

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

IMCG/W/25

12 July 1976

Special Distribution

Original: French

INTERNATIONAL MEAT CONSULTATIVE GROUP

Statement Made by the Representative of the European Communities
on 1 July 1976

Before reviewing the situation in the beef and veal market in the Community, I should like to touch briefly on two matters which are close to my heart and which, for once, will surely meet with a general and unanimous consensus here.

First of all I should like to express to you, Mr. Chairman, my very sincere congratulations on your election to the chair of this Group. On behalf of the European Communities I wish to assure you of our full co-operation. We realize that your task will not always be an easy one, but your election to this office shows better than any speech that we trust you and that we are determined to work well under your guidance in this Group.

It would be remiss of me if I failed to express here my warm thanks to your predecessor for the excellent work done by him during his term of office.

I very honestly think that our friend Bill Falconer was a fine Chairman and I am a little sorry that I cannot tell him in person how much we appreciated the way in which he conducted our proceedings.

I would like, therefore, to ask the New Zealand delegation, through your intermediary, to be good enough to convey our very sincere greetings to Mr. Falconer.

After these remarks, I now propose briefly to outline the beef and veal market situation in the Community.

You will remember that at our last meeting, on 5 and 6 February 1976, the Community ventured to caution against excessive optimism and we pleaded for a very realistic appraisal of the future development of the market in the Community.

I would be only too ready to admit that we were wrong.

Unfortunately, this is not the case. To my great regret, I am not the bearer of good tidings.

The economic problems in various regions of the Community and the drought which has persisted for some weeks have only made worse a situation which was already not very bright.

Since our last meeting early in February our market has moved as follows:

- after a slight decline at the end of January, prices resumed their moderate upward movement and, despite the Italian measures regarding import deposits, prices in our markets remained steady and have even improved somewhat;
- this upward trend was suddenly checked three weeks ago, the first effects of the drought became noticeable and the supplies on offer increased considerably.

This movement of prices should, of course, be seen in the context of any measures which the Community is constrained to take in order to stabilize the market, in particular, measures regarding public intervention and private storage.

During the first few months of the year, our intervention purchases amounted to + 3,000 tons a week. When the crisis precipitated by the Italian measures occurred, our purchases virtually tripled from one week to the next and now amount to about 8,000 tons a week. I should add that, thanks to these measures, we are now succeeding in maintaining equilibrium in the market.

In consequence of the drought and of the shortage of fodder, the Community has had to enlarge the range of products which may be bought in by intervention. Supplies in our market have increased considerably, and in recent weeks our intervention purchases have exceeded 9,000 tons.

I would like to point out, however, that in France in particular we have reached the limit of our technical possibilities, especially as regards the packing of meat and we would certainly be exceeding the figure of 10,000 tons a week if all animals offered for intervention could be bought.

In conjunction with the public intervention measures, we inaugurated in June a programme of private storage which ought to involve about 80,000 tons and cover the period July to end September.

So far as our import régime is concerned, we have maintained in force the provisions of the safeguard clause.

In addition, I may tell you that all our members States have taken the necessary administrative action with a view to the issue of import certificates in respect of the 50,000 tons of frozen meat to be imported under the GATT quota.

As regards the short-term prospects in our market, these will obviously depend on and be determined by the weather conditions prevailing in certain regions of the Community; this applies both to slaughterings and to consumption, as well as to price movements in our market, for it is a well-known fact that hot weather does not boost consumption.

In conclusion, I would like to add a word on the probable development of the Community's market in the medium term.

Manifestly, all forecasts are subject to reservations, for in the field we are talking about - agriculture - the future for our meat producers is governed by forces which are entirely outside our control.

I would not wish to conclude my remarks, however, without telling you that we are somewhat troubled about the future. Without wishing to be alarmist, or wishing my statement to be interpreted as alarmist, I must tell you that the effects of the drought are very worrying. Much the same remarks were made by Mr. Rabot and Mr. Pizzuti during the contact meeting with the ambassadors who represent our principal supplying countries. If weather conditions do not improve, it may well be that we shall run the risk of suffering a net loss of our livestock and perhaps even a decline in our production potential owing to large-scale slaughtering of female animals.

At present, we think it is premature to venture concrete forecasts regarding the impact of the drought on our production and future trends in our market. Everything will depend on the weather in the next few weeks.

That is, very briefly, the present situation in the Community.

We are, of course, at your entire disposal to answer any questions you may wish to ask, and if you so desire Mr. Zwickert is ready to give you more particulars regarding the one or the other subject.