

# WORLD TRADE ORGANIZATION

RESTRICTED

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## **International Meat Agreement**

### INTERNATIONAL MEAT COUNCIL

#### Inventory of Domestic Policies and Trade Measures

##### Australia

Parties agreed to "provide information on their domestic policies and trade measures including bilateral and plurilateral commitments in the bovine meat sector, and shall notify as soon as possible any changes in such policies and measures that are likely to affect international trade in bovine meat and live animals" (Article III:3). The Secretariat "shall draw up and keep up to date an inventory of all measures affecting trade in bovine meat and live animals, including commitments resulting from bilateral, plurilateral and multilateral negotiations" (Article III:4).

The documents containing the replies to the questionnaire on domestic policies and trade measures are circulated under the series IMA/INV. They will be revised as and when changes are notified.

## Information on Domestic Policies and Trade Measures

### 1. Production

#### A. Description of beef industry

Australia is a major producer and exporter of beef and veal and the industry is of major significance in both the rural and general economy of Australia.

The cattle herd in Australia numbered some 24.5 million at 31 March 1994. Beef and veal production totalled 1,824 kt (s) in 1993-94 and is forecast at around 1,785 kt in 1994-95.

The gross value of production of the beef industry totalled \$A 4,431 million (p) in 1993-94. This represents 18.5 per cent of the gross value of rural output of \$A 23,892 million (p) for the same year.

Some 64.8 per cent (1,182 kt carcass weight equivalent) of total production of beef and veal was exported in 1993-94. The proportion of production exported has been consistently near or over 60 per cent in recent years, indicating the industry's orientation towards the export trade. The main factor influencing beef prices in Australia is export demand, particularly that from the United States. There is a very high correlation between Australian saleyard prices and prices for manufacturing-grade beef in the United States. This situation is beginning to change as the United States is becoming less important and Asian markets more important determinants of Australian saleyard prices.

The Australian cattle industry is primarily based on range grazing of cattle from birth to slaughter. However, a growing proportion of cattle is being prepared through feed lot operations to cater for increased demand for grainfed produce in North Asia.

The industry operates essentially in a free-market situation where levels of production, consumption, exports and prices are determined by the interaction of cattle supplies with demand by processors catering for the domestic market, by exporter and, at times, by producers for restocking.

(s) - ABARE estimate, (p) - ABARE provisional.

#### B. Government policies affecting production

Although direct Government involvement in the industry is limited, policies relating to the Australian cattle industry form an integral part of overall policies for the rural sector generally.

Constitutional powers relating to agricultural production rest primarily with the States, whose Governments administer such matters as agricultural education, advisory and extension services and land tenure and settlement policy as well as intra-State trading.

A function of the Australian and State Governments is to make available to producers information on the market situation and outlook, both domestically and overseas, to assist them in making informed production decisions.

The Australian Government is concerned with providing assistance to the rural sector including the cattle industry to facilitate structural adjustment processes where appropriate. It also contributes towards disease control programmes, and the funding of scientific and economic research into factors affecting production, processing and marketing in the industry. As a result of policy decisions taken

in 1990 the Australian Quarantine Inspection Service (AQIS) requires 100 per cent cost recovery of export inspection from clients, including industry, using their services.

The Australian Government aims to foster an economic environment within which cattle producers can adjust their production levels to meet available demand on domestic or export markets at remunerative price levels, determined by the market. The Australian Government has carriage of bilateral and multilateral negotiations to seek maximum favourable access conditions for exported Australian beef.

I. Price policies and related measures

Australian cattle producers receive no price or income guarantees. The majority of cattle are sold either at traditional saleyards on a per head or liveweight basis, or through direct transactions between producers and buyers. Direct sales are in the form of on-farm sales or through the consignment of stock to meat works where producers are paid on a carcass weight and grade basis. Direct sales to processors according to objective carcass measurement have been encouraged by the implementation of carcass classification in meatworks. Prices received by producers are determined by demand on the Australian and overseas markets and the level of Australian supply. A small amount of cattle are sold by description through the Computer Aided Livestock Marketing (CALM) operated by the Australian Meat and Livestock Corporation (AMLC).

II. Non-price measures

(a) General assistance

Assistance can be made available to farmers in the industry under the Rural Adjustment Scheme (RAS), primarily in the form of grants, loans and interest rate subsidies to facilitate structural adjustment within the industry. The overriding objective of RAS support is to assist eligible farmers to improve the productivity, sustainability and profitability of their farming enterprise. Interest subsidies of up to 50 per cent of the cost of commercial finance may be provided for productivity improvement measures such as: adopting technological developments; increasing and improving resource use (land, capital and labour); improving farm programmes; adopting sustainable farming practices. Farmers may also be eligible for grants for training to upgrade farm business and property management skills, and to assist with the cost of obtaining expert financial, planning and other advice relating to the farm business. In addition, farmers without future prospects of profitability in farming may be eligible for support to re-establish after selling the farm.

