CENTRE WILLIAM-RAPPARD, 154, RUE DE LAUSANNE, 1211 GENÈVE 21, TÉL. 022 31 02 31

EMBARGO: NOT FOR PUBLICATION
UNTIL 0001 GMT WEDNESDAY
12 FEBRUARY 1986

GATT/1381
5 February 1986

NEW GATT REPORT SUGGESTS IMPROVEMENT IN INTERNATIONAL MEAT SECTOR DURING 1986

Evidence available to the GATT Secretariat suggest that the recently depressed situation in the bovine meat sector should improve during 1986 and that the year will see some strengthening in international meat prices.

This is one of the conclusions of a report[1] on the international meat markets published today by the GATT. The report examines recent trends in production, consumption and trade in bovine meat, pigmeat and poultry and presents forecasts for 1986.

Commenting on the general situation in the bovine meat sector during 1985, the report notes that there was a global rise in production, an increase in consumption and a higher volume of trade. However, large availabilities and higher output of all types of meat, coupled with a continuing weak demand in some of the major importing regions were responsible for generally depressed bovine meat prices.

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

MORE

86-0165

The report notes that the European scene continued to be dominated in 1985 by a significant over-supply situation in the European Communities which kept domestic prices well below the intervention price. Intervention stocks were estimated at 732,000 tonnes at the end of the year - a quantity equivalent to about one year of EC exports at current levels. Private stocks in the Communities were estimated at a further 50,000 tonnes.

The report draws attention to a marked tendency towards government intervention in the meat sector during the past year. Argentina, Brazil, Uruguay, the European Communities, the Nordic countries and others made use of support measures, restitution payments, controls on production or import restraints of one kind or another.

Looking ahead to 1986, the report suggests that the production of beef and veal in most major producing countries will either fall or remain largely static. Overall, world beef production may decline by some 2-3 per cent. Production of pork, poultry and sheepmeat are expected to continue their upward trends though at a slower pace than previously.

Consumption of beef and veal is expected to decline significantly in the United States, Canada and Argentina, during the coming year, although consumption increases in most other major markets are likely to offset those reductions. As a whole, consumption of beef and veal is expected to decline in 1986 but at a lower rate than production. Pork and poultry meat consumption will continue their upward paths though less steeply than in 1985 while sheepmeat consumption will not change significantly.

The expectations for production and consumption suggest that there may be some strengthening of international prices for bovine meat during 1986, although the report warns that increased prices are unlikely to show themselves in the early months of the year given that the availability of all types of meat is currently high. Initially, at least, the levels of exports from the European Communities, Argentina and Brazil will probably maintain a downward pressure on prices in markets such as North Africa and the Middle East where import demand will continue to depend upon uncertain oil revenues.

The report says that it is difficult to forecast the intentions of the Soviet Union with respect to imports of beef and veal. On the one hand, part of the significant quantity of beef and veal coming from the European Communities, as a result of low-price sales agreements reached last year, will reach the Soviet Union only in the first few months of 1986. On the other hand, domestic production is expected to rise further in 1986.

Among general factors likely to affect the bovine meat sector in 1986, the report points to the following:

- declining production in many countries is likely to be a result of reduced cattle numbers rather than lower slaughter weights which, in some cases, in 1985, had risen sharply due to low feedgrain prices;

- increased competition in the Asian markets due partly to the presence of more potential suppliers and partly to the expected continued economic slowdown in the region;

- the value of the US dollar whose continued fall may reduce the income of some major meat exporters;

- policy measures including the dairy herd buy-out programme under the new US farm legislation and a proposed milk production limitation programme in the European Communities and

- continued effects of falling oil revenues leading some oil-producers to move away from barter arrangements involving meat towards concessionary credit arrangements.

SELECTED COUNTRIES' TRADE IN BEEF AND VEAL[1/]

A. EXPORTS

	1984	Estimates 1985	%Change 1985/84	Forecast 1986	%Change 1985/86
Argentina	250	260	+ 4.0	350	+ 34.6
Australia	617	690	+ 11.8	724	+ 4.9
Brazil	479	450	- 6.1	400	- 11.1
Canada	104	114	+ 9.8	111	- 2.6
EC	694	690	- 0.6	660	- 4.3
New Zealand	284	362	+ 27.5	395	+ 9.1
United States	152	158	+ 3.9	172	+ 8.9
Uruguay	144	139	- 3.5	90	- 35.7
Others[3/]	236	250	+ 5.9	226	- 9.6
TOTAL	2,960	3,113	+ 5.2	3,128	+ 0.5

B. IMPORTS

	1984	Estimates 1985	%Change 1985/84	Forecast 1986	%Change 1985/86
Brazil	37	70	+ 89.1	50[2/]	- 28.6
Canada	116	112	- 3.7	112[2/]	0.0
EC	360	360	- 0.0	370	+ 2.8
Japan	222	235[2/]	+ 5.9	251[2/]	+ 6.8
United States	838	885	+ 5.6	902	+ 1.9
USSR	541[4/]	500	- 7.6	450	- 10.0
Africa[2/]	380	387	+ 1.8	390	+ 0.8
Other Asia[2/]	80	60	- 25.0	63	+ 5.0
Middle East[2/]	365	370	+ 1.4	377	+ 1.9
Eastern Europe[4/]	59	37	- 37.3	35	- 5.4
TOTAL	2,998	3,016	+ 0.6	3,000	- 0.5

[1/] '000 tonnes carcass weight equivalent, includes fresh, chilled, frozen, cooked, canned and otherwise prepared bovine meat; excludes carcass weight equivalent of live cattle.

[2/] Secretariat estimate

[3/] Includes all other exporting countries participating in the Arrangement Regarding Bovine Meat. Estimates by the secretariat

[4/] Source: USDA Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1985

END