The meat market in the Community can be considered to be relatively balanced in 1976, in the sense that the decline in beef and veal production has been offset by an increase in respect of pigmeat.

As regards the beef and veal market in particular and developments there since the last meeting, I should like first to make some observations on a major phenomenon experienced in the Community since summer 1976, namely the drought in certain beef-producing grassland areas. The main effect has been to place Community stock-breeders in a very difficult situation in regard to their income from cattle-raising activities, while at the level of supply early slaughterings of cows have been of the order of 250,000 head during the summer of this year. These slaughterings have undoubtedly affected market prices; in July and August, for example, prices for adult bovine animals were well below the Community intervention prices. One may wonder whether in the medium term the drought will affect production in the Community. The main consequences of the drought will probably be to sharpen the fluctuations that had been observed in respect of beef and veal production in the Community and to accentuate the livestock decapitalization trend that had been developing since the beginning of this year. I would point out, however, that any precise estimate of the effects of the drought on beef and veal production could be attempted only on the basis of slaughtering results this autumn, or more precisely the results of the cattle census that is to be carried out in the course of December next.

What is the situation at present and for the foreseeable future? On the basis of the initial data available to the Commission, one can expect that the cattle herd, which had already declined in the Community at December 1975 from the 1974 level (by 2.3 per cent in 1975 in relation to 1974) will show a further reduction in 1976. This is a trend, but the reduction in livestock numbers is mainly due also to the abnormally high level of slaughterings in June, July and August 1976 in certain
regions of the Community. One can now expect that the reduction in the cattle herd for 1976 as against 1975 will be of the order of approximately 1 per cent (following on the 2.3 per cent reduction for 1975 as against 1974).

**Meat production** is expected to be of the order of 6.4 million tons for 1976, i.e. approximately 3 per cent below the level for 1975. This reduction is perhaps smaller than that initially foreseen because of early slaughterings in the summer. This increase in slaughterings has nevertheless been offset by a smaller average carcass weight from July onwards (whereas in the first six months of the year the average carcass weight was above the 1975 level). The experts believe that beef and veal production in the Community for 1977 will be lower than in 1976. One comment however: if I understood the Australian statement correctly, that government estimates Community production for 1977 at 5.9 million tons. I think I can say that this estimate is either too pessimistic or too optimistic depending which side you are on, because it seems to us that the reduction to be expected for 1977 as against 1976 would be only of the order of 3 per cent, so that estimated production for 1977 would be 6.2 million tons.

As regards **consumption**, as you know this is of the order of 25 kilogrammes annually per capita (not to be compared with Australia’s 67 kilogrammes of consumption because in the EEC we consume not only beef and veal but also pigmeat, and beef and veal account for only about 30-31 per cent of total meat consumption in the Community). On the basis of estimates available at 15 November, consumption for 1976 will remain at the 1975 level. This relative stagnation of consumption in the Community is principally due to the general economic difficulties that are besetting the Community, and more particularly Italy since 1975 and the United Kingdom since the beginning of 1976; these two countries represent a large population (of the order of 100 million inhabitants) and are both substantial consumers and importers of meat. In view of the continuing high unemployment rate and the high rate of inflation (an average of 9 per cent for the Community as a whole, but much higher still in France, Italy, the United Kingdom and Belgium), any improvement in meat consumption must be expected to be difficult in the course of 1977.

**Intervention purchases and withdrawals from the market of meat qualifying for private storage aid** have involved large quantities in recent quarterly periods, due in particular to the drought of summer 1976. These purchases have been reaching an average level of the order of some 6,000 to 7,000 tons per week. Intervention purchases can now be expected to virtually cease; the decision to halt them has already been taken in France and a similar decision is expected in Italy tomorrow. By the end of the year, stocks are expected to be slightly above their level at the end of 1975, i.e. in the region of 340,000 tons, a figure slightly below that mentioned by the Australian delegation.
As regards the trend in prices, average Community market prices for adult bovine animals are still at a relatively low level, despite the improvement recorded as from mid-1975. In the first six months of 1976, i.e. the period January to July, the Community average of market prices for adult bovine animals was only about 6.3 per cent above the level reached in the first quarter of 1975. Unfortunately, as a result of difficulties caused by the drought, the average market price for adult bovine animals fell in July to about 82 per cent of the Community guide price. Since then, however, market prices have improved and now in November are almost at the level of the Community intervention price. One can expect that after the period when cattle are brought in from pasture, which should normally be very soon, the upward trend in prices will resume and may even continue in 1977.

Turning now to trade, beef and veal imports amounted to approximately 225,000 tons in 1975, and exports to third countries reached a similar volume, of the order of 250,000 tons. For 1976, this trade is likely to be in deficit, with imports of the order of 340,000 tons (hence a very substantial increase over 1975) and exports in the vicinity of 200,000 tons, i.e. well below the level reached in 1975. For 1976, therefore, there will be a net surplus of the order of 100 to 140,000 tons on the import side.

A word now on Community refunds. This matter was raised before the GATT Council in September. The amount of the refund was indeed increased in August, for two reasons:

- First of all the drought persisting in the Community, and in that disastrous situation producers were in need of some fresh air, hence the need to export.

- The second reason was the situation prevailing in the international meat market at that time. There had been a substantial decline in prices on the international market because of increased supply in certain countries (Australia for example) and a higher production level in the United States than had been expected by economic operators. This measure was rescinded on 18 October and since that date the Community refund has been set at the level in effect last July.