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## SITUATION AND OUTLOOK IN THE INTERNATIONAL MEAT MARKETS

### Note by the Secretariat

The present note has been drawn up by the secretariat of the Arrangement in accordance with the terms of Article IV, paragraph 1(a), of the Arrangement. The report presents a summary of the international economic situation and outlook, summaries of the international situation and outlook for bovine meat, pigmeat, poultrymeat and sheepmeat, and specific elements of the world beef economy on a country-by-country basis. In the preparation of this document the following sources, inter alia, have been used: World Economic Outlook, IMF, September 1984; Livestock and Meat Situation, United States Department of Agriculture, various issues for 1984; Foreign Agriculture Circular, United States Department of Agriculture, various issues for 1984; In brief, various issues, 1984; Market Notes for Livestock and Meat, Australian Meat and Livestock Corporation, various issues for 1984; European Weekly Market Survey, Meat and Livestock Commission, various issues for 1984; Weekly Information Bulletin, Junta Nacional de Carnes; various issues for 1984; The New Zealand Meat Producer, New Zealand Meat Producers' Board; Marché International des Viandes et dérivés, Centre français du Commerce Extérieur, various issues for 1984; The Reuter Meat Newsletter, various issues September-November 1984; Economie Européenne, Supplement A - Nos.8/9, August-September 1984; Suma Agrícola, weekly bulletin, various issues for 1984; and responses to the questionnaire submitted by 9 November 1984.

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

## I. INTERNATIONAL ECONOMIC SITUATION AND OUTLOOK

1. According to forecasts in the latest IMF World Economic Outlook<sup>1</sup>, 1984 will experience the best growth performance in eight years with output in the industrial world up by nearly 5 per cent, a more rapid strengthening of world economic activity than previously anticipated. Whereas expansion has been strong in the United States, a more moderate growth was experienced in a number of other industrial countries, notably in Europe. Gross domestic production in non-oil developing countries is expected to show an improvement of 3.75 per cent, the highest in five years, with higher figures for some South Asian and South-East Asian countries. According to the IMF report, industrial countries have experienced a dramatic decrease in inflation rates in the last few years, with the GNP deflator falling from 9.25 per cent to 5 per cent between 1980 and 1983. A further decrease is expected for 1984 and they are forecast to stabilize around 4.5 per cent in 1985. Inflation in most non oil-producing developing countries is slowing down from 21 per cent in 1983 to an expected 17 per cent in 1984 although inflation in some Latin American countries is expected to be over 200 per cent. In 1985, the IMF projects significant decreases in average inflation rates for many developing countries due to the expected effects of adjustment programmes. Unemployment rates have remained high in a number of countries, notably in Western Europe, Australia, Canada and many developing countries, whereas improvements<sup>2</sup> have been noted in the United States. According to GATT economists, the volume of world trade recovered by around 2 per cent in 1983 with trade in agricultural products rising by 1 per cent, and that of manufactured products by more than 4 per cent. However, the value of trade, expressed in US dollars, declined by 2 per cent due to the continued appreciation of the dollar.

2. Economic indicators in the United States suggest a continuation of the strong expansion experienced so far in 1984 with a forecast increase for the year as a whole in real gross national product of 7.25 per cent compared to year earlier. This strong growth is believed to put pressure on prices and a higher inflation is expected for 1984 (4.5 per cent compared to 3.2 per cent in 1983), the annual rate in July 1984 being reported at 4.1 per cent. Employment has grown substantially since the beginning of the year, and is expected to show a rise of some 4.6 per cent at the end of the year. Unemployment has also seen improvement in 1984 (7.5 per cent of workforce in August, annual rate seasonally adjusted, compared to 9.6 per cent in 1983) and is expected to continue to improve throughout the year, and possibly next year too.

3. Economic growth in Canada is expected to show an improvement in 1984 compared to 1983 (+4.6 per cent and +3.3 per cent respectively), led, inter alia, by an increase in total demand of some 4 per cent. Improvement is also expected as concerns consumer prices with a slowdown in inflation rates from 5.8 per cent in 1983 to 4.9 per cent in 1984. A further slight decrease is forecast for 1985. Unemployment rates are expected to decrease only marginally to 11.3 per cent of the workforce, while employment is forecast to increase by some 2.2 per cent.

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<sup>1</sup> September 1984, as reported in IMF Survey of 15 October 1984.

<sup>2</sup> Press Release, GATT/1363, of 10 September 1984.

4. According to recent information<sup>\*</sup>, the Japanese economy is continuing a gradual recovery led by external demand and more recently by internal demand; while the former is expected to level off in the second half of fiscal year 1984, the latter is forecast to keep the Japanese economy growing through the first half of fiscal year 1985. A growth rate of some 4.7 per cent is forecast in fiscal year 1984 (in real terms) and growth in the first half of fiscal 1985 is projected to exceed 4 per cent. Consumer price increases are expected to remain relatively low in 1984 (2.5 per cent compared to 2 per cent in 1983), a trend forecast to continue in 1985. A slight decrease in unemployment rates is expected in 1984 (to 2.6 per cent of the workforce compared to 2.7 per cent in 1983) and a further decrease (to 2.3 per cent) is projected for 1985.

5. According to estimates the European Economic Community GDP rose by 3.4 per cent in real terms in the first quarter of 1984 (seasonally adjusted, annual rate) compared to the last quarter of 1983. For the year as a whole, real GDP growth is expected to be around 2 per cent. The increase was mainly due to domestic demand. Some improvement in inflation rates has occurred and a decrease of 1-2 per cent in inflation could be expected for the year as a whole. The seasonally adjusted rate of unemployment in the Community has remained relatively stable at around 11 per cent of the workforce, but is expected to worsen slightly by the end of the year. Compared to last year, unemployment in July was up by 6 per cent. It has been calculated that the growth rate of gross domestic product would have to rise to more than 2.5 per cent for unemployment to start declining.

6. Prospects for economic growth in Australia appear encouraging, provided that labour costs can be contained, although there is some concern regarding the upward trend in public sector outlays and borrowings. The public sector outlays (GDP) currently represent over 40 per cent of the economy, up more than 10 per cent compared to some ten years ago. Official statistics suggest that non-farm output rose by 8.3 per cent in the June 1984 quarter compared to year earlier. Inflation eased slightly from 8.7 per cent in the June quarter 1983 to 7.5 per cent in that of 1984 and the improvement is expected to continue in the coming months. Employment has grown steadily since the beginning of the year whereas unemployment has decreased and is expected to show a 1 per cent drop by the end of the year.

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<sup>\*</sup> Tokyo Financial Review, August 1984

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

### (i) Situation

7. As at few times in the past has the dichotomy in international bovine meat import markets as between the foot and mouth disease-free markets and the non-free markets been as apparent as it was in 1984 and as it is likely to be in 1985<sup>1</sup>. In essence, while there was a sharp further contraction of aggregate import demand in the "non-free" markets, aggregate demand for imports in "disease-free" markets contracted by a lesser amount. The difference in market conditions between the two "zones" was highlighted by the contrasting price trends of traded beef. For example, the price of Australian cow beef (90 per cent CL) to the United States averaged US\$2,238 per ton during the first six months of the year as compared to US\$2,346 per ton one year earlier and US\$2,375 per ton in 1981. At the same time, unofficial information regarding results of tenders called by Egyptian authorities during the first half of 1984 indicates prices of US\$1,060-1,280 per ton, CIF, for boneless forequarter beef as compared to prices of US\$1,480-1,510 per ton in 1983 and of over US\$1,600 per ton in 1981. Tender results for boneless compensated quarters in 1984 indicate prices of US\$1,095-1,380 per ton, CIF, versus prices in excess of US\$1,900, CIF, in 1982.

8. The deterioration of import demand in the foot and mouth disease zone of world bovine meat trade derived largely from the contraction of demand for imported beef in the Middle East and the Soviet Union, (which account for well over half of bovine meat imports in this zone). The main responsible factors were the contraction in oil revenues in the former, and increased meat production in the latter. (It should be noted that the weaker demand for imports in the Middle East did not manifest itself in reduced import volume, but rather in sharply lower prices of imported beef.) Imports by the EC are also believed to have decreased by about 6 per cent. In terms of price conditions, the aggregate import demand in this zone is believed to have contracted much more sharply than aggregate supplies available for export. In essence, increased exportable supplies in the EC and Brazil are estimated to have offset decreased exportable supplies in Uruguay, Argentina, Hungary, Sweden and Finland (the latter two countries having exported unusually large quantities in 1982-83). As regards the EC, the increase in export availability derived primarily from a sharp increase in beef production. This increase resulted from two principal factors: (a) cyclical and trend increases in production due to an uptrend in cattle numbers since 1981 and to an increase in productivity; and (b) increased dairy cow slaughter due to decreased profitability in the dairy sector and to changes made in EC dairy policy. In Brazil, the increased availabilities related primarily to a more rapid decrease in consumption than of production.

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<sup>1</sup>The principal "foot and mouth disease-free" import markets of world bovine meat trade are North America, Japan, and certain other countries of the Far East. In essence, the practical importance of this dichotomy is that countries in the "disease-free" zone do not permit importation of uncooked bovine meat from countries in which the disease is deemed to exist.

9. Aggregate import demand in the foot and mouth disease-free zone of world beef trade would have to be characterized as stable to weak in 1984, but was by no means as bad as in the other zone of world trade. Market conditions in this zone are generally determined by the market situation in the United States. An unexpectedly high level of beef cow slaughter in 1984 meant that imported beef prices were weaker than year earlier, in US dollar terms, throughout the year. The increased beef cow slaughter related principally to the poor returns for feeder cattle during the last two years and was exaggerated by severe drought conditions over wide areas of the western states. Dairy cow slaughter was unexpectedly low (except during the first quarter) in light of the dairy diversion programme that was in place throughout the year.

10. Market conditions in this zone were also affected by the contraction of import demand in the Republic of Korea. Sharply increased pork production (up 13 per cent in 1984 after a 24 per cent rise in 1983) in that country is believed to have reduced imports by about 18 per cent (to 40,000 tons). Offsetting, to a certain extent, the weakened import demand conditions in the United States and South Korea was a further growth of imports by Japan at, apparently, relatively strong prices. While the growth of imports may have been modest (estimates suggest about 5 per cent), the level attained represented a new record.

11. Notwithstanding the deterioration of import demand in major world markets, it would seem that the situations for beef industries in the majority of the traditional beef exporting countries improved, or at least did not deteriorate further. Indeed, in all five of the major traditional exporting countries (Argentina, Uruguay, Brazil, Australia and New Zealand) producer prices increased by varying degrees during 1984. Moreover, of the five traditional exporters, herd rebuilding began or continued in three of them in 1984. Herd growth began in New Zealand, entered its second year in Argentina and continued its long-term uptrend in Brazil. In addition, it seemed clear that events were taking place which will assure that the cattle census of 31 March 1985 in Australia will show growth in cattle numbers. It must be noted that the improvement of market conditions in these countries occurred despite the deterioration of demand for imported beef in aggregate on world markets. In Australia and New Zealand, the improvement relates in part to the fact that they have become less dependent on export markets in the foot and mouth disease zone of world trade. In addition, (and as was also the case in Uruguay), beef supplies were so sharply reduced in 1984 that the domestic markets, where demand was strong, played an unusually large role in price determination. Finally, the weakening of the currencies of all major exporters against the US dollar was perhaps the most significant factor causing producer prices to rise.

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

A. EXPORTS

	1983	1984 <sup>2/</sup>	1985 <sup>2/</sup>	%CHANGE FROM 1985/84
Argentina	415	270	300	+11.1
Australia	757	642	668	+4.1
Brazil	463	525 <sup>3/</sup>	575 <sup>3/</sup>	+10.0
EEC	500	725	710	+1.4
New Zealand	361	295	353	+19.7
Uruguay	232	150	128	-5.5
United States	125	142	147	+6.6
Canada	81	78	74	-22.9
<b>Total</b>	<b>2,934</b>	<b>2,827</b>	<b>2,955</b>	<b>+5.0</b>

B. IMPORTS

	1983	1984 <sup>2/</sup>	1985 <sup>2/</sup>	%CHANGE FROM 1985/84
Brazil	25	60	80	+33.3
Canada	92	102	102	0
EEC	384	360	350	-2.8
Japan	197	215 <sup>4/</sup>	240 <sup>4/</sup>	+12.0
United States	885	805	828	+2.9
USSR <sup>5/</sup>	335	300	300	0
Middle East	780 <sup>3/</sup>	800 <sup>3/</sup>	800 <sup>3/</sup>	0
<b>Total</b>	<b>2,698</b>	<b>2,642</b>	<b>2,700</b>	<b>+2.0</b>

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

<sup>2/</sup>Forecast

<sup>3/</sup>Secretariat estimate

<sup>4/</sup>Source: USDA

<sup>5/</sup>Fresh, chilled and frozen beef only

(ii) Outlook

12. Present indications suggest that the contrasting conditions between the two major zones of world bovine meat import markets will be further exaggerated in 1985. In essence, while it seems likely that the volume and the prices of beef traded within the foot and mouth disease-free zone could both increase, no improvement of import demand in the major markets of the other zone is expected.

13. As regards the foot and mouth disease-free zone the major positive factor in the outlook is the expected reduction in cow beef production in the United States. This reduction, combined with a continued strong demand for manufacturing-quality beef (due to continued strong income growth and reduced pork supplies), suggests that the demand and prices for imported beef could increase. Moreover, given that the trigger level under the Meat Import Law should increase (in view of the reduced cow slaughter in 1985), the increased demand for imports should be able to translate itself into higher import levels. A similar growth in demand for imported beef also seems likely in Canada.

14. As regards the Japanese market a further growth in imports is likely in view of the understanding reached by Japan with the United States and Australia in 1984. Japan indicated in November that it would endeavour to increase its beef imports by 36,000 tons over the four-year period to JFY 1987 on a global basis. On the basis of an understanding with the United States earlier in the year, 27,600 tons of their total refers to high-quality beef. It would seem likely that the greatest growth in imports in 1985 will again be from the United States.

15. It seems likely that Australia and New Zealand will be able to meet the increased demand for manufacturing-quality beef in this zone of world trade. Increased production is anticipated in both countries and, should export demand prove strong enough, it could be accommodated by decreasing consumption.

16. In the zone outside the foot and mouth disease-free zone, no recovery of demand for imported beef is foreseen in either the Soviet Union or, in aggregate, the Middle East. As regards the Soviet Union, a further growth in domestic meat production is foreseen and in the Middle East it seems likely that further decreases in oil revenues, and thus economic activity, will occur. A further decrease of imports is also foreseen for the EEC.

17. Combined with the expected continuation of stagnation of demand in the major import markets of this zone is the likelihood that supplies available for export to import markets in this zone will increase further in 1985. (Exporters in the other zone are also eligible to export to the "non-free" zone. Export availabilities of major importers in both zones are forecast to increase by 5 per cent in total.) Beef production in the EC is expected to increase by a further 50-100,000 tons (0.5-1.0 per cent), while that in the major South American countries should be relatively stable (although possible consumption decreases in Brazil and Argentina could increase exportable supplies); supplies from major Eastern European exporters and from Scandinavia could in aggregate decrease. Consequently, it would not seem that there will be a sufficient decrease of export availabilities of suppliers to importers in this zone to permit any significant improvement in the prices of traded beef.

18. As a general point and one of possible concern for 1985 and beyond is, as was noted earlier, the improved price situations in Australia, New Zealand, Argentina, Brazil and Uruguay derive in part from the depreciated values of their currencies. Consequently, cattle prices in these countries are very vulnerable to any strengthening of their currencies, primarily against the US dollar. In the case of the South American exporters, currency strengthening would mean rates of devaluation slower than domestic rates of inflation. A strengthening of currencies of exporters would mean lower cattle prices and a possible slowing of herd rebuilding.

