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SITUATION AND OUTLOOK IN THE INTERNATIONAL MEAT MARKETS

Note by the Secretariat

The present note has been drawn up by the secretariat of the Arrangement in accordance with the terms of Article IV, paragraph 1(a), of the Arrangement. The report presents a summary of the international economic situation and outlook, summaries of the international situation and outlook for bovine meat, pigmeat, poultrymeat and sheepmeat, and specific elements of the world beef economy on a country-by-country basis. In the preparation of this document, the following sources, inter alia, have been used: World Economic Outlook, IMF, April, 1985; Livestock and Meat Situation, United States Department of Agriculture, various issues for 1985; Foreign Agriculture Circular, United States Department of Agriculture, various issues for 1985; In brief, various issues, 1985; Market Notes for Livestock and Meat, Australian Meat and Livestock Corporation, various issues for 1985; European Weekly Market Survey, Meat and Livestock Commission, various issues for 1985; Weekly Information Bulletin, Junta Nacional de Carnes, various issues for 1985; The New Zealand Meat Producer, New Zealand Meat Producers' Board; The Reuter Meat Newsletter, various issues January-April 1985; Economie Européenne, March 1985; Suma Agricola, weekly bulletin, various issues for 1985; Informe Ganadero, Buenos Aires, April 1985; and responses to the questionnaire submitted by 10 May 1985.

CONTENTS

	<u>Page</u>
I. <u>INTERNATIONAL ECONOMIC SITUATION AND OUTLOOK</u>	3
II. <u>INTERNATIONAL SITUATION AND OUTLOOK IN THE BOVINE MEAT SECTOR</u>	
(i) Situation	5
(ii) Outlook	8
III. <u>COUNTRY-BY-COUNTRY ANALYSIS</u>	
<u>(West Europe):</u>	
European Community	10
Sweden	11
Norway	12
Switzerland	13
<u>(East Europe):</u>	
Bulgaria	14
Soviet Union	15
<u>(Africa):</u>	
South Africa	16
<u>(South America):</u>	
Argentina	17
Brazil	19
Uruguay	20
<u>(North America):</u>	
United States	22
Canada	24
<u>(Oceania and Asia):</u>	
Australia	25
New Zealand	27
Japan	28
IV. <u>SUMMARY OF SITUATION IN CERTAIN FAR EASTERN BOVINE MEAT IMPORTING COUNTRIES</u>	29
V. <u>SITUATION AND OUTLOOK IN THE INTERNATIONAL PIGMEAT MARKET</u>	32
VI. <u>SITUATION AND OUTLOOK IN THE INTERNATIONAL POULTRYMEAT MARKET</u>	34
VII. <u>SITUATION AND OUTLOOK IN THE INTERNATIONAL SHEEPMEAT MARKET</u>	36

"Tons" in the text means "metric tons, carcass weight", when not otherwise stated.

I. INTERNATIONAL ECONOMIC SITUATION AND OUTLOOK

1. Real gross national product of industrial countries increased by nearly 5 per cent in 1984. Expansion was strong in the United States and more moderate in other industrial countries, notably in Western Europe. External demand contributed significantly to the expansion, but domestic demand increased also. Inflation in this group of countries has been estimated by the IMF¹ to have reached its best performance, at 4.1 per cent, (4.9 per cent in 1983) since 1976. Although employment rose in some of those countries, unemployment rates remained high (in some cases above 11 per cent). The IMF report "highlights the large deterioration that has taken place in the United States current account position and the counterpart improvement in the position of almost every other industrial country"¹. It is generally estimated that economic growth in the industrial countries will continue in 1985, although at a slower pace; inflation may decline somewhat, but no improvement in the unemployment situation is expected. Several developing countries improved their economic performance in 1984, with increased exports and, in certain cases, domestic demand. Inflation rates remained high, reaching a three-digit figure in certain cases. According to the IMF report, the current account deficit of non-oil developing countries declined sharply in 1984, but the debt service payments remained very high. It is difficult to forecast the evolution of developing countries' economies, heavily dependent on the situation in the industrial countries. The IMF predicts little change in the average debt service ratios in 1985 and 1986, but a decline in inflation rates.

2. In the first quarter of 1985, the United States gross national product recorded its lowest growth rate since the end of the recession in 1982, with a 0.7 per cent increase, compared with a 3.9 per cent increase in the preceding quarter, and a 10.1 per cent increase year earlier. It is now questioned whether the projected 3.9 growth goal for the year will be attained. Some economists fear an increase in unemployment and a growth recession, while fears have also been expressed as regards the risk of larger budget deficits (estimated at \$213.3 billion in the current fiscal year). Moreover, inflation is reported to have picked up again to some 5.3 per cent, although this percentage may be overstated by the increase in energy products purchases during this period. Imports increased at an annual rate of 26.1 per cent, while exports fell by an annual rate of 8.2 per cent.

3. Canadian real gross national product rose by some 4.7 per cent in 1984, the largest increase since 1976. This improved situation was largely due to the buoyancy of sales of motor vehicle products. Demand in other sectors is reported to have risen slowly. Inflation rates declined to 4.4 per cent (5.8 per cent in 1983), while unemployment rates declined marginally to 11.3 per cent of the workforce. Employment rose by 2.4 per cent. In 1985, economic growth is expected to slow down to 2.2 per cent. This deceleration will have a negative effect on the employment market. The growth rate of employment is forecast to decline to 1.6 per cent, while unemployment rates will remain at their high 1984 level. However, it is expected that inflation rates will sink further to 3.4 per cent as a result, inter alia, of the weakness in commodity prices, including oil.

¹IMF World Economic Outlook, April 1985, as reported in IMF Survey, 29 April 1985

4. Japanese governmental sources estimate that Japan's real economic growth in 1985 will slow down to 4.6 per cent from a 5.3 per cent growth in 1984. Stimulated in particular by external demand during last year, plant and equipment investment took off and in the current year should lead the economy with internal demand following, as in the previous year. Consequently, it is expected that domestic demand will account for 4.1 per cent in the real economic growth (4.0 per cent in 1984), while external demand will account for only 0.5 per cent (1.3 per cent in 1984), reflecting projected decreases in export growth, particularly to the United States. In 1984, consumption remained relatively stagnant partly as a result of relatively modest rates of wage increases (4.3 per cent). Spring 1985 wage negotiations are expected to result in a 5.0 per cent wage raise which should result in increased consumption. Unemployment rates remained at some 2.7 per cent in 1984, and are expected to decline in the current year to about 2.3 per cent.

5. In 1984, gross domestic product in the European Community increased by 2.4 per cent. This better performance, compared to year earlier (+1.0 per cent), was related to improved domestic demand and buoyant exports, partly due to the appreciation of the US dollar. Inflation rates declined by 1.5 per cent, to 6.1 per cent (7.6 per cent in 1983), while the number of unemployed increased to 11.1 per cent of the active population, up by 4.7 per cent from year earlier. In 1985, according to forecasts, the European Community GDP should rise by another 2.4 per cent, stimulated especially by the strengthening of fixed investment and private consumption. The growth rate of exports is expected to level off somewhat, although a deceleration in that of imports may be even more important. Especially as a result of this deceleration, the inflation rate is expected to decline by one point, to 5.1 per cent. In spite of this improved picture, unemployment will remain at high levels and is indeed expected to increase further, although at a slower pace than in previous years.

6. In 1983/84, the Australian economy grew strongly, with a real GDP rising by around 6 per cent, profits increasing dramatically and inflation falling to some 5.3 per cent. Employment grew while unemployment, although remaining at relatively high levels (8.8 per cent of the workforce), declined. In 1984/85, the GDP growth rate is expected to slow down significantly to some 2.5 per cent, partly as a consequence of an important decline of the real gross farm product. It has been estimated that the resumption of CPI-related national wage rises will put pressure on the general price level and that higher import prices following declines in the value of the Australian dollar risk pushing inflation upwards again. Employment is expected to continue to expand, but at a slower pace, while unemployment may cease to decline.

II. INTERNATIONAL SITUATION AND OUTLOOK IN THE BOVINE MEAT MARKET

(i) Situation

7. While there were some encouraging signs of improvement for certain areas of the international bovine meat markets in 1984, in particular in the Pacific Rim, the overall situation was not particularly good. In some major traditional exporting countries in the Southern Hemisphere, herd rebuilding began, or was expected to begin shortly, under the influence of improved producer prices and regained confidence, albeit modest, in future prospects, and in spite of a deterioration of demand for beef in some important markets. The most significant factor for the rise in producer prices was perhaps the increase in the value of the US dollar against the currencies of major exporting countries. Moreover, strong demand in domestic markets, in the face of reduced supplies, influenced price determination strongly. Herd numbers continued to decline in 1984 in some major Northern Hemisphere countries, due, inter alia, to low returns to producers, to government programmes aiming at a decrease in bovine meat production, or to programmes implemented to reduce dairy production.

8. Production of bovine meat in the nine major producing countries which are signatories of the Arrangement Regarding Bovine Meat, plus the Soviet Union, increased in aggregate by 2.6 per cent in 1984 (around 850,900 tons) compared to year earlier. Northern Hemisphere countries (including the Soviet Union) plus Argentina showed a growth in production of 4.5 per cent while Southern Hemisphere signatories (Australia, New Zealand, Brazil and Uruguay) suffered a drop of 8.9 per cent compared to year earlier. The reasons for the production increases differ from one country to another and include drought conditions, the culling of dairy cows due to government reduction programmes, cyclical peaks in production, distress slaughter resulting from limited feed supplies, and declines in real prices, forcing producers to sell off their animals to cope with growing costs and high inflation. The countries experiencing a drop in production were entering a herd rebuilding phase triggered by increased producer prices or higher export returns or both, or were experiencing a slowdown in herd liquidation preparatory to herd rebuilding.

