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COMMITTEE ON COMMODITY PROBLEMS

INTERGOVERNMENTAL GROUP ON MEAT AND DAIRY PRODUCTS

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Follow-Up to the Guidelines for International Cooperation in the Livestock and Meat Sector

Table of Contents

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I. INTRODUCTION

1. This document provides a brief review of principal developments in government livestock policies since the previous IGG Session in 2004, assesses policy progress in complying with the FAO Guidelines for International Cooperation in the Livestock and Meat Sector, and evaluates market factors which influence on-going policy developments. As the mandate of the IGG has been broadened to include dairy products, it also includes an overview of policy developments specifically relevant to that sector.

II. LIVESTOCK AND MEAT PRODUCT POLICY DEVELOPMENTS

2. Livestock policy developments since 2004 have been dominated by policy responses to animal disease outbreaks and bi-lateral and regional trade agreements rather than by multilateral trade pressures. Over the period, meat markets have, in the context of pervasive and frequent outbreaks of animal disease, been characterized by consumption shocks, variability of export supplies and price volatility. The rising meat prices since late 2003 were stimulated by limited exportable meat supplies in the aftermath of the discovery of BSE in North America and Avian Influenza (AI) in Asia. This trend reversed itself in 2005 in response to the adverse consumption impacts of the spread of AI to major poultry markets in Europe, Africa and the Middle East. Price movements were also influenced by the escalation of trade bans in response to human and animal health concerns and increasing use of border measures to protect livestock sectors. Concurrently policies to safeguard livestock industries included heightened government spending on animal disease containment, eradication, control, and surveillance measures.

A. PRODUCTION POLICIES

3. In a period characterized by escalating outbreaks of animal disease, governments have increasingly supported livestock industries through the provision of state support to cover costs of animal disease surveillance and control measures. In most of the 28 developing countries (8 in Africa, 4 in the Near East, and 14 in Asia) affected by AI outbreaks since 2004, support has been limited to culling, compensation, vaccination, and carcass disposal. Other countries, such as those in the **European Union** (EU)**,** have in place regulations that facilitate the co-financing of 50 percent of the costs of measures to compensate the loss of incomes of poultry farmers due to AI, through providing transfers for actions taken to temporarily reduce production, including the destruction of hatching eggs, chicks, early slaughter of breeding flock, etc. The expected cost to the EU budget is estimated between Euro 50-100 million, with the Commission in July 2006 releasing € 77 million. This compares to the overall expenditures in the EU budget for livestock and meat production in 2005 which increased 8 percent to 10.1 billion Euros and are estimated at less than 1 billion (due to change to direct payments) for 2006 (see table in document CCP: ME 06/CRS 4).

Please note that selected tables can be found in IGG document CCP: ME 06/CRS 4

4. There are other schemes, such as that employed in the **Czech Republic**, that compensate business groups, upon documented market loss. In some developing countries, such as **Hong Kong**, AI contingency plans restrict all local live poultry trade and put in place farm-license buy back schemes to reduce chicken numbers. In **Thailand**, AI coping measures include stamping out campaigns, compensation schemes for disease-affected farmers, fee exemptions for chicken slaughterhouses, and outreach for unemployed workers/operators.

5. In most countries, government intervention in livestock industries is limited to providing strategic support to investment, such as provision of low interest loans. In the **Russian Federation**, for example, the Government, aiming to revitalize the meat sector under a National Priority project launched in 2006, covers 2/3 of loan interest on agricultural projects aimed at developing commercial dairy, swine and small scale farming sectors. In addition, the Government is planning to invest over US$500 million in animal breeding over the 2005-2006 period that involves the import and leasing of 100 000 pedigree cattle to farmers. The Government of the **Republic of Korea** supports the beef sector, among other measures, through the provision of cash incentives to improve quality, while the **Romanian** government, set to join the EU in 2007, invested a total of € 115 million between 2002 and 2005. In the same country, the livestock subsidy system currently in place was changed to be based on animal numbers rather than volume of output as in previous years.