### III. COUNTRY-BY-COUNTRY ANALYSIS

#### European Economic Community

19. Present forecasts suggest that bovine meat production in the EEC will total 7,205,000 tons in 1984, 300,000 tons (4.3 per cent) more than in 1983 (in either event a record level). The production increases derive from two factors:

(a) increased cow slaughter due to measures taken by the EC and by some member states to reduce milk production, and to decreased profitability in the dairy sector in early 1984;

(b) cyclical and trend increases of cattle numbers and of productivity.

20. With respect to the latter point it should be noted that cattle and calf numbers at 1 December 1983 totalled 79,569,000 head, 1.0 per cent more than year earlier and 1.8 per cent (1.4 million head) more than in 1981. As regards productivity, the average carcass weight of adult cattle is believed to have increased by 1 per cent in 1984, a continuation of a long-term uptrend.

21. The most important cause of increased production however is the increased slaughter of dairy cows due to the application of measures to reduce milk production. At the Community level a five-year programme to reduce milk production was adopted from 1 April, 1984. The principal element of the programme is that milk production will be restrained to a "reference" level (equal to milk production in the EC in 1981 plus 1 per cent). This level of production will be enforced by the imposition of a levy on production over and above the reference level (The levy is to be paid either by producers themselves or by dairies, depending on which method of allocation of "reference quantities" member states chose). Additionally the target price for milk for the 1984/85 marketing year is unchanged in terms of ECUs (although in terms of national currencies it is 3 per cent higher than year earlier). Finally, the co-responsibility levy for milk was raised from 2 per cent of the target price to 3 per cent. In order to avoid exceeding quotas and thus to avoid payment of the levy, EC producers sharply increased the marketing of dairy cows in 1984. In the first half of the year estimates suggest that the increases of cow slaughter ranged from about 7 per cent in Ireland and Italy to 26 per cent in the United Kingdom. Paralleling the Community-wide measures, several member states are granting aids to dairy farmers to either cease or reduce milk production, thus further encouraging the marketing of dairy cows.

22. The effects of these measures on cow slaughter were compounded by reduced profitability (because of both increased costs and weaker prices) in the dairy industry in early 1984 and by the existence of drought conditions in certain EC countries throughout the summer. It is expected that the combined effect of the above-mentioned factors will be to reduce dairy cow numbers by about 1.9 per cent during 1984 and by a further 2.1 per cent in 1985. In addition to the continued influence of productivity growth this expectation suggests that a further increase in bovine meat production is likely in 1985. Indeed official projections

suggest that production will total 7,250,000 tons, 1.2-1.4 per cent more than in 1984. Considering the decrease in cow numbers which has occurred and which will occur, however, it seems likely that beyond 1985 bovine meat production in the EC will begin a downtrend which could last several years.

23. Although it is apparent that bovine meat consumption increased by less than production in 1984, it would appear that the increase was greater than those which had been experienced in recent years. Official forecasts indicate that consumption could increase by about 4 per cent (to about 6,900,000 tons) in 1984 following a virtual stagnation during the preceding three years. Part of the reason for the improvement seems to be some improvements in the general economic situation in most EC member states and the fact that pork prices in virtually all EC countries were well above year-earlier levels in 1984. However, in spite of the sharp increases in production and supplies which occurred in 1984, retail prices of beef and veal were higher than year-earlier levels. The reason for this is the market price support measures which exist in the EC. Both the intervention system and the export refunds are designed to remove product from the market so as to cause prices to be higher than they would be otherwise. Therefore, while producer prices for cattle were higher than they would have been otherwise, consumers were not encouraged by way of lower retail prices to increase beef consumption more than they did.

24. As regards stock levels, intervention stocks totalled some 500,000 tons at the end of September 1984 and are forecast to remain at that level to year's end. As part of a package of measures introduced on 20 August to deal with the increased supply situation, and therefore to support prices, intervention authorities were authorized to purchase whole carcasses, forequarters and hindquarters in advance of the date formerly set. (It should be recalled that intervention applies only to male animals.) At the same time a private storage aid scheme was introduced whereby a subsidy is paid on carcasses, forequarters and hindquarters of female and male animals placed in storage for periods of nine to twelve months. Provision is made, however, that the meat can be withdrawn from storage after two months (with the storage subsidy being paid on a prorata basis) provided that it is exported outside the EC within sixty days. It is estimated that stocks under this scheme totalled about 100,000 tons at the end of September and that a similar level would exist at the end of the year. It could be noted that EC intervention authorities are having considerable difficulty in finding sufficient storage space for intervention beef. There appears to be a certain volume of beef now in store outside the EC's borders. There has also been an increase in the subsidy for the boning-out of beef so as to increase the available storage space.

25. It is currently forecast that the EC's exports of bovine meat (including the carcass weight equivalent of live animals) will total 825,000 tons in 1984. This will be 37 per cent more than in 1983 and will make the EC the world's largest exporter of bovine meat. Several modifications were made in the level of export restitutions during 1984. General reductions were made in February and May. In August, again in

the context of emergency market support, the restitutions on fresh or chilled beef of female animals were increased. At the same time, restitutions on exports to Canada and the United States were decreased by 14.5 per cent. In early October the restitutions on fresh or chilled beef from male animals were reduced. Aside from restitutions it would appear that EC exporters benefited, as did exporters in other countries, from the strength of the US dollar. For 1985 exports are forecast to remain at about the same level or to possibly increase slightly.

26. The EC's bovine meat imports are believed to have decreased by about 6 per cent in 1984 to about 420,000 tons (including the carcass weight equivalent of live cattle). Since virtually all of the EC's imports occur under reduced levy or levy-free schemes, a large part of the reduction can be attributed to the 10,000 tons (product weight) decrease of the so-called "balance-sheet" quota in 1984. Imports are forecast to total about 400,000 tons in 1985.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle numbers <sup>1/</sup>	78,791	79,355 <sup>2/</sup>	+0.7	79,500	+0.2
Beef and veal:					
Production	6,905	7,205	+4.3	7,255- 7,305	+0.7- +1.4
Imports <sup>3/</sup>	448	420	-6.2	400	-4.8
Consumption	6,605	6,800- 6,900	+3.0- +4.5	6,900- 7,000	+1.4- +1.5
Exports <sup>3/</sup>	603	825	+36.8	750- 800	-3.0- -9.1

<sup>1/</sup> '000 head at 1 December of preceding year

<sup>2/</sup> Actual

<sup>3/</sup> Including the carcass weight equivalent of live cattle and calves.

### Sweden

27. Cattle and calf numbers in Sweden totalled 1,890,000 head at the June 1984 census, a marginal decline of about 0.6 per cent from the 1983 census. All categories of cattle declined, with the exception of beef cows which, at 63,000 head remained stable. No dramatic changes are expected for the next two years in total cattle numbers, but it is forecast that beef cows and calf numbers will decline somewhat until 1986 while dairy cows, which fell from 661,000 head to 658,000 head in 1984, are projected to stabilize at this level. Cattle slaughter is

estimated to decrease by 1 per cent in 1984 to 710,000 head. Calf slaughter would increase by 7 per cent, while slaughtering of all other categories of cattle would be decreasing. Slaughter levels are expected to remain relatively stable in the next two years. Production of beef and veal entirely reflects the evolution of slaughter; overall beef and veal production fell by some 0.6 per cent, to 159,000 tons. As is the case with slaughter, production is forecast to remain unchanged for the next two years. Both slaughter and production levels appear related to the measures implemented on 1 July 1982 by the Swedish authorities which aimed at the reduction of dairy and beef production. The relatively high level of calf slaughterings seems to indicate that the premiums granted for slaughter of female calves and heifers (probably coupled with the higher price level of protein feeds) have been particularly successful.

28. Beef and veal consumption in Sweden has been decreasing regularly in the last few years. Since 1976, the last year in which an increase in consumption was registered (except for 1979), consumption has fallen by 17.5 per cent to an estimated 137,000 tons in 1984. This decline (which equals the decline of per capita consumption during the same period) appears to be related basically to three factors: the deterioration of economic conditions; the decrease (and removal since 1 December 1983) of the consumer subsidies; and apparently a change in diets from meat to other foodstuffs. It is interesting to note that since 1979 and contrary to the preceding years, beef and veal consumption does not seem to "suffer" anymore from the competition afforded by other meats. In fact, the analysis of meat consumption data reveals that since 1979, bovine meat consumption has averaged between 33.2 and 33.7 per cent of overall meat consumption, while pork consumption, traditionally Sweden's most consumed meat, has averaged between 64.3 and 64.8 per cent. What can be noted, in spite of the frequent campaigns for beef, and more recently, pork consumption, is a decline in overall meat consumption: from 1979 to 1983, this decline was of 7.0 per cent, with pork and beef having decreased by 7.3 per cent and 6.8 per cent respectively. As the consumption of poultry, sheep or horsemeat has not yet changed significantly during this period, it seems evident that consumer diets are changing. Nevertheless, the recovery of the Swedish economy may affect the consumption of meat positively, but it can be expected that, at least in a first stage, the choice of the consumer will turn to the relatively cheaper pigmeat. In fact, forecasts for 1985 and 1986 indicate a relatively stable level of beef consumption, while the consumption of pork will recover somewhat.

29. Compared to 1983, Swedish exports of beef and veal are expected to decrease by 8.9 per cent to 21,600 tons in 1984. During the first half of the year exports fell to 13,700 tons as against 14,500 tons during the same period year earlier. The main destinations were the USSR, Italy and Venezuela, which accounted for 67.8 per cent of total beef exports for the period. Export forecasts for 1985 have been revised downwards to 20,000 tons, the same level of exports being forecast for 1986. Swedish imports are also decreasing and should total 6,900 tons in 1984, down by 9 per cent, and decrease further in 1985 and 1986 to 5,900 tons.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle and calf numbers <sup>1/</sup>	1,902	1,890	-0.6	1,883	-0.4
Beef and veal <sup>2/</sup> :					
Production	160	159	-0.6	159	0
Imports	8	7	-9.2	6	-9.2
Consumption	141	137	-2.8	137	0
Exports	24	22	-8.9	20	-7.4

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

#### Norway

30. Cattle and calf numbers in Norway totalled 975,000 head at 20 June 1983, 3.4 per cent less than year earlier. All the categories of cattle have decreased, but the reduction of the calf herd has been particularly strong: -6.8 per cent, to 340,000 head, resulting principally from the sharp increase in calf slaughter, for the second year in a row. In fact, although total cattle and calf slaughter has declined by 4.1 per cent, to 397,000 head, adult cattle slaughter decreased by 7 per cent to 334,000 head, while calf slaughter increased by 14.5 per cent, to 63,000 head. The sharp increase in calf slaughterings, which have risen by 125 per cent since 1981, is the result of the introduction as from August 1982 of a slaughter premium for calves. The premium amounts, since 1983, to NOK400-1,000 per calf slaughtered at a weight of less than 35 kg. As the objectives of the premium are twofold, to stabilize at a lower level both meat and milk production, the highest level of the premium, i.e., NOK1,000 is paid for the slaughter of a female calf. The result expected of these measures in the meat sector, is the reduction of slaughter weights and consequent decline in meat production. The results achieved in July-December 1982 and 1983 are interesting to note: in the second half of 1982, calf slaughter increased by 175 per cent, but veal production rose by only 61.2 per cent. In 1983, an increase of 14.5 per cent of calf slaughter resulted in a decrease of veal production of 12.3 per cent. In other words, the average dressed carcass weight of calves declined from 63 kg. in 1981 to 39 kg. in 1983; production of veal is expected to continue to decline in the future. A similar measure for adult cattle had been introduced on 1 January 1982 in the form of a decreasing price system for heavy beef carcasses. A lower price is paid for heavier carcasses. The result of both these measures is now visible: in 1983, total

production of beef and veal declined by about 7 per cent to 74,600 tons, and, during the first half of 1984, by a further 9.4 per cent compared to the same period year earlier. In 1983, total beef and veal consumption fell by some 4 per cent to 73,200 tons while per capita consumption declined by 2.7 per cent to 17.8 kg. Beef and veal consumption increased by 19 per cent between 1974 and 1980, while total consumption of meat increased only by 10 per cent. The reason for this evolution was the use of consumer subsidies: in 1981 there was an important cut in the subsidies and beef and veal consumption fell by some 11 per cent between 1980 and 1981. In 1982, consumption recovered somewhat, but in 1983 it was still some 9 per cent lower than in 1980. In Norway, like in most other European countries, the demand for beef is more price dependent than the demand for pork. In these conditions it is not surprising that while, in real terms, the retail price for beef increased by some 7 per cent and the retail price for pigmeat declined by 3.4 per cent, per capita consumption of beef decreased by some 5 per cent, while per capita consumption of pork increased by about 8 per cent. Furthermore, it can be noted that the relatively low level of per capita meat consumption in Norway is related to the very high per capita consumption of fish.

31. The Norwegian surplus production of beef in the last few years, coupled with decreasing domestic demand, resulted in reduced imports and increased exports. In 1983, imports totalled 1,300 tons, 200 tons more than year earlier, but 90 per cent lower than its 1980 level of 12,500 tons. Exports reached, in 1983, a record level of 7,300 tons, up by 19.7 per cent from 1982. Frozen beef represented some 60 per cent of total exports and Norway's major markets were the Democratic Republic of Germany (65.8 per cent of total exports) and the USSR (23.3 per cent). Although no forecasts are available, it may be assumed that the production decrease has continued in 1984 (it would seem that during the first half of the year, production fell by some 10 per cent compared to year earlier) and that export availabilities will be reduced further by the end of the year.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle and calf numbers <sup>1/</sup>	975	..	..	..	..
Beef and veal <sup>2/</sup> :					
Production	75	35 <sup>3/</sup>	10.0 <sup>3/</sup>	..	..
Imports	1	..	..	..	..
Consumption	73 <sup>4/</sup>	..	..	..	..
Exports	7	..	..	..	..

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

<sup>3/</sup>January-June, actual

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

<sup>4/</sup>Provisional

### Finland

32. Cattle and calf numbers in Finland totalled 1,588,000 head in December 1983, a decrease of 2.8 per cent from year earlier. By the end of the current year, the cattle herd is expected to decrease further, to 1,556,000 head. As it has been noted in previous reports, the reduction of the Finnish herd is related to the government's efforts to curb dairy surplus production. Dairy cow numbers have been decreasing regularly in the last few years and are expected to total 640,000 head by the end of 1984. In the last five years, the number of dairy cows has decreased by some 8 per cent and will have to decline by a further 15 per cent until the end of the decade, if the government's target of 545,000 head, is to be met. However, it should be noted that in Finland, as in many other European countries, bovine meat is traditionally a by-product of dairy farming. In order to avoid a shortage of beef as a result of the reduction in the number of dairy cows, the Finnish authorities apply a set of policies based, on the one hand, on prices and bonuses, to encourage farmers to change from dairy farming to beef production (and thus to increase the number of beef cows) and, on the other hand, on a private support policy to raise the profitability of beef production.

