

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SITUATION AND OUTLOOK IN THE INTERNATIONAL MEAT MARKETS

Note by the Secretariat

The present note has been drawn up by the secretariat of the Arrangement in accordance with the terms of Article IV, paragraph 1(a) of the Arrangement. The note presents summaries of the international situation and outlook for bovine meat, pigmeat, poultry meat and sheepmeat, and specific elements of the world beef economy on a country-by-country basis. In the preparation of this document, the following sources, inter alia, have been used: Economic Outlook, OECD, June 1986 and OECD meat statistics; Dairy, Livestock and Poultry, World Livestock and Poultry Situation, United States Department of Agriculture, various issues for 1986; In Brief, Australian Meat and Livestock Corporation, various issues for 1986; European Weekly Market Survey, Meat and Livestock Commission, various issues for 1986; Weekly Information Bulletin, Junta Nacional de Carnes, various issues for 1986; The New Zealand Meat Producer, New Zealand Meat Producers' Board, various issues for 1986; The Reuter Meat Newsletter, various issues July-October 1986; Informe Ganadero, Buenos Aires, 1986; and replies to questionnaires submitted by 5 November 1986.

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"Tons" in the document means "metric tons, carcass weight", unless otherwise stated. Figures for 1986 are preliminary.

I. INTERNATIONAL SITUATION AND OUTLOOK IN THE BOVINE MEAT SECTOR

(a) Situation

(i) Economic

1. Revised figures for economic growth in 1986 in the OECD area indicate, at 3 per cent, a slightly higher rate than previously forecast. The upward revision is due mainly to the effects of the fall in petroleum prices, reductions in interest rates and a better pattern of exchange rates. For the developing countries, a similar or slightly higher growth rate is expected. The growth rate in the second half of 1986 in the OECD area is forecast to rise to between 3 and 3.5 per cent. It is expected that the above-mentioned factors will also have a positive effect on inflation rates, forecast at 3.5 per cent in 1986. For the twelve months to September 1986 inflation rates in the OECD area averaged 2.5 per cent. This is due to the fall in oil prices and to anti-inflation policies implemented in most countries. Employment is forecast to increase in most OECD countries in 1986 at the rate of 1.25 per cent but the unemployment level will be unchanged at 8.25 per cent of the workforce although the jobless will decrease in some countries. As concerns trade, the volume of world trade was growing at the same rate as in 1985, during the first half of 1986, according to GATT experts.* For the whole of 1986, they forecast that world merchandise trade will expand by some 3.5 per cent, slightly more than in 1985, after an increase in the first half of the year estimated at 3 per cent in volume terms and 8 per cent in value terms, reflecting the depreciation of dollar values over the last twenty months.

(ii) Grains**

2. According to the Wheat Council, total production of coarse grains amounted to 836,000,000 tons in 1985, a record level. Estimates in late September put the production in 1986 at a slightly lower level: 831,800,000 tons. Consumption reached 773,000,000 in 1985 and is expected to increase to 800,000,000 tons this season. Some 89,000,000 tons are expected to be traded, up by 6 per cent on year earlier while stocks are anticipated to expand by 19.6 per cent to 196,000,000 tons. The abundance of cereals, including feedgrains, on the world market in the last few years has increased competition and put heavy pressure on grains prices. Since the 1983/84 season, United States export prices of maize (corn) have thus declined by 50 per cent while those of sorghum have fallen by 51.9 per cent. In view of available large supplies, weak import demand and policy measures in major producing and exporting countries, resulting in reduced prices for wheat and maize, it does not seem likely that there will be any appreciable rise in world grain prices in the near future. The low maize * prices have greatly improved the price ratios of hog/maize and steer/corn. These have risen recently to record highs of 45.3 for hogs and 42.6 for cattle, for instance, in the United States thus rendering livestock-rearing more profitable.

* International Trade 1985/86

** Source: mainly I.W.C. Market Report, 25 September 1985; and FAO perspectives de l'alimentation, septembre 1986

(iii) Bovine meat

3. Like in 1985, the bovine meat sector has been affected in the current year by large availabilities of all types of meat mainly as a result of abundant supplies of low-priced feedgrains (see paragraph above). However, international prices for bovine meat seem to be increasing as a consequence of rising import demand in a number of major countries.

4. As concerns world production of bovine meat, no significant changes should have occurred in the current year as to total volume. The reasons for this lie in a certain number of unexpected elements which balance themselves out more or less, such as (according to recent information) production rises in the United States instead of the anticipated decline, in Argentina and in Uruguay, and a lower production decline than earlier expected in the European Community (of ten). Projections for bovine meat output expansions in Oceania are confirmed, and it is believed that in Brazil, reflecting the difficult local situation, production will fall quite substantially. In the United States the production increase is largely due to the Dairy Termination Programme. Commercial production rose by some 3.5 per cent in the first half of the year; however, lower slaughter weights in the second half should bring total production growth down, and for the year as a whole, the increase should be less important. In Argentina, the expansion of output would be related to higher slaughter weights (while slaughter levels have been declining only marginally) and to a continuing rise in domestic demand. The slower rate of decline of beef and veal output in the European Community is probably linked to higher average carcass weights (in particular in the Federal Republic of Germany) related to the low price of feedgrains and probably also to the shift of some producers from the raising of dairy cattle to that of steers. In Australia, the growth in the overall annual production results mainly from the sharp rises registered at the beginning of the year, as a consequence of poor seasonal conditions, while it could be expected that in New Zealand production will also increase, after the delays in slaughter at the beginning of the year. It is not yet clear how far the Brazilian farmers' reluctance to sell cattle to the abattoirs at the price fixed by the Government, have affected beef and veal production. Estimates in October put the Brazilian production in 1986 5.5 per cent lower than last year. However, the situation has since deteriorated further, and the decline could be even more important. Beef and veal production in the Soviet Union may have risen by some 3 per cent, while in other major producing countries such as Mexico and Canada, it has declined.

* The number of maize bushels that can be purchased for every 100 lbs. of livestock.

5. Generally speaking, consumption of bovine meat over the last few years has been negatively affected by the difficult economic situation in a number of major producing (and consuming) countries, by high levels of unemployment, competition from lower-priced meats (in particular, poultry meat) and increasingly, by health considerations. In 1985, high levels of bovine meat supplies and generally depressed prices seem to have stimulated beef and veal consumption somewhat, and it can be reasonably expected that in 1986, overall world consumption will continue to rise. However, the situation varies strongly from country to country. Available projections for the current year suggest that per capita consumption will fall both in the United States and in Canada. In the European Community, improved economic conditions allowed some recovery of consumption in both total and per capita terms in 1985, and this should persist this year. In Australia, an increase in total intake of beef and veal is likely while that of per capita will remain at the previous year's level. A growth in both total and per capita consumption should have occurred in New Zealand. While the situation in Brazil remains problematic to assess, total consumption and per capita consumption are expected to have risen. Per capita consumption may have increased by almost 9 per cent in Argentina, while in Uruguay consumption is likely to have declined as a result of rising exports. Available data suggest an increase in consumption in the Soviet Union resulting both from higher output levels (which were apparently not seriously affected by the Chernobyl accident) and large beef purchases from the EC at the end of 1985 and beginning of 1986. It is generally accepted that bovine meat consumption in the Middle East, although still rising, may be doing so at a slower rate than in recent years, partly as a consequence of the expansion of domestic output of poultry meat, and the departure of foreign workers.

6. As mentioned above, large availabilities of all types of meat continued to affect the bovine meat sector this year. Nevertheless, the international trade situation has been improving over the last few months, and international prices are strengthening. This is the result in part of rising purchases by some major traditional importers (United States, Japan) but may well be mostly due to the situation in Brazil. In fact, the situation there during 1986 has probably been the single most important factor in the developments on the world bovine meat market. Indeed, the fact that Brazil became, in a matter of months, a major importer of bovine meat, from having been a major exporter, helped to relieve the pressure on prices from the large surpluses existing since a considerable part of those was sold to that country. The European Community was the first beneficiary of this situation: 200,000 tons of intervention beef already sold to Brazil and 100,000 tons (and maybe more) will probably follow; the United States agreed on a 90,000 tons sale to Brazil, virtually all the meat it needed to export under the provisions related to the Dairy Termination Programme, and Uruguay has already sold more than 70,000 tons. Other positive impacts of the Brazilian purchases include a big drop in the European Community's intervention stock levels; increases registered by both Argentina and Uruguay in their export returns, which seems to be due, at least to some extent, to the levelling-off of competition on certain markets and the consequent price increase. Finally, countries like Australia and New Zealand may benefit from the possible absence, at least of Brazil, in certain Asian markets. The Brazilian difficulties have also led the country to purchase abroad not only bovine meat, but also increasing quantities of both pigmeat and sheepmeat.

TABLE 1
SELECTED COUNTRIES' TRADE IN BEEF AND VEAL¹

A. EXPORTS

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Argentina	260	230	-11.5	260 ⁶	+13.0
Australia	707	745	+5.4	685 ⁶	-8.1
Brazil	438	250 ⁶	-42.9	220 ⁶	-12.0
Canada	117	105	-10.3	100	-4.8
EC	733	1,000 ^{2,6}	+36.4	850 ^{2,6}	-15.0
New Zealand ³	356	336	-5.6	409	+21.7
United States	151	229	+51.7	206	-10.0
Uruguay ⁴	134	196	+46.3	164	-16.3
Others ⁴	395	310	-21.5	360	+16.1
Total	3,291	3,401	+3.3	3,254	-4.3

B. IMPORTS

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Brazil	48	500 ⁶	+941.7	600 ⁶	+20.0
Canada	116	107	-7.8	100	-6.5
EC	395	380	-3.8	380 ⁶	0.0
Japan	226	235 ⁶	+4.0	244 ⁶	+3.8
United States	947	974	+2.9	984	+1.0
USSR ⁵	320	300	-6.3	280	-6.7
Africa ⁶	387	390	+0.8	400	+2.6
Other Asia ⁵	80	77	-3.8	80	+3.9
Middle East ⁵	139	121	-12.9	122	+0.8
Eastern Europe ⁵	35	43	+22.9	63	+46.5
Total	2,693	3,127	+16.1	3,253	+4.0

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

² EC of twelve

³ Year ended 30 September

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

⁵ Source: USDA Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1985

⁶ Secretariat estimate

(b) Outlook

(i) Economic

7. Economic conditions in the OECD are expected to continue to improve in 1987 when growth rates are forecast to be maintained at the same level as in 1986 or maybe even slightly higher. Growth rates are projected to be less dissimilar in the various OECD countries in 1987 than they were a few years back, ranging from an anticipated 3.75 per cent in the United States to 3 per cent in Japan, 2.5 per cent in the European Community and zero in New Zealand. Inflation rates will continue to decrease and are expected to average 3 per cent in 1987. Employment growth is expected to continue at the same rate as in 1986 but slowing down somewhat during the second half of the year. Unemployment levels are not expected to decline more than marginally in 1987 and will, for instance, stabilize in Europe at around 11 per cent of the workforce, which would mean 19 million people during the second half of 1987. The growth in real domestic demand that it is expected took place in 1986, is forecast to continue in 1987, a factor of importance to demand for beef.

(ii) Bovine meat

8. The majority of factors which affected the international bovine meat sector in 1986 is expected to continue to exert an extensive influence throughout 1987. This means, inter alia, that large supplies of low-priced feedgrains will continue to boost production of competing meats, poultry in particular. However, it also means that the positive factors which were present in 1986 will continue to have an impact on the sector in 1987, and possibly in a more important way than negative factors.

9. World production of beef and veal may well decline next year (by about 1.5 per cent, to some 42,000,000 tons) as a result of drops in major producing countries and regions such as the United States, the European Community, Canada, Australia, Argentina and Uruguay. Although it is expected that world consumption will continue to slide, this would essentially be due to important reductions forecast in United States and Canadian consumption (-5 and -3 per cent respectively) which basically would reflect similar reductions in these countries' output. Most other consuming countries or regions are projecting higher consumption levels, and consequently world consumption of bovine meat should decline less than production. It is conceivable that the Soviet Union's intake will rise further, while in the Middle East countries the expansion of consumption should continue to slow down. Simultaneously, consumption of both pigmeat and poultry meat should continue to grow although, according to available data, the trend of rising poultry meat intake would slow down for the second year in a row. Sheepmeat consumption, after having probably already dropped during the current year, would continue to fall in 1987.

