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SITUATION AND OUTLOOK IN THE INTERNATIONAL MEAT MARKETS

Note by the Secretariat

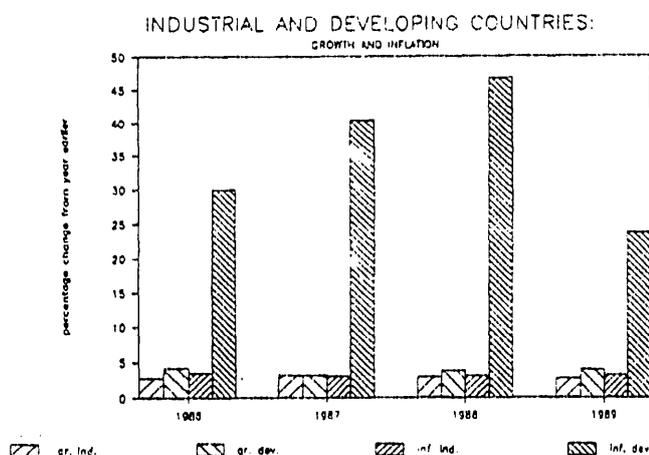
The present note has been drawn up by the secretariat of the Arrangement in accordance with the terms of Article IV, paragraph 1(a), of the Arrangement. The note presents a summary of the international situation and outlook for bovine meat and specific elements of the world beef economy on a country-by-country basis. (Summaries of the situation and outlook for pigmeat, poultry meat and sheepmeat will be published as an addendum). In the preparation of this document, the following sources, inter alia, have been used: several 1988 USDA reports; In Brief, Australian Meat and Livestock Corporation, various issues for 1988; European Weekly Market Survey, Meat and Livestock Commission, various issues for 1988; Weekly Information Bulletin, Junta Nacional de Carnes, various issues for 1988; Informe Ganadero, Buenos Aires, 1988, various issues; Market Commentary, Agriculture Canada - December 1987; FAO - World Meat Situation and Outlook, February 1988; Medium-Term Perspectives - Agriculture, Canada, January 1988; Marché International du Bétail et des Viandes, CFCE, various issues for 1988; The New Zealand Meat Producer, several issues for 1988; and responses to the questionnaire submitted by 16 May 1988.

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I. MAJOR FEATURES OF THE INTERNATIONAL ECONOMIC SITUATION AND OUTLOOK

1. Revised figures for economic growth in 1987 indicate a rise of 3.1 per cent in both industrial and developing countries* thus showing an upward revision for the former - most importantly because of the reduction in fiscal deficits (especially in the United States) and the increase in domestic demand - and a downward revision for the latter - marked by a divergence in the growth performance among them: strong growth in certain Asian countries, slow growth in Africa and Brazil. Provisions for growth in 1988 and 1989 are now estimated at 2.8 per cent and 2.6 per cent respectively for industrial countries. In the United States, a slowdown in private consumption is still expected as a result of the stock exchange crisis, but it is believed that it will be compensated by higher exports and investments. In Japan, expansion of domestic demand should continue in 1988, and economic growth is likely to remain strong. Developing countries' economies are estimated to grow by 3.7 per cent in 1988 and by 3.9 per cent in 1989, and a greater convergence in economic growth is expected. Although in 1987 developing countries had the first significant fall in debt-exports ratio since the beginning of the debt crisis - due to a recovery in terms of trade - the difficulty for some countries to obtain credits is still a major concern.



Inflation rates in industrial countries are likely to increase marginally in 1988-1989, reaching 3 per cent, and it is supposed that it will be higher in the United States than in Japan and the Federal Republic of Germany. In the developing countries inflation will continue to rise, probably by 10 percentage points more than in 1987, due mainly to disturbances in the anti-inflation programmes of some countries in Latin America. Unemployment in 1987 reached 8 per cent and, for the first time since 1979, dropped below 6 per cent in the United States** (5.75 per cent), and in 1988 it should run at the same rate as in 1987. As regards trade, according to GATT experts***, the volume of world trade in merchandise in 1987 is estimated to have grown at a rate of 3.5 per cent. Increased international competitiveness of United States products combined with a less rapid growth of its imports (compared to its level in 1983-1986) allow experts to expect higher net exports of goods and services by the United States, thus providing a impetus to its economic activity in 1988. European imports have been rising faster and exports have been decelerating. No major change in the growth rate of trade is currently foreseen for 1988.

* IMF World Economic Outlook, April 1988

** Federal Reserve Bulletin, March 1988

*** GATT International Trade 1986-87

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

Situation in 1987 and the first months of 1988

Prices remain firm, even if they levelled off somewhat

2. In 1987, the beef and veal sector was marked by the recovery of bovine meat prices. In certain major exporting countries producer prices were pushed up by rising export prices, but also by lower production costs due to abundant and low-priced cereals and feedgrains. This also allowed producer prices to increase in a number of other non-exporting countries. As was mentioned in the last report^{1/} the price recovery took place in spite of a number of adverse conditions among which one of the most important ones was the large availability of competing meats, especially pigmeat and poultry meat which added a downward pressure on beef and veal prices, limiting their growth. The abundance of competing meats could be explained by the depressed feedgrain prices to which they respond faster as a result of a shorter production cycle, but also because of a better integrated industry in an increasing number of countries. It appears that the price recovery on international beef markets, whose way was paved by the large Community and United States' sales to Brazil in the autumn of 1986, was mainly due to lower levels of supplies in some major exporting countries, resulting from the end of herd liquidation.

3. Although not much data are available for the first half of 1988, it seems that prices on international markets have levelled off somewhat, especially after the first two months of the year, but remained profitable. The precise reasons for this are not yet clear. It is nevertheless admitted that this may well be just a "natural" adjustment of prices which, after having often risen by more than 20 per cent, have fallen to a level more in line with overall large meat supplies and shrinking demand for beef. It is also admitted that prices, at levels closer or even higher than present ones, should remain firm for the rest of the year. (Argentinian average export prices from January to April illustrate this price evolution: 1985: US\$1,237 per ton f.o.b.; 1986: US\$1,248 (+0.9 per cent); 1987: US\$1,516 (+21.5 per cent compared to 1986); 1988: US\$1,370 (-9.7 per cent than last year, but 10.8 per cent higher than in 1985. Australian export prices to the United States have also fallen somewhat since mid-February.)

Production: The decline continues ...

4. In 1987, and according to revised data, beef and veal production in countries participating in the Arrangement fell by 1.1 per cent, to close to 32 million tons. Major falls occurred in North America (United States -3.6 per cent, Canada -5.7 per cent) reflecting the end of cattle herd liquidation and in South America (Argentina -6 per cent, Uruguay -20 per cent, Colombia -3 per cent) in spite of an estimated 15 per cent rise in Brazil (which followed an equal fall in 1986). In Oceania production went up by 5 per cent in Australia as a result of strong import demand by its major markets, and by 3 per cent in New Zealand. In Europe, production

^{1/}"The International Markets for Meat - 1987-88", January 1988.

trends varied widely having declined in Finland, Norway, Sweden, Bulgaria and Poland and risen slightly in Yugoslavia and Hungary and more markedly in Switzerland and, especially in Romania (an estimated 18 per cent according to the USDA). In spite of lower slaughter levels, production in the European Community rose by 0.5 per cent, as a result of higher slaughter weights. Production in the USSR is estimated to have gone up by some 3 per cent, while in China the rise would have been as much as 21 per cent. According to the FAO, in Africa cattle numbers continued recovering from the losses provoked by the mid-1980's drought, production having risen in some countries there. In Tunisia output fell by 4 per cent. Japanese production went up by 1 per cent reflecting higher slaughter weights. Available data for the first six months of 1988 confirm that the output decline is continuing in North America, in South America, at least in Argentina, and in Oceania where output is falling in both Australia and New Zealand. In the European Community a sharp drop is estimated to have intervened due to depleted cow and calf numbers and slaughters.

Consumption: ... but consumption fell, too ...

5. Last year, beef and veal consumption fell in most major producing countries members of the Arrangement. Rises occurred only in Japan, New Zealand and Yugoslavia. Among the "smaller" producing countries (for the purpose of this analysis including countries producing less than 250,000 tons per year) consumption rose or stagnated in Austria, Bulgaria and Egypt (estimates), Finland, Hungary, Romania (estimates), Sweden and Switzerland. Although in certain cases the consumption drop can be explained by production falls (Argentina, Uruguay and some others), there was a rising number of countries where the competition of cheaper alternative meats seems to have been the major cause for the setback. In the two major producing countries where consumption of beef and veal rose markedly, New Zealand (+11 per cent) and Japan (almost 7 per cent), this was due in the first case to the meat carryover provoked by year earlier strikes and lower retail prices, and in the second one to higher production and imports, in spite of slightly higher real retail prices. Consumption rose in a number of South-East Asian countries, and in the USSR in line with production. The FAO estimates that overall meat consumption did not change much in North Africa. Not many data are available concerning the first half of the current year, but if projections for the year end are correct, consumption should be following the same downward trends as last year.

