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BEEF OVERSUPPLY TO PERSIST FAILING STRUCTURAL CHANGES IN THE MEAT SECTOR  
SAYS GATT'S REPORT

In 1991, the international beef markets faced sluggish prices reflecting a continued excess of global production over consumption. Large supplies of competing meats (poultry, pork and lamb) added to the downward pressure on beef prices. A major drop in prices was averted because the former Soviet Union sharply increased its import demand. A sustained firming of beef prices would require that major suppliers align their production to medium-term trends in demand.

These are among the conclusions of a report on the international meat markets published today by the GATT<sup>1</sup>. The report examines trends in production, consumption and trade of beef (including veal), and summarizes developments in pigmeat, poultry meat and sheepmeat. It offers an outlook for 1992 and lists significant meat policy developments in member countries of the Arrangement Regarding Bovine Meat.

According to the GATT report, world exports of beef increased by close to 5 per cent in 1991. The European Community overtook Australia as the world's largest beef exporter. EC beef exports rose by an estimated 48 per cent to 1.2 million tons (carcass weight) while Australian shipments fell by 15 per cent to 1 million tons. Brazil and the United States also sizably increased their beef exports, by 44 per cent and 15 per cent, respectively.

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<sup>1</sup>International Markets for Meat 991/92 is available in English, French or Spanish from the GATT Secretariat and accredited book sellers. Price SwF 25.

The European Community's move to the top rank among world beef exporters was closely related to a 100,000 tons sale to Brazil, and an estimated 250,000 tons exports to the former Soviet Union. In November 1991, a barter deal involving another 100,000 tons of beef to be exported from France to the ex-USSR was agreed.

Although global beef imports increased by an estimated 3½ per cent in 1991, purchases by the United States and Japan declined. Following a surge of beef imports earlier in the year, the United States imposed voluntary export restraint agreements on Australia and New Zealand in November 1991.

The GATT report highlights other key developments in the world beef market:

- Despite cattle herd rebuilding in major producing countries, world beef production increased in 1991. This development largely reflects higher average slaughter weights.
- A trend towards a slowdown in the growth of cattle herds was observed in an increasing number of countries. Major factors behind this trend include genetic developments and improved cattle feeding and finishing techniques. These are likely to result in shorter cattle herd cycles in the years to come.
- Despite efforts to encourage demand through promotion campaigns, per capita consumption stagnated or declined in most industrialized countries in 1991. In these, as well as in other countries, a trimming of household budgets resulted in lower consumption of beef. In addition, consumption of beef was adversely affected by the increasing price competitiveness of other meats.
- Most Central and Eastern European countries virtually disappeared from the beef export scene. This reflected both the economic and political changes underway in these countries and the loss of their major market: the former Soviet Union.
- In 1992, beef output is expected to decline in some major producing regions including the European Community and Central and Eastern Europe mainly as a result of falling cattle numbers.
- Poor global economic prospects will dampen demand for beef in industrialized countries in 1992, while the situation in the Commonwealth of Independent States is, at this stage, unpredictable.
- Competition from other meats will persist, but beef import demand is expected to strengthen in some markets in the Middle East, North Africa and Asia. Overall, however, international beef trade is expected to slightly shrink in 1992.

MORE

THE BEEF SECTOR AT A GLANCE<sup>1/</sup>

	1990	Estimates 1991	% Change 1991/90	Forecast 1992	% Change 1992/91
CATTLE NUMBERS <sup>2/</sup>	497,157.0	504,916.0	1.6	510,238.0	1.1
PRODUCTION <sup>3/</sup>	31,934.7	32,746.0	2.5	32,510.8	-0.7
CONSUMPTION <sup>3/</sup>	29,844.7	30,527.1	2.3	30,306.8	-0.7
IMPORTS <sup>3/</sup>	3,291.2	3,406.9	3.5	3,456.8	1.5
EXPORTS <sup>3/</sup>	4,157.8	4,359.4	4.8	4,291.4	-1.6
STOCKS <sup>3/</sup>	1,028.1	1,322.7	28.7	1,236.3	-6.5

<sup>1/</sup> Except for imports the figures in this table refer to the 27 countries participating in the Arrangement Regarding Bovine Meat. These countries represent close to 60 per cent of world beef production and 90 per cent of world beef exports. The figures for imports include a number of non participating countries, such as the former Soviet Union, Egypt and the Republic of Korea (and represent about 70 per cent of world imports). The table contains a number of Secretariat estimates and forecasts. Figures should be considered as an indication of trends rather than absolute volumes.

<sup>2/</sup> Thousand heads.

<sup>3/</sup> Thousand tons. Stocks at the beginning of the year.

Note to Editors:

The Arrangement Regarding Bovine Meat, negotiated in the Tokyo Round, has been in force since 1 January 1980. It aims to promote expansion and liberalization of trade in meat and livestock. The 27 signatories (the EC counting as one) to the Arrangement account for about 90 per cent of the world's exports of fresh, chilled and frozen beef and veal (excluding intra-EC trade) and about 60 per cent of world consumption and production. Signatories to the Arrangement are: Argentina, Australia, Austria, Belize, Brazil, Bulgaria, Canada, Colombia, Egypt, European Community, Finland, Guatemala, Hungary, Japan, New Zealand, Nigeria, Norway, Paraguay, Poland, Romania, South Africa, Sweden, Switzerland, Tunisia, United States, Uruguay and Yugoslavia.

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