

GENERAL AGREEMENT ON TARIFFS AND TRADE

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INTERNATIONAL MEAT CONSULTATIVE GROUP

Thirteenth Meeting - 14 November 1979

Statement Made by the Representative of the European Communities

PRESENT SITUATION AND SHORT-TERM PROSPECTS IN THE BOVINE MEAT MARKET OF THE EUROPEAN ECONOMIC COMMUNITY

1. Allow me to begin by expressing my very warm thanks to the secretariat of GATT for having prepared the document before us on the present situation in the bovine meat market. As in the past, it will serve as a viable basis and aid for our work.

So far as the European Economic Community is concerned, we propose to provide you with a brief outline of the trends in our market, mainly our bovine meat market, during the months that have elapsed since our last meeting, and we shall try to give you our forecasts of the future development of our market, particularly for the year 1980.

I. PRESENT MARKET SITUATION

2. In the Community, stock breeding has continued to benefit from satisfactory fodder supplies and relatively low prices of animal feed; as a result, the meat market has been characterized by:

- stability of production, prices and trade in bovine meat;
- a pronounced increase in the production of pig and poultry meat; and
- an appreciable increase in the consumption of meat in general, and in particular of pig and poultry meat.

(a) Production

3. In 1978, the Community's bovine meat market reached a turning-point, for, during the first six months of 1979, there was a significant increase in slaughterings of adult bovine animals and calves as compared to the corresponding period of 1978, namely:

+4.1 per cent for adult bovine animals as a whole,

+7.3 per cent for cows, and

+2.5 per cent for calves.

4. Net production of bovine meat, which amounted to 6,427 thousand tons in 1978, is expected to increase by 3 to 4 per cent in 1979 to approximately 6,660 thousand tons.

(b) Demand

5. In 1978, beef and veal consumption amounted to 6,710 thousand tons, or an increase of almost 2 per cent over 1977.

Per capita consumption rose from 25.4 kgs. in 1977 to 25.8 kg in 1978. Once again, therefore, the trend of consumption partly paralleled that of the meat available on the internal market (production + stocks).

6. Furthermore, because of the relatively high standard of living, the income elasticity of demand for beef and veal, although generally positive, is tending to diminish.

(c) Prices on the internal market

7. In the spring of 1979, the guide price and the intervention price for adult bovine animals was increased by 1.5 per cent for the 1979-80 marketing season.

The average Community prices noted for all qualities of adult bovine animals reached 132.45 Ecus/100kgs. live weight in the period April-September 1979, representing an increase of 0.3 per cent over the corresponding period of the previous season.

It may be noted that for some years now the market price at the slaughter-house level has risen at a slower rate than that of inflation.

The Community average of market prices currently stands at approximately 128 Ecus/100kgs. live weight, i.e. below the intervention price level, which is equivalent to 90 per cent of the guide price.

8. This price situation led the Community to continue its market intervention measures, and it accordingly:

- granted aid for the private storage of approximately:
 - +42,000 tons of fore-quarters during the summer, and
 - +43,000 tons of hind-quarters of male and female adult bovine animals during autumn 1979;
- made direct purchases through the intervention agencies (in particular in Germany and Ireland) of approximately 192,000 tons during the first nine months of 1979, i.e. at an average rate of nearly 5,000 tons per week; at the present time, when animals are being brought in from pasture, more than 10,000 tons per week are being purchased.

9. It should be noted that owing to the relatively large supply of meat in the Community market, intervention stocks have not changed in the manner expected.

Thus, at the end of September 1979, intervention stocks of meat were at the same level as at the beginning of the year, namely 255,000 tons.

These intervention stocks amounted, in carcass weight equivalent, to:

- 4,000 tons of preserves,
- 140,000 tons of bone-in meat, and
- 111,000 tons of boneless meat.

(d) Trade and import prices

10. Since the beginning of 1979, the offer price - free at Community frontier - observed for live animals and fresh or chilled meat has increased by approximately 10 per cent and that of frozen meat much more considerably, namely, by approximately 40 per cent. Import levies have been reduced accordingly.

11. As in past years, in 1979 the Community will again import approximately 400,000 tons of bovine meat, carcass weight equivalent, from third countries under special import schemes (GATT, ACP, balance sheets) without any levy or at reduced levies.

