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WORLD BEEF EXPORTS DECLINING, SAYS GATT REPORT

Uncertain economic prospects and changing diets are exacting their toll on the international beef market. The total value of world beef exports decreased by 2 to 3 per cent in 1992, due mainly to falling shipments from the European Community and Argentina. For 1993, beef exporters face a similar decline, with import demand set to rise substantially only in Japan and other East Asian countries.

These are among the conclusions of a report on the international meat markets published today by the GATT¹. The report examines trends in production, consumption and trade of beef (including veal), and summarizes developments in pigmeat, poultry meat and sheepmeat. It offers an outlook for 1993 and lists significant meat policy developments in member countries of the Arrangement Regarding Bovine Meat.

In 1992, Australia regained the top spot among the world's leading beef exporters from the Community. The United States, with a 13 per cent rise in beef exports, has confirmed its place as the world's third largest beef exporter, a notch above New Zealand. Registering the biggest increase in exports of 24 per cent, Brazil has become the fifth leading beef exporter. EC exports were hit by falling demand from the Commonwealth of Independent States (CIS), while Argentina's shipments slumped due to a sharp rise in production costs.

On the import side, the United States, by far, remained the world's biggest importer of beef in 1992. It was followed by Japan, the CIS, the EC, Canada and Brazil.

¹ International Markets for Meat 1992/1993 is available in English, French or Spanish from the GATT Secretariat and accredited booksellers.
Price: SwF 25.

According to the GATT Report, world beef and veal production is estimated to have decreased by about 1 per cent in 1992, due largely to reduced output in the European Community, Central Europe and the CIS. The drop in EC production reflected decreasing cattle inventories in most member States as a result of a cut in dairy quotas in 1991/1992 and a 22 per cent drop in the cattle herd of the new German States. Increasing production costs, falling cattle prices, processing difficulties and the collapse of demand have characterized the meat scene in Central Europe and the CIS. Herd sizes were sharply reduced, a factor which may deeply affect most of these countries' meat industries for several years to come.

World beef and veal consumption is estimated to have slightly decreased last year. The GATT report says that in many countries, consumers are eating less beef in the light of uncertain economic prospects or have shifted to less expensive competing meats, in particular poultry meat. In 1992, rising poultry meat consumption have led to a situation where Americans, for the first time, ate about the same amounts per capita of beef and chicken. In the Community, beef consumption rose in Portugal and Spain but has stagnated or decreased in the other member States. Thus, despite a decline in production, EC beef stocks reached 1 million tons at the end of 1992.

Prices of frozen beef in the United States, reflecting weak import demand, have decreased. Meanwhile, large export availabilities in the EC have apparently been exerting a downward pressure on prices in an area (the foot-and-mouth disease or FMD countries) already affected by weak demand in the CIS.

The GATT report presents the following outlook for 1993:

- World beef and veal production is expected to decline by about 1 to 2 per cent, largely due to lower production in the EC. Reduced production is also expected in the CIS, Australia and Japan. Beef output, however, is expected to rise in the United States, Canada, Argentina, Brazil and New Zealand.
- The Japanese and the Koreans are likely to buy more beef. Demand should also rise in North America in the wake of an expected economic recovery but this will remain limited not only due to the price attractiveness of competing meats but also because of dietary concerns and an ageing population. The latter factors also are likely to dampen beef demand in Western Europe. Beef demand in Poland, Hungary and Czechoslovakia may begin to recover.
- Beef shipments to Japan are expected to rise after an expected cut on the country's tariff on beef in April 1993. Along with Japan, the East Asian markets are expected to continue to be the brightest spots for world beef trade this year.
- Major changes in world market shares are likely to happen. The EC, currently accounting for roughly one quarter of world beef exports, expects a decline of 22 per cent this year. Argentina's prospects are tied to how it could redress its deteriorating

international competitiveness in the beef sector. In Brazil, rising domestic demand is likely to shift interest away from exports, while the inverse is expected to happen in Uruguay. US beef shipments should increase to fill a bigger demand in East Asia. New Zealand's beef exports are also likely to rise but Australia can experience a set back because of an expected decline in domestic beef production and a possible decrease in US demand for Australian beef.

- Beef prices in East Asia are expected to remain strong while prices in North America may weaken somewhat. Reduced production in the EC coupled with a possible rise of beef demand in Central Europe and the CIS may result in stronger prices in the FMD area.

BEEF TRADE OF SELECTED COUNTRIES¹

Exports	1991	Estimates 1992	Forecast 1993	% Change 1992/91	% Change 1993/92
ARGENTINA	402.0	284.0	302.0	-29.4	6.3
AUSTRALIA	1,137.3	1,111.0	1,088.0	-2.3	-2.1
BRAZIL	288.0	358.0	460.0	24.3	28.5
CANADA	109.5	162.0	120.0	47.9	-25.9
EC	1,244.0	1,100.0	860.0	-11.6	-21.8
NEW ZEALAND	458.0	434.3	460.0	-11.6	-21.8
UNITED STATES	539.0	610.0	671.0	13.0	10.0
URUGUAY	117.0	134.0	146.0	14.5	9.0
OTHERS ²	322.4	322.4	282.4	0.0	-12.4
TOTAL	4,617.2	4,515.7	4,389.4	-2.2	-2.8

¹ Thousand tons carcass weight equivalent, includes fresh, chilled, frozen, cooked, canned and otherwise prepared bovine meat; excludes carcass weight equivalent of live cattle.

² Includes other exporting countries participating in the Arrangement Regarding Bovine Meat. Secretariat estimates.

Note to editors:

The Arrangement Regarding Bovine Meat, negotiated in the Tokyo Round, has been in force since 1 January 1980. It aims to promote expansion and liberalization of trade in meat and livestock. The 27 signatories (the EC counting as one) to the Arrangement account for about 90 per cent of the world's exports of fresh, chilled and frozen beef and veal (excluding intra-EC trade) and about 60 per cent of world consumption and production. Signatories to the Arrangement are: Argentina, Australia, Austria, Belize, Brazil, Bulgaria, Canada, Colombia, Egypt, European Community, Finland, Guatemala, Hungary, Japan, New Zealand, Nigeria, Norway, Paraguay, Poland, Romania, South Africa, Sweden, Switzerland, Tunisia, United States, Uruguay and Yugoslavia.