Trade: volume down, value up

6. Revised export data for signatories of the Arrangement show a greater than 3 per cent drop in volume. In spite of this drop, the stronger prices mentioned above allowed an increase in value. As can be induced by the analysis relating to production, the conjunction of a stronger demand in major importing areas (North America, South East Asian countries) and of lower supplies in major exporting countries, led to higher prices. To this, one could add the decline of the United States dollar against most currencies which acted as a further stimulus to import demand. The decline

in the quantities imported was largely due to the absence of Brazil as a major buyer last year (in fact, had Brazil imported as much beef as year earlier, total exports by the signatories of the Arrangement would have risen by 5 per cent). Among the major exporters, sales abroad fell in the European Community, Uruguay and Canada. The important fall in EC exports was the result of a lack of large sales. Contrary to what had happened in 1986, with the sales to Brazil and the USSR, the Community could not place large quantities of bovine meat in any market. As a result, EC stocks could only but rise, with intervention purchases largely exceeding sales. By the end of the year, total stocks were, at 775,000 tons, up by 13 per cent. The decline in Uruguay and Canadian exports was, by and large, due to production falls. All other major exporters saw their sales increase and Australia recovered its place as the leading world beef exporter. Among major importers only Brazil imported less (-68 per cent) than year earlier, with the return to more normal conditions. Indeed Brazil again became a net exporter. The United States, Japan and Canada were the countries with stronger rises in imports due, in North America, to the production fall, and reflecting in Japan a strong domestic demand and a sharply strengthened yen. In spite of reduced purchases to the EC, USSR imports should have risen as a result of higher purchases from East European countries. African and Middle Eastern countries' imports do not seem to have risen significantly. From January to June 1988, and apart from the price level-off signaled above, beef trade seems to have followed roughly the same trends as last year. Production going down in major importing areas resulted in a continuing strong import demand, while the output drop in an increasing number of exporting areas (Oceania) further limits export availabilities. Two facts however should be added to the above-mentioned reasons for the international beef prices decline. On one hand, the Brazilian recovery and its return to the "export scene" had a certain impact especially on other South American exporters, and the continuously high stock levels of the European Community which, by the end of March, were at 740,000 tons. However, it should be noted that this high level of stocks is more a "heritage from the past" than the result of higher intervention purchases which, in fact, were much lower than year earlier. Also Community exports fell sharply during the first quarter of 1988. Export restitutions for certain products were thus increased in mid-March. The first half of the year was marked in GATT by a number of actions against both Japan and the Republic of Korea. Arguing that the restrictions on imported beef contravene Japan's and Korea's obligations under the General Agreement, both the United States and Australia requested the establishment of panels to review the matters under Article XIII:2 of the General Agreement. The panels were established by the Council of Representatives on 4 May 1988. New Zealand requested consultations under Article XXIII:1 with Japan and the Republic of Korea and reserved its right to equally request the establishment of a panel.

SELECTED COUNTRIES' TRADE IN BEEF AND VEAL^{1/}

A. EXPORTS

	1986	1987	%CHANGE 1987/86	FORECAST 1988	%CHANGE 1988/87
ARGENTINA	256	287	12.1%	300	4.5%
AUSTRALIA	829	911	9.9%	780	-14.4%
BRAZIL	364	378	3.8%	400	5.8%
CANADA	103	91	-11.7%	82	-9.9%
EC ^{3/}	1117	866	-22.5%	800	-7.6%
NEW ZEALAND ^{4/}	358	432	20.7%	435	0.7%
UNITED STATES	252	292	15.9%	233	-20.2%
URUGUAY ^{5/}	186	93	-50.0%	115	23.7%
OTHERS ^{5/}	308	287	-6.8%	265 ^{2/}	-7.7%
TOTAL	3773	3637	-3.6%	3410	-6.2%

B. IMPORTS

	1986	1987	%CHANGE 1987/86	FORECAST 1988	%CHANGE 1988/87
BRAZIL	474	151	-68.1%	192	-39.1%
CANADA	112	135	20.5%	145	7.4%
EC ^{3/}	402	417	3.7%	420 ^{2/}	0.7%
JAPAN	272	329 ^{2/}	21.0%	362 ^{2/}	10.0%
UNITED STATES	1045	1137	8.8%	1150 ^{2/}	1.1%
USSR ^{6/}	335	340	1.5%	347	2.1%
AFRICA	390	400	2.6%	420 ^{2/}	5.0%
OTHER ASIA ^{6/}	122	127	4.1%	130	2.4%
MIDDLE EAST ^{6/}	121	127	5.0%	132	3.9%
EASTERN EUROPE	45	45	0.0%	58	28.9%
OTHER EUROPE	24	24	0.0%	27 ^{2/}	12.5%
TOTAL	3342	3232	-3.2%	3283	1.6%

^{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/} Secretariat estimate.

^{3/} EC of twelve as from 1986.

^{4/} Year ended 30 September.

^{5/} Includes all other exporting countries participating in the Arrangement Regarding Bovine Meat. Estimates by the Secretariat.

^{6/} Source: USDA Dairy, Livestock and Poultry, World Livestock and Poultry Situation, September 1987.

Outlook: in spite of the recent price level-off, fundamentals in the international beef markets remain positive

7. A quick glance at participants' projections for the current year allows a certain margin for optimism. Production of all countries is expected to show a 3 per cent drop, with further drops expected to occur in major importing areas but also in major exporting ones. Indeed, most major producing countries are currently well into a cattle herd rebuilding phase or are at its beginning, with a consequent decline in output. Important enough to be mentioned as one of the major factors affecting the supply side of world beef output in 1988, if not the major one, is the expected strong fall in European Community beef and veal production (-4.5 per cent). This is not so much because of an important drop in the quantity produced -365,000 tons (the United States production fall is expected to reach 488,000 tons) but because this would be the first strong fall since 1983, and should continue in 1989. Even if final data reveal a lower decline, it now seems reasonable to think that strongly reduced cattle numbers and especially dairy cow and calf numbers, along with declining slaughters can only result in lower production in the near future. It thus appears that with production down in all major producer countries (with the exception of Brazil, Japan and Uruguay), and the prospect of a strong import demand in major areas, prices should remain strong. However, as indicated above, prices although remaining firm have been sliding down since the beginning of the year. Also, a close analysis of the cattle herd rebuilding in certain countries shows slower rises in cattle numbers than in previous periods of herd reconstitution, revealing producers' lack of confidence or at least greater caution than in the past. Reasons for this have been largely repeated by all analysts: abundant supplies of other types of meat; decline of beef consumption; difficult economic conditions in many countries and slow growth in others; changing diet habits; health considerations, etc. Indeed, it would seem that everywhere to some extent, producers prefer (or have no other choice because of previous situations of indebtedness) to take advantage of the good market conditions of the moment, than to trust uncertain future perspectives. Recent estimates for lower cereals' production and declining stocks, with the consequent price rise, and the prospect of further increases in production costs, are clear indications that this caution will continue. All this suggests that in a world of fast changing techniques, diets, but also in a number of countries due to the implementation of policies affecting production, producers are reasoning on the basis of a much shorter-term future than in the past, in order to better respond to such changes. Most probably, the slower cattle herd rebuilding in a number of developed countries, apart from maybe reflecting some lack of confidence in the market, also reveals a higher productivity degree and maybe also a more important investment in quality than in quantity (like for instance in the United States, the increasing tendency to raise cattle for production of leaner meat). In any case, for the rest of 1988 it can be expected that international beef prices will not decline much more and indeed, may even increase again somewhat in the second half of the year. General economic growth in both industrialized and developing countries has been revised upwards, while the effects of last October's stock exchange crisis did not affect overall consumption as much as feared (even if, for instance in the United States, this seems to be the case). Imports by the USSR should rise somewhat (especially if

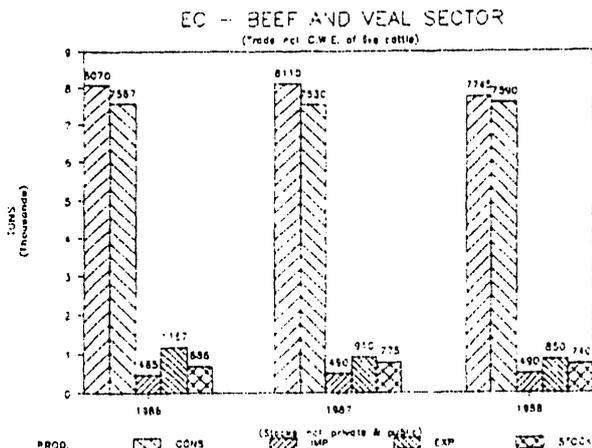
lower priced product is offered), while the FAO estimates that imports by Near East and North African countries will be largely unchanged. In the "foot-and-mouth disease area", prices for high-quality beef will remain strong (in other words, prices of beef imported by the EC) while, taking into account the Community's high stock levels, an important price recovery for other qualities continues to be doubtful. One major policy element that should intervene in the second half of the year, and which could have an important impact on the longer-term world beef economy, is the revision of the European Community beef regime.

III. COUNTRY-BY-COUNTRY ANALYSIS

EUROPEAN COMMUNITY

8. Total cattle and calf numbers in the EC(10) fell by 3.7 per cent in 1987, to 73,037,000 head according to the last December census. As a result of the 1984 dairy quotas and its following tightening in December 1986, the fall was of 5.8 per cent for dairy cows. With the exception of beef cows, which rose by 1.4 per cent suggesting some shifting from dairy to beef cattle raising, numbers for all other categories of cattle declined. Last year was the first time that statistics for Portugal have been collected using the Community methodology. In these conditions, total cattle numbers for the EC(12) were 79,473,000 head, the estimated decline for the twelve countries being some 3.2 per cent. Total slaughter, EC(12), is estimated to have fallen by 1.0 per cent last year. Along with the decline in dairy cow numbers, maybe one of the major issues in the evolution of the Community cattle herd is the decline in calf numbers: not only did they fall by a marked 4.4 per cent in 1987, but also the number of calves intended for veal was, last December, 7.5 per cent lower than year earlier. In fact, this is the result of lower calf births due to the reduced dairy herd. The effects of dairy quotas are still expected to be felt this year and, in spite of an estimated further decline in slaughterings (-4.5 per cent), rising female cattle prices, and especially calf prices, cattle and calf numbers are projected to decline further in 1988.

9. In 1987, and according to revised data, bovine meat production rose by 0.5 per cent, to 8,110,000 tons. The rise was due to higher slaughter weights, provoked by low feed prices, which compensated for the decrease in slaughterings. As could be expected from what was stated above, veal production is nevertheless estimated to have fallen by some 2.5 per cent. During the first six months of 1988, production is estimated to be sharply down reflecting the drop in cow and calf numbers and slaughterings. Adult male cattle slaughter seems to be rising and further fattening is continuing. Projections for the year end place total slaughter down by 5.1 per cent, with cow slaughter decreasing by 8.8 per cent, and production falling by as much as 4.5 per cent, to 7,745,000 tons. This declining trend should continue in 1989,



when production is expected to fall by a further 2 per cent. Contrary to earlier estimates, beef and veal consumption in the European Community declined by 0.5 per cent, to 7,530,000 tons. As noted in previous reports, bovine meat consumption in the EC is largely dependent not only on general economic conditions, but also on the relative prices of competing meats. Low feedgrain prices (partly due to the US dollar fall) have provoked an

expansion in production of all meats, most notably pigmeat, which rose by some 300,000 tons (to some 12,540,000 tons). As a result, consumption of pigmeat, poultry meat (and also of sheepmeat) increased markedly (2-3 per cent per capita, altogether). Bovine meat intake is projected to rise by about 25,000 tons this year and remain unchanged in 1989.