10. Taking into account the expected further strengthening in the world economy in 1987, and the above-mentioned evolution of both production and consumption, conditions seem to be set for a somewhat brighter scenario for the international bovine meat trade than in the last several years. Furthermore, the foreseeable persistence of strong import demand in Brazil will continue to play a major role. After all, the recent decline in the European Community stock levels, largely due to the sales to this country,

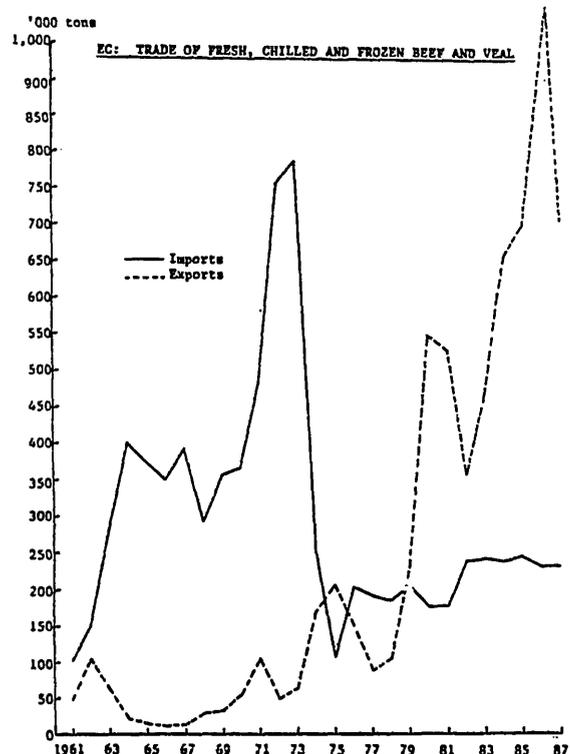
could well continue next year as the EC will probably remain a major Brazilian supplier. Indeed, taking into account the quantities that Brazil would have to import in 1987, no other exporter seems to be in a position to supply such quantities of meat at the prices paid by Brazil. Also, both the United States and Uruguay (the two other major suppliers of beef and veal to Brazil in 1986) are expecting lower production levels. It can thus be expected that international bovine meat prices will continue to strengthen next year (this may well explain the recent reduction of EC export refunds for fresh and chilled beef). In these conditions, and in spite of the still high supplies of all types of meat, it would seem that 1987 will be a more favourable year for the international bovine meat trade (in particular in value terms) compared to the last few years.

II. COUNTRY-BY-COUNTRY ANALYSIS

EUROPEAN COMMUNITY

11. Cattle and calf numbers in the European Community (12) are projected at 83,500,000 head at the census in December 1986, slightly less (-0.1 per cent) than year earlier. This would be due to a drop in dairy cows (-0.7 per cent) and heifers (-0.7 per cent) as a result of the EC dairy programme, as well as to a fall in the numbers of young male animals (-1.6 per cent). Beef cow numbers are expected to increase (+1.7 per cent) as well as those of calves (+0.6 per cent). Cattle and calf slaughter is expected to total some 30,765,000 head (EC(12)) in 1986, 5.1 per cent more than in EC(10) in 1985. However, average slaughter weights are believed to decrease somewhat (-0.4 per cent). For 1987, a drop in slaughter is forecast (-3.8 per cent). Production of bovine meat will total 7,720,000 tons in the EC(12) in 1986, according to the latest available (June) forecasts, some 4.7 per cent more than in EC(10) in 1985. The increase is due to the recent adherence of Portugal and Spain to the Community. In 1987, a reduction of some 3 per cent is forecast as a result of cyclical factors but also due to Government measures in the agricultural sector, in particular, in the dairy sector. Intervention stocks in the Community totalled 508,452 tons at the end of September 1986, a reduction of 28.4 per cent, compared to the record high level at the end of September 1985. Forecasts from June 1986 put end of year stocks at 625,000 tons, 75,000 tons of which would be private.

12. Consumption of beef and veal in the Community (12) is projected at 7,600,000 tons in 1986 and 23.6 kg. per capita. This would be 8.8 per cent more and 7.8 per cent less respectively than in 1985 (EC(10)), both the higher and the lower figure being explained largely by the presence in the statistics of 1986 of two new members. A small drop (-0.7 per cent) in beef and veal consumption is forecast for 1987, in part due to an anticipated fall in production. As concerns trade, the EC is to import a total of 380,000 tons of bovine meat in 1986, 3.8 per cent less than in 1985. A major part of the meat originates from Austria and Yugoslavia (fresh and chilled), and from Brazil and Argentina (frozen). Beef and veal exports from the Community are likely to break all previous records in 1986 since it seems more than likely that they will reach about 100,000 tons, surpassing the previous record level in 1985 by 36.4 per cent. This volume of exports has only been made possible by the urgent and large import needs of Brazil. Indeed, the EC has sold a minimum of 200,000 tons of beef to that country this year, for delivery before the end of the year. However, further large sales to Brazil have been reported to be discussed. Other destinations for large volumes of EC beef were the USSR, Egypt, Iraq and Iran. A drop in exports is forecast for 1987.



	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	78,766	83,600	+6.1	83,500	-0.1
Beef and veal: ²					
Production	7,377	7,720	+4.7	7,485	-3.0
Consumption	6,985	7,600	+8.8	7,550	-0.7
Imports	395	380	-3.8	380	0.0
Exports	733	1,000	+36.4	850	-30.0

¹'000 head, December ²'000 tons

Note: All figures for 1985 are for EC(10) and for 1986 and 1987 for EC(12).

AUSTRIA

13. After four years of growth in cattle numbers, the Austrian cattle herd showed a decline of 0.5 per cent at the census in December 1985. Dairy cow numbers fell by 1 per cent, those of beef heifers by 4.5 per cent, steers by 8.6 per cent, and those of calves by 0.7 per cent. Cattle and calf numbers totalled 2,655,000 head compared to 2,669,000 head the year before, the latter figure being at a record high level. Slaughter rates increased by some 3.7 per cent in 1985 but as could be expected by the decrease in numbers, cow and heifer slaughter rose by more than 12 per cent. No production figures are as yet available for 1985 but it could be assumed that production grew by a little less than slaughter since average carcass weight of slaughtered animals fell. Consumption of beef and veal decreased for the fourth consecutive year in 1984/85 reaching, with 159,500 tons (21.1 kg./capita), the lowest level in twenty years and a 7.3 per cent decline compared to year earlier. This drop is explained by a fall in disposable income and a rise in bovine meat retail prices. Competing meats also increased but to a lesser degree.

14. Austria exported some 26,000 tons of fresh and chilled bovine meat in the first half of 1986, compared to 30,000 tons in the same period a year earlier, a drop of 13.3 per cent. In view of this reduction it does not seem likely that exports in 1986 will break the record of those in 1985, although they will probably reach around 50,000 tons. Austria's major customer for fresh and chilled bovine meat is Italy, who takes around 90 per cent of the beef exported. Austria also traditionally exports live cattle although the numbers have declined substantially in recent years. In the first half of 1986, 6,000 head were exported, the same number as in the same period in 1985, but much less than in 1984.

* Due to lack of new material, information in this paragraph is taken as is from the June 1986 status report and consequently needs updating.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	2,655	..	..	..	..
Beef and veal: ²					
Production	..	..	..	..	..
Consumption ³	160	..	..	..	..
Exports	56	26 ⁴	..	..	..
¹ 1,000 head, 1 December		² 1,000 tons		³ 1984/85, 1985/86, 1986/87	
⁴ January-June					

FINLAND*

15. Cattle and calf numbers showed a decrease of some 1.6 per cent, to 1,566,500 head at the December 1985 cattle census. As in the last several years dairy cow numbers dropped (-4.4 per cent) as a result of the continued efforts to curb dairy production. It is projected that the herd will continue to contract in the next two years, in particular the dairy female part. Slaughter totalled 633,600 head in 1985, an increase of 0.8 per cent compared to year earlier. Adult female and male slaughter increased somewhat (by 1.9 per cent and 1.6 per cent respectively) while that of calves dropped (by 10.2 per cent). Slaughter will continue to increase in 1986, in particular that of female cattle. Total bovine meat production in 1985 amounted to 126,670 tons, a minor part of which was that of veal. Production of the latter has been falling for many years, from 24,000 tons in 1965 to 690 tons in 1985, while in the same period beef rose by 33.3 per cent. A decrease in beef and veal production is projected for 1986, indicating a higher rate of female cattle slaughter in the mix rather than a drop in total slaughter. Consumption of beef and veal contracted by some 6.3 per cent in 1985, to 99,250 tons (20.3 kg./capita), a greater drop than earlier anticipated. This was due essentially to an increase in pigmeat consumption resulting from, *inter alia*, lower relative prices of pork and a higher rate of increase in the retail price of bovine meat than in that of pigmeat. Consumption of pork amounted to 156,190 tons (31.8 kg./capita). For 1986, a 4.8 per cent rise in bovine meat consumption is projected on account of a foreseen drop in exports while that of pork should expand by some 3.1 per cent. Exports of bovine meat rose by 23.0 per cent in 1985 to 23,373 tons, the highest level ever. This was mainly due to an expansion of canned, cooked and processed bovine meat which increased by 137 per cent to 11,850 tons. Finland's main customer is the Soviet Union which last year bought all of Finland's exports of fresh and chilled bovine meat and nearly all the frozen exports. In 1986 exports are projected to fall as a result of reduced production and an increase in consumption.

* Information for Finland is taken as is from the June 1986 status report since no new information was available at the time of writing.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers: ¹	1,592	1,567	-1.6	1,547	-1.2
Beef and veal: ²					
Production ³	124	126	+1.5	120	-4.8
Consumption	106	99	-6.3	104	+4.8
Exports	19	23	+23.0	16	-31.5

¹ '000 head, 1 December

² '000 tons

³ Includes production from animals slaughtered both in slaughter houses and on farms.

SWEDEN

16. Herd liquidation in Sweden began in 1982 in line with Government policy, and continued in 1986. The June 1986 cattle census showed a decline in numbers of 5.7 per cent, putting the herd at 1,733,000 head (a 10.6 per cent decrease since 1982). The drop was unusually sharp compared to previous years, as a result of the effects of the two-price system for milk which has led to an increase in dairy cow slaughter and thus a contraction in dairy cow numbers of some 6.8 per cent. Further herd reductions are anticipated for 1987 and 1988, but less sharp ones. Cattle slaughter is estimated to have decreased by some 4.3 per cent in 1986, totalling 691,000 head. In the first half of the year slaughter dropped by some 1.8 per cent compared to year earlier. More cutbacks are forecast in the next two years. It is expected that production will show a corresponding fall, totalling 150,000 tons in 1986.

17. Consumption of bovine meat is expected to have risen in 1986, to some 137,000 tons (+0.7 per cent) or 16.4 kg, per capita (+0.6 per cent), in spite of a drop of 4.6 per cent in the first half of 1986. It is forecast that the consumption level in 1987 will remain stable before rising somewhat in 1988. Retail prices of beef have remained reasonably stable during 1986 with only a very marginal increase and, even compared to year earlier, price rises have not been large. The explication for the consumption expansion in 1985 and the expected one in 1986 lies largely in stable prices and the intensive sales campaigns that have taken place at irregular intervals. Sweden exported 13,800 tons of bovine meat in the first six months of 1986, 12.7 per cent less than year earlier. For the whole of 1986, it is expected that 20,000 tons will be exported, compared to 35,400 tons in 1985. The contraction of exports, which is related to the cutback in production will continue in 1987 and 1988. Most of the declines took place in exports of fresh and chilled beef whereas frozen beef exports increased. Main destinations for the latter in 1986 were the United States, Taiwan and the Philippines.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	1,838	1,733	-5.7	1,713	-1.2
Beef and veal: ²					
Production	157	150	-4.5	145	-3.3
Consumption	136	137	+0.7	137	0
Exports	35.4	20.0	-43.5	14.0	-30.0

¹,000 head, June

²,000 tons

NORWAY

18. The June 1986 census showed a 0.4 per cent decrease in cattle numbers after a less than 1 per cent increase the year before. The drop in numbers (to 968,000 head) is entirely due to the reduction in dairy cows (-2.9 per cent) and dairy heifers (-0.6 per cent), a reduction which is largely the result of governmental measures to make it less profitable to keep a large number of cows to produce milk under the two-price system. As a result of the 1985 abolishment of the slaughter premium for calves, calf numbers increased by 2.1 per cent in 1985 and by a further 0.9 per cent in 1986. Another production stabilization measure consisting of a system of decreasing prices for heavy beef carcasses was also terminated recently since these, and other measures, have now resulted in a better balance between supply and demand on the domestic market. Slaughter of cattle and calves fell by 7.3 per cent in the first half of 1986, compared to the same period in 1985, and is expected to decrease by 6.3 per cent for the year as a whole. However, since average slaughter weights are higher than year earlier, production is forecast to increase by some 0.8 per cent to 73,000 tons, in spite of a 1.1 per cent decrease in the first half of the year. Market balance in the bovine meat sector in Norway was also helped by an increase in consumption due to better economic conditions. Thus, consumption of bovine meat expanded by some 4 per cent in 1985 and another 8 per cent in the first half of 1986. Since consumer subsidies were further reduced in June 1986 and since the annual agricultural agreement resulted in price rises, it is likely that demand levelled off somewhat in the second half of the year, leading to a total consumption for 1986 only very slightly superior to year earlier. Imports of bovine meat in the first six months of 1986 totalled 2,200 tons, compared to 1,800 tons for the whole of 1986. It is not expected that total 1986 imports will be very much larger than year earlier in view of the expected trends in the second half of the year.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	972	968	-0.4	..	..
Beef and veal: ²					
Production	72.4	73.0	+0.8	..	..
Consumption	74.6	74.7	+0.1	..	..
Imports	1.8	2.5 ³	+38.9	..	..
	¹ 000 head, 20 June	² 000 tons		³ Secretariat estimate	

SWITZERLAND

19. The April 1986 cattle census showed a decrease in numbers of 1.3 per cent to 1,902,000 head, a slightly higher reduction than earlier anticipated due entirely to a 0.4 per cent drop in dairy cow numbers instead of the very slight increase expected, and to a more substantial decline in calf numbers (2.5 per cent) than earlier forecast (-1.7 per cent). Dairy heifers and beef heifers decreased as forecast (by 1.3 per cent and 1.4 per cent respectively), possibly because of the current over-production situation, making more prudent production decisions necessary. Cattle and calf slaughter fell by 4.0 per cent during the first half of the year compared to the same period a year earlier, totalling 418,300 head. In view of seasonal reductions in the second half of the year, it is likely that total inspected slaughter will show a 4.0-5.0 per cent¹ decrease in 1986. Production of bovine meat amounted to 84,800 tons in the first half of 1986, 4 per cent less than year earlier. It does not seem likely that production will be substantially higher in the second half of the year than it was a year earlier, which would mean a drop in production for the year as a whole of the same order as slaughter. The reason for the reduction is the drop in producer prices as a result of the over-production situation. A further drop should take place in 1987.