33. In spite of these efforts, available data suggest that the Finnish farmers appear reluctant to change from dairy farming to beef production in order to increase their beef cattle herd. In fact, beef cows are apparently not rising fast enough: from a total of 7,100 head in 1981, they only rose to an estimated 8,000 head in 1984, while beef heifers have decreased from 30,600 head to 24,000 head during the same period. Cattle slaughter totalled 616,000 head in 1983, 5 per cent less than year earlier. However, a higher percentage of adult male cattle and a lower percentage of calf in the slaughter mix compared to 1982, resulted in an increase of 6 per cent of the slaughter weights. During the first half of 1984, inspected cattle slaughter (which represents some 97 per cent of total slaughter) declined by a further 2.6 per cent compared to the same period of 1983, but again, slaughter weights rose by some 3.4 per cent. This time, however, the increase of slaughter weights seems exclusively due to increased productivity as it appears that adult male cattle slaughter decreased by some 6 per cent. Production of beef and veal increased by 1.6 per cent in 1983, to 118,440 tons and by a further 0.7 per cent in the first half of 1984. These increases reflect the rise in slaughter weights. The production of veal continues to decline and only 880 tons were produced in 1983 and, from January to June 1984, production of veal decreased by a further 18 per cent.

34. In 1983, average prices received by producers increased, in nominal terms, by 7.4 per cent. In real terms, however, the 21.30 Finnish Marks/kg. received by the producers, represented a decrease of about 1 per cent. During the first half of 1984, prices strengthened somewhat both in nominal and real terms. At the retail level, prices of beef increased in 1983 by 3.4 per cent in real terms, to FM37.10/kg. This increase, and the simultaneous decline of retail prices of competing meats, was reflected in the level of per capita consumption. While per capita beef consumption of beef fell by some 2.8 per cent, per capita pigmeat consumption rose by 4.3 per cent.

Total beef consumption decreased by 2.2 per cent to 103,840 tons. During the first six months of 1984, both total and per capita consumption recovered somewhat. However, no dramatic changes are expected for the next two years, during which time consumption should remain at about the same level as in 1983.

35. As a result of the surplus production, exports of beef and veal from Finland more than doubled, from 7,000 tons in 1982, to 15,000 tons in 1983. More than 90 per cent of Finland's total exports of beef are to the Soviet Union. Exports of bovine meat from January to June 1984 fell by some 30 per cent to 7,000 tons compared to the same period year earlier .

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle numbers <sup>1/</sup>	1,588	1,556	-2.0	1,532	-1.5
Beef and veal <sup>2/</sup> :					
Production	118	121	+2.2	123	+1.7
Consumption	104	104	0	103	-1.0
Exports	17	7 <sup>3/</sup>	-30.0 <sup>3/</sup>	..	..

<sup>1/</sup>'000 head, 15 December

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

<sup>3/</sup>Actual, January-June

#### Austria

36. At 3 December 1983, cattle and calf numbers in Austria totalled 2,633,000 head, 34 per cent more than year earlier. All categories of cattle, with the exception of steers, which remained stable, increased. The number of dairy cows and heifers increased by 2.5 per cent to 1,414,000 head, and calf numbers increased by 5.4 per cent, to 291,000 head. The increase in cattle numbers was reflected in the slaughter level. Total cattle slaughter declined by 1.6 per cent to 744,000 head. However, the average carcass weight remained unchanged and the decrease in the slaughter level was virtually all due to calf slaughterings which fell by 7.7 per cent, while adult male cattle slaughter did indeed increase by 1.1 per cent. As a result, production of beef and veal in 1983 increased by about 2 per cent to 203,700 tons, reflecting the increase in beef production, while veal production declined somewhat. Consumption of bovine meat declined for the second year in a row, by some 5 per cent to 174,500 tons (23.1 kg. per capita). This decline is apparently due to rising retail prices, up by around 2 per cent in real terms, and more attractive prices of competing meats,

especially pork, which, although having also experienced price increases, remain relatively more interesting for consumers as a result of their lower demand elasticity. The average price received by beef producers increased by 5 per cent in 1983 (1.5 per cent in real terms) to 2,553 schillings per 100 kg., which seems to explain the decrease in slaughter levels, and consequent herd rebuilding phase.

37. As a result of a decreasing consumption and a higher production in 1983, Austrian imports of beef declined for the second consecutive year to 5,000 tons, compared to 9,000 tons in 1982 and 12,000 tons in 1981. At the same time, exports, which have been rising regularly since 1978 (with one exception, 1981, when exports of beef declined by 1,000 tons), increased again in 1983 by 21.7 per cent to 28,000 tons. Exports of cattle, however, decreased by 15 per cent to 17,000 head, two thirds of which are to Libya. Beef exports are in the form of fresh and chilled meat and virtually all are to Italy. During the first half of 1984, imports of bovine meat remained unchanged compared to year earlier (3,000 tons), while exports increased by about 54 per cent to 20,000 tons (exports of live cattle remained unchanged at 11,000 head).

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle numbers <sup>1/</sup>	2,633	..	..	..	..
Beef and veal <sup>2/</sup> :					
Production	204	..	..	..	..
Consumption	175	..	..	..	..
Imports	5	3 <sup>3/</sup>	0 <sup>3/</sup>	..	..
Exports	28	20 <sup>3/</sup>	+53.8 <sup>3/</sup>	..	..

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

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

<sup>3/</sup>January-June, actual

#### Switzerland

38. According to the last census, cattle numbers in Switzerland totalled 1,943,000 head on 21 April 1984, up by 0.5 per cent compared to year earlier. This increase, the first one since 1979, was however essentially due to the especially good fodder conditions which prevailed in 1983, and the Swiss cattle herd is expected to decline somewhat again

during 1984, to around 1,925,000 head. As a consequence of the rise in cattle numbers in 1983, inspected cattle slaughter (which accounts for 98 per cent of total cattle slaughter) in 1984, is expected to increase by 7.2 per cent, compared to year earlier, to 834,000 head. This increase, which occurred in all categories of cattle, should result in a 9 per cent rise in beef and veal production to about 166,000 tons, its highest level since 1980.

39. Total consumption is expected to increase by 4.3 per cent in 1984 as a result not only of the rise in beef production, but essentially of the production of pigmeat. At the end of 1983 and the beginning of 1984, the high pork production (which in 1983 reached the record level of 283,000 tons) and its consequent pressure on the market resulted in a certain slowdown of beef prices. The relatively strong fall in pork production in the current year (production for 1984 is estimated at 270,000 tons) provoked a sharp increase in pork prices which, during the first half of the year were, on average (for certain representative loin cuts), 2.7 per cent higher than beef prices. Consequently, the consumption of beef, in spite of the price increase in absolute terms during this year, increased, and pork consumption is expected to decline by about 7 per cent in 1984. The consumption of beef and pork in Switzerland is strongly related, as it is in other European countries, and again, a forecast decrease of beef consumption in 1985 to 165,000 tons, is expected to result in a rise of pork consumption, to 275,000 tons.

40. In spite of a stronger rise in beef production than in consumption, Swiss imports of beef and veal are estimated to increase by 24 per cent in 1984 to 18,000 tons. During the first half of the year, imports amounted to 7,200 tons against 6,000 tons year earlier. Switzerland's largest supplier is Argentina which, in 1983 accounted for 37 per cent of total Swiss imports of beef. Imports are expected to decline to 13,500 tons in 1985, and by a further 9 per cent in 1986.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle numbers <sup>1/</sup>	1,933	1,943	+0.5	1,925	-0.9
Beef and veal <sup>2/</sup> :					
Production	152	166	+9.1	155	-6.6
Consumption	169	176	+4.3	165	-6.3
Imports	15	18	+24.1	14	-25.0

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

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

Yugoslavia

43. Cattle and calf numbers in Yugoslavia declined marginally in 1983 to 5,341,000 head at the 15 January 1984 census compared to 5,351,000 head year earlier, due to the decrease of both dairy cows and calf numbers. Cattle and calf slaughter decreased slightly in 1983 to 2,284,000 head. Yugoslavia's cattle herd has been declining virtually since 1975 (with only one exception in 1981, when cattle numbers increased slightly). This reduction has been slow but regular, and in January 1984 represented a decline of 8 per cent compared to January 1975, or 465,000 head less. Reportedly, the high price of maize on the domestic market is currently affecting producers who are hesitant in buying calves for fattening and, if the situation does not improve, it is likely that herd reduction will continue and probably even accelerate. In 1983, production declined by 1.4 per cent to 357,000 tons, a high proportion of it being veal. Consumption fell by 4.5 per cent to 317,000 tons (14.5 kg. per capita) in response to sharply rising retail prices which, on average, and in real terms, increased by about 50 per cent in 1983. It would seem that in 1984, as a result of a still deteriorating economic situation and high inflation rates, overall meat prices increased further and meat consumption continued to fall.

42. In 1983, imports of beef and veal (fresh and chilled) rose by 40 per cent, to 42,300 tons and came from the EEC, Italy and the Federal Republic of Germany accounting for about 76 per cent of the Yugoslavian imports. During the first half of 1984, imports amounted to 15,800 tons, up by some 39 per cent over the same period year earlier. Traditionally an exporter of beef and veal (in particular of "baby beef"), Yugoslavia has seen its exports decrease by some 14 per cent in 1983 to 41,400 tons, and by a further 20 per cent from January to June 1984, compared to year earlier. Exports to the EEC, by far the major market for fresh and chilled Yugoslavian beef, fell by about 37 per cent during this period to 7,900 tons, those to Jordan fell from 3,200 tons to 2,700 tons, while Iran emerged as the second major market with 3,900 tons, against 800 tons year earlier. Exports of live cattle, which in 1983 fell by 17.7 per cent to 29,800 tons in dressed carcass weight equivalent, recovered somewhat in the first half of 1984.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle numbers <sup>1/</sup>	5,341	..	..	..	..
Beef and veal <sup>2/</sup> :					
Production	357	..	..	..	..
Consumption	317				
Imports	42	16 <sup>3/</sup>	+38.6 <sup>3/</sup>	..	..
Exports	41	18 <sup>3/</sup>	-20 <sup>3/</sup>	..	..
<sup>1/</sup> '000 head	<sup>2/</sup> '000 tons	<sup>3/</sup> January-June, actual			

Soviet Union

43. It is estimated that cattle numbers in the Soviet Union continued to increase in 1984, continuing an uptrend which began in 1981. It is forecast (by the USDA) that cattle numbers will total about 121,200,000 head at 1 January 1985, 1.5 per cent more than one year earlier. (At 1 November 1984, cattle numbers were at 2 per cent more than year earlier.) It is also estimated that beef and veal production increased again in 1984. However, a deterioration of weather conditions during the summer resulted in a lower increase than had been expected (in other words, average carcass weights may have been lower than expected). It is believed that production rose by about 2.8 per cent to 6,594,000 tons and that Soviet production of all meat increased by about 4 per cent in 1984 indicating significant increases in both pork and poultrymeat production. (For the first ten months of 1984, production of all meat increased by 6 per cent, with beef production rising by 5 per cent. Beef accounts for about 50 per cent of all meat production in the USSR.) The growth in pork and poultrymeat production should be viewed in the context of an increased state emphasis of their production, of a favourable 1983 grain harvest and of record imports of feedgrains in 1984. This latter fact can, in part, be explained by the low price of feedgrains on international markets in 1984.

44. In view of the increased domestic production of beef and other meats, it seems likely that Soviet beef imports decreased in 1984 after decreasing by about 24 per cent in 1983 (based on export data of major suppliers). Indications suggest that imports may have totalled 300,000 tons, 10 per cent less than in 1983. Apart from the increases in domestic production, the reduction in imports may also be attributable to the heavy foreign exchange expenditure which had been made for grains and to the continued low or decreased prices of gold and oil, both of which are major generators of foreign exchange. The fact that imports did not decrease further, (indeed it had been previously expected that imports could fall by as much as 25 per cent), appears to be largely due to two factors: the low prices of beef imported from the EC (reflecting both the low value of EC intervention beef and the level of export refunds); and the import agreement which the Soviet Union has with Argentina (under which it agrees to take a minimum of 60,000 tons of beef each year up until 1985).

45. It is estimated by the USDA that Soviet beef production will increase further in 1985 (by about 1 per cent) and if so, and if international grain prices remain as low as is expected, further growth in total meat production is likely. Given that situation and the likely continued low prices of gold and oil, little growth in demand for imported beef can be foreseen. Consequently import levels will again largely be conditioned by the Argentinian agreement and by the EC export prices.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle numbers <sup>1/</sup>	117,186	119,400 <sup>2/</sup>	+1.9	121,200 <sup>3/</sup>	+1.5
Beef and veal <sup>4/</sup> :					
Production	6,395 <sup>5/</sup>	6,574 <sup>5/</sup>	+2.8	6,640	+1.0
Imports	335 <sup>3/</sup>	300 <sup>6/</sup>	-10.0	300 <sup>6/</sup>	0.0

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

<sup>2/</sup>Actual

<sup>3/</sup>Source USDA

<sup>4/</sup>'000 tons

<sup>5/</sup>Source: Economic Commission for Europe, includes slaughter fat.

<sup>6/</sup>Secretariat estimate, based on export data (for fresh, chilled and frozen beef) of major suppliers to the Soviet Union.

### Bulgaria

46. In line with the government policy to increase and improve the herd, cattle numbers in Bulgaria have shown a regular annual uptrend since 1970, totalling 1,807,000 head in 1982, an increase of some 44 per cent compared to 1970 and of 0.8 per cent compared to year earlier. The largest part of the herd consists traditionally of dairy females (39 per cent in 1982). In 1983, production of beef and veal totalled 109,919 tons, up by 0.5 per cent compared to year earlier. The increase was due to a rise of about 1 per cent of veal production, which represents, on average, 63-65 per cent of total production. During the first nine months of 1984, production of beef and veal fell by 16.5 per cent and 8.2 per cent respectively. In total, beef and veal production fell by 11.1 per cent to 71,327 tons. Exports, after having increased by 18.6 per cent in 1983 to 12,541 tons remained unchanged during the first three quarters of 1984. In the absence of consumption figures, it has to be assumed, on the basis of production and trade data, that consumption fell in 1983, probably to a level of around 95,000 tons to 100,000 tons and declined further in the first nine months of 1984. In fact, as it appears that production declined, and there were no imports during this period, unless Bulgaria has important beef and veal stocks, which does not seem to be the case, it would appear that exports of beef remained unchanged at the expense of consumption. Live cattle exports which in 1983 reached the record level of 27,846 head, decreased by 5 per cent during the first nine months of 1984 to 17,618 head. Jordan was Bulgaria's first market for fresh and chilled meat, while Iraq and Iran were virtually the only markets for frozen meat.

	1982	1983	% Change 1983/82	Forecast 1984	% Change 1984/83
Cattle numbers <sup>1/</sup>	1,807	..	..	..	
Beef and veal <sup>2/</sup> :					
Production	109	110	+0.5	71 <sup>3/</sup>	-11.1 <sup>3/</sup>
Consumption	..	..	..	..	..
Exports	11	13	+18.6	9 <sup>3/</sup>	0 <sup>3/</sup>

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

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

<sup>3/</sup> January-September, actual

#### Hungary

47. At 1 January 1984, cattle and calf numbers in Hungary totalled 1,907,000 head, 0.8 per cent less than year earlier. Cattle numbers have been decreasing regularly since 1979 (with the exception of an increase of 1.4 per cent in 1981) mainly as a result of declining dairy cow numbers. Slaughter, which in 1983 had increased by 8.3 per cent to 466,000 head, fell by about 21 per cent in the first nine months of 1984. This decrease was entirely due to the sharp reduction in the adult male cattle slaughter which, from a level of 144,900 head in the first three quarters of 1983, fell by 48 per cent to 74,900 head. Consequently, the average carcass weight declined and controlled production of beef and veal, (which in 1983 had increased by 11.1 per cent to 138,100 tons), fell by 22 per cent over that period. As slaughter levels traditionally increase in the last quarter of the year, it can be expected that production will recover somewhat, but its level will probably not exceed some 100,000-120,000 tons. Beef and veal consumption totalled 88,500 tons, or 8.3 kg. per capita in 1983, 11 per cent less than in 1982. This decline appears difficult to explain, since production increased, retail prices remained unchanged and exports fell by 6,600 tons, while imports fell by only 2,200 tons. Although part of the reason might be that production data only cover controlled production, which represents about 70 per cent of total production, such an important decline in consumption is still hard to explain, in particular, when compared to the consumption of pork: in spite of a retail price 45 per cent higher than the price of beef, consumption of pork increased by 5.6 per cent in 1983. Although no estimates are available for 1984, it seems probable that consumption of beef and veal has declined further as a result of decreasing production and rising retail prices.