9. In 1984, consumption of bovine meat in the nine major consuming countries, signatories of the Arrangement, plus the Soviet Union, increased by around 2.2 per cent to 32,157,300 tons. However, the trend was by no means uniform in the selected ten countries. In four of them (New Zealand, Brazil, Uruguay and Canada) decreases occurred, resulting from beef production declines, higher retail prices, the economic situation and also ample supplies of one or more competitive meats. The consumption increases were due to ample supplies of beef at stable or slightly lower prices than year earlier (in real terms) and improving economic conditions.

* Argentina, Australia, Brazil, Canada, European Community, Japan, New Zealand, United States and Uruguay

** calculated by the secretariat.

10. Imports of bovine meat in the main importing countries or areas (including the Soviet Union, the Republic of Korea and the Middle East) declined in 1984 by some 2.4 per cent to 2,685,000 tons, mainly due to decreases in the United States, the USSR, the Republic of Korea and the European Community. As a result of a drop in oil revenues, import demand also appears to have weakened in the Middle East as evidenced by sharply decreased prices of imported beef, but not in a drop in volume. The Republic of Korea saw its imports of bovine meat fall by some 67.1 per cent due to higher availabilities of domestic beef and pork supplies. The United States, the Soviet Union and the European Community all saw increases in domestic production and weakened import demand. These decreases were, to some extent, offset by higher imports in Japan and Canada (+5.2 per cent and 26.8 per cent respectively).

11. The eight major exporting countries*, signatories of the Arrangement, decreased in aggregate their exports of bovine meat (fresh, chilled and frozen, cooked and canned) by 6.0 per cent in 1984 to 2,560,900 tons (preliminary figure). However, there were important differences in export performance by these countries, since half of them suffered export cutbacks of respectively 14.8 per cent (New Zealand), 37.9 per cent (Uruguay), 39.8 per cent (Argentina), and 18.6 per cent (Australia), while others were able to export considerably more than year earlier (European Community - +45 per cent, United States - +21.1 per cent, Canada - +27.7 per cent). The export decreases derived from a decline in available supplies due to herd rebuilding or slowdown in herd liquidation, to decreasing export returns due to strong competition on certain export markets, notably in the Middle East, and also to increases in domestic consumption. Of the four countries increasing their exports in 1984, three had higher supplies of beef available for export because of higher production, one of which also had a decrease in consumption, and one because of a drop in consumption higher than that in production. Some of these exports appear to have been possible only at comparatively low prices since demand in many markets was weak, while there was no lack of export supplies.

* Argentina, Australia, Brazil, Canada, European Community, New Zealand, the United States and Uruguay

TABLE 1
SELECTED COUNTRIES' TRADE IN BEEF AND VEAL^{1/}

A. IMPORTS

	1983	1984	1985 (forecast)	%Change 1985/84
Brazil	25	25	30 ^{2/}	+20.0
Canada	92	116	110 ^{2/}	-5.2
EEC	384	360	350 ^{3/}	-2.8
Japan	211	222	240 ^{3/}	+8.1
United States	884	838	839	+0.1
USSR ^{4/}	335 ^{2/}	300 ^{2/}	315-330	+5-10
Middle East	780 ^{2/}	800 ^{2/}	800 ^{2/}	0.0
Total	2,711	2,661	2,684-2,714	+0.9-2.0

B. EXPORTS

	1983	1984	1985 (forecast)	%Change 1985/84
Argentina	415	250	280	+12.0
Australia	757	616	660 ^{2/}	+7.1
Brazil	463	477	413 ^{2/}	-13.4
EEC	500	725	710	-2.1
New Zealand ^{5/}	232	197	210	+6.5
Uruguay	232	144	118	-18.1
United States	125	152	167	+9.9
Canada	81	104	90	-13.5
Total	2,805	2,665	2,648	-0.6

^{1/}'000 tons carcass weight equivalent, includes fresh, chilled, frozen, cooked, canned and otherwise prepared bovine meat; excludes carcass weight equivalent of live cattle.

^{2/} Secretariat estimate

^{3/} Source: USDA

^{4/} Fresh, chilled and frozen beef only

^{5/} Year ending 30 September, product weight

(ii) Outlook

12. Current projections for 1985 indicate a slightly lower level of bovine meat production in 1985 in spite of increases in the first few months in some major producing areas. Pork and poultry production is expected to continue to increase. With improving economic conditions, consumption is expected to improve in some major beef consuming areas, while growth in pork consumption will slow down and that of poultry will continue its upward trend. Imports of beef are forecast to increase marginally in some major importing countries, while exports should decline slightly after the rise in 1984, with some traditionally exporting countries, however, experiencing an improvement in their export levels. Prices are expected to strengthen somewhat on some major markets, thus helping to restore some measures of confidence in the market which will, however, be counterbalanced by plentiful supplies available on other markets thus probably keeping price increases, if any, at modest levels in some other markets.

13. According to secretariat calculations, in the nine major bovine meat-producing countries, signatories of the Arrangement, plus the Soviet Union, the production of beef and veal could be expected to drop somewhat (0.75 per cent) in 1985 to some 33,200,300 tons. This would result mainly from decreases in the European Community and in the United States but declines are also expected in Canada and Uruguay. The improvement in the Community production situation would stem mainly from a decline in cattle slaughterings, notably of dairy cows, in the second half of the year. In the United States, the drop would be due to reduced slaughter of cows and non-fed steers and heifers. The decrease in the level of production in some countries is forecast to be partly offset by small increases in other countries.

14. Consumption is forecast to decrease slightly globally. In the nine major consuming countries plus the USSR, however, a 1 per cent increase could be expected, to 32,492,300 tons. Consumption growth is expected in the EC (+3.7 per cent), New Zealand (+0.6 per cent), Japan (+3 per cent), USSR (+1 per cent), Argentina (+9 per cent), Brazil (+3 per cent) and Uruguay (+6 per cent). These countries are expecting increases mainly because of better economic conditions and stable prices, better prices on the domestic market than on export markets and/or expected drops in export opportunities on certain markets. The United States, Canada and Australia are anticipating lower levels of beef consumption, the two former countries because of drops in production, strengthening prices and lower levels of income growth, and the latter because of expected higher domestic prices due to strengthening export prices.

15. According to forecasts, total volume of world trade in bovine meat will decline somewhat in 1985. **Main importing countries which are signatories to the Arrangement, plus the USSR are, however, expected to increase imports (+0.9-2-0 per cent) to some 1,884,000-1,904,000 tons because of increases in Japan (+8.1 per cent), the USSR (5-10 per cent),

* See note * on page 3

**European Community, Japan, Canada, United States and Brazil.

Brazil (20 per cent) and the United States (0.1 per cent). The Community and Canada, though, are forecasting declines (of 2.8 per cent and 5.4 per cent respectively). Growth in Japanese imports is expected mainly because of last year's understanding with Australia and the United States, on the basis of which Japan will endeavour to increase beef imports by some 36,000 tons over a four-year period. The slight increase projected for the United States is related to reduced domestic production of cow beef combined with a strong demand for manufacturing-quality beef, while the USSR could be expected to buy more beef in view of domestic demand and world market prices, in spite of anticipated production increases. The drop in EC imports is connected to continued high domestic supplies. Three of the traditional exporters, Argentina, Australia and New Zealand, are forecasting higher exports in 1985 after a drop in 1984. All three forecasts are based on higher production levels and improved export returns, and also in one case, a drop in consumption. However, taken together, the eight major exporting countries, which are signatories of the Arrangement, are projected to total an export volume of some 2,648,400 tons this year, a drop of 0.6 per cent compared to 1984, mainly because of anticipated reductions in the EC, Brazil, Uruguay and Canada. In view of the large stocks accumulated in the Community, however, it appears possible that exports could be greater than expected, provided demand strengthens on certain markets and/or prices are competitive enough.

III. COUNTRY-BY-COUNTRY ANALYSIS

European Community

16. The December 1984 cattle census in the Community showed, at minus 1.2 per cent, a slightly bigger drop in numbers than was previously expected. Cattle numbers totalled 78,523,000 head, the greatest decrease being, as expected, in dairy cow numbers (-3.4 per cent), male cattle (over two years old) (-2.3 per cent), and heifers (two years old and over) other than for slaughter (-2.2 per cent). Available figures suggest that the EC dairy quotas resulted in both a rise of dairy cow slaughter and in a not unsubstantial growth (+4.5 per cent) in beef cow numbers, in particular in Denmark (+9.9 per cent), Federal Republic of Germany (+26 per cent) and France (+7.8 per cent). In view of anticipated continued culling of dairy herds in some member states, it is expected that dairy cow numbers will decrease further before the end of the year. Total cattle numbers are projected to decrease by 0.7 per cent to 78,000,000 head. Cattle and calf slaughterings are estimated to have totalled some 29,885,000 head in 1984, an increase of 7.9 per cent compared to year earlier and possibly a record level. A decline is, however, forecast¹ for 1985 with slaughter totalling 28,675,000 head (-4 per cent), of which calves 7,604,000 head (-6.5 per cent).

