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# GENERAL AGREEMENT ON TARIFFS AND TRADE

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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 note presents summaries of the international situation and outlook for bovine meat, pigmeat, poultry meat 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: Economic Outlook, OECD, December 1985; Dairy, Livestock and Poultry, World Livestock and Poultry Situation, United States Department of Agriculture, various issues for 1986; In Brief, Australian meat and Livestock Corporation, various issues for 1986; European Weekly Market Survey, Meat and Livestock Commission, various issues for 1986; Weekly Information Bulletin, Junta Nacional de Carnes, various issues for 1986; The New Zealand Meat Producer, New Zealand Meat Producers' Board, various issues for 1986; The Reuter Meat Newsletter, various issues January-April 1986; Informe Ganadero, Buenos Aires, 1986; and responses to the questionnaire submitted by 5 May 1986.

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

## I. INTERNATIONAL SITUATION AND OUTLOOK IN THE BOVINE MEAT SECTOR

### (a) Situation

#### (i) Economic\*

1. For the world economy, 1985 appears on balance as a positive year with a pattern of moderate growth. The struggle to reduce inflation met with success in a number of countries and investments increased. Unemployment levels remained high, however, although some countries were able to raise the employment levels. Economic growth in the OECD area slowed down to 2.75 per cent compared to the ten-year record of 4.9 per cent the year before. Inflation rates decelerated to 4.75 per cent with yet better results in countries such as the Federal Republic of Germany and the United States. Outside the OECD area notable results in the war against inflation were reached by Argentina which managed to reduce its three-digit inflation to a two-digit one. The OECD area unemployment decreased marginally to 8.25 per cent of the work force with European unemployment increasing while that of Japan, already low by international standards, and of the United States dropped somewhat. According to estimates international merchandise exports expanded by 3 per cent in 1985, a drop of two-thirds compared to year earlier but about the average over the last ten years. The dollar value of trade rose by less than one per cent in 1985 as a result of a decline in market prices expressed in US dollars. The absolute value of both imports and exports of the developing countries decreased, however, due to a lower level of exchange. It is also estimated that international trade in agricultural products fell by 2.5 per cent in 1985 - the third time in the last thirty-five years - while world agricultural production grew by 2 per cent.

#### (ii) Bovine meat

2. A global rise in production, consumption and the volume of trade were the major characteristics of the bovine meat sector in 1985. However, the sector was also been affected by large availabilities of all types of meat, the output of which was boosted by low feedgrain prices, and a continuing weak or declining demand in some of the major importing areas or countries such as the Middle East, Egypt, USSR, and even some Asian countries. Consequently, bovine meat prices remained generally depressed and presumably, trade in value terms declined.

3. In Europe the situation in the European Community continued to have a major impact on world bovine meat trade. In spite of declining slaughter numbers, especially of calf and dairy cows, rising slaughter weights prevented production from falling by more than 1.6 per cent. Although consumption increased by 2.7 per cent, the EC self-sufficiency ratio remained high, but on a declining trend (106 in 1985 compared to 110 in 1984). By the end of the year, intervention stocks were at 737,000 tons and private stocks at 135,000 tons. Under these circumstances, the EC domestic prices remained well below the intervention price and exports of beef and veal (excluding live cattle) rose by 5.6 per cent. Nevertheless, beef and veal imports also increased (+3.1 per cent). In North America, large supplies of all types of meat and a slowdown in the economic growth were major factors

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\* Sources: - OECD Economic Outlook, No. 38, December 1985  
- 'International Trade in 1985 and Current Prospects'; first assessment by the GATT Secretariat, GATT 1382, 21.3.86

affecting the sector. In the United States the production of beef increased somewhat due to record slaughter weights resulting from delayed marketings, in the expectation of higher feeder cattle prices, and to low feedgrain prices. This also provoked a strong rise in poultry meat output, while pork production remained close to record levels. Per capita consumption of beef fell in both the United States and Canada, but yet imports in the first of these two countries rose by as much as 13 per cent. In South America the major factor that should be retained as regards 1985 was the low level of beef prices in both domestic and international markets. In most of the region's major producing countries, producers were forced to sell or slaughter their cattle which resulted in production increases, further downward pressure on domestic prices, and an increase in consumption. Argentinian exports increased somewhat from their historically low level in 1984. In Oceania production of beef and veal increased as a result of rising producer prices and improved import demand from their major market, the United States. In the Far East, while imports by Japan and other countries in the region continued to rise, the Republic of Korea imported insignificant quantities of beef as a result of large domestic supplies of beef and pork. In the Middle East the continuing drop in oil revenues (but also probably the increased output of poultry meat) remained the major cause of declining demand for beef and veal while the USSR, as a result of rising output, imported less than year earlier. In this regard, it is worth recalling that the Soviet Union signed an agreement with the EC for the importation of 175,000 tons of low-priced beef and veal, part of which is to be delivered in the current year.

4. At the time of writing, not much information was available to the secretariat concerning the first months of 1986. However, the following comments on some of the major markets can be made. In the United States, feeder cattle prices remained depressed, and at lower levels than year earlier as a result of continuing ample supplies of all meats and weak demand. In April, prices were further affected (10 per cent less than year earlier) by the announcement of the expected culling of 1.6 million dairy cows as a result of the whole herd buy-out programme. This drop may, however, have been only temporary and prices are expected to recover somewhat. The United States major suppliers (especially Australia) which, in spite of the low level of prices at the beginning of the year, benefited from a favourable exchange rate with the US dollar, have seen their returns fall since the announcement of the termination programme, a situation which was worsened by the depreciation of the US dollar. In the European Community, notwithstanding declining but still important slaughter levels, output has remained high as a result of rising slaughter weights.

5. At their meeting in April, the Ministers of Agriculture of the EC postponed possible measures to re-structure the bovine meat sector until the end of the year. They decided, however, to reduce the dairy quotas by 3 per cent in the next three years. In Argentina, the authorities decided last February to suspend the ceiling prices for slaughter cattle (introduced last year) and to raise the maximum wholesale and retail prices for beef. During the first quarter of the year, Argentinian exports of beef and veal fell by some 1,000 tons. In Canada, the Canadian Cattlemen's Association rejected the agreement according to which Canada would import 10,668 tons of beef and veal from the Community during three years and requested its countervailing duty case to be continued. A final decision is expected by June. The Republic of Korea has announced the continued suspension of all beef imports throughout 1986.

TABLE I  
SELECTED COUNTRIES' TRADE IN BEEF AND VEAL<sup>1/</sup>

A. EXPORTS

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Argentina	250	260	+4.0	270	+3.8
Australia	617	707	+14.6	723	+2.3
Brazil	479	485	+1.3	430	-11.3
Canada	105	117	+11.4	105 <sup>2/</sup>	-10.3
EC	694	733	+5.6	725 <sup>2/</sup>	-1.1
New Zealand <sup>3/</sup>	284	362	+27.5	385	+6.4
United States	151	151	0.0	172	+13.9
Uruguay <sup>4/</sup>	144	139	-3.5	90	-35.7
Others <sup>4/</sup>	236	250	+5.9	226	-9.6
<b>TOTAL</b>	<b>2,960</b>	<b>3,204</b>	<b>+8.2</b>	<b>3,126</b>	<b>-2.4</b>

B. IMPORTS

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Brazil	37	70	+89.1	100	+42.9
Canada	117	116	-0.6	107 <sup>2/</sup>	-7.7
EC	383	395	+3.1	380 <sup>2/</sup>	-3.8
Japan	222	226	+1.8	235	+4.0
United States	838	948	+13.1	973	+2.6
USSR <sup>5/</sup>	541	510	-5.7	450	-11.8
Africa <sup>6/</sup>	380	387	+1.8	390	+0.8
Other Asia <sup>6/</sup>	80	60	-25.0	63	+5.0
Middle East <sup>6/</sup>	365	370	+1.4	377	+1.9
Eastern Europe <sup>5/</sup>	59	37	-37.3	35	-5.4
<b>TOTAL</b>	<b>3,022</b>	<b>3,119</b>	<b>+3.2</b>	<b>3,110</b>	<b>-0.3</b>

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

<sup>2/</sup> EC of twelve

<sup>3/</sup> Year ended 30 September

<sup>4/</sup> Includes all other exporting countries participating in the Arrangement Regarding Bovine Meat. Estimates by the secretariat

<sup>5/</sup> Source: USDA Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1985

<sup>6/</sup> Secretariat estimate

(b) Outlook

(i) Economic

6. The price and exchange rate developments which have occurred over the past several months could, according to GATT analysts\*, be expected to stimulate the world economy in 1986. In particular, they suggest, this would occur with respect to economic activity in the industrial countries and in developing countries which rely less on output and commerce of primary products. Key factors for the short- to medium-term outlook would be the recent sharp drop in oil prices, the decline in the value of the US dollar against other major currencies and the fall in interest rates in the world's main financial centres. It would seem that these factors would also have an influence on world trade in bovine meat in 1986. Other economic factors which are likely to have an impact on the bovine meat sector in 1986, are the expected continued high levels of unemployment and falling rates of inflation. According to the OECD, the regions covered by that organization are projected to experience an expansion of economic activity of some 2.75 per cent in 1986, whereas inflation rates should decrease to some 4.5 per cent. It is also anticipated that 8.25 per cent of the work force will remain jobless in the OECD countries, the same proportion as in 1985.