10. Beef and veal exports were revised downwards to 866,000 tons last year (-22.5 per cent). Including the carcass weight equivalent of live cattle, the drop was of 22 per cent, to 910,000 tons. The absence of large sales to countries such as Brazil and the USSR appears to explain this fall. As a result, intervention stocks could only but move upwards with intervention purchases, even if lower than in 1986, largely exceeding sales. By the year end, total stocks were up by 13 per cent compared to year earlier, totalling 775,000 tons. Since the beginning of 1988, intervention stocks have decreased somewhat reflecting (apart from much lower purchases than year earlier) larger sales than purchases and by the end of March they were at 740,000 tons. The 1987 decline in Community exports, in spite of rising prices on world markets, continued during the beginning of 1988. Export certificates for January and February were delivered for some 53,600 tons against 207,000 tons exported in the same period in 1986. Under these conditions, and reportedly to compensate for the US dollar decline, export restitutions for certain products were increased in mid-March (fresh meat: +18 per cent; breeding cattle +20 per cent; other male cattle +11 per cent; and frozen meat to the United States +11 per cent). Current export forecasts for 1988 reflect the projected fall in production and the progressive resorption of stocks. They are for a 7.6 per cent drop in beef and veal exports, to 800,00 tons, or 850,000 tons including live cattle. Current trends in production, consumption and trade suggest that the EC market is getting close to a balance. Indeed, a number of observers now admit that this balance could be restored by the year end.

11. Unlike exports, 1987 beef and veal imports were revised upwards, totalling 417,000 tons. Including live cattle they totalled 490,000 tons. In the agreement reached in October 1987 during the negotiations under GATT Article XXIV:6 related to the enlargement of the Community, Argentina saw its "high-quality" beef quota raised by 4,500 tons and the frozen boneless beef quota by 3,000 tons. On the same grounds, a further "autonomous" 1,000-ton quota of "high-quality" beef was granted to Argentina last April. Thus, the beef import quotas adopted for 1988 are, at present, as follows: frozen beef ("GATT quota"), 53,000 tons; high-quality beef ("Hilton quota"), 34,300 tons; Australian buffalo meat 2,250 tons; "autonomous import quota" of high quality beef (opened to compensate third countries for the lower level of manufacturing beef quotas under the balance sheet scheme) 8,000 tons; "autonomous import quota" to Argentina, 1,000 tons; "balance sheet" quota, 12,000 tons; EC-ACP countries, 38,100 tons. Current forecasts for total beef and veal imports this year are for 420,000 tons, or 490,000 tons including live cattle.

12. A revision of the European Community beef regime is expected to take place in the second half of the year. The main proposal submitted by the Commission to Council concerns the introduction of an intervention system similar to the one applied to butter which, since last year, has been operating a special tendering system. A number of more immediate proposals

concerning, for example, the levels of the guide and intervention prices; the calculation of intervention buying-in prices; the removal of the variable premium in the United Kingdom and the calf premium applied in some countries; and the extension of the special premium, already operating in other countries to all of them, etc., are still waiting for a decision. In fact, at the time of writing, the price package for the 1988/89 beef marketing year had not yet been adopted, and the marketing year was extended to 5 June.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	82,080.0 ^{4/}	79,473.0	-3.2	77,500.0 ^{4/}	-2.5
Beef and veal ^{2/} :					
Production	8,070.0	8,110.0	0.5	7,745.0	-4.5
Consumption	7,567.0	7,530.0	-0.5	7,590.0	0.8
Imports	402.0	417.0	3.7	420.0	0.7
Exports	1,117.0	866.0	-22.5	800.0	-7.6
Stocks ^{3/}	686.0	775.0	13.0	740.0 ^{5/}	-4.5
^{1/} '000 head, December	^{2/} '000 tons	^{3/} Total stocks, 31 December			
^{4/} Secretariat estimates	^{5/} Total stocks, 31 March 1988				

FINLAND

13. Finnish cattle and calf numbers continued to fall in 1987. Revised figures for the 1 December cattle census, show a 3.4 per cent drop, to 1.4 million head. A result of the dairy cessation programmes in the last few years, cattle herd liquidation was also influenced in 1987 by a crop failure which resulted in a drastic reduction of dairy cow numbers. The combination of these two factors brought these numbers down by 27,300 head, to 571,000 head. Nevertheless, the drop in total cattle numbers also reflects the decrease in numbers of virtually all the categories of cattle. Slaughter levels declined by 0.7 per cent but in fact, only the slaughter of adult male cattle fell (-4.8 per cent), while that of cows, heifers and calves increased. As a result of the 1988 dairy termination programme, which should provoke the liquidation of further 20,000 cows, cattle and calf numbers are expected to show another decrease this year.

14. Beef and veal production, which like other animals' production is controlled by the limitation of cattle numbers per farm, came down by only 1.2 per cent, to 123,400 tons in 1987. This reflects the small decreases in both slaughter and slaughter weight levels. Production is forecast to

drop by a further 1 per cent in the current year. At 20.85 kg., per capita consumption of bovine meat remained practically unchanged last year. Although beef real retail prices increased only marginally, pigmeat prices (which at the same time declined slightly) are about 30 per cent lower, largely favouring the consumption of this type of meat. However, it is interesting to note that in 1987 pigmeat consumption fell somewhat (-0.7 per cent in per capita terms), while poultry meat intake, although at a much lower level, rose from 4.49 kg. in 1986, to 5.4 kg. last year. It is expected that in the future bovine meat consumption will remain stable, whereas pigmeat intake, and especially that of poultry meat will continue to rise.

15. Reflecting lower production, beef and veal exports in 1987 fell by 1.6 per cent, to 21,980 tons. Canned, cooked and processed products (including sausages), represented about 75 per cent of total exports. The USSR, virtually the sole destination for fresh, chilled and frozen beef (small quantities went also to Sweden), was also the major importer of canned, cooked and processed beef. The average export price of frozen beef in 1987 was US\$1,050 per ton f.o.b., up by almost 12 per cent from year earlier.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	1,484.7	1,434.2	-3.4	1,402.0	-2.2
Beef and veal ^{2/} :					
Production	124.9	123.4	-1.2	122.0	-1.1
Consumption	102.6	102.9	0.3	103.0	0.1
Exports	22.3	22.0	-1.3	17.0	-22.7

^{1/} '000 head, 1 December ^{2/} '000 tons

SWEDEN

16. For the eighth year in a row, cattle and calf numbers in Sweden fell by 3.5 per cent in 1987 (June cattle census), to 1,655,000 head. This was a smaller drop than year earlier, but still reflects the implementation of the two-price system for milk. Indeed, although smaller than in 1986, dairy cow slaughter was still relatively high and dairy cow numbers fell by some 24,000 head. For the current year a much smaller drop is projected and the June cattle census is expected to show a drop of only 4,000 dairy cows. Cattle herd liquidation should nevertheless continue this year and the next, although at a much slower rate. This is evident in cattle slaughter levels, which fell by as much as 13.6 per cent last year (cows, heifers and adult male cattle by 8 per cent and calves by 37.8 per cent) and are expected to fall by no more than 5 per cent in 1988 and almost stabilize in 1989.

17. Cheaper feedgrain prices in 1987 resulted in higher slaughter weights, which, to some extent, have "compensated" for the heavy decrease in slaughters. This allowed bovine meat production to decrease by "only" 8 per cent, to 135,000 tons. Projected production for the current year is 131,000 tons, which should equally be the output level for 1989. Higher disposable income resulted in a significant 6.2 per cent rise in per capita consumption of beef and veal, to 17.1 kg., in spite of a 1.4 per cent increase in real retail prices. Indeed, this becomes almost surprising when, at the same time, per capita consumption of pigmeat in spite of a price 40 per cent below the one for beef, fell by almost 4 per cent (to 30.4 kg.) and poultry meat intake by some 13 per cent (to 4.5 kg.).

18. In 1987, for the first time since 1978, Sweden again became a net importer of bovine meat. With production levels declining almost interruption since 1983 and, all in all, relatively stable consumption, exports, which in 1985 picked up at 35,400 tons, fell last year to 7,200 tons. Meanwhile, imports rose from a 5,400 tons low in 1985, to 15,700 tons. This same trend is expected to continue and even accentuate somewhat this year and in 1989. Imports of frozen meat, which accounted for more than 80 per cent of the total, came essentially from Denmark, Poland, Yugoslavia and Australia.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	1,715.0	1,655.0	-3.5	1,648.0	-0.4
Beef and veal ^{2/} :					
Production	147.0	135.0	-8.2	131.0	-3.0
Consumption	135.0	144.0	6.7	142.0	-1.4
Imports	8.1	15.7	93.8	16.0	1.9
Exports	23.9	7.2	-69.9	6.0	-16.7

^{1/} '000 head, June ^{2/} '000 tons

SWITZERLAND

19. Estimated cattle and calf numbers by April 1988 totalled 1,820,000 head, down by 2 per cent compared to year earlier. This reflects the dairy cattle herd reduction (-1.6 per cent) and the decline in calf numbers (-2.9 per cent). Since the end of the seventies and following the introduction of the milk quotas system, Swiss cattle and calf numbers have been continuously declining. In 1986, this trend was accelerated by depressed prices due to the 1985/86 beef over-production and, in the April 1987 census, cattle numbers showed the strongest fall in years (all

categories of cattle registered a decrease, but this was particularly strong for beef cattle). Producer prices begun to recover again as from the second quarter of 1987 and, for the year as a whole they were, in real terms, 2.4 per cent higher than year earlier. The current year estimates suggest that the cattle herd situation is now back to more "traditional" patterns, i.e. a decline in dairy cattle numbers and a rise in beef cow numbers. As a result of the price rises, cattle slaughter in 1987 went up by 1.8 per cent, due to higher slaughter of female cattle and calf.

