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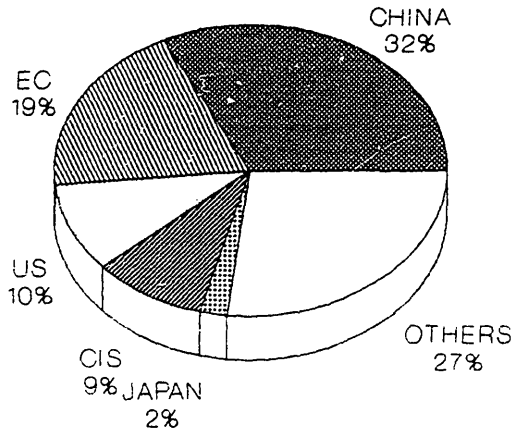
SITUATION AND OUTLOOK IN THE INTERNATIONAL MEAT MARKETS

Note by the Secretariat

Addendum

This addendum includes summaries of the situation and outlook for pigmeat, poultry meat and sheepmeat.

WORLD PIGMEAT PRODUCTION
1991



TOTAL PRODUCTION: 70.4 MILLION TONS (FAO)

92-0766

PIGMEAT SITUATION IN SELECTED COUNTRIES[1/]

PRODUCTION

	1990	1991	% Change 1991/90	Forecast 1992	% Change 1992/91
CHINA[2/]	22,811.0	23,009.0	0.9	23,100.0	0.4
EC[3/]	13,528.0	14,348.0	6.1	13,974.0	-2.6
UNITED STATES	6,965.0	7,258.0	4.2	7,758.0	6.9
ex-USSR[2/]	6,646.0	6,150.0	-7.5	5,550.0	-9.8
JAPAN	1,555.0	1,483.0	-4.6	1,450.0	-2.2

CONSUMPTION

	1990	1991	% Change 1991/90	Forecast 1992	% Change 1992/91
CHINA[2/]	22,576.0	22,731.0	0.7	22,800.0	0.3
EC[3/]	13,025.0	13,742.0	5.5	13,549.0	-1.4
UNITED STATES	7,271.0	7,448.0	2.4	7,993.0	7.3
ex-USSR[2/]	6,921.0	6,470.0	-6.5	5,900.0	-8.8
JAPAN	2,072.0	2,095.0	1.1	2,080.0	-0.7

EXPORTS

	1990	1991	% Change 1991/90	Forecast 1992	% Change 1992/91
EC[3/]	541.0	632.0	16.8	500.0	-20.9
CANADA	297.0	266.0	-10.4	300.0	12.8
CHINA[2/]	235.0	278.0	18.3	300.0	7.9
TAIWAN[2/]	225.0	300.0	33.3	330.0	10.0

IMPORTS

	1990	1991	% Change 1991/90	Forecast 1992	% Change 1992/91
UNITED STATES	407.0	352.0	-13.5	354.0	0.6
JAPAN	491.0	590.0	20.2	615.0	4.2
ex-USSR[2/]	280.0	320.0	14.3	350.0	9.4
HONG KONG[2/]	230.0	203.0	-11.7	208.0	2.5
EC[3/]	53.0	56.0	5.7	75.0	33.0

[1/] '000 tons carcass weight, includes fresh, frozen and canned product but excludes live animals.

[2/] Source: USDA, World Livestock Situation, FL&P 2-92, March 1992. Same source for Japan 1991 and 1992.

[3/] Including the new German Federal States as from 1991.

I. SITUATION AND OUTLOOK IN THE INTERNATIONAL PIGMEAT SECTOR

1. The FAO estimates world pigmeat production to have increased by 1.1 per cent, to 70.4 million tons in 1991, and forecast a further 2.4 per cent growth this year, to 72.1 million tons. Countries participating in the Arrangement Regarding Bovine Meat increased pigmeat production by 4 per cent last year and, with 32.3 million tons produced, represented approximately 46 per cent of the world total. In 1992, they might increase production by another 2 per cent.

2. In China, accounting for approximately 33 per cent of the world's total production, the pig herd is reported to have been seriously affected by floods in 1991, while lower prices seem to have resulted in the withdrawal from production of a significant number of small-scale producers. Consequently, pigmeat output which last year rose by about 1 per cent, could show little improvement in 1992, despite rising prices and large availabilities of feed. Exports increased significantly last year and are forecast to rise again in 1992. The Republics of the Community of Independent States (CIS) and Hong Kong were the major destinations of Chinese exports last year.