48. Hungary's exports of beef and veal fell by 12.1 per cent to 48,000 tons in 1983, while exports of live cattle increased by 9.6 per cent to 205,000 head. During the first nine months of 1984, the export level of beef and veal remained unchanged at 35,100 tons, while live cattle exports declined by some 10 per cent to 130,800 head. Virtually all exports of frozen beef and veal (which accounted for some 86 per cent of beef and veal exports) went to the Soviet Union, while the other types of beef went to the EEC (Italy, fresh and chilled; Germany, Fed. Rep. of, canned). Forty-seven per cent of live cattle exports went to the Soviet Union, while Lebanon emerged during this period as Hungary's second market for live cattle, with 26 per cent of exports.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle numbers <sup>1/</sup>	1,922	1,907	-9		
Beef and veal <sup>2/</sup> :					
Production	138	75 <sup>3/</sup>	-22 <sup>3/</sup>		
Consumption	89				
Imports	12	7 <sup>3/</sup>	-41 <sup>3/</sup>		
Exports	48	35 <sup>3/</sup>	0 <sup>3/</sup>		

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

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

<sup>3/</sup> January-September, actual

#### Poland

49. At 11,197,000 head in June 1984, 0.6 per cent lower than year earlier, the Polish cattle herd reached its lowest level since 1971. However, the effects of more favourable crops of cereals, fodder and green forage, that resulted from heavy rains in May and June, after a three-year period of drought, not only contributed to moderate the decline, but also allowed an estimate that in June 1985, the cattle herd will register an increase of some 3 per cent. As a result of a 3.5 per cent decrease in slaughter in 1983, production of beef and veal fell by 4.5 per cent to 610,000 tons. These decreases in slaughter and production levels also reflect the strong rise in live cattle exports. Production of beef and veal is expected to decline by a further 10 per cent in 1984.

50. After a decline from 659,000 tons in 1980 to 519,000 in 1982, total consumption of beef and veal increased by about 12 per cent in 1983 to 580,000 tons (10.5 kg. per capita). This strong rise, in spite of a decrease in production, appears to be related to unchanged retail prices, which the government did not alter from their 1982 levels. [Imports of beef and veal fell from 7,000 tons in 1982 to 2,000 tons in 1983.] Anticipated lower production of all meats in 1984, compared to last year's level, makes it necessary for Poland to increase its imports in order to meet the needs of the domestic market, in spite of the fact that the Polish government increased meat retail prices in January. Purchases of red meat in 1984 are estimated to reach about 127,000 tons, of which 14,000 tons will be of beef and veal. However, actual data for the first half of the year suggest that red meat imports may be higher, as during that period, beef and veal imports amounted to 12,700 tons, while pigmeat imports amounted to 74,700 tons, i.e., a total of 87,400 tons. Poultry meat imports were estimated to total 10,000 tons by the end of the year, but had already reached 7,200 tons during the first six months.

51. In 1983 live cattle exports, at 304,000 head, reached their highest level in the last ten years. Compared to 1982, this was an increase of 32 per cent. Beef and veal exports amounted to 11,500 tons, about 67 per cent more than year earlier. However, it would seem that although Poland cannot afford to neglect the foreign currency incomes from its meat exports, sales abroad in 1984 will probably decline significantly. During the first six months of the year, and compared to year earlier, exports of live cattle (excluding cattle exported for breeding purposes) fell sharply by 33 per cent to 98,000 head, while beef and veal sales fell from 5,600 to 4,700 tons. Exports of pigmeat fell by 3 per cent to 39,300 tons.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle numbers <sup>1/</sup>	11,269	11,197	-0.6	11,500	+2.7
Beef and veal <sup>2/</sup> :					
Production	610	549	-10.0	..	..
Consumption	580	..	..	..	..
Imports	2	13 <sup>3/</sup>	+2,440.0 <sup>3/</sup>	2	
Exports	12	5 <sup>3/</sup>	-16.1 <sup>3/</sup>	11	..

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

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

<sup>3/</sup> January-June, actual

Egypt

52. Cattle and calf numbers in Egypt were estimated at 1,794,000 head at the census in November 1982, a drop of some 3.1 per cent compared to year earlier. The cattle herd is kept principally for dairy purposes and has decreased regularly in recent years. Since 1977, for instance, the herd has declined by 254,000 head (-12.4 per cent). By contrast the number of buffaloes, more suited to the conditions in the country, have risen from 2,266,000 head in 1977 to an estimated 2,393,000 head (+5.6 per cent) in 1982. Beef and veal production has declined over the last several years from 123,000 tons in 1977 to an estimated 113,000 tons in 1982 (-8.1 per cent) while buffalo meat production has shown a regular increase from 107,000 tons in 1977 to an estimated 126,000 tons (+17.8 per cent) in 1982, making up for the shortfall in beef production. Demand for bovine meat has increased substantially in recent years, (total meat consumption increased by 22 per cent between 1978 and 1981/82; during this year, consumption of meat totalled 431,000 tons, 34 per cent of which was imported), in response to better living conditions and a marked preference for beef and buffalo meat that the local production is not able to satisfy. Thus, imports have risen from 39,697 tons in 1977 to the record level of 108,850 tons in 1981 (+174.2 per cent), before falling to 97,047 tons in 1982 and to 77,583 tons in 1983. Some sources indicate that total bovine meat imports for the last three years were more important. Major suppliers on the Egyptian market in 1983 were the EEC, the United States, Argentina and Uruguay. Egypt has, in the last few years, also increased its imports of live cattle which in 1983 amounted to 123,104 head, compared to 984 head in 1977 and 120,724 in 1982. Most of the animals are imported from Ireland.

	1981	1982	%Change 1982/81	1983	%Change 1983/82
Cattle numbers <sup>1/</sup>	1,852	1,794	-3.1	..	..
Buffalo numbers <sup>1/</sup>	2,370	2,393	-0.97	..	..
Production <sup>2/</sup> :					
of beef	115	113	-1.7	..	..
of buffalo	123	126	+2.4	..	..
Consumption	..	..	..	..	..
Imports	109	97	-10.8	78	-20.1

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

Tunisia

53. Cattle and calf numbers in Tunisia are believed to have totalled 617,000 head in 1984, a 2.7 per cent increase relative to year earlier. Roughly 56 per cent of cattle and calf numbers in Tunisia are dairy cows while 23 per cent are calves. It is believed that the cattle herd will continue its expansion during 1985. Numbers for 1985 are projected to total 636,000 head (+3.1 per cent). As a result of the rebuilding of the cattle herd which occurred in Tunisia during 1984, cattle slaughter is estimated to have decreased (by 9.5 per cent to 221,000 head). This is entirely due to a decrease of estimated "uninspected" slaughter. It could be noted that roughly 24 per cent of the cattle slaughtered in Tunisia in 1984 were imported. The level of total slaughter is expected to increase by 3.2 per cent in 1985. Production of "inspected" beef in Tunisia in 1984 totalled 30,290 tons, 7 per cent more than in 1983. Production is estimated to increase by a further 13 per cent in 1985 to 34,000 tons.

54. During the last three years Tunisia has emerged as a significant importer, particularly of live cattle. In 1984, Tunisia imported an estimated 52,000 head of cattle (excluding breeding cattle), virtually the same as the year before, and an average of about 27,000 head per year in the four preceding years. Estimates suggest an increase (+4.8 per cent) in imports in 1985 to 54,500 head. Virtually all of these cattle came from the EC with France, Ireland, and the Federal Republic of Germany being the major suppliers. Imports of beef were much higher in 1983-84 than they have been in the past. Imports are estimated at 18,900 tons in 1984, 18 per cent less than year earlier but more than four times more than in 1982. The emphasis on live cattle imports apparently relates to limited cold storage capacity, traditional meat marketing methods (consumer preference for fresh meat), and the requirement that slaughter be performed according to religious rites. Beef consumption increased by 7.5 per cent in Tunisia in 1984 relative to 1983, to 59,100 tons or 7.4 kgs per capita. The increase in consumption reflects the increase in inspected meat production and beef imports. Consumption is expected to increase by a further 4.8 per cent in 1985 to 60,000 tons (7.5 kgs per capita).

	1983	Forecast 1984	%Change 1984/83	1985	%Change 1985/84
Cattle numbers <sup>1/</sup>	601	617	+1.4	636	-5.2
Beef <sup>2/</sup> :					
Production	28	30	+7.1	34	+13.3
Consumption	55	59.1	+7.5	60	+1.5
Imports:					
beef	229	18.9	-17.5	19.8	+4.8
live cattle <sup>3/</sup>	52.1	52.0	0.0	54.5	+4.8
	<u>1/</u> ,000 head	<u>2/</u> ,000 tons		<u>3/</u> ,000 head	

### South Africa

55. Cattle numbers in South Africa totalled 8,133,000 head in May 1984. Although this level is lower than the August 1983 level of 8,204,000 head (May 1983 data are not available), the rate of decrease is slowing down, as forecasts indicate that this decreasing tendency will be reversed and cattle numbers are expected to reach 8,250,000 head in 1985. The return to more normal weather conditions, after a long drought period, is the basic reason for this expected recovery in numbers. During the first half of 1984, slaughter levels were still reflecting the drought conditions: 1,212,000 head, up by about 7 per cent from the same period year earlier. According to estimates, slaughterings decreased sharply in the second half of the year and by the end of the year should be at around 2,280,000 head, 1.5 per cent less than year earlier. It is interesting to note that the increase in total slaughter during the first half of the year was basically due to the 20 per cent increase in cow and heifer slaughterings. In the second half of the year, however, female slaughter is estimated to have dropped by some 9 per cent, compared to the same period a year earlier, because of the improved weather conditions and increased prices. Total cattle numbers are expected to increase further by 1986 to 8,350,000 head.

56. Reflecting the strong increase in cow and heifer slaughter in the first part of the year, beef and veal production is expected to total some 635,000 tons in 1984, up by 3.1 per cent. This increase is also related to the rising consumption (for the third consecutive year), which is expected to reach 685,000 tons, 2.2 per cent more than year earlier. However, three remarks can be made with regard to the evolution of beef consumption in South Africa: firstly, per capita consumption remains relatively stable, indicating that the increase of total beef consumption is related to the population growth; secondly, "stagnation" of per capita beef consumption is due to the increasing shares of other meats (especially poultry) in the total per capita meat consumption (in 1981, per capita consumption of beef represented some 48.2 per cent of total per capita meat consumption and in 1984, around 45.7 per cent, while per capita consumption of poultry represented 29.4 per cent in 1981, and 32.1 per cent in 1984); and thirdly, the consumption of beef is expected to decrease by some 12.4 per cent in 1985 as a result of increasing prices and of relatively more interesting prices (although also rising in absolute terms) of competing meats.

57. Compared to the same period of 1983, average wholesale prices of beef in the first half of 1984 increased by 7.7 per cent for manufacturing-grade and by 9.2 per cent for table-grade beef. At the retail level, prices rose by some 9 per cent, while producer prices increased by about 7 per cent. It appears clear that the South African beef market is now recovering from the long drought period and the consequent high level of slaughter rates with related depressed prices, and that producers are now faced with better prospects (already reflected in the present decline of cattle slaughter).

58. In 1984, imports of live cattle, at 120,000 head, will probably reach their lowest level since 1977. With the return of the rains, feeding problems are easing and it is forecast that in 1985 imports of live cattle will increase by some 4 per cent. Consequently, imports of beef and veal, which in 1984 should total 24,000 tons, up by 4.3 per cent over year earlier, may decline in 1985 by some 6 per cent. At the beginning of the current year, South Africa expected to export some 6,000 tons of beef in 1984, but revised estimates indicate that exports will reach only 1,900 tons. It is, however, interesting to note that stocks of beef have risen steadily since the beginning of 1983, and in the second quarter of 1984, reached the record level of 30,000 tons.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle numbers <sup>1/</sup>	8,204	8,133 <sup>3/</sup>	-0.9	8,250	+1.4
Beef and veal <sup>2/</sup> :					
Production	615	635	+3.1	594	-6.3
Consumption	670*	685	+2.2	600	-12.4
Imports <sup>4/</sup>	23	24	+4.3	23	-2.2

\* Estimates  
<sup>1/</sup> '000 head, August  
<sup>2/</sup> '000 tons  
<sup>3/</sup> May

### Argentina

59. The latest estimate of cattle and calf numbers in Argentina (30 June 1984) indicates that the cattle inventory cycle has completed its second full year of expansion. The number of cattle and calves was estimated to have totalled 55,000,000 head, 2 per cent more than year earlier and almost 5 per cent more than in 1982 (when the upturn began). It would appear that the upturn was provoked by favourable movements in real prices for cattle in 1982 and 1983. The index of the deflated price of steers at Liniers (base 1960 = 100) averaged 80 in 1981, 107 in 1982 and 101 in 1983. While it averaged only 94 for the first eight months of 1984 (compared to 100 for the same period of 1983) there was a strong increase in September and a number of factors suggested that it would remain high for the balance of the year. Consequently although there may be some slowing of the rate of growth of the cattle herd, numbers are expected to continue to increase. Furthermore, it is

understood that the Argentinian government will make low-cost loans available to producers to rebuild herds. The national herd is forecast to increase by 1.8 per cent to 56,000,000 head by 30 June 1985.

60. The commencement of rebuilding of cattle herds has had a significant impact on beef production in Argentina. Production in 1983 totalled 2,384,000 tons almost 7 per cent less than year earlier and 19 per cent less than two years earlier. While a 9 per cent increase (to 2,600,000 tons) is anticipated for 1984, production will still be well under "normal" levels. The effects of herd rebuilding on cattle slaughter and beef production are evident in the low proportion of cows and heifers in total slaughter. During 1984 this proportion was about 34 per cent versus 35 per cent in 1983 and 38 per cent in 1982. No change in production levels is foreseen for 1985, as cattle herd rebuilding continues.

61. Bovine meat consumption in Argentina is believed to have recovered markedly in 1984 after being depressed in 1983. Per capita consumption in 1983 was 67 kg., 6 per cent below year earlier and its lowest level in ten years. In 1984 it is believed that consumption was 79 kg. (up 18 per cent). As in other major exporting countries, beef consumption in Argentina is affected not only by demand domestically but also by international developments. Consequently the weakness of international prices in 1984 has forced more beef to be consumed domestically than might otherwise have been the case. At the same time, there was apparently a significant recovery in consumer purchasing power during 1984 adding to domestic demand. It should be noted that beef accounts for the overwhelming proportion of meat consumption in Argentina. Per capita consumption of pork, poultry and sheepmeat is believed to have totalled only 25 kg. in 1984 (6, 16 and 3 kg. respectively). Therefore beef accounted for 76 per cent of total meat consumption of 104 kg.