20. These prices (average prices for heifers and steers) fell from Frs 562 in the fourth quarter of 1985 to Frs 550 in the first quarter of 1986 and to Frs 529 in the second quarter. Prices also fell at the wholesale and retail level from Frs 1,100 and Frs 1,872 per 100 kg. respectively in the last quarter of 1985 to Frs 1,026 (-6.7 per cent) and Frs 1,748 (-6.6 per cent) respectively in the second quarter of 1986. In the same period, pigmeat² prices dropped from Frs 1,957 to Frs 1,818 per 100 kg. (-7.1 per cent). In spite of falling retail prices, consumption of bovine meat declined by 1.8 per cent in the first half of 1986, to 88,800 tons. This would be due to higher levels of consumption of other meats and in

¹Secretariat estimate

²Pork for roasting and stewing

particular of poultry meat. For 1986 as a whole, it would be expected that consumption of bovine meat will decrease somewhat compared to 1985, a decrease that is forecast to continue in 1987. Imports of bovine meat are not expected to be much larger in 1986 than those of 1985, that is, around 10,000 tons, in view of the surplus situation.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	1,926	1,910	-1.7	..	
Beef and veal: ²					
Production	169	162 ³	-4.1	160 ³	-1.2
Consumption	183	180	-1.6	174	-3.3
Imports	10.1	10.5 ³	+4.0	10.0	-4.8
	¹ 1,000 head, 21 April	² 1,000 tons		³ Secretariat estimate	

YUGOSLAVIA

21. Cattle and calf numbers in Yugoslavia in 1986 totalled 5,034,000 head, 3.2 per cent less than year earlier. This was the fifth consecutive year of herd reductions, but it is believed that it was the final year of liquidation and a slight increase is projected for 1987. Cattle and calf slaughter fell by some 0.7 per cent in 1985 but is believed to have recuperated slightly in 1986 although no official figures are as yet available. Estimates for beef and veal production in 1986 indicate a 2.3 per cent rise in output, compared to 1985, to 360,000 tons, suggesting an expansion of average slaughter weights. A further improvement is forecast for 1987. Consumption of bovine meat in Yugoslavia is estimated at 317,000 tons¹ in 1986, up by 1,000 tons from year earlier, in spite of the big price increases that have occurred for beef at the retail level since around the middle of 1985. In the third quarter of 1986, average retail prices, for instance, were 52.7 per cent higher than those of the first quarter and 97.0 per cent higher than during the third quarter of 1985. The rise in retail prices followed rather closely that of the average price received by producers. These price increases were presumably meant in part as an encouragement to bovine meat producers to expand output. Yugoslavia, a traditional exporter of bovine meat, in particular of "baby beef" exported some 25,300 tons in the first half of 1986, 25 per cent less than year earlier. For the year as a whole, it could be expected that exports of beef and veal will reach at least 45,000-50,000 tons. Yugoslavia's major customers in 1986 were Italy, Greece, Kuwait and Iran.

¹Source: OECD (statistics submitted by Yugoslavia to the OECD Meat Group in June 1986)

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	5,199	5,034	-3.2	5,175 ⁴	+2.8
Beef and veal: ²					
Production	352 ⁴	360 ⁴		370 ⁴	
Consumption	316 ⁴	317 ⁴		320 ⁴	
Exports	547	25.3 ³		..	

¹ 1,000 head ² 2,000 tons ³ January-June ⁴ Source: OECD Op. Cit.

BULGARIA

22. According to recent information, cattle herd liquidation continued unabated in Bulgaria in 1986 and even accelerated. Herd numbers totalled 1,706,000 head, 2.6 per cent less than in 1985 and 5.6 per cent less than at their peak in 1982, a year when numbers reached a record level (1,807,000 head). Comparing the herd structure at its peak with 1986, it appears that a change is taking place towards more beef cows, a category that has expanded almost five times since 1982 while dairy animal numbers have fallen off by some 7.4 per cent during the same period. Slaughter of bovine animals increased by some 2 per cent during the first half of 1986. However, because of lower slaughter weights, production of beef and veal dropped by 1.6 per cent to 63,000 tons. Total production in 1986 should be around 132,000 tons, 1.5 per cent less than year earlier. More than 70 per cent of the meat should be veal.

23. There was a considerable (+400 per cent) increase in beef and veal exports from Bulgaria during the first half of 1986. Exports totalled some 5,000 tons of frozen meat, mostly veal ("baby beef"), the majority of which was sold to Jordan. Total exports in 1986 will probably reach some 10,000-11,000 tons.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	1,751	1,706	-2.6	..	
Beef and Veal: ²					
Production	134	132 ³	-1.5	..	
Consumption	..	..	..	..
Exports	9.4	10-11 ³	+6.4-17.0	..	

¹ 1,000 head ² 2,000 tons ³ Secretariat estimate

POLAND

24. Cattle and calf numbers in Poland contracted again in 1986. The June cattle census showed a total of 10,912,000 head, a 1.2 per cent drop compared to year earlier, and one of 8.3 percent since the latest high point in 1982. The reduction is largely due to low profitability in the sector. It is believed that liquidation has now come to an end and that some herd rebuilding will be evident before the next census, as prices for milk and slaughter animals were increased on 1 July 1986 making the sector more profitable. Production of bovine meat totalled 680,000 tons in 1985 and although no figures are as yet available it is anticipated that the new higher prices paid in the sector will have some positive effects on output of bovine meat as well as on that of pork and poultry output, increasing total meat production in 1986 compared to 1985.

25. With increased production it would be expected also that consumption expands somewhat beyond its 604,000 tons in 1985, in particular since the trend in the last few years has been going upwards. After having fallen sharply in 1981, exports of bovine meat have slowly recuperated, reaching some 15,400 tons in 1985, compared to a record 57,000 tons in 1974 and 23,700 tons in 1980. Poland exported some 7,400 tons of bovine meat, mostly fresh and chilled, in the first half of 1986, 7.5 per cent less than year earlier. However, anticipated higher production in the second half of the year should put total exports in 1986 at about the same level as in 1985 or slightly above.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	11,055	10,919	-1.2	11,100	+1.7
Beef and veal: ²					
Production	680	..	..	..
Consumption	604	..	..	..
Exports	15.4	..	..	..
	¹ '000 head, June	² '000 tons			

SOUTH AFRICA*

26. Cattle and calf numbers are projected to rise in 1986 in South Africa, after several years of draught induced liquidation. A 6.2 per cent growth, to 8,310,000 head is anticipated for the August census. Further increases are forecast for 1987 and 1988. Slaughter of cattle in controlled areas (approximately 70 per cent of total South African slaughter) declined by 3.4 per cent in 1985, indicating that cattle herd rebuilding had started. Average carcass weights of slaughtered animals fell by 2.2 per cent.

* Information for South Africa is taken as is from the June 1986 status report since no new information was available at the time of writing.

Contrary to earlier expectations, total production of bovine meat fell in 1985 (by 3.8 per cent) to 635,500 tons (preliminary figure) due to decreased slaughter and slaughter weights. Veal production constitutes traditionally only a very minor part of total bovine meat production, in 1985 it was 4,700 tons (0.7 per cent). Total consumption of bovine meat increased in 1985 by some 1.7 per cent to 692,800 tons (20.7 kg./capita). The difference between production and consumption was made up by stocks and imports. It is expected that a further increase in both total and per capita consumption will take place in 1986, 1987 and 1988. The expansion of bovine meat consumption was the result, *inter alia*, of a fall in that of pork, and of sales campaigns. Imports of beef and veal totalled 21,600 tons in 1985, 13.9 per cent less than year earlier. Most of meat was imported in frozen form. In 1986 South Africa is anticipating an 8.8 per cent increase in imports of bovine meat, all of which is likely to come from neighbouring countries. South Africa also imports live cattle on a regular basis. In 1985, a quantity of 144,000 head was purchased, compared to 113,000 head in 1984, a rise of 27.4 per cent, explained by the depletion of the domestic herd. It is forecast that live cattle imports will drop off somewhat in the next few years.

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

¹'000 head, 31 August

²'000 tons

TUNISIA

27. Cattle and calf numbers in Tunisia are estimated at 660,600 head in 1986, 3.7 per cent more than year earlier, in spite of drought conditions during the year. The biggest increase occurred in beef heifer numbers which expanded by some 20.1 per cent. A further rise in numbers is projected for 1987. Production of bovine meat is reaching 40,000 tons in 1986, 8.7 per cent more than year earlier. This is 27.8 per cent of total meat production, compared to 42.1 per cent in 1977. However, a drop in bovine meat production is forecast for 1987, a decline with only a short duration, though, since an expansion is planned for 1988. It is possible that the expansion in 1988 will take place as a result of a price increase in 1987. There has reportedly been no price rise since 1984 and as the seventh economic plan (1987-1991) projects a substantial development of national cattle breeding in order to permit bovine meat self sufficiency as from 1989, it would seem likely that an encouragement to this end in the form of a price rise would be probable soon. Consumption of beef and veal in 1986 is estimated to have remained at the same level as in 1985, that

is, at 56,500 tons and 7.7 kg. per capita. However, consumption has been declining steadily since 1984 because of the general economic situation and a further decline is projected for the next two years. Imports of bovine meat (fresh, chilled and frozen) is anticipated at 10,300 tons in 1986, 4.6 per cent less than in 1984. In 1987, a further drop in imports will take place. Most, if not all, of Tunisia's beef imports in 1986 originate in the European Community, in particular, in the United Kingdom and in France.

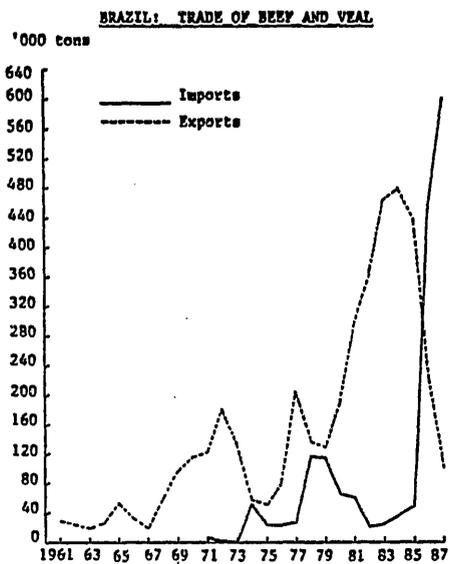
	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	637	661	+3.7	686	+3.8
Beef: ²					
Production	37	40.0	+8.7	39	-3.8
Consumption	57	57.0	0.0	54	-4.3
Imports	10.8	10.3	-4.6	9.6	-6.8

¹,000 head ²,000 tons

BRAZIL

28. Cattle and calf numbers in Brazil have been rising steadily over the last few years at an annual average rate of about 3 per cent. In 1986, the cattle herd is therefore expected to total about 140,740,000 head. Total cattle and calf slaughter was projected to amount to some 11,000,000 head, an increase of about 7.5 per cent. However, this projection is now more than likely obsolete in view of the events in Brazil. In February 1986, the Brazilian authorities implemented an "Economic Stabilization Programme" which, *inter alia*, froze prices and increased income, especially in the lower income brackets. As a consequence, consumer demand for beef strengthened and the livestock sector became theoretically more attractive for investment. However, the Brazilian producers have so far been reluctant to sell their cattle to the slaughter houses at the prices fixed by the Government (even though the Government recently offered to increase prices by 25 per cent), and this will be reflected in the end of year figures, not only for slaughter, but also for production. Current estimates put production in 1986 at some 2,100,000 tons, 5.5 per cent less than last year, but the decline could be even greater. As already mentioned, consumer demand for beef has strengthened and per capita consumption might well total some 16 kg. in the current year as against 14 kg. in 1985.

