Arrangement Regarding Bovine Meat

INTERNATIONAL MEAT COUNCIL

Inventory of Domestic Policies and Trade Measures
and Information on Bilateral, Plurilateral
or Multilateral Commitments

Reply to Parts G and H of the Questionnaire

SOUTH AFRICA

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).
PART G

I. Production

(a) Except for the northern part of the Cape Province, the north western part of Transvaal, and certain parts of Natal where cattle farming is the main activity, beef production in South Africa generally forms an integral part of a mixed farming enterprise.

Due to the mixed nature of farming a reasonable estimate of the number of cattle farms is difficult to establish. However, a typical beef farm is an average 3,800 hectares in extent with a beef herd of approximately 380 animals.

The total cattle population of the country is about 8.8 million units.

Production is mainly dependent on natural and cultivated pastures although feed-lot operations have shown considerable growth in recent years. At present about one third of all slaughtered stock is marketed through those enterprises.

South Africa is a deficit beef producer. Beef production is therefore domestically orientated.

The neighbouring States normally supply all of the country's imports of beef in the form of frozen and chilled quarters as well as live animals. These countries are traditional exporters to the South African market and the quantities imported are determined through mutual understanding between the South African Meat Board and the States concerned in consultation with the Minister.

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 the States not being able to supply the necessary requirements. In such instances the Meat Board undertakes the importation and allocates the quantities to interested concerns in the meat trade.

Beef production contributes approximately 12 per cent to the gross value of all agricultural production and approximately 60 per cent to the gross form income of an average beef farm.

Economic factors governing the evolution of the beef industry, are as follows:

1. Market prices and minimum prices fixed by the Meat Board.
2. Climatic conditions.
3. Production costs.
5. Improved technology and managerial skills.
6. Competition from alternative farming enterprises.
7. Research by Government, the Meat Board and universities and guidance to producers in respect of breeding and pasture management, disease control and general management practices.
8. Drought relief schemes operated by Government.
9. Support and stabilization measures by the Meat Board.
10. Promotion of beef consumption through advertising.
11. Population growth which currently exceeds 2 per cent per annum.
12. General availability of beef and other meats. Broiler production is at a high level and is still increasing.
13. Steadily rising income levels coupled with an income elasticity of demand substantially greater than unity among the lower income groups.

(b) The slaughtering of cattle and the marketing of beef are subject to strict health and sanitary regulations imposed by the Government. In the controlled area governmental grading regulations and inspection services are also in force. The Government is furthermore involved in schemes for the prevention and/or eradication of animal diseases, e.g. a mandatory dipping scheme and preventative measures in respect of the spreading of foot and mouth diseases from adjoining territories.

(c) 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 prevailing in the greater part of the country as well as the fairly long production cycles especially in respect of beef, it is considered essential to afford producers some measure of price stability by preventing excessive price fluctuations.

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 standards and sold by auction on a cold dressed carcass weight basis. Guaranteed minimum prices which are fixed annually by the Board with the approval of the Minister, apply in these areas and carcasses not reading the minimum price levels are purchased
by the Board. These carcasses are exported or stored for resale when market conditions improve. 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 applicable in the controlled areas, however, tend to put a floor to the prices in the rest of the country where approximately one third of all cattle are slaughtered.

The Meat Board operates a Stabilization Fund which is financed from levies paid by producers. Losses, if any, on exports of chilled or frozen beef are financed from the fund. A levy is imposed on all cattle slaughtered and marketed in the controlled areas. The levies are deposited in a special levy fund which comprises a stabilization fund, a product promotion fund, a consumer development fund and advertising fund. The present levies are as follows:

Cattle: 2,480c per kg. cold dressed mass  
Sheep and goats: 3,304c per kg. cold dressed mass  
Pigs: 4,823c per kg. cold dressed mass

II. Internal prices and consumption

(a) Beef consumption is stimulated by promotional activities of the Meat Board. Expenditure in this respect amounted to R 2.3 million during 1980/81. Furthermore, during periods of oversupply, the Meat Board allows the trade to buy at prices lower than the guaranteed minimum. These losses are borne by the Stabilization Fund.

III. Measures at the frontiers

(a) Customs duty

01.02 - Live animals of bovine species Free  
02.01.10 - Beef: fresh, chilled or frozen 730c/100 kg.  
02.01.90 - Edible offals 730c/100 kg.  
16.02.50 - Canned beef 1,100c/100 kg.

(b) A 10 per cent surtax is imposed on all imports except in respect of products bound under the GATT.

(c) None
(d) Please refer to our communication M1/5/14/2G dated 29 September 1981 to the Council.

(e) Imports of beef or cattle from neighbouring States are sold in the controlled areas on the same basis as domestically produced beef, i.e. by auction and subjected to the guaranteed minimum prices. As mentioned above the import quantities are mutually agreed upon. Relatively small quantities of manufacturing beef cuts are also imported but sold by private treaty.

Supplies from the neighbouring States, all of which are developing countries, are imported duty free.
No formal bilateral or plurilateral agreement to or commitments in existence except for the understandings referred to under paragraph I(a) of Part G.