6. In **Namibia**, livestock development promotion includes a government incentive scheme administered by the Meat Board. Producers in the northern and lesser developed section of the country receive a premium of US$26/head when slaughtering at official slaughterhouses. Meanwhile genetic improvement of cattle is supported through the provision of bulls at reduced prices to selected recipients. In **Argentina**, with the objective of increasing supplies and lowering domestic beef prices, a new minimum slaughter weight on cattle of 300 kg was introduced by the Government in March 2006. In **Lithuania** industry investment included the construction of one million tonne/year terminal and refrigerating storage facilities that will facilitate the handling of imported poultry for further transshipment to the Central European region.

7. Transformations in the Common Agricultural Policy (CAP) of the **EU**, approved in 2003 and initiated in 2005, are changing the way EU supports its livestock sectors, in particular the beef and dairy sectors. Converting the various livestock support measures into a single farm payment began in 2005 while the dairy sector, regulated by a milk quota system in place until 2014, has witnessed a progressive reduction in dairy support (see dairy section). The transition for complete decoupling extends into 2007 and currently 12 out of the 25 member states maintain some degree of coupling to the various beef/suckler cows premiums with only three countries maintaining those for ewes. In January 2007, **Bulgaria** and **Romania** are scheduled to join the European Union[1] and the applicants have introduced a series of policy instruments to bring their livestock sectors in line with EU requirements.

B. DOMESTIC MARKETING AND CONSUMPTION POLICY

8. Unlike some other commodities, such as cereals, governments rarely intervene in meat markets to lower consumer prices. One of the exceptions is **Venezuela** which implemented price controls on poultry and eggs in 2003 with the latest price increase reported in April 2004. Rather, typical interventions in livestock markets focus on establishing regulatory mechanisms to enhance animal health, food safety and quality and animal traceability systems as well as to develop

[1] The final decision will be announced on September 26

animal welfare policies. However, some policies still exist to provide market stability, especially to deal with the consequences of AI. For example, the **Brazilian** Government announced a credit line to finance the storage of broiler meat and pork in 2006. Meanwhile, in **Egypt,** it was reported that loans will be made available to farmers for LE 3,000 (US$800) while store owners will have access to LE 6,000 ($1,600) to finance converting their stores from live bird to frozen poultry outlets.

9. With regards to animal traceability, **Namibia** implemented compulsory cattle identification starting in February 2006; while in **New Zealand**, in late 2005, changes were proposed which focus on tracking of live animals up to post-mortem inspection at slaughter and enhance systems from herd based to individual animal identification. Many countries are introducing and strengthening food safety legislation which include stricter limitations on pathogen tolerances.

10. Some food safety measures related to BSE have been passed. These include the January 2006 replacement by the Government of the **United Kingdom** of the Over Thirty Month Scheme (BSE rule) by the Older Cattle Disposal Scheme, which provides an outlet for cattle born or reared in the United Kingdom before August 1996. In North America, BSE testing was increased on cattle at risk and **Canada** introduced new requirements on enhanced feed bans.

C. INTERNATIONAL TRADE POLICIES

Import measures

11. Escalating concerns about outbreaks of avian influenza in Europe, Middle East, and Asia in late 2005 and 2006 have led to the proliferation of import bans and increasing use of border control measures. Unfortunately, many countries have, in violation of OIE rules, imposed blanket imports on poultry from all origins and, in some cases, in response to outbreaks of low pathogenic avian influenza. Additional market disruptions are caused by some affected countries introducing higher tariffs in an attempt to protect industries. In **Belarus**, poultry import duties were raised in April 2006 from 20 to 70 percent (with minimum tariff rising from 0.20 to 0.65 Euro/kg). Similarly in **Romania,** the Government in early 2006 raised import duties from 45 to 70 percent.