On past occasions, the Australian Government has initiated emergency assistance measures to alleviate the plight of farmers affected by natural disasters. The States administer normal natural disaster relief arrangements, which are partly funded by the Commonwealth. These relief measures are available to eligible primary producers in times of natural disaster such as floods and bushfires. In some circumstances such as prolonged severe drought or substantial commodity price fall, the Minister for Primary Industries and Energy may determine, after receiving advice from the Rural Adjustment Scheme Advisory Council, that exceptional circumstances exist. In this case, special interest subsidies of up to 100 per cent of the cost of commercial finance may be available.

Australian producers can alleviate income instability to some extent by taking advantage of income averaging provisions for taxation purposes which are available to all primary producers. In addition, under the Income Equalization Deposits Scheme, producers are encouraged to set aside funds during high-income years for use during low-income years.

As the result of the Government's wide-ranging microeconomic reforms, cattle producers, along with all other farms, benefit from general reductions in the levels of assistance to Australia's manufacturing industry.

(b) Credit facilities

Cattle producers are able to benefit from special credit facilities available to the rural industry generally through the Commonwealth Development Bank.

The Commonwealth Development Bank was established to supplement traditional sources of development finance for both primary producers and industrial undertakings where credit would not otherwise have been available on reasonable terms and conditions. The Bank's main criterion when providing credit assistance is the prospect for success of the venture rather than the amount of security available. The Bank also provides finance on hire-purchase terms for vehicles, equipment and machinery.

(c) Input subsidies

Limited input subsidies are available to all farming industries in Australia, including the cattle industry, for example through Government contributions to research. Subsidies on fertilizers have, however, now been removed.

The abattoir industry does not benefit from grants or other specific assistance measures from the Australian Government. However State or local Government-owned abattoirs are at times provided with direct grants or concessionary loans.

(d) Animal health

The Australian Government has committed some \$16 million over the 1993-97 monitoring phase of the Brucellosis and Tuberculosis Eradication Campaign to eradicate tuberculosis in Australian cattle and buffalo. Australia was declared Free of Brucellosis in July 1989 and Impending Free of Tuberculosis as from 31 December 1992.

Australia maintains a high degree of preparedness to respond quickly to any incursion of a significant exotic animal disease such as Foot and Mouth Disease.

The States have the responsibility to maintain and record outbreaks of disease amongst livestock within their borders.

(e) Stabilization/subsidy programmes

There are no stabilization and/or direct subsidization programmes offered by governmental or other bodies in Australia to cattle producers or to producers in other sectors which affect cattle production.

III. Internal prices and consumption

Prices at producer, wholesale, retail or export levels are determined by market forces. Promotion of beef and veal on the domestic market is undertaken primarily by the Australian Meat and Livestock Corporation, which is financed by industry funds. The Corporation is concerned to halt the declining consumption of beef and veal in Australia and is presenting a comprehensive campaign encompassing both promotional and nutritive aspects to this end.

IV. Measures at the frontier

A. Customs tariff

Import duties are levied at the levels specified in Annex A.

B. Import measures at tariff line level

As a Member of the GATT since its inception, Australia has placed considerable emphasis on avoiding measures contrary to the spirit of the Agreement. Apart from 2 per cent duty removed on 1 July 1988, Australia has not imposed quantitative restrictions or any form of levy on imported bovine meat and livestock.

Australia has acceded to the Customs Commodities Classification (CCC) Nomenclature Convention and is so obliged to observe its requirements in its tariff. There are no bilateral commitments or tariff rates binding on imports of bovine meat and livestock into Australia.

Regulations applying under the Commerce (Trade Descriptions) Act require that imported articles used for food must have a trade description. This is required to be in the English language and should comprise details of the country in which the goods are produced, a true description of the goods and a statement of the metric weight or measure of the goods. As indicated in Annex A, a product imported under tariff items 0201, 0206 and 1602.20.00 requires such a marking.

C. Measures affecting the level of exports

No subsidies or refunds are provided in Australia for exports of beef and veal products or live cattle and calves.

All beef (except that exempted under Order 7 of the Prescribed Goods (General) Orders) (Annex B) prepared for export must be processed in an establishment registered for export by the Department of Primary Industries and Energy (AQIS). AQIS is responsible for the development and maintenance of Australian hygiene standards with respect to livestock and meat, the inspection of all food produced in export establishments and the certification of exported meat in accordance with requirements of overseas countries.

Australian exports of red meat (for human consumption) and livestock may only be made by persons or firms licensed by the Australian Meat and Livestock Corporation, a statutory authority. It is funded by industry levies on livestock slaughterings and on exports of live animals.

The AMLC provides marketing services to industries falling within its charter (cattle, sheep, goats and buffalo), particularly through domestic and export promotion, market research and market information.

Through its ability to issue, suspend or cancel export licences the Corporation has the power to guard against unacceptable trading conduct and so protect Australia's international trading image. The Corporation has the power to negotiate shipping freight rates and issue orders to exporters concerning maximum freight rates and approved carriers.

In addition the Corporation has the power to engage in export trading of meat and livestock in its own right. To date the Corporation has not used its trading powers, although the former Australian Meat Board did negotiate direct sales to the USSR in 1970-71 and 1975-76 and to the United States Defence Forces in 1967 and 1968. It is also open to the Corporation, subject to Ministerial approval,

to act as sole trader to particular markets when it is considered that such action would best serve the interests of the Australian meat industry. The Corporation may, subject to Ministerial approval, also deal in livestock and meat futures. Neither of these powers have been exercised.