29. The decline in production, coupled with the increase in consumption, is having a serious impact on Brazilian trade in bovine meat. Figures are



self explanatory: exports of beef and veal in 1985 totalled 438,000 tons and were, at the beginning of 1986, forecast at some 430,000 tons for the current year. Imports totalled 48,000 tons in 1985 and were projected at 100,000 tons in 1986. In reality, it would seem that Brazil will export much less than 300,000 tons this year (taking into account the fact that exports are now partially forbidden and that they totalled some 220,000 tons until July) and that Brazil will import more than 400,000 tons, probably some 500,000 tons. Until now, 200,000 tons have already been purchased from the European Community and at least another 100,000 tons could be purchased before the end of the year; 90,000 tons were bought from the United States, while imports from Uruguay could be as high as 120,000 tons.

30. It would seem that the situation in the bovine meat sector is also affecting the other meat sectors. Indeed, as a result of a lack of beef and veal on the market, domestic demand for other meats has also risen, to such an extent that the Government decided to partially forbid the exportation of all meats (although this may also have been a retaliation measure against the producers); to import both pigmeat and sheepmeat and to suspend all import restrictions on bovine meat, pigmeat and fish until the end of 1987.

31. The stabilization programme in force in Brazil is expected to continue to have a positive effect on consumer income next year and demand for beef and veal should therefore continue to rise in 1987. Although one may reasonably expect that current problems with the delivery of meat to the market¹ will be resolved by then and that production will increase, imports will presumably have to remain high (some sources say as high as 600,000 tons). Exports will stay low, especially if the partial export prohibition is retained, until the consequences of the present crisis are totally absorbed.

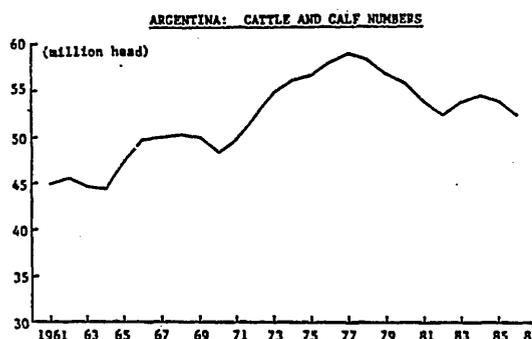
¹Reportedly, until October only very small quantities of imported meat reached the market.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	136,641	140,740	+3.0	144,962	+3.0
Beef and veal: ²					
Production	2,223	2,100	-5.5	2,300	+9.5
Consumption	1,915	2,183 ³	+14.0	2,500 ³	+14.5
Imports	48	500 ³	+941.7	600 ³	+20.0
Exports	438	250 ³	-43.0	200 ³	-20.0
	¹ '000 head, estimates	² '000 tons	³ Secretariat forecasts		

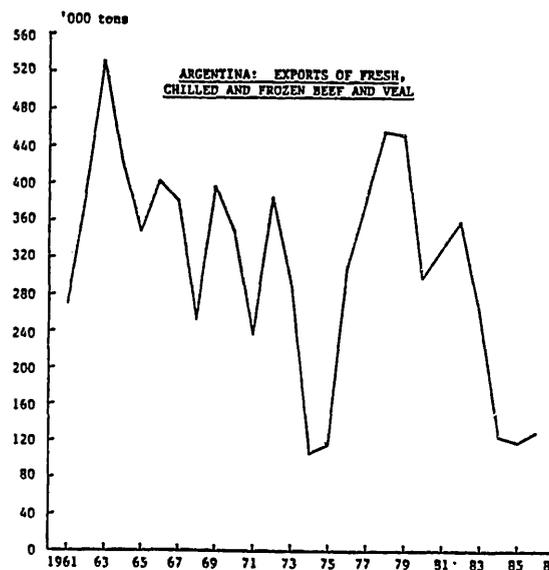
ARGENTINA

32. According to the latest official estimates available to the secretariat, cattle and calf numbers in Argentina totalled some 52,500,000 head at the census in June 1986, 2.8 per cent below year earlier. This decline which started in 1985 after only two years of herd rebuilding was largely due to depressed prices in both the domestic and international markets. As a result, producers were pushed to sell and/or slaughter their cattle.

Following the suspension by the Argentinian authorities of the ceiling prices for slaughter cattle last February, real cattle prices started to increase. The index price at Liniers (1960 = 100) rose from 73 in January to 105 in August. It might consequently have been expected that slaughter rates would begin to decline. However, at the end of August 1986 the inspected slaughterings (which represent about 75 per cent of total slaughterings) were only 0.5 per cent lower than year earlier. Moreover, the inspected slaughter of both heifers and female calves rose by almost 9 per cent during the same period, representing about 27 per cent of total inspected slaughter. This, compared to 18 per cent in 1983 (when herd rebuilding had started before its collapse in 1985) indicates that herd liquidation is continuing in spite of the price recovery. Recent forecasts by the Argentinian "Junta Nacional de Carnes" put total beef and veal production for 1986 at some 2,780,000 tons, up by 1.5 per cent as a result of higher average slaughter weights.



33. The reason why slaughter levels did not decline more seems to be due to the continuing rise in domestic demand for beef, in spite of increasing retail prices. During the first eight months of the year, the average per capita consumption of beef in Argentina can be estimated at some 88 kg., against 81 kg. a year earlier. This appears to be the result of the increased purchasing power of the population, due to a substantial rise in real income, especially of those in the lower income brackets. Total consumption for the year as a whole is currently projected at 2,550,000 tons, 70,000 tons higher than in 1985. As a consequence of the increase in domestic consumption, which will absorb more than the rise in production, exports of beef and veal in 1986 are expected to drop by some 30,000 tons, to 230,000 tons. From January to August 1986 exports totalled about 152,500 tons, down by almost 15 per cent. Exports of fresh, chilled and frozen bovine meat fell by some 18 per cent, while canned and cooked declined by some 12 per cent. The European Community remained the largest market for Argentinian exports of fresh, chilled and frozen beef and veal with a 47 per cent market share, followed by Israel (17.4 per cent). For canned and cooked beef and veal, the United States accounted for 64 per cent and the EC for 20 per cent. The average f.o.b. export price during the first six months of 1986 was about US\$1,233 per ton, as against US\$1,115 per ton during the whole year 1985. This was apparently the result of the larger proportion of frozen high-quality beef exported to the European Community, but also probably of rising prices on international markets.



	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	54,000	52,500	-2.8	52,000	-1.0
Beef and veal: ²					
Production	2,740	2,780	+1.5	2,680	-3.6
Consumption	2,480	2,550	+2.8	2,420	-5.1
Exports	260	230	-11.5	260	+13.0

¹ '000 head, 30 June

² '000 tons

COLOMBIA

34. After only one year of herd rebuilding the cattle herd in Colombia decreased in 1985 (-1.9 per cent) and again in 1986 (-2.0 per cent) totalling 23,510,000 head at the last census. Dairy cows showed the largest decrease (-5.7 per cent) while beef cow numbers dropped by 2.0 per cent. A further drop in cattle numbers (-2.0 per cent) is anticipated for 1987 before a forecast expansion in 1988. Slaughter levels and average slaughter weights grew in 1986 (by 10.5 per cent and 0.5 per cent respectively) resulting in an expansion of production for domestic consumption to 665,900 tons (+9.2 per cent). Another growth is anticipated in 1987, to be followed by a forecast drop of 6 per cent in 1988 as a result of expected herd rebuilding in that year. Per capita consumption of bovine meat in Colombia increased in 1986 to 22.9 kg. from 20.7 kg. (+10.6 per cent) the year before. A further expansion, to 23.6 kg., is forecast for 1987.

35. Colombia, a traditional exporting country of bovine meat, exported some 3,257 tons of beef in the first six months of 1986, compared to 4,030 tons for the whole year of 1985. According to forecasts, it is suggested that some 1,800 - 6,800 tons could be exported in the second half of the year. Exports in 1986 are predominantly to Peru, the Netherlands Antilles and, in the second half of the year, also to Romania, provided the sanitary conditions of the Colombian slaughterhouses are accepted by the Romanians. It is likely, however, that the delivery of the 5,000 tons of beef contracted between the Colombian Comegan and the Government of Romania, will be spread over a longer period, well into 1987. In 1987, exports of bovine meat are forecast to reach 28,680 tons, a level not seen for a number of years. Another, but smaller, expansion is anticipated in 1988.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	24,000	23,570	-2.0	23,030	-2.0
Beef and veal:					
Production ²	609	665	+9.2	693	+4.2
Consumption ²	609	665	+9.2	693	+4.2
Exports	4.0	5.1	+25.3	28.7	+467.8

¹,000 head, December

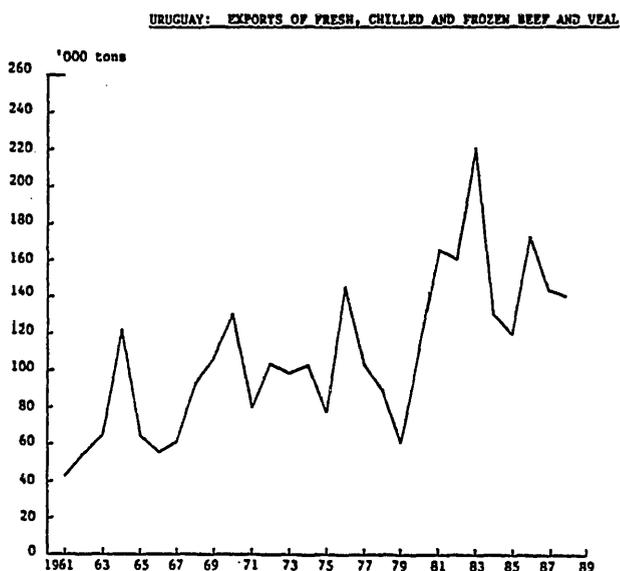
²,000 tons

URUGUAY

36. Preliminary figures from the June 1986 cattle census in Uruguay indicate a 1.1 per cent decrease in numbers, to 9,303,000 head, the lowest figure since 1972, and 19.3 per cent below the peak of 1975. There was a particularly strong decrease in calf numbers (-8.5 per cent), while beef heifers expanded quite substantially (+7.6 per cent) as a result of the large calf crop in 1985. A further, small (-0.4 per cent) fall in numbers

will take place in 1987 before an upturn, equally small, in 1988. Slaughter (inspected) expanded by some 9.3 per cent in 1986, to 1,423,000 head. With also a higher level of average weights this led to a production of some 380,000 tons, 11.8 per cent more than year earlier, and substantially more (+20.3 per cent) than previously forecast. Total consumption as well as that of per capita (66 kg.) of bovine meat, however, is expected to have declined slightly (-1.0 per cent) and less than the steep rise in domestic prices would lead one to believe (average retail prices were 154.5 per cent higher in the third quarter of 1986 than in that of 1985). The slight slackening in beef and veal consumption has been taken up by a rise in that of poultry and, in particular, of sheep meat.

37. The unexpected increase in production, far from going into local consumption, went to exports which rose by some 46.3 per cent (to 196,000 tons compared to 1985 and much higher than forecast only a few months ago. This was largely due to the beef exported to Brazil (an estimated 76,000 tons product weight in fresh or chilled form). The increase in production and exports is explained by the rise in export demand and in prices offered on international markets. In 1987 exports are forecast to fall off somewhat as herd liquidation slows down and production decreases.



	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	9,402	9,303	-1.1	9,270	-0.4
Beef and veal: ²					
Production	340	380	+11.8	359	-5.5
Consumption	196	194	-1.0	195	+0.5
Exports	134	196	+46.3	164	-16.3

¹'000 head, 1 June ²'000 tons

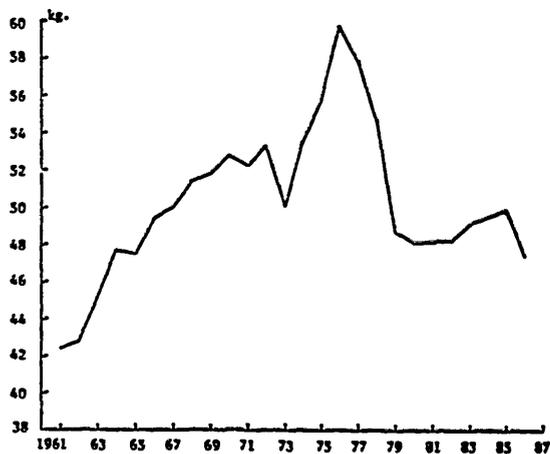
* Inspected slaughter in 1986 was 82.4 per cent of total slaughter. Total slaughter increased by 8.3 per cent.