12. In some developing countries, recent trends of rapidly rising poultry imports have put local broiler industries under pressure, leading to higher duties and restrictions in market access. **Cameroon**, as of late 2005, imposed import quotas of 5000 metric tons/year on frozen chickens while the **Cote d'Ivoire,** earlier in the year, assessed each delivery an additional 1000 cfa/kg duty (US$ 2.20/kg).

13. Non-tariff barriers, both sanitary and technical, continue to constrain imports into many countries through the use of non-transparent controls on import permits and discriminatory import permit fees on imported product. Meanwhile, of increasing concern, are the growing numbers of Federal court decisions to overrule Government decisions on animal health and trade, influencing market access for livestock products. Examples include court action in **Australia** which affected Canadian pork shipments and the court decision of the **United States** (US) which successfully restricted access to Canadian cattle after the Government of the United States had authorized market access.

14. Escalating market barriers are also arising due to alleged violation of veterinary rules. The **Russian Federation** banned meat products from both **Ukraine** and **Poland**, attesting falsification of veterinary documentation. Meanwhile, in an attempt to control fraud, the Government cancelled and reissued all import permits starting in April 2006. New import requirements which include zero tolerance for some bacteria and residues for meat products in certain countries, such as **Honduras, El Salvador,** and **China** are increasingly being considered by exporting countries as non-tariff barriers.

15. In some selected cases, enhanced market access for meats have been noted, in particular the lowering by the **EU** in mid-2006 of tariffs on salted boneless chicken cuts, previously listed under a higher customs tariff (see WTO updates). Recent indications are that the EU under the so-called “Article 28” procedure of negotiating MFN rates, is proposing a new tariff system on cooked chicken imports.

16. In late 2004, the **Egyptian** government reduced the tariffs on all imported poultry, including whole birds and cuts, from 80 to 32 percent. Meanwhile, AI-reduced poultry supplies prompted the mid-2006 cancellation of import duties on meat and dairy products until the end of 2006. In the **Russian Federation**, import quotas for various meats, imposed in 2003, were raised; with poultry allocations increasing from 1.09 to 1.13 million tones, and that from the US from 771 900 to 811 900 tonnes. In 2007, changes to the system of poultry import quotas are proposed, keeping existing distribution of quotas between market participants unchanged, i.e. based on volumes imported in 2005.

17. In **South Africa** a “sunset” clause, as of April 2006, has lifted anti-dumping duties placed on imported chicken parts imposed in 2000. For the first time in 5 years, no safeguard was triggered for pigmeat by **Japan**. Meanwhile, the beef safeguard (never triggered) is being modified, pending approval of the revision in early 2007, requiring that the safeguard trigger calculation for both chilled and frozen product change from 117% of the previous year to an average of imports of two years.

Export measures

18. Consumption and trade restrictions due to animal diseases have prompted increased use of selected export subsidies over the period. The impact of avian influenza in Europe and lower domestic chicken prices led to the **EU** Commission’s decision since late 2005 to nearly double export subsidies for whole birds from 24 to 53 Euro/100 kg. In addition, subsidies on poultry cuts were introduced in late 2005 for the first time since 1996, with restitutions rising from 10 to 33 Euro/100 kg over that period. Animal welfare concerns led the EU in early 2006 to eliminate all export refunds for live cattle. Meanwhile, subsidies for various beef cuts were reduced 5 times over the period, with export restitutions for various beef cuts currently ranging between € 62 (for frozen) to 570 €/tonne (fresh/chilled). Pigmeat subsidies remain limited to processed products. In the 2005/2006 GATT years, EU issued refunds for pig meat exports of 76 258 tonnes . This is slightly more than in 2004/2005, but equal to only 17 percent of permitted WTO ceilings.