20. Bovine meat production went up by 2.6 per cent last year, to 173,800 tons but, reflecting expected lower slaughter levels, should increase only marginally this year. It is worth noting that per capita consumption rose by almost 4.5 per cent, to 27.9 kg., even if retail prices increased slightly. This represents a 1.2 kg. per capita increase while, at the same time, pigmeat consumption dropped by 0.8 kg. (with a similar price rise) and poultry meat intake rose by 0.7 kg. Contrary to what previous estimates seemed to indicate, it thus appears that poultry meat is competing more with pigmeat than with bovine meat.

21. Reflecting the strong increase in demand, beef and veal imports in 1987 rose significantly to 12,700 tons, 17.6 per cent up from year earlier. Around 50 per cent of the imported meat was fresh or refrigerated and came from South America (1,700 tons from Argentina and 1,500 tons from Brazil) and the European Community (1,200 tons). Imports of frozen meat, which accounted roughly for a quarter of the total, came mostly from Argentina (1,750 tons). Canned and cooked product came essentially from the EC (2,800 tons). Projections for the current year put total beef and veal imports at some 13,000 tons. Exports last year reached the record level of 5,250 tons, of which more than 3,000 tons of frozen beef went to Brazil.

	1986	1987	% Change 1987/1986	Forecast 1988	% Change 1988/1987
Cattle and calf numbers ^{1/} :	1,902.0	1,857.6	-2.3	1,820.0	-2.0
Beef and veal ^{2/} :					
Production	169.4	173.8	2.6	175.0	0.7
Consumption	177.6	187.0	5.3	190.0	1.6
Imports	10.8	12.7	17.6	13.0	2.4
^{1/} '000 head		^{2/} '000 tons			

BULGARIA

22. Cattle herd liquidation in Bulgaria, initiated in 1983, continued last year when total numbers were at 1,678 million head, down by 1.6 per cent. However, it would seem that herd liquidation is slowing down as the decline was smaller than year earlier and both cow and calf figures fell to a

lesser extent than in previous years. It could nevertheless be noted that the increase in beef cow numbers which had been rising since the early 1980's, was interrupted. Production data for 1987 are not available, but the slowdown in cattle herd liquidation suggests that the decline initiated in 1986 may have continued last year. Dry weather conditions in the last few years, as well as reported "farm managers' negligence contributing to serious food shortages" including meat, seem to be the major reasons for the decline. The secretariat estimate is for a production drop of some 3 per cent, to 104,000 tons. Data regarding consumption is not available, but it are generally accepted that it turns around 98,000 tons.

23. In 1987, beef and veal exports, virtually all frozen "baby veal", fell by almost 40 per cent, to 9,500 tons. This drop seems to confirm the assumed production fall estimated for last year and was largely due to a close to 50 per cent decline in exports to Bulgaria's major export market: Jordan. Live cattle exports rose by some 5,100 head, to 17,800 head, and as in previous years, Libya was by far the major export destination. Beef and veal imports totalled 4,700 tons, down by 53 per cent, and originated in the Democratic Republic of Germany, Poland and Denmark. Imports from France which, in 1986 represented more than 50 per cent of total Bulgarian imports, were nil in 1987.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	1,706.0	1,678.0	-1.6	1,660.0 ^{3/}	-1.1
Beef and veal ^{2/} :					
Production	107.5	104.0 ^{3/}	-3.3
Consumption	97.0	98.0 ^{3/}	1.0
Imports	10.0	4.7	-53.0
Exports	15.8	9.5	-39.9
^{1/} '000 head	^{2/} '000 tons	^{3/} Secretariat estimates			

HUNGARY

24. The Hungarian cattle herd has been declining with only one interruption (in 1982) since the beginning of the eighties. A major reason for this was low profitability in the sector as a consequence of depressed prices, which continued last year when cattle numbers registered a close to 6 per cent drop, to 1,664,000 head at 1 January 1988. A further decline is expected for the current year. Slaughter levels increased by almost 4 per cent and revised data for beef and veal production (which now

include total slaughter and not only slaughterhouse production) show a 0.6 per cent rise, to 125,000 tons. The reason for higher slaughter is that the bovine meat sector has been faced with important difficulties over the last few years, leading to the disengagement of cattle producers, in spite of Government efforts and measures to minimize them. Producer prices, unchanged since 1984, were increased by 8 per cent at the beginning of 1987.

25. One of the reasons for the difficulties in the bovine meat sector, apart from more general economic conditions, is the competition from both pigmeat and poultry meat. Indeed, while the per capita consumption of beef and veal seems to have declined by 1-2 per cent, both pigmeat and especially poultry meat intake have risen, the latter rising over the last few years faster than the former. During the first half of 1987, Hungary exported 16,100 tons of beef and veal, 12 per cent less than year earlier, but exported 13 per cent more of live cattle: 68,400 head. As usual, the largest part of the bovine meat exports (92 per cent) was frozen and virtually all went to the USSR, while live cattle sales went there as well (44 per cent), also going to Saudi Arabia (24.3 per cent), to Italy (18 per cent) and to Lebanon (14 per cent). The average export price of frozen beef to the USSR was US\$1,059 per ton f.o.b. during the first quarter of 1987, and of US\$1,096 during the second quarter, respectively 25 and 24 per cent higher than year earlier. In the second half of the year, export trends reversed and, while beef and veal exports were, at 40,300 tons, marginally higher than year earlier (and went undoubtedly especially to the USSR), at an estimated 156,000 head, cattle sales fell after all, by 16 per cent last year. A further decline is expected for 1988. Imports of beef and veal dropped to 12,000 tons (-28.1 per cent) and live cattle purchases were nil compared to 31,800 head in 1986.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	1,766.0	1,664.0	-5.8	1,635.0 ^{3/}	-1.7
Beef and veal ^{2/} :					
Production	124.2	125.0	0.6	123.0 ^{3/}	-1.6
Consumption	88.5	89.0 ^{3/}	0.6	89.0 ^{3/}	0.0
Exports	40.1	40.3	0.5	35.0 ^{3/}	-12.7
Imports	16.7	12.0	-28.1	10.0 ^{3/}	-16.7

^{1/}'000 head, 1 January ^{2/}'000 tons ^{3/}Secretariat estimates

POLAND

26. In 1988, Poland entered its ninth year of cattle herd liquidation (only briefly interrupted by a 1 per cent increase in 1982). Projections for the June 1988 cattle census put cattle numbers at 10.4 million head, down by 1.2 per cent from year earlier. Although total cattle and calf slaughter fell by 3.2 per cent last year, and prospects are for a relatively strong production fall in 1988, there is no firm indication that the downward tendency of cattle numbers might be inverted in the near future. Indeed, the sector continues to struggle against low profit margins and insufficient feeding availabilities.

27. Beef and veal production fell by 2.5 per cent, to 688,000 tons in 1987, reflecting lower slaughter levels and only marginally higher weights. In 1988, forecasts are for a further 5 per cent output decline. Consumption dropped by 1.1 per cent, to 626,000 tons, as a result of higher retail prices and export levels. It is expected to fall by almost as much as production this year. As has been noted in previous reports, pigmeat is by far the preferred meat in the country and, with prices in some cases more than 50 per cent higher, its intake (1987) is nevertheless twice as high as that of beef and veal. Poultry meat consumption, although still at a relatively low level, has been rising steadily over the last few years: 59 per cent since 1983 (beef and veal, 7.9 per cent and pigmeat, 17 per cent, during the same period).

28. Beef and veal exports increased by as much as 25 per cent in 1987, to 65,600 tons. Poland exports virtually no frozen bovine meat, and 87 per cent of total exports consists of fresh and chilled product, the rest being canned and cooked. The Soviet Union absorbed 40 per cent of Polish sales of fresh and chilled beef and veal, and the second major market was the European Community, with a 20 per cent market share (especially to the Federal Republic of Germany and Italy) and Sweden (6 per cent). Exports of canned and cooked meat went by and large to the Federal Republic of Germany. As the result of a smaller decline in consumption than in production, exports are projected to fall significantly in the current year. Live cattle exports rose sharply in 1987, 414,000 head (as against 299,000 head year earlier), 84 per cent of which went to the EC. Live cattle exports are expected to rise by a further 12 per cent in the current year.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	10,919.0	10,523.0	-3.6	10,400.0 ^{3/}	-1.2
Beef and veal ^{2/} :					
Production	706.0	688.0	-2.5	653.0 ^{3/}	-5.1
Consumption	633.0	626.0	-1.1	598.0 ^{3/}	-4.5
Exports	52.7	65.6	24.5	48.0	-26.8

^{1/}'000 head, 21 April

^{2/}'000 tons

^{3/}Secretariat estimates

YUGOSLAVIA

29. Contrary to earlier estimates, cattle herd liquidation, initiated in 1982, did not stabilize last year. It even accelerated. At 4.8 million head by 15 January 1988 (-4.1 per cent) cattle and calf numbers have reached their lowest level of, at least, the last 25 years. No details are available concerning either the decline in numbers or slaughter levels. However, it may be noted that production increased by almost 2 per cent, indicating that slaughter weights have improved markedly. In Yugoslavia, approximately 85 per cent of the cattle is purchased by slaughterhouses on the basis of agreed co-operation with socially and privately owned holdings and 15 per cent is purchased on the free market. In 1987, 209,000 tons out of the total 345,000 tons were produced in the slaughtering industry. Per capita beef and veal consumption in 1986 fell by 5 per cent, to 13.4 kg. Although no official data are available, it had been estimated that last year per capita intake totalled some 14-14.5 kg. At the time, such a figure was considered to reveal a consumption decline. It now appears that, should such estimates prevail, they represent a considerable increase (+4 to 8 per cent).