UNITED STATES

38. According to the 1 January 1986 cattle census, cattle and calf numbers in the United States totalled 105,468,000 head, down by 3.9 per cent from year earlier and the lowest level since 1967. The more recent cattle census of 1 July showed that herd liquidation had continued at a rate of some 3-4 per cent which, if it persists, will put cattle and calf numbers at some 101,800,000 head by 1 January 1987. However, it is believed that herd liquidation is now approaching its end as a consequence of good pasture conditions (except in the drought-hit south-east regions), low feedgrain prices, generally lower production costs and higher producer prices, compared to last year. Nevertheless, cattle and calf numbers should not show any increase before 1988. Commercial cattle slaughter (about 99 per cent of total slaughter) totalled 18,458,000 head during the first half of the year, up 2.8 per cent from year earlier. Cow slaughter registered a 10.9 per cent increase partly as a result of the Dairy Termination Programme. Total cattle and calf slaughter is projected at some 40,373,000 head for the year as a whole, up by 0.8 per cent.

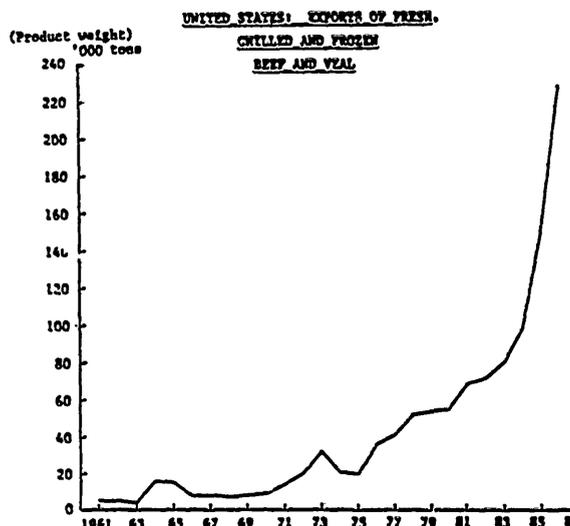
39. Commercial production of beef and veal, at 5,450,000 tons (about 97 per cent of total production), rose by 3.5 per cent during the first half of the year, compared to year earlier. This was the result not only of increased slaughterings, but also of higher slaughter weights. It is estimated that in spite of slaughter levels probably being slightly higher by the end of the year compared to last year, weights will decline in the second half of 1986 and production is expected to rise, even if only modestly, for the year as a whole. Available projections suggest that total beef and veal consumption will remain stagnant in 1986, but will fall on a per capita basis. This would be the result of higher retail prices reflecting greater cattle prices since last June. Since the end of June, prices for choice-fed steers at Omaha have been higher than the depressed level of year earlier and of the first half of 1986. Furthermore, it is expected that they will firm further before the end of the year. Should this be reflected in the retail price level, the already eroded competitive position of beef compared to other meats could deteriorate further, especially taking into account the fact that poultry meat output is expected to rise by a further 6 per cent in 1986.

UNITED STATES: BEEF AND VEAL CONSUMPTION PER-CAPITA



40. During the first half of the year, the United States imported 324,300 tons (product weight) of beef and veal, up by 3.4 per cent from year earlier, the major part of it being boneless beef originating from Australia (44 per cent of overall imports). In spite of the increase, the 1986 trigger level (653,000 tons, product weight) is not expected to be

reached. From January to June, live cattle imports almost doubled, totalling 641,400 head, 77 per cent of which came from Mexico. The United States beef and veal exports have been rising steadily in the last few years. During the first half of 1986, exports totalled 60,822 tons (product weight), up by 13.6 per cent from year earlier. The large majority of exports was fresh and frozen beef and veal which went to Japan (79 per cent of total exports). Exports of this type of meat to Canada (the second major market) fell from 7,000 tons in January-June 1985 to 5,500 tons in the same period of 1986. Available forecasts put total exports in 1986 at 229,000 tons, 52 per cent more than in 1985. This forecast includes the 90,000 tons which should be exported as a result of the legislation relating to the Dairy Termination Programme. Virtually all this meat was sold to Brazil, according to a sales agreement between the two countries, but reportedly and to date only 22,000 tons have been shipped.



41. In 1987 production of beef and veal is projected to continue to slide down but expanding pork and poultry supplies will largely offset this. The beef price recovery, which is expected to continue in 1987, will consequently be under pressure.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	109,749	105,468	-3.9	101,800	-3.5
Beef and veal: ²					
Production	10,996	11,082	+0.8	10,409	-6.1
Consumption	11,812	11,814	0.0	11,198	-5.2
Imports	947	974	+2.9	984	+1.0
Exports	151	229	+51.7	206	-10.0

¹,000 head, 1 January

²,000 tons

CANADA*

42. The 1 January 1986 cattle census showed a continuation of the cattle herd liquidation started in 1976, with a brief interruption in 1981. Numbers totalled 10,590,700 head, a contraction of 3.5 per cent compared to year earlier, and of 25.8 per cent compared to the last peak year (1975). The persistent herd reduction is mainly due to depressed feeder cattle prices. All categories of cattle decreased and prospects for recovery are apparently not perceived as good since forecasts suggest a continuation of herd contraction well into 1987, although at a somewhat slower rate. Total cattle and calf slaughter grew by 0.8 per cent to 4,301,300 head in 1985 with cow and heifer slaughter rising by 3.9 per cent. Average carcass weights increased by 3.1 per cent. First quarter 1986 inspected slaughter dropped some 1.7 per cent, with forecasts for the year of total slaughter of 4,175,000 head (-2.9 per cent) indicating a first step in the direction of herd rebuilding. With both slaughter and slaughter weights up in 1985 production expanded by some 3.9 per cent to 1,035,100 tons, 45,800 tons of which was that of veal. In 1986, bovine meat production should decrease by no more than some 1.6 per cent, to 1,019,000 tons, since a further rise in slaughter weights is expected.

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

* For lack of new information, this part is reproduced as is from the June status report.

	1984	1985	%Change 1985/84	Forecast 1986	%Change 1986/85
Cattle and calf numbers: ¹	11,360	10,980	-3.4	10,591 ⁴	-3.5
Beef and veal: ²					
Production	997	1,035	+3.9	1,019	-1.7
Consumption	1,039	1,031	-0.8	1,017	-1.3
Imports	117	116	-0.6	107	-7.7
Exports	105	117	+11.4	105	-10.6
Live cattle: ³					
Imports	37	56	+51.4	40	-28.6
Exports	250	235	-6.0	200	-14.9

¹ '000 head, 1 January

² '000 tons

³ '000 head

⁴ Actual

AUSTRALIA

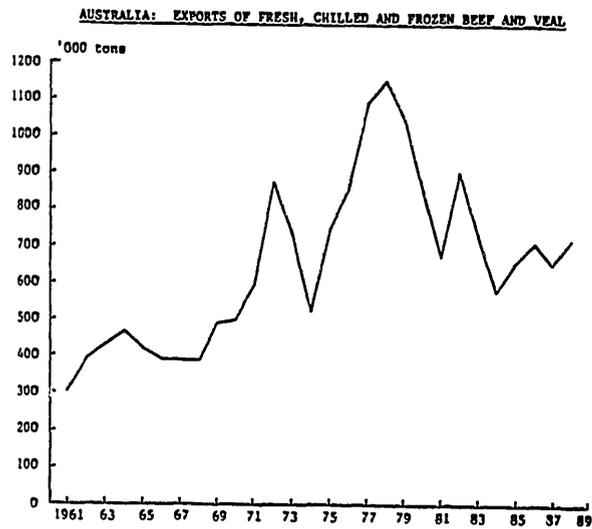
44. After eight years of declining numbers, the Australian cattle census of March 1986 confirmed the rebuilding started the previous year. Cattle numbers showed a 2.1 per cent increase to 23,258,000 head, with dairy cows declining by 1.6 per cent and beef cow numbers expanding by 2.7 per cent. It is expected that the cattle herd will continue to expand over the next couple of years and at a faster rate in 1987 than in 1986, as confidence improves. It is forecast that March 1987 numbers will increase by 0.5 per cent to 23,400,000 head. Slaughter of cattle is forecast to increase by some 4.3 per cent in 1986 (to 7,450,000 head) and bovine meat production by 4.1 per cent due to slightly lower average carcass weights. The rise in production occurred mainly in the first half of the year reflecting dry weather conditions encouraging producers to slaughter cattle. Production was expected to decline in the second half of the year as the weather conditions returned to normal. Better prices since mid-1986 have also been encouraging cattlemen to cut back production. Total production for the year is forecast at 1,392,000 tons (compared to 1,337,000 a year earlier). As more cattle are held back, production in 1987 is expected to drop (by 5.3 per cent) to 1,319,000 tons, before increasing in 1988.

45. Consumption of bovine meat increased by some 5.6 per cent in the first seven months of 1986 while that of mutton and lamb decreased (by 1.7 per cent and 9.6 per cent respectively). For the year, however only a 1.4 per cent increase in total consumption is expected (to 648,000 tons) while that of per capita should remain at the 1985 level (40.7 kg.). In 1987, consumption levels are forecast to drop back to 633,000 tons because of expected declines in real income, and an increase in retail prices. Bovine meat exports are expected to total some 745,000 tons in 1986, up by 5.4 per

cent and more than previously forecast, but less than the increase in 1985 (+14.6 per cent). The expansion is due mainly to more attractive returns as a result primarily of the drop in value of the Australian dollar; to poor seasonal conditions in parts of Queensland which encouraged producers to turn off cattle; and to increased exports to Canada following countervailing action taken against EC beef. At 237,500 tons (product weight) in the first half of the year, Australian exports were 31,000 tons (14.9 per cent) higher than year earlier.

However, Australia's main market was still by far the United States,

who imported some 147,100 tons (product weight) of beef from Australia during the first six months of 1986, and are expected to buy 285,000 tons (product weight) for the year as a whole. The second largest Australian market, Japan, is expected to import some 97,000 tons of Australian bovine meat in 1986, a 3.2 per cent increase on year earlier. In 1987, total Australian bovine meat exports are forecast at 685,000 tons (carcass weight equivalent) with the main markets remaining the same as in 1986. This 8.1 per cent reduction would be due to production cutbacks.



	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	22,784	23,258	+2.1	23,362	+0.5
Beef and veal: ²					
Production	1,337	1,392	+4.1	1,319	-5.3
Consumption	639	648	+1.4	633	-2.3
Exports	707	745	+5.4	685	+8.1

¹'000 head, 31 March

²'000 tons

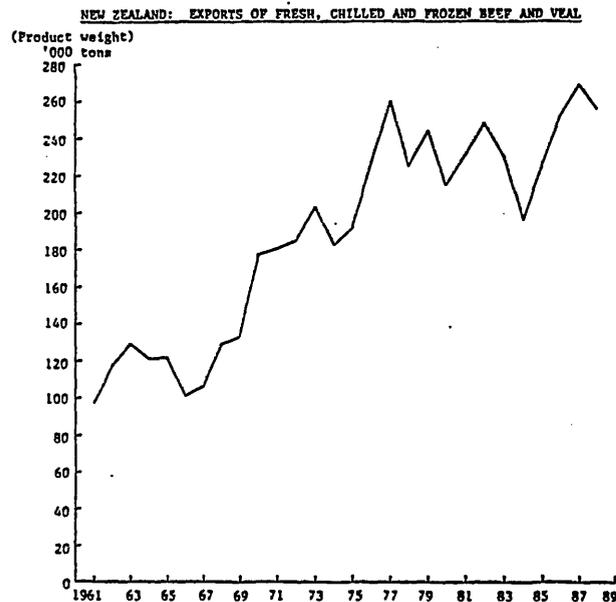
³Estimate

NEW ZEALAND

46. The beef cattle herd in New Zealand was forecast to total 4,700,000 head by 30 June 1986. However, delayed slaughterings partly due to the meat workers' strike in February and March, resulted in a higher number of beef cattle on farms: 5,000,000 head. Added to 3,392,000 head of dairy cattle, total cattle numbers reached 8,392,000 head, up by 5.9 per cent from year earlier. Although slaughter figures for the whole 1985-86

season are not yet available, data from 1 October 1985 to 10 August 1986 show a decline of 9 per cent, to 3,662,000 head compared to year earlier. Apart from the meat workers' strike, delayed slaughterings were also due to the farmers holding back stocks in expectation of higher schedule prices and in an attempt to increase the cattle's weight. As a result of lower slaughter rates, bovine meat production in the 1985/86 season is estimated to have fallen by almost 6 per cent, to 459,000 tons. However, according to some sources, by the end of the calendar year 1986, beef and veal production may well show an increase. This would be the result of increased slaughterings, which after the difficulties in the first few months of the year, would have resumed sharply. Like in other countries, beef and veal consumption in New Zealand has been affected by the competition of cheaper meats and in particular, poultry meat. Indeed, while total beef consumption fell between 1983 and 1986 (years ending 30 September) by about 13 per cent, poultry meat consumption rose by some 57 per cent, pigmeat by 26 per cent, and sheep meat by 7 per cent. In 1986, beef and veal intake should remain relatively stable at around 118,000 tons, or 35.9 kg. on a per capita basis.

