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 will be partly 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/9/... documents.
PART G

Part G.1. Information on Domestic Policies and Trade Measures

Agricultural production in Finland is largely based on animal husbandry. Milk production accounted for about 42 per cent of the gross return in agriculture in 1982, bovine meat and pork accounted for around 15 per cent and 13.5 per cent respectively. This implies that field crop production is dominated by fodder production; grass for hay and silage and barley and oats for concentrated feeds. In 1982 only about 10 per cent of the gross return was derived from cereals, potatoes, sugar beet and other crops.

The structure of agricultural production is a consequence of Finland's natural conditions. Most of the crops grown in the country have also their northern limits of cultivation here. This has also caused an areal bias in the structure of meat production. Beef and veal production which is more dependent on coarse feed is mainly located in central and northern Finland. Pig and poultry production in turn is more concentrated in southern Finland.

1. Production

1.1. Factors affecting meat production

Bovine meat is mainly a by-product of dairy farming. In December 1982 there were 100,000 bulls and 29,300 heifers to be slaughtered but as few as 6,100 beef cows. Many of the bulls and heifers are, however, cross bred with some beef breed (mainly Hereford and Charolais) and production is practised in specialized farms of increasing number.

During the last few years Finland has had a temporary over-supply of bovine meat. However the number of dairy cows is expected to fall from 676,500 (December 1982) to 545,000 cows by the end of the decade.

Reasons of this are the age structure of farmers (many young farmers tend to shift to some other form of production and to part-time farming) and government policies to bring the over-supply of milk down. According to the forecasts production of milk should be 2,610 million litres in 1990 and this would require only 545,000 cows. That would secure domestic supply considering the uneven production pattern. Self-sufficiency target is set at 115 per cent while it was 130 per cent in 1980. Such a reduction in the number of cows will cause a deficiency of more than 100,000 cows to meet the forecast domestic demand of bovine meat (123 million kg. in 1990). The Commission of Agricultural Production has set a goal of bringing the number of dairy cows to well under 600,000 cows and to increase the number of beef cows so that imports of beef need not take place to a greater extent. This should be and is being done by policies of encouraging farmers to change from dairy farming to, for example, beef production. This is achieved by means of prices and bonuses. The problem is to raise the profitability of beef production.
1.2. Support and stabilization measures

1.2.1. Farm Income Act

Decisions concerning the prices of agricultural products are based on the Farm Income Act. The present act with slight modifications to the previous one was passed in 1982 and is effective for pricing years 1983/84-1985/86. The Act provides a framework for price negotiations between the Government and the farmers' organizations.

Price setting is a two-phase process. The rise in production costs, which is calculated by total accounts of returns and costs, is fully compensated twice a year. The increase in farm income is negotiated. Usually the development in farm income has corresponded to the development of wages and salaries in other sectors of the economy.

The Farm Income Act defines "target price products", for which producer prices are set. These are rye, wheat, feed barley, feed oats, milk, bovine meat, mutton and eggs.

The target prices are reviewed twice a year, usually on 1 March and 1 September. In autumn, the farmers are compensated only for rises in production costs.

The present target price for beef is FIM 22.01/kg. (carcass weight). The target price is stabilized by means of foreign trade. This is discussed further in Chapter 3.

1.2.2. Support measures

Besides target prices the Farm Income Act gives part of the farm income in form of price-policy support which is paid as regional price-policy support, acreage compensation and other non-regionally divided price-policy support.

Regional price-policy support is paid stepwise so that it is highest in the northern parts of the country. Beef, pork and lamb are entitled to support. In 1982 regional price policy support given to meat totalled FIM 113 million of which bovine meat received FIM 106 million. In 1983 the total sum given to meat is estimated to be FIM 120 million.

Acreage compensation is also paid stepwise according to the cultivated area, number of animals and region. It is highest for seven production units (one production unit equals one hectare of cultivated land, one dairy cow, one bull, two young beef cows and five pigs as an example). As the field area of the farm exceeds nine hectares its number of production units start to decrease. The value of production units is graded regionally, being lowest on southern Finland. The acreage compensation is tax-free but it is not paid to a farmer whose taxable income exceeds the maximum limit determined by the Government.
It is naturally difficult to divide the amount of acreage compensation to different production forms. However, more than half of the amount can be counted as a benefit of dairy farming and some 35 per cent is directed to meat, mainly to bovine meat production. Acreage compensation amounted to FIM 404.7 million in 1981, FIM 472.2 million in 1982 and is estimated to be FIM 513.3 million in 1983.

Other price-policy support is paid in form of supplementary producer price. Since, as mentioned above, the number of dairy cows is continuously decreasing and thus reducing production capacity of beef, an attempt has been made to raise the average carcass weight of animals. The supplementary producer price is paid for beef and heifers and also for sheep according to their carcass weight. It has totalled FIM 132.2 million in 1981, FIM 169.8 million in 1982 and is not expected to rise in 1983.

