

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

IMC/INV/6
20 June 1980

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

SWEDEN¹

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).

¹For replies to the statistical parts, see IMC/STAT/6.

PART G

Information on Domestic Policies
and Trade Measures

During the past two decades important structural changes have taken place within Swedish agriculture. The number of farms has greatly decreased, as industrialization has rapidly increased. Today those engaged in agriculture represent less than 5 per cent of the total active population. Nearly 80 per cent of total agricultural income is derived from animal products, chiefly milk, beef and pigmeat. About one sixth comes from beef and veal production.

A. General policy framework

I. Guidelines for the agricultural policy

The present guidelines for Sweden's agricultural policy were decided by Parliament in 1977. The primary goals are to secure a satisfactory supply of food in case of emergency (the production objective), to assure people engaged in agriculture in all parts of the country an economic and social standard equivalent to that of comparable groups (the income objective) and to promote efficient farming so that food can be produced at reasonable costs (the efficiency objective).

Under the guidelines the existing resources of arable land are to be utilized for agricultural production. The agricultural area will be kept at about its current level, implying a surplus production of grain at normal harvests. For animal products balance between domestic production and consumption is aimed at.

In order to attain the income objective measures especially directed at low-income groups will be continued. Special support is accorded to agriculture in Northern Sweden. Swedish producer price levels are protected by import levies. For a number of basic foodstuffs, though, Sweden applies since 1973 a mixed producer/consumer price line ("middle price line"). This means that government subsidies are paid in order to keep consumer food prices down.

The main goal for the agricultural rationalization policy is to build up and preserve efficient family farms, i.e. by means of a support programme which mainly consists of credit grants. Increased attention is given to the question of the effects that modern technology may have on public health and environment.

II. Agricultural price regulation

Principles of the price regulation system

A parliamentary resolution concerning the principles of the price regulation system normally covers a period of more than one year. The current price regulation period extends from 1 July 1978 to 30 June 1981. A resolution of this kind is generally preceded by negotiations between two delegations representing farmers and consumers respectively under the chairmanship of the National Agricultural Market Board. These negotiations generally end in agreement. When the negotiations have been completed the Board submits a proposal to the Government, which in turn presents a Bill to Parliament.

Adjustments during the price regulation period

During the present price regulation period half-yearly adjustments are made of producer prices and import levies on the basis of changed production costs. Such adjustments are also preceded by negotiations in the same way as proposals concerning the price regulation

system. Furthermore adjustments are made once a year (1 July) in order to accomodate farmers' earnings to the income development of comparable occupational groups. When adjustments are made of import levies, significant changes in the general development of world market prices can also be taken into account. The Government finally determines these half-yearly and yearly adjustments.

B. Information on domestic policies and trade measures concerning beef and veal

I. Production

(a) Factors affecting meat production

According to the guidelines for the Swedish agricultural policy a balance between domestic production and consumption for animal products is being aimed at. The instruments for achieving this are price support and market regulation measures.

(b) Policies and measures of governments or other bodies likely to influence production, other than support or stabilization measures

Rationalization of farms and farm structures is one of the means for achieving the primary goals of the Swedish agricultural policy. This support consists mainly of credit grants and aims at building up and preserving efficient family farms.

In order to limit increases in consumer prices i.a. for beef and veal, parts of the agreed prices to producers are financed by budgetary means (see II.(c)). Due to these food subsidies the domestic consumption of beef and veal and pigmeat has become higher than would otherwise have been the case. Domestic meat production has adapted its level to the increased consumption level.

(c) Support or stabilization measures(i) Inventory of the instruments of support or stabilization

The domestic price level is supported by import levies which stay fixed as long as domestic prices remain between certain price limits. The middle price between the price limits can be said to represent the price level aimed at according to the agricultural policy objectives. Middle prices, price limits and import levies are regularly adjusted (see above). Import levies are supplemented by market-regulation measures mainly concerning storing and exports. The practical implementation of these measures lies with the Market Regulation Association for Meat, a semi-governmental body working under the directives of the National Agricultural Market Board. When domestic supply is inadequate temporary reductions of import levies are made in order to stimulate imports.