12. In this connexion, there has been an appreciable increase in recent years in imports of preserves and other preparations, which have reached a tonnage in the vicinity of 150,000 in carcass weight equivalent.

II. SHORT- AND MEDIUM-TERM PROSPECTS

(a) Cattle herd

13. In December 1978, the cattle herd of the European Economic Community comprised 77.813 million head, i.e., as in 1977, slightly above the preceding year's level (+0.8 per cent). The total number of bovine animals was nevertheless still 2 to 3 per cent below the 1974 level.

14. At the May-June 1979 survey, the count showed 81.111 million bovine animals and 31.113 million cows, or 0.6 per cent and 0.4 per cent respectively above the preceding year's level. The number of calves (animals less than one year old) increased by more than 1 per cent and that of cows for meat again increased by 0.7 per cent.

(b) Foreseeable supply

15. In 1980, market supplies of adult bovine animals are expected to continue to increase, to a level slightly above that of 1979. Slaughtering of female animals, particularly cows, should continue next year at an even higher level while those of male animals (bullocks and steers) should remain more stationary.

Market supplies of calves are expected to decline by 1 to 2 per cent.

16. As in 1979, average slaughter weight is expected to be appreciably higher in 1980, owing to favourable forage conditions and, more particularly, to the still relatively low prices for animal feed.

17. Consequently, in 1980, overall production of beef and veal in the European Economic Community is expected to show a moderate increase.

(c) Demand

18. As in 1979, it is probable that in 1980 demand for beef and veal will again be influenced not only by the slowdown of economic growth, the serious unemployment situation (nearly 6 million unemployed, representing close to 5.6 per cent of the active population) and the low population growth rate, but also by an abundant supply of other meat.

It should be noted that the Community continues to take measures to encourage beef and veal consumption, for example:

- sales of intervention beef and veal at reduced prices to welfare bodies;
- offering for sale of a certain tonnage of intervention meat for direct consumption.

19. On the basis of the trend observed in the Community relating both to per capita consumption of beef and veal and to population growth, all that can be expected in 1980 is a relative stagnation of beef and veal consumption, owing to an anticipated slowdown of private consumption expenditure.

20. The Community market will again be well supplied in 1980, in particular by very stable domestic production, reduction of intervention stocks of beef and veal, and imports of beef and veal under the special schemes (GATT, ACP, balance sheets).

(d) Prices

21. In the beef and veal sector as well as in the pig meat sector, market prices at the production stage continue at a relatively low level. Prices of beef and veal are not expected to rise significantly in the near future.

(e) Trade

22. In the short term, it is unlikely that the relation between meat availabilities and a moderate demand within the European Economic Community will result in an appreciable increase in beef and veal imports.

For 1980, some increase in imports of beef and veal may be expected owing in particular to our higher import commitments.

23. In view of the present situation in our market and of the forecasts that it is possible to make for 1980, there is reason to believe that a great majority of the Community's imports will take place under the special schemes, resulting in part from the multilateral trade negotiations, i.e. without any levy or at substantially reduced levies.

24. In summary, it is to be expected that in the next few years Community imports of beef and veal will remain at levels close to that recorded in 1978, i.e. between 410,000 and 420,000 tons (carcass weight equivalent), the difference between imports and exports amounting probably to some 200,000 to 240,000 tons (net imports).

25. Before ending my statement I should like to add a few words.

I assume that the meeting we are attending today will be the last meeting of the International Meat Consultative Group. I should therefore like, on behalf of our delegation and of the representatives of the States members of the Community, to express to you our deep gratitude for the excellent work you have done as Chairman of the Group.

Your task was often arduous and difficult. But you showed us how, with perseverance, goodwill and tact, many an obstacle could be overcome.

At the same time our delegation wishes to express our profound thanks to the secretariat of GATT, which, by its competence and devotion, has helped us in fulfilling our task.

In a few hours, the International Meat Consultative Group will have held its last meeting and will practically cease to exist. It will be replaced by the Meat Council.

Although by its nature, the Meat Council is different from the International Meat Consultative Group, we believe that the experience acquired in the work of the Consultative Group has been very valid and useful, and will help us in our future activities.

That is what we wished to add to our statement on the situation in the meat market of the Community.