the EEC) present very different characteristics and conditions of access. In the immediate future this would make it impossible to set uniform criteria with regard to the orderly conduct of international demand with a view to promoting the expansion of trade in cattle meat:

(a) On the British market there has in recent years been a sharp rise in domestic cattle production which, in conjunction with foreign supplies, means that supplies are concentrated over a short period, causing an appreciable drop in prices with unfavourable results for the exporting countries and even for the British Treasury which, through a mechanism of subsidies, encourages domestic cattle production. The solution would seem to lie in better co-ordination and self-discipline on the part of foreign suppliers, and in a limitation of the amount of financial aid given to British producers.

(b) The United States market has become a structural importer of cattle on the hoof and of certain types of cattle meat. For health reasons, the market is virtually closed to South American and European suppliers, and this has encouraged a substantial increase in supplies from other areas.

(c) On the EEC market in recent years, there has been an increase in cattle production in excess of the increase in global demand, stimulated by highly protectionist national policies. The overall situation is reflected in the individual tendencies in the various markets with the exception of Italy which is tending to become the principal importer, and France which has become a large-scale exporter, due to an active policy of subsidizing foreign sales.
3. Before considering the substantive aspect of possible world agreements to organize meat trade in general, and trade in cattle meat in particular, we believe that one should first make the fullest possible analysis of the market situation and possibilities, and also of the livestock and trade policies pursued by countries participating in such trade or which might do so. This task has already been accomplished to a considerable extent by Committee II and by this Group at its first meeting. The principal importing countries will perhaps be in a position to inform us at this meeting of the most significant recent events in regard to production and consumption of cattle meat, the development and orientation of their livestock policies, and the short- and long-term outlook for exporting countries. The latter countries, in turn, will be able to describe their developments and the possibilities for assuring the supplies required by export markets. Argentina is prepared to initiate this constructive discussion.

4. Having regard to the negotiating authority conferred on this Group it would be discouraging, in view of the aims of this meeting, if we could make no headway in the consideration of certain objectives and basic factors which will serve to orientate future policy and action in regard to the international arrangements envisaged. As far as objectives are concerned we believe, turning from the general to the particular, that three goals should be set:

(a) **Long-term objectives:**

- to promote cattle production in the most efficient areas and discourage high-cost production, having regard to the attainment of a satisfactory balance between world supply and demand;

- to fix orderly and stable bases for trade;

- to stabilize international prices at levels which are adequate with respect to demand and remunerative to efficient producers;

- to liberalize trade (elimination of import barriers, reduction of tariffs, etc.);

- to permit an expansion of consumption in traditional markets and encourage commercial demand in those countries in which at present there is marked under-consumption of animal proteins.

(b) **Medium-term objectives:**

- to establish satisfactory conditions of access for exporting countries to the natural import markets;
- not to stimulate less-efficient production and to enable increased exports to the industrialized countries in response to the development of demand there;

- to rationalize production structures and market and marketing and distribution networks so that in those markets the final consumer can receive meat in the best conditions of quality and price;

- to contribute to progressive liberalization of world trade in meat through the gradual elimination of all non-tariff restrictions on imports;

- to achieve a better inter-relationship between markets through the approximation of the various price levels recorded in the international market towards levels which are adequate for attaining the long-term objectives mentioned above;

- to eliminate gradually the support measures and/or subsidies granted to producers, so that cattle production may become a competitive activity;

- to grant protection, where necessary, to domestic cattle producers only through customs tariffs which are reasonable, negotiable, and non-discriminatory.

(c) Short-term objectives:

- not to establish new and/or greater restrictions which might reduce possibilities of access to traditional and/or normal markets for efficient producers;

- to increase to a reasonable extent the lowest prices recorded in world trade up to levels remunerative for efficient producers and which would not impair or disturb the demand or supply situation of importing countries;

- to re-examine the administrative or other measures which, in practice, imply general or individual restrictions on imports, and to establish formulas which would permit their gradual elimination or the introduction of solutions designed to offset the effect of such restrictions;

- to remedy the present disorganization of markets by ensuring the orderly conduct of production and exports, and avoid temporary disruption in all or certain markets;
to co-ordinate, to the fullest possible extent the production policies or programmes of the principal producing or consuming, exporting or importing countries in order to offer minimum guarantees of continuity, for trade and for national livestock production;

- to ensure that the untimely appearance of non-traditional exporters in non-established markets cannot distort prices or place a strain on supplies;

- to eliminate all preferences in favour of State-trading countries, either through bilateral agreements or in any other manner;

- to secure an undertaking from countries participating in general arrangements not to sell their subsidized meat supplies on commercial markets except in cases where that would not affect traditional exporters, because of an obvious shortage of supplies of the product.

5. There are many factors that would serve as a basis for far-reaching arrangements designed to liberalize world trade in beef, and to bring about an expansion in trade.

By way of illustration, we may mention some which we consider to be fundamental and which, to some extent, derive from the long-term, medium-term and short-term objectives mentioned in the present document.

(a) Production policies

The principal producing, exporting or importing countries should undertake to pursue reasonable cattle production policies, taking into consideration not only the outlook on their own market but also the probable evolution of world supply and demand, and equitable prices for producers and consumers. If the various national policies were co-ordinated, production would be stimulated in the most efficient countries and would not be fostered unduly in those where costs are highest.

(b) International prices

The standardization of conditions of competition in the international market for beef, and the adoption of adequate measures to prevent any sudden temporary disequilibrium between supply and demand, would contribute to the stabilization of international prices at reasonable levels. It might be precipitate to fix certain levels now, even within flexible upper and lower limits; accordingly, it seems desirable to tackle first the questions relating to market access and commercial standardization of markets;
(c) **Non-tariff restrictions**

The establishment of sound competitive conditions will require the elimination as soon as possible of all non-tariff restrictions to imports which are not based on balance-of-payments problems; this obligation derives from the fundamental rules of GATT.

An analysis should likewise be made of the extent to which other measures can have a restrictive effect when they are not based on situations for which exporters are responsible and when they affect the legitimate interests of importers and consumers;

(d) **Access**

The efficient producing countries which are traditional exporters of cattle meat need equitable conditions of access to import markets so that they can not only maintain their normal volume of exports but also increase them in such a manner that they have a fair share of the increase in effective demand. Only in this way will the efficient producing countries be able to offer to their cattle producers the essential assurances so that they can plan their production programmes without any uncertainty as to the future.

6. As regards the formulation of any international arrangements, the Argentine delegation considers that it would be necessary to envisage the following stages:

(a) **general agreements**, for the accomplishment of long-term objectives, which would probably cover most kinds of meat; and

(b) **individual agreements (special agreements)**, in response to the medium- and short-term objectives, to cover the organization of markets for certain types of meat and/or to meet special problems or situations which arise in relation to one or more import markets and/or a given group of exporting countries.