47. Since the beginning of the 1985/86 season (1 October 1985) until June 1986, New Zealand exports of beef and veal totalled 132,409 tons, product weight (approximately 207,000 tons in carcass weight equivalent) down 23.3 per cent from year earlier. Again, this lower export performance is due to delayed slaughters which affected the supplies to virtually all destinations. Exports to the United States were 20 per cent lower, to Canada 36 per cent and to Japan about 40 per cent. However, as for production, total exports of bovine meat could show an increase by the end of calendar year 1986. As a result of higher prices in the United States, New Zealand producer prices should now have been rising since last June.



48. Sheep numbers at 72,000,000 head in 30 June 1986, were 7.5 per cent higher than expected. This was due to the same reasons that affected cattle and calf numbers: retention of stock by farmers in the expectation of higher weights and prices, and the meat workers' strike. Slaughtering was consequently delayed and sheepmeat production in the 1985/86 season is estimated to have declined by some 14 per cent. Consumption is expected to increase by some 9 per cent, to 96 kg., as a result of lower prices, and exports of lamb for the current season, and until last June, were 17 per cent lower, while exports of mutton were 8 per cent below year earlier. Delayed slaughtering was the reason behind this situation. As from 21 December 1985, the responsibility for exporting sheepmeat was transferred from the Meat Producers Board to the private companies. In 1986/87, the overall situation in the livestock sector is expected to improve and production and exports of both bovine meat and sheep meat are projected to increase significantly.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	7,921	8,392	+5.9	8,200	-2.3
Beef and veal: ^{2,3}					
Production	487	459	-5.7	530	+15.5
Consumption	118.2	118.0	-0.2	114.0	-3.4
Exports ⁴	228 (356)	215 ⁵ (336)	-5.7	262 ⁵ (409)	+21.9

¹ 1,000 head at 30 June

² 1,000 tons

³ Year ending 30 September

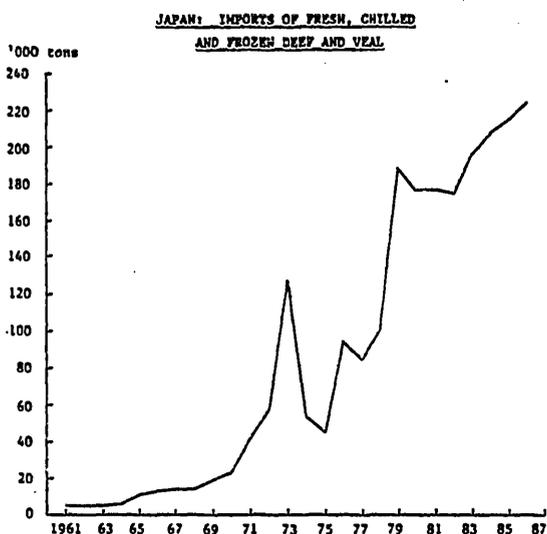
⁴ Product weight. Figure in brackets is the approximate carcass weight equivalent.

⁵ Export availability

JAPAN

49. The February 1986 cattle census showed, contrary to earlier - preliminary - figures, a continuation of the more than decade-long growth in cattle numbers. They reached 4,742,000 head, 0.9 per cent more than year earlier. Dairy cows, dairy heifers and beef heifers declined very slightly, though, while beef cows (Wagyu) rose by more than 2 per cent and steers by 3.6 per cent. It is not unlikely that growth in numbers will slow down in 1987 as a result of lower prices. Slaughter remained practically stable in Japan during the first half of 1986 but a small rise (+0.9 per cent) in slaughter weights led to an equally small rise in production. In the first half of the year output totalled 256,000 tons compared to 253,000 tons in the same period 1985. It seems likely that total bovine meat production in 1986 will be marginally higher than that of 1985 (555,000 tons). Consumption of bovine meat increased only very little (0.6 per cent) in the first half of 1986, totalling 366,000 tons. This would be due to the lower economic growth in Japan recently. Total consumption of bovine meat in 1986 is not expected to be much higher than that of 1985.

50. Japan imported 112,000 tons of beef during the first six months of the year, 8,000 tons more than in the same period a year earlier. A major part of the beef (60.2 per cent) was imported from Australia while the United States provided the second largest share (32.6 per cent).



Imports of bovine meat for the whole of 1986 are likely to be in the neighbourhood of 235,000 tons. The Japanese import quota for the first half of fiscal year 1986/87 (1 April - 30 September 1986) was set at 85,000 tons and the second half quota (to March 1987) at 83,000 tons. For the whole fiscal year 1986/87 the quota is 9,000 tons more than year earlier, that is 168,000 tons, boneless weight. A further increase in imports is likely to occur in 1987, mainly as a result of understandings with some exporting countries.

51. In order to pass on exchange rate profits from the imported beef to consumers the Japanese Government announced three measures in July as follows: (1) in addition to an earlier reduction of 2.3 per cent in May, a further reduction of 10 per cent in LIPC's selling prices as of late August, expected to result in a 6 per cent cut in retail prices; (2) a 10 per cent increase in the quantity of imported beef sold through LIPC tenders and auctions; and (3) a 10 per cent rise, as from September, of LIPC-designated meat shops. These measures complement those introduced earlier to promote beef such as the "simultaneous buying and selling system" (SBS) in 1985, and the "demand development quota" (DDQ) in the first half of 1986.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	4,698	4,742	+0.9	4,760 ³	+0.4
Beef and veal: ²					
Production	555	560 ³	+0.9	564 ³	+0.7
Consumption	781	790 ³	+1.2	799 ³	+1.1
Imports	226	235 ³	+4.0	244 ³	+3.8

¹ '000 head, 1 February

² '000 tons

³ Secretariat estimates

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

SOVIET UNION

52. Cattle and calf numbers on state and collective farms seem to have been increasing in 1986 and they are projected to total some 122,000,000 head by January 1987, up by 1 per cent from year earlier. However, slaughterings are also rising and by the end of the year could be as high as 40,900,000 head, an increase of about 2.8 per cent (recent reports of official data indicate that from January to August, cattle slaughter increased by 7 per cent). As a result, beef and veal production is projected to rise by about the same percentage, to 7,600,000 tons. (However, official data would already show a production level of some 6,900,000 tons between January and August suggesting that the annual increase could be stronger.) Consumption of bovine meat is also expected to be up by some 2.3 per cent, to about 7,865,000 tons. Following the imports of 175,000 tons from the European Community by September 1985, which partly entered the country in the first months of 1986, the USSR is expected to import less this year. According to the USDA¹, which revised downwards (from 510,000 tons to 320,000 tons) its 1985 USSR import estimate, the Soviet Union could this year import some 300,000 tons of beef and veal. Production of pigmeat is estimated to have declined somewhat in 1986, but reports on official data for the first eight months of the year suggest a pigmeat production rise of about 6 per cent. During this period sheepmeat and poultry meat production is reported to have increased by 4 per cent and 11 per cent respectively.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ^{1,3}	121,055	120,800	-0.2	122,000	+1.0
Beef and veal: ^{2,3}					
Production	7,400	7,600	+2.7	7,700	+1.3
Consumption	7,690	7,865	+2.3	7,945	+1.0
Imports	320	300	-6.3	280	-6.7

¹ '000 head, January

² '000 tons

³ Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1986

¹ Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry, World Livestock and Poultry Situation, September 1986.

CAMEROON*

53. Cattle numbers in Cameroon amounted to some 4,157,177 head in 1986, an increase of 3.5 per cent compared to year earlier and the fourth year of herd rebuilding in a row. A further increase of some 2.5 per cent is forecast for 1987. Production of bovine meat amounted to 93,602 tons in 1986, only slightly higher than year earlier (+0.1 per cent). However, production has been increasing in the country since 1982 and is forecast to rise more substantially in 1987. All bovine meat produced in Cameroon is consumed in the country (9.36 kg. per person in 1986) and some smaller quantities are also imported (36 tons in 1986). Cameroon traditionally imports and, in particular, exports cattle. In 1986 imports amounted to 1,973 head whereas 15,279 head were exported. It is forecast that these figures will rise in 1987 to respectively 2,761 head and 17,987 head.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	4,010	4,151	+3.5	4,255	+2.5
Beef and veal: ²					
Production	94	94	+0.1	96	+2.5
Consumption	94	94	+0.1	96	+2.5
Exports ³	12,483	15,279	+22.4	17,987	+17.7

¹ '000 head, 30 June ² '000 tons ³ live cattle, head

CHILE*

54. After three years of cattle herd liquidation, cattle numbers increased in 1986 by 2.9 per cent to 3,500,000 head. A further increase is expected in 1987. Production of bovine meat stood at 66,500 tons in 1986, down by 1 per cent from year earlier, but by -23.4 per cent compared to the peak in 1983. A large slice of total production, 27.4 per cent, is that of veal. A further increase in meat production is anticipated for 1987. All of the meat produced is consumed domestically and the per capita consumption amounted to 5.42 kg. in 1986, down from a peak of 7.43 kg. in 1983. Chile imports certain quantities of beef regularly. In 1986 these imports totalled 4,000 tons, down by some 34.1 per cent on year earlier.

* Source: non-member questionnaire reply

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and ¹ calf numbers:	3,400	3,500	+2.9	3,530	+0.9
Beef and veal: ²					
Production	67	67	-1.0	68	+1.8
Consumption	67	67	-1.0	68	+1.8
Imports ³	6	4	-33.3	4	0
	¹ ,000 head	² ,000 tons		³ product weight	

INDONESIA^{*}

55. Cattle numbers in Indonesia totalled 9,538,000 head in 1986, 2.4 per cent more than year earlier, continuing the expansion of the last several years (+48.1 per cent compared to 1980). A further increase is forecast for 1987. Production of bovine meat is expected to total some 249,200 tons, a 3.4 per cent growth over 1985. A further expansion of almost 10,000 tons is forecast for 1987. Indonesia consumes all the bovine meat it can produce, beef being the second most popular meat in the country, after poultry and before pork. Total meat consumption amounted to some 800,000 tons in 1986 or 4.79 kg. per person. A rise is expected in 1987. Indonesia imports some bovine meat each year. The latest figures available indicate that 1,206 tons of fresh, chilled and frozen beef and some 15 tons of processed beef were imported in 1984, 7 per cent more and 25 per cent less, respectively, than year earlier.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and ¹ calf numbers:	9,318	9,538	+2.4	9,763	+2.4
Beef and veal: ²					
Production	260	299	+3.4	279	+3.6
Consumption	260	299	+3.4	279	+3.6
Imports	..	..	..	..	..
	¹ ,000 head	² ,000 tons			

^{*} Source: non-member questionnaire reply

REPUBLIC OF KOREA*

56. Cattle and calf numbers in the Republic of Korea are expected to show a decrease of some 5.9 per cent to 2,854,000 at the December 1986 census. If this is the case, it will be the first time since 1981 that the South Korean herd has contracted, but it is not expected that this occurrence will be repeated in 1987 since the herd is forecast to expand by 2.7 per cent to 2,930,000 head by the end of next year. The increase in slaughter in 1986 resulted in a record high level of bovine meat production totalling an estimated 132,794 tons (+13.6 per cent). In view of anticipated herd rebuilding, production is likely to slow down in 1987. Consumption of bovine meat in 1986 is estimated at 136,355 tons, an increase of 13.3 per cent on year earlier. Per capita consumption rose from 2.9 kg. to 3.3 kg. The difference between domestic production and consumption was made up by stocks accumulated in previous years and reported as standing at 5,561 tons at the end of 1985. Due to the domestic surplus situation of both bovine meat and pork, virtually no beef was imported in 1986 (compared to a peak level of 51,045 tons (boneless) in 1982). The situation is not expected to change substantially in 1987, at least not during the first half of the year, since the South Korean Government reportedly is not prepared to lift the import ban (in force since 1984) until cattle numbers fall to a level where cattle prices stabilize.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	3,034	2,854	-5.9	2,930	..
Beef and veal:					
Production ²	117	133	+13.7	..	..
Consumption ²	120	136	+13.3	..	..
Imports ³	2,619	-	-100.0	..	..
	¹ '000 head, December	² '000 tons		³ tons, product weight	

QATAR**

57. The cattle herd in Qatar totalled 8,000 head in 1986 (+31 per cent) and is expected to continue to expand, reaching some 8,500 head in 1987. Prior to 1982 there were no cattle in the country, but in that year, 4,270 head were imported and the national herd has increased ever since. Production of red meat is also steadily rising and estimated at some 2,560 tons in 1986, an increase of 123.4 per cent. A further expansion is forecast for 1987. Poultry meat production is also growing quickly in Qatar. In 1986, production amounted to 2,194 tons compared to 1,862 tons

* Source: non-member questionnaire reply and various issues of AMLC "In Brief".