19. The export subsidy programme for US poultry meat is no longer operational, having been last used in 2000/2001. However, expenditures on meat under the US Export Credit Guarantee Programmes (GSM 102-/103) and the Supply Credit Guarantee Programme (SCGP) include meat and livestock products. Meat shipments generally account for less than 3 percent of annual programme costs of US$ 2-3 billion. However, since 2003, GSM-102 meat shipments to the Russian Federation have pushed up this share, valued at US$ 207 and 295 million, to 7 and 15 percent.

20. Use of export restraining measures has historically been limited in the meat sector. However, in **Namibia**, the government’s local value-addition initiatives continue to limit exports through a levy system. In **Argentina**, inflationary concerns prompted the Government in late 2005/early 2006 to enact a series of measures aimed at limiting beef exports. These included increasing the 5 percent export tax to 15 percent in November 2005, eliminating a 5 percent export rebate, early year negotiations with meatpackers and retailers to freeze beef prices, and finally imposing in early 2006 a partial ban on exports that authorized only limited shipments of high value cuts. This ban was modified over the course of the year, with fresh and frozen products in mid-2006 still subject to a 40 percent limitation of the previous year’s level. In the **United Kingdom**, after almost 10 years, the EU-imposed beef export ban on cattle and beef meat exports was lifted in May 2006.

Update on WTO and regional meat trade disputes

21. In May 2005, the WTO ruled, in response to complaints submitted by Brazil and Thailand, that salted chicken cuts imports to the EU should be subject to a lower tariff. Subsequently the EU Commission, in June 2006, repealed the legislation that imposed a higher customs tariff on these products. On the WTO Hormone case, the EU in 2004 filed a request with the WTO for consultations for removing retaliatory measures; the hearing in this case will take place in late 2006.

22. Continued disputes in the context of regional trading agreements, such as NAFTA, have been noted.

- Final decisions on the US countervailing and anti-dumping cases against Canadian live swine exports were made, confirming a determination that Canadian hog producers do not receive countervailing subsidies. Consequently, the previous ruling that a 10.63% of value duty applies to Canadian live hog exports to the US was rescinded.
- A final ruling of no injury in an anti-dumping and countervailing investigation of Canadian imports of U.S. unprocessed grain corn held favourable cost implications for the Canadian livestock sector. A late 2005 preliminary positive injury finding leading to provisional duties of US$1.65 per bushel was reversed. No further duties will be imposed on U.S. corn, and all provisional duties collected following the ruling will be refunded.
- **Mexico** applies compensatory anti-dumping duties on US beef under certain tariff classification. Meanwhile, in February 2006, the Mexican Government announced its request for a NAFTA panel review on the resolution of the antidumping case alleging dumping of U.S. pork legs. The special safeguards measures on US chicken leg quarters were negotiated with the US industry in mid-2003 and will terminate on December 31, 2007.

III. DAIRY POLICY DEVELOPMENTS

23. In contrast to the meat sector, the role of market intervention in dairy markets during the review period remained high, particularly in a number of developed countries. However, an upswing in international dairy prices from 2002 to late 2005 reduced measures of domestic price support, as well as the size and use of export subsidies. Lower prices in 2006 reversed this tendency. On-going changes to the nature of price support have continued over the time period, with direct payments compensating for reduced price support. However, in several countries, price supports have been strengthened. The global market has been characterized by growth in many developing countries, with emerging low cost suppliers taking greater market share.

A. PRODUCTION POLICIES

24. Reform continues to affect the EU farm sector with farm milk prices declining as intervention prices are lowered. The target price for milk was abolished in July 2004. To compensate EU farmers for cuts in intervention prices, direct support payments were set at Euro 35.5/tonne of quota in 2006. By 2006, the intervention price for skim milk powder had been

reduced over 3 years by 15 percent; the price cut for butter will be 25 percent by 2007. The ten new member states (NMS)[2] have access to EU support packages at a limited scale. Payments are phased in gradually, beginning at 25 percent of the set level in 2004/2005 and increased by 5 percent per year.