To meet quantitative restrictions in any particular market, the Corporation can introduce arrangements to control Australian exports to that market. Control schemes in the past have applied to the USA, the EEC and Japan. These schemes were designed to facilitate orderly export marketing and to ensure that exporters did not exceed the restraint or quota limits set by the importing country's government. At present, a control scheme operates for sheepmeat, goatmeat and buffalo meat and high-quality beef in the EEC and the Meat Import Law operates for beef, veal, mutton and goat in the United States pending implementation of the Uruguay Round.

D. Health regulations

In view of its isolation geographically, Australia enjoys a relatively disease-free status compared with many other beef-producing and consuming countries. In order to prevent the entry of exotic diseases, the importation of live animals and animal products is permitted only subject to compliance with the provision of quarantine legislation.

The Australian Department of Primary Industries and Energy (AQIS) has the responsibility for the administration of the plant and animal sections of the Quarantine Act 1908. The importation of animals, parts of animals, animal products, and certain goods is only permitted subject to compliance with the quarantine legislation and in all cases must be accompanied by documents specified in the legislation. On arrival the importation will be subjected to inspection and treatment as may be prescribed. This applies also to biological materials.

Importation is subject to restriction in the case of certain countries or made subject to certain conditions according to the disease status of the country wishing to export to Australia and the degree of assessed quarantine risk associated with the animal or animal product concerned.

In the case of meat, current legislation (see Annex C) now allows the importation of uncooked meat depending on the species of origin and the disease status of the country of origin; and canned meat from any country on the condition the meat be subjected to an approved cooking process in an approved container.

Currently, live cattle and genetic material may be imported from selected countries depending on the disease status of the country of origin. Cattle from New Zealand are permitted entry without quarantine. Cattle from other approved countries are required to undergo a period of quarantine, either at the Cocos Islands Animal Quarantine Station or at one of the mainland quarantine stations. The disease security offered by embryos allow their importation from countries (e.g. Africa) from which the importation of the live animals would not be considered.

ANNEX A

Import Duties on Edible Meat, Meat Products and Offals Derived from Bovine Animals

Tariff item	Commodity	General tariff	Preferential tariff
0102.0000	Live animals of the bovine species  Restrictions: Prohibited imports Quarantine (animals)	Free	Free
0201	Meat of bovine animals, fresh or chilled	Free	Free
0202 ex 0206	Meat of bovine animals, frozen Edible offal of bovine animals, fresh, chilled or frozen  Exclusions: meat, raw, deepfrozen, coated with batter based on flour; sausage casings; goldbeater strands; fat  Restrictions: Commerce marking Quarantine (animals)	Free	Free
ex 0210	Meat and edible meat offal of bovine animals salted, in brine, dried or smoked  Exclusions: fat, sausage casings; organo-therapeutic glands (dried)  Restrictions: Commerce marking Quarantine (animals)	Free	Free
ex 0504	Guts, bladders and stomachs, whole and pieces thereof  Restrictions: Commerce marking Quarantine (animals)	Free	Free
1601	Sausages and similar products of meat, meat offal or blood  Restrictions: Commerce marking Quarantine (animals)	9% DC: 4%	9% PNG: Free NZ: Free CAN: 9%
1602.20.00	Prepared or preserved liver of any animal  Restrictions: Commerce marking Quarantine (animals)	9% DC: 4%	9% PNG: Free NZ: Free CAN: 4%
1602.50.00	Prepared or preserved meat of bovine animals (except liver)  - excluding meat flour, soups and broths, petfood  Restrictions: Commerce marking Quarantine (animals)	9% DC: 4%	9% PNG: Free CAN: 4% FORUM ISLANDS: Free NZ: Free

ANNEX B

Exception

7. A declaration in Order 6 does not extend to prescribed goods that are:
- (a) Goods that are ships' stores or aircraft stores, being brought into or shipped in Australia for the use of the passengers and crews or for the service of the ship on a voyage, or the aircraft on a flight, from Australia;
  - (b) goods, other than fish, that are not produced, processed or manufactured in Australia;
  - (c) goods, other than fish, that have not been produced, processed or manufactured in Australia, being goods that have been imported into Australia and held in bond;
  - (d) goods, other than fish, that are imported into Australia and re-exported in the same covering and under the same trade description as the covering and the trade description in or under which, as the case may be, they were imported;
  - (e) goods that are consigned to an external Territory for consumption within that Territory;  
or
  - (f) goods that are exported in a consignment that does not exceed:
    - (i) in the case of liquid - 10L;
    - (ii) in the case of dried fish - 2 kg.; and
    - (iii) in any other case - 10 kg.

Exception not to apply

8. Where goods of the kind referred to in paragraph 7(e) or (f) are exported to a foreign country a law of which requires that the goods comply with the requirements of that country, the reference in either paragraph to goods of that kind shall be read as not including a reference to goods that are to be exported to that country.