GENERAL AGREEMENT ON
TARIFFS AND TRADE

INTERNATIONAL MEAT CONSULTATIVE GROUP

General Statement made by the Representative of Argentina
on 5 February 1976

In the early 1970's - before the energy crisis in late 1973 (which changed the
general picture in regard to supply and demand of beef and generated the crisis that
we are still experiencing) net import demand for beef had reached a volume of
approximately 3 million tons carcass weight, comprising 2,200,000 tons of chilled and
frozen meat, 300,000 tons of canned and cooked meat and some 500,000 tons of live
cattle (which is still basically a regional trade in Europe and North America).

More than three quarters of this total volume was taken up by the three major
importing areas: the EEC, 1 million tons (60 per cent refrigerated, 15 per cent
canned, and 25 per cent live cattle); the United States, 1,100,000 tons (70 per cent
refrigerated, 10 per cent canned and cooked, and 20 per cent live cattle) and
Japan, 200,000 tons (almost 100 per cent in the form of chilled and frozen cuts).
Thus, the total for these three areas was 2,300,000 tons carcass weight.

It should be borne in mind that the market for nearly 1 million tons of
refrigerated beef which the United States and Japan together represent is forbidden
to Argentina by the foot-and-mouth disease factor.

The situation deteriorated in the years 1974 and 1975 because of the virtual
closing of the European common market in mid-1974 and a general contraction of demand
caused by the economic crisis.

In net trade terms, world demand for beef has declined to the present level of
2 million tons, primarily because of less demand and the closing of the EEC market
(800,000 tons less in 1974/1975 as compared with 1972/1973).

This resulted in a sharp decline in Argentina's exports in 1974 and 1975 that
was attributable to reduced sales possibilities because of the closing of the EEC
market, which normally takes up a large part of our beef exports, more particularly
in the form of chilled and frozen meat. These exports declined from 700,000 tons in 1972 to less than 290,000 tons in 1974 and only 265,000 tons in 1975.

This situation brings out the need to take into account the "segmentation of the world market" caused by sanitary restrictions, which means that whereas there was only one trade channel to Europe in the pre-war years, in the post-war period there have been two.

One is to Europe from the Latin American countries, with the added participation - which did not exist before the war - of the East European countries. This flow goes toward the European common market, and in the early years of this decade it reached a volume of 1 million tons carcass weight which could have continued and even increased had it not been for the protectionist policy applied by the EEC. In 1972 Argentina accounted for practically half of this tonnage, with nearly 500,000 tons carcass weight; the East European countries, for their part, supplied a total of some 300,000 tons carcass weight, comprising live cattle and meat. In other words, Argentina and the East European countries together supply 80 per cent of the EEC's net imports of beef (including live cattle).

We would point out that this million tons imported by the EEC was equivalent to one third of net world trade in beef, and that Argentina normally exports the major part of its exportable surplus of this meat to the European Economic Community where, despite the strict sanitary controls, there are no sanitary restrictions in respect of meet supplied by Argentina, which in 1972 and 1973 exported to the EEC two thirds of its total beef of all kinds, and three quarters of its chilled and frozen beef.

In the other trade channel for beef, mainly comprising the United States and Japan, (imports totalling 1,300,000 tons each year) Australia and New Zealand supply 80 per cent of deliveries to these markets which are closed to fresh, chilled and frozen meat and live cattle of Latin American origin.

The situation described shows that when the crisis developed in late 1973 (primarily affecting EEC demand, to such a point that import demand declined in practical terms from 1 million tons in 1972/1973 to negligible levels in 1974/1975), export possibilities for Argentine beef were particularly affected, as was our share in the world market for this product.

In these circumstances, Argentina's exports came to depend predominantly on processed meat (canned and cooked), for which demand is firm and unrestricted, but these exports in no way offset the losses incurred in respect of chilled and frozen meat. The closing of the European common market has implied a loss of nearly 350,000 tons carcass weight (mainly comprising chilled and frozen young beef cuts).
The other importing area, where sanitary restrictions are applied, has continued at a relatively normal level in global terms. Indeed, from an annual level of 1,300,000 tons in the period up to 1974, imports by this area have declined by only about 200,000 tons, and remain in the vicinity of 1,100,000 tons.

In focussing our remarks on these three major import markets (EEC, United States and Japan) which represent approximately 75 per cent of world demand for beef, we would not wish to fail to take account of other markets in Europe, Asia, Africa and Latin America itself, which normally import approximately some 650,000 tons of bone-in beef each year, equivalent to 25 per cent of the world total. But the sales possibilities of the exporting countries, and the stability and development of their production and their foreign exchange earnings, depend basically on the three major markets which truly determine significant possibilities in regard to volumes and prices.

World trade in beef is also in practice divided into three segments: chilled and frozen meat, representing 70 per cent of the total; live cattle, 20 per cent; and canned meat, 10 per cent. What is also important for a better understanding of Argentina's possibilities is the fact that chilled and frozen meat comprises meat for direct consumption as well as meat for manufacture (largely frozen) which is used in the importing countries for the preparation of meat products.

Given that world trade in refrigerated "manufacturing type" meat represents a volume of approximately 1,200,000 tons, and that Australian and New Zealand exports mainly comprise meat of this type, the Argentine product has a predominant position in the category of quality meat for direct consumption. Out of an annual volume of 900,000 tons carcass weight recorded in the early part of this decade, Argentina exported about 40 per cent of the total.

Argentina's production comprises, by nature, good quality young beef. There lies the true importance of Argentine meat in the world market, and hence the fundamental importance of the European common market as the principal client for the development of good quality meat.

The closing of the European common market means the loss of sales possibilities for approximately 300,000 tons carcass weight, equivalent to 1,200,000 steers or one quarter of Argentina's production of livestock in this sector; this accounts for the great weakness of domestic market prices for cattle, because of the influence of the external sector on formation of those prices.

Argentina's domestic consumption has great expansion capacity, and represents demand for cattle supply which has almost offset the losses in export tonnage, but at the cost of an appreciable reduction in prices. Domestic consumption, which used to take up 75 per cent of slaughterings, now takes up 90 per cent with a tonnage of 2,250,000 tons - 700,000 tons more than in 1972/1973.
## BEEF EXPORTS BY ARGENTINA

*(in 1000 tons carcass weight equivalent)*

<table>
<thead>
<tr>
<th>Category</th>
<th>Year 1972</th>
<th>Year 1973</th>
<th>Year 1974</th>
<th>Year 1975*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All destinations</td>
<td>EEC</td>
<td>All destinations</td>
<td>EEC</td>
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<tr>
<td>QUARTERS</td>
<td>110</td>
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<td>CUTS</td>
<td>300</td>
<td>259</td>
<td>278</td>
<td>233</td>
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<td>Sub-total quarters + cuts</td>
<td>410</td>
<td>304</td>
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<td>247</td>
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<td>FROZEN Manufacturing type</td>
<td>105</td>
<td>90</td>
<td>84</td>
<td>69</td>
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<tr>
<td>Sub-total Chilled and frozen beef</td>
<td>515</td>
<td>394</td>
<td>415</td>
<td>316</td>
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<tr>
<td>Cooked</td>
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<td>Canned</td>
<td>130</td>
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<td>91</td>
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<tr>
<td>Cooked + canned</td>
<td>188</td>
<td>71</td>
<td>136</td>
<td>45</td>
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<tr>
<td>TOTAL</td>
<td>703</td>
<td>465</td>
<td>551</td>
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* Provisional figures

**Source:** National Meat Board of the Argentine Republic.