The participants have agreed to provide information concerning their domestic policies and trade measures including bilateral and plurilateral commitments on the basis of Parts G and H of the Questionnaire (Rule 16 of the Rules of Procedure). The documents containing replies to these parts of the Questionnaire are circulated under the symbol IMC/INV; they are revised as and when changes are notified.

This set of documents constitutes the inventory of all measures affecting trade in bovine meat, including commitments resulting from bilateral, plurilateral and multilateral negotiations, which the Council has instructed the secretariat to draw up and keep up to date, under the provisions of Article III of the Arrangement (Note to Article III of the Arrangement and Rule 18 of the Rules of Procedure).

Note: This document has been revised in accordance with the three-year rule contained in Rule 18 of the Rules of Procedure, and replaces all previous IMC/INV/21/ ... documents.
I. Production

(a) Description of the beef industry

No up-date received (see IMC/INV/21)

(b) Government measures affecting production including

(c) Stabilization and/or subsidization programmes

1. The set of measures employed by the government in the conduct of its agricultural policy has undergone changes in recent years. Those changes basically amount to creating equal operating conditions for both private and State-owned farms, particularly as regards the following spheres:

   (a) taxes and payments;
   
   (b) accessibility to credits;
   
   (c) accessibility to services and means of production;
   
   (d) rights to purchase and sell arable land as well as other components of fixed property;
   
   (e) accessibility to State subsidies.

2. Additionally, State Administration got deprived of all its prerogatives to interfere with the structure of production as well as development programmes involving State-owned farms. However, as long as various means of production are in scarcity and the need to maintain administrative distribution persists full independence of State-owned farms cannot be achieved. The degree of that independence is expected to increase along with the return to normal market conditions and the abandonment of the State distribution system.

3. In the course of recent years, the State has exercised its influence upon agricultural production by means of various economic instruments but primarily through purchase prices for agricultural products.
(i) Purchase prices policy

4. According to the provisions of appropriate price legislation introduced in 1982, purchase prices of basic agricultural products belong to the class of prices centrally determined by the government.

5. Until 1987, centrally determined purchase prices had a significant impact upon the output of agricultural production. In view of a steep rise of inflation observed since 1988, changes in purchase prices are now aimed primarily at providing compensation for the increased costs of production resulting from rocketing free market-prices of industrial means of production (machines, appliances, spare parts etc.)

6. Simultaneously, the range of centrally determined prices is being restricted systematically. Presently, the government preserved its right to establish centrally determined prices for the majority of basic agricultural products, including cereals, rape, sugar beet, live cattle, live pigs and milk. The remaining products are subject to contract prices settled between the deliverer and the purchasing centre.

7. Centrally determined purchase prices do not apply to the following products:

- pork and beef from slaughter performed directly at the farms or at professional slaughterhouses on behalf of individual farms. Such meat is sold at free market prices;

- slaughter and breeding cattle as well as calves destined for export. These are purchased at contract prices which are higher than those determined centrally but compatible to the prices of meat in free market circulation;

- animals destined for further breeding in the country.

8. Centrally determined prices apply also to such means of production as mineral fertilizers, soil lime, a number of herbicides, (approximately 30 per cent), concentrated feeding stuffs from State-owned stocks for hogs and cattle. Centrally determined prices for a/m means of production fall well below the costs involved in their manufacture. Hence, the producers are granted State subsidies to compensate for resulting losses.

9. Effective 1 January 1989, all legal restrictions and limitations pertaining to purchase contracts, purchasing of agricultural products and the turnover of agricultural commodities were repealed. Demonopolization within this sphere means that every legal economic entity will be entitled
to engage in the purchase, turnover and also the processing of purchased products, if only adequate processing capacities are available to the entities concerned.

10. Until the meat rationing system is abolished (rationing cards) meat supply will continue to be steered. This move is primarily aimed at securing adequate provisions of meat for urban agglomerations.

11. At the present moment, decisions concerning the introduction of free turnover and departure from centrally determined, fixed prices for agricultural products are under preparation.

12. State intervention into the mechanisms governing the market of food and agricultural products would amount to establishing minimal (guaranteed) prices for basic agricultural products, i.e. wheat, rye, milk, pig and cattle livestock. Minimal prices are meant to provide a guarantee that the producers will attain a minimal level of profitability. Those prices would come into effect only in cases when free market prices fall below the minimal level set by the government and intervention purchases are instituted.