62. The growth of beef demand in Argentina in 1984 probably played a role in causing beef exports to drop to their lowest level since 1975. It is estimated that exports totalled 270,000 tons (CWE), 35 per cent less than year earlier. However, the major cause of the reduction was clearly the weakness of beef demand in Argentina's major markets combined with increased export availabilities of Brazil and the EEC. This effect is particularly apparent in Argentina's loss of market share in the Soviet Union and the Middle East. Additionally, however, the decrease of the EC's balance-sheet quota by 10,000 tons for 1984 directly affected Argentina. All classes of exports decreased in 1984, the greatest decrease being that in frozen beef. Consequently, exports of cooked and canned beef accounted for an increased share of total exports. On a carcass weight basis, exports of cooked and canned beef accounted for 39 per cent of total exports (106,000 tons) compared to 36 per cent in 1983 and 31 per cent in 1982. The principal reason for the smaller decrease in cooked and canned exports is that there has been an increased proportion of those exports going to markets (primarily the United States) in the so-called "foot and mouth disease-free" zone. As regards trade in fresh, chilled and frozen beef, there were decreases registered to all destinations. However, exports to the Soviet Union decreased by less than those to other markets. Indeed for the first half of 1984, the Soviet Union accounted for 60 per cent of Argentina's

exports of this category of beef. It might be noted that, by virtue of an agreement signed in 1981, the Soviet Union undertook to import a minimum of 60,000 tons of beef per year from Argentina until 1985 inclusive. It is understood that an export tax of 20 per cent of export value was removed as from October 1984, although being in part subsequently reinstated. It is possible that this lowering of export tax will have a positive impact on both Argentina's export volume and on prices received by producers for live cattle. It is forecast that exports will increase by 11 per cent in 1985 to 300,000 tons.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle and calf numbers <sup>1/</sup>	53,900	55,000 <sup>2/</sup>	+2.0	56,000	+1.8
Beef and veal <sup>3/</sup> :					
Production	2,384	2,600	+9.0	2,600	0.0
Consumption	1,975	2,200	+11.4	2,200	0.0
Exports <sup>4/</sup>	415	270	+35.0	300	+11.1

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

<sup>2/</sup>Actual

<sup>3/</sup>'000 tons

<sup>4/</sup>Includes carcass weight equivalent of cooked and canned beef exports.

### Brazil

63. Cattle and calf numbers in Brazil are estimated to have reached 128,952,000 head in 1983, an increase of 3 per cent compared to year earlier. Cattle and calf slaughter decreased by 1.2 per cent to 11,500,000 head. Cow and heifer slaughter fell by 4.3 per cent, while adult male cattle increased by 1.3 per cent. Although slaughter levels are still rather high, the decrease registered in 1983 appears relatively small when compared with the important rise in producer prices. In fact, producer prices increased by 26 per cent in real terms and it might have been expected that slaughter rates decrease further in reaction to the improved market prices. Furthermore, cow and heifer slaughter remained at the relatively high level of 33 per cent of the total slaughter mix (34 per cent in 1982). Financial problems after two years of low prices, and the low credit availabilities seem to be the major reasons why producers were forced to go on reducing their herds. However, as the lower slaughter of cows and heifers seems to indicate, producers may now be in a better position, and it is forecast that

during the current year, total cattle and calf slaughter will fall further to 11,200,000 head. In 1984 the cattle herd is estimated to have totalled 132,801,000 head. Reflecting the decline in slaughter levels, production of beef and veal in 1983 fell by about 1.1 per cent, to 2,359,000 tons. It is expected that in 1984, production will decline further to 2,300,000 tons. Since the beginning of the year producer prices remained at high levels, although on average in real terms, it would seem they stabilized or even decreased somewhat.

64. In 1983, total consumption decreased by 2 per cent to 2,000,000 tons, and per capita consumption by 5 per cent to 15.5 kg. This decline, particularly in per capita consumption, is related not only to the declining purchasing power and high unemployment rates in the country, but also to the strong increase in retail prices (probably more than 30 per cent in real terms). In this respect, it is interesting to note that the Brazilian consumer is now moving from the traditional consumption of hindquarter cuts to the cheaper forequarter cuts. In 1984, the continuing deterioration of economic conditions, the absence of government stocks pushing retail prices to record levels, and to a lesser extent, the competition of pork and poultry, is depressing beef consumption even further, and per capita consumption during the first half of the year fell to an estimated annual average of 14.0 kg. In an attempt to reduce retail prices, the Brazilian authorities imported 20,000 tons of beef from Uruguay and are reportedly trying to obtain from the beef industry the reimbursement of governmental loans in natura, i.e. in beef. It is expected that per capita consumption will recover somewhat in 1985 to 15.0 kg., and to 15.5 kg. in 1986.

65. In 1983, imports totalled 25,370 tons, up by 20 per cent compared to year earlier, virtually all from Uruguay. In 1984, imports are expected to increase but not exceed 60,000 tons. Exports reached a record level of 463,465 tons in 1983, an increase of 28 per cent compared to 1982. Both fresh, chilled and frozen meat as well as canned meat increased by roughly the same percentage. The EC, Irak and Egypt were the main markets for frozen boneless beef, while Israel, which used to be Brazil's main market until recently, imported only negligible quantities in 1983. Since Brazil has replaced Argentina as the main supplier of the EC market of canned meat, the EC became, followed by the United States, the main destination for Brazilian canned meat. The level of production and the fall in consumption provoked, inter alia, by higher domestic prices, are two of the causes of the increase in exports. Another cause is the frequent devaluation of the cruzeiro. As a result of these devaluations, exports, although having increased in volume in 1982, decreased in value. In order to achieve an increase in global value, in US dollars (i.e., increase export earnings), exports in volume would have to increase further. This is what happened in 1983, and an increase of 28 per cent in export volumes corresponded to an increase of about 23 per cent in the dollar returns. However, and turning to 1984, the high level of internal prices might be expected to condition the export availabilities as the internal market could appear more interesting to the producers. But, as above, prices are so high that consumption has been decreasing further. In these conditions, Brazil has apparently been able to export higher quantities of beef and by the end of 1984, forecasts suggest an increase in exports of about 13 per cent to 525,800 tons. During the first half of 1984, exports amounted to 245,462 tons.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle numbers <sup>1/</sup>	128,797	132,801	+3.0	136,641	+2.9
Beef and veal <sup>2/</sup> :					
Production	2,359	2,300	-2.5	2,300	..
Consumption	2,000	1,184 <sup>3/</sup>	..	..	..
Imports	25	60	+140.0	..	..
Exports	463	525 <sup>4/</sup>	+13.4 <sup>4/</sup>	575 <sup>4/</sup>	+9.5 <sup>3/</sup>

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

<sup>2/</sup>,000 tons

<sup>3/</sup> January-June, actual

<sup>4/</sup> Secretariat estimates

#### Uruguay

66. The Uruguayan cattle herd has been strongly depleted in recent years and reached its lowest level since 1971 in 1984. Compared to year earlier and according to the 30 June census, cattle and calf numbers declined by 6.4 per cent to 9,085,000 head. However, the rate of decline has been slowing down since the middle of 1983 indicating that herd rebuilding is under way (calf numbers increased by 3 per cent). In 1985, cattle numbers are expected to decline by a further 1 per cent and, in 1986 an increase of some 4 per cent to 9,320,000 head is forecast. Slaughter levels have fallen sharply in 1984 and are projected to total 1,588,000 head by the end of the year, about 29 per cent less than in 1983. Slaughter in all categories declined, but the reduction was particularly strong in cow, heifer and calf slaughter, confirming that herd rebuilding is occurring. The main reason for the commencement of the herd rebuilding is the recovery, in real terms, of average prices for cattle, especially since the last quarter of 1983.

67. As a result of the decrease in slaughter, production of beef and veal is expected to decline by 26.5 per cent in 1984 to 325,000 tons. Although it should be recalled that this strong drop follows a year of record production levels, 442,000 tons in 1983, it is expected that, as a consequence of the herd rebuilding phase, production will fall further in 1985 and 1986, to reach, at 268,000 tons, one of its lowest levels in the last ten years. Per capita consumption is now far below the record level of 81 kg. registered in 1982. Due to strongly increasing retail prices, (up by some 29 per cent on average in real terms during the first three quarters of 1984), and to efforts to keep a high level of

exports, per capita consumption fell by 20.5 per cent to 57 kg., probably the lowest level ever reached in the country. Total consumption fell by the same percentage to 171,000 tons. Forecasts suggest that consumption will recover somewhat in 1985 to 188,000 tons or 62 kg. per capita, levels which are closer to, but still below, the "traditional" ones.

68. During the first three quarters of 1984, Uruguayan beef exports fell sharply: 30.6 per cent, or 57,000 tons, less than year earlier, the major reason being the drop in production. However, like Argentina, Uruguay is also suffering from the weakness of beef demand in some of its major markets, particularly in the Middle East, combined with the competition of low-priced product from Brazil and the EEC. Exports of frozen beef and veal, which account for some 90 per cent of overall exports, declined by about 35 per cent during this period. Sales to Egypt, which in 1983 was by far Uruguay's first market and represented 41 per cent of the country's sales of frozen beef, fell from 56,000 tons (product weight) during the first nine months of 1983, to 12,000 tons in the same period of 1984. Sales to Iran, the second major market in 1983, decreased as well. However, exports to Brazil increased, and are expected to reach 20,000 tons at the end of the year (in 1983, exports to Brazil totalled 13,000 tons) and exports to the Soviet Union, which were non-existent in 1983, reached 8,000 tons in the first nine months of the year. Total export levels for 1984 were previously forecast at 127,000 tons, carcass weight, but this level was surpassed in the first three quarters of the year. It can be noted that during the third quarter, exports fell by some 52 per cent, and that should this tendency continue in the last quarter, total exports for 1984 could be around 150,000 tons. It is forecast that 1985 exports will decrease further to some 128,000 tons.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle and calf numbers <sup>1/</sup>	9,704	9,085	-6.4	8,988	-1.1
Beef and veal <sup>2/</sup> :					
Production	442	325	-26.5	316	-2.8
Imports					
Consumption	215	171	-20.5	188	+9.9
Exports	232	150 <sup>3/</sup>	-35.3 <sup>3/</sup>	128	-14.7 <sup>3/</sup>

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

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

<sup>3/</sup> Secretariat estimate

Colombia

69. Although it is estimated that cattle and calf numbers have averaged between 24,000,000 and 24,500,000 head in the last few years (24,275,000 in 1983, down by 0.9 per cent from year earlier), it would seem that the cattle-raising activity is presently going through a difficult moment. In fact, since 1977-78, the herd rebuilding phase (which normally averages two years, while the liquidation phase averages four years) hardly lasted one and a half years, a period too short for an effective herd rebuilding. In addition, since 1976 there has been a tendency towards an increase in the percentage of female slaughtering in the total slaughter mix, which in 1982 reached 44.6 per cent. Three major reasons are generally advanced to explain this evolution. Firstly, the attraction of a capital market with speculative activities giving quicker profits at lower risks, and the consequent displacement of investments during the last ten years; secondly, an increase in beef demand until 1981 (apparently due to improved returns in the coffee sector) which in periods of high prices, (such as herd rebuilding phases) provoke premature liquidation thus preventing the full accomplishment of herd rebuilding; and finally, social conflicts in the cattle-raising regions with resulting insecurity, have pushed a number of producers to get rid of their herds. As a more general reason, it appears that the relatively low productivity along with high production costs and consequent high consumer prices, strongly limiting domestic demand, can only have a negative effect on producers' expectations. However, some encouraging signs of improved productivity, a sine qua non for a recovery in the sector, are presently being noted, such as the lower age of slaughtered animals (implying faster fattening techniques), a lower weaning age and higher birth rates.

70. The Colombian cattle herd entered a new rebuilding phase in the second half of 1982. At the end of that year, slaughter rates fell by 6.1 per cent compared to 1981 and in 1983 declined by a further 9.3 per cent to 3,026,000 head. Confirming the herd rebuilding, slaughterings of female cattle fell by some 18 per cent in 1983 and their percentage in the total slaughter mix fell to 40.3 per cent. As a consequence, and reflecting lower offers, producer prices increased in 1983 by an average of some 24 per cent (annual average of four major markets; Bogota, Medellin, Barranquilla and Bucaramanga). The herd rebuilding and consequent increase in prices occurred in spite of adverse climatic conditions which pushed producers to slaughter more cattle than expected, and in spite of the devaluations of the Ecuador and Venezuelan currencies, which apparently encouraged cattle smuggling from these countries to Colombia. It would seem that the increase of "dual purpose" cattle has somehow contributed to hold back producers from further slaughterings.

71. Reflecting herd rebuilding and slaughter levels, production of beef and veal, which in 1981 reached the record level of 652,300 tons, has fallen since then and in 1983 totalled 562,800 tons. Retail prices have increased on average by about 22 per cent in 1983 (4 per cent in real terms - annual average of the above-mentioned cities), and consumption has consequently decreased to 550,200 tons, 7.5 per cent lower than year earlier, and 12.6 per cent lower than the 1981 record level. Per capita consumption levels declined even more sharply (by 8.8 per cent in 1982 and by 12.1 per cent in 1983 to 19.24 kg.), indicating that beef and

veal consumption is also strongly related to the population growth and that at present, levels of beef and veal supplies are far from meeting the potential demand. However, it is believed that at current prices there is not much room for an increase in consumption, and that, although for the moment beef is not yet suffering from the competition of other meats as in other countries, it is necessary to improve the productivity of the sector in order to raise producers' returns and lower consumer prices.

72. In 1983, Colombia exported 12,600 tons of beef and veal, virtually all fresh and chilled and practically all to Venezuela. This export volume represented a drop of 31 per cent from 1982 and 46 per cent since 1981 and, like consumption, appears to be related to the rebuilding phase of the herd and low productivity. As in other countries in this part of the globe, Colombian exports of meat are not allowed in countries free of "foot and mouth disease". The export performance in 1983 reveals one of the main characteristics of the Colombian beef export sector: its strong dependence on the Venezuelan market. Although this is not a new feature, in 1980 and 1981 Colombia had been able to diversify its markets, selling especially to the Soviet Union and Peru, but has since lost them. Another characteristic of the Colombian export market was the decrease in exports of live cattle since 1975, to the benefit of beef and veal exports (obviously more profitable), which from some 156,000 head in that year fell to 70 head in 1983.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle numbers <sup>1/</sup>	24,499	24,275	-0.9	..	..
Beef and veal <sup>2/</sup> :					
Production	613	563	-8.2	..	..
Consumption	595	550	-7.5	..	..
Exports	18	13	-30.7	..	..

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

<sup>2/</sup>,000 tons

United States

73. The United States cattle industry is currently experiencing its third year of herd liquidation. Cattle and calves numbered 121,950,000 head at 1 July 1984, 1.3 per cent less than year earlier. Added to a decrease in beef cattle numbers during the first six months of 1984 was a contraction of the dairy cow herd, due in part to the dairy diversion programme. The decline of the beef cow herd (the major cause of the overall reduction of beef cattle numbers) derives primarily from the fact that prices of feeder cattle and calves have been inadequate to encourage cattlemen to expand the productive capacity of their herds. This influence has been reinforced by the existence of drought conditions in certain areas of the country. It is expected that cattle numbers will continue to decrease during 1985, but that anticipated price increases during the year will be sufficient to cause herds to stabilize by early 1986. Cattle and calf numbers are forecast to decrease by 1 per cent at 1 January 1985 to 112,000,000 head and to be unchanged at that level one year later.