17. Beef and veal production totalled 7,500,000 tons in 1984, an increase of some 8.9 per cent, indicating a rise in average slaughter weights of around 1 per cent and caused by a cyclical peak in beef production and the sharp rise in dairy cow slaughterings resulting from the introduction of the dairy quotas in April 1984. Commission sources suggest that beef and veal production in the first six months of 1985 will continue to increase and be 2 per cent higher than in the corresponding period of 1984 but that it will decline markedly (-7.5 per cent) in the second half, resulting in a reduction for the year of around 3 per cent. The higher level of beef and veal production in 1984 and beginning of 1985 resulted in fairly important levels of intervention stocks: at the end of February 1985, stocks totalled 610,312 tons (product weight) compared to 344,370 tons a year earlier (+77.2 per cent). With a decline of production in 1985 it could be expected that end-of-year stocks will be somewhat less important than currently. It is expected that market prices for adult bovine animals will show a slight upward trend in the first half of the year, a trend that will strengthen in the second half, resulting in a price increase, in nominal terms, of around 4 per cent. It is further expected that consumption of beef and veal, which is estimated to have totalled 6,800,000 tons (+3 per cent) in 1984, will continue to grow in 1985 under the influence of better economic conditions and stable real prices, possibly at a higher rate than in 1984. Imports of bovine meat are estimated to have decreased by 6.3 per cent in 1984, totalling 360,000 tons, due mainly to ample domestic supplies. A further decrease of 2.8 per cent is projected for 1985. Exports of beef and veal increased strongly (+45 per cent) in 1984, the reasons being abundant supplies and competitive export prices. Destinations are not yet known, but it is likely that some of the increase went to the USSR and the Middle East. For 1985, a drop in exports is forecast to 710,000 tons, due mainly to anticipated lower levels of production and increased consumption.

¹S.O.E.C. as cited by Meat and Livestock Commission

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	79,448	78,523	-1.2	78,000	-0.7
Beef and veal:					
Production	6,889	7,500	+8.9	7,275	-3.0
Imports	384	360 ^{2/}	-6.2	350	-2.8
Consumption	6,600	6,800 ^{2/}	+3.0	7,050	+3.7
Exports	500	725 ^{2/}	+45.0	710	-2.1
^{1/} '000 head at 1 December			^{2/} Estimate		

Sweden

18. Cattle and calf numbers totalled 1,878,000 head at the June 1984 census, a decrease of 1.3 per cent on year earlier. All categories of cattle fell off. Numbers have been declining since 1981 and are expected to continue their downward trend in the next two years in line with government policy to reduce production. By June 1986, it is projected that cattle numbers will have decreased by 6.5 per cent compared to the latest peak in 1981. Slaughter levels decreased somewhat (-2.4 per cent) in 1984, totalling 700,000 head. It is expected that slaughter will increase some in 1985 (+1.9 per cent) and again in 1986. As can be expected, production of beef and veal fell in 1984, totalling 155,000 tons (-3.1 per cent), veal production declining more (-22.2 per cent) than that of beef (-4.6 per cent). For the next two years, only a marginal increase is forecast. However, a government programme has reportedly been initiated to reduce surplus production by giving a premium on slaughterings of heifer calves.

19. Consumption of bovine meat in Sweden has trended downwards since 1976, both totally and on a per capita basis. There are several reasons for this, among which one finds competition from other meats (in particular pork, for which Swedes have a preference), abolition of consumer subsidies and consequent price rises, economic situation and possibly also health reasons. In 1984, total consumption of beef and veal amounted to 132,000 tons, a drop of some 6 per cent, while per capita consumption declined by a similar percentage to 15.8 kg. Compared to the peak year 1976, total consumption has fallen by 20.5 per cent and that of per capita by 21 per cent. In 1985, and again in 1986, a small increase is projected. Sweden's imports of beef and veal dropped in 1984, totalling 5,400 tons (-29 per cent), most of which was frozen and originating in Yugoslavia, Poland, Australia and United States. For 1985 and 1986, imports are expected to total 6,000 tons. Exports of beef and veal in 1984 remained at the same level as in 1983, i.e., 23,700 tons, a drop of 31 per cent compared to 1982. A major part of the meat was frozen, and the main customers were Venezuela, the USSR, Democratic Republic of Germany and the United States. Most of the fresh beef exports went to Italy. It is interesting to note that the United States and Taiwan as well as the Philippines and Papua New Guinea, became customers in 1984. Projections for bovine meat exports indicate an 18 per cent increase in 1985 to 28,000 tons.

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	1,902	1,878	-1.3	1,852	-1.4
Beef and veal ^{2/} :					
Production	160	155 ^{3/}	-3.1	156	+0.7
Imports	7.6	5.4	-28.9	6	+11.1
Consumption	141	132 ^{3/}	-6.4	135	+2.3
Exports	23.7	23.7	-	28	+18.1

^{1/}'000 head, June

^{2/}'000 tons

^{3/} Preliminary

Norway

20. Cattle numbers in Norway have been decreasing continuously since 1981 and totalled 964,000 head at the census in June 1984, a 1 per cent drop compared to 1983. All categories except dairy cows (+0.6 per cent) fell off. The decline is expected to persist during 1985. Slaughter dropped by some 7 per cent in 1984, most of which was due to a sharp decrease in calf slaughter, due in turn to government programmes aimed at reducing over-production by way of slaughter premiums. Accordingly, production of beef and veal declined in 1984 to 69,100 tons, a fall of 7.1 per cent compared to year earlier. However, a small (0.9 per cent) increase is projected for 1985.

21. Consumption also declined in 1984 to a level not seen since the 1960s, totalling 69,100 tons or 16.8 kg. per capita, a fall of 9.4 per cent and 10.2 per cent respectively compared to 1982, but only a marginal change compared to 1983. The relatively low per capita beef intake in Norway is explained by high consumption of fish and fish products, and a slight preference for pigmeat and sheepmeat products, possibly due, at least partly, to fairly large price differences between beef and other meats at the retail level. No information is as yet available about retail prices in 1984, but it is probable that they rose in line with average prices received by producers, i.e., by 11.6 per cent between the end of 1983 and that of 1984. Norway is not a big trader in bovine meat. In 1984, the country imported 1,700 tons of frozen beef and veal, 400 tons more than year earlier. Most of the bovine meat is imported from Australia, Sweden and Denmark.

	1983	Estimate 1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	975	964	-1.1	959	-0.5
Beef and veal ^{2/} :					
Production	74	69	-6.8	70	+1.5
Imports	1.3	1.7	+30.8	..	..
Consumption	69	69	-	..	..

^{1/}'000 head, 20 June
^{2/}'000 tons

Switzerland

22. After an increase in 1984 due to exceptionally good fodder conditions, cattle numbers at the April 1985 census are forecast at 1,925,000 head, a 0.9 per cent decrease on year earlier. All categories, except for steers (+21.2 per cent), are believed to have declined. After a 6 per cent decrease in 1983, slaughter (inspected) rose in 1984 by 4.8 per cent to 815,000 head, the biggest increase being in that of cows and heifers. It is probable that slaughter will fall off somewhat in 1985 in view of the expected production level. Production of beef and veal in 1984 reached 164,800 tons, a gain on year earlier of some 8.3 per cent, partly due to higher slaughter weights. However, a decline of some 6 per cent is forecast in 1985. Total meat production is expected nonetheless to fall by only 0.6 per cent, since pork and poultry production is expected to increase (+2.1 per cent and 9.4 per cent respectively) partly compensating for the shortfalls in bovine meat production.

23. Beef and veal retail prices increased by 3 per cent in Switzerland between the last quarter of 1983 (SFr18.20/kg.) and that of 1984 (SFr18.75/kg.), while pork prices rose by 10.9 per cent in the same period (from SFr17.97/kg. to SFr19.93/kg.) and the consumer index by 2.3 per cent. Demand for beef and veal in Switzerland was accordingly strong in 1984 with total consumption at 177,100 tons (+4.9 per cent) and per capita at 24.8 kg. (+4.3 per cent). Consumption is, however, expected to fall off in 1985 by around 6.8 per cent, a decline partly explained by projected production shortfalls. In comparison, per capita consumption of pork (the most-favoured meat in Switzerland) fell by 5.78 per cent to 42.4 kg. while that of poultry continued its upward trend (+7.3 per cent and .8 kg. per capita). Pork, however, is expected to regain some of its lost ground in 1985. Imports declined by some 5.5 per cent in 1984 due to increased self-sufficiency resulting

from the production gains. A total of 13,700 tons of beef and veal was imported, 6,200 tons being fresh and chilled, and the rest processed. The major suppliers were Brazil, Argentina, Zimbabwe and Australia. A further slight decrease is projected for 1985. Due to unexpected increases in bovine meat production at the beginning of the year, Switzerland is reportedly exporting small quantities of beef in 1985. Some 600 tons has been mentioned.

	1983	Estimate 1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	1,933	1,943	+0.5	1,925	-0.9
Beef and veal ^{2/} :					
Production	152	165 ^{3/}	+8.3	155	-6.0
Consumption	169	177	+4.9	165	-6.8
Imports	14.5	13.7	-5.5	13.5	-1.5

^{1/} '000 head, 21 April

^{2/} '000 tons

^{3/} Preliminary

Bulgaria

24. Beef and veal production in Bulgaria rose by 1.6 per cent to 110,627 tons in 1984. A major part of Bulgarian bovine meat production is that of veal (66.2 per cent in 1984). Bovine meat production has been very stable over the last couple of years with only relatively minor year-to-year changes. Since 1982, production of beef has declined (-0.3 per cent), while that of veal has risen (+2.0 per cent). Bulgaria is one of the very few bovine meat producers whose veal production is considerably more prominent and important than that of beef. While Bulgaria consumes a major part of its own bovine meat production (approximately 65-66 per cent), per capita consumption is relatively low (9-10 kg.), compared to many other beef producing and exporting countries.