25. In July 2006, intervention purchases of butter reached a ceiling of 50 000 tonnes (which drops to 30 000 tonnes after 2008) and the Commission switched to a tender process. Public butter stocks rose to 131 887 tonnes in July 2006, while there have been no skim milk powder stocks since May 2006.

26. Milk production in the **EU** remains under a quota regime, which has also been introduced for the NMS with quotas not transferable between member states. **Poland** and the **Czech Republic** have faced fines for overshooting initial allocations. From 2006, production quotas for 11 of the EU-15 member states[3] will be raised by 0.5 percent annually over three years, while eight of the NMS have also been granted quota increases.

27. Preparing for accession to the European Union in 2007, **Romania** and **Bulgaria** are bringing their dairy policies in line with EU requirements. The two countries have already negotiated production quotas within the EU.

28. In 2006, **Croatia** announced the introduction of subsidies for local dairies to support procurement from local farmers. Similarly, the **Ukraine** has increased support for the dairy sector in 2006, introducing minimum prices for different quality-grades of milk. In **Norway**, the government increased the target price for milk as well as the maximum milk quota per farm.

29. Some governments have reduced or terminated their support to the dairy sector. **Serbia** reduced subsidies for milk by up to 20 percent in 2006 In **Switzerland,** liberalization of the dairy market is leading the government to abolish the current milk quota regulations completely by 2008. Since May 2006 farmers can, if they want, opt to leave the quota system; meanwhile, a bilateral agreement with the European Union will liberalize cheese trade.

30. The **United States** has extended its Milk Income Loss Contract (MILC) program to September 30, 2007. Producers receive compensatory payments when milk prices fall below a specified level. The payment rate to producers has been reduced from 45 to 34 percent of the price shortfall.

31. In **Canada,** the *Canadian Dairy Commission* (CDC), as of February 1 2006, increased the support price for skim milk powder from CAD 5.73 to CAD 5.83 per kilogram. The support price for butter remains unchanged at CAD 6.87 per kilogram. The CDC fulfils the commitment taken in 2002 to cover the cost of production of 50% of Canadian dairy producers. The compensation for the financial impacts of BSE has been suspended.

32. In **Australia**, the dairy structural adjustment payment scheme, which was implemented in 2000 to help producers adjust to policy reform, continues until 2008. The program is partly funded by a levy of AUD 0.11 per litre on dairy beverages at the retail level.

33. In **New Zealand,** Fonterra announced in June 2006 that its payout to dairy farmers will be split into a milk payment and a dividend making the value of farmer investment in the cooperative more transparent.

34. During the March-June period in 2006, the **Mexican** government bought about one million litres of fluid milk from small domestic producers in order to stabilize prices and control excess production in some regions of the country. Meanwhile, several countries, such as **Brazil**

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[2] Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic, and Slovenia joined the European Union on 1st May 2004.

[3] Ireland, Italy, Spain and Greece already obtained a quota increase in 2000.

and the **Russian Federation,** have offered credit programs with subsidized interest rates to support local farmers. Elsewhere, in **India**, **China** and **Vietnam,** various initiatives have been launched to support the local dairy industry to produce more and higher-quality milk. In **Kenya**, the government is providing support to farmers in drought-hit areas by distributing hay, animal feeds and other inputs. In April 2006, a new dairy policy was launched to assist in the transformation of the informal milk trade through the development of low-cost technologies for small investors, training programs on safe milk handling and the establishment of a supportive milk dealer certification system.

B. CONSUMPTION AND MARKETING POLICIES

35. During the period, programs were introduced to encourage milk consumption, aimed at improving nutrition, especially of children, and supporting domestic dairy development.

36. In **Mexico**, LICONSA, in charge of the government's social feeding program, has reduced milk powder imports in favor of using domestic milk. In **Brazil,** various state and federal initiatives to provide milk to school-children were introduced. In **Chile,** fresh milk consumption is promoted through a media campaign financed by *PROMOLA*, an association of producers, the industry and the government. Retail prices of milk sold in **Venezuela** are currently set by the government as part of policies designed to ensure the affordability of basic foodstuffs.