(ii) Bovine meat

7. During the current year production of beef and veal is expected to decline in a number of major producing areas or countries (European Community (of ten), United States, Canada, Argentina, Uruguay). World bovine meat production may drop by 1-2 per cent. Meanwhile world output of competing meats is expected to continue to grow, although at lower rates than in 1985. On the consumption side, projections are for a continuing falling demand in the United States (where a 5 per cent drop in per capita consumption is projected), in Canada (-2.0 per cent), in Argentina (although consumption increased sharply in the first quarter of the year) and in New Zealand. Consumption is expected to rise in most other areas or countries and especially in the Community, Brazil and the USSR. Australia is forecasting a slight increase in total beef and veal consumption for the first time since 1982. However, it is currently admitted that in spite of these increases, world beef and veal consumption will continue to slide down in 1986, while consumption of both pork and poultry meat will continue to rise even if at a lower rate than year earlier. The sheepmeat intake may decline somewhat.

8. In 1986 exports by the participants in the Arrangement, which account for about 90-92 per cent of world trade, are projected to fall by some 2.4 per cent<sup>1</sup> (after a 8.2 per cent increase in 1985) following significant declines expected to occur in Brazil, Canada and Uruguay and, to a minor

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\* Sources: - 'International Trade in 1985 and Current Prospects';  
first assessment by the GATT Secretariat, GATT/1382,  
21.3.86  
- Economic Outlook, December 1985

<sup>1</sup>This projection should, however, be taken cautiously. Past experience shows indeed that these types of forecasts have varied widely in previous years.

extent, in the European Community and some other smaller exporting countries. This decline is generally due to reduced production in most of these countries. Exports of beef and veal will, however, still be faced with a generally weak import demand in major importing areas. Although the recent catastrophe may alter current forecasts, the Soviet Union is presently expected to curb its bovine meat imports by some 12 per cent, as a result of an anticipated improved output while sharply depressed oil prices will presumably have a negative impact on the import demand for beef in the Middle East where, furthermore, a continuously rising poultry meat production is strongly competing with beef and veal. On the other hand, Brazil is forecasting to treble its imports of bovine meat in 1986. In the United States, as mentioned above faced with a falling consumption of beef and veal, the impact of the whole herd buy-out programme on the level of imports causes some uncertainties. The "trigger" level for 1986 was increased by some 9.2 per cent, to 653,100 tons (product weight) in anticipation of lower cow slaughterings, but it could be questioned whether the buy-out programme will affect imports. However, the USDA will purchase 180,000 tons of red meat domestically produced in the next 18 months to minimize the adverse effects of the programme. This should still leave room for increased imports and, perhaps, even for a moderate price recovery. On the other hand, the United States intends to place half of that tonnage on world markets.

9. As mentioned above factors like the sharp drop in oil prices, the depreciation of the US dollar and the decline in interest rates (and the resulting decrease of inflation and possibly of unemployment in certain countries) may be expected to have an influence on the world trade in bovine meat. In some cases, however, some of these factors may offset each other to some extent, or in other cases, factors specific to the bovine meat sector, may prevent them to fully impact on trade. In the first case we have the Middle East. Indeed, the sharp fall in oil prices adds to the dollar depreciation, meaning even lower revenues from oil sales. In other words, lower incomes and a further weakening of demand. To a lesser extent, the same reasoning may be applied to the Soviet Union, where, furthermore an increase in beef and veal production is expected by the end of the year. Imports of this country are therefore projected to fall. In the second case we have for instance Europe. While it can be expected that the US dollar depreciation and the drop in oil prices act as stimulators on the economic activity and consequently that beef and veal demand rises, there are already ample supplies of all types of meat to satisfy this increased demand and indeed, the European Community is foreseeing a decline in bovine meat imports. The feeling is that although some positive signs are in view for 1986 in the bovine meat sector, including a possible strengthening of prices in some regions, the favourable effects on trade of the different economic factors, coupled with the decline in world production of beef and veal, will probably be more evident by 1987.

## II. COUNTRY-BY-COUNTRY ANALYSIS

### European Community

10. Cattle and calf numbers in the Community in 1985 dropped by 1.2 per cent, to 78,766,000 head. As in the previous year, the greatest decrease was in dairy cow numbers (-2.8 per cent), but especially during the last months of the year, adult male cattle numbers decreased as well. The decline in dairy cow numbers was particularly important in the Netherlands, Denmark and France. The decline in this category of cattle was paralleled by a rise in beef cow numbers. Cattle and calf slaughterings totalled 29,270,000 head of which calves 7,050,000 head (-3.5 per cent) and female cattle 11,220,000 head (-5.5 per cent). Adult male cattle slaughterings have at 11,000,000 head (+1.7 per cent) been higher than previously estimated, and this resulted in a somewhat lower rate of decrease of total slaughter (-2.4 per cent) than anticipated (-4.0 per cent). During the first months of the current year, the numbers of adult male cattle culled remained important but, for the year as a whole another decline of total slaughter is expected, in the Community of 10, as a strong decline in female cattle slaughter is expected. Partly resulting from the low feedgrain prices slaughter weights are rising and to a certain extent offsetting, in terms of beef and veal production, the decline in slaughter numbers. For 1985, production figures have now been revised upwards and the 3.5 per cent decline previously announced has now been set at 1.6 per cent, putting total production at about 7,377,000 tons. The influence of low feedgrain prices continues to be felt in 1986, but as a result of the decline in female cattle slaughter, production is expected to fall by a further 2.5 per cent in the Community of 10. By the end of 1985 intervention stocks totalled some 737,000 tons and private stocks, 135,000 tons. However, partly as a result of the 175,000 tons sale to the Soviet Union and the sale of 50,000 tons to Romania, public stocks in the Community are reported to be declining in spite of increased purchases into intervention by the end of February, compared to year earlier. Improved economic conditions and relatively stable real prices resulted in 1985 in increased consumption (+2.7 per cent) to 6,985,000 tons or, on a per capita basis, 25.6 kg compared to year earlier's 25 kg. Nevertheless, the evolution of consumption varies considerably between the different EC countries. It is expected that in 1986 consumption will rise further. However, low feedgrain prices are also having a strong impact on lower-priced pork and poultry meat production. The large supplies of these meats - and especially of pigmeat which in 1985 represented 46 per cent of overall meat consumption in the Community - will have a dampening effect on the increase of beef and veal consumption.

11. Data related to imports of bovine meat has been revised upwards for both 1984 and 1985. It now appears that imports of beef and veal imports (excluding live cattle) reached 383,000 tons in 1984 (-0.3 per cent from year earlier) and rose by 3.1 per cent in 1985. Preferential import quotas which remained unchanged in 1985 were changed for 1986 as follows: the manufacturing beef balance sheet quota was reduced from 50,000 tons in 1985 to 25,000 tons; the young male animals balance sheet quota was reduced from 190,000 head to 175,000 head; the high-quality cuts quota was increased by 6,000 tons in order to compensate the decrease in the

manufacturing beef balance sheet quota. Exports of beef and veal in 1985 were also revised upwards to 733,000 tons (excluding the live cattle) up by 5.6 per cent from year earlier. The major part of the EC beef and veal exports went to North Africa (and especially Egypt, which accounted for 28.3 per cent of the EC beef and veal exports) and the USSR (12 per cent). At the beginning of 1986 the EC signed an agreement with Romania for the exportation of 50,000 tons of low priced beef and veal, virtually all from the public stocks of West Germany. The latest forecast available suggests a 1.1 per cent decline in beef and veal exports in 1986. The enlargement of the Community from 10 to 12 countries since January 1986 results in an obvious increase in cattle numbers, slaughter levels, production and total consumption of beef and veal (but not per capita consumption which in fact will decline on average), but no major changes are expected as regards trade with third countries.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	78,766	77,582	-1.5	(83,500)	(+7.6)
Beef and veal:					
Production	7,499	7,377	-1.6	7,193 (7,720)	-2.5 (+4.6)
Imports <sup>2/</sup>	383	395	+3.1	380 (380)	-3.8 (-3.8)
Consumption	6,800	6,985	+2.7	7,033 (7,600)	+0.7 (+8.8)
Exports <sup>2/</sup>	694	633	+5.6	725 (725)	-1.1 (-1.1)
Live cattle:					
Imports	428	490	+14.5	460 (460)	-6.1 (-6.1)
Exports	367	275	-25.1	285 (285)	+3.6 (+3.6)

<sup>1/</sup> '000 head at 1 December

<sup>2/</sup> Includes processed beef and veal

Note: Figures in parenthesis refer to EC-12

### Austria

12. After four years of growth in cattle numbers, the Austrian cattle herd showed a decline of 0.5 per cent at the census in December 1985. Dairy cow numbers fell by 1 per cent, those of beef heifers by 4.5 per cent, steers by 8.6 per cent, and those of calves by 0.7 per cent. Cattle and calf numbers totalled 2,655,000 head compared to 2,669,000 head the year before, the latter figure being at a record high level. Slaughter rates increased by some 3.7 per cent in 1985 but as could be expected by the decrease in numbers, cow and heifer slaughter rose by more than 12 per cent. No production figures are as yet available for 1985 but it could be assumed that production grew by a little less than slaughter since average carcass weight of slaughtered animals fell. Consumption

of beef and veal decreased for the fourth consecutive year in 1984/85 reaching, with 159,500 tons (21.1 kg/capita), the lowest level in twenty years and a 7.3 per cent decline compared to year earlier. This drop is explained by a fall in disposable income and a rise in bovine meat retail prices. Competing meats also increased but to a lesser degree.

13. Austria exported 43,000 tons of fresh and chilled bovine meat in the first three quarters of 1985, an increase of nearly 39 per cent compared to year earlier and a volume equal to the total volume exported in 1984. The bovine meat exported in 1984 represented already a record high level for Austria and it can be assumed that total exports in 1985 broke that record. Austria traditionally exports a certain number of live cattle and in the first three quarters of 1985 7,000 head were exported, 46 per cent less than year earlier. Live cattle exports have been dropping for a number of years, whereas beef exports have grown. Most of the fresh and chilled bovine meat went to Italy, a traditional customer of Austria, while live cattle exports were to Libya and Italy. Austria produces and consumes more pigmeat than bovine meat. Production of pigmeat amounted to 434,800 tons in 1984 (the latest available year), almost double that of beef and veal. Consumption of pigmeat in 1984/85, at 357,500 tons (47.3 kg/capita), was more than twice as high even though it has been declining somewhat in the last few years. Austrians consumed an average of some 82 kg/capita of meat in 1984/85 where beef and veal came second after pigmeat and poultry third (11.9 kg/capita).