25. Imports of beef and veal have decreased considerably in the last few years in the face of a difficult economic situation, totalling 496 tons in 1984, compared to 4,815 tons in 1980 and 13,000 tons in 1985. Cattle, beef and veal exports by Bulgaria totalled 23,312 tons in 1984, a drop of 4.8 per cent compared to year earlier. Of total exports expressed in meat equivalent, 10,812 tons were exports of live cattle (24,539 head), 6,910 tons that of frozen beef and veal and 5,590 tons of fresh and chilled bovine meat. Most of the frozen beef and veal exports were sent to Iraq, while a major part of fresh and chilled exports went to Jordan. Most, if not all, bovine meat is exported in the form of so-called "baby beef".

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	..	..	..	..	..
Beef and veal ^{2/} :					
Production	109.9	110.6	+1.6	..	..
Consumption	..	..	..	..	..
Exports ^{3/}	12.5	12.5	0	..	..
^{1/} , '000 head					
^{2/} , '000 tons					
^{3/} product weight					

Soviet Union

26. Cattle and calf numbers on state and collective farms in the Soviet Union totalled 95,200,000 head as of 1 March 1985, an increase of 1.3 per cent compared to year earlier and 3.9 per cent compared to March 1983. However, both pig numbers and sheep and goat numbers diminished (by 0.7 per cent and 2.6 per cent respectively). The decrease in pig numbers would be due to the poor grain harvest. Production of slaughter cattle, pigs and poultry increased quite considerably in the first two months of the year (by 7.5 per cent, 7.1 per cent and 8.4 per cent) compared to year earlier while that of sheep and goats remained stable. Experts tend to believe that these increases were due to a certain degree of distress slaughter in order to adjust to limited feed supplies. Towards the middle of 1985, it may be expected that distress slaughterings will end, and for the year as a whole, a decline in average slaughter weights could be expected.

27. Total meat production increased by 1.8 per cent in the USSR in 1984, to 6,700,000 tons (slaughter weight, including fat) according to official figures. In 1985, it is projected that the production increases in the first half of the year will be reversed in the second half due to expected drops in annual average slaughter weights and a probable cessation of distress slaughter by mid-year. This would result in a total meat production for the year at about the same level as last year, or very slightly above with beef production gaining around 1 per cent, poultry increasing by less than in the last few years, and with pigmeat and sheepmeat production decreasing by a few percent compared to 1984. With little change in meat production and presumably in consumption, it could be expected that meat imports will remain significant. Some sources believe that bovine meat imports could even increase by 5 to 10 per cent (i.e. 315,000 to 330,000 tons).

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	91,600	94,000	+2.6	95,200 ^{2/}	+1.3
Beef and veal ^{3/} :					
Production ^{4/}	6,395	6,651	+4.0	6,718	+1.0
Imports ^{5/}	335	300	-10.5	315-330	+5-10.0

^{1/}'000 head at 1 March

^{2/}Actual

^{3/}'000 tons

^{4/}Includes slaughter fat

^{5/}Estimates

Main Source: Economic Commission for Europe

South Africa

28. The August 1984 cattle census showed a 3.4 per cent decrease on year earlier, cattle numbers totalling 7,923,000 head, the lowest figure since 1971. Most of the decline was due to a fall in dairy cow numbers (-4.3 per cent), beef heifers (-4.6 per cent), steers (-12.1 per cent) and calves (-4.6 per cent). It is obvious that the recent drought is responsible for the decline. For 1985 a slight increase is forecast (+1.6 per cent), which is projected to continue in 1986. Slaughterings continued at higher than usual levels throughout 1984, totalling 2,460,000 head, 6 per cent more than year earlier and the highest since 1980. For 1985, a small decrease is projected. Production also increased in 1984, totalling some 664,000 tons, 5 per cent more than year earlier. The discrepancy between the increase in slaughterings and that of production is explained by the somewhat lower slaughter weights in 1984 compared to 1983. A marginal increase in production is expected in 1985 and 1986, indicating, in view of the expected fall-off in slaughter, a small increase in slaughter weights.

29. Preliminary figures concerning total beef and veal consumption indicate an increase of some 3 per cent in 1984 compared to 1983 while per capita consumption, at 20.3 kg., hardly changed at all, implying a growth in population. Total beef and veal consumption is projected to continue its upward trend in the two coming years while per capita consumption will remain relatively stable with a small upward trend. Retail prices of beef fluctuated during the year, but decreased by around 1 per cent in the last quarter compared to the first. Retail prices of pork increased, however, by some 13 per cent due, apparently, to a decrease in production. Imports in 1984 were slightly higher than

previously estimated and were, at 25,000 tons, some 9 per cent higher than in 1983. As in the past, a major part of the bovine meat imports were frozen and originated in neighbouring countries. A further increase in imports is expected during the two coming years. In contrast, imports of live animals declined by some 10 per cent, totalling 113,000 head, the lowest level since 1977. South Africa habitually exports only very limited quantities of bovine meat, usually to neighbouring countries and 1984 was no exception: 1,900 tons. In 1985, however, it is expected that 35,000 tons will be exported, due to an accumulation of meat in stocks over the last few years. It is probable that this meat will not be exported exclusively or even mostly to surrounding countries.

	1983	Estimate 1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	8,204	7,923	-3.4	8,050	+1.6
Beef and veal ^{2/} :					
Production	632	664	+5.1	665	+0.2
Consumption	663	684	+3.2	709	+3.7
Imports	23	25.1	+9.1	26	+3.6
Exports	1.3	1.9	+46.2	35.1	+174.7

^{1/}'000 head, August
^{2/}'000 tons

Argentina

30. The index of the deflated price of steers at Liniers (base: 1960 = 100) approached, at 55, historically low levels at the beginning of April 1985 and averaged 70 during the first quarter of 1985, compared to a one-year average of 96.5 in 1984 and 101 in 1983. This downturn in real prices appears to be one of the reasons for the downward revision in cattle numbers, previously estimated to increase by about 2 per cent, and now revised to remain unchanged, at 55,000,000 head in June 1985. It is reported that a new credit line will soon be implemented in order to help producers to rebuild herds. The decline in real prices appears to be related, *inter alia*, to the producers' economic difficulties, which cause them to sell their animals in order to cope with increased costs and high inflation. On the other hand, their confidence in the short-term outlook may be affected, as domestic consumers' purchasing power declines and prices on international markets remain relatively low.

31. Consequently, cattle slaughter is expected to increase by some 13.8 per cent in 1985 to 13,800,000 head. During the first quarter of the year, a 15 per cent increase was registered. Moreover, about half the cattle slaughtered was female and there was also an abnormally high level of calves in the slaughter mix. Thus, it can be questioned

whether the rebuilding of cattle herds initiated in 1983 is not going to come to a premature end. Resulting from the expected increase in slaughterings, it is anticipated that the production of beef and veal in 1985 will rise by 9.5 per cent to 2,800,000 tons. The lower rate of increase compared to that of slaughter is explained by the lower average dressed carcass weight provoked by the above-mentioned large participation of female cattle and calves in the slaughter mix.

32. Beef consumption in Argentina is, like in many other exporting countries, principally affected by production and export levels. An increase of some 240,000 tons in production in 1985 and of only some 30,000 tons in exports allows a forecast of a 212,000-ton increase in consumption to 2,520,000 tons, or 82.9 kg. per capita, the highest level since 1981. In the first quarter of 1985, per capita consumption can be estimated to have been some 13 to 14 per cent higher than year earlier. The per capita consumption of alternative meats (pig, poultry and sheepmeat) is expected to decline in 1985 to 19.1 kg. per capita, a 3 per cent drop compared to year earlier, in spite of the beef sales ban, introduced by the Government, in shops and restaurants two days a week from 11 June 1984 until 8 March 1985, which aimed at stabilizing cattle prices, and especially at diverting the demand for beef to other meats, in particular poultry and pigmeat.

33. Argentinian exports of beef and veal are expected to recover somewhat in 1985, but will remain relatively low by historical standards: 280,000 tons, up by 12 per cent, compared to year earlier, the major reason being the absence of sales to the Soviet Union. In fact, since August 1984, the Soviet Union has suspended its imports of bovine meat from Argentina, in spite of an agreement signed in 1981, under which the Soviet Union undertook to import a minimum of 60,000 tons of beef per year from Argentina to 1985 inclusive (in 1984, Soviet imports totalled only 48,900 tons). As the Soviet Union buys frozen beef, exports of frozen and refrigerated meat declined strongly (46.4 per cent) while canned and cooked beef exports declined by a lesser amount (12.5 per cent), basically as a result of lower purchases by the United States during January and February 1985. Weak demand in its traditional markets and increased export availabilities in the EC seem to continue to influence Argentinian exports, especially in the Middle East. Losses of markets in the Gulf states seem, however, to be compensated by increased exports to Israel. The three-year agreement concerning Argentinian bovine meat exports to Israel expired in May 1985. A new one-year agreement was reportedly reached recently, according to which Argentina will sell 4,600 tons to Israel. In spite of their efforts, the Argentinian authorities were not able to reach an export agreement with Egypt, which reportedly would not pay more than US\$1,150 per ton, a price considered too low by Argentina. Since 4 April 1985, exports of Argentinian meat, offals and sub-products have benefited from a more favourable export tax treatment. Bovine meat export taxes have been reduced for a number of meat products, and even removed altogether for some.

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	53,900	55,000	+2.0	55,000	0.0
Beef and veal ^{2/} :					
Production	2,384	2,558	+7.3	2,800	+9.5
Consumption	1,975	2,308	+16.9	2,520	+9.2
Exports ^{3/}	415	250	-39.8	280	+12.0

^{1/}'000 head, 30 June

^{2/}'000 tons

^{3/} Includes carcass weight equivalent of cooked and canned beef exports.