3. In the European Community, pigmeat production declined reflecting a sharp output drop in the new German Federal States and, to a lesser extent, in the Netherlands and Portugal. The production reduction resulted in firming prices in the second half of the year, leading to increasing breeding sow numbers in the major EC producing countries, with the exception of Germany. Producer prices have remained firm in the first half of 1992 and should not change much until the end of the year. Production is expected to decrease by 2.6 per cent, but a similar percentage rise should occur next year. Per capita pigmeat consumption (39.9 kgs.) stagnated in 1991, due to increased retail prices, reflecting tight supplies. This year, output contraction is foreseen to result in a 1.8 per cent reduction of consumption. In 1991, the EC pigmeat exports increased by some 2 per cent (excluding the new German Federal States). The rise was partly due to increased Danish sales to Japan which, after experiencing serious difficulties in the first half of the year due to strong competition from Taiwan, recovered in the second half, to end the year at 32 per cent above their 1990 level. Exports by Germany decreased due to lower sales by the new Federal States in the second half of 1991. In 1992, EC pigmeat exports are forecast to decrease by more than 20 per cent, as the result of lower supplies which will cause a slow-down of non-commercial sales.

4. In the United States pigmeat production continued to rise in 1991 as the continuation of favourable returns (despite lower hog prices) stimulated producers to expand breeding herds. This year production is still expanding, to a forecast record of 7.8 million tons. However, hog prices continue to decline, reflecting large supplies of all types of meat and, by 1993, pigmeat output might slow down. Large supplies also meant falling retail prices last year and a resulting 2 per cent rise in per capita consumption, expected to show a further 6.4 per cent growth this year, which compares to an almost stagnant beef consumption and a

4 per cent poultry meat intake rise. Imports were also affected by large domestic supplies and export availabilities in major suppliers, and decreased by 14 per cent. Purchases from Canada and Denmark were down, and a significant drop in imports from Poland was also registered. In 1992, pigmeat imports should remain relatively unchanged.

5. In Japan pigmeat production has been declining in recent years and in 1991, a further 5 per cent drop was registered. Reportedly, producer prices increased last year and yet pig numbers decreased. Increased feed costs, high investments related to environmental concerns and a changing industry pattern (to increased concentration and the disappearance of small producers) is the cause for lower output. A further drop is projected for this year. Pigmeat consumption increased somewhat last year resulting, with lower production, in a sharp import rise (+20 per cent), to 590 thousand tons. Half of the imported volume came from Taiwan (which increased sales to Japan by 35 per cent, despite the interruption of imports which intervened at the end of the year, under fraud accusations against some major import companies), while Denmark supplied 32 per cent of the total. Imports from the United States and Canada were down. A further import growth is expected this year.

6. Developments in the CIS and most of the Central and Eastern European countries are reported to be similar to those occurring in the beef sector. Pig inventories are declining and increased slaughter is leading, in some cases, to a possible temporary production growth. Consumer demand is falling, reflecting lower consumer incomes. Romania, once a significant pigmeat exporter, is now limiting pigmeat exports to 20 thousand tons per year to avoid shortages in the domestic market, while exports by other countries in this area are affected by declining export subsidies. Imports by the CIS are rising, but seem to come increasingly from China, reflecting lower availabilities in Central and Eastern Europe.

POULTRY MEAT SITUATION IN SELECTED COUNTRIES[1/]

PRODUCTION

	1990	1991	% Change 1991/90	Forecast 1992	% Change 1992/91
UNITED STATES	10,878.0	11,473.0	5.5	11,934.0	4.0
EC[3/]	6,319.0	6,626.0	4.9	6,791.0	2.5
USSR[2/]	3,284.0	3,200.0	-2.6	3,000.0	-6.3
BRAZIL[2/]	2,416.0	2,663.0	10.2	3,000.0	12.7
JAPAN	1,391.0	1,383.0	-0.6	1,380.0	-0.2

CONSUMPTION

	1990	1991	% Change 1991/90	Forecast 1992	% Change 1992/91
UNITED STATES	10,303.0	10,841.0	5.2	11,353.0	4.7
EC[3/]	6,009.0	6,268.0	4.3	6,470.0	3.2
USSR[2/]	3,561.0	3,330.0	-6.5	3,150.0	-5.4
BRAZIL[2/]	2,111.0	2,368.0	12.2	2,675.0	13.0
JAPAN	1,700.0	1,611.0	-5.2	1,772.0	10.0

EXPORTS

	1990	1991	% Change 1991/90	Forecast 1992	% Change 1992/91
EC[3/]	428.0	478.0	11.7	480.0	0.4
UNITED STATES	554.0	630.0	13.7	600.0	-4.8
HUNGARY[2/]	189.0	165.0	-12.7	185.0	12.1
BRAZIL[2/]	305.0	295.0	-3.3	325.0	10.2
THAILAND[2/]	144.0	165.0	14.6	185.0	12.1

IMPORTS

	1990	1991	% Change 1991/90	Forecast 1992	% Change 1992/91
JAPAN	296.0	350.0	18.2	346.0	-1.1
SAUDI ARABIA[2/]	209.0	203.0	-2.9	209.0	3.0
ex-USSR[2/]	277.0	130.0	-53.1	150.0	15.4
HONG KONG[2/]	239.0	255.0	6.7	260.0	2.0
EC[3/]	138.0	152.0	10.1	160.0	5.3

[1/] '000 tons, ready-to-cook basis.

