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NEW GATT REPORT SUGGESTS CONTINUED IMPROVEMENT IN INTERNATIONAL BOVINE MEAT SECTOR IN 1987

Evidence available to the GATT Secretariat suggests that 1987 will see the continued recovery of the bovine meat sector after a recent period of depressed prices.

This is one of the conclusions of a report¹ on the international meat markets published today by the GATT. The report examines recent trends in production, consumption and trade of bovine meat, pigmeat, poultry meat and sheepmeat, and presents forecasts for 1987.

Commenting on the general situation in the bovine meat sector during 1986, the report notes that there was an increase in both volume and value of traded beef and veal, and that international demand strengthened while prices began to recover in spite of the dampening effect of large availabilities of all types of meat.

The report notes the increasing influence of the overproduction of grains in the bovine meat sector. In the United States, for example, hog-maize and steer/corn price ratios have risen recently to record levels, thus making livestock-rearing more profitable.

The report estimates that there were no significant volume changes in world production of bovine meat in 1986. This was due to a certain number of factors which have balanced themselves out such as higher production instead of anticipated declines in the United States, Argentina and Uruguay. There was also a smaller decline than expected in the European Community.

Bovine meat production expanded in Australia and in the Soviet Union. It remained relatively unchanged in Canada, fell in New Zealand, and dropped significantly in Brazil.

The report notes that consumption of bovine meat over the last few years has been affected by a number of factors. These include, the difficult economic situation in a number of major consuming countries,

MORE

¹The International Markets for Meat 1986/87 available in English, French and Spanish from the GATT Secretariat, Centre William Rappard, 154 rue de Lausanne, 1211 Geneva 21, Switzerland. Price Sw F 12.-.

the high levels of unemployment, competition from cheaper meats (in particular poultry meat), and increasing health consciousness. Although the international demand for beef and veal strengthened in 1986, the consumption trend remains unclear and varies greatly from country to country.

The report observes that the international bovine meat trade has rarely been so much affected by the situation in a single country. From being the third largest exporter of bovine meat in 1985, Brazil in 1986 became the world's second largest importer. This helped to relieve the pressure on international prices exerted by large surpluses since substantial sales of such surpluses were made to Brazil. The intervention stocks in the European Community fell from 1985 record levels by some 28.4 per cent partly as a result of sales to Brazil.

Looking ahead to 1987, the report expects a respite from years of overproduction. The world output of beef and veal may fall by about 1.5 per cent to some 42,000,000 tons, reflecting projected output declines by major producers like the United States, the European Community, Canada, Australia, Argentina and Uruguay.

World consumption of bovine meat is expected to decline due mainly to lower United States' and Canadian consumption (down 5 and 3 per cent respectively), but this should follow parallel reductions in output. Most other countries are projecting higher consumption levels, thus the decline in world intake of bovine meat should be smaller than the drop in production. The Soviet Union's consumption should rise further, while the expansion rate should continue to slow down in the Middle East.

The international meat trade will again be influenced by the situation in Brazil which is expected to sharply reduce exports in spite of lower import levels. Domestic policy measures of various countries not only on bovine meat but also on the dairy and grains sectors will continue to play a significant role.

On other types of meat, the report suggests that the production and consumption of both pigmeat and poultry meat should continue to grow while the trend of rising poultry meat intake will slow down for the second year in a row. Sheepmeat production, after having probably dropped during 1986, will increase in 1987. Consumption of sheepmeat seems to have fallen in 1986 and might continue to do so in 1987.

In conclusion, the report suggests that 1987 will probably be a more favourable year for the international bovine meat sector compared to the last few years although there are still significant uncertainties. It stresses that the price recovery, although apparently set to continue, is still very recent and has not yet reached all markets.

SELECTED COUNTRIES' TRADE IN BEEF AND VEALA. EXPORTS

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Argentina	260	240	-7.7	260	+8.3
Australia	707	745	+5.4	685	-8.1
Brazil	438	306	-30.1	150	-51.0
Canada	117	107 ^{1/}	-8.4	95	-11.5
EC	733	1,000 ^{1/}	+36.4	680 ^{1/}	-32.0
New Zealand ^{2/}	356	329	-7.6	415	+26.7
United States	151	229	+51.7	206	-10.0
Uruguay	134	201	+50.0	164	-18.4
Others	280	270	-3.6	300	+11.1
Total	3,176	3,427	+7.9	2,955	-13.8

B. IMPORTS

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Brazil	48	500 ^{3/}	+941.7	350 ^{3/}	-30.0
Canada	116	118 ^{1/}	+1.8	120 ^{1/}	+1.7
EC	395	390 ^{1/}	-1.3	390 ^{1/}	0.0
Japan	226	235 ^{3/}	+4.0	244 ^{3/}	+3.8
United States	947	974	+2.9	984	+1.0
USSR ^{5/}	320	300	-6.3	280	-6.7
Africa ^{3/}	387	390	+0.8	400	+2.6
Other Asia ^{5/}	80	77	-3.8	80	+3.9
Middle East ^{5/}	139	121	-12.9	122	+0.8
Eastern Europe ^{3/}	35	52	+48.6	57	+9.6
Other Europe	21	23	+9.5	21	-8.7
Total	2,714	3,180	+17.2	3,048	-4.2

^{1/} EC (12)^{2/} Year ended 30 September^{3/} Secretariat estimate

^{4/} Includes all other exporting countries participating in the Arrangement Regarding Bovine Meat. Estimates by the secretariat.

^{5/} Source: USDA Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1985

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