Brazil

34. It is estimated that cattle and calf numbers reached 132,800,000 head in 1984, a 3 per cent increase compared to year earlier. For 1985, a further increase (+2.9 per cent) is projected, to 136,641,000 head. Total cattle and calf slaughter is believed to have declined by some 2.8 per cent in 1984, to 11,200,000 head. Reflecting this trend, production is estimated to have declined by about the same percentage, to 2,300,000 tons.

35. Increased producer prices, in real terms^{*}, since 1983 allowed producers - once the financial problems created by two consecutive years of rather low prices had been solved - to begin the rebuilding of their cattle herds, as the decline in cow slaughter levels of some 20-25 per cent in 1984 reflects. However, prices have declined sharply since the last quarter of 1984, and in January 1985 in the state of Sao Paulo real prices were 14.5 per cent below year earlier. They are reported to have declined by about 40 per cent in the last five months. The announcement last April of the Government's decision to re-introduce buffer stocks (forecast at 20,000 tons) to be sold between the slaughtering seasons, is expected to have a positive effect on prices.

36. Per capita consumption of bovine meat in Brazil is low compared to Argentina or Uruguay. In 1984, it reached 14 kg., about 10 per cent less than year earlier, as a result of record retail prices and deteriorated economic conditions. It can be assumed that consumption will increase somewhat in 1985 as a consequence of anticipated lower prices, but the consumers' low purchasing power will still play a major role in the level of beef and veal consumption.

^{*} On average, real prices in the state of Sao Paulo increased by 20 per cent in 1983 compared to year earlier and a further 14 per cent in 1984)

37. In 1984, imports remained stable at 25,000 tons, 90 per cent of which came from Uruguay. According to sources quoting Cacex, Brazilian beef and veal exports in 1984 increased by 3.1 per cent to 257,000 tons product weight. This increase is entirely due to the rise registered in canned and cooked meat sales, up by about 10 per cent, while exports of fresh, frozen and chilled bovine meat declined by 4 per cent. It is interesting to note, however, that in value terms the increase in foreign currency entering Brazil resulting from total bovine meat exports was practically all due to this last category of meat. In 1985, exports are expected to decline, probably as a result of relatively stagnant production and increased consumption. Another reason may be the complete elimination of the IPI credit premium, which has benefited industrialized products since 1969. However, the new Brazilian Government is implementing a set of new measures including new general export credits and possible tax reductions, which may, in one way or another, affect beef exports. It is also interesting to note that Brazil seems to be more and more involved in counter-trade operations involving beef. In October 1984, Brazil reached an agreement with Irak, estimated to be worth some US\$200 million - according to which 70,000 tons of beef will be supplied to this country, against oil. Another agreement of this type has been reached with Nigeria.

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	128,952	132,801	+3.0	136,641	+2.9
Beef and veal ^{2/} :					
Production	2,359	2,293	-2.7	2,300	+0.3
Consumption	2,000	1,860	-7.0	1,917	+3.1
Imports	25	25	0	30	+20.0
Exports	463	477	+3.1	413 ^{3/}	-13.4

^{1/}'000 head, estimates

^{2/}'000 tons

^{3/}Secretariat estimate

Uruguay

38. The end-of-June 1985 cattle census is expected to show a decrease of 1.1 per cent compared to year earlier, indicating a definite slowdown in the herd liquidation process started in 1981. Beef and dairy cow and calf numbers are expected to have risen (by 1.3 per cent and 14.7 per cent respectively), whereas all other categories are expected to have continued to decline. Cattle numbers in 1986 are projected to show a gain of 3.7 per cent with substantial increases in bull and calf

numbers in particular. Cattle and calf slaughter experienced a drop of 32.5 per cent in 1984, the lowest level since 1979. Calf slaughter, unsurprisingly, declined most (-50.3 per cent) followed by that of cows (-39.3 per cent) and adult male cattle (-21.5 per cent). Slaughter in 1984 totalled 1,503,000 head and is expected to increase slightly (+0.4 per cent) in 1985 to 1,509,000 head. Because of higher slaughter weights, production of beef and veal decreased less than slaughter in 1984 or by 29.9 per cent, totalling 310,000 tons, 7,000 tons of which was veal. In spite of expected higher slaughter in 1985, production is projected to continue to decline in the course of the year due to lower average slaughter weights and is presently forecast at 306,000 tons (-1.3 per cent compared to 1984). A more important drop (-12.4) is projected in 1986, explained by the expected start of herd rebuilding.

39. Bovine meat prices increased by 155.7 per cent in Uruguay in 1984, or from 2,778.39 pesos/100 kg. in the last quarter of 1983 to 7,103.00 pesos in that of 1984 reflecting in part the diminishing supplies. The main competing meat (chicken) rose by "only" 119.8 per cent and the consumer index by 85.2 per cent. Beef consumption in 1984 fell to its lowest level since 1973, totalling 177,000 tons and 59 kg. per capita (-17.7 per cent and 18.1 per cent respectively compared to 1983). The decrease in beef consumption did not benefit any of the other meats consumed in the country. Indeed, these latter also decreased, albeit by much less. A rise in the total consumption of beef of 6.2 per cent and of that of per capita of 5.1 per cent is projected, however, for 1985, in spite of the expected decrease in production. Declining beef consumption levels appear to be the result not only of the drop in production and of price increases, but also of a decline in real disposable income.

40. Uruguayan exports of fresh, chilled and frozen beef and veal fell by some 41 per cent in 1984 compared to 1983, totalling 131,000 tons, the lowest level since 1980. Frozen beef and veal exports dropped by 41.2 per cent and that of fresh and chilled beef by 36.4 per cent*. However, it could be noted that Uruguayan exports of fresh, chilled and, in particular, frozen beef and veal were at a record high level in 1983 and still near the previous record (1976) in 1984. Exports of processed beef and veal increased by 30 per cent in 1984 to 13,000 tons. Major Uruguayan customers of frozen beef and veal last year were Brazil, Egypt, the Soviet Union and the Community, and of fresh and chilled beef and veal Brazil. Total bovine meat exports are projected to fall by 18.1 per cent in 1985 and by a further 32.2 per cent in 1986. Both projections are explained by the expected decreases in production and increase and subsequent stabilization of consumption, as well as weak demand in some of Uruguay's traditional markets and competition from low-priced products from Brazil and the EC.

* Fresh and chilled bovine meat is only a minor part of Uruguayan beef and veal exports (in 1984, they amounted to 5.7 per cent).

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	9,704	9,085	-6.4	8,988	-1.1
Beef and veal ^{2/} :					
Production	442	310	-29.9	306	-1.3
Consumption	215	177	-17.7	188	+6.2
Exports	232	144	-61.1	118	-18.1

^{1/}'000 head, 30 June
^{2/}'000 tons

United States

41. Herd liquidation continued in 1984, and at 1 January 1985, cattle and calves numbered 109,800 thousand, down 3 per cent from year earlier, and the lowest level since 1968. The beef cow herd declined by 6 per cent as a result of low returns and drought conditions. In addition, beef replacement heifers dropped sharply (by 10 per cent) due to increased placements in feedlots, up by 7 per cent, partly encouraged by low feedgrain prices. The dairy cow herd contracted partly as a consequence of the dairy diversion programme, but it is interesting to note that dairy heifer numbers increased (which seems to suggest that dairy producers were intending to return to milk production after April, when the programme finished). Cattle numbers are expected to decline further in 1985, but increased cattle prices during the year should allow the stabilization of the herd in 1986.

42. In spite of a 2.5 per cent rise in slaughter levels, production of beef and veal only increased by 1.6 per cent, to 109,924,300 tons in 1984, reflecting the unusually high proportion of cow slaughterings and consequently, the lower dressed average carcass weight in the slaughter mix. This means that cow beef accounted for a higher proportion of beef production in 1984. Nevertheless, cow prices remained strong in 1984, and it is estimated that this was caused by a strong increase in the demand for hamburgers, resulting from higher disposable income. Beef production is expected to decline by some 2 to 4 per cent in 1985 due entirely to the reduced cow and non-fed steers and heifer slaughter, as fed beef production is expected to remain stable, as a result of relatively low-priced feedgrains (on 1 March 1985, cattle on feed was up by 5 per cent compared to year earlier).

43. With lower supply levels projected for the current year, it is reasonable to expect an increase in prices. Although at the beginning of the year they declined, reflecting increased supplies (especially of high-quality beef from feedlots), it is forecast that prices will rise at least during the first half of the year. (For example, Omaha choice

steer prices are expected to average US\$64-US\$70, compared to US\$65.34 during 1984.) However, this increase may be threatened by large poultry meat supplies and a slower rate of increase of consumer incomes. In spite of estimates indicating that the consumption of low-quality beef should remain stable, it can be assumed that lower beef output coupled with higher prices will provoke a decline in overall beef consumption.

44. The United States imports of beef and veal in 1984 totalled 838,000 tons, 5.2 per cent less than year earlier. The "trigger level" under the Meat Import Law had been set at 557,000 tons (product weight) and negotiation of voluntary export restraint agreements proved unnecessary in 1984. For 1985, the "trigger level" was set at 598,300 tons (product weight), up by 7.4 per cent, or 41,000 tons, as a result of the expected reduction of cow beef output. The demand for imported beef is likely to increase somewhat (present forecast appears to be too low) and production is expected to rise in both Australia and New Zealand, the traditional beef suppliers to the United States market. Overall beef and veal imports, including cooked and canned product, are forecast to total some 839,000 tons in 1985.