30. The analysis of production and trade suggests that, regardless to its absolute volume, bovine meat intake did increase. Indeed, while production went up, exports fell by about 5 per cent, to 27.5 thousand tons, and imports rose sharply to 41 thousand tons (+35 per cent) a level not reached since 1983. The second half of 1987 confirmed the beef and veal (especially "baby beef") export trends registered during the first six months: sales to Greece fell sharply from 4,300 tons in 1986 to a mere 1,300 tons; sales to Italy (more than 65 per cent of overall exports) rose by 20 per cent and, while Jordan, traditionally Yugoslavia's third major market, disappeared as a major destination, Kuwait emerged as the second most important buyer, with 2,500 tons. Imports (all fresh and chilled) originated in the European Community (85.5 per cent of the total, which came especially from Ireland, the Federal Republic of Germany and the Netherlands) while Poland emerged as the second largest supplier having sold 3,000 tons of beef to Yugoslavia last year. Exports of live cattle rose dramatically to 76,100 tons carcass weight equivalent (+77.4 per cent), which certainly played a rôle in the cattle herd decline, while imports trebled totalling 6,900 tons (C.W.E.).

31. Market prices, which are state controlled, were sharply increased in September 1987 in order to cope with high inflation rates and consequent strongly increased production costs. As a result, the annual average retail prices doubled (in real terms) and producer prices rose by more than 50 per cent (equally in real terms). In these conditions, it can be questioned whether a more than 5 per cent rise in consumption was indeed possible last year. Although no data are available for 1987, it can be noted that consumption of other meats rose in 1986 (while bovine meat intake fell) and that pigmeat, up by 15 per cent, to 37.7 kg. per capita, is by far, the preferred meat.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	5,034.0	5,030.0	-0.1	4,822.0	-4.1
Beef and veal ^{2/} :					
Production	339.0	345.0	1.8	350.0 ^{3/}	1.4
Consumption	301.0	317.0	5.3	317.0 ^{3/}	0.0
Imports	30.3	40.9	35.0	35.0 ^{3/}	-14.4
Exports	29.0	27.5	-5.2	23.0 ^{3/}	-16.4

^{1/} '000 head, 15 January ^{2/} '000 tons ^{3/} Secretariat estimates

SOUTH AFRICA

32. After a long period of persistent drought conditions, and a timid 1 per cent recovery in cattle numbers last year, herd rebuilding now seems to be well under way, and forecasts for the next August cattle census put total herd at 8.2 million head, up by 3.7 per cent, while a further 1.8 per cent rise is projected for 1989. Reflecting cattle herd rebuilding, total cattle slaughter fell by 11 per cent in 1987 and, although it is expected to remain relatively unchanged in the current year, this is solely due to a rise in adult male cattle slaughterings. Cow and heifer slaughterings are expected to fall by some 7.5 per cent, while those of calves should remain unchanged.

33. As a result of the decline in slaughter levels, beef and veal production in 1987 (which represented approximately 65 per cent of total red meat produced in the country) fell by 5.1 per cent, to 603,700 tons. Higher slaughter weights due to improved weather conditions and partly also to an increased number of feed-lot operations (about one third of total slaughtered stock) compensated for the much stronger drop in slaughter levels. Per capita consumption of beef and veal fell by 3 per cent, to 19.1 kg., reflecting a 15 per cent rise in retail prices (in real terms) and the stronger competition from poultry meat, whose per capita consumption during the same period rose by 2 per cent, to 15 kg.

34. As a consequence of the production fall, bovine meat imports in 1987 doubled to 47,000 tons. A net importer of beef and veal, South Africa is believed to buy this type of meat in the neighbouring countries, but imports from the European Community last year are believed to have been higher than 12,000 tons.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	7,828.0	7,909.0	1.0	8,201.0	3.7
Beef and veal ^{2/} :					
Production	636.1	603.7	-5.1	624.5	3.4
Consumption	697.6	670.4	-3.9	655.0	-2.3
Imports	23.9	47.0	96.7	31.5	-33.0
	^{1/} '000 head, 31 August	^{2/} '000 tons			

TUNISIA

35. Cattle and calf numbers in Tunisia, which have been rising steadily since 1983 (with a brief interruption in 1986 apparently as a result of the 1985 drought conditions in the country), rose again last year by 6.7 per cent, to 666.3 thousand head. Current projections are for further increases in 1988 and 1989. Bovine meat production fell by 4 per cent in 1987, to 32,000 tons, reflecting lower slaughter levels. With these and slaughter weights expected to rise in the current year, estimated production is forecast to rise by more than 7 per cent, to total some 34,300 tons.

36. Difficult general economic conditions in the last few years have hampered beef and veal consumption which, in spite of unchanged state-controlled retail prices since 1985, has been declining since 1984. Last year, per capita consumption fell by 6 per cent, to 6.3 kg. Unlike what is happening in many other countries, the drop in bovine meat consumption has not been accompanied by an increase in other meats' intake. Indeed, the consumption of both poultry meat and sheepmeat also fell, in spite of prices which can be less than half those of beef. Some improvement seems to be under way, and the consumption of all types of meat is now expected to rise in the current year.

37. Traditionally an importer of live cattle and bovine meat, Tunisia has been reducing its purchases of live animals in recent years (60,000 head in 1984 and 12,000 head in 1987) and buys some 10,000-15,000 tons of beef per year. In 1987, bovine meat imports amounted to 11,075 tons (6 per cent higher than year earlier), more than 75 per cent of which were fresh and chilled meat coming from the European Community (France and the United Kingdom). As a result of the expected production rise, imports are forecast to fall somewhat this year.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	624.3	666.3	6.7	669.7	0.5
Beef and veal ^{2/} :					
Production	33.3	32.0	-3.9	34.3	7.2
Consumption	50.2	48.5	-3.4	50.2	3.5
Imports	10.5	11.1	5.7	10.9	-1.8
^{1/} '000 head		^{2/} '000 tons			

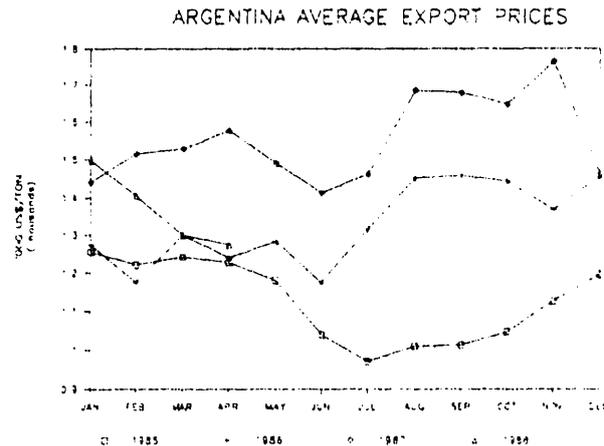
ARGENTINA

38. Cattle herd in Argentina was estimated at 51 million head on 30 June 1987. This means a 3.2 per cent drop, the strongest one since liquidation began in 1985. Cattle and calf numbers are now at their lowest level since 1971. However, since last year's third quarter, total cattle slaughter levelled off suggesting the beginning of herd rebuilding and, for the year as a whole, totalled 12.8 million head, 8.6 per cent below year earlier. Current forecasts for 1988 indicate another slow down in slaughters, to 12 million head, and it is consequently expected that by the end of June 1988 cattle numbers will have fallen by only 1 per cent, both indicators confirming herd rebuilding. As a result of the decline in slaughters, even if this was partly compensated by higher slaughter weights (resulting from the lower percentage of cows and heifers in the slaughter mix), bovine meat production dropped by 6 per cent, to 2.7 million tons. This same evolution is expected for the current year, when production should decrease by 5 per cent, to 2,568,000 tons, due to an expected 6 per cent reduction of slaughters.

39. It is interesting to note that herd rebuilding is not necessarily corresponding to a period of stronger prices. Indeed, prices rose sharply from January to August 1987 and herd rebuilding started when prices began to fall again. From a 10-year record in August (steers index price at Liniers reached 148 (1960=100)) prices stated to decrease in September and, by December, were at their lowest level since May 1986 (index 93). They recovered somewhat in January 1988 and have declined again since then (in the first three weeks of April the index was 83, back to its April 1986 level). The reason for this "de-phasing" between herd retention and price evolution seems to correspond to a certain recovery of producers' confidence based on prospects for lower inflation and increased consumption in the second half of the year, and on the need to rebuild strongly reduced herds over the last 10 years. In line with the production fall, higher exports, strongly increased retail prices and serious economic

difficulties, per capita beef and veal consumption declined by 9 per cent to 77 kg. last year, i.e., back to its 1984 level. Forecasts for the current year are for a further 8 per cent drop even if, as indicated above, some recovery is expected for the second half of the year.

40. In spite of the production fall, Argentinian bovine meat exports rose by as much as 12 per cent in 1987, to 287,000 tons. The increase reflected higher prices on international markets and was solely due to the impressive 33 per cent rise (to 191,000 tons) in the exportation of canned and cooked products. Strong import demand in the United States resulted in a 23 per cent increase in sales to that country, while imports by the Community more than doubled, reflecting the "reopening" of the United Kingdom market. Sales of fresh, chilled and frozen beef and veal fell by 15 per cent, to 95,000 tons and went to the EC (51 per cent of the total), Brazil (6,700 tons, a 66 per cent drop caused by Brazil's abnormal purchases in 1986) and some others.



