

GENERAL AGREEMENT ON

RESTRICTED

TARIFFS AND TRADE

IMC/W/87

16 December 1992

Special Distribution

International Meat Council

Twenty-seventh Meeting

18 December 1992

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), thereof. 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 USDA reports; and various issues of the National Cattle Market Bulletin, Cattle Council of Australia; European Weekly Market Survey, Meat and Livestock Commission; Informe Ganadero, Buenos Aires; Marché International du Bétail et des Viandes, CFCE; the Drovers Journal; Market Commentary, Agriculture Canada; Agra Europe and East Europe; Assessment of the Food Situation and Outlook in the Republics of the former U.S.S.R. in 1992/93, FAO and responses to the questionnaire submitted by 8 December 1992.

NB: The countries whose names are followed by an asterisk (*) are those for which the Secretariat had no new data. For these countries, the text of the last report, IMC/W/85, has been reproduced.

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I. MAJOR FEATURES OF THE WORLD ECONOMY

1. World economic activity gave signs of some recovery in the first quarter of 1992, reflecting somewhat improved activity in the OECD area, led by a strengthened GDP growth in the United States. However, hopes for recovery did not last long and in the second quarter domestic demand stagnated in Germany and Japan and growth slowed in the United States. No improvement was apparent in the OECD countries during the third quarter, but there are indications that economic activity in the United States is now recovering. In North Asian countries economic growth continued but slowed, although economic activity accelerated in China and Hong Kong. While some recovery began in Brazil and some other South American countries, growth continues to be sluggish in Africa, but the reconstruction in Kuwait is stimulating growth in the Middle East. The output decline in Poland, Czechoslovakia and Hungary seems to have ended, but continues in other Central European countries and in the former USSR.

2. Growing Asian imports (apart from Japan), and to a lesser extent in the Middle East and Latin America, are thus expected to be the main responsables for the expansion of world trade in 1992, also boosted by the recovery of North America's import demand in the first half of the year, while Western Europe's import demand slowed. Poland, Czechoslovakia and Hungary may offset the declining trade of other countries in Central Europe. Russian trade is declining reflecting lower output and trade between members of the Commonwealth States has apparently collapsed due to payment uncertainties and inter-republican conflicts.

II. INTERNATIONAL SITUATION AND OUTLOOK IN THE BOVINE MEAT SECTOR

Situation in 1992

Production

3. In 1992, estimated beef and veal production in participating countries decreased by 1 per cent, largely due to reduced output in the European Community and in the Central and Eastern European countries signatories of the Arrangement. The production drop in the EC reflected decreasing cattle inventories in most of its member states as a result of the cut in dairy quotas in 1991/92 and a 22 per cent drop in the new German Länder cattle herd. In Poland, Romania, Hungary and Bulgaria, the bovine meat sector continued to