45. In 1984, exports of beef and veal increased by some 21 per cent to 152,000 tons. Exports to Japan, by far United States' major market, rose by 30.4 per cent compared to year earlier and represented a share of some 71 per cent of total exports. Additionally, Japan announced last year that it would endeavour to increase its imports of high-quality beef by 27,600 tons (product weight) over four years. Consequently, United States exports to Japan seem likely to increase further. As high-quality beef output is expected to remain stable in 1985, American overall exports of beef and veal are forecast to increase by 10 per cent, to 167,000 tons in 1985.

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	115,199.0	113,700.0	-1.3	109,801.0 ^{2/}	-3.4
Beef and veal ^{3/} :					
Production	10,748.3	10,924.3	+1.6	10,546.0	-3.5
Consumption	11,415.6	11,518.6	+0.9	11,257.3	-2.3
Imports ^{4/}	884.3	837.9	-5.2	839.1	+0.1
Exports ^{4/}	125.3	151.7	+21.1	167.4	+10.3

^{1/} '000 head at 1 January

^{2/} Actual

^{3/} '000 tons

^{4/} Including cooked and canned beef

Canada

46. For the fourth year in a row, the Canadian cattle census (January 1985) showed a decrease in cattle numbers. They totalled 10,964,900 head, a drop of 3.5 per cent compared to year earlier, and 9.3 per cent compared to 1982. The continued herd liquidation was mainly due to depressed feeder cattle prices since 1981, and the bleak prospects for a recovery coupled with severe drought conditions in Western Canada. No major improvement is apparently expected in 1985 and although a slowdown is projected, a further drop in numbers is forecast for the end of the year, to 10,695,700 head, a decrease of some 2.5 per cent. Cattle slaughter continued to slow down in 1984 and total slaughter amounted to 4,271,900 head, a decrease of some 2 per cent, the biggest decrease being in calf numbers slaughtered, and that of adult male cattle. A further decrease is expected for the next two years, slaughter (inspected) totalling 3,474,100 head in 1985. In spite of the decrease in slaughter and a drop in average carcass weights, beef and veal production reportedly increased by 1.1 per cent in 1984. Production is forecast to decline in 1985 by some 1.9 per cent to 978,300 tons, indicating a rise in average slaughter weights, since slaughter is forecast to decrease by some 3.4 per cent. The production decline is due to relatively low cattle prices in relation to feed costs.

47. Beef retail prices increased by 5.5 per cent during 1984 (December 1983-December 1984) and those of pork by an equivalent percentage, while disposable income reportedly rose only moderately, resulting in a 3 per cent drop in beef and veal consumption and a 1.8 per cent drop in that of pork, while poultry consumption rose by 6.5 per cent and that of sheepmeat by 5.5. Total consumption of beef in 1984 amounted to 1,007,500 tons, while that of per capita reached 40.1 kg., a decline of 4.1 per cent. A further, smaller, drop is projected for 1985. As predicted earlier, imports of beef and veal increased in 1984 to 116,300 tons (+26.8 per cent), the highest level ever. Imports of fresh and chilled beef increased by some 92 per cent, totalling 23,800 tons, that of frozen beef by 23 per cent to 82,600 tons, while processed beef imports declined to 9,900 tons (-18.1 per cent). Imports of live cattle also decreased to its lowest level in many years, i.e., 37,000 head. All of the fresh and chilled beef came from the United States, while the increase in frozen beef imports came from Ireland and Denmark. January-March 9 1985 imports of beef declined by some 19 per cent and for the year as a whole, a 5 per cent drop could be expected. Canada also exported a record volume of fresh, chilled and frozen beef and veal in 1984, i.e., 101,900 tons, an increase of some 29 per cent, compared to year earlier. Also, live cattle exports increased, to 250,000 head (+17.9 per cent). The quasi-totality of trade in live cattle is with the United States as well as most of Canadian beef and veal exports.

48. At the beginning of 1985, Canada announced that it was going to restrict imports of beef and veal (fresh, chilled and frozen) in 1985 to 66,500 tons. This action was taken pursuant to Article XIX of the GATT (safeguards). The reasons given were that Canadian authorities were of the opinion that bovine meat was "imported in such increased quantities and under such conditions as to cause and threaten serious injury to the producers in Canada" (L/5767). The global quota established for 1985 is

at the same level as the 1985 minimum access commitment. The quota was allocated as follows: Australia - 24,900 tons; EC - 2,700 tons; New Zealand - 28,800 tons; Nicaragua - 300 tons; and the United States - 9,800 tons. Complaints have been made, however, to the Canadian authorities, about the individual quantities of the quota and it is possible that some adjustments will be made.

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	11,618.4	11,360.1	-2.2	11,141.1 ^{2/}	-3.5
Beef and veal ^{3/} :					
Production	986.4	997.3	+1.1	978.3	-1.9
Imports ^{4/}	91.7	116.3	+26.8	110.0	-5.2
Consumption	1,040.2	1,007.5	-3.1	995.0	-1.2
Exports ^{4/}	81.3	103.8	+27.7	90.0	-13.3

^{1/} '000 head at 1 January

^{2/} Actual

^{3/} '000 tons

^{4/} Including cooked and canned beef

Australia

49. In spite of the 1.2 per cent decline registered in the March 1984 cattle census to 22,200,000 head, the Australian cattle herd seemed to have entered a herd rebuilding phase. In fact, cow slaughter was well below year-earlier levels. According to estimates, cattle numbers were up by 2.7 per cent in March 1985 to 22,800,000 head, reflecting good pasture conditions and expectations of higher prices, especially in its major market, the United States¹. Estimates released by the Australian Meat and Livestock Corporation predict the continuation of herd rebuilding until 1989, should current favourable pasture conditions and increased prices continue.

50. Total slaughter levels are expected to increase by some 5 per cent in the current year, and lower slaughter weights reflecting herd rebuilding will only partly offset this increase. Consequently, production is expected to rise by about 2 per cent to 1,270,000 tons, the first increase since 1982 (as a result of the beginning of herd rebuilding, production dropped by some 24 per cent from 1982 to 1984). According to the above-mentioned estimates, production is expected to increase by an annual average of 2.9 per cent until 1989.

¹ "In Brief", April 1985

51. With expectations of a stronger increase in exports than in production in 1985, consumption of beef and veal is forecast to decline by 4.3 per cent to 610,000 tons, or about 39 kg. per capita, after a 1 per cent increase in 1984. The expected increase of import demand and prices in the United States will push domestic retail prices up and consumption will decline. Per capita beef and veal consumption should remain relatively stable over the next two to three years.

52. Australian beef and veal exports declined sharply in 1984. Figures show a drop of 18.7 per cent, compared to year earlier, to 616,000 tons (excluding carcass weight equivalent of live animals). The major reasons were the low production levels, coupled with weak import demand from both the United States (-15.5 per cent) and the Republic of Korea (-83.3 per cent). Imports by Japan increased by some 5 per cent. Export demand prospects for 1985 seems brighter, and consequently, exports are forecast to increase by about 7 per cent to 660,000 tons. Expected drops in beef and veal production in the United States and Canada, as well as in pigmeat production in South Korea are the major reasons for the better export prospects in the current year. Additionally, Japanese imports should also increase as a result of consultations in late 1984, according to which Japan would endeavour to increase its imports of bovine meat by 36,000 tons over four years. It should be noted, however, that the expected rise in United States prices did not materialize during the first quarter of 1985 as a result of abundant supplies of fed beef. However, lower-quality cow beef supplies - the quality exported by Australia to this market - are declining and it is expected that prices will rise in the second quarter.

53. Average export prices increased in 1984, partly as a result of the decline in production, but essentially due to the depreciation of the Australian dollar vis-à-vis the United States dollar. Should the American currency depreciate during the current year, the gains that the Australian cattle industry expects to realize in 1985, as a result of increased prices in the United States, will be strongly affected.

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	22,478.0	22,200.0	-1.3	22,800.0	+2.7
Beef and veal ^{2/} :					
Production	1,391.0	1,248.0	-10.3	1,270.0	+1.8
Consumption	631.0	637.0	+1.0	610.0	-4.3
Exports ^{3/}	757.0	616.0	-18.7	660.0	+7.1

^{1/} '000 head at 31 March

^{2/} '000 tons

^{3/} Includes carcass weight equivalent of cooked and canned exports.

New Zealand

54. Preliminary figures from the June 1984 cattle census indicate, at 7,910,000 head, a 3.7 per cent increase in cattle numbers after a year with the lowest numbers since 1966. Both dairy cow and beef cow numbers expanded (by 1 per cent and 10.8 per cent respectively) and an improved market outlook for beef, particularly compared with sheepmeat, encouraged an increase in the retention of small calves for beef rearing from the dairy sector in the spring of 1983. A similar situation occurred in the spring of 1984. The June 1985 census is expected to confirm that the New Zealand herd is now being rebuilt. Numbers this year are forecast to total 8,160 000 head (+3.2 per cent). Cattle slaughter decreased by 16.4 per cent in 1984¹, totalling 2,609,000 head. The reduction was due to herd rebuilding. In 1985¹, slaughter is projected to be up by some 10 per cent to 2,870,000 head. Total production of beef and veal declined by some 14.9 per cent in 1984¹, to 434,000 tons. An increase in average slaughter weights partly offset the greater decrease in slaughter levels. Beef and veal production is expected to increase in 1985¹, boosted by the slaughter, in May-June 1985, of extra cattle retained from the dairy sector in the spring of 1983. However, lower average carcass weights are forecast to limit the production increase to 7.6 per cent (467,000 tons).