It is worth noting that exports to Hong Kong totalled 4,300 tons against 1,400 year earlier). Last year's average export price was US\$1,545 per ton f.o.b. During the first quarter of 1988 exports remained, at 74,800 tons, almost unchanged. However, the f.o.b. average export price per ton for the period fell from US\$1,495 year earlier, to US\$1,402, and the same trend registered for 1987 continued: declining exports of fresh, chilled and frozen beef and rising sales of cooked and canned product to the same major destinations. Even if still modest, exports of frozen meat to Hong Kong rose again sharply: at 1,600 tons, for the first quarter 1988, they have already surpassed total 1986 exports and reached the level exported in the first six months of 1987. Total exports are projected to increase to 300,000 tons this year.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	52,700.0	51,000.0	-3.2	50,500.0	-1.0
Beef and veal ^{2/} :					
Production	2,870.0	2,700.0	-5.9	2,568.0	-4.9
Consumption	2,620.0	2,413.0	-7.9	2,268.0	-6.0
Exports	256.0	287.0	12.1	300.0	4.5

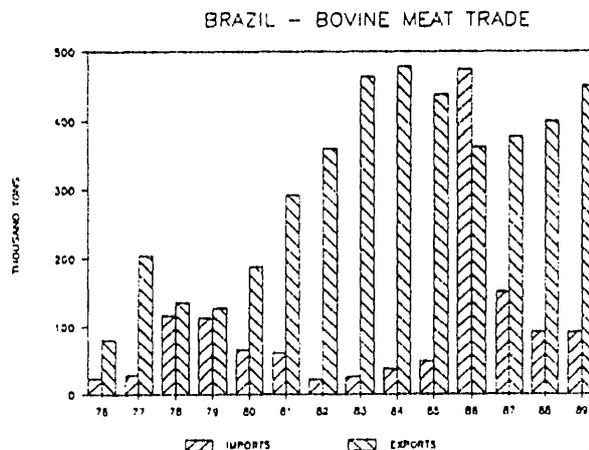
^{1/} '000 head, 30 June ^{2/} '000 tons

BRAZIL*

41. Estimated cattle and calf numbers in Brazil totalled 131,503,000 head in 1987, up by 2 per cent from last year. Although a further 2 per cent increase is projected for 1988, it has been suggested that the practically uninterrupted rise in cattle numbers OVER the last twenty years might soon come to an end. More severe credit conditions, rather high interest rates and, by mid-year, prices below historical averages, would be the reasons for strong cattle supply in the next slaughtering season and may consequently give rise to a phase of herd liquidation. Although it is too early to draw clear conclusions from the analysis of the official data, it can be noted that cattle and calf slaughter rose by an estimated 19 per cent in the course of the year and that projections for 1988 suggest a further 2 per cent increase, which could confirm the possibility of herd liquidation.

42. In line with increased slaughter levels, estimated production of beef and veal rose by 15 per cent in 1987, to 2,150,000 tons. Taking into account that in the first six months of the year production had fallen by almost 7 per cent, this implies that bovine meat production during the 1987 slaughtering off-season (September to November) was sharply up compared to year earlier. One of the reasons for the decline in production in the first half of the year might well have been low producer prices which, after the recovery registered at the beginning of the year following the price liberalization, would have fallen to levels below historical averages. Should the above-mentioned slaughter increase take place, production could continue to rise in 1988 to reach some 2,250,000 tons. Because of the consumers' eroded purchasing power and increased competition from other meats, total consumption of beef and veal fell by 2.4 per cent in 1987, while per capita consumption diminished by approximately 6 per cent. Simultaneously, both total and per capita consumption of pigmeat and especially of poultry meat continued to rise. Per capita intake of the latter amounted to approximately 12 kg., only 1.6 kg. less than that of beef.

43. Following the record level reached last year for well-known reasons, Brazilian imports are estimated to have declined significantly in 1987. From January to June they totalled 110,000 tons, of which some 70 to 80 per cent appear to consist of the delivery of the 1986 large purchases from the European Community and the United States. Since the beginning of last year, Uruguay has been Brazil's major supplier. By the end of 1987 total imports may have reached some 168,000 tons (including the 1986 import deliveries). Exports, which fell sharply in the first six months of 1987 (109,000 tons, some 50 per cent less than year earlier) were



* In the absence of new data, the text of "the International Markets for Meat, 1987/88" has been reproduced as such.

officially estimated at 378,000 tons, 4 per cent up, for the year as a whole. From January to June, exports of fresh, frozen and chilled beef and veal represented some 23 per cent of total exports and the major markets were Iraq and the European Community. Exports of canned product amounted to some 84,000 tons and major markets were the EC (especially the United Kingdom) and the United States. Imports are expected to decline further in 1988, while exports are expected to rise by a further 3 per cent, to 390,000 tons.

	1986	Estimates 1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers: ^{1/}	128,925.0	131,503.0	2.0	134,133.0	2.0
Beef and veal: ^{2/}					
Production	1,870.0	2,150.0	15.0	2,250.0	4.7
Consumption	1,988.0	1,940.0	-2.4	1,975.0	1.8
Imports	474.0	168.0	-64.6	114.0	-32.1
Exports	364.0	378.0	3.8	390.0	3.2
^{1/} '000 head	^{2/} '000 tons				

COLOMBIA

44. According to revised figures, and at 23.3 million head last December (a 2 per cent drop compared to year earlier) the Colombian cattle herd went, in 1987, through its third year of liquidation. However, apparently in reaction to increasing prices (+42 per cent compared to 1986), producers seem to have decided to retain their cattle, and slaughter levels fell by more than 3 per cent. This could well mean that the end of herd liquidation might intervene soon. Indeed, forecasts for the current year suggest that total cattle and calf numbers might rise by about 1 per cent. Lower slaughter levels resulted in reduced production of beef and veal. The drop was of 3.3 per cent, to 573,000 tons. Colombia expects production to recover again this year to some 585,000 tons. For the first time since 1978, per capita consumption of bovine meat fell below 20 kg., to 19.5 kg. Although the decrease in total consumption (-3.5 per cent) paralleled the one in production, sharply higher retail prices (+40 per cent) and an increasingly stronger competition from poultry meat, which is about one third cheaper (and whose price seems to increase at a slower rate), appear to be the main reasons for this consumption drawback. After this third year of uninterrupted decline, the Colombian prospects are for a 2 per cent recovery of total beef consumption (or 0.6 per cent in per capita terms) in 1988.

45. Beef and veal exports rose by some 516 tons, to 11,555 tons. Out of these, some 11,150 tons were fresh and chilled meat, of which 86 per cent went to Peru. Venezuela, once Colombia's major exporting market, has not imported Colombian product since 1985. In 1987, the average export value of beef to Peru was US\$1,959 per ton f.o.b., a 15 per cent increase compared to year earlier.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	23,510.0	23,030.0	-2.0	23,267.0	1.0
Beef and veal ^{2/} :					
Production	592.5	573.1	-3.3	585.0	2.1
Consumption	582.5	561.9	-3.5	573.3	2.0
Exports	11.0	11.6	5.5	15.5	33.6
	^{1/} '000 head, December	^{2/} '000 tons			

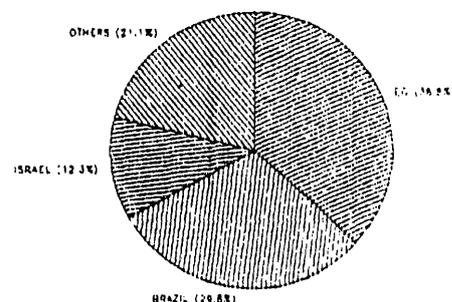
URUGUAY*

46. According to the 30 June 1987 census, cattle and calf numbers in Uruguay totalled 9,855,000 head, up by 6 per cent. Stimulated by rising exporting prices (in 1986 and for at least part of 1987) producers retained their cattle and began to rebuild their herds. A further 2.6 per cent rise in total cattle numbers is expected for the current year. Confirming herd rebuilding, cattle slaughter fell by a strong 18 per cent to 1,324,000 head. All categories of cattle slaughter declined with falls varying from 15 per cent (cows and heifers) to 21 per cent (adult male cattle). As a result, in 1987 bovine meat production is estimated to have fallen by 20 per cent to 284,000 tons. Projections for 1988 indicated that both cattle slaughter and beef and veal production should rise by some 8 per cent. Estimated bovine meat consumption for 1987 shows marginal changes compared to year earlier and, on a per capita basis, was at a level of 59 kg. No major changes are expected in the current year. As opposed to other countries, beef and veal consumption in Uruguay has shown a series of ups and downs over the last few years, which seem to be related more to the consumers' disposable income than to the competition of other meats. Indeed, data analysis suggests that the steady growth of poultry meat consumption (although at the still modest level of 5.9 kg. per capita) since the beginning of the eighties, is taking place at the expense of pigmeat rather than at that of bovine meat.

* In the absence of new data, the text of "the International Market for Meat, 1987/88" has been reproduced as such.

47. With a decline in production, stable consumption and unchanged stock levels (which amount to a scarce 10,000 tons) Uruguayan estimated exports in 1987 fell by a strong 46 per cent to 100,000 tons. Of these, 85,000 tons were fresh, refrigerated and frozen, and 15,000 tons were canned and cooked. Major markets during the first ten months of the year were the European Community (35,000 tons), Brazil (22,000 tons) and Israel (9,000 tons). Uruguay's sole bilateral export agreement is with Brazil and accounts for a total 70,000 tons (of which 30,000 tons for the Brazilian domestic market and 40,000 tons under the Brazilian "draw-back" system). However, taking into account that country's internal problems, this agreement is not being fulfilled. Following an increase in production and unexpected changes in consumption, exports of beef and veal for the current year are projected at 130,000 tons.

URUGUAY'S MAJOR EXPORT MARKETS - 1987
(Market shares)



	1986	Estimates 1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers: ^{1/}	9,303.0	9,855.0	5.9	10,111.0 ^{3/}	2.6
Beef and veal: ^{2/}					
Production	354.0	284.0	-19.8	307.0	8.1
Consumption	178.0	176.0	-1.1	177.0	0.6
Exports	186.0	100.0	-46.2	130.0	30.0
^{1/} '000 head, 30 June		^{2/} '000 tons		^{3/} Secretariat estimate	

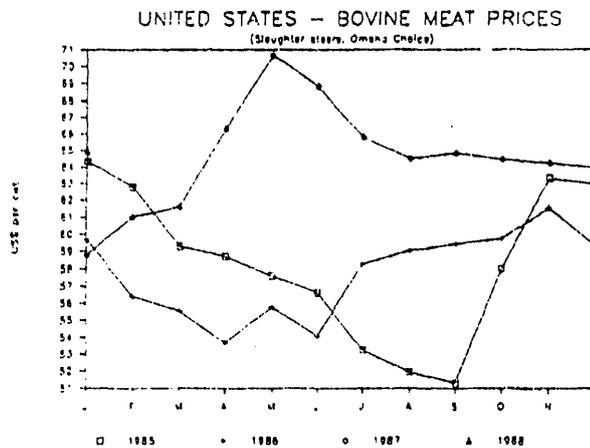
UNITED STATES

48. At close to 99 million head in January 1988 (below 100 million for the first time since 1961) cattle herd in the United States continued the liquidation phase initiated in 1983. Since that year, cattle numbers have fallen by 14 per cent. Compared to year earlier (-3.3 per cent), the decline was of 2.9 per cent. The evolution of slaughter confirms what appears to be the slowing down of herd liquidation. At 35,648,000 head, commercial cattle and calf slaughter fell by 4.4 per cent. Cow slaughter dropped by 17 per cent (as a result of the end of the Dairy Termination Programme), adult male cattle slaughter by 3.2 per cent and steer and heifer slaughter by 0.9 per cent (fed steer and heifer slaughter rose by 0.7 per cent, while non-fed fell by 17.6 per cent). Also the proportion of