37. In 2004, the government of **Sri Lanka** launched a public campaign to increase fresh milk consumption and, in 2006, decided also to ban all advertising of powdered milk. **Mongolia**, **Taiwan** and **Thailand** are increasingly promoting milk, especially to children, through advertisements and quality labelling. In the **Philippines,** a project called *White Revolution* was launched in mid-2005. The project is based on a number of strategies including herd improvement, provision of credit facilities, and school feeding programmes as well as generic promotion of local milk consumption. Also in 2005, the government of **Madagascar,** together with the U.S. Department of Agriculture, agreed to the funding of one million US dollars for the local procurement for school milk programmes in selected pilot regions.

38. In the **United States,** the fluid milk promotion programme was extended through 2007. The programme is funded through a mandatory assessment (20 cents per hundredweight) on fluid milk bottlers.

39. After the boycott of Danish dairy products by some Muslim countries at the beginning of 2006, the **Danish** dairy company Arla Foods has launched a public relations campaign in several of these markets to get its products back on the shelves.

C. INTERNATIONAL TRADE POLICIES

Import measures

40. In order to finance services to the dairy industry**, Kenya** imposed a 7 percent import tax on all dairy products in 2004. This was followed by the suspension of milk powder imports in 2005. This measure is aimed at guaranteeing farmers prices from the newly re-launched state-supported *New Kenya Cooperative Creameries Ltd*. In 2005, the **Russian Federation** increased import duties on some butter products, margarine and spreads and decided to increase those of most imported cheeses as of September 2006. Also **Israel,** in 2006, changed its tariffs for imported cheese from ad-valorem to specific rates.

41. In response to a WTO authorized retaliation to the US implementation of the Byrd Amendment, under which US imposes anti-dumping and countervailing duties, **Mexico** imposed a 30 percent tariff on dairy blends in August 2005. The tariff is imposed on the first 29 400 tonnes

of imports, after which imports are free under the NAFTA. In **Canada**, a Federal Court decision of January 2006 has enabled growing protein concentrate imports by affirming existing tariff structures for milk products. In July 2006, the **European Commission** suspended the granting of import licenses for butter from New Zealand while it considers a European court decision that invalidates parts of New Zealand's market access agreement to Europe.

42. Market access was enhanced in some cases. **Taiwan** increased its TRQ for fluid milk in 2004 to meet the level required by its 2002 WTO accession agreement. The same year, the government of **Egypt** significantly decreased import tariffs for milk (from 30 to 5 percent), cream (from 40 to 32 percent) and cheese (from 30 to 22 percent). **Bulgaria** has provided a 3 000 tonne duty-free import quota for skim milk powder and cream imports from the European Union.

43. In 2006, the **Russian Federation** imposed a ban on dairy and meat imports from Ukraine not meeting food safety standards; in March the ban was partially lifted under the ongoing control of Russian veterinaries. **Egypt** currently requires imported dairy cattle to originate from a country or area declared as EBL (unexotic bovine leukosis) and BSE free. In 2005, **Indonesia** imposed an FMD-related ban on Brazilian dairy products imports while lifting its import ban on milk and milk products from BSE-risk countries in January 2006.

Export measures

44. The **United States'** *Dairy Export Incentive Program* (DEIP) was extended through September 2007, although no payments have been made since June 2004 due to high international prices. However, the farmer funded *Cooperatives Working Together* (CWT) scheme lends export assistance to its members.

45. The **EU** spent 716 million Euro in the 2005/2006 marketing year to support dairy exports. This is the lowest expenditure since the Uruguay Round WTO regulations came into force, and results largely from high international prices and lower intervention levels. There have been drastic reductions in export refunds for skimmed milk powder, which dropped to zero in June 2006. Subsidies for butter remain, however, substantial at € 995 per tonne.