55. Beef and veal consumption is estimated to have decreased less than previously expected (-12 per cent) in 1984¹, or by some 3 per cent, totalling 141,200 tons (per capita consumption: 43.5 kg.), the reason being fairly competitive retail prices, in spite of increases, in view of the preference for beef, and improving economic conditions. New Zealand's beef and veal exports declined to 197,200 tons (product weight) in 1984, a drop of 14.8 per cent compared to year earlier and completely in line with the fall in production. Some 74 per cent of exports went to the United States and 8.8 per cent to Canada. In view of the forecast increases in slaughter, and beef and veal production, it could be expected that exports will increase by 6-7 per cent in 1985. According to the New Zealand Meat Producers' Board, New Zealand is expecting to export some 160,000 tons of bovine meat to the United States this year, about 15,000 tons more than in 1984.

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	7,630.5	7,910.0	+3.7	8,160.0	+3.2
Beef and veal ^{2/} :					
Production	510.0	434.0	-14.9	467.0	+7.6
Consumption	145.6	141.2	-3.0	142.0 ^{3/}	+0.6
Exports ^{4/}	231.5	197.2	-14.8	210.0 ^{3/}	+6.5
^{1/} '000 head t 30 June				^{2/} '000 tons, year ending 30 September	
^{3/} secretariat estimates				^{4/} product weight	

¹ Year ending 30 September

Japan

56. Cattle slaughter continued to increase in Japan in 1984, totalling some 1,536,000 tons (+7.2 per cent), a record level. Average carcass weights also rose somewhat (+0.6 per cent), resulting in a record production level of 532,000 tons (+8.1 per cent). Most of the production increase came from increased slaughter of Wagyu cattle (35 per cent of total slaughter). Increased slaughter in 1984 would seem to reflect in particular Wagyu cattle farmers' decision to liquidate herds in the face of perceived decreases in profitability due to enduring low calf prices and maybe also because of concerns about possible further import liberalization. It is probable that beef and veal production will continue to increase in 1985. (Since 1961 production of bovine meat in Japan has increased by some 274 per cent, partly due to increased efficiency and productivity.) Average retail prices for beef rose moderately (+2.3 per cent) between the fourth quarter of 1983 and that of 1984; stabilization prices remained stable at the same level as in 1983 and 1982, and will stay at the same level in 1985 according to a MAFF decision, while per capita income reportedly rose substantially, under conditions of relatively low inflation. Therefore, it is not surprising to note the further increase in consumption of beef and veal, both total and per capita (by 7.2 per cent and 6.8 per cent respectively) that took place in 1984, totalling 757,000 tons or 6.3 kg. per capita. This development will probably continue in 1985 and 1986.

57. Japan has also seen a steady increase in imports of beef and veal over the last quarter century, from around 5,000 tons (product weight) in 1961 to 155,600 tons in 1984 (+3,012.0 per cent). Since 1980, the increase amounts to some 15.6 per cent. Australia supplied some 63.4 per cent of the fresh, chilled and frozen beef imported in 1984, United States 29 per cent and New Zealand 4.8 per cent. The meat import quota for fiscal year 1985/1986 (April/March) is not yet known but when announced it will probably not be smaller than that of fiscal year 1984/1985 which amounted to 150,000 tons (product weight).

58. A new transaction system for imported frozen beef was introduced recently, called "simultaneous buying and selling tenders system". The new system will facilitate users' direct consultations with overseas suppliers as to the buying specification, cut and quantity of beef to be imported. Subsequently, users in association with importers will submit simultaneous buying and selling bids to the LIPC. The latter will decide whether to accept bids and offers. The system was applicable to 10 per cent of LIPC allocated frozen beef quota in the second half of JFY 1984.

	1983	Estimate 1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	4,590	4,682	+2.0	..	..
Beef and veal ^{2/} :					
Production	495.0	532	+8.1	..	..
Consumption	706	757	+7.2	..	..
Imports	211	222	+5.2	..	..

^{1/}'000 head at 1 February

^{2/}'000 tons

IV. SUMMARY OF THE SITUATION IN CERTAIN FAR EASTERN AND MIDDLE EASTERN BOVINE MEAT IMPORTING COUNTRIES

Republic of Korea

59. Cattle numbers in the Republic of Korea in 1984 were estimated at 2,462,000 head, up 11 per cent from year earlier. As a result, cattle slaughter also increased and production rose to an estimated 93,000 tons, 41 per cent higher than year earlier. However, per capita beef consumption is reported to have declined by some 10 per cent to 2.6 kg. This decline is related to large availabilities and lower relative prices of pigmeat, the per capita consumption of which is believed to have risen by some 13.5 per cent to 8.4 kg.

60. The important availabilities of these two types of meats had a significant impact on imports. Official sources indicate that bovine meat imports in 1984 fell to 24,000 tons, down by 52 per cent. The major suppliers were Australia and New Zealand. Contradictory statements have been reported by the press concerning Korean imports in the current year. According to some, Korea will not import cattle or beef in 1985; but according to others, Korea will purchase some 20,000 tons of beef. Nevertheless, 8,000 tons of beef imported during 1984 were believed to be still in storage in the first quarter of 1985. Furthermore, production of beef is expected to rise further in the current year (as well as pigmeat production). All this, coupled with governmental measures to stabilize producers' prices, clearly suggests that beef imports in 1985 will remain well below their 1983 record level of 50,000 tons.

	1983	Estimate 1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Cattle and calf numbers ^{1/}	2,215	2,462	+11.2	2,536	+3.0
Beef and veal ^{2/} :					
Production	66	93	+40.9	102	+9.7
Consumption	115.4	106.5	-7.7		
Imports	50	24	-52.0	0-20	-100.0- -61.5

^{1/}'000 head

^{2/}'000 tons

Singapore

61. In 1984, Singapore imported 10,745 tons of beef (product weight), 6.3 per cent less than year earlier. This decline is reportedly related to a slowdown in Singapore's economic growth, especially in the second half of the year. Australia remained the major supplier, but its market share fell from 65.5 per cent in 1983 to 41.4 per cent in 1984. Its second major supplier, New Zealand, has seen its market share decline as

well. Benefiting from the authorization to export beef to Singapore since February 1984, Brazil, Uruguay and Argentina together immediately took a 27.2 per cent share of the market. Brazil, in particular placed 1,888 tons of frozen boneless beef, a 17.6 per cent share of total imports.

62. A projected decline in economic growth in the current year will certainly have a negative impact on beef imports, which are expected to decrease somewhat. It may be expected that beef trade patterns will continue to change with the South American countries' share of the market continuing to expand at the expense of the more expensive Australian and New Zealand products.

Saudi Arabia

63. In 1983, Saudi Arabian imports of live cattle decreased by some 22.6 per cent compared to year earlier, to 27,119 tons, live weight. The major supplier was the European Community with a market share of 32 per cent, followed by Somalia, which over the last few years has been a major supplier of live cattle and had a 66 per cent market share in 1982 (21 per cent in 1983). Imports of beef increased by 6.2 per cent to 54,426 tons. Australia became Saudi Arabia's first supplier with a 25 per cent share. However, this was not due to particularly increased Australian exports (up by only 1.5 per cent), but to a 55 per cent drop in Indian exports, traditionally the first supplier of the Saudi market. The European Community became the second major exporter to this market with a sharp 211 per cent increase in exports, to 12,456 tons, representing a market share of 23 per cent (France alone accounted for 59 per cent of the Community exports). Imports of other meats also increased in 1983, in spite of the declining trends of oil prices, but it is estimated that in 1984 meat imports declined. Beef imports rate second after poultrymeat, but possible import restrictions of the latter during the current year may improve the competitiveness of beef prices, and consequently, demand.

Kuwait

64. In 1984, Kuwait imported about 12,300 tons of chilled and frozen beef and buffalo meat. The European Community, which became Kuwait's first supplier in 1983 replacing India, increased its exports to this market by a further 48 per cent, representing a 57 per cent market share. India now ranks second, but in spite of a 5 per cent increase of its buffalo meat exports, its market share declined to 25 per cent (30 per cent year earlier). The United States, Brazil and Uruguay also increased their exports to Kuwait, while Australia, once second major supplier but currently not in a position to compete with Brazil and Uruguay's lower-priced products, exported insignificant quantities of beef to the Kuwaiti market in 1984. It is interesting to note that while other meat imports' rate of increase seems to be slowing down compared to a few years earlier, that of beef continues to rise. It appears that domestic production of bovine meat is, and will remain, well below demand for the next couple of years.

Iran

65. Beef production in Iran is currently estimated at 100,000 tons. As in most Middle Eastern countries, consumers' preference goes to sheep and goat meats, the production of which is estimated to total 350,000 tons. Poultrymeat production is believed to have risen to 260,000 tons. In spite of the ration system introduced as a result of the Iran-Irak war, Iran remains an important buyer of meat and in 1984 beef imports are estimated to have totalled 75,000 tons, 45,000 tons of which came from the European Community (imports of sheepmeat amounted to 170,000 tons, 136,000 of which were from New Zealand). Iran is apparently no longer a significant importer of live animals. It is projected that Iranian imports of meat will continue to increase in 1985, and it can be noted that in December 1984, Iran negotiated another oil-lamb barter deal with New Zealand. A previous smaller-scale agreement had been negotiated in 1982, according to which this latter country would supply Iran with 50,000 tons of frozen lamb until October 1985, receiving oil in exchange. According to certain sources, Iran would have come to an agreement with Ireland for the importation of 31,000 tons of beef.

Israel

66. Production of beef and veal in Israel is reported currently to total some 35,000 tons, estimated to be well below demand, in spite of a consumer preference for poultrymeat. As in practically all other countries in this region, pigmeat and horsemeat consumption is forbidden and imports of beef are subject to severe controls, both of a religious (at the slaughter stage) and veterinary and sanitary nature. It is also admitted that the Israeli consumer prefers other sources of proteins, such as dairy products, fruits and vegetables. Nevertheless, Israel imports some 30,000 to 40,000 tons of beef per year, its major suppliers traditionally being Argentina, Brazil and Uruguay.