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	2,669	2,655	-0.5	..	
Beef and veal <sup>2/</sup> :					
Production	220	..		..	
Consumption <sup>3/</sup>	172	160	-7.3		
Exports	43	43 <sup>4/</sup>	..	..	

<sup>1/</sup> '000 head 1 December

<sup>2/</sup> '000 tons

<sup>3/</sup> 1983/84, 1984/85, 1985/86

<sup>4/</sup> January-September

#### Finland

14. Cattle and calf numbers showed a decrease of some 1.6 per cent, to 1,566,500 head at the December 1985 cattle census. As in the last several years dairy cow numbers dropped (-4.4 per cent) as a result of the continued efforts to curb dairy production. It is projected that the herd will continue to contract in the next two years, in particular the dairy female part. Slaughter totalled 633,600 head in 1985, an increase of

0.8 per cent compared to year earlier. Adult female and male slaughter increased somewhat (by 1.9 per cent and 1.6 per cent respectively) while that of calves dropped (by 10.2 per cent). Slaughter will continue to increase in 1986, in particular that of female cattle. Total bovine meat production in 1985 amounted to 126,670 tons, a minor part of which was that of veal. Production of the latter has been falling for many years, from 24,000 tons in 1965 to 690 tons in 1985, while in the same period beef rose by 33.3 per cent. A decrease in beef and veal production is projected for 1986, indicating a higher rate of female cattle slaughter in the mix rather than a drop in total slaughter. Consumption of beef and veal contracted by some 6.3 per cent in 1985, to 99,250 tons (20.3 kg/capita), a greater drop than earlier anticipated. This was due essentially to an increase in pigmeat consumption resulting from, *inter alia*, lower relative prices of pork and a higher rate of increase in the retail price of bovine meat than in that of pigmeat. Consumption of pork amounted to 156,190 tons (31.8 kg/capita). For 1986, a 4.8 per cent rise in bovine meat consumption is projected on account of a foreseen drop in exports while that of pork should expand by some 3.1 per cent. Exports of bovine meat rose by 23.0 per cent in 1985 to 23,373 tons, the highest level ever. This was mainly due to an expansion of canned, cooked and processed bovine meat which increased by 137 per cent to 11,850 tons. Finland's main customer is the Soviet Union which last year bought all of Finland's exports of fresh and chilled bovine meat and nearly all the frozen exports. In 1986 exports are projected to fall as a result of reduced production and an increase in consumption.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	1,592	1,566	-1.6	1,547	-1.2
Beef and veal <sup>2/</sup> :					
Production <sup>3/</sup>	124	126	+1.5	120	-4.8
Consumption	106	99	-6.3	104	+4.8
Exports	19	23	+23.0	16	-31.5

<sup>1/</sup> '000 head, 1 December

<sup>2/</sup> '000 tons

<sup>3/</sup> Includes production from animals slaughtered both in slaughter houses and on farms.

### Sweden

15. Revised figures from the June 1985 cattle census indicate a slightly higher drop in cattle numbers than previously estimated: at 1,838,000 head, the Swedish cattle herd had fallen off by 2.1 per cent. All categories of cattle decreased but beef cows and calves most (by -3.3 per cent and -2.9 per cent respectively). The contraction of the

herd since 1982 is in line with Government policy to reduce production in order to restore balance on the domestic bovine meat market. Further decreases are projected over the next three years. The June 1986 census is expected to show a total of 1,772,000 head (-3.4 per cent) with a nearly 5 per cent decline in dairy cow numbers as a result of the introduction of the two-price system for milk on 1 July 1985. This would be the lowest level of cattle numbers registered at least since 1961. Cattle slaughter (inspected) increased some 3.1 per cent in 1985, totalling 7,220,000 head. Since slaughter weights declined somewhat production of bovine meat grew by only 1.3 per cent to 157,000 tons, 12,000 tons of which was veal. Projections for 1986 suggest a 4.3 per cent reduction in slaughter and a slightly higher decline in bovine meat production. This downward movement should continue in 1987 and 1988. Consumption of bovine meat increased some 3 per cent in 1985, totalling 136,000 tons (16.3 kg/capita). This increase occurred, though, from a level which was the lowest since 1973, and was only possibly due to intensive promotional activities, including sales campaigns at reduced prices. Also, the price of the competing meat (pork) has risen at a faster rate than that of beef which may have had some influence on consumption patterns. It is forecast that bovine meat consumption will rise another 1.5 per cent in 1986 and remain at that level in 1987, before gaining a further 1.5 per cent in 1988. Sweden imported some 7,400 tons of fresh, chilled and frozen bovine meat in 1985, 2,000 tons more than year earlier. Most of the meat was imported in frozen form with the major suppliers being Poland and Yugoslavia. The same year, Sweden exported a record volume of bovine meat totalling 35,400 tons, 49.4 per cent more than in 1984. A major part of this was exported frozen to, inter alia, the Democratic Republic of Germany, Taiwan, the United States, and Venezuela. Projections for 1986 suggest a fall in exports of some 45 per cent, resulting from the expected drop in production and the increase in consumption.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	1,878	1,838	-2.1	1,772	-3.6
Beef and veal <sup>2/</sup> :					
Production	155	157	+1.3	150	-4.5
Imports	5.4	7.4	+37.0	6.5	-12.2
Consumption	132	136	+3.0	138	+1.5
Exports	23.7	35.4	+49.4	19.5	-44.9

<sup>1/</sup> '000 head, June

<sup>2/</sup> '000 tons

Norway

16. Herd liquidation, which began in 1982, has come to an end in Norway. Total cattle and calf numbers increased by 0.8 per cent to 972,000 head, according to the June 1985 census, in spite of a decline of 1.0 per cent in cow numbers (caused by the measures implemented to reduce milk production). During the current year the decline in cow numbers is expected to continue, but the rebuilding of the cattle herd seems now to be under way. In 1985, calf numbers increased by 2.1 per cent as the result of the abolishment of measures to reduce meat production. Indeed, considering that a certain balance had been restored to the internal market, the Norwegian authorities suspended the production stabilization measures which consisted of a system of decreasing prices for heavy beef carcasses and a premium for slaughter of male calves. This resulted also in a decline of slaughter levels. It is expected that in 1986 total slaughter will fall by some 8 per cent to 350,000 animals reflecting essentially a strong drop (-45.6 per cent) in calf slaughter. It could consequently be expected that production would also level off. However, the suspension of the system of decreasing prices for heavy carcasses resulted in a strong increase in slaughter weights and production is projected to increase by some 0.7 per cent by the year end, to 72,900 tons. Consumption, which in 1985 increased by some 3.5 per cent, to 74,000 tons, is expected to rise by a further 1,000 tons in the current year. The increase is largely explained by the rise in consumers' net income and to consumption campaigns.

17. Norway's policy is traditionally oriented towards the supply-demand balance of the domestic market and, excluding some exceptional years, this country has been a net importer of small quantities of beef. In 1985 imports amounted to 1,800 tons and are projected to reach 1,000 tons in 1986, the remaining deficit between production and consumption being probably covered by stocks. Most of the beef imports in 1985 were frozen beef coming principally from Sweden, Denmark, Ireland and Yugoslavia.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	964	972	+0.8		
Beef and veal <sup>2/</sup> :					
Production	69.1	72.4	+4.8	72.9	+0.7
Consumption	71.5	74.0	+3.5	75.0	+1.3
Imports	1.7	1.8	+5.9	1.0	-44.4

<sup>1/</sup> '000 head, 20 June

<sup>2/</sup> '000 tons

Switzerland

18. The April 1986 cattle census in Switzerland is expected to show a decrease of some 0.8 per cent with numbers totalling 1,910,000 head. The decrease would be due mainly to a fall in dairy heifers (-1.2 per cent) and in calf numbers (-1.6 per cent) whereas dairy cows are expected to increase marginally as a result of the increase in dairy heifers at the census in 1985. Beef heifer numbers are also projected to drop somewhat (-1.4 per cent), possibly as a result of the current over-production situation on the domestic market. Total inspected slaughter rose in 1985 to 823,400 head, an increase of one per cent compared to year earlier. Slaughter of male cattle expanded by 8.2 per cent while that of calves fell by 2.3 per cent. Average slaughter weights grew some 2 per cent because of the changes in the slaughter mix. As a result, production of beef expanded by some 3.8 per cent to 169,300 tons in 1985, while a drop in veal production (-0.8 per cent) was experienced. Forecasts for 1986 indicate a small contraction of total bovine meat production, due entirely to a further cutback in veal production. Beef and veal consumption grew by some 5.8 per cent in 1985, according to available provisional figures, totalling 183,000 tons. This is the highest volume ever consumed in Switzerland. Per capita consumption rose by 4.9 per cent to 27.6 kg. The consumption expansion was due mainly to the oversupply situation and a lower rate of retail price increases compared to competing meats. For 1986 and 1987 a fall in bovine meat consumption is forecast (-4-4 per cent and -0.6 per cent respectively), due, mostly, to expected increases in pork production and pork consumption. As a result of ample domestic supplies, Swiss imports of bovine meat contracted some 26.3 per cent in 1985, totalling 10,100 tons. A major part (5,600 tons) was imported fresh or chilled, the main suppliers being Brazil, Argentina and EC. A further reduction in bovine meat imports is forecasts for 1986 and 1987.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	1,943	1,926	-0.9	1,910	-0.8
Beef and veal <sup>2/</sup> :					
Production	165	169	+2.7	169	-0.2
Consumption	173	183	+5.8	175	-4.4
Imports	13.7	10.1	-26.3	10.0	-1.0

<sup>1/</sup>'000 head, 21 April

<sup>2/</sup>'000 tons

Bulgaria

19. Although no information is available to the secretariat concerning Bulgarian cattle numbers in 1985, it can be assumed, taking into account the production figures, that after having bottomed out in 1984, at 1,778,000 head, the herd rebuilding is now under way. Indeed, beef and veal production has fallen by some 7 per cent in 1985, to 103,000 tons, suggesting also that cattle slaughter is slowing down. In the absence of data regarding beef and veal consumption, it can nevertheless be estimated by the analysis of both production and trade figures, that consumption fell by some 4-5 per cent to about 94,000 tons, three quarters of which were probably veal.