13. Measures applied within the economic sphere are directed at the introduction of full market mechanisms into food economy. Under those circumstances, the scope of direct government intervention into agriculture will be restricted in favour of indirect steering through the following factors:

- credit policy;
- system of subsidies;
- tax system;
- implementation of scientific and technical progress into the production practice.

(ii) Credit policy

14. The inherent nature of the agricultural process (i.e. relatively long production cycle, seasonal and variability of production) create the necessity to introduce credit preferences by means of:

- increasing funds available to credit agriculture;
- introducing relatively lower interest rates as compared with other sectors of the economy;
- reducing the share of own capital required when seeking investment credits;
- extending the grace period as well as the period for repayment of credits granted for the development of production potential.
15. As regards animal production, preferential credits are granted in the first place for the construction, extension and modernization of barn buildings, for the purchases of machinery and equipment needed to mechanize the collection of crops, and for improving the procedure of storing feeding stuffs as well as various technological procedures (acquisition of milk, feeding process, discarding of the manure etc.). Furthermore, buyers of heifers in calf, breeding heifers and heifers for utilization enjoy special preferences in the level of interest rates.

(iii) Subsidies system

16. Under circumstances entailing gradual introduction of market mechanisms into the food economy, the range of subsidies will have to be restricted in a gradual manner. Research promoting biological and technological advancement in agriculture will continue to enjoy financial support from the State budget.

17. Subsidies will be maintained in the field of animal production in order to secure the fulfillment of programmes and services aimed at achieving genetic improvement by transmission of progress from active population to mass stock. This process of genetic improvement entails the following procedures:

- assessing the utility and breeding value of livestock;
- inseminating females;
- availing oneself of dissemination in breeding;
- importing breeding material for use in breeding programmes.

18. State subsidies will be preserved to support plant cultivation, seed production and a number of veterinary services.

(iv) Land tax system

19. A conversion hectare serves as the tax basis. Linear tax is applied to typical farms, hence the number of conversion hectares determines the amount of tax to be paid. The tax burden is expressed by an equivalence in rye, scheduled to attain ultimately 2.5 q per each conversion hectare at current prices (presently that equivalence amounts to 2 q per 1 hectare). The above method of determining tax creates preferences for those who favour intensive farming and exploit fully the production potential at their disposal. As a result, production is run at the lowest possible costs. Sixth class arable land is exempted from land tax.
20. Tax relief may be granted in connection with:

- investments linked with the erection of farm buildings and the purchase of arable land;
- farms situated in mountainous and hilly regions;
- natural disasters.

II. Internal prices and consumption

See (b) and (c) above

III. Measures at the frontiers

(a) Customs tariffs

21. The imported livestock, beef and veal are subject to ad valorem duties paid by the importer. The new duty tariffs adopting the nomenclature of the Harmonized System became effective on 1 January 1989 (Decision of the Council of Ministers of 3 October 1988 "Dziennik Ustaw" No. 35/1989). The change of nomenclature necessitated the verification of duty rates in order to adapt their level to existing development capacities of our agriculture.

(b) Import measures

See (e) below

(c) Export measures

See (e) below

(d) Health regulations

22. Imports of livestock and beef to Poland require each time the acceptance of the Veterinary Department of the Ministry of Agriculture and Food Economy.

23. The imported livestock is admitted upon presentation of a veterinary certificate issued by the veterinary authorities of the exporting countries and should originate from regions free of Group I, animal diseases (according to the O.I.E. nomenclature).

24. An import licence for beef is issued on presentation of documents testifying that the animals were veterinarianally inspected before slaughter and the meat was considered fit for human consumption without restrictions, does not contain any chemical and biological substances and meets sanitary
regulations contained in the Polish Standards. The documents should additionally state that the animals were slaughtered in a slaughterhouse possessing a veterinary recognition number and subjected to control by State authorities of the exporting country and that the further handling of the meat was in accordance with the basic sanitary requirements.

(e) Quantitative restrictions on imports or exports

25. There are no quantitative restrictions on imports and exports of livestock and beef in Poland. Nevertheless, trade involving these products is restrained for two principal reasons:

- on the export side: by the insufficient supply of beef from domestic sources;
- on the import side: the country's payment situation.