74. The liquidation of the cattle herd had a major influence on beef production in 1984. Even though cattle herd numbers had decreased in the two preceding years, it is estimated that cattle and calf slaughter was higher than year earlier and that beef production should about equal that of a year earlier. Beef and veal production is expected to total about 10,744,000 tons. Clearly, however (and this is an important fact for the international beef market) an unusually high proportion of beef production in 1984 was cow beef, in other words low-grade manufacturing-quality beef. In 1984, cow slaughter accounted for an estimated 23 per cent of all cattle slaughter. In a more normal period, it should account for no more than 18-19 per cent. A notable factor is that the dairy diversion programme (launched in late 1983 as part of a number of measures to reduce milk production) had much less influence on dairy cow slaughter than had been expected. The greatest effect of the programme was evident during the first thirteen weeks of the year, after which dairy cow slaughter decreased markedly. In contrast to the experience of 1984, it is forecast that cow slaughter will decrease sharply during 1985 (by an estimated 25 per cent) and remain low during 1986. This fact, combined with the reduced total cattle numbers, suggests a decrease of total cattle slaughter of about 5 per cent in 1985 to 35,175,000 head. This decrease will only be partly compensated by higher average carcass weights, so that beef production is expected to decrease by about 3 per cent to 10,414,000 tons.

75. Beef and veal consumption in the United States is, as elsewhere, most strongly influenced by the retail price of beef. Consequently, given that retail prices are estimated to have increased modestly in 1984 (by about 2 per cent), per capita beef consumption is also believed to have decreased somewhat (to 48.4 kg., down about 1.4 per cent). Consumption was also influenced by the evolution of prices of competitive meats. During the first part of the year, increased supplies and low prices for pork favoured its consumption, while prices increased and consumption declined during the second half. A reverse trend was evident for poultry meat. Although per capita beef

consumption has decreased relative to pork and poultry in recent years, it is still the most preferred meat of American consumers. In 1984, it is estimated that per capita pork consumption was 29.1 kg. and per capita poultry consumption 32.1 kg. Thus bovine meat accounted for 45 per cent of the average American's consumption of total red meat and poultry in 1984 (a total consumption of 108.3 kg.). Higher beef prices in 1985 are forecast to lead to a sharper decrease in consumption. Per capita consumption is forecast to equal 46.5 kg., a total consumption of 11,007,900 tons, and a decrease of 4 per cent.

76. The "trigger level" under the United States Meat Import Law was set at a level of 557,000 tons (product weight) for 1984, slightly lower than in 1983 (a fact attributable to the correctly anticipated higher level of cow slaughter in 1984; the "countercyclical" element of the formula used to set the trigger level under this law is designed to cause that level to change inversely to past and expected future levels of cow slaughter). Nonetheless, the negotiation of voluntary export restraint agreements with principal suppliers (the method used to effect the restraint of imports) proved unnecessary in 1984 since the anticipated annual import level in the four quarterly estimates of that level never surpassed the trigger level. Total imports of bovine meat, (including cooked and canned beef) in carcass weight terms, are estimated to have decreased by 8 per cent in 1984 (to 805,000 tons). The reasons for the shortfall of imports relative to the "trigger level" (and therefore their decrease relative to year earlier) are two-fold: firstly, there were abundant supplies of domestic manufacturing beef due to the high level of cow slaughter; secondly, production in the main supplying countries decreased. For 1985, on the other hand, it is expected that imports will increase: production in Oceania is expected to increase and the sharp decrease in domestic cow beef production will increase demand for imported beef. Finally, given the anticipation of lower cow slaughter in 1985, it is likely that the trigger level will increase, permitting higher levels of fresh, chilled and frozen beef and veal imports. Currently imports of all beef and veal, including cooked and canned product, are forecast to total 828,000 tons.

77. The United States has, in recent years, developed into a major world exporter of beef and veal. As opposed to its imports, however, its exports are primarily of high-grade grain-fed beef. Exports in 1983 totalled 125,000 tons and a 14 per cent increase to 142,000 tons is believed to have occurred in 1984. The majority of these exports are to Japan, where they enter under "grain-fed" beef tenders of the Japanese general quota. It might be noted that the United States is the second largest supplier of beef to Japan. In April 1984, Japan and the United States reached an understanding by virtue of which Japan declared that it would endeavour to increase its imports of high-quality beef by 27,600 tons (product weight) over four years. Consequently, it seems reasonable to predict that the United States beef exports to Japan will increase. Its total exports for 1985 are forecast to total 147,000 tons, 3.5 per cent more than in 1984.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle and calf numbers <sup>1/</sup>	115,199	114,040 <sup>2/</sup>	-1.0	112,000	-1.8
Beef and veal <sup>3/</sup> :					
Production	10,748.5	10,743.9	0.0	10,414.1	-3.1
Imports <sup>4/</sup>	875.0	805.0	-8.0	828.0	+2.9
Consumption	11,415.7	11,350.8	-0.6	11,007.9	-3.1
Exports <sup>4/</sup>	125.0	142.0	+13.6	147.0	+3.5

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

<sup>2/</sup> Actual

<sup>3/</sup> '000 tons

<sup>4/</sup> Including cooked and canned beef.

#### Canada

78. It is believed that in 1984 Canada experienced its fourth year of cattle herd liquidation. Cattle and calf numbers, which totalled 11,335,100 head at the beginning of the year, are believed to have decreased by 2 per cent during the year (and therefore are expected to total 11,141,100 head at 1 January 1985). The fundamental cause of the continued liquidation was the depressed level of feeder cattle prices since 1981 and the lack of any prospect of a significant recovery. The influence of this factor was exacerbated by the existence of severe drought conditions over wide areas of Western Canada. It is believed that the drought resulted in the marketing of a large number of beef cows despite the provision of government payments to assist farmers to purchase feed or to move cattle to non-drought areas. Presuming that more normal weather conditions prevail during 1985, it is believed that the improvement of cattle prices which occurred in 1984 and which is expected to occur in 1985 will be sufficient to provoke growth in the national cattle herd. It is forecast that cattle numbers will total 11,328,700 head by year's end.

79. The effects of four years of cattle herd liquidation were evident in the level of cattle slaughter and beef production during 1984. It is estimated that adult cattle slaughter and beef production decreased by 3 and 4 per cent respectively (calf slaughter and veal production are believed to have each increased by 4 per cent). Beef and veal production is believed to have totalled some 998,300 tons. In line with the projections of a further decrease in cattle numbers in 1984 and during part of 1985 it is forecast that cattle slaughter, and beef and veal production, will continue to decrease during 1985. Production in 1985 is forecast at 978,300 tons, 2 per cent less than in 1984. Production is forecast to stabilize by 1986.

80. Despite the higher than normal level of marketing of beef cows in Western Canada, it is believed that cow slaughter and cow beef production in 1984 decreased. Given the overwhelming influence of the United States' cattle market on the Canadian market, the reduction in Canadian marketing did not translate into higher prices for manufacturing-quality beef in Canada (the United States' market for this beef being affected by a sharp increase in cow slaughter). Consequently, despite the lower level of low-quality beef production, there was no notable increase in demand for imported manufacturing beef in Canada although total import volume may have increased. While beef imports are expected to total 102,000 tons in 1984 (11 per cent more than year earlier) the level of imports of manufacturing beef was probably about equal to that of year earlier. It seems likely, however, that imports of this class of beef would have decreased had not imports of subsidized beef from the EC increased so sharply. Combined imports of Irish and Danish beef (the only two EC countries permitted to export to Canada) totalled 19,000 tons during the first six months of the year compared to about 9,000 tons the year before. Unofficial reports indicate that EC beef was priced roughly Cdn\$0.10-0.15 per kg. below equivalent quality Australian or New Zealand beef. The level of Canada's GATT Minimum Access commitment in 1984 was 68,500 tons (product weight, for fresh, chilled and frozen bovine meat). Actual levels of this type of beef were expected to surpass this level. In such a case, Canadian authorities would have been empowered to negotiate with principal suppliers in order to restrain actual imports to that level since the prescribed level of imports under the Canadian Meat Import Act was less than the Minimum Access commitment. Since the Canadian Minimum Access level is designed so as to increase at the same rate as the increase in Canadian population, it seems likely that it will increase by about 1,000 tons in 1985.

81. It is estimated that Canada's exports of beef and veal (90 per cent of which was to the United States) decreased in 1984 by about 3,000 tons to 78,000 tons. If so, all of the decrease took place in the final six months of the year, since exports during the first six months increased by 13 per cent. Exports of live cattle and calves are believed to have totalled some 265,000 head in 1984, 25 per cent more than year earlier. (It could be noted that, on average, roughly 10-15 per cent of cows marketed in Canada are exported to the United States, while about 5-10 per cent of feeder stock is exported.)

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle and calf numbers <sup>1/</sup>	11,618.4	11,335.1 <sup>2/</sup>	-2.0	11,141.1	-2.0
Beef and veal <sup>3/</sup> :					
Production	1,036.4	998.3	-4.0	978.3	-2.0
Imports <sup>4/</sup>	91.7	102.0	+11.0	..	..
Consumption	1,040.5	1,023.0	-2.0	1,000.0	-2.0
Exports	81.3	78.0	-4.0	74.0	-5.0

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

<sup>2/</sup> Actual

<sup>3/</sup> '000 tons, carcass weight equivalent

#### Australia

82. It would appear that, after eight years of liquidation, cattle herd rebuilding is underway in Australia. This would seem to be the case even though there was a further decrease in cattle numbers in the 31 March 1984 census (of 2.8 per cent to 21,846,000 head). The fact that cow slaughter is averaging well below year-earlier levels (down by over 30 per cent during the first six months of the year) suggests that rebuilding is occurring. Indeed, numbers are forecast to increase to 22,400,000 head (2.5 per cent) at 31 March 1985 and by a further 2.7 per cent in 1986. The principal reasons for the recommencement of the rebuilding are, firstly, the return of favourable weather conditions since mid-1983 and higher average prices for cattle since early 1983.

83. The commencement of herd rebuilding had a significant effect on beef production in 1984. After a 17 per cent decrease in 1983, production is believed to have decreased by 8 per cent in 1984 to 1,273,000 tons. More significant as regards its exports was the sharp decrease in cow beef production (since a large proportion of its exports, at least to North America, are cow beef). If the estimated level of production in 1984 were realized, it would be the lowest level of production since 1971.

84. In part due to the weakness of beef demand in major export markets and in part due to the fact that the major part of the production decrease was of export-quality beef, consumption of beef is not expected to contract sharply in Australia in 1984. Indeed, per capita consumption may have decreased by only about 2.7 per cent to 39.6 kg.

Total red meat and poultry consumption is estimated to have totalled 94.6 kg. in 1984. Therefore beef consumption accounted for about 42 per cent of total consumption. This compares with 43 per cent in the preceding year and 48 per cent two years earlier. This decreasing share is explained by the increases in beef prices relative to those for other meats. Retail prices for the three major competing meats (pork, poultry and sheepmeat) are expected to average below year-earlier levels in 1984. Furthermore, beef's share of total consumption is forecast to decrease further in 1985. Consumption is expected to total 39.3 kg., about 1 per cent less than in 1984. It should be emphasized that consumption is heavily influenced by demand for beef in major export markets and by exchange rate movements.

85. Australia's beef and veal exports to all major markets decreased sharply in 1984. Total exports (excluding carcass weight equivalent of live cattle) are believed to have decreased by 15 per cent to 642,000 tons. This is 30 per cent less than two years previously. The decrease relates both to the decrease in exportable supplies and to the weakness of demand for imports in principal importing countries, most notably in the United States and in South Korea. As regards the latter, the principal problem was the level of domestic production of pigmeat which depressed demand for beef. Exports to Japan should have averaged at about year-earlier levels in 1984. It should be noted, however, that following Australian-Japanese consultations, Japanese authorities declared, in November 1984, that Japan would endeavour to increase its total beef imports by 36,000 tons in the four years to 1987. Since it is understood that about 27,600 tons of this undertaking is in relation to high-quality beef, it would seem that 8,400 tons is grass-fed beef. Australia is the principal supplier of grass-fed beef to Japan. In general, total exports are expected to increase in 1985 (by 4 per cent, to 668,000 tons) as a result of a higher level of domestic supplies and of increased demand in principal markets, especially in the United States.

86. In spite of the sharp reduction of the level of exports in 1984, the average price received on exports increased again after a sharp increase in 1983. The average price for exports in 1983 was A\$1,882 per ton, 36 per cent more than year earlier. The average for the first six months of 1984 was A\$2,155 per ton, 46 per cent above year earlier. The price increases were in part related to the reduction in domestic production, but they primarily reflected the lower value of the Australian dollar. Producer prices for cattle have reflected the trend in export beef prices. The weighted average price for cattle in Australia is expected to be A\$1.64 per kg. in 1984 versus A\$1.50 in 1983 and A\$1.15 in 1982. It should be kept in mind that Australian cattle and beef prices are vulnerable to the instability of international money markets. In other words, any downward movements in the value of the US dollar would depress price despite the decreased supply situation in the Australian beef industry.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle and calf numbers <sup>1/</sup>	22,478	21,846 <sup>2/</sup>	-2.8	22,400	+2.5
Beef and veal <sup>3/</sup> :					
Production	1,389.5	1,273.0	-8.4	1,296.0	+1.8
Consumption	628.0	621.0	-1.1	628.0	+1.1
Exports <sup>4/</sup>	757.0	642.0	-15.2	668.0	+4.0

<sup>1/</sup> '000 head at 31 March

<sup>2/</sup> Actual

<sup>3/</sup> '000 tons

<sup>4/</sup> Includes carcass weight equivalent of cooked and canned exports.

#### New Zealand

87. After a three-year downtrend it is believed that total cattle numbers increased in 1984. Cattle and calves are provisionally estimated to have totalled 7,900,000 head at 30 June 1984, which was an increase of almost 4 per cent relative to year earlier. More importantly it is estimated that the downtrend in the beef cattle herd has finally been arrested. With the exception of a modest increase in 1980, the number of beef breeding cows had been declining since 1975. It is estimated that the number of beef breeding cows may have increased by as much as 13 per cent between mid-1983 and mid-1984. The principle reason for the turn-around in beef cattle numbers was the general strengthening in producer cattle prices during 1982-83 and early 1984. For the 1982-83 season (October-September) the schedule price of M-grade cows averaged NZ\$136.00, 10 per cent more than year earlier. By early 1984, prices had increased by a further 7-10 per cent. Similar price trends were evident for other classes of cattle. Following the 20 per cent devaluation of the NZ dollar in mid-July 1984, producer prices increased even more sharply<sup>1</sup>. By October 1984 prices for most classes of cattle were averaging over 30 per cent more than year earlier. Dairy cow numbers are also estimated to have registered an increase in the 30 June census, but a significantly lesser one than for beef cattle. It might also be noted that there was a significant improvement in weather

<sup>1</sup> A devaluation implies increased export receipts in NZ dollars since most beef is sold in US dollars or other "strong" currencies. The increased receipts are passed on to producers in the form of higher schedule prices.

and pasture conditions in the 1983-84 season, following extensive drought in the preceding year. In view of the effects of the devaluation on producer prices for cattle, and for milk, it seems reasonable to forecast that the upturn of both dairy and beef cattle numbers will continue in 1985.