V. SITUATION AND OUTLOOK IN THE INTERNATIONAL PIGMEAT MARKET

67. According to the USDA¹, world production of pigmeat increased by some 1.6 per cent in 1984. Production increased significantly in a number of Eastern European countries, in the USSR and in China, the world's largest pigmeat producer (some 38-39 per cent of total world production). Major importing countries, especially the United States and the European Community, as well as Poland, increased their imports dramatically in response to declines in cyclical production, at least in the first two countries. Japanese demand for pigmeat remained strong and was translated into increased imports, while the Soviet Union is believed to have imported less than year earlier as a result of improved domestic output. Exports of the major exporting countries increased in aggregate, while the most remarkable decline occurred in the United States, because of decreased production.

68. In line with available forecasts, it appears that in 1985, overall pigmeat imports will decline significantly. Improved price conditions in a number of major producing countries, following the cyclical lows, combined with relatively low feed costs, are expected to push production upwards. In the United States, however, production will decline further, which may be due to the fact that although prices have increased in 1984, during the current year they are expected to rise only moderately, partly as a result of increased poultry production. Consequently, producers may be delaying their decision to expand production. It could be noted that the United States International Trade Commission¹, following a petition by the American National Pork Producer Council, concluded recently that the United States industry was being materially injured by imports of Canadian live swine and meat, alleged to be subsidized. Since 3 April, United States importers have been required to deposit an amount equal to the estimated subsidy, until a final decision is taken (which should occur 10 June).

69. The decline in imports will be particularly important in the Community in response to increased production and stable exports, but both Japan and the USSR will also import less. This latter country may well be taking advantage of the beef import price levels offered by the Community, and it may be questioned whether the decline in its pigmeat imports in 1985 is not partly related to this.

¹USDA, Livestock and Poultry, Outlook and Situation Report, March 1985.

SELECTED COUNTRIES' TRADE IN PIGMEAT

A. EXPORTS^{1/}

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
EEC	279.0	311.0	+11.5	311.0	0.0
Canada	156.0	173.0	+10.9	165.0 ^{2/}	-4.6
Hungary	171.5	190.9	+11.3	200.0 ^{3/}	+4.8
United States	99.0	74.0	-25.3	68.0	-8.1
Poland	79.1	77.0 ^{3/}	-2.7	...	...
Sweden	52.7	76.2	+44.6	80.0	+5.0

B. IMPORTS^{1/}

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
United States	318.0	433.0	+36.2	442.0	+2.1
Japan	236.0	278.0	+17.8	245.0 ^{2/}	-11.9
USSR ^{2/}	100.0	90.0	-10.0	80.0	-11.1
EEC	67.0	122.0 ^{2/}	+82.1	71.0	-41.8
Poland	27.1	100.0 ^{2/}	+269.0	...	...

^{1/}'000 tons carcass weight, includes fresh, frozen and canned product, but excludes live animals

^{2/}Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, April 1985

^{3/}Secretariat estimates

VI. SITUATION AND OUTLOOK IN THE INTERNATIONAL POULTRYMEAT SECTOR

70. In 1984, the world poultrymeat sector was characterized by increased production and consumption and a contraction in trade. In the Middle East, which accounts for about one third of world imports, import demand was affected not only by rapidly rising domestic production, but also by continuing low levels of oil revenues and probably the availability and price of imported bovine meat. In certain tenders in some countries, this meat would have been priced lower than imported poultrymeat. In the USSR, imports of poultrymeat fell by about 3 per cent as a result of increased domestic production, probably sustained by the sharp increases in feedgrain imports in 1984. Japanese imports registered the only relatively important increase on the world market, 3 per cent, in spite of an increase in production, suggesting that demand for poultrymeat in this country remained strong.

71. The strong drop registered in the Brazilian production of poultrymeat in 1984 (estimated at about 8 per cent, and the first one in years), coupled with the declines registered in Hungary and the European Community, was not sufficient to offset the United States production rise, up by 4 per cent, or 285,000 tons. As these three countries and group of countries account for about 80 per cent of world poultrymeat exports, and as the import demand in aggregate declined, the international market might have been more depressed had these countries' internal demand not increased as it did. In the United States, for instance, a rise of roughly 4 per cent in consumption offset the production increase, and indeed exports declined in 1984.

72. In 1985, the trends in the world poultrymeat sector will probably not be very much different from those in 1984. In general, world production is expected to rise even faster, with production recoveries in Brazil, the EC and probably Hungary, and continuing growth in the production of other major producers, as well as in the Middle East and the USSR. This expected rise in practically every country is related to large availabilities of relatively low-priced feedgrains. Plentiful supplies of poultrymeat in the United States, where production is expected to rise by some 6.4 per cent, are expected to result in significantly lower prices. The resulting increase in domestic consumption may well condition exports, which are forecast to decline further. A similar trend is expected in other major exporting countries and overall exports by these countries may well decline somewhat. On the import side, it is expected that demand in the Middle East will continue to be strong in spite of these countries' production increases. However, imports may be entering a declining trend as a consequence of efforts to become self-sufficient. (This is particularly relevant in Saudi Arabia.) Egypt is, in fact, responsible for the expected rise in imports by this group of countries and the USDA estimates that Egyptian imports of poultrymeat will be up by some 29 per cent to 155,000 tons. Imports by the Soviet Union are expected to remain unchanged.

SELECTED COUNTRIES' TRADE IN POULTRYMEAT

A. EXPORTS^{1/}

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
EEC	446.0	360.0	-19.3	360.0	0.0
Brazil ^{2/}	289.0	251.0	-13.1	241.0	-4.0
United States ^{2/}	225.0	209.0	-7.1	190.0 ^{2/}	-9.1
Hungary	185.7	158.0	-14.9	160.0 ^{2/}	+1.3
Total	1,145.7	978.0	-14.6	951.0	-2.8

B. IMPORTS^{1/}

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
Middle East ^{2/}	461.0	420.0	-8.9	448.0	+6.7 ^{3/}
USSR ^{2/}	206.0	200.0	-2.9	200.0 ^{2/}	0.0
Japan	101.0	104.0	+3.0	105.0 ^{2/}	+1.0
EEC	60.0	60.0	0.0	60.0	0.0
Total	828.0	784.0	-5.3	813.0	+3.7

^{1/} '000 tons carcass weight, includes fresh, chilled and frozen product

^{2/} Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, April 1985.

^{3/} Increase mainly due to anticipated rise in Egypt.

VII. SITUATION AND OUTLOOK IN THE INTERNATIONAL SHEEPMEAT MARKET

73. World production of lamb is estimated to have declined in 1984, as a result of declines in major producing countries, such as the Soviet Union, New Zealand, Australia and the United States. In the two major exporting countries, New Zealand and Australia, good pastures and relatively depressed export demand seem to have largely conditioned the output of sheepmeat. However, producer prices in both countries appear to have partly offset the weakness of the international market, essentially as a result of an increase in domestic demand.

74. In the Middle East, production of sheepmeat is believed to have continued to increase, and in spite of reports saying that there were bovine meat sales at lower prices than mutton, demand for sheepmeat is expected to remain strong due to regional preferences and the normally lower price of mutton compared with other meats. The USDA¹ estimates that Soviet Union's imports of sheepmeat fell to some 25,000 tons in 1984, from a level of 150,000 tons year earlier, in spite of a slowdown in production. This sharp decline seems due to a strong drop in consumption, probably as a consequence of the increased availabilities and increased consumption of all other meats. Imports by both the EC and Japan declined as well.

75. The production of sheepmeat is expected to increase in 1985. New Zealand forecasts a record lamb kill, while Australia also expects a strong increase in slaughterings. Both countries, which account for more than 75 per cent of world exports, consequently expect increases in production, of some 7 per cent for the former and about 20 per cent for the latter. The foreseeable result is a probable decline in both domestic and export prices and a rise in exports (Australia expects to increase its exports by some 35 per cent). Anticipated increased demand in Japan and the Soviet Union may not be sufficient to offset the rise in availabilities. Furthermore, increased production of sheepmeat in the Community and plentiful supplies of beef and veal available in this market will result in a stagnant import demand from the world's largest importer. The sheepmeat trade will also remain closely exposed to the competition of the bovine meat trade, especially in the Soviet Union and the Middle East. In summary, the sheepmeat market in 1985 will remain largely depressed. As a point of interest, it could be noted that the New Zealand Meat Board has recently signed an oil-for-lamb deal with Iran to supply about 135,000 tons of lamb to this country in 1985. Previously, the Board had also agreed with Poland to ship 18,000 tons of lamb to this market in exchange for mining equipment.

¹USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, April 1985.

SELECTED COUNTRIES' TRADE IN SHEEPMEAT

A. EXPORTS^{1/}

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
New Zealand	525.9	488.6	-7.1	520.8	+6.6
Australia	173.8	153.3	-12.0	206.3	+34.6
Total	699.7	641.9	-8.3	727.1	+13.3

B. IMPORTS^{1/}

	1983	1984	%Change 1984/83	Forecast 1985	%Change 1985/84
EEC	252.0	245.0	-2.8	245.0	0.0
Japan	165.0	150.0	-9.1	160.0 ^{2/}	+6.7
USSR ^{2/}	150.0	25.0	-83.3	50.0	+100.0
Total	567.0	420.0	-25.9	455.0	+8.3

^{1/} '000 tons, includes both lamb and mutton (exports: product weight; imports: carcass weight equivalent)

^{2/} Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, April 1985