** Source: non-member questionnaire reply

the year before. A substantial increase to 4,375 tons is forecast for 1987. Total meat consumption amounted to 28,209 tons or 94 kg. per person for 1986 (+10.9 per cent and 1.3 kg. respectively), roughly half of which is likely to have been that of poultry. A further increase of meat consumption to 30,466 tons and 95 kg., respectively, is forecast for 1987. No import figures are as yet available for 1986, but it seems likely that total beef imports were roughly the same as, or slightly higher than, in 1985.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and ¹ calf numbers:	6,108	8,000	+31.0	8,500	+6.3
Red meat: ²					
Production	1,146	2,560	+123.4	2,720	+6.3
Consumption	25,430	28,209	+10.9	30,466	+8.0
Beef and veal: ³					
Imports	2,157	..	..	..	..
¹ '000 head	² tons	³ fresh, chilled and frozen beef, tons			

SINGAPORE

58. Singapore reports* that January-June 1986 imports of fresh, chilled and frozen beef and veal totalled some 5,137 tons which is approximately the same amount as year earlier. A major part of this was purchased from Latin American countries. Imports of processed bovine meat (canned corned beef) amounted in the same period to some 199 tons, substantially less, it would appear, than year earlier (903 tons were imported in 1985, half-yearly figures for that year are not available). Corned beef imports originated mostly from China and France. A large part of the processed beef is re-exported. In 1985, 443 tons of the total amount imported was re-exported whereas in the first half of 1986, 158 tons were re-exported.

ZIMBABWE

59. After droughts depleted Zimbabwe's cattle herd in the last few years, rebuilding started in 1985 and continued in 1986 when numbers reached 5,600,000 head (+1.5 per cent). Reportedly, the Government has recently suspended exports to the EC in order to rebuild the herd. A further increase in numbers can therefore be expected and total cattle numbers are forecast at 5,720,000 head in 1987. Production of bovine meat dropped by 15.3 per cent in 1986 to 86,600 tons. The decrease is largely due to the

* Source: non-member questionnaire reply

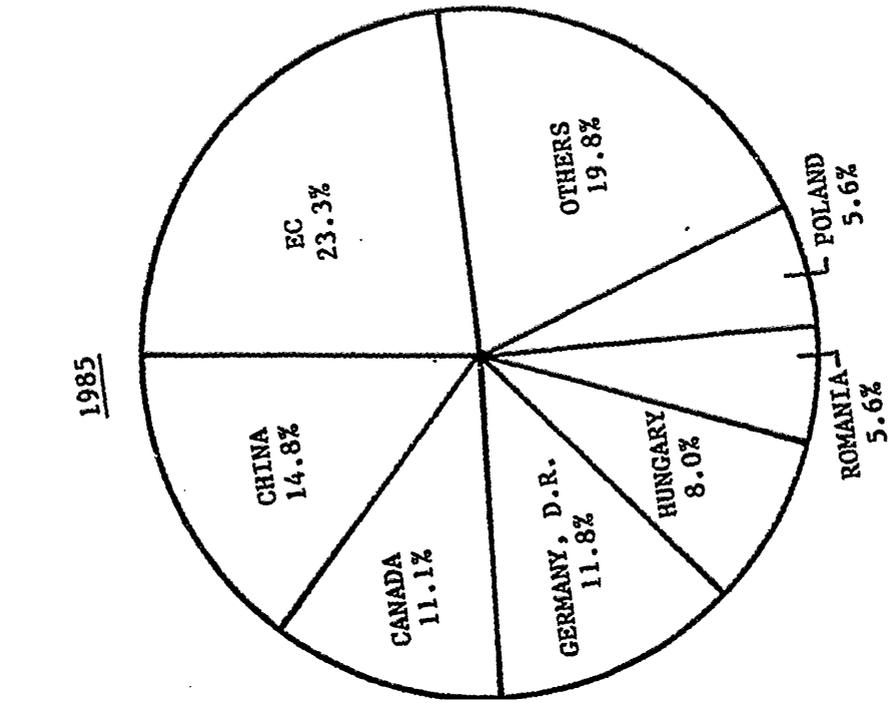
rebuilding efforts. A small recovery to 90,000 tons is forecast for 1987. Consumption of bovine meat also declined in 1986, although by much less than production. Consumption totalled 86,800 tons (-0.6 per cent) with an estimated per capita consumption of 9.3 kg. In 1987 a further consumption cutback is forecast. Zimbabwe, traditionally an exporting country which gets a large part of its foreign exchange earnings from bovine meat, exported only 4,500 tons of fresh, chilled and frozen bovine meat in 1986, compared to 15,506 tons the year before, and 2,500 tons of processed beef and veal compared to 2,870 tons year earlier. A large part of Zimbabwe's bovine meat exports is sent to the EC with whom Zimbabwe has an agreement to sell 8,100 tons of high-grade beef annually. According to available figures and as a result largely of the suspension of beef exports which has reportedly been in force since September, this quantity will not be sold in 1986. Forecasts for 1987 indicate an increase in exports to 8,000 tons for fresh, chilled and frozen beef and veal and 2,750 tons for processed bovine meat. This would be due to increased production and a drop in consumption.

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Cattle and calf numbers: ¹	5,519	5,600	+1.5	5,720	+2.1
Beef and veal: ²					
Production	102	87	-15.3	90	+3.9
Consumption	81	81	-0.6	78	-4.1
Imports	4.0	2.5	-37.5	2	-20.0
Exports	15.5	4.5	-71.0	8.0	+77.8
	¹ ,000 head	² ,000 tons			

Note: Trade figures are in product weight.

EXPORTS OF PIGMEAT

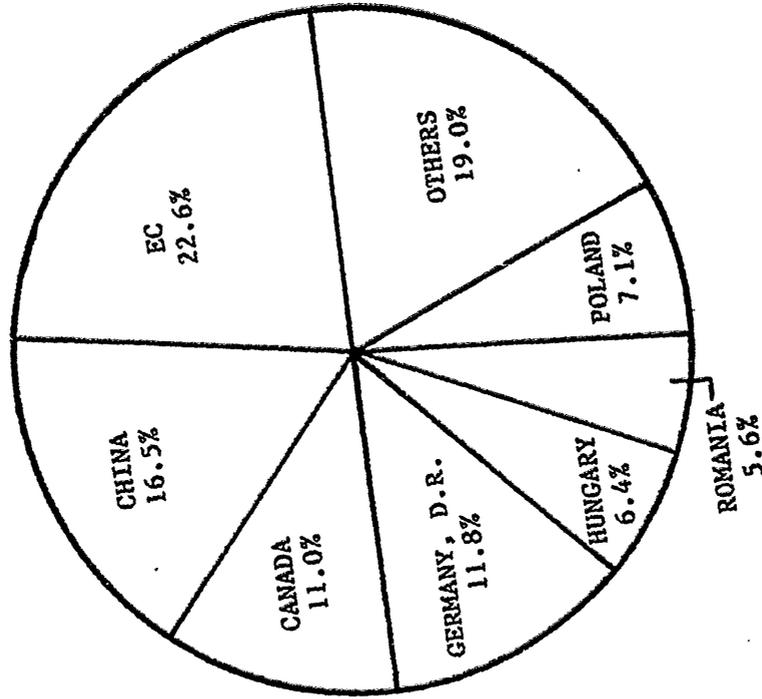
1985



Total exports: 1,781,000 m.t. (c.w.e.)

Sources: World, Livestock and Poultry

1986



Total exports: 1,773,000 m.t. (c.w.e.)

USDA, Dairy, Livestock and Poultry,

estimates by the Secretariat; September 1986.

IV. SITUATION AND OUTLOOK IN THE INTERNATIONAL PIGMEAT SECTOR

60. Although at a lower rate than that of last year's near 5 per cent increase, world production of pigmeat is expected to rise further in 1986. According to recent forecasts¹, it should total some 54,700,000 tons, up by 1.2 per cent. The slowdown in the rate of increase largely reflects the expected lower percentage increase in China's production (3 per cent in 1986, compared to 14 per cent in 1985) and more or less important drops in the output of some major producers such as the United States (-5 per cent), the Soviet Union (-0.8 per cent), Japan (-2 per cent), the Democratic Republic of Germany (-1.4 per cent) and Canada (-2.8 per cent). Pigmeat production in the European Community (including Spain and Portugal) is expected to rise by some 3.5 per cent. In 1987, world production of pigmeat is projected to expand further (+1.5 per cent) as a result of increases in the output of major producing countries. Reflecting large supplies and resulting relatively low prices, world pigmeat consumption in 1986 is expected to increase at approximately the same rate as production (+1.3 per cent) but might decline somewhat in 1987.

61. Revised data for 1985¹ show a large increase in pork imports by the USSR which, coupled with the strong rise in United States purchases, resulted in a world increase of some 11 per cent, to about 1,488,000 tons.² This was largely due not only to lower production levels and higher consumption in the above-mentioned countries, but also, more broadly, to a generally low level of prices on international pigmeat markets, largely explained by the depressed level of feedstuff prices. In the current year, and essentially as a result of expected lower import levels in the United States (-4.3 per cent) and in the European Community (-9.6 per cent) world imports of pigmeat could drop by 1 to 2 per cent, to some 1,467,000 tons. In the United States, the lower levels of imports are expected to be the result of an important (-5 per cent) decline in consumption, while in the European Community it would be due to higher production and lower export levels (consumption should rise by some 3.5 per cent). Imports by Japan are projected to strengthen in the current year (+3 per cent) as a result of the decline in output. In fact, in spite of an increase in production in the first months of the year, reduced farrowings since the end of 1985 could lead to lower supply levels for the year as a whole. Continuing rising pork production in Poland since 1985 should allow lower import levels, and Argentina has re-opened its market to pigmeat imports, up to 15,000 tons, due to a difficult supply situation.

¹ Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1986

² This estimate is the result of the utilization of different sources and can only be used as an indication.

SELECTED COUNTRIES' TRADE IN PIGMEAT

A. IMPORTS¹

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
United States	512	490	-4.3	499	+1.8
Japan	270	278	+3.0	250	-10.0
USSR ²	246	250	+1.6	250	0.0
Hong Kong ²	217	225	+3.7	235	+4.4
EC	166	150	-9.6	150	0.0
Poland	38	30	-21.0	30	0.0
Others	39	44	+12.8	59	+34.1
Total	1,488	1,467	-1.4	1,473	+0.4

B. EXPORTS¹

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
EC	415	400	-3.6	400	0.0
China ²	263	292	+11.0	292	0.0
Canada	197	195	-1.0	200	+2.6
Germany, Dem. Rep. ²	210	210	0.0	230	+9.5
Hungary	143	114	-20.3	105	-7.9
Romania ²	100	100	0.0	125	+25.0
Poland	99	126	+27.3	126	0.0
Sweden	76	66	-13.2	48	-27.3
United States	58	54	-6.9	54	0.0
Others	220	216	-1.8	197	-8.8
Total	1,781	1,773	-0.4	1,777	+0.2

¹000 tons carcass weight, includes fresh, frozen and canned product but excludes live animals. Unless otherwise indicated, data come from the replies to questionnaires, or are estimates by the secretariat.

²Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1986

V. SITUATION AND OUTLOOK IN THE INTERNATIONAL POULTRY MEAT SECTOR

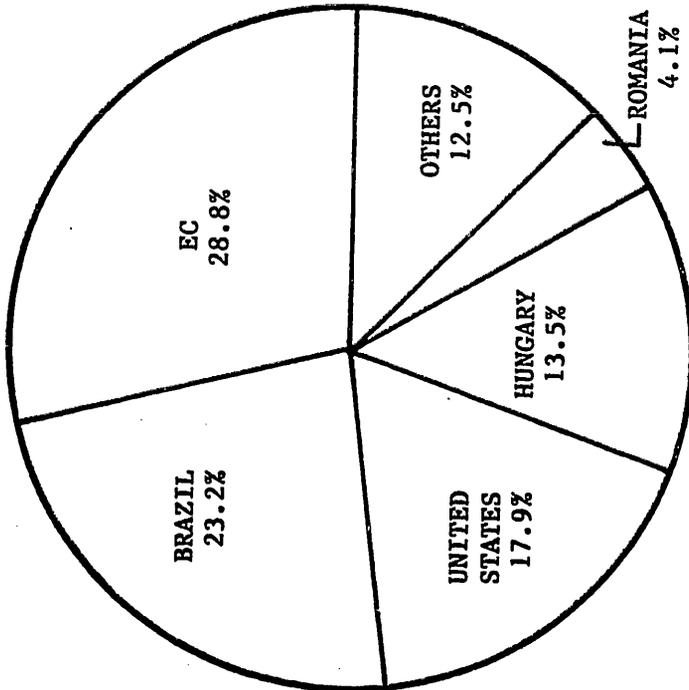
62. World production of poultry meat continues to benefit from ample supplies of low-priced feedgrain and should reach another record level in 1986 of about 26,200,000 tons¹, 3.4 per cent more than year earlier. As in 1985, increases should occur in practically all countries for which data are available. In the United States (32 per cent of world output) production is expected to rise by some 6 per cent, to 8,346,000 tons. This is the result not only of the feedgrains situation, but also of low domestic retail prices relative to other meats and of a slowdown in economic growth, with its obvious impact on incomes and consumer purchasing power. Another factor which should be taken into account is the quick response of this country's poultry industry to the strong demand for new products. In the European Community, production should total some 5,418,000 tons (21 per cent of world output and some 40,000 tons more than last year if Portugal and Spain are added to the 1985 figure). This would again be essentially due to low feedgrain prices. Brazilian output should also rise, partly benefiting from short supplies of beef and veal, while Soviet Union output is expected to rise by some 2 per cent and Japanese production is likely to rise only marginally. In the Middle East, the expansion of poultry meat production is expected to accelerate from a 6 per cent rise in 1985, to 9 per cent this year. World poultry meat output is projected to continue to expand in 1987, and maybe even at a faster rate than presently.