20. In the last ten years, Bulgaria has been a net exporter of bovine meat - in particular of "baby beef" - and in 1985, as a consequence of the decline in production, exports which were all fresh, chilled and frozen meat fell by 27 per cent, to 9,100 tons. The main Bulgarian markets have traditionally been in the Middle East and last year Jordan accounted for virtually all fresh and chilled beef exported while Irak accounted for all exports of frozen beef and veal. Each year Bulgaria also exports live cattle which carcass weight equivalent roughly represents 50 per cent of overall exports of bovine meat and live animals. In 1985, live cattle sales abroad fell to 7,700 head, less than one third of those a year earlier. This seems to confirm the suggestion that herd rebuilding in this country is now under way.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	1,778	1,780 <sup>3/</sup>	+0.1	...	...
Beef and veal <sup>2/</sup> :					
Production	111	103	-7.1	122	+18.5
Consumption	98.5 <sup>3/</sup>	93.9 <sup>3/</sup>	-4.7	...	...
Exports	12.5	9.1	-27.0	...	...
Live cattle <sup>1/</sup> :					
Exports	24.5	7.7	-68.7	...	...

<sup>1/</sup> '000 head

<sup>2/</sup> '000 tons

<sup>3/</sup> Secretariat estimate

Poland

21. After three years of declining numbers, the Polish cattle herd was estimated at 11,055,000 head at the June 1985 (-1.3 per cent) and it is believed that this may be the turning point in the present cycle. The return to more normal crops with resulting improved domestic supplies of

fodder since mid-1984 has allowed the contraction of cattle numbers to slow down and it is forecast that the June 1986 census will show a small increase to 11,100,000 head (+0.4 per cent). Dairy cattle represents about 60 per cent of total herd, the relatively high proportion of which is due to the higher profitability of milk production compared to that of bovine meat production. Cattle slaughter fell some 3.1 per cent in 1985 but due to higher average slaughter weights production of bovine meat grew by some 4.3 per cent to 678,000 tons, essentially as a result of the improved fodder supplies but also as a consequence of higher producer prices. While meat rationing continued consumption of bovine meat rose some 3.4 per cent in 1985, totalling 605,000 tons (16.3 kg/capita). Apparently the 29 per cent increase in average beef retail prices introduced on 1 July 1985 did not affect consumption negatively in the second half of the year, suggesting that bovine meat demand in Poland largely surpasses that of supply. Production and consumption of other meats also improved, in particular of pigmeat where output increased by 13.3 per cent and intake by 6.9 per cent.

22. Reflecting improved production levels for all meats, imports of bovine meat as well as that of other meats, dropped considerably in 1985. Beef imports totalled 4,300 tons (mostly frozen beef), a reduction of some 70.1 per cent compared to year earlier. Pigmeat and poultry meat imports declined by 63.9 per cent and 52.8 per cent respectively. The decrease in pigmeat imports suggests that the adjustment process experienced by the pigmeat sector in recent years has come to an end, the expansion in pigmeat production reflecting a steady rise in pork prices. A further reduction of bovine meat imports is forecast for 1986, suggesting an anticipated production increase. Exports of fresh, chilled and processed beef improved in 1985 by 33.9 per cent, totalling 15,400 tons. Major customers were Sweden and Italy. Live cattle exports fell however by 21 per cent to 229,000 head, a major part of which went to Italy. An expansion of both bovine meat and live cattle exports is projected for 1986.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	11,197	11,055	-1.3	11,100	+0.4
Beef and veal <sup>2/</sup> :					
Production	650	678	+4.3	..	..
Consumption	585	605	+3.4	..	..
Imports	14.4	4.3	-70.1	1.5	-65.1
Exports	11.5	15.4	+33.9	17.0	+10.4
Live cattle <sup>3/</sup> :					
Exports	290	229	-21.0	280	+22.3

<sup>1/</sup>,000 head, June  
<sup>2/</sup>,000 tons  
<sup>3/</sup>,000 head

South Africa

23. Cattle and calf numbers are projected to rise in 1986 in South Africa, after several years of draught induced liquidation. A 6.2 per cent growth, to 8,310,000 head is anticipated for the August census. Further increases are forecast for 1987 and 1988. Slaughter of cattle in controlled areas (approximately 70 per cent of total South African slaughter) declined by 3.4 per cent in 1985, indicating that cattle herd rebuilding had started. Average carcass weights of slaughtered animals fell by 2.2 per cent. Contrary to earlier expectations, total production of bovine meat fell in 1985 (by 3.8 per cent) to 635,500 tons (preliminary figure) due to decreased slaughter and slaughter weights. Veal production constitutes traditionally only a very minor part of total bovine meat production, in 1985 it was 4,700 tons (0.7 per cent). Total consumption of bovine meat increased in 1985 by some 1.7 per cent to 692,800 tons (20.7 kg/capita). The difference between production and consumption was made up by stocks and imports. It is expected that a further increase in both total and per capita consumption will take place in 1986, 1987 and 1988. The expansion of bovine meat consumption was the result, *inter alia*, of a fall in that of pork, and of sales campaigns. Imports of beef and veal totalled 21.600 tons in 1985, 13.9 per cent less than year earlier. Most of meat was imported in frozen form. In 1986 South Africa is anticipating an 8.8 per cent increase in imports of bovine meat, all of which is likely to come from neighbouring countries. South Africa also imports live cattle on a regular basis. In 1985, a quantity of 144,000 head was purchased, compared to 113,000 head in 1984, a rise of 27.4 per cent, explained by the depletion of the domestic herd. It is forecast that live cattle imports will drop off somewhat in the next few years.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	7,923	7,827	-1.2	8,310	+6.2
Beef and veal <sup>2/</sup> :					
Production	661	636	-3.8	670	+5.4
Consumption	681	693	+1.7	720	+3.9
Imports	25.1	21.6	-13.9	23.5	+8.8

<sup>1/</sup>'000 head, 31 August                      <sup>2/</sup>'000 tons

Brazil

24. Cattle and calf numbers in Brazil are estimated to have risen by some 2.9 per cent in 1985, to 136,641,000 head. Total cattle and calf slaughter is estimated to have increased by 0.6 per cent, to 10,157,000 head, partly as the result of the drought in the cattle raising regions in the South of the country. These climatic conditions and the higher percentage of female cattle in the slaughter mix resulted in lower average slaughter weights than year earlier and limited the output increase to 1.3 per cent,

total production having reached 2,130,000 tons. Nevertheless, this rise followed two years of declining output, but production is expected to fall again in the current year, along with expected lower slaughter levels.

25. In real terms, producer prices fell by an average of 12 per cent in 1985 in spite of strong market speculation during the second half of the year provoked by rumours on beef stocks held by the Government. In fact, this resulted in a decision by the Brazilian authorities to import 15,000 tons of beef from Uruguay in order to stop the speculation. Consumption of beef and veal declined for the third year in a row to an estimated 1,731,000 tons, 6.9 per cent less than year earlier (and against previous expectations of a 3 per cent increase). This can only be explained by the low level of incomes, and the increased consumption (+11 per cent) of cheaper poultry meat especially if one considers that real retail prices for beef fell by almost 20 per cent. The effects of the policy of control of fixed prices introduced in October 1985 may be felt only in the current year and indeed, available forecasts suggest a rise not only in total consumption, to 2,000,000 tons, but also in per capita consumption, from 14 kg to 15.1 kg.

26. Available data on imports concerns only the period January to November 1985, and places the import level at 36,600 tons. It may be assumed, however, that the total level of imports in 1985 was of some 70,000 tons taking into account the off-season requirements of the internal market and the export efforts developed by Brazil. In 1986, as the result of the expected decline in production and increased consumption, imports are projected to rise to some 100,000 tons, most of which would come from Uruguay. In 1985, and contrary to earlier estimates, Brazilian beef and veal exports did not drop, but increased by 1.3 per cent, to 485,000 tons, Brazil's export record level to date. Of these, 50 per cent were frozen beef and veal for which the major markets were Iraq (38 per cent), the European Community (30 per cent), Israel (7.0 per cent) and Hong Kong (6.0 per cent). Canned meat exports represented roughly 48 per cent of total exports, the EC share was 55 per cent, while that of the United States was 22 per cent. For 1986, Brazil is projecting a 11.3 per cent drop in exports, which would still allow it to remain the third major exporter of beef and veal in the world. It will be interesting to follow the export performance of this country to the United Kingdom, now that this market is once again open to the Argentinian exports.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	132,801	136,641	+2.9	140,740	+3.0
Beef and veal <sup>2/</sup> :					
Production	2,092	2,120	+1.3	2,100	-0.9
Consumption	1,860	1,731	-6.9	2,000	+15.5
Imports	37	70	+89.2	100	+42.9
Exports	479	485	+1.3	430	-11.3

<sup>1/</sup>'000 head, estimates      <sup>2/</sup>'000 tons

## Argentina

27. Cattle and calf numbers in Argentina totalled 54,000,000 head in June 1985, down 1.1 per cent compared to year earlier. This downturn in cattle numbers signaled the premature end of herd rebuilding which lasted no more than two years and was related especially to rather depressed prices both in the domestic and in the international markets. Furthermore, serious floods by the year end added an important number of losses to the declining cattle numbers. Available projections suggest that the June 1986 cattle census could show a yet larger drop in numbers (-2.8 per cent) to around 52,500,000 head. The low level of prices in 1985 pushed producers to sell and/or slaughter their cattle. Consequently, cattle and calf slaughter increased by 11.4 per cent, to 13,700,000 head, due especially to the increased culling of female cattle and this brought the average slaughter weight down by 3.8 per cent which had a dampening effect on the production increase. Nevertheless, this still amounted to 7.1 per cent, total output of beef and veal reaching 2,740,000 tons. From January to April 1986 total slaughter remained at levels similar to year earlier and the same trend was observed during the first half of May, with a larger proportion of heifers, female calves and young steers in the slaughter mix. Consequently, slaughter weights remained low and 1 per cent below last year. Real cattle prices have increased since last February, following the suspension by the Argentinian authorities of the ceiling prices for slaughter cattle, but until the middle of May, this was not enough to stop the downtrend in cattle numbers.

