The Resolution adopted by the GATT Ministers in May stated "that in view of the importance of agriculture in world trade, the trade negotiations shall provide for acceptable conditions of access to world markets for agricultural products". This Meat Group is a negotiating body charged with negotiating acceptable conditions of access for meats under the umbrella of this instruction. It is no secret that the United States believes that acceptable conditions of access for meats do not now exist in most markets. At the last meeting of this Group in July we pointed to certain developments which caused us concern in this respect — particularly to the new types of restrictions emerging in some countries which threatened to cut into United States exports of meat products to these countries, and to heighten the pressure which had led to large increases in imports of meats into the United States market in recent years. This latter point was a matter of sharp concern to us. We stated, in fact, that our policy of free access for meat imports would greatly depend upon whether other markets remained open or were being opened so as to afford room for expansion of trade.

Current situation in the United States

The United States imposes only low, fixed tariffs - amounting to about 10 per cent ad valorem - on meat imports. It does not artificially encourage domestic production. Under this liberal import régime, imports of dressed beef and veal into the United States have increased steadily during the past decade. Imports increased almost four times between 1957 and 1962, from 395 million pounds to 1.4 billion pounds. These imports were 2.5 per cent of domestic beef and veal consumption in 1957, but over 8 per cent in 1962. If the meat equivalent of live animal imports is added to this, the share that imports were of consumption in 1962 amounts to almost 10 per cent.

These imports have not been absorbed by the United States without impact upon our domestic producers. They have affected United States beef prices. Prices during the current United States cattle cycle have behaved differently from those in previous cycles. (Recent cycles were 10-12 years in length. The current one is in its sixth year.) Usually, a significant price increase occurs during the build-up phase of the cycle. But during the build-up phase of the current cycle, prices of low-quality cattle, with which these imports compete most heavily, declined in the first three years and have remained stable in the most recent three years.
Prices of high-quality cattle have also declined.

We estimate that if imports into the United States had continued at the 1957 level, prices of low-quality beef, would be about 20 per cent higher than they are now, and that prices of high-quality beef would be about 5 per cent higher. Moreover, these price effects are not all behind us. They will be greater as imports become a larger share of domestic production. Imports at this time are running at a rate 22 per cent above imports of last year.

Another factor to consider is the failure of United States exports of livestock products to make gains. Exports of these products averaged $346 million in the 1956-60 period, but only $319 million in 1962.

These developments have given rise to increasing criticism from our domestic producers. Nevertheless, the United States has continued to adhere to its liberal import policy for meat.

The situation abroad

While the United States has been pursuing policies leading to increased imports of beef, however, other countries who might also be expected to absorb significant quantities of beef, and thus to relieve to some extent the pressure on the United States market, have been following opposite policies.

The EEC, which once was a significant net importer of beef, is now barely so. Its imports from third countries have declined slowly, but fairly steadily, during the past seven years, from 380 million pounds in 1956 to 309 million in 1962. During the same period, its exports to third countries increased markedly, from 23 million pounds in 1956 to 282 million pounds in 1962. Net imports have thus decreased from 357 million pounds in 1956 to 27 million pounds in 1962. The Community's common agricultural policy for beef may well accelerate this trend of recent years and shortly make the EEC a net exporter. The National Economic Plan of France, the major producer of beef and veal in the EEC, for example, calls for a 50 per cent increase in exports of these meats between 1962 and 1965.

In the United Kingdom, expenditures for producer income supports have been increased in recent years and in 1963, bilateral agreements with some countries were concluded to regulate exports of beef and veal to the United Kingdom.

Available figures show that the United Kingdom's production of beef and veal increased from the 1955-57 average of 1.7 billion pounds to over 2 billion pounds by 1962. Imports as a per cent of total supply declined during this period from 45 to 34 per cent.
These developments are taking place at a time when the traditional exporters are in a position to make available increased quantities of meat.

Production of beef and veal in Australia and New Zealand has been expanding rapidly since 1950. We understand that output in the two countries together has grown from 1.8 billion pounds in 1950 to 2.6 billion pounds in 1962. Further increases seem likely in the future as cattle numbers in both countries continue to rise.

Beef and veal output in other producing countries, particularly in Latin America, has been increasing rapidly. These countries are improving their herds and management practices and hope to finance economic growth with export earnings from livestock.

Consumption is also increasing in these countries but in many cases at a lesser rate than production increases. For economic development in these countries to continue, access to all world markets for meat is a necessity.

This situation, in our view, places a very clear obligation upon this group and its members to move ahead rapidly with the task the Ministers have given it. I have outlined the situation as fully as I have in order to leave no doubt in the minds of those here that a problem exists. I think, also, that my presentation can leave no doubt as to the general nature of the solution to this problem.

We have said on several occasions that we would be prepared to negotiate a meat agreement which would provide our suppliers with liberal access to the United States market for meat. We have said also that we cannot be the only country to do this.

We must, at this meeting, make progress. During its course, we expect to hear from the other importers firm views on how an acceptable meat agreement might be framed - both as to substance and timing. Nothing less will suffice to make this meeting a success. And, needless to say, the success or failure of this meeting will in no small measure influence the attitude of the United States concerning participation in possible future meetings of this group.