The Situation in the Beef and Veal Market

We are of the opinion that since our last meeting on 2 and 3 October 1975, the situation in the bovine meat market has remained relatively stable due to fairly favourable weather conditions during the off-grazing season. Off-loading took place normally and a serious crisis which, I must tell you, we had been expecting for the months of October and November, could thus be avoided.

This fairly optimistic observation should however be viewed within the general context, Mr. Chairman. I mean that the situation could have been more serious still than the one we have had in our market for a certain time.

Our prices, i.e., the market prices within the Community, have still not reached the level of the target price. However, a certain rise has set in, beginning in December last, until roughly mid-January and, for three weeks now, we have, again, had fairly important price falls exceeding one a.u. per 100 kgs. and per week.

I must add, however, Mr. Chairman, that this development is not absolutely abnormal as, traditionally, the Community market is less favourable and shows a certain slow down at the end of January and during the month of February. To the extent that this development follows the normal pattern of price development, it is not so disquieting; on the other hand, if it is attributable to other factors, then we have to view it as an indication that the bovine meat market within the Community is weakening.

It seems to me that it might be premature at this stage to pass judgement on this evolution and the factors to which it might be due.
As far as the Community is concerned, present stocks work out at 300,419 tons of which 94,01 tons of preserved meat, 126,749 tons of bone-in meat and 79,269 tons of bone-out meat. I should add, Mr. Chairman, that all the figures which I have indicated, including preserves and bone-in meat, have been converted into tons of bone-in meat and therefore these figures show a certain degree of inter-comparability.

During the month of December, our purchases amounted to about 5-6,000 tons of meat per week. There was a slow down early in January when they fell to roughly 3,000 tons per week, and again, a slight increase during recent weeks.

Our latest estimates of production and consumption for 1976 are as follows:

**Total production:** 6,575 million tons (with gross domestic production amounting to 6.5 million tons)

**Consumption:** 6.6 million tons.

As regards short-term forecasts, we experience some concern regarding the evolution of our market during the first few months of 1976. We are, indeed, of the opinion that we shall be faced with increased levels of supply resulting from the following factors:

- about 55,000 tons of meat will be imported under the second EXIM tranche;
- the GATT quota has been issued;
- meat from private stocks is going to be marketed within the Community;
- the "tying" system is going to increase further the market supply.

All the above factors are likely to influence price developments and we feel that a cautious policy is necessary if we want to avoid finding ourselves again confronted with a very serious crisis.

At our last meeting, in October 1975, we announced a modification which was to be made to the EXIM régime, i.e., that the 1:1 ratio was to be increased to a 1:2 ratio, which means that export of 1 ton was to give rise to a 2 ton import equivalent entitlement.

The EXIM régime - the two phases - covered about 95,000 tons of meat which were to be imported, and our last tranche in December amounted to 40,000 tons.
In our view this system, notwithstanding its imperfections, has operated efficiently and has enabled us to bring our meat market into equilibrium again.

The EIM régime was terminated in December and substituted by a "tying" régime, the main characteristics of which consist in the fact that the obligation to export meat no longer exists.

Briefly, the working of the tying system can be summarized as follows:

- the person concerned buys from intervention bodies by means of a sale under the public tender procedure;

- where the person concerned receives the adjudication, an import certificate is issued for a corresponding quantity of meat;

- as regards frozen meats intended for processing under customs control, the levy is suspended to the extent of 95 per cent;

- as regards all other types of meats and live animals, the levy is suspended to the extent of 60 per cent.

When the tying system was established, the import régimes applicable to young live animals for fattening was also extended.