28. In 1985, consumption was estimated to have totalled some 2,480,000 tons (or 82 kg/capita), up by 7.5 per cent and benefiting from relatively low prices added to the price freeze imposed by the Government since June, expanded domestic supply and low export levels. During the first quarter of 1986, per capita consumption can be estimated to have risen by some 6 per cent compared to year earlier, to some 86 kg in spite of rising prices. The reasons for this seem to be linked with the much higher rates of increase of the prices of other foodstuffs. Nevertheless, for the year as a whole consumption is expected to fall to 79 kg per capita.

29. Beef and veal exports increased by 4 per cent in 1985 to 260,000 tons due to strong rises registered during the third quarter (+57 per cent) and fourth quarter (+13 per cent) of the year. The major markets for fresh, chilled and frozen bovine meat were the European Community (which absorbed 46 per cent of the Argentinian exports of this type of meat), Israel (16 per cent) and Angola (11 per cent). For canned and cooked beef and veal, the United States accounted for 68 per cent of the total and the EC for 16 per cent. As already stated in previous reports, Argentina has been faced with a weak demand in its traditional markets and ample export availabilities in the EC continued to influence its exports especially to the Middle East. Markets like Iran, Irak and Egypt were in 1985 examples of markets where competition with the low prices proposed by the Community was difficult.

30. Forecasts now suggest a more moderate recovery of the level of exports for 1986 (+3.8 per cent, to 270,000 tons) than previously projected (+34.6 per cent). This may well be due to the relatively poor export



performance of the first quarter of the year which shows a decline of 1,000 tons in sales abroad compared to year earlier. The main markets were the same as in 1985.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	54,600	54,000	-1.1	52,500	-2.8
Beef and veal:					
Production <sup>2/</sup>	2,558	2,740	+7.1	2,700	-1.5
Consumption	2,308	2,480	+7.5	2,430	-2.0
Exports	250	260	+4.0	270	+3.8

<sup>1/</sup>'000 head, 30 June      <sup>2/</sup>'000 tons

#### United States

31. According to USDA's estimates the number of cattle on 1 January 1986 amounted to 105,468,000 head, 3.9 per cent less than year earlier, the lowest number since 1963. This is the fourth consecutive drop in cattle and calf numbers. Most categories of cattle declined with one notable exception: that of dairy cows which grew by some 3.5 per cent. The reasons for the continued fall in inventory numbers are prolonged unprofitability of feeding cattle, the financial crisis in the farm sector and weakening consumer demand. It is anticipated that liquidation will continue throughout 1986 for the same reasons. Cattle slaughter was down some 2.9 per cent in 1985 but due to heavier slaughter animals during most of the year, production of bovine meat expanded some 0.2 per cent to 10,955,000 tons. In 1986 production of beef and veal has been forecast to decrease to some 10,548,000 tons, a drop of 3.7 per cent. However, this figure will probably be further revised as a result of the "whole herd dairy buy-out programme" according to which 1,550,403 cows, heifers and calves will be culled over an 18 month period beginning in April 1986. According to USDA, second quarter beef supplies would increase by 3-4 per cent and third quarter by around 3 per cent but, due to lighter weights of culled heifers and calves, production of beef and veal for the year would average 1-3 per cent below that of 1985.

32. Preliminary data indicate that beef and veal consumption totalled 11,812,000 tons in 1985, a rise of 1.9 per cent compared to year earlier. On a per capita basis consumption increased by 0.8 per cent to 49.9 kg. This would be due to stable and even sometimes falling retail prices as a result of abundant supplies and a certain consumer resistance. Projections for 1986 suggest a 3.8 per cent drop in total beef and veal consumption. Cattle and retail prices remained weak throughout 1985 but were expected to strengthen somewhat in the current year as production levels decrease.

Price increases are, however, likely to be moderated by a number of factors such as still abundant supplies of bovine meat, consumer resistance, and the effects on the market of the whole herd buy-out programme.

33. Preliminary figures indicate that bovine meat imports expanded by some 13.1 per cent in 1985, totalling 948,000 tons. A major part of this originated in Australia. A further increase to 973,000 tons (+2.6 per cent) is forecast in 1986, mainly due to projected domestic production losses and sustained demand for imported bovine meat. It is not expected that the 1986 trigger level will be surpassed and therefore it is not likely that quotas will be imposed. Exports of bovine meat remained relatively stable in 1985 reaching a level of around 151,000 tons. Around 70 per cent of total beef exports went to Japan. In 1986 an increase to 171,910 tons is projected. However, it is possible that exports will be even higher since under the whole herd buy-out programme the USDA should purchase 400 million pounds (180,000 tons) of red meat to help offset the impact of the increased slaughter on the market, 200 million pounds (90,000 tons) of which is to be exported. Of this up to 20,000 tons would be supplied to the United States Defense Department for use in commissaries on military installations located in Europe.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	113,700	109,749	-3.8	105,468	-3.9
Beef and veal <sup>2/</sup> :					
Production	10,928	10,955	+0.2	10,548	-3.7
Consumption	11,597	11,812	+1.9	11,359	-3.8
Imports	838	948	+13.1	973	+2.6
Exports	151	151	0.0	172	+27.4

<sup>1/</sup>'000 head, 1 January

<sup>2/</sup>'000 tons

#### Canada

34. The 1 January 1986 cattle census showed a continuation of the cattle herd liquidation started in 1976, with a brief interruption in 1981. Numbers totalled 10,590,700 head, a contraction of 3.5 per cent compared to year earlier, and of 25.8 per cent compared to the last peak year (1975). The persistent herd reduction is mainly due to depressed feeder cattle prices. All categories of cattle decreased and prospects for recovery are apparently not perceived as good since forecasts suggest a continuation of herd contraction well into 1987, although at a somewhat slower rate. Total cattle and calf slaughter grew by 0.8 per cent to 4,301,300 head in 1985 with cow and heifer slaughter rising by 3.9 per cent. Average carcass weights increased by 3.1 per cent. First quarter 1986 inspected slaughter dropped some 1.7 per cent, with forecasts for the year of total slaughter of 4,175,000 head (-2.9 per cent) indicating a first step in the direction

of herd rebuilding. With both slaughter and slaughter weights up in 1985 production expanded by some 3.9 per cent to 1,035,100 tons, 45,800 tons of which was that of veal. In 1986, bovine meat production should decrease by no more than some 1.6 per cent, to 1,019,000 tons, since a further rise in slaughter weights is expected.

35. In spite of the higher 1985 production levels, total consumption of bovine meat contracted slightly to 1,030,800 tons (-0.8 per cent), the lowest level since the beginning of the decade. A further cutback is projected for 1986 (by -1.3 per cent to 1,017,400 tons) 1987 and 1988. One of the main reasons would appear to be low income growth, which for the year as a whole increased at a lower rate than retail prices of beef, and even decreased by some 0.7 per cent, if one compares first quarter of the year with the last. Forecasters are apparently not expecting any major change in this situation since they predict a further reduction of beef and veal consumption in 1986. Imports of beef and veal continued at higher than "normal" levels in 1985. These totalled 115,900 tons, a reduction of only 0.6 per cent compared to year earlier, and not almost minus 4 per cent as earlier expected. This was due to an increase in imports of frozen beef and veal from Australia and New Zealand compared to year earlier. The quota level (excluding high quality beef) for 1985 were set at 75,951 tons, product weight, while a total of 82,000 tons, product weight, of bovine meat were actually imported. A reduction of some 7.7 per cent to 107,000 tons is forecast for 1986. So far this year no quota restrictions have been imposed but if the situation so requires the Canadian authorities can at any moment set limitations to beef imports since at the end of 1985 the Meat Import Act was invoked as required by law but immediately suspended. Canada also imported 56,000 head of cattle in 1985, 19,000 head more than in 1984, all of which originated in the United States. Exports of beef and veal grew by some 11.4 per cent in 1985 to 117,100 tons, 68,600 tons of which was exported frozen and 45,300 tons fresh and chilled. The main recipient was the United States. A 10.6 per cent decrease is projected for 1986. Moreover, 235,000 head of cattle was exported to the same country, with 200,000 head projected for 1986.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	11,360	10,980	-3.4	10,591*	-3.5
Beef and veal <sup>2/</sup> :					
Production	997	1,035	+3.9	1,019	-1.7
Consumption	1,039	1,031	-0.8	1,017	-1.3
Imports	117	116	-0.6	107	-7.7
Exports	105	117	+11.4	105	-10.6
Live cattle <sup>3/</sup>					
Imports	37	56	+51.4	40	-28.6
Exports	250	235	-6.0	200	-14.9

<sup>1/</sup> '000 head. 1 January    <sup>2/</sup> '000 tons    <sup>3/</sup> '000 head    \*Actual

Australia

36. Preliminary figures from the 31 March 1986 cattle census confirm that cattle herd rebuilding is well on its way. After eight years of cutbacks in the herd, March 1986 figures indicate a second year of expansion with numbers totalling 23,234,000 head, a growth of 2.0 per cent compared to year earlier. The increase would be due to a favourable response from producers to improving prices and to better seasonal conditions. It is projected that herd rebuilding will continue through 1990 by which time the herd would have increased some 18.5 per cent compared to 1984. Continued expansion will, however, depend on the persistence of good pasture conditions and of demand and prices in the US market. Cattle and calf slaughterings totalled 7,146,200 head in 1985. Adult cattle slaughterings expanded by 6.2 per cent while that of calves fell by 2.4 per cent. In 1986 it is anticipated that the rate of increase in slaughter levels will decline as herd rebuilding continues. Beef and veal production grew by some 7.3 per cent in 1985, totalling 1,338,000 tons. It is projected that there will be a decrease in the growth rate of production in 1986 as the proportion of cows and heifers in the slaughter mix rises, resulting in lower average carcass weights. A 1.6 per cent expansion in bovine meat output, to 1,360,300 tons, is thus forecast.