88. The turn-around in the cattle inventory cycle, combined with the improvement in pasture conditions had a dramatic effect on cattle slaughter and beef production in 1984. For the 1983-84 season it is estimated that adult cattle slaughter decreased by about 18 per cent to 1,900,000 head and that beef production decreased by about 16 per cent to 430,000 tons (calf slaughter decreased by about 14 per cent to about 828,000 head and veal production decreased to about 15,000 tons). Evidently the withholding of female cattle from the market in order to rebuild beef cow herds was a major factor in reducing slaughter. In addition it should be noted that there was an equally significant decrease in steer slaughter (of approximately 20 per cent). This fact can be attributed in part to the improvement in weather and pasture conditions, in part to the high level of steer slaughter in preceding years and, more importantly, to the higher prices which seem to have encouraged producers to retain these animals longer in order to increase weights. It is expected that in view of the increased cattle numbers in 1984, and the likely increase in cattle slaughter, that beef and veal production will increase in 1985. Total production is forecast to be 458,000 tons, 6.5 per cent more than in 1984. As a result of the sharp increases in producer prices as from July 1984, and in view of the possible strengthening of prices on export markets in 1985, the statutory minimum and trigger prices for export cattle under the price smoothing scheme<sup>1</sup>, were increased with effect from the beginning of the 1984-85 season (i.e. 1 October 1984). The new and previous seasons' prices are as follows (in NZ dollars per kg.):

	MINIMUM PRICES		"TRIGGER" PRICES	
	1983-84	1984-85	1983-84	1984-85
P 1 steer	1.53	2.15	2.00	3.05
M cow	1.20	1.66	1.65	2.50
Bull	1.50	2.15	1.95	3.00

<sup>1</sup>In general, market prices are supported at the minimum by payments from a stabilization account and if prices rise above the trigger price, a levy is deducted and paid into the stabilization fund.

89. It is understood that significant payments were made into the stabilization account throughout 1984. Presumably this significantly reduced the deficit of this account which amounted to about NZ\$10 million at 30 September 1983. It should be noted that the New Zealand government's supplementary minimum price scheme was terminated with effect from 1 October 1984. This scheme had provided supplementary levels of minimum price support for the same grades of export quality cattle.

90. Bovine meat consumption is estimated to have decreased by about 9 per cent to 132,900 tons in 1984, or to about 41 kg. per capita. Beef is the preferred meat in New Zealand accounting in 1983 for 45 per cent of a total red meat and poultry consumption of 100 kg. (sheepmeat accounted for 33 kg., pork for 12 kg. and poultry for 10 kg.). The decrease in beef consumption was primarily due to the increase in beef prices, particularly subsequent to the devaluation in July. Consumption is forecast to decrease further in 1985 by about 3 per cent.

91. It is estimated that beef and veal exports were substantially below year earlier in 1983-84 in New Zealand. Estimates suggest that exports may have decreased by about 18 per cent to about 295,000 tons (190,000 tons, product weight). Up to the time of the devaluation in mid-July, exports had averaged 30 per cent below year-earlier levels, and subsequent to the devaluation, it is believed that there was a significant increase in the rate of exportation. As in the past, about 90 per cent of exports were to North America and Japan. In view of the expected increase in production in 1985 and of the effects of the devaluation, a recovery of exports to a level almost equal to the level of 1983 is forecast (i.e., 353,000 tons).

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle numbers <sup>1/</sup>	7,630.5	7,900.0 <sup>2/</sup>	+3.5		
Beef and veal <sup>3/</sup> :					
Production	519.0	430.0	-17.1	458.0	+6.5
Consumption	145.6	132.9	-8.7	129.0	-3.0
Exports <sup>4/</sup>	361.0	295.0	-18.3	353.0	+19.7

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

<sup>2/</sup>Actual

<sup>3/</sup>'000 tons, year ended 30 September

<sup>4/</sup>Product weight

### Japan

92. Cattle and calf numbers continued their long-term upward trend in 1984. Numbers totalled 4,682,000 head at 1 February 1984, 2.0 per cent more than year earlier. All categories of cattle increased, with the most notable being those for beef cows (up 1 per cent) and beef heifers (up 4.1 per cent). This was the ninth consecutive increase of cattle numbers. The continued uptrend of beef, or Wagyu, cow numbers is particularly interesting in view of the weakness of Wagyu calf prices and the stability of cattle prices generally. For example, the price of "replacement" male Wagyu calves decreased by over 30 per cent between 1980 and the first half of 1984. The decrease for female Wagyu calves was even greater. Producers of these calves received payments from the fund for price stabilization of beef calves of Yen 11.6 billion in Japanese fiscal year (JFY) 1982 and Yen 23.8 billion in JFY 1983. Further payments are likely in JFY 1984.

93. In line with the increased cattle numbers, cattle slaughter and beef production are continuing to increase in Japan. Following a 2.9 per cent increase in 1983, beef and veal production rose by 9.0 per cent during the first six months of 1984 and should be well above year earlier for the year as a whole. One of the most noteworthy aspects of the increased beef production in 1984 was the increase in Wagyu beef production. During the first five months of the year, Wagyu cattle slaughter increased by 25 per cent relative to the same period of 1983 and Wagyu cattle accounted for 35 per cent of total slaughter versus 30 per cent in 1983. The majority of this increase was due to increased slaughter of cows and heifers. Wagyu cow and heifer slaughter increased by 39 per cent during the first five months of 1984. This level of slaughter would suggest that liquidation of cow herds was occurring. There is a belief that despite the levels of support for calf producers, they have insufficient confidence in future price levels to continue to expand their cow herds.

94. The increased supplies of beef in 1984, in combination with the increased levels of imports resulted in stable to slightly lower retail prices of beef (depending on the area of the country) in 1984 and consequently, a higher level of consumption. Consumption totalled about 336,800 tons, some 7.3 per cent more than year earlier. It might be noted that beef and veal consumption continues to trail that of fish, pork and poultry meat, although it has modestly increased its share of consumption in recent years. In 1983, per capita beef consumption was 5.8 kg., compared to 14.0 kg. of pigmeat, 11.3 kg. of poultry meat and 1.4 kg. of sheepmeat. This means that beef accounted for 17.8 per cent of red meat and poultry consumption versus 16.5 per cent in 1979.

95. Japanese imports of beef and veal reached a record annual level of 197,000 tons in 1983, 12 per cent more than year earlier. During the first nine months of 1984, imports increased further, by 6 per cent, to 154,400 tons). The total of Japanese beef import quotas for JFY 1984 was 150,000 tons (product weight), 6.4 per cent, or 9,000 tons, more than year earlier. There are two broad categories of quota: (a) the general quota (about 90 per cent of total); and (b) the special quota (about 10 per cent). About 90 per cent of the general quota in turn is

administered by the LIPC. Of LIPC purchases in the first five tenders of JFY 1984 (amounting to 60,750 tons), 28 per cent was of high-quality beef. Reflecting this fact are the increased imports from the United States versus those from other suppliers. The United States supplied 28 per cent of Japanese beef imports during the first nine months of 1984, compared to a 27 per cent share for the same period in 1983. The Australian share during the first nine months of 1984 amounted to 64 per cent versus 66 per cent for the same period in 1983. Finally, it should be noted that in November 1984, Japan announced that, taking into account the results of consultations with Australia, Japan would endeavour to increase its beef imports by 36,000 tons (product weight) during the four-year period to JFY 1987, on a global basis. It is understood on the basis of previous consultations with the United States, that 27,600 tons of this total refers to high-quality beef. The balance, therefore, (8,400 tons) refers to grass-fed beef.

	1983	Forecast 1984	% Change 1984/83	Forecast 1985	% Change 1985/84
Cattle and calf numbers <sup>1/</sup>	4,590	4,682 <sup>2/</sup>	+2.0		
Beef and veal <sup>3/</sup> :					
Production	495.0	375.8 <sup>4/</sup>	+8.0		
Consumption	691.0	530.2 <sup>4/</sup>	+7.6		
Imports	197.0	154.4 <sup>4/</sup>	+6.6		

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

<sup>2/</sup>Actual

<sup>3/</sup>'000 tons

<sup>4/</sup>First nine months

#### IV. SUMMARY OF SITUATION IN CERTAIN FAR EASTERN BOVINE MEAT IMPORTING COUNTRIES

##### The Republic of Korea

96. Cattle numbers in the Republic of Korea were estimated at 2,215,000 head in 1983, up by 26 per cent over 1982. In the current year cattle numbers are expected to increase by a further 15 per cent, to 2,553,000 head. This upward trend is expected to continue in the medium term, and in 1987 it is forecast that the cattle herd will reach 3,000,000 head. Cattle slaughter is thus increasing and, consequently, beef production is also rising and reached in 1983 66,100 tons, up by 7.7 per cent compared to year earlier. It is projected to rise by a further 31 per cent in 1984, to 86,300 tons. Consumption has been increasing regularly in the last few years and totalled 115,500 tons in 1983, 8.5 per cent more than in 1982, and it is expected to reach 126,300 tons this year. As a result, beef imports, which in 1983 reached a record level of 49,400 tons, (45,300 tons from Australia and the rest from New Zealand and Sweden), are expected to fall to some 40,000 tons, according to reported plans of the Ministry of Agriculture.

97. Pigmeat is competing strongly with beef. By far the most important meat consumed in the Republic of Korea, the production of pigmeat reportedly increased by 24 per cent in 1983, to 295,000 tons, a further rise of 13 per cent being expected for the current year, while consumption is expected to rise by only 10 per cent. The number of pigs (which would have apparently risen by as much as 80 per cent in 1983, to about 4,000,000 head), falling pig prices and rising feed costs are the main causes for this surplus situation. As a result, the Korean authorities have taken a number of measures such as governmental purchases, instructing large-scale breeders to reduce their herds, and temporary reduction of the releases from storage of imported beef. The increase in the price of imported beef could possibly be decided in order to shift the rising consumption of beef to competing meats, mainly pork. Along with the rising production of beef, the depressed situation in the pig industry is pressing beef imports downwards.

	1981	1982	%Change 1982/81	1983	%Change 1983/82	1984
Cattle Numbers <sup>1/</sup>	1,506	1,754	+16.5	2,215	+26.3	2,553
Beef and Veal <sup>2/</sup> :						
Production	69	61	-11.3	66	+7.7	86
Imports	25	42	+68.0	49	+19.0	40
Consumption	93	107	+14.3	116	+8.5	126
	<sup>1/</sup> '000 head	<sup>2/</sup> '000 tons				

### Malaysia

98. Malaysian imports of beef in 1983 totalled 10,910 tons, a decrease of 4.1 per cent from year earlier. The Malaysian market has experienced important changes since 1982. The origin of these changes was the outbreak of foot and mouth disease in 1982 in West Malaysia. Since then, the authorities have allowed imports of meat from foot and mouth disease countries, and as a result, Indian buffalo entered the market, as did Brazilian beef more recently but on a much smaller scale. The massive arrival of cheaper Indian meat occurred at the expense of other exporters, but the most strongly affected was Australia, whose market share fell from 84 per cent in 1982 to 33 per cent in 1983. India was, in 1983, by far Malaysia's first supplier with a share of 64 per cent of the market, constituting 6,991 tons (against only 698 tons in 1982, a 6 per cent share). All the other traditional suppliers, New Zealand, the United States and the EC have also seen their exports to this market decline.

### Singapore

99. Singapore imported 11,475 tons of beef in 1983, about 15 per cent less than in 1982. The reason for this decline is reportedly linked to the ban on Malaysian imports of beef from Singapore, as Singapore re-exports part of its imported beef and its main market is Malaysia. Singapore exports to this country accounted for 70 per cent of Malaysian beef imports in 1982, but only for 46 per cent in 1983. Australia continues to be Singapore's major supplier, although its share of the market fell by some 4 per cent to 65.4 per cent, followed by New Zealand and the United States, which increased their market shares by 3 per cent (to 27.3 per cent) and 1 per cent (to 5.8 per cent) respectively. Since February 1984, Argentina, Brazil and Uruguay are authorized to export some types of beef to Singapore (frozen boneless beef in the case of Brazil and frozen bone-in beef in the case of Argentina and Uruguay). Imports of beef from these countries seem to be increasing, while it would appear that Australian exports of frozen beef to Singapore during the first half of 1984 fell by some 42 per cent. South American beef is believed to be sold at much lower prices, and is gradually taking over the trade in lower-quality lean beef. It is estimated that incomes continued to improve in Singapore during 1984, thus probably affecting beef consumption positively. As a result, beef imports are estimated to increase. However, trade patterns should change somewhat and the South American countries' share of the market is expected to become more significant.

### Taiwan

100. Cattle numbers in Taiwan are estimated to have totalled 129,852 head in 1983 (including buffalo), up by 0.3 per cent from year earlier. The structure of the cattle population has been changing in the last few years, in that buffalo numbers have been decreasing, while beef and dairy cattle numbers have been rising. In fact, since 1980, buffalo numbers have fallen by 16 per cent to 45,130 head in 1983 (about 35 per cent of total herd), and beef and dairy cattle increased by 6 per cent to 84,720 head (about 65 per cent of total herd). Production of beef (including buffalo) increased by about 11 per cent in 1983, by virtue of an increase in slaughter and higher slaughter weights. As in other countries of the region, demand for beef has been increasing as a result of rising incomes and, in 1983, total consumption rose by 15.5 per cent to 29,463 tons (1.6 kg. per capita).

101. As consumption has been increasing faster than production, imports have been rising steadily and, in 1983, totalled 23,077 tons, 16.7 per cent more than in 1982. Australia is by far Taiwan's major supplier of beef with a market share of about 83 per cent in 1983. New Zealand and the United States were the other major suppliers with a market share of 11 and 6 per cent respectively. According to official sources, the cattle herd is expected to rise to 156,600 head in 1991; production by 41 per cent to about 9,000 tons, and consumption by some 70 per cent to 50,268 tons. Consequently, imports are expected to rise further to some 41,394 tons, up by 79 per cent from the 1983 level. Longer-term forecasts indicate that in 2001 the cattle herd is expected to total 288,300 head; production of beef 16,000 tons; consumption 78,676 tons and imports 62,339 tons.

	1981	1982	%Change 1982/81	1983	%Change 1983/82
Cattle numbers <sup>1/</sup>	128,170 (78,430)	129,440 (82,330)	+1.0 (+5.0)	129,852 (84,720)	+0.3 (+2.9)
Beef and veal <sup>2/</sup> :					
Production	5,190	5,740	+10.6	6,386	+11.3
Consumption	..	25,517	..	29,463	+15.5
Imports	..	19,777	..	23,077	+16.7

<sup>1/</sup> Head, including buffalo. Figures in brackets exclude buffalo.  
<sup>2/</sup> Tons, including buffalo

V. SITUATION AND OUTLOOK IN THE INTERNATIONAL PIGMEAT MARKET

102. Production and consumption of pigmeat is concentrated in Europe (including the USSR), North America and in certain countries of the Far East. Consequently, trade in pork and pork products is highly concentrated amongst these countries. Indeed roughly three-fourths of trade in these products occurs amongst European countries alone (including intra-EC trade). The volume of international trade in pigmeat is not only less in absolute terms than that of bovine meat (about 1.4-1.5 million tons versus about 3.5 million tons), but it also accounts for a lower proportion of world production and consumption than does bovine meat. While bovine meat trade accounts for about 8-10 per cent of world production and consumption, pigmeat trade accounts for only about 4-5 per cent.

103. International trade in pigmeat falls into two categories: that of fresh and frozen pork and that of canned or other processed product. Based on very rough estimates, it would appear that, in carcass weight equivalent terms, both trade volumes are of about equivalent size. As regards canned or otherwise processed product, the import side of the market is dominated by the United States (the majority of such trade being of canned-cooked hams and shoulders). As regards exports, the single largest participant is the EC (Denmark and the Netherlands), but several countries of Eastern Europe (particularly Poland) are also major exporters.

104. As regards fresh and frozen products, the number of major exporters is more numerous. The major exporters are the EC (primarily Denmark), Canada, Hungary, the United States, Sweden and Finland. The United States, Japan, the EC and the Soviet Union account for roughly two thirds of world imports.