(ii) Levels of guaranteed prices, support or stabilization prices

Middle prices and price limits as from 1 January 1980 are tabled below (S. öre/kg).¹⁾

	Lower price limit	Middle price	Upper price limit
Veal, whole carcasses	1 272	1 496	1 720
Beef, whole carcasses	1 175	1 350	1 525

During a trial period "buffer zones" are applied in order to create a closer relation between domestic prices and world market prices.

(iii) Amount of producer subsidies

Apart from the general price support system there are no direct subsidies for beef and veal production except for a special price addition for beef and veal produced in Northern Sweden. The amount depends on geographical location. The maximum amount is 175 öre/kg.

1) US \$ 1 = SEK 4.20 (= 420 öre)

(iv) Average returns to producers, incl. methods of determining those returns and constituent elements thereof

The returns to producers include price additions financed by budgetary means. The average returns to producers for cattle, slaughtered weight, is shown in table D.1 in the statistical part of the questionnaire (Beef Prices: average price received by producers). In January 1980 these returns averaged 1583 öre/kg exceeding the agreed wholesale price for the same month by 150 öre/kg. The difference between the two amounts is due to the aforementioned consumer price subsidies; the price additions in this context are included in the price to producers.

II. Internal prices and consumption

(a) Wholesale and retail prices on major domestic markets

There is only one meat market in Sweden. The minor price variations that occur in different regions depend on differences in transport costs and in costs of living in general.

(b) Factors which condition the evolution of internal consumption

Pigmeat is the major competing meat to beef. Domestic prices and supply of pigmeat have an influence on beef and veal consumption. Per capita consumption of pigmeat was 35.7 kg in 1979 as compared with per capita consumption of beef and veal which was 18.7 kg in 1979.

(c) Policies and measures affecting consumption

From 1973 onwards consumer prices for a number of basic foodstuffs including beef and veal have been subsidized from budgetary means. As a result of rapid general price increases in 1972 a price freeze for certain basic foodstuffs was introduced as from 1 January 1973 and consumer subsidies applied especially with the intention to benefit families with children and low-income earners. These subsidies in combination with the price freeze have had a clearly

positive effect on the level of beef and veal consumption, apart from the intended price reducing effect. The increased consumption of beef and veal due to the food subsidies has taken place partly at the expense of foodstuffs which are not being subsidized, i.a. poultry and fish.

Market regulation measures are used to create and maintain a supply on the market that is adapted to demand. Such measures also contribute to a better price stability and a more even supply on the market, thus affecting consumption. These measures mostly concern trade and storing. An alternative to exports or storing is to reduce consumer prices temporarily in order to increase domestic demand. This was tried in November 1978.

III. Measures at the frontier

(a) Customs duties - None

(b) Import levies

Statistical number					/SEK/100 kg/
Heading number	Code number	Description of goods	Import levy (max) 1/1-30/6 -80	Import levy ^x (actual) 28/5 -80	
01.02		Live animals of the bovine species:			
		Animals of the bovine species:			
	ex 100	- Pure-bred breeding animals, calves	814	814	
	ex 100	- Pure-bred breeding animals, other	720	703	
		- Other:			
	901	-- Calves	814	814	
	902	-- Steers, yearling bulls and heifers	720	703	
	903	-- Cows	720	703	
	904	-- Oxen and bulls	720	703	
	909	Animals of the buffalo family	No levy		