63. With such developments at the production level, and in spite of an also generally rising consumption, world trade in poultry meat can only shrink. Indeed, imports could decline by as much as 6-7 per cent in the current year. Along with rising production, imports by the Middle East are expected to decline. Saudi Arabia, which imports more than half of the poultry meat going to that region, is expected to buy some 30 per cent less, while purchases by Iraq, the region's second largest importer, may fall by some 65-70 per cent. In Saudi Arabia self sufficiency is now close to 70 per cent, while in Iraq it is estimated at above 90 per cent. Self sufficiency in the Middle East region should now be on average around 80 per cent, against only some 60 per cent in the period 1978-82. The decline in import demand in this region could be somewhat offset by an expected rise in some Asian countries such as Japan and Hong Kong. This could be to the advantage of other countries in the region, China and Thailand in particular, which have increasingly been exporting to neighbouring countries. While exports by the European Community are projected to decline, the United States Export Enhancement Programme allowed the exportation of 43,000 tons of frozen poultry to Egypt, putting total exports at an expected 257,000 tons. It is too soon to estimate the impact of the recent meat export prohibition implemented by the Brazilian authorities, but the rising domestic demand for poultry meat (provoked by the "cruzado" programme and the difficult beef situation) will result in a decline of exports. World imports of poultry meat in 1987 should remain relatively stagnant, if not decline somewhat.

¹Sources: Replies to questionnaire and USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1986.

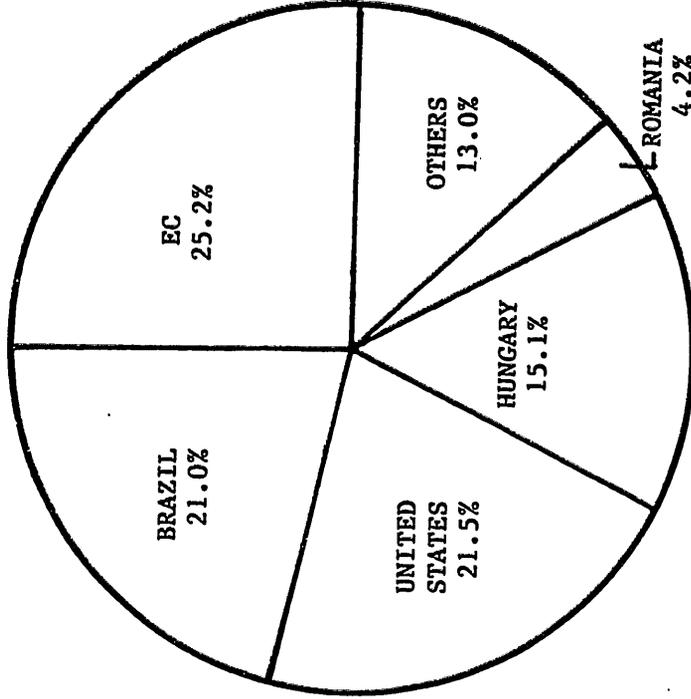
EXPORTS OF POULTRY MEAT

1985



Total exports: 1,179,000 m.t. (c.w.e.)

1986



Total exports: 1,193,000 m.t. (c.w.e.)

Sources: Replies to questionnaires; estimates by the Secretariat; USDA, Dairy, Livestock and Poultry, World, Livestock and Poultry Situation, September 1986.

SELECTED COUNTRIES' TRADE IN POULTRY MEAT

A. IMPORTS¹

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
Middle East ²	343	239	-30.3	217	-9.2
USSR ²	141	140	-0.7	142	+1.4
Hong Kong ²	114	131	+14.9	138	+5.3
Japan	100	122	+22.0	128	+4.9
Egypt ²	99	105	+6.1	100	-4.8
EC	85	80	-5.9	80	0.0
Others	114	115	+0.9	125	+8.7
Total	996	932	-6.4	930	-0.2

B. EXPORTS¹

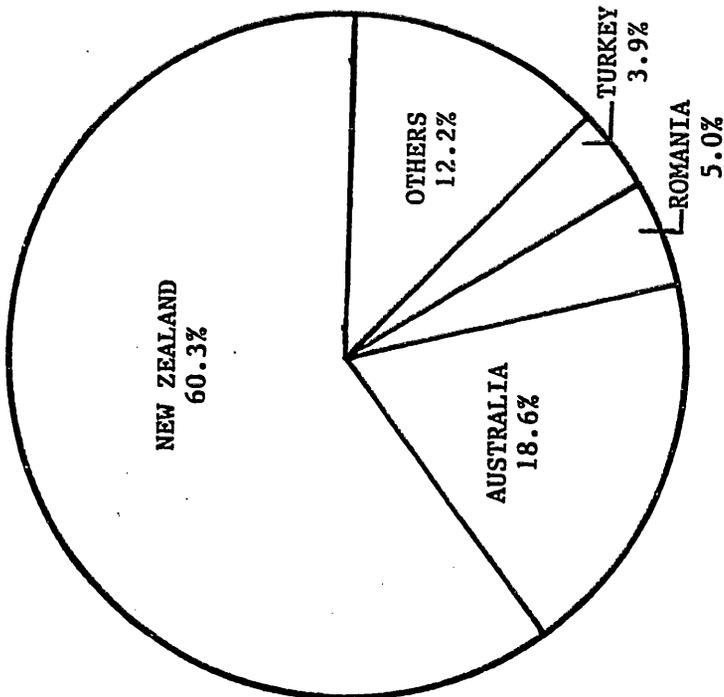
	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
EC	340	300	-11.8	300	0.0
Brazil ²	274	251	-8.4	251	0.0
United States ²	211	257	+21.8	256	+2.0
Hungary	159	180 ²	+13.2	200 ²	+11.1
Romania ²	48	50	+4.2	50	0.0
Yugoslavia ²	30	31	+3.3	33	+6.5
Others	117	124	+6.0	128	+3.2
Total	1,179	1,193	+1.2	1,218	+2.1

¹,000 tons, ready-to-cook basis. Unless otherwise indicated, data come from the replies to the questionnaire, or are estimates by the secretariat.

²Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1986.

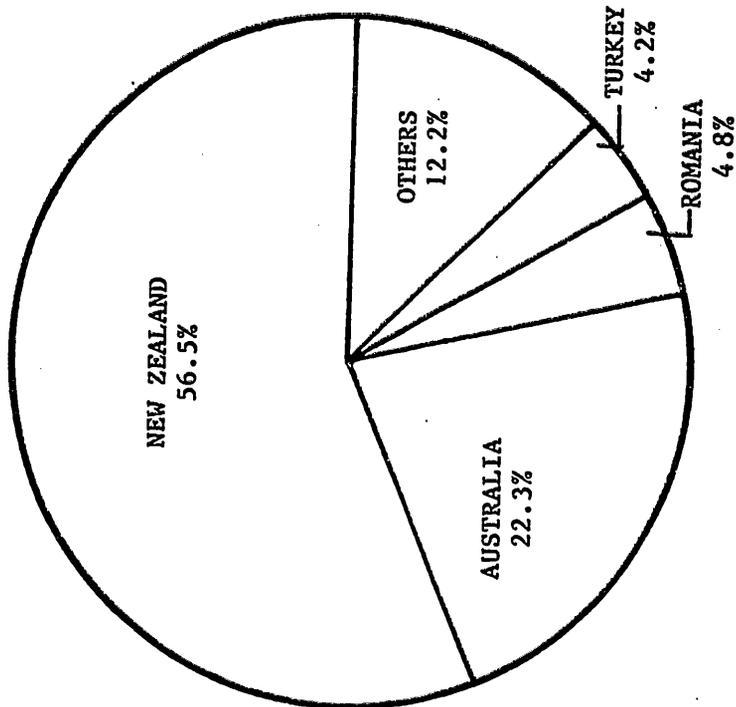
EXPORTS OF SHEEPMATE

1985



Total exports: 902,000 m.t. (c.w.e.e.)

1986



Total exports: 940,000 m.t. (c.w.e.e.)

Sources: Replies to questionnaires; estimates by the Secretariat; USDA, Dairy, Livestock and Poultry, World, Livestock and Poultry Situation, September 1986.

VI. SITUATION AND OUTLOOK IN THE INTERNATIONAL SHEEPMEAT SECTOR

64. World production of sheepmeat in 1986 is projected¹ to fall by some 2.2 per cent, to 4,709,000 tons, as a result of the output decline in some major producing countries. The largest drop in production will probably occur in New Zealand, by an estimated 12.5 per cent, as a consequence of a conjunction of factors including fairly low lamb prices at the beginning of the year, changes in the agricultural policy, a seven-week strike, shifts from sheepmeat production to more profitable wool production, and a generally difficult economic situation. All this resulted in lower slaughter levels and although the situation now seems to be back to more normal conditions, production of sheepmeat for the year as a whole will be affected. In the United States high lamb prices and lower feed costs increased the producers' returns, and it is estimated that sheep flocks are stabilizing. Production is expected to decline by some 6-7 per cent but the downward trend should slow down as from next year. In the Soviet Union, production is projected to decline by some 3-4 per cent. In Australia, the sheep flock has been expanding quickly since the 1983 drought and was estimated at 156,300,000 head in March 1986. This rapid expansion seems to be essentially due to the rising profitability of wool production. Total sheep and lamb production will consequently rise in both 1986 and in 1987. In the European Community sheep numbers continued their slow but steady upward trend, and in the current year, production should rise by a further 2 per cent.

65. As a result of a difficult year and delayed slaughterings, New Zealand exports of sheepmeat in the 1985/86 season should have declined.² However, the export stocks of frozen meat that New Zealand regularly builds up may have contributed towards limiting the decrease. Estimates on a calendar year basis, problematic to assess, suggest a 2.4 per cent decline. At an expected 210,000 tons, sheepmeat exports by Australia in 1986 will be at their highest level since 1982. Mutton exports are expected to rise by some 27 per cent, and lamb exports by about 19 per cent. Low domestic mutton prices have stimulated mutton exports, some 44 per cent of which should go to the Middle East (especially to Iran) and Japan. Lamb exports have been boosted by improved demand from Japan and the United States and by a recovery of demand in the Middle East. The difficult supply situation in New Zealand seems to have benefited Australian exports. As a result of increases in the world's two major exporting countries (New Zealand and Australia), exports of sheepmeat are expected to show a further rise in 1987.

¹Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1986.

²See also paragraph 48.

SELECTED COUNTRIES' TRADE IN SHEEPMEAT¹

A. IMPORTS¹

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
EC	253	250	-1.2	240	-4.0
Japan	159	160 ²	+0.6	160 ²	0.0
USSR	21	20	-4.8	20	0.0
Egypt ²	5	6	+20.0	7	+16.7
Others	50	33	-34.0	35	+6.1
Total	488	469	-3.9	462	-1.5

B. EXPORTS

	1985	1986	%Change 1986/85	Forecast 1987	%Change 1987/86
New Zealand ²	544	531	-2.4	560	+5.5
Australia	167	206	+23.4	218	+5.8
Romania ²	45	45	0.0	40	-11.1
Turkey ²	35	40	+14.3	40	0.0
Bulgaria ²	30	30	0.0	30	0.0
India ²	21	27	+28.6	32	+18.5
Korea, Rep. of	15	14	-6.7	14	0.0
Others	44	43	-2.3	40	-7.0
Total	901	936	+3.9	974	+4.1

¹ 1,000 tons carcass weight, includes fresh, frozen and canned product, but excludes live animals. When not otherwise indicated, data come from the replies to the questionnaire, or are estimates by the secretariat.

² Source: USDA, Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1986.