The participants have agreed to provide information concerning their domestic policies and trade measures including bilateral and plurilateral commitments on the basis of Parts G and H of the Questionnaire (Rule 16 of the Rules of Procedure). The documents containing replies to these parts of the Questionnaire are circulated under the symbol IMC/INV; they will be partly revised as and when changes are notified.

This set of documents will constitute the inventory of all measures affecting trade in bovine meat, including commitments resulting from bilateral, plurilateral and multilateral negotiations, which the Council has instructed the secretariat to draw up and keep up to date, under the provisions of Article III of the Agreement (Note to Article III of the Arrangement and Rule 18 of the Rules of Procedure).

For replies to the statistical parts, see IMC/STAT/12.
South Africa's policy in regard to meat, which is an essential foodstuff, coincides with the country's overall policy objective of price stabilization for the major agricultural commodities and rationalization of the allied manufacturing and distribution industries.

In view of the generally unfavourable climatic and environmental conditions obtaining in the greater part of the country as well as the fairly long production cycles especially in respect to beef it is considered essential to afford producers some measure of price stability by preventing excessive price fluctuations. As South Africa is a deficit beef producer the operation of a system of guaranteed prices in the main consuming areas additionally allows producers to plan ahead and so to raise both productivity and the volume of production in order to meet the growing demand for beef.

Beef production moreover forms an integral part of mixed farming systems practised in large parts of the country and the income derived from this activity contributes largely to the economic viability of these enterprises.

Beef represents approximately 70 per cent of all red meats produced in the country. Production increased by around 6.7 per cent (compound) annually over the decade to 1978 while the slaughter rate and cattle numbers grew 6 per cent and 2.4 per cent per year respectively over the same period. These figures appear to indicate a greater degree of efficiency. There was a considerable growth in feedlot operations and approximately 20 per cent of all slaughter stock are now marketed through these enterprises.

The Meat Board operates a marketing scheme in the nine main urban centres, i.e. the so-called controlled areas. All cattle marketed in these areas are slaughtered, graded according to prescribed minimum quality standards and sold by auction on a cold dressed carcase weight basis. Guaranteed minimum prices for each grade (and weight class) which are fixed annually with the approval of the Minister, apply in these areas and carcasses not reaching the minimum levels are purchased by the Board. These carcasses are stored for resale when market conditions improve or they are exported. Carcasses which do not meet the quality specifications are sold at best.

The minimum prices and grading system do not apply in the non-controlled areas where cattle are sold in a variety of ways but mostly by private treaty or auctions on the hoof. The minimum prices applied in the controlled areas however tend to put a floor to the prices in the rest of the country where approximately 35 per cent of all cattle are slaughtered.
I. Production

(a) Factors affecting meat production

1. Market prices and minimum prices.
2. Climatic conditions.
3. Production costs including prices of feedingstuffs (of which maize is the major component), fertilizer and fuel.
4. Further growth of feedlots.
5. Improved technology including management practices, breeding, pasture management, etc.
6. Competition from alternative farming enterprises especially in marginal areas.

(b) Policies and measures of governments

1. Government research and guidance to producers in respect to breeding and pasture management, disease control and general management practices.
   The Meat Board and universities also contribute to research.
2. Drought relief schemes.

(c) Support or stabilization measures

(i) Inventory of instruments of stabilization

Operation of Meat Scheme in terms of which minimum prices are applied in the main urban centres. As mentioned the application of minimum prices in these areas influence and generally underpin prices in the rest of the country.

(ii) Levels of minimum prices

Guaranteed minimum prices - c/kg.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Average all grades</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super</td>
<td>122</td>
</tr>
<tr>
<td>Prime</td>
<td>117</td>
</tr>
<tr>
<td>Grade 1</td>
<td>108</td>
</tr>
<tr>
<td></td>
<td>105</td>
</tr>
</tbody>
</table>

(iii) Producer subsidies

None.
(iv) Average returns to producers

1. Controlled areas - auction prices c/kg.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Super</th>
<th>Prime</th>
<th>Average all</th>
</tr>
</thead>
<tbody>
<tr>
<td>a/</td>
<td>137</td>
<td>129</td>
<td>122</td>
</tr>
<tr>
<td>b/</td>
<td></td>
<td></td>
<td>117</td>
</tr>
</tbody>
</table>

\(^a/\) Average for all weight classes
\(^b/\) Average for all sub-grade and weight classes

2. Returns to producers comprise of above auction prices plus proceeds from sale of offal and hides less marketing and transport costs.

3. International trade in beef insignificant. Consequently international prices have little influence on internal price formation.

II. Internal prices and consumption

(a) Wholesale and retail prices

<table>
<thead>
<tr>
<th></th>
<th>Super</th>
<th>Prime</th>
<th>Grade 1</th>
<th>Average all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale</td>
<td>147</td>
<td>138</td>
<td>131</td>
<td>125</td>
</tr>
<tr>
<td>Retail</td>
<td>220</td>
<td>207</td>
<td>196</td>
<td>187</td>
</tr>
</tbody>
</table>

(b) Factors influencing internal consumption

1. Actual beef prices and their relationship to price levels of competing meats.

2. General availability of beef and other meats. Broiler production at a very high level.

3. Income levels, these are increasing with prevailing buoyant economic conditions.

4. Income elasticity of demand of lower income groups substantially greater than unity.

5. Population growth. This currently exceeds 2 per cent.
(c) Policies affecting consumption

1. Advertising.

Meat Board expenditure on promotion of beef amounts to R 1.5 million.

2. In the times of glut the Meat Board allows the trade to buy at prices lower than the guaranteed minimum. These losses are borne by the Meat Board's stabilization fund which is financed through a levy on all slaughters.

III. Measures at frontier

(a) Customs duty

<table>
<thead>
<tr>
<th>Service Code</th>
<th>Description</th>
<th>Tariff Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>02.01.10</td>
<td>Beef - fresh, chilled or frozen</td>
<td>730c/100 kgs.</td>
</tr>
<tr>
<td>02.01.90</td>
<td>Edible offals</td>
<td>730c/100 kgs.</td>
</tr>
<tr>
<td>16.02.50</td>
<td>Canned beef</td>
<td>110c/100 kgs.</td>
</tr>
</tbody>
</table>

(b) Import measures

The neighbouring States normally supply all of the country imports of beef in the form of frozen and chilled quarters and live cattle. These countries are traditional exporters to the South African market and the quantities imported are determined through mutual understandings between the Meat Board and the States concerned in consultation with the Minister. These imports are sold in the controlled areas on the same basis as domestically produced beef i.e. by auction and subject to the guaranteed minimum prices. Relatively small quantities of manufacturing beef cuts are also imported but sold by private treaty.

In order to ensure that the adjoining States are not deprived of their traditional markets, beef is only imported from other sources in the event of these states not being able to supply the necessary requirements. In such instances the Board undertakes the importation and allocates the quantities to interested concerns in the meat trade.

Supplies from the neighbouring States, all of which are developing countries, are imported duty-free.

Imports of processed beef are not restricted.
(c) Export measures

Since South Africa is a net importing country, the quantity of beef which may be exported is fixed annually by the Meat Board in consultation with the Minister in the light of expected supply/demand conditions.

The quantity allowed for export is then allocated to exporters on the basis of past performance and availability of approved facilities.

Losses if any, on exports of chilled or frozen beef are financed through the Board's stabilization fund.

Exports of canned beef are not restricted and are not assisted financially in any way.

PART H

No formal bilateral, plurilateral agreements or commitments in existence except for the understandings referred to under III(b).