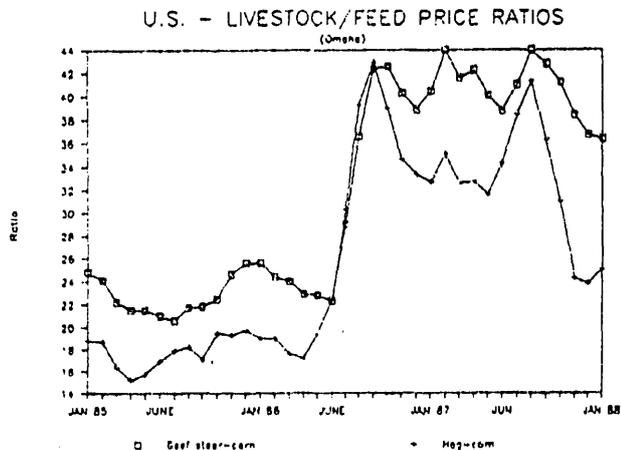
cows in the total slaughter mix dropped significantly. This tendency is expected to continue and even accentuate somewhat this year. However, total cattle numbers should not stabilize before 1989.

49. Reflecting record average carcass weights (293 kg., +1.4 per cent), beef and veal production fell less than slaughter: -3.6 per cent, to 10.8 million tons. Good pasture conditions, and lower feedgrain prices allowing heavier steers and heifers were, along with the lower proportion of cows in the slaughter mix, the reasons for this increase in slaughter weights. Projections for the current year show a further and stronger decline in production (-4.5 per cent) which should again reflect lower slaughter levels, but also continuing good forage supplies and heavy carcass weights (even if maybe slightly lower than last year) partly compensating for the slowdown in herd liquidation.

50. Cattle prices rose markedly in 1987. Choice fed steer prices at Omaha were, on average, at US\$64.6 per cwt, 12 per cent higher than year earlier. Prices picked up in May at US\$70.66 per cwt (a level not reached since May 1982). They have declined somewhat and regularly since then, largely as a result of continuously expanding supplies of lower-priced competing meats, but remained firmly above US\$63 per cwt and started rising again in January 1988. Retail beef prices rose 5 per cent on average last year, not entirely reflecting the cattle prices increase. The above-mentioned large availabilities of lower-priced competing meats appear to explain why the increase was not stronger. This year, fed cattle prices should average US\$1 to US\$2 above last year's average.



51. As a consequence of the production drop, beef and veal imports increased significantly last year: +9 per cent, to 1,137,000 tons. With a 50.9 per cent market share, Australia remained the major supplier of frozen beef followed by New Zealand (30.2 per cent) and Canada (10.5 per cent). Both Australia and New Zealand saw their market shares increase, while Canada, facing low export availabilities, saw its market share decline somewhat. With continuously rising imports, and the meat import law "trigger level" established at 653,100 tons (product weight), the United States invited, in 1987, both Australia and New Zealand to "voluntarily" restrain their exports. This year's "trigger



level" was calculated at about 694,000 tons (product weight), and the second quarter estimate of meat imports is reportedly below the level that would require quotas or restraints on imports. Current estimates are for around 671,000 tons (product weight) imported under the meat import law in 1988. Total imports are expected to exceed 1 million tons.

52. The United States exports of beef and veal have almost doubled since 1985. Boosted by sales to Brazil in 1986 and in the beginning of 1987, exports rose from 151,000 tons in 1985, to 292,000 tons last year. The increase compared to 1986 was of 16 per cent and cannot only be explained by the delayed shipments to Brazil, following the large sale to this country in 1986. Indeed sales to Japan, supported by a strong yen, shortages of high-quality beef there and a resulting strong import demand, rose by 12 per cent (to 127,500 tons, product weight); sales to Canada almost doubled, totalling 13,200 tons and exports to the European Community more than trebled, reaching 8,150 tons. Sales to Brazil, still reflecting the delayed shipments of 1986, totalled 30,000 tons. Exports have been projected to fall by around some 20 per cent in the current year.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	105,468.0	102,000.0	-3.3	98,994.0	-2.9
Beef and veal ^{2/} :					
Production	11,214.0	10,808.0	-3.6	10,320.0	-4.5
Consumption	12,036.0	11,511.0	-4.4	10,970.0	-4.7
Imports	1,045.0	1,137.0	8.8	1,150.0 ^{3/}	1.1
Exports	252.0	292.0	15.9	233.0 ^{3/}	-20.3

^{1/}'000 head, 1 January ^{2/}'000 tons ^{3/}Secretariat estimate

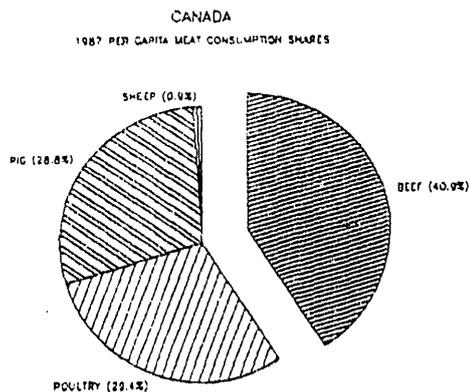
CANADA

53. Revised and actual data for the Canadian cattle herd show, in accordance with trends suggested since 1986 by cow, heifer and calf slaughter, that the cattle herd liquidation initiated in 1976 has now come to an end. Indeed, although at 10,818,000 head cattle numbers only showed a marginal 0.1 per cent rise, all categories of cattle slaughter are now declining and, for the current year, the cattle herd is expected to grow by 1.2 per cent. Slaughter levels fell by 7.9 per cent in 1987 and, as indicated, all categories of cattle slaughter decreased, with particularly strong falls for cow and heifer (-12 per cent) and calf (-9 per cent). These same trends should continue this year and, by the year end, total cattle slaughter should show a further 5 per cent drop.

54. As stated in the previous report, strongly increased cattle prices, following the price recovery in the United States and largely due to low feed grain prices, have encouraged producers to retain their herds. In 1987, A1A2 slaughter steer prices at Toronto averaged 88.66 cents, almost 7 per cent higher than in 1986 and in the current year should average about 89.47 cents, a certain stabilization being expected for the next few years. However, contrary to the recent past, the current herd rebuilding phase would be stimulated more by lower corn prices than by higher prices of feedstuffs. Reflecting lower slaughter

levels, beef and veal production came down by 5.7 per cent last year, to 942,600 tons and is projected to decline by a further 3 per cent this year and to start recovering as from 1989. In both cases, the smaller fall than the one registered for slaughter is explained by improved weights, reflecting the above-mentioned low feed prices, but also by a larger participation of adult cattle slaughter in the total mix. At 38.5 kg. (-3.5 per cent) per capita consumption fell to an historical low. With retail prices up by almost 4 per cent in real terms (sirloin steak), rising faster and almost 40 per cent higher than, for instance, centre

cut porkchops, this evolution appears difficult to avoid. The competition of poultry meat is getting even stronger and, by 1989, its per capita intake is expected to surpass, at 30.7 kg., that of pork. A projected recovery of beef consumption as from 1989, should keep it number one in the Canadian consumer meat preferences.



55. In 1987, lower production resulted in record import levels: 135,300 tons, up by 21 per cent on year earlier. As is traditionally the case, frozen meat accounted for around 68 per cent of the total, fresh and chilled meat for 25 per cent, and canned and cooked for 7 per cent. Historical suppliers have been the major beneficiaries of the rise. All types of meats included, the United States sold 117,000 tons; Australia 74,000 tons and New Zealand 56,000 tons. Other suppliers included Brazil and Argentina for canned and cooked products, while the European Community, following the introduction of countervailing duties on its exports to Canada, was absent from this market. The average import price for frozen boneless beef was US\$2,135 per ton c.i.f., 6 per cent higher than year earlier. As could be expected, beef and veal exports fell to 91,200 tons (-12 per cent), the lowest level since 1984. As usual, the United States absorbed the bulk of Canadian imports: 93 per cent. Live cattle exports rose by 9 per cent to 194,000 tons, which also virtually all went to the United States. Average export price for frozen boneless beef was US\$2,095 per ton f.o.b., 14.4 per cent higher than in 1986. While imports are expected to rise by a further 7 per cent in 1988, exports should continue to fall by some 10 per cent.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	10,956.0	10,802.0	-1.4	10,818.0 ^{3/}	0.1
Beef and veal ^{2/} :					
Production	1,000.1	942.6	-5.7	913.5	-3.1
Consumption	1,011.5	987.1	-2.4	967.4	-2.0
Imports	111.5	135.3	21.3	145.0	7.2
Exports	103.4	91.2	-11.8	82.0	-10.1
^{1/} '000 head	^{2/} '000 tons	^{3/} Actual			

AUSTRALIA

56. According to preliminary data for the last 31 March cattle census, Australian cattle numbers, at 23,282,000 head, rose only marginally last year. However, this was due to a 2.8 per cent rise in total adult male cattle slaughter in response to strong beef prices. Indeed, a slight drop in female cattle slaughter (whose share in the total slaughter mix fell in 1987 to 44.2 per cent from 45.5 per cent in 1986) and a 6 per cent decrease in calf slaughter suggest that herd rebuilding, initiated in 1985 and briefly interrupted in 1986, is continuing. Estimates for 1988 indicate that cattle slaughter may fall by some 5 per cent while cattle numbers are expected to rise by some 2 per cent.

