GENERAL AGREEMENT ON
TARIFFS AND TRADE

Arrangement Regarding Bovine Meat

INTERNATIONAL MEAT COUNCIL

Inventory of Domestic Policies and Trade Measures and
Information on Bilateral, Plurilateral or Multilateral Commitments

Reply to Part H of the Questionnaire

AUSTRALIA

Addendum

This document includes the text of the Record of Understanding between the Government of the Republic of Korea and the Government of Australia on beef.
RECORD OF UNDERSTANDING
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF KOREA
AND THE GOVERNMENT OF AUSTRALIA ON BEEF

The Government of the Republic of Korea and the Government of Australia, recognizing the recommendations of the GATT dispute settlement panel report on Korean import restrictions on beef (L/6504) as well as the report of the GATT Balance-of-Payments Committee (BOP/R/183/Add.1) concerning Korea, have agreed as follows:

I. GENERAL TERMS

A. With regard to beef, the Government of the Republic of Korea (hereinafter referred to as the Korean Government) reaffirms its undertaking to eliminate its remaining import restrictions or otherwise bring them into conformity with GATT provisions as included in the conclusion of the report of the GATT/BOP Committee on consultations with the Republic of Korea adopted by the GATT Council on 7 November 1989.

B. Both sides agree that the provisions of this Understanding relating to the import of beef will be implemented on a most-favoured-nation (MFN) basis.

C. Conditions and levels of importation and sale of imported beef provided for in this Record of Understanding and its Attachments will not be impaired or modified by either government without prior consultation.

D. A joint study team will be established in order to:

(1) examine the structural weakness of the Korean livestock industry and review the effects of the industry structure on the appropriate timing of market liberalization;

(2) review the functions of the Livestock Products Marketing Organization (LPMO) and make recommendations for improvements in marketing and pricing practices in the future.

The study will be completed by 1 May 1991. Other details concerning the joint study are set out in Attachment 1.

Representatives of the National Livestock Cooperatives Federation (NLCF) and the LPMO and the Australian Meat and Livestock Industry will respectively select the Korean and Australian members of the study team. Both governments will participate as observers. Third country and industry representatives will be included on the study team. The results of the study team will be taken into consideration by both governments during future consultation.

E. Terms used in this Record of Understanding are defined in Attachment 2.
II. MARKET ACCESS MEASURES

General consumption

A. The base quota levels of general consumption importation on a customs clearance basis for each of the three years in the period beginning 1 January 1990 and ending 31 December 1992 will be as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>1990</th>
<th>1991</th>
<th>1992</th>
</tr>
</thead>
<tbody>
<tr>
<td>MT</td>
<td>58,000 MT</td>
<td>62,000 MT</td>
<td>66,000 MT</td>
</tr>
</tbody>
</table>

B. Bilateral consultations concerning an import régime designed to increase imports following the year 1992 will be initiated no later than 1 July 1992.

Simultaneous Buy/Sell (SBS)

C. A simultaneous buy/sell system will be implemented for 7 per cent of the base quota level for the import of beef. This mechanism will be used initially by tourist hotels, tourist restaurants, the NLCF and the Korean Cold Storage Company Ltd. Principles of the operation of this buyer access system are contained in Attachment 3. Details concerning the operation of this system will be determined by both governments no later than 1 October 1990 based upon recommendations from the industry-to-industry dialogue established in section III below. Implementation of the SBS system will be effective no later than 1 October 1990. Both governments will consult concerning the future expansion of the SBS system.

III. INDUSTRY-TO-INDUSTRY DIALOGUE

A. Representatives of the Korean and Australian meat and livestock industries met on 23 April to discuss a range of technical issues. The outcome of these discussions is reflected in Attachment 1.

B. The two industries will meet at the request of either industry to discuss issues associated with the beef trade.

C. The results of industry-to-industry dialogue will be submitted to the Korean and Australian Governments for review and consultations, as appropriate.

IV. CONSULTATIONS

Both sides will consult promptly at the request of either party on any matter relating to this Record of Understanding and its Attachments.

V. GATT RIGHTS

Nothing in this Record of Understanding will be interpreted to affect the rights and obligations of either country as contracting parties to the GATT.
VI. STATUS OF ATTACHMENTS

The attachments to this Understanding form an integral part of it.

Signed on 31st day of May 1990 by the Representatives of the Governments of the Republic of Korea and Australia
ATTACHMENT 1

Industry-to-Industry Dialogue

The following issues were discussed between the LPMO, the NLCF and the Australian industry (AMLC, AMEFC, CCA).

1. **Bid and performance bonds**

   The LPMO could not agree to the elimination of bid and performance bonds because of the difficulties LPMO may face without the bonds. It was agreed that future discussions on the issue would take into account the views of the Australian industry representatives.

2. **Bid quantities**

   The Australian side noted that the minimum bid quantity had been reduced to 18 tonnes for boneless beef and remained at 200 tonnes for bone-in beef.

3. **SBS system**

   The Australian side noted that the SBS system would be implemented no later than 1 October 1990 for 7 per cent of the base quota. Details for the SBS system are not fixed and LPMO invited Australia's participation to assist in the developments of the new system.

   The Australian side expressed its desire to meet in the near future to have detailed discussions on the SBS based on the principle of non-discrimination by source and by product type.

4. **Technical issues**

   (a) The LPMO agreed that AMLC technical representatives would be consulted in case problems arose with respect to product quality.

   (b) For quality specification, it was agreed that Korea and Australia would jointly develop the specification system. In the first place, the "Ausmeat KL" which codifies the specification of grain-fed beef that LPMO established shall be used and the "Ausmeat PI" which codifies the specification of grass-fed beef that LPMO established shall be used. These codes would apply from the next tender issued.

   (c) Other issues which are set out in an exchange of letters between the LPMO and AMLC will be subject to further discussion.
5. Joint Study Team (JST)

(a) LPMO and NLCF encouraged the Australian industry to participate actively in the study.

(b) The Australian meat and livestock industry will notify the NLCF Chairman of the Australian co-chair for the joint study team in the near future but no later than 21 May 1990. Composition of the joint study team and the topics for consideration by the team will be agreed as soon as possible.

(c) The first meeting of participants in the study team will take place in Seoul either in the week beginning 11 June or 18 June 1990. The agenda for this meeting will include details concerning study topics, study methodology and study time-table.
ATTACHMENT 2

Definitions

For the purpose of this Record of Understanding and its Attachments:

1. "Beef" means meat of bovine animals, fresh, chilled or frozen. All tonnage specified in the agreement is given in boneless weight equivalent.

2. "Tourist hotels" and "tourist restaurants" mean tourist hotels and tourist restaurants as defined by the Korean Foreign Trade Act and related and referenced regulations.
ATTACHMENT 3

Simultaneous Buy/Sell System

1. All imports of beef under the simultaneous buy/sell system will receive equal, non-discriminatory treatment without regard to country of origin and without regard to whether it is grass-fed or grain-fed; fresh, chilled or frozen; bone-in or bone-out.

2. Buyers and sellers will have sole responsibility for product specification, delivery and other terms of sales.

3. Buyers and sellers will simultaneously submit buy and sell prices to the LPMO to participate in the LPMO tender.

4. Details of successful bids including product type, quantity, price, and origin will be made public, promptly, once awarded.

5. The operation of the SBS system will be reviewed at the request of either party.