GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONFIDENTIAL

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INTERNATIONAL MEAT CONSULTATIVE GROUP

Thirteenth Meeting - 14 November 1979

Statement Made by the Representative of Australia

There has been a significant tightening in the international beef situation since the last meeting of the Group in April. Reduced cattle slaughter in major exporting countries including Australia together with continued strong demand have been major factors creating this situation.

The outlook for the meat industry in Australia is for a continuation of this tight supply situation with continuing strong export demand and prices remaining firm. Higher producer returns and generally good seasonal conditions over much of Australia have also assisted in the reduction of cattle slaughterings.

Total adult cattle slaughterings for the three months ended September 1979 were 25 per cent below the same period last year. The proportion of female cattle slaughtered has fallen substantially and in three months ended September averaged 42 per cent of adult cattle slaughterings compared with close to 50 per cent for much of 1978 and early 1979. This level of slaughterings implies that whilst cattle numbers in March 1980 are likely to be down from 27.1 million in March 1979, there are signs that the liquidation of the Australian cattle herd has bottomed out, and that rebuilding is cautiously underway.

Given the smaller herd size and reduced slaughterings, production of beef and veal in Australia in 1980 is expected to be down some 15 per cent on 1979 to around 1.5-1.6 million tonnes (carcase weight). With producers now rebuilding their herd it is unlikely that production will recover to recent levels for several years.

Whilst cattle prices in Australia have not returned to the peak levels of May and June this year, they are still some 90 per cent above year earlier levels. Buoyant cattle prices are expected for the remainder of 1979 and into 1980. Australian domestic consumption of beef and veal has fallen in response to these higher prices and in 1979 is expected to be around 55 kgs. per head compared with nearly 70.0 kgs. per head in 1978.

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The fall in domestic consumption means that exports of beef and veal from Australia in 1979 will not fall by the same extent as production. Total exports in 1979 are forecast to fall by around 12 per cent to 695,000 tonnes shipped weight. In line with the expected decline in production and consumption export availability in 1980 is forecast to be around 650,000 tonnes shipped weight. Access to Australia's major markets United States, Canada and Japan is expected to account for around 75 per cent of total Australian exports in 1979 and for at least this percentage in 1980. Our major export markets should remain the United States, Japan, Korea, Canada and the Middle East.

We are concerned at the sudden cessation in beef imports by the Republic of Korea earlier this year. We were hopeful that Korea would resume importing beef towards the end of 1979 however recent indications are that imports will not now be recommenced until early 1980. Although this has not created any significant problems for the Australian industry in the current tight supply situation, this type of stop/go importing is a major factor which in the past has assisted in creating instability in the international meat trade.

We also remained concerned about the restrictive policies pursued by major importers and the movement towards countercyclical legislation in North America which can only aggravate any potential instability in the market.

The establishment of the International Meat Council comes at the crucial turnabout stage of the world beef cycle. There is an important rôle for the Council with its improved consultative arrangements and information exchange to ensure that the circumstances which have characterized the beef market in the past do not recur. I look forward to constructive participation by all members of the new International Meat Council. There is a need for all participating countries to work together to improve the long-term outlook for the world beef trade and to assist one another in moderating the overall beef cycle.