Before beginning my statement, Mr. Chairman, I hope you will allow me to extend to the secretariat our thanks and congratulations for the excellent report which it has prepared for us and which will certainly facilitate our work.

When, at our last meeting on 28-29 March 1977, we commented on the situation in the Community's beef and veal market, we ventured to say that it was necessary "to remain very realistic and to avoid any over-optimism".

The major reasons which led us to that conclusion concerning developments in the Community's market were the following:

- general economic conditions;
- the special situation in two member States, in particular as regards consumption;
- developments in the pork market.

Our conclusion had been that in spite of a production decline in 1977, we did not believe that there could be a significant change in the relationship between supply and demand in the Community's market during 1977.

Today, we can only repeat what we said three months ago, with, however, some additional observations.

Here is how we see developments in the Community's market in 1977.

We expect production to amount to 6.15 million tons, or 4 per cent less than last year.

Our consumption will be in the neighbourhood of 6.45 million tons, or 1 per cent less than in 1976.
Ever since the beginning of this year, our market prices have never risen above 90 per cent of the guide price and are at present fluctuating in the vicinity of 87/88 per cent.

In that connexion, attention must also be drawn to a very negative phenomenon in the price picture. During the "bridging period", covering the months of May and June and the beginning of July, prices have remained relatively steady and have failed to show the traditional rise that might have been expected during this period of this year, generally marked by high prices.

We believe that in addition to the above there are various special factors that have unfavourably affected our market, namely:

- the fall in pork prices, which while undoubtedly precipitating a movement to substitute pork for beef and veal, has also had negative psychological effects on the market as a whole;
- stagnation, and even a decline, in the consumption of beef and veal;
- unfavourable weather conditions, which have delayed the turning of animals out to pasture in certain regions of the Community.

As to the measures taken by the Community to check the fall of prices and stabilize its market, we can inform you that our intervention stocks at present amount to 275,000 tons and that since the beginning of May intervention purchases have amounted to approximately 3,500-4,000 tons per week, with peaks as high as nearly 6,000 tons per week.

We expect, in 1977, to engage in public interventions on a quantity of 200,000 to 250,000 tons and to enter into contracts for holding approximately 80,000 tons in private stocks.

Considering both the tempo of our intervention buying and possible withdrawals from stocks, we believe that we are liable to end 1977 with a slight increase in our intervention stocks as compared with those held at the end of 1976.

As you can see from what I have just said, the situation in the beef and veal market of the Community is not very satisfactory and will remain so throughout 1977.

Obviously, after the explanations we have just given you and the conclusions they imply, our colleagues will, as in other forums by the way, want to discuss the problem of our imports in 1977.
Here is our thinking on that score:

We are going to import:  
- 50,000 tons of frozen meat under the GATT quota;  
- 30,000 tons under the ACP Agreement;  
- approximately 10,000 tons of meat under the "mountain breed" and "alpine breeds" quotas;  
- 75,000 tons of frozen meat for processing under the annual balance-sheet arrangement;  
- approximately 30,000 tons of meat under the régime of young animals for fattening;  
- approximately 40,000 tons covered by the "twinning" scheme.

The total thus amounts to some 235,000 tons of imports - all of them under a preferential régime, i.e. total or partial suspension of the levy and even partial suspension of customs duties.

It goes without saying that in addition to these imports there will be those of meat preparations, which, in 1976, reached a volume of 120,000 tons and will probably be of the same order in 1977. I should like to point out that imports of these products have increased by approximately 60 per cent in two years, from 77,000 tons in 1974 to 120,000 tons in 1976.

Lastly, there are our imports of edible offal, which have been growing from year to year.

In 1977, our import possibilities will be determined by the total complex of economic factors at work, and in our opinion the decisive element likely to influence developments in our market will be demand.

There, briefly, is our assessment of the situation in the Community's beef and veal market.

My colleague, Mr. Zwickert, and I will of course be entirely at your disposal to answer questions or to give you further explanations on what we have just said.

Before concluding, I should like to add a word regarding the suggestion made by the Argentine delegation to the effect that this Group should draw up suggestions and proposals for transmission to the Sub-Group on Meat.

We agree with your analysis concerning the terms of reference of this Group, Mr. Chairman, and we do not think that this body is qualified to undertake such work. Consequently, we have very definite reservations with regard to the Argentine suggestion.