Table 1. Supplementary producer prices of bovine meat FIM/kg.

<table>
<thead>
<tr>
<th></th>
<th>1981</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bull over 210 kg.</td>
<td>2.20</td>
<td>2.90</td>
</tr>
<tr>
<td>Bull 160-209 kg.</td>
<td>1.30</td>
<td>1.90</td>
</tr>
<tr>
<td>Heifer over 160 kg.</td>
<td>2.20</td>
<td>2.90</td>
</tr>
<tr>
<td>Heifer 130-159 kg.</td>
<td></td>
<td>1.00</td>
</tr>
</tbody>
</table>

An additional premium is available to a farmer who agrees to keep at least two cows for beef calves breeding and feeding purposes. The premium amounted to about FIM 10 million (FIM 750/cow) in 1981 and FIM 7 million (FIM 850/cow) in 1982 and 1983.

The only subsidized input is purchased feed. Compensation is paid as a percent share of the previous year's feed bill. It is again granted stepwise so that the percent share and the maximum compensation per farm grows northwards and it is not paid in southern Finland except outer archipelago. Total amounts of compensation have been FIM 33.0 million in 1980, FIM 34.3 million in 1981 and FIM 49 million in 1982. Its division to different products is again difficult to make.

On the other hand, according to the Farm Income Act the producers are responsible for exporting the quantities produced over the production ceilings which the Act defines for milk, pork, eggs and now also for beef. The production ceilings for beef are as follows:

<table>
<thead>
<tr>
<th></th>
<th>1983</th>
<th>1984</th>
<th>1985</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef exported, million kg.</td>
<td>14</td>
<td>12</td>
<td>12</td>
</tr>
</tbody>
</table>
If these export quantities are exceeded, agriculture is itself responsible for the cost of exporting the excess. Beef exports are not likely to reach the export ceiling during this year. However, because a part of export costs of other agricultural products, which exceed the production ceilings, are collected as taxes on feed concentrates and fertilizers, also the beef producers have to share the burden of agricultural surplus.

2. Internal prices and consumption

2.1. Retail prices and margins

In Finland the retail price of the most important foodstuffs is controlled by stipulating a maximum retail price. In the case of meat this has not, however, been considered necessary, because price control is difficult to enforce and because it is assumed that competition at slaughterhouse and retail levels will keep the margin between producer and retail prices reasonable. Furthermore, the margin is affected by the fact that about 70 per cent of all meat purchases are made by the co-operative slaughterhouse organization owned by farmers, whose aim is to keep the margin as small as possible and thus promote the domestic demand for meat.

The retail prices and margins are, however, regularly observed. The average retail price for beef was about FIM 33.10/kg. in 1982, average target price being FIM 20.37/kg. Retail margin between slaughterhouses and consumers have been around 25 per cent of the retail price. About one half of the meat output is used for various processed meat products, such as sausage. The farmer's share of the price of highly-processed meat products is naturally smaller than that of meat.

2.2. Consumption

Since 1979, which was a record year for beef consumption, total domestic consumption has gradually decreased. It was 111.2 million kg. (23.4 kg./capita) in 1979 and 106.7 million kg. (22.1 kg./capita) in 1982. Main reason to this development has been the unfavourable price relationship with pork, which again is caused by a substantial over-production of pork. Total meat consumption has risen from 265.6 million kg. (55.8 kg./capita) in 1979 to 274.0 million kg. (56.8 kg./capita) in 1982.

In future bovine meat consumption is expected to be quite stable. In 1987 per capita beef consumption is still expected to be 23 kg., whereas pork consumption is assumed to rise from recent 30.8 kg./capita to 32.5 kg./capita in 1987.
3. Measures at the frontier

3.1. The foreign trade system

Target prices for meat are maintained at a fixed level through trade and other regulations. There are quantitative restrictions on meat imports. Licences are generally given to importers when the domestic producer prices rise by 5 per cent above the target price level. The short-term market outlook is also taken into consideration before licences are granted. Meat is imported by co-operative and other private meat companies according to agreed quotas. If the import price is lower than the domestic price, a variable import levy is charged in accordance with the difference between world market and the domestic prices.

Exports have normally been resorted to when the domestic price has fallen below the target price level. Other factors affecting the situation are also carefully studied before exports are permitted. Export companies make their own export contracts, but the transaction must be accepted by the Ministry for Trade and Industry. If the export price is below the domestic price level the difference can be refunded to the exporting companies.

Before exports and imports are permitted, certain requirements are made of the stock levels. Bovine meat inventories should be at least 5,000 metric tons all the year. All stocks are private.

3.2. Hygiene and veterinary regulations

To comply with hygiene and veterinary regulations, a permit from the veterinary authorities of the Ministry of Agriculture and Forestry is needed before beef or any other meat product can be imported or exported. Every consignment is treated 'in casu'.