37. Red meat consumption in Australia in 1985 totalled 83 kg/per capita, 2.4 per cent more than year earlier. Beef and veal consumption totalled 641,000 tons, 0.5 per cent more than year earlier (40.8 kg/per capita). The moderate increase in beef consumption, compared to the not unsubstancial rise in production was due to the expansion in exports. Indeed, beef exports rose by 14.6 per cent in 1985, to a total of 707,000 tons but were still below levels exported some years ago. The growth in exports was largely due to more attractive prices in the major Australian export market, the United States, as a result of the depreciation of the Australian dollar. Almost 60 per cent of total bovine meat exports (274,000 tons, boneless equivalent weight) went to the United States, 21.2 per cent more than year earlier. In Australian dollars, exporters received an average of 248 cents per kg, 17 per cent more than in 1984. Projections for 1986 indicate a small increase of 0.6 per cent in consumption and a 2.3 per cent rise in total volume exported, with a slight increase to the United States, Japan, and Taiwan and small decreases to Canada and countries in South East Asia.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	22,161	22,784	+2.8	23,234 <sup>3/</sup>	+2.0
Beef and veal <sup>2/</sup> :					
Production	1,248	1,338	+7.3	1,360	+1.6
Consumption	638	641	+0.5	645	+0.6
Exports	617	707	+14.6	723	+2.3

<sup>1/</sup>'000 head, 31 March    <sup>2/</sup>'000 tons    <sup>3/</sup>Actual

New Zealand

38. According to estimates, cattle herd rebuilding in New Zealand has now entered into its third year and cattle and calf numbers should be around 8,000,000 head by 30 June 1986, up by 1.0 per cent compared to year earlier. Inspected cattle and calf slaughter was forecast to total 3,086,000 head in 1986, 14.4 per cent more than in 1985. Consequently, beef and veal production has been projected to rise by some 17.7 per cent, to 533,000 tons in spite of lower beef schedule prices (the prices offered to producers by exporters) which have fallen by some 20 per cent, as a result of the appreciation of the NZ dollar in recent months and of lower US prices received for exports. Beef and veal consumption, which has been declining regularly since 1979, notably at the profit of cheaper poultry meat and pigmeat, but also in 1985 (and presumably 1986) of sheepmeat, is expected to stabilize at around 120,000 tons.

39. Exports are expected to rise by some 23,000 tons during this season, to about 385,000 tons, principally as the result of anticipated increased imports by New Zealand's major market, the United States. (However, in spite of signs of increasing demand, the US dairy herd reduction scheme, which is pushing down domestic prices, may have a depressing effect on imported beef.) The other two major markets will continue to be Canada and Japan.

40. Sheep numbers, which in June 1985 showed a 1.7 per cent drop, are projected to decline further in the current season to 66,500,000 head (-2.9 per cent). This reflects the shift in the relative profitability of sheep and cattle (the schedule prices for sheep meat have fallen by a much higher percentage than those for beef and veal. During the current season to date, compared to 1984/85, schedule prices for lamb have declined by an average of 32 per cent, while those of mutton have fallen by 46 per cent). Lamb and mutton production is expected to drop by more than 45,000 tons, which would put it at some 690,000 tons. Consumption may increase slightly as the result of the low level of prices. Sheepmeat exports, which in 1984/85 fell by 2.2 per cent to 479,000 tons are expected to rise in 1985/86, in spite of the decline in output, as the result of efforts to reduce stock levels and of the fact that there will be no recourse to rendering down this season.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	7,776	7,920	+1.9	8,000	+1.0
Beef and veal <sup>2/</sup> :					
Production	460	453	-1.5	533	+17.7
Consumption	128	118	-7.8	120	+1.7
Exports <sup>3/</sup>	284	362	+27.4	385	+6.3

<sup>1/</sup> '000 head at 30 June

<sup>2/</sup> '000 tons

<sup>3/</sup> Year ending 30 September

Japan

41. Although the final result of the February 1986 cattle census is not yet known to the secretariat, official sources indicate that Japanese cattle and calf numbers may have declined by some 0.1 per cent, which would put figures at about 4,693,000 head. This would be the first decline in the last ten years. It probably reflects a drop in Wagyu cattle provoked by uncertainties about breeding prospects and low calf prices during 1984 and the beginning of 1985, which pushed producers to slaughter their cattle. A recovery of prices since mid-1985 resulted in a slowing down of the rate of increase in slaughter by the end of the year (+3.9 per cent) compared to year earlier (+7.2 per cent). Reportedly, the rise in calf prices has continued into 1986. Should this trend be confirmed, it could mean that cattle slaughter during the current year will continue to slow down and cattle numbers may then soon return to an upward trend. Reflecting the slowdown in the increase of slaughter, production in Japan rose by only 3.7 per cent in 1985 compared to 8.1 per cent a year earlier. According to a Japanese projection, production of beef and veal in 1990 should total 630,000 tons, which would mean an annual average increase of about 2.7 per cent. This would put production in 1986 at 570,000 tons which could be possible, taking into account the slowdown in the growth rate of slaughter.

42. In 1985, total consumption of beef and veal increased by 3.2 per cent, to 781,000 tons. This is the lowest growth rate since 1982 and may be due not only to a lower economic growth and consequent lower income increases, but also to stronger competition by other meats and fish, which prices are again more competitive. According to Japanese consumption of beef and veal should increase by an yearly average of some 1.8 to 3.6 per cent in the medium term, a growth rate which is roughly half of that registered in the last ten years. Imports of beef and veal in 1985 totalled 226,000 tons, up by 1.8 per cent from year earlier. Of these, 95 per cent were fresh, chilled and frozen coming virtually all from Australia (62 per cent), the United States (30 per cent), and New Zealand (5 per cent). The global beef import quota for fiscal year 1985/86 (1 April-31 March) was 6 per cent higher than year earlier or 159,000 tons, boneless weight (141,400 tons for the general quota and 17,600 tons for the special quota). This increase was mainly the result of the understandings Japan has with its two main suppliers and, taking into account these understandings, it may be assumed that the 1986/87 fiscal year import quota will be of some 168,000 tons, boneless weight.

43. Adding to the "simultaneous buying and selling system" (SBS) introduced last year which aimed at facilitating users' direct consultations with overseas suppliers, the Japanese authorities have implemented a new "demand development quota" (DDQ) of 800 tons which is designed to facilitate demand development activities for beef at various opportunities such as import fairs and exhibitions. For the first time since the "Livestock Products Price Stabilization Law" implemented (May 1975), the lower and upper stabilization prices for dairy steer carcasses, second grade, have been reduced, by 2.7 per cent (1,090 yen/kg) and 2.4 per cent (1,420 yen/kg) for fiscal year 1986/87.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	4,682	4,698	+0.3	4,693 <sup>4/</sup>	-0.1
Beef and veal <sup>2/</sup> :					
Production	535	555	+3.7	570 <sup>3/</sup>	+2.7
Consumption	757	781	+3.2	805 <sup>3/</sup>	+3.1
Imports	222	226	+1.8	235 <sup>3/</sup>	+4.0

<sup>1/</sup> '000 head at 1 February

<sup>2/</sup> '000 tons

<sup>3/</sup> Secretariat estimates

<sup>4/</sup> Preliminary

III. SUMMARY OF THE SITUATION IN CERTAIN BOVINE MEAT IMPORTING OR EXPORTING COUNTRIES NOT SIGNATORIES OF THE ARRANGEMENT REGARDING BOVINE MEAT