46. In August 2005, the government of **Argentina** increased dairy export taxes for powdered milk from 5 to 15 percent and those for cheeses from 5 to 10 percent to contain domestic price rises. On July 20, 2006 the government decided to extend the measure for another 60 days. In 2004, the government of **Bulgaria** introduced export subsidies for non-EU markets which will be eliminated with accession to the EU in 2007. The country has been granted import quotas (mainly for cheese) to the EU, but these are under-used due to higher EU food safety standards and high import duties.

Agri-environmental* and *food safety issues are becoming more important…

In a continuation of previous trends, many countries are giving more attention to environmental, traceability and food-safety issues. The **EU** has adopted the strategy of "cross compliance" in its 2003 CAP reform, linking subsidies to farm practices that support conservation and environmental protection as well as improved food safety. **Japan** has introduced payments to dairy farmers who practice appropriate management to tackle environmental problems with a direct payment program for farmers in hilly and mountainous areas. In **New Zealand**, milk suppliers have agreed not to apply meat processing waste to pastures. **Norway** launched a national agri-environmental program in 2005 to better coordinate and target agri-environmental payments while the **United States** is dedicating a growing share of direct payments to farmers for conservation practices. A further one billion USD is added to the total conservation spending when the Environmental Quality Incentives Program (EQIP) reaches full funding in 2007.

Several countries implemented systems to record all livestock movements over the lifetime of an animal. In **Australia** for example, the NLIS (*National Livestock Identification Scheme*) has become mandatory as of July 1, 2005 and replaces the previous "tail tag" system. Also the **Ukrainian** government has started an animal registration campaign process in 2005 to improve food safety through increased traceability of animals.

Numerous countries have introduced or improved national standards and guidelines regarding additives, hygiene and labeling of livestock products. In **China** for example, as of October 2005, reconstituted milk products should state clearly "reconstituted milk" and give the percentage used in the list of ingredients. Furthermore, only raw milk may be labelled as "fresh", while pasteurized milk must be labeled as "pasteurized" or "pure". In **New Zealand**, the National Heart Foundation has negotiated new nutrition standards with reduced saturated fat levels and minimum calcium contents across a range of dairy products.

IV. SUMMARY AND RECOMMENDATIONS (MEAT ONLY [4])

47. Meat policy developments over the 2004-2006 period have largely been driven by governments' desire to safeguard animal health, as well as food supplies, while trying to ensure stable markets. Variable price movements have led some countries to impose market restrictions thus ensuring some degree of protection for vulnerable industries. On the other hand, enhanced market access as a result of policy developments implemented in response to ruling by multilateral and regional trade fora is an indication that most policy developments have been consistent with the Guidelines for National and International Action on Meat. Particular note should be paid to the reduced role of export subsidies in promoting trade. It should also be acknowledged that due to the growing number of regional trade agreements (reference table in document CCP: ME 06/CRS 4), many of the meat policy developments in the future are likely to be linked to the provisions in these agreements. Meanwhile, trade disputes, such as in the case of NAFTA, are being increasingly resolved through regionally established dispute settlement mechanisms.

48. In light of the above, the Group might wish to:

- Support FAO activities that evaluate the impact of regional trade agreements on trade and development of livestock industries, specifically in recognition that these agreements, while potentially serving as a catalyst for trade creation, can have differential imports on other third country suppliers.

[4] Dairy policy changes are not evaluated within the framework of the Guidelines since they refer only to livestock and meat products.

- Acknowledge the progressive reduction in the use of export subsidies and support continued restraint in their utilization.
- Encourage countries to abide by international guidelines (both OIE and Codex) on the coverage, timing and duration of import bans imposed to protect animal and human health.
- Recommend to countries that border protection and changes in tariffs not be arbitrarily changed in the context of market shocks. This adds to price volatility in international markets and increased trade uncertainty.