105. Given their dominating position in world pigmeat trade, the improved situation in the market situations in the EC and the United States in 1984 had a positive influence on world trade. In the United States pork production began a normal cyclical contraction in mid-1984 and it is believed that production decreased rather sharply during the second half of the year. As a consequence, and aided by relatively strong demand, prices averaged 15-20 per cent above year earlier. As a result of the decreased supply and higher domestic prices (and aided by the high value of the US dollar), imports of pork and of live pigs increased sharply in 1984. Pork imports are estimated to have totalled 340,000 tons, an increase of 7 per cent. On a carcass weight equivalent basis over half of these imports were of processed products. However, imports of fresh and frozen products are believed to have increased by over 30 per cent, with the largest increase being from the EC. (It might be noted that the principal EC supplier of frozen pork to the United States in 1984 was Denmark. The United States had also banned imports from Denmark because of the foot-and-mouth disease outbreak, the ban being removed on 1 January 1984.) It might also be noted that the level of exports of frozen pork by the EC to the United States in 1984 was unprecedented. Canada though, is the principal supplier of fresh and frozen pork to the United States and, in 1984, its exports increased sharply. However, the level of live slaughter pig exports by Canada to the United States was most notable. They are estimated to have totalled 1,100,000 head - over twice as many as in 1983 (part of the reason seems to have been that a lengthy strike was experienced in the Canadian meat packing industry in 1984).

106. In the EC it is also believed that production decreased during the second half of the year. It is clear that prices in all member states averaged above year-earlier levels. The production decrease was provoked by the preceding lengthy period of low prices and sharply higher feed prices. Additionally, the fact that Denmark had been banned from exporting fresh or frozen products to North America and Japan meant that a large additional amount of pork had had to be absorbed within the Community (the only other EC states permitted to export to Denmark's traditional markets, Ireland and the United Kingdom, being unable to fill the void left by Denmark's absence on those markets). However, the ban placed by Japan was removed in September 1983 and that placed by the United States was removed in January 1984. A sharp recovery in the EC's exports has followed. It is estimated that exports may have increased by over 30 per cent to 350,000 tons. It could be noted that the improved market situation, combined with the strength of the US dollar, were factors causing the EC to sharply reduce export refunds on pork and pork products in September 1984. For example, the restitution on whole or half carcasses, which had been 36ECUs per 100 kg. during the first eight months, was reduced to 28ECUs. The refund for canned hams, which began the year at 65ECUs per 100 kg., was further reduced from 55ECUs to 42ECUs. (It might be noted that Canada placed a countervailing duty on canned ham imported from the EC in mid-1984, Canada having determined that the price at which EC products were being sold in Canada, with the aid of export restitutions, was damaging Canadian interests.)

107. The two other major participants as regards international pork trade are Japan and the Soviet Union. In Japan, pork production has been relatively stable since 1982. Correspondingly, prices have been relatively stable. Nonetheless, it is expected that pork imports will increase again in 1984 from their record level of 236,000 tons in 1983. Despite the stability of consumption during the last few years, it is believed that demand for pork in Japan is strong and will grow.

108. It is believed that the Soviet Union's imports of pork will be relatively unchanged in 1984 at about 100,000 tons. This stability is expected to occur despite a further increase in pork production following the sharp (10 per cent) increase in 1983. In part, it is believed that the steady level of exports reflects the fact that production increased by less than desired. The Soviet Union is the major export market for Finland and Hungary. In 1983, the USSR accounted for about 70 per cent of Finland's exports of 13,842 tons (product weight) and for 40 per cent of Hungary's exports of 171,500 tons.

109. It is expected that the current relatively favourable situation existing in international pork markets will continue during most of 1985. It is clear that existing price levels in the EC and the United States will eventually elicit increased production but there is as yet no evidence that producers have begun to respond to those prices. It must be remembered that there is roughly a nine-month to one-year delay between the time that a decision is made to expand production, and the time that an increase in slaughter and production is realized. The continuation of the relatively favourable supply situation in the United States and the EC in 1985 augers well for the export sectors of the pork industries of countries which export to them. It is expected therefore that the exports of Canada, Sweden, Hungary and Poland could increase again in 1985.

110. There are two qualifications to be placed on the relatively favourable outlook for international pork markets in 1985. The first is that the serious imbalance existing in the bovine meat market in certain countries may result in export levels of beef which could affect pork trade. In this regard, it is possible that the prices at which beef will be offered to the Soviet Union by the EC could have a detrimental effect on the Soviet Union's pork imports. Secondly, given the supply and price situation, which is likely to exist for pork in Japan, it is unlikely that imports will increase significantly. Finally, it is possible that the decreases in feed prices which occurred during the second half of 1984 (and the high levels of feedgrain stocks) could result in production increases in some countries sooner, and of a greater magnitude than is currently believed.

SELECTED COUNTRIES' TRADE IN PIGMEAT

A. EXPORTS<sup>1/</sup>

	1982	1983	%CHANGE FROM YEAR EARLIER	FORECAST 1984	%CHANGE FROM YEAR EARLIER
EEC	223.0	265.0	+29.0	350.0	+32.0
CANADA					
HUNGARY	155.3	171.5	+10.0		
USA	97.0	99.0	+2.0	84.0	-15.0
SWEDEN	56.5	52.7	-7.0	40.3 <sup>2/</sup>	
POLAND	63.6	79.1	+24.0	39.3 <sup>2/</sup>	

B. IMPORTS<sup>1/</sup>

	1982	1983	%CHANGE FROM YEAR EARLIER	FORECAST 1984	%CHANGE FROM YEAR EARLIER
USA	278.0	318.0	+14.0	409.0	+29.0
JAPAN	201.0	236.0	+17.0	250.0 <sup>3/</sup>	+6.0
USSR <sup>3/</sup>	115.0	100.0	-13.0	100.0	0.0
EEC	112.0	65.0	-42.0	100.0	+54.0
POLAND	71.0	27.1	-62.0	100.0 <sup>3/</sup>	+269.0

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

<sup>2/</sup>First six months

<sup>3/</sup>Source: USDA

VI. SITUATION AND OUTLOOK IN THE INTERNATIONAL POULTRYMEAT MARKET

111. International trade in poultrymeat is even more concentrated than is that of pigmeat. As regards exports, about 80 per cent is accounted for by the EC, the United States, Hungary and Brazil. As regards imports, about 60 per cent is accounted for by the countries of the Middle East (primarily Saudi Arabia, Egypt and Iraq), the Soviet Union and Japan. The vast majority of poultrymeat trade is of frozen chickenmeat (either whole or in pieces) with only a modest amount comprised of turkeymeat and meat of other birds.

112. International trade in poultrymeat has grown rapidly during the last ten years, more than doubling during the period. In part, this growth derives from a broad-based growth in meat demand in many countries either because of increased income or because of the rapid increase in beef prices in a number of countries during the late 1970s to early 1980s. Most significant has been the growth in demand in the Middle East where imports grew from virtually nothing ten to twelve years ago to a level which currently accounts for about one third of world imports. The reasons for the growth of imports by the Soviet Union and Japan are roughly the same as those for other meats.

113. During 1984, the international poultrymeat market was characterized by a situation which was in some ways comparable to that of bovine meat. Of particular importance in this regard was the decreased import demand in the Middle East. The USDA estimates that poultrymeat imports of six major countries in the Middle East (including Egypt) decreased, in total, by 14 per cent or 68,000 tons in 1984. As for bovine meat, part of the reason for the decreased demand relates to the lower level of oil revenues generated in the region, with the consequent effects on income, aid to non-oil producing countries of the region, and so on. An additional reason, however, and an important one, is the fact that production of poultrymeat in major importing countries of the region has increased rapidly. It is estimated that production in Saudi Arabia for example, increased by 26 per cent in 1984 which in turn would represent a three-fold increase relative to 1979-80. Similarly, production in Egypt is believed to have increased by 4 per cent in 1984 and was 11 per cent higher than in 1982. Finally, a significant factor adversely affecting poultry demand in the region may have been the availability and price of imported bovine meat. Unofficial information indicates that on certain tenders in some countries, imported bovine meat may have been priced under imported poultrymeat.

114. As regards the USSR, it also appears that increased domestic production affected the demand for poultry imports. It should be noted in this regard that the sharp increases in feedgrain imports during 1984 appear to have aided the USSR to increase poultry production. Japanese production is also believed to have increased significantly in 1984, aided by the lower price of imported feedgrain during the second half of the year. As a consequence, despite relatively strong meat demand, it is believed that imports were unchanged relative to year earlier.

115. Despite the relatively weak demand situation on international poultrymeat markets in 1984, (which produced an estimated aggregate contraction of imports of major importers of about 6 per cent, or about 45,000 tons), aggregate production of the four major exporting countries (the United States, Brazil, Hungary and the EC) is estimated to have increased by 1 per cent. In essence, the decreases experienced in Brazil and Hungary (of 6 and 7 per cent respectively) were not sufficient to outweigh the increase in the United States and the EC (of 3 and 1 per cent respectively). Fortunately, as regards the international market situation, a significant increase in demand for poultrymeat in the United States and the EC meant that the increased production was absorbed on their internal markets. Indeed, despite the increased production, producer prices for poultrymeat were sharply higher in both the EC and the United States in 1984.

116. For 1985, it is difficult to suggest that much improvement in international trade opportunities will occur. As a general factor, it could be noted that the depressed situation in world feedgrain markets will act as a significant stimulant to poultry production in a number of countries, but most notably in the United States, the EC and Japan. Demand for imports in the Middle East is unlikely to increase, for largely the same reasons which caused the depressed situation in 1984. Of particular note is the fact that further increases in production are anticipated in the major importing countries of the region. The outlook for the bovine meat market suggests conflicting influences as regards possibilities in the poultrymeat trade. The increased supplies of bovine meat in the foot-and-mouth disease zone of world bovine meat trade will mean sharp competition for poultrymeat in the Middle East and the Soviet Union. However, the improved bovine meat situation in the foot-and-mouth disease-free zone could mean increased demand for poultrymeat, particularly in the United States.

SELECTED COUNTRIES' TRADE IN POULTRYMEAT

A. EXPORTS<sup>1/</sup>

	1982	1983	%CHANGE FROM YEAR EARLIER	FORECAST 1984	%CHANGE FROM YEAR EARLIER
EEC	440.0	440.0	0.0	420.0	-4.5
BRAZIL <sup>2/</sup>	302.0	289.0	-4.5	305.0	+5.5
USA	261.0	225.0	-13.8	206.0	-8.4
HUNGARY	178.2	185.7	+4.2	158.0 <sup>2/</sup>	-15.0
TOTAL	1,181.2	1,139.7	-3.5	1,089	-4.4

B. IMPORTS<sup>1/</sup>

	1982	1983	%CHANGE FROM YEAR EARLIER	FORECAST 1984	%CHANGE FROM YEAR EARLIER
MIDDLE EAST <sup>2/</sup>	498.0	497.0	0.0	429.0	-13.7
USSR <sup>2/</sup>	260.0	206.0	-20.8	225.0	+9.2
JAPAN	103.0	101.0	-2.0	101.0 <sup>2/</sup>	0.0
TOTAL	861.0	804.0	-6.6	755.0	-6.1

<sup>1/</sup>000 tons, includes fresh, chilled and frozen product

<sup>2/</sup>Source: USDA

## VII. SITUATION AND OUTLOOK IN THE INTERNATIONAL SHEEPMEAT MARKET

117. As regards consumer preference amongst the three types of red meat and of poultry, sheepmeat is by far the least preferred in the majority of countries participating in the Arrangement Regarding Bovine Meat. Indeed, in only three countries (Australia, New Zealand and Uruguay) does consumption surpass 10 kg. per capita. As a consequence, international trade in sheepmeat is smaller in magnitude and has exhibited less buoyant growth than has other meat. The number of countries participating in world trade in sheepmeat is the most limited of all major meats: two countries (Australia and New Zealand) account for over 75 per cent of world exports; the countries of the Middle East, the Soviet Union, the EC and Japan account for over 90 per cent of world imports.

118. World trade in sheepmeat is divided into two major categories: that of mutton and that of lamb. The markets for each are basically unrelated: lamb is a high-quality meat and is consumed directly; mutton is, in a majority of importing countries, processed or transformed prior to being consumed (indeed, in some countries it is simply used as a beef extender), although in some Middle Eastern countries, it is consumed directly. There is also an important trade in live sheep between Australia and countries in the Middle East.

119. As regards the Middle East and Soviet Union, it would appear that the same general comments which apply to the market situations for bovine meat and poultry in 1984 also apply to sheepmeat; namely, reduced demand for imports as a result of increased domestic production of meat, lower rates of income growth and an increased total availability of all meat. As regards the Middle East, however, it would appear that demand for sheepmeat in several countries has suffered less than has that for other meat, since sheepmeat is the preferred meat and since, in principle, mutton is the cheapest meat available on the international market (although there are some indications that bovine meat may now be priced below mutton on certain markets).

120. The demand for imported mutton in Japan also appears to have suffered in 1984 as a result of the increased availability of imported pork (mutton and pork being largely substitutable in the processed meat industry). Indeed, imports of sheepmeat, which totalled 165,000 tons in 1983, could fall by as much as 15 per cent in 1984.

121. As regards the EC, imports of sheepmeat are largely conditioned by the demand for imported lamb in the United Kingdom and by the availability of lamb from New Zealand. In 1984, it is not believed that demand for imported lamb is very strong (due partly to increased production in the EC). Moreover, export lamb production in New Zealand is forecast to decrease in 1984. It could be noted that lamb exporters to the EC agree each year to restrain their exports to a predetermined level; the level for 1984 was, in total, 320,000 tons.

122. Notwithstanding the relatively mediocre demand situation on international sheepmeat markets in 1984, it would appear that producer prices in both Australia and New Zealand have been relatively buoyant. In large part, this reflects the weaknesses of the currencies of both countries and, at least in the case of Australia, it also reflects

a relatively strong domestic demand for sheepmeat. Current projections suggest that sheepmeat production in New Zealand could decrease by about 2 per cent in 1984 (to 669,000 tons), while Australian production is forecast to increase by about 4 per cent to 473,900 tons.

123. As regards 1985, it does not appear that, at the present time, the outlook is very promising. A significant factor, especially as regards mutton, will be the likely further deterioration of the international bovine meat market. It appears likely that beef will underprice mutton in the Middle East and the Soviet Union. As regards lamb, a further increase in EC production appears feasible and, given the further likelihood of little growth in income or decrease in unemployment levels, little growth in meat demand generally is likely. Added to the uncertain demand outlook for world sheepmeat markets in 1985 are the forecasts of increased production in both Australia and New Zealand (of 4 per cent and 12 per cent respectively). Consequently, present indications suggest a further deterioration of the supply-demand situation on world sheepmeat markets in 1985.

SELECTED COUNTRIES' TRADE IN SHEEPMEAT

A. EXPORTS<sup>1/</sup>

	1982	1983	%CHANGE FROM YEAR EARLIER	FORECAST 1984	%CHANGE FROM YEAR EARLIER
NEW					
ZEALAND	461.6	522.3	+13.0	516.0	-1.0
AUSTRALIA	234.7	173.8	-26.0	153.3	-12.0
TOTAL	696.3	696.1	0.0	669.3	-4.0

B. IMPORTS<sup>1/</sup>

	1982	1983	%CHANGE FROM YEAR EARLIER	FORECAST 1984	%CHANGE FROM YEAR EARLIER
EC	281.0	249.0	-11.0	245.0	-2.0
JAPAN	170.0	165.0	-3.0	140.0 <sup>2/</sup>	-15.0
USSR <sup>2/</sup>	125.0	150.0	+20.0	150.0	0.0
TOTAL	576.0	564.0	-2.0	535.0	-5.0

<sup>1/</sup>000 tons, includes both mutton and lamb

<sup>2/</sup>Source: USDA