Soviet Union

44. Cattle and calf numbers on state and collective farms totalled 120,700,000 head on 1 January 1986, a 0.1 per cent decrease from year earlier. This drop was due to heavy slaughterings during 1985, in particular in the first half of the year as a result of the lack of adequate fodder supplies. Pig numbers also fell (to 77,600,000 head, down by 0.4 per cent) as well as that of goat and sheep (to 146,500,000 head, a drop of 1.8 per cent). According to official Soviet figures, meat production in the Soviet Union increased marginally in 1985 to 17,100,000 tons (+0.6 per cent). It is estimated that 6,890,000 tons were that of bovine meat, a rise of 2.9 per cent compared to year earlier. Meat output continued to expand at the beginning of 1986 as a result of good weather conditions and better feed supplies than last year. The Soviet authorities have reportedly increased the price bonus on production of meat in order to bolster output above the average 1981/86 level during the period 1986/90. It therefore seems likely that bovine meat production in 1986 will at least equal but maybe even surpass that of 1985, provided weather and feed conditions continue to be positive. The USSR imported some 551,600 tons of frozen meat and 139,700 tons of canned meat in 1984, according to national statistics. Fifty to sixty per cent of total meat imports are believed to be that of bovine meat, i.e. 345,650 tons to 417,780 tons, product weight. No figure is as yet available for 1985. According to one source\* imports could be expected to have decreased somewhat in 1985, because of higher levels of domestic production. The same source suggests a further decline in 1986 for the same reason. Major suppliers in 1985 were the EC, East European countries and Finland.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	119,558	120,800	+1.0	120,700	-0.1
Beef and veal <sup>2/</sup> :					
Production	6,696	6,890	+2.9	7,100 <sup>3/</sup>	+3.1
Consumption <sup>4/</sup>	7,240	7,410	+2.4	7,500	+1.9
Imports <sup>5/</sup>	541	510	-5.7	450	-11.8

<sup>1/</sup>'000 head, January      <sup>2/</sup>'000 tons  
<sup>3/</sup> Secretariat estimate (tentative)  
<sup>4/</sup> Secretariat estimates (tentative) based on national statistics  
and USDA estimates.  
<sup>5/</sup> USDA estimates, carcass weight

\* USDA

Republic of Korea\*

45. Cattle and calf numbers in the Republic of Korea totalled 3,034,000 head in the December 1985 census, an increase of 14.4 per cent on year earlier, marking the fourth year of continuous herd expansion. In 1986 some liquidation is projected to take place, reducing the herd by some 5.9 per cent by the end of the year. Slaughter increased in 1985, resulting in a record production of bovine meat of 116,859 tons, up 28.7 per cent compared to year earlier. A further increase, to 132,794 tons is forecast for 1986, as a result of the expected herd liquidation. Consumption of bovine meat resumed its upward trend last year, after a temporary drop the year before, totalling 120,342 tons (2.9 kg/capita), an expansion of some 12.9 per cent. It would seem that the rise in consumption is a result of the considerable increase in domestic production and presumably some price decreases relative to competing meats, mainly pigmeat. A further increase is expected in 1986. As a result of the decline in economic activity and large availabilities of both bovine meat and pigmeat, imports of the former have been diminishing since 1982 when Korea purchased some 51,045 tons of fresh, chilled and frozen bovine meat. In 1985 these had dwindled to 2,619 tons (boneless). It is expected that import restrictions will remain in place in 1986, in view of projected increases in domestic production and relatively high stocks, and imports are likely to be negligible.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	2,652	3,034	+14.4	2,854	-5.9
Beef and veal <sup>2/</sup> :					
Production	90,803	116,859	+28.7	132,794	+13.6
Consumption	106,581	120,342	+12.9	136,355	+13.2
Imports <sup>3/</sup>	19,819	2,619	-86.8		

<sup>1/</sup> '000 head at 1 February

<sup>2/</sup> '000 tons

<sup>3/</sup> Fresh, chilled and frozen bovine meat, boneless

\* Main source: Reply to questionnaire sent to non-members of the Arrangement.

Zimbabwe\*

46. Cattle and calf numbers in Zimbabwe stood at 5,519,000 head in 1985, the latest census year, an increase of some 3.8 per cent on year earlier. It is forecast that a further rise to 5,600,000 head will occur in 1986. This year would also be the peak year in the current cattle cycle. Production of beef and veal totalled 102,190 tons in 1985, insignificant quantities of which was that of veal, 9.8 per cent below production in 1984. A further contraction is expected in 1986, to 95,000 tons. Known consumption of beef and veal, which excludes consumption by the rural population, amounted to some 81,320 tons in 1985, 7.2 per cent less than year before. This would mean 9.7 kg/per capita, counting the whole population. A further decrease in consumption is anticipated in 1986 (to 80,000 tons and 9.2 kg/per capita) before turning upwards in 1987. Zimbabwe is a net exporting country which imports occasionally smaller quantities of bovine meat. In 1985, it imported 4,000 tons compared to nothing the year before. It expects to purchase 3,000 tons in 1986. Exports of fresh, chilled or frozen bovine meat amounted to 15,506 tons in 1985, compared to 18,184 tons in 1984. In 1986 exports would decrease to 10,500. The short fall in 1985 appears to be due to an outbreak of foot and mouth disease which restricted Zimbabwe's possibilities to export, inter alia, to the EC before October 1985. Only 1,850 tons were exported to the Community, the first year Zimbabwe was eligible under the Lomé Convention, as renewed for the third time in December 1984. In 1986, Zimbabwe's part of the ACP quota (subject to zero customs duty and to 10 per cent of the import levy, provided 90 per cent of the levy is charged as an export levy and used for development purposes) is 8,100 tons. Zimbabwe also exports some quantities of processed beef. These amounted to 2,870 tons in 1985, down from 5,742 tons the year before. In 1986 2,700 tons are projected to be exported.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers <sup>1/</sup>	5,318	5,519	+3.8	5,600	+1.5
Beef and veal <sup>2/</sup> :					
Production	113,335	102,190	-9.8	95,000	-7.0
Consumption	87,667	81,320	-7.2	80,000	-1.6
Exports <sup>3/</sup>	23,926	18,376	-23.2	13,200	-28.2

<sup>1/</sup> '000 head

<sup>2/</sup> Tons

<sup>3/</sup> Include processed beef and veal

\* Source: Reply to questionnaire sent to non-members of the Arrangement

Singapore\*

47. As a result of a slowdown in Singapore's economic growth, of an increase in pigmeat supplies and of a declining foreign population, imports of fresh, chilled and frozen beef and veal contracted in 1983 and 1984 (by -14.5 per cent and 6.4 per cent respectively). In 1985, however, and in spite of a further slowdown in economic growth (as well as a severe cutback in pig numbers) bovine meat imports appears to have recovered somewhat. Indeed, in the first ten months of the year, these amounted to 9,476 tons, a rise of 2.9 per cent compared to the same period a year earlier. It is likely that for the year as a whole fresh, chilled and frozen beef and veal imports surpassed those of a year earlier. Processed beef and veal (corned beef) also increased in the period January-October 1985, to 790 tons (from 227 tons).

48. It would appear that the growth in imports of fresh, chilled and frozen product is due mainly to purchases of low priced beef from Latin American countries, in particular Brazil, which prior to February 1984 were prohibited. Latin American exports to Singapore expanded from 1,273 tons in the first ten months of 1984 to 4,193 tons in the same period 1985. A major part originated in Brazil. The growth in corned beef imports is due in particular to increased purchases from China and France. It would appear likely that low priced Latin American product continues to be furnished to Singapore in 1986.

Qatar\*

49. According to national sources, the cattle herd in Qatar is expected to number some 8,000 head in 1986. Cattle breeding was apparently introduced in 1982 when the herd totalled 4,270 head compared to none the year before. A further rise to 8,500 head is projected for 1987. Production of red meat is forecast at 2,560 tons in 1986 up from 1,402 tons in 1980 and 1,727 tons in 1984. Consumption of meat is forecast at 28,209 tons in 1986 (94 kg/capita), an increase of 16.6 per cent compared to 1984. Data for 1985 are not available as yet. A major part of consumption is that of sheepmeat. Imports of fresh, chilled and frozen beef and veal reached 2,987 tons in 1984, 177 per cent more than year earlier but 20 per cent below the 1980 level. With dwindling oil revenues it is possible that bovine meat imports will stagnate or even fall in 1986.

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\* Source: Reply to questionnaire sent to non-members of the Arrangement.

#### IV. SITUATION AND OUTLOOK IN THE INTERNATIONAL PIGMEAT SECTOR

50. World production of pigmeat was estimated<sup>1</sup> to have increased by about 4.6 per cent in 1985, to the record level of 53,955,000 tons. The increase was due to a strong rise in China (some 14 per cent), the world's largest producer, in other major producing countries or regions such as the European Community (+1.2 per cent), Japan (+7.5 per cent), Poland (+13.2 per cent), the Democratic Republic of Germany (+3.5 per cent) and in a number of other East European and Asian countries. In the United States, the third largest producer in the world, production remained virtually stable. During the current year, the world's output of pigmeat is projected to rise further, although at a lower rate than last year (some 1.4 per cent) mainly as the result of a slow-down in China's rate of production increase. Pigmeat consumption is believed to have followed the same upward trends as production (+4.7 per cent) which generally seems to be the consequence of abundant supplies and resulting relatively low prices.

51. Imports of pork increased in 1985 to a figure which is estimated<sup>2</sup> by the secretariat at around 1,240,000 tons, up by about 3.4 per cent from year earlier. The strong rises in both the United States' (79,000 tons more than year earlier) and the Soviet Union's imports (up by an estimated 30,000 tons) were the main causes for the overall rise. Poland, the fifth major pigmeat importer in 1984, registered in 1985 an important decline in purchases (-67,000 tons) as the result of strongly increased domestic production (+140,000 tons). In general terms, it would seem that the rise in world imports was related to the generally low level of prices in the international pigmeat markets, which can largely be explained by the depressed level of feedstuff prices. In 1986, as the result of a continuing increase in production, which is also expected in most major importing countries (with the probable exception of the United States, where nevertheless the very high levels of pork supplies indicate that imports will also decline) world imports are projected to fall by a proportion that may well be some 4-5 per cent.

