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CENTRE WILLIAM-RAPPARD, 154, RUE DE LAUSANNE, 1211 GENEVE 21, TEL. 022 39 51 11

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WORLD BEEF MARKET RECOVERED IN 1987  
BUT FACES UNCERTAIN PROSPECTS ACCORDING TO NEW GATT REPORT

After years of depressed prices, the international bovine meat market staged a strong recovery in 1987. Prospects for continued recovery this year, however, are clouded by several factors, in particular the expected decline in beef and veal consumption in the developed countries.

This is one of the conclusions of a report<sup>1</sup> on the international meat markets published today by the GATT. The report examines recent trends in production, consumption and trade of bovine meat, pigmeat, poultry meat and sheepmeat, and presents forecasts for 1988.

The continued slide of the US dollar against most currencies in 1987 had the effect of stimulating import demand, thereby easing the pressure on world stocks. Exports from Argentina, Brazil, Australia and New Zealand rose while those from the European Communities decreased slightly. On the other hand, Japanese imports climbed strongly but demand remained weak in most developing countries.

Conditions at first glance seem favourable for the continued recovery of bovine meat prices in 1988. An increasing number of importing and exporting countries are at the end of a cattle herd liquidation period or are already in a herd rebuilding phase. Production in these countries is consequently expected to fall further or remain stagnant which should help shore up prices.

The report, however, cites certain factors threatening prospects for bovine meat exporters. The most significant is the expected consumption decline in a number of major markets. The report projects an average drop of some 2 per cent for countries participating in the Arrangement Regarding Bovine Meat.

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<sup>1</sup>The International Markets for Meat 1987/88 available in English, French and Spanish from the GATT Secretariat, Centre William Pappard, 154 rue de Lausanne, 1211 Geneva 21, Switzerland. Price Sw F 12.-.

Another is the continuance of depressed feedgrain prices which, even if they lead to lower beef and veal production costs, will boost output of competing meats such as pork and poultry. The recent stock market plunge has also raised some apprehension. For instance, livestock futures in the Chicago Mercantile Exchange slipped down immediately at the end of October 1987 due to fears of an economic recession.

Commenting on the general situation in the bovine meat sector during 1987, the report estimates world trade in this sector narrowed by 3 to 4 per cent in volume although total trade in value terms is believed to have expanded strongly due to the higher international prices.

The price recovery last year was spurred mainly by the 0.5-1 per cent decline in world bovine meat production to about 44.3 million tons. Production fell in the United States, Canada, Argentina, Uruguay and Colombia. In the European Communities, cattle numbers continued to fall (-3 per cent) while higher levels of cattle slaughter kept production at the same level as in 1986. On the other hand, production climbed in Australia, New Zealand, Brazil, Japan and the USSR.

The report also outlines trends affecting other types of meat. Pigmeat production fell by 1 per cent in 1987, as production dropped by 6 per cent in China, the largest producer. The poultry sector registered a 6 per cent growth rate in 1987 - its biggest jump in recent years. This was largely the result of a 10 per cent rise in the United States, the world's leading poultry meat producer. World sheepmeat production rose by 1 per cent during the year, due largely to a 6 per cent production rise in the EC which had become the world's largest producer with the accession of Portugal and Spain.

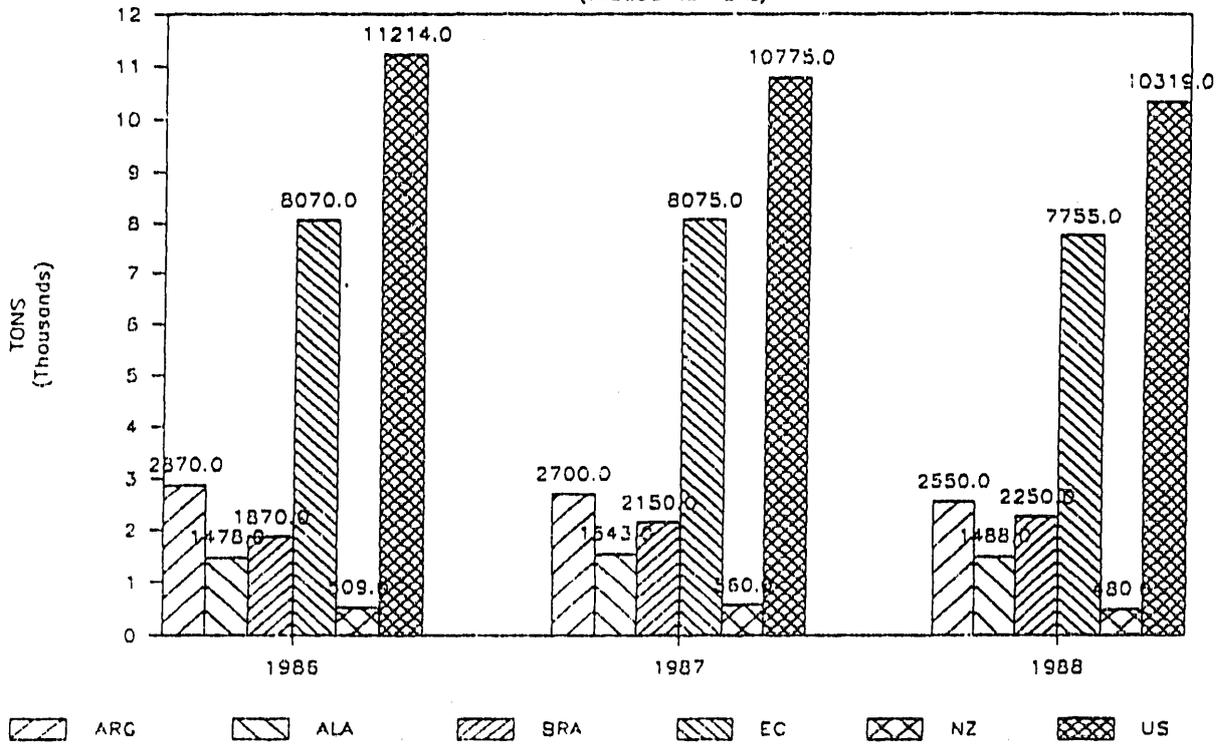
#### Note to Editors

The Arrangement Regarding Bovine Meat, negotiated in the Tokyo Round, has been in force since 1 January 1980. There are 27 signatories to the Arrangement: Argentina, Australia, Austria, Belize, Brazil, Bulgaria, Canada, Colombia, Egypt, the European Communities, Finland, Guatemala, Hungary, Japan, New Zealand, Nigeria, Norway, Paraguay, Poland, Romania, South Africa, Sweden, Switzerland, Tunisia, United States, Uruguay and Yugoslavia.

The two graphs overleaf indicate production and export trends for beef in Argentina, Australia, Brazil, the European Communities, New Zealand and the United States.

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### SELECTED COUNTRIES' BEEF PRODUCTION (INCLUDING VEAL)



### SELECTED COUNTRIES' BEEF EXPORTS (INCLUDING VEAL)