[2/] Source: USDA, World Poultry Situation, FL&P 1-92, January 1992. Same source for Japan 1992.

[3/] Including the new German Federal States as from 1991.

II. SITUATION AND OUTLOOK IN THE INTERNATIONAL POULTRY MEAT SECTOR

7. The FAO estimated the world poultry meat production to have increased by 5 per cent last year to 42 million tons. In participating countries, the percentage growth was approximately the same and estimated production, at 26.7 million tons, represented about 64 per cent of the world total.

8. In the United States, poultry meat output continued to expand last year as the result of the sustained production growth of both turkey and broiler. As a result, prices averaged lower than in 1990 and reduced returns led producers to slow the production growth this year. Higher feed costs also concurred to squeeze profit margins. Per capita poultry meat consumption continues on its upward trend and, at 44.5 kgs., is expected to surpass beef consumption for the first time this year. Large supplies have contributed so far in 1992 to keep retail prices below their 1990 level. In 1991, the United States became the world's largest poultry meat exporter, displacing the European Community. At 630 thousand tons, sales abroad reached a new record. Exports of broiler rose sharply to Japan, Hong Kong, Mexico and the Middle East, but EEP sales are reported to have represented only 3-4 per cent of total exports. Turkey exports went mainly to Mexico (62 per cent of the total), Korea, Canada and Japan. Contrary to more optimistic forecasts at the beginning of the year, exports of poultry meat are now expected to decrease by almost 5 per cent in 1992.

9. In the European Community, poultry meat production expanded by 5 per cent last year. The rise may have occurred in the expectation of increased exports, namely to Saudi Arabia following the end of the Gulf war. However, last year's trade in this region has reportedly been faced with stiff competition among the three major world exporters (United States, EC and Brazil). EC exports to Saudi Arabia (approximately 27 per cent of total exports in 1990) decreased in 1991 and so did sales to other Middle East markets. As a result, the Community export growth last year was limited to 50 thousand tons, and this added to little improvement in domestic demand, is apparently now putting pressure in the EC market prices. Current prospects are for a slowdown of the production growth this year and, while per capita consumption might rise by some 3 per cent due to lower retail prices, a marginal export rise.

10. In Brazil, higher production was, last year, led by increased domestic demand, related to the situation in the beef sector. Contrary to earlier expectations, last year's output growth was not much affected by a low maize crop (see last report) and, plentiful feed supplies this season, should result in an acceleration of the output growth in 1992. Poultry meat consumption is growing fast, as the result of its competitive position compared to other meats, beef in particular. The export performance in 1991 remains uncertain, and official data is not available. Brazil has been looking for new markets in the last few years, in order to reduce its dependence on the Middle East. Nevertheless, exports to this region went up last year, and Saudi Arabia remained the first export market. Increased production is expected to result in higher export levels in 1992.

11. Poultry meat production in Japan declined marginally in 1991, and for the third consecutive year. Increased costs have limited the production capacity in recent years but, reportedly, last year's output performance was also hampered by labour shortages which are increasing the country's dependence on imports and resulting in falling consumption. Such a situation is nevertheless expected to improve somewhat this year. Per capita consumption fell in 1991 (-5.6 per cent) for the first time in many years, even if imports increased by 18 per cent. Imports come mainly from Thailand (130 thousand tons) and the United States (119 thousand tons). Producer prices increased in the first quarter of 1992, but labour shortages probably continue, as broiler imports during this same period averaged more than 50 per cent higher than last year.