52. As it could be expected following the imposition of countervailing duties by the United States authorities, in August 1985, the United States imports of live hogs from Canada fell by some 7 per cent last year (to 1,226,000 head). The decline expected for this year is in the range of 39 to 59 per cent. However, United States imports of pork products from Canada on which no countervailing duties were imposed, increased by 17 per cent in 1985, and are expected to rise by a further 20 per cent in 1986. This seems to suggest that the decline registered in trade of hogs is fully compensated by trade in pork products. Although no data is as yet available, it could reasonably be expected that pigmeat imports in the Community will decline somewhat as the result of rising production. For the same reason, and taking into account the fact that by the end of 1985 the Japanese authorities took off the market some 23,000 tons of pigmeat in order to support market prices (which had fallen below the support floor level), Japan may import less pigmeat in 1986. Finally, continuing rising production in Poland may push imports further down in the current year.

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<sup>1</sup>Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, March 1986.

<sup>2</sup>This estimate is the result of the utilization of different sources and can only be used as an indication. Nevertheless, the upward trend in imports in 1985 is a fact.

SELECTED COUNTRIES' TRADE IN PIGMEAT

A. IMPORTS<sup>1/</sup>

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
United States	433	512	+18.2	499	-2.5
Japan	278	270	-2.9	213 <sup>3/</sup>	-21.1
USSR <sup>2/</sup>	120	150	+25.0	135	-10.0
EC	148	155	+4.7	..	..
Poland	105	38	-63.8	25 <sup>3/</sup>	-34.2
Hong Kong <sup>2/</sup>	55	60	+ 9.1	64	+ 6.7

B. EXPORTS<sup>1/</sup>

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
EC	394	400	+1.5	450 <sup>4/</sup>	+12.5 <sup>4/</sup>
China <sup>2/</sup>	273	263	-3.7	292	+11.0
Canada	175	197	+12.1	195	-0.8
Hungary	206	190 <sup>2/</sup>	-7.8	190 <sup>2/</sup>	0.0
United States <sup>2/</sup>	74	58	-21.6	54	-6.9
Poland	88	99	+12.5	99 <sup>3/</sup>	0.0
Sweden	76	76	+0.3	66	-13.6

<sup>1/</sup>'000 tons carcass weight, includes fresh, frozen and canned product but excludes live animals.

<sup>2/</sup>Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, March 1986

<sup>3/</sup>Secretariat estimates

<sup>4/</sup>Estimated by the Meat and Livestock Commission, United Kingdom.

V. SITUATION AND OUTLOOK IN THE INTERNATIONAL POULTRY MEAT SECTOR

53. In 1985, continuing its several years' upward trend, world production of poultry meat is estimated<sup>1</sup> to have risen by 4.1 per cent, to 25,259,000 tons. This represents an acceleration of the rate of increase registered in 1984 (+3.1 per cent) and is by and large due to ample supplies of cheap feedgrains. Increases were registered not only in all major producing countries, but also in practically all countries for which data is available. In the United States, by far the world's leading producing country (31 per cent of world output) production rose by 5.1 per cent to 7,814,000 tons; in the European Community (17 per cent of world output) production recovered after two years of a declining trend, to 4,349,000 tons (+1.3 per cent); in the USSR the increase was of some 4.2 per cent, to an estimated 2,800,000 tons, while in Brazil production recovered from its 1984 drop. Furthermore, production continued to rise in practically all the Middle Eastern and some major North African countries (such as Egypt), which are major outlets for exporters. In 1986, a further increase in the world's output of poultry meat is expected. The continuing low level of feedgrain prices coupled with the depreciation of the dollar remain the major cause for a rise which is projected at some 2.9 per cent. Production will once again rise in all the major producing areas and in practically all other countries for which data is available.

54. In 1985, when imports are estimated<sup>1</sup> to have fallen by 3.9 per cent to 924,000 tons, only some 3.7 per cent of poultry meat production entered world trade, as against 4-5 per cent in previous years. This is the result of rising production all over the world and especially in major importing areas. In the most important of these areas - the Middle East - imports fell by 14 per cent last year, and by 42 per cent compared to the record import level of 1982. It is believed that the only countries in the region to increase imports were the United Arab Emirates and the Arab Republic of Yemen. Sharp declines were registered in Saudi Arabia, the chief importer in the area (-16.7 per cent), and Iraq (-28.6 per cent). The major efforts to rise self-sufficiency pursued in the Middle East in the form, inter alia, of important production subsidies appear consequently to be fruitful and in some cases resulted (coupled with the effect of recently declining oil revenues) in the rise of import duties. This was the case in Saudi Arabia which in July 1986 doubled its import duty (to 20 per cent) on fresh, chilled and frozen poultry and poultry liver. The fall of imports in the Middle East was probably partly offset by a recovery in Egypt (+13.0 per cent) and some Asian countries, especially Hong Kong (+25.5 per cent). For 1986 the USDA<sup>1</sup> is forecasting a major drop in world imports of poultry meat, -12.6 per cent, to 808,000 tons. This would mean that the proportion of production entering world trade would shrink to a mere 3.1 per cent. In the Middle East the projection is of a 31 per cent drop in imports to which the decline in oil revenues

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<sup>1</sup> Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, March 1986.

and the US dollar value are not foreign. The expected rise in Egypt and the Asian countries (including Japan) is not enough to compensate the import decline in the Middle Eastern markets. Furthermore imports by the Soviet Union are expected to decline further (-16.7 per cent) after its 21.0 per cent drop (to 90,000 tons) in 1985. As a consequence of all this, the competition among exporters is growing stronger with the Asian countries now becoming major targets. Because of the outbreak of avian influenza in a number of states in the United States, several of this country's customers have recently closed their borders, partially or completely, to US poultry products, while at the end of 1985 Egypt imposed an embargo on the imports of French broilers because of salmonella contamination.

SELECTED COUNTRIES' TRADE IN POULTRYMEAT

A. IMPORTS<sup>1/</sup>

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Middle East <sup>2/</sup>	298	256	-14.1	176	-31.3
USSR <sup>2/</sup>	114	90	-21.1	75	-16.7
Japan	104	100	-3.8	119 <sup>3/</sup>	+19.2
EC	76	75	-1.3	..	..
Egypt <sup>2/</sup>	115	130	+13.0	135	+3.8

B. EXPORTS<sup>1/</sup>

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
EC	374	330	-11.8	..	..
Brazil <sup>2/</sup>	281	251	-10.7	251	-7.9
United States <sup>2/</sup>	209	210	+0.5	209	-0.5
Hungary	162.5	160 <sup>2/</sup>	- 1.5	158 <sup>2/</sup>	-1.3

<sup>1/</sup> '000 carcass weight, includes fresh, chilled and frozen product.

<sup>2/</sup> Source: USDA Dairy, Livestock and Poultry, World Livestock and Poultry Situation, March 1986

<sup>3/</sup> Secretariat estimate

## VI. SITUATION AND OUTLOOK IN THE INTERNATIONAL SHEEPMEAT SECTOR

55. World production of sheepmeat in 1985 is estimated<sup>1</sup> to have increased by 2.9 per cent to about 4,768,000 tons. This was essentially due to the higher output in both New Zealand and Australia. New Zealand went through a difficult season with record slaughter levels of lamb (increased by drought conditions) and consequent rise in production, to about 730,000 tons, while exports declined slightly (see also paragraph 40). In Australia, production rose by some 16.4 per cent to 551,800 tons partly as the result of poor seasonal conditions at the beginning of the year. The European Community also shows an increase estimated at 2.7 per cent, to 755,000 tons. In the United States production fell by 5.2 per cent, to 163,000 tons, while in the USSR the decline was estimated at some 4.7 per cent, to 825,000 tons. In 1986, the world output of sheep meat is projected to diminish by some 1.8 per cent, to 4,680,000 tons as the result of a drop in some of the world's major producing countries, the USSR, New Zealand, Australia and the United States. In other major producing areas, such as the EC, India and Turkey production is expected to rise somewhat.

56. World sheepmeat exports were estimated<sup>1</sup> to have risen by 7.4 per cent last year, to some 925,000 tons. This was apparently due solely to the export performance of Australia which saw its exports rise by about 30 per cent, to 164,100 tons. In spite of this strong rise in volume terms, Australia was affected by the low prices in the international market as well as by depressed saleyard prices for both sheep and lamb in its domestic market. Some of the reasons explaining the poor export results of New Zealand last year were already mentioned in paragraph 40. On the import side, the major changes in 1985 seem to have occurred in the Soviet Union, where imports rose by some 66.7 per cent, to 50,000 tons, in Japan, +6 per cent, to 159,000 tons and in Poland, a country which made its first imports in several years, as the result of a contract signed with New Zealand for the exchange of mining equipment against 18,000 tons of sheepmeat. Both Australia and New Zealand are projecting higher export levels for 1986. The effects of the rationalization of the New Zealand livestock and meat industry have partly been responsible for the industrial unrest (several weeks' strike) in the export meat processing works which in the first quarter of 1986 seem to have affected the export performance substantially. This added to delayed sheep slaughterings by farmers in the (unfulfilled) expectation of improved schedule prices and/or desire to improve returns through higher carcass weights. In 1986, competition between the two major exporters of sheepmeat may strengthen somewhat, notably in the Japanese market. Last January, another countertrade agreement for the export of sheepmeat (against shipping containers of a value of NZ\$60 million) was signed between New Zealand and Poland.

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<sup>1</sup>Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, March 1986.

SELECTED COUNTRIES' TRADE IN SHEEPMEAT

A. IMPORTS<sup>1/</sup>

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
EC	248	250	+0.8	..	..
Japan	150	159	+6.0	160 <sup>2/</sup>	+6.7
USSR <sup>2/</sup>	30	50	+66.7	50	0.0

B. EXPORTS<sup>1/</sup>

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
New Zealand <sup>3/</sup>	489.8	479.5	-2.1	515	+7.4
Australia	126.1	164.1	+30.1	183.4	+11.8

<sup>1/</sup> '000 tons, includes both lamb and mutton: imports carcass weight equivalent; exports product weight

<sup>2/</sup> Source: USDA Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1985

<sup>3/</sup> Year ended 30 September