57. Beef production rose by almost 5 per cent in 1987, to 1.5 million tons. A stronger percentage of adult male cattle in the slaughter mix and higher slaughter weights allowed this significant production rise, provoked by strong import demand from Australia's two major markets, the United States and Japan. Estimates for the first six months of 1988 put production at 741,300 tons, 1.6 per cent below the same period year earlier, while it is expected that by the year end and following slaughter trends, production might be 4-5 per cent lower. Beef and veal per capita consumption fell by 7 per cent in 1987, to 38.7 kg. Strong export demand, consequently higher retail prices and, to some extent, competition, especially from poultry meat and pigmeat, explain this evolution. Per capita lamb consumption, 23.1 kg., fell by roughly the same percentage as beef and veal, reflecting sharply higher retail prices (+16 per cent) due to strong export demand and high wool prices. It is worth noting that for the first time it was surpassed by poultry meat consumption (24.3 kg., +5 per cent) and, according to forecasts, this tendency will accentuate in the years to come (in 1990 poultry meat consumption should reach 27.8 kg., while sheepmeat intake should fall to 21.8 kg.).

58. With 911,000 tons of beef sold abroad, up by almost 10 per cent, Australia became again the first world exporter of bovine meat last year. Exports of chilled and frozen beef (the bulk of Australian exports) rose to all major markets: Japan (+9.5 per cent), Canada (+1 per cent) and essentially to the United States (+16.6 per cent), by far its major client (62 per cent of total frozen beef exports). As mentioned above, strong demand from both the United States and Japan and higher export prices, also supported by the decline of the Australian dollar, encouraged exports. For example, the drop of the Australian currency and rising feeder calf prices in the United States resulted in a 12.2 per cent increase in Australian boneless cow export prices to that country. Official forecasts are for a strong export fall (-14.4 per cent) this year. Nevertheless, although the expected production fall may result in some decrease in exports, the balance between production and consumption reveals an export availability of some 900,000 tons. In these circumstances, and taking into account the expectations of sustained demand in both Japan and the United States through 1988, it might well be that this forecast will be revised upwards. In fact, unofficial sources suggest a slight increase in exports, to some 913,000 tons this year.



	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	23,436.0	23,263.0	-0.7	23,282.0	0.1
Beef and veal ^{2/} :					
Production	1,476.2	1,547.6	4.8	1,480.0	-4.4
Consumption	664.0	629.0	-5.3	580.0	-7.8
Exports	829.0	911.0	9.9	780.0	-14.4

^{1/} 1,000 head, 31 March ^{2/} 1,000 tons

NEW ZEALAND

59. The 1986 meat workers' strikes had major repercussions in the sector during 1986/87. Thus, last year's 3.4 per cent drop in cattle and calf numbers, to 8 million head, was largely due to the abnormal inflation of cattle numbers in 1986 provoked by the strike. Indeed, in spite of last year's fall in numbers, the New Zealand cattle herd is in a rebuilding

phase. Compared to 1985, beef cattle numbers have increased as a result of improved profitability in the beef sector and estimates for the June 1988 cattle census put total cattle herd at 8.25 million head (+3.1 per cent), a further 0.6 per cent rise being expected for the next year. Revised figures indicate that cattle and calf slaughters rose by 1.5 per cent in 1987. This was the result of adult cattle carry-over from 1986 (due to the strikes) and projections for this year are for a 2.6 per cent fall reflecting a decline in slaughter levels for all categories of cattle.

60. Production figures for 1987 have been revised downwards. In fact production has not risen by 20 per cent as previously reported, but by only 3.4 per cent, to 526,400 tons. It now appears that the carry-over of the livestock originated by the 1986 strikes, initially thought to be the main factor responsible for a strong production rise last year, was indeed better absorbed by the industry. Taking into account the strong import demand in both North America and Japan, especially rising prices in the United States, it might have been expected that New Zealand producers de-stocked more cattle in order to export more beef (even if exports rose by a strong 21 per cent). In spite of average export prices 17.8 per cent higher in US dollar terms, the appreciation of the NZ dollar (17.3 per cent) resulted in a scarce 0.5 per cent export price rise in local currency terms. With this modest exception, bovine meat prices in New Zealand last year decreased, in real terms, at all other levels: producer prices fell by 10 per cent and retail prices by 3.7 per cent. In line with lower slaughter, production is expected to fall in 1988 to 520,000 tons. Per capita consumption of beef seems to have benefited by the retail price decline, rising to 39.7 kg. from 36 kg. in 1987. Sheepmeat intake rose by about the same percentage, to 42 kg.

61. During the 1986/87 season, beef and veal exports totalled 432,400 tons, against 358,000 tons year earlier. Taking advantage of the strong import demand and of some de-stocking from the carry-over provoked by the strike, New Zealand, like Australia, increased exports to all its major markets: United States (+19 per cent), Canada (+26 per cent) and Japan (+18 per cent). In spite of the expected decline in production, New Zealand is forecasting a slight rise in exports this year, followed by a stabilization in 1989.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/}	8,279.1	8,000.0	-3.4	8,250.0	3.1
Beef and veal ^{2/} :					
Production	509.0	526.4	3.4	520.0	-1.2
Consumption	118.1	131.0	10.9	130.0	-0.8
Exports	358.0	432.4	20.8	435.0	0.6

^{1/}'000 head, 30 June

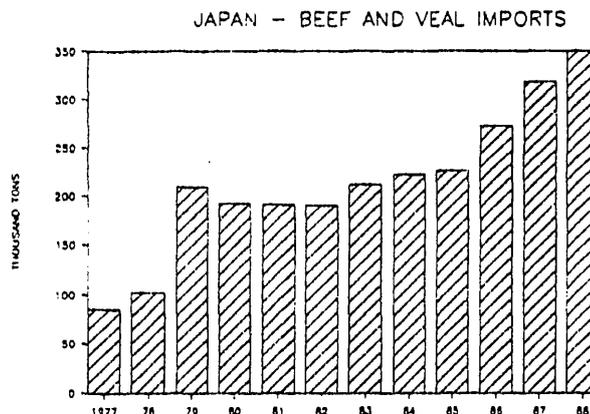
^{2/}'000 tons, year ending 30 September

JAPAN

62. For the first time since 1976, and according to the February 1987 census, cattle numbers in Japan fell by 1 per cent in 1986, to 4,684,000 head. With the exception of steers, which at 1,598,000 head rose by 2.2 per cent, the numbers of all other categories of cattle declined. The decrease was particularly strong for dairy cow numbers (-43,000 head) and beef cow (Wagyu) numbers (-23,000 head). Last year's 3.3 per cent decline in total slaughters suggests that cattle numbers may have risen again. Indeed, although the results of the February 1988 cattle census are not yet available, a 5 per cent fall in female cattle slaughtering and of 26.7 per cent in that of calves, clearly indicates that the continuing growth of the Japanese cattle herd has only been interrupted briefly. Reports of official projections recently published put total cattle numbers by 1995 (fiscal year) at 6,050,000 head. In other words, cattle numbers should rise by an annual average of 3-4 per cent from 1987 to 1995, an increase not repeated since the second half of the 1970's.

63. Beef and veal production rose by 1.1 per cent last year, to 565,000 tons, as a result of increased slaughter weights. In the meantime, per capita consumption went up by 0.4 kg., to 7.2 kg., while pigmeat intake (2.5 times less expensive than beef) rose by 1.0 kg., to 16.2 kg. and poultry meat by 0.6 kg., to 13.3 kg. While wholesale prices fell by 5.2 per cent (manufacturing grade) and 3.7 per cent (table grading), retail prices for beef increased by 0.6 per cent. This suggests, as was mentioned in the previous report, that the measures introduced by the Japanese authorities in 1986 did not have an impact at the retail level, at least up to the end of last year. Meanwhile, pigmeat retail prices fell by 2 per cent. The above-mentioned projections put total beef consumption by the year 1995 at 1.14-1.26 million tons. Compared to the 1987 level of 884,000 tons, this would mean an annual average rise of 3-3.5 per cent, well below the averages recorded since the second half of the 1970's.

64. In 1987, strong domestic demand, a modest production growth and a sharply strengthened yen resulted in a 21 per cent rise in bovine meat imports, to 329,000 tons. Furthermore, live cattle imports, which in 1986 had already more than doubled, went up by a further 13 per cent, to 39,600 head. Australia, traditionally by far the largest supplier of live cattle, furnished almost 80 per cent of the imported animals: 30,800 head. The two other suppliers were the United States and the Republic of Korea. Imports of beef came essentially from Japan's historical three major suppliers: Australia, the United States and New Zealand. Although Australia remains the largest supplier, the analysis of data clearly shows that the United States has been the principal beneficiary of the last few years'



rise in Japanese imports. Indeed, while the Australian market share fell without interruption from 75 per cent in 1980 to 55 per cent last year, the United States share rose systematically from 19 per cent to 39 per cent during the same period. The New Zealand share, at a much more modest level, remained relatively stable: 3.2 per cent in 1980 and 3.6 per cent in 1987 (however from 1983-1985 the average share was of 5 per cent). Reflecting the continuing strong rise in domestic demand, the beef import quota for the first six months of the Japanese fiscal year (April-September) was set at 102,000 tons, 9,000 tons higher than for the same period of 1987.

65. Arguing that the restrictions on imports of beef contravene Japan's obligations under the General Agreement, and in particular obligations under Article XI, both the United States and Australia requested the establishment of panels to review the matter under Article XIII:2 of the General Agreement. New Zealand requested Article XXIII:1 consultations with Japan and reserved its right to equally request the establishment of a panel, should no solution be found among the two countries during those consultations. On 4 May 1988, the Council of Representatives agreed to establish the panels requested by the United States and Australia.

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
Cattle and calf numbers ^{1/} :	4,742.0	4,694.0	-1.0	4,730.0 ^{3/}	0.8
Beef and veal ^{2/} :					
Production	559.0	565.0	1.1	580.0 ^{3/}	2.7
Consumption	829.0	884.0	6.6	930.0 ^{3/}	5.2
Imports	272.0	329.0	21.0	350.0 ^{4/}	6.4

^{1/} '000 head, 1 February

^{2/} '000 tons

^{3/} Source: USDA, World Livestock and Poultry Situation, Sept. 1987

^{4/} Secretariat estimate