SHEEPMEAT SITUATION IN SELECTED COUNTRIES[1/]

PRODUCTION

	1990	1991	% Change 1991/90	Forecast 1992	% Change 1992/91
EC[3/]	1,186.0	1,229.0	3.6	1,191.0	-3.1
CHINA[2/]	1,090.0	1,134.0	4.0	1,200.0	5.8
USSR[2/]	1,008.0	965.0	-4.3	900.0	-6.7
NEW ZEALAND	562.0	565.0	0.5	570.0	0.9
AUSTRALIA	648.0	647.0	-0.2	673.0	4.0

CONSUMPTION

	1990	1991	% Change 1991/90	Forecast 1992	% Change 1992/91
EC[3/]	1,429.0	1,443.0	1.0	1,447.0	0.3
CHINA[2/]	1,087.0	1,128.0	3.8	1,192.0	5.7
USSR[2/]	1,022.0	985.0	-3.6	930.0	-5.6
INDIA[2/]	563.0	573.0	1.8	578.0	0.9
AUSTRALIA	366.0	362.0	-1.1	403.0	11.3

EXPORTS

	1990	1991	% Change 1991/90	Forecast 1992	% Change 1992/91
NEW ZEALAND	403.0	428.0	6.2	435.0	1.6
AUSTRALIA	258.0	306.0	18.6	307.8	0.6
KOREA, Rep. of [2/]	22.0	14.0	-36.4	15.0	7.1
TURKEY[2/]	7.0	5.0	-28.6	5.0	0.0

IMPORTS

	1990	1991	% Change 1991/90	Forecast 1992	% Change 1992/91
EC[3/]	287.0	258.0	-10.1	265.0	2.7
JAPAN	106.0	120.0	13.2	120.0	0.0
UNITED STATES	27.0	27.0	0.0	27.0	0.0
KOREA, Rep. of [2/]	23.0	17.0	-26.1	20.0	17.6
USSR[2/]	15.0	20.0	33.3	30.0	50.0

[1/] '000 tons carcass weight, includes fresh, frozen and canned products but excludes live animals.

[2/] Source: USDA, World Livestock Situation, FL&P, March 1992. Same for Japan, for 1992.

[3/] Including the new German Federal States as from 1991.

III. SITUATION AND OUTLOOK IN THE INTERNATIONAL SHEEPMEAT SECTOR

12. Although sheepmeat production in participating countries seems to have remained relatively unchanged in 1991, at 3.3 million tons, the world total has been estimated at 9.7 million tons by the FAO, 2 per cent above year earlier.

13. Australian sheepmeat output stagnated last year, reflecting declining sheep numbers and decreased lamb production. Mutton production still increased in the 1990/1991 season, but is also expected to decrease in the current 1991/92 season. The ABARE forecast adult sheep slaughter in 1992/93 to total 18 million head, 4 per cent below the current season, but still close to historical records. Low returns from wool continue to be the main reason for this evolution. Australian sheep numbers are forecast to fall by a further 5 million head, to 145 million, by March 1993. Sheep meat consumption fall to 20.9 kgs. per capita last year, reflecting unchanged production and increased exports. A close to 10 per cent consumption rise is expected in 1992, in line with a 4 per cent production growth, but also reflecting increased beef retail prices and higher consumer incomes. Sheepmeat exports rose by 19 per cent last year, due to a 27.5 per cent growth in mutton sales abroad. Asia, the Middle East and the CIS were the major markets. Exports of lamb declined by 5 per cent, the Middle East and Asia remaining the major destinations. Sheepmeat and live sheep exports are expected to increase further this year.

14. In New Zealand sheep flocks continue to decline, reflecting lower producers' returns. As in Australia, low returns from wool continue to affect the industry, encouraging shifts from sheepmeat production to beef. A significant decline of mutton production was offset by increased lamb output, resulting in a relatively unchanged total sheepmeat production. As long as low returns for sheepmeat, pelts and wool persist, production and sheep numbers are not expected to show significant changes. New Zealand, which is the world's largest sheepmeat exporter, accounting for some 57 per cent of the world's total, sold 428 thousand tons abroad, last year. Of there, 21 per cent went to the United Kingdom and 11 per cent to Iran. While exports to the European Community continued to be limited by the Voluntary Restraint Agreement to 205,000 tons, exports to the United Kingdom have declined steadily in the last few years, reflecting increased production there. In 1992, the export rise is forecast to be modest, and a 14 per cent drop is foreseen for 1993. Although, no data is available, per capita consumption is estimated to have stagnated.

15. It seems that the flock expansion registered in the European Community, in the last few years, is slowing down. Reportedly, sheep numbers may even decrease next year. In 1991, sheepmeat production grew by almost 4 per cent largely due to the expansion in the United Kingdom, Spain and Ireland. However, the breeding flock seems to be declining and sheepmeat production could fall back in 1992. Per capita consumption seems to be relatively stagnant at around 4.2 kgs. per capita, and no changes are foreseen for 1992 and 1993. Market prices remained low in 1991, even if they increased in the second half of the year. During the first five months of 1992, the situation improved somewhat. Of the 258 thousand tons imported last year, 199 thousand came from New Zealand, representing 14 per cent of the Community sheepmeat consumption.