x not taking into account repayments of import levies

Statistical
number

/SEK/100 kg/

Heading number	Code number	Description of goods	Import levy (max) 1/1-30/6 -80	Import levy ^x (actual) 28/5 -80
ex 02.01		Meat of bovine animals, unboned (bone-in):		
		- Fresh or chilled:		
		-- Veal:		
	222	--- Carcases or half-carcases	981	981
	223	--- Other	1 373	1 373
		-- Meat of other bovine animals:		
	226	--- Carcases, half-carcases and quarters	981	911
	227	--- Other	1 472	1 442 ^x
		- Frozen:		
		-- Veal:		
	242	--- Carcases or half-carcases	981	981
	243	--- Other	1 373	1 373
		-- Meat of other bovine animals:		
	246	--- Carcases, half-carcases and quarters	981	911
	247	--- Other	1 472	1 442 ^x
		Meat of bovine animals, boned:		
		- Fresh or chilled:		
	321	-- Veal	1 373	1 373
	325	-- Meat of other bovine animals	1 472	1 442 ^x
		- Frozen:		
	341	-- Veal	1 373	1 373
	345	-- Meat of other bovine animals	1 472	1 442 ^x
ex 02.06		Meat and edible meat offals (except poultry liver), salted, in brine, dried or smoked:		
	802	Meat of bovine animals	1 472	1 442 ^x
		Edible meat offals:		
		- Of horses, bovines, domestic swine and sheep:		
	901	-- Hearts and lungs	50	50
	902	-- Heads	270	243
	904	--- Other	875	832

^x not taking into account repayments of import levies

Statistical
number

/SEK/100 kg/

Heading number	Code number	Description of goods	Import levy (max) 1/1-30/6 -80	Import levy ^x (actual) 28/5 -80
ex 16.02		Other prepared or preserved meat or meat offal:		
		Other:		
		- In airtight containers:		
	100	-- Meat of bovine animals	1 472	1 442
	502	-- Preserves consisting of beans and of meat of domestic swine	50	50
		-- Meat offal and preparations consisting of meat and meat offals with other products (meat pastes, etc.) with a meat-product content of:		
	ex 503	--- 80% or more	1 472	1 442
	ex 504	--- 60% or more but less than 80%	1 178	1 154
	ex 505	--- 40% "- 60%	883	865
	ex 507	--- 20% "- 40%	589	577
	ex 508	--- Less than 20%	294	288
		- Frozen, other than in airtight containers:		
	705	-- Meat of bovine animals and of domestic swine	1 472	1 442
		-- Other meat and meat offal, and products based thereon, with a meat-product content of:		
	ex 701	--- 80% or more	1 472	1 442
	ex 702	--- 60% or more but less than 80%	1 178	1 154
	ex 703	--- 40% "- 60%	883	865
	ex 706	--- 20% "- 40%	589	577
	ex 708	--- Less than 20%	294	288
		- Other:		
	805	-- Meat of bovine animals and of domestic swine	1 472	1 442
		-- Other meat and meat offal, and products based thereon, with a meat-product content of:		
	ex 801	--- 80% or more	1 472	1 442
	ex 802	--- 60% or more but less than 80%	1 178	1 154
	ex 803	--- 40% "- 60%	883	865
	ex 806	--- 20% "- 40%	589	577
	ex 808	--- Less than 20%	294	288
ex 41.01		Raw hides and skins (fresh, salted, dried, pickled or limed), whether or not split, including sheepskins in the wool:		
	200	Of calves	No levy	
		Of bovines (including buffalo), other than of calves:		
	310	- Wet-salted	No levy	
	390	- Other	No levy	

^x not taking into account repayments of import levies

(d) Export measures (see also I.(c)(i))

Exports and other market regulation measures applied are necessary for the attainment of the domestic price levels aimed at. The Market Regulation Association for Meat may either itself handle the exports or (which is most common) may grant export refunds. Costs of the export refunds are tabled below.

	<u>1978/79</u>	
	<u>SEK million</u>	<u>SEK/kg</u>
Beef	87.5	6.32
Veal	0.8	7.14

(e) Animal health and meat hygiene regulations

To protect animal and public health imports of livestock and meat have to comply with strict veterinary and sanitary regulations.

Regulations and provisions in this area are administered and issued by two different governmental authorities. The National Board of Agriculture (Lantbruksstyrelsen) is in charge of regulations and provisions regarding animal health, while regulations and provisions regarding meat hygiene are dealt with by the Swedish National Food Administration (Livsmedelsverket).

PART H

C. Notification on a plurilateral agreement in the field of bovine meat

A special import price for imports of bovine meat into the European Community from i.a. Sweden is applied. (EEC regulations Nos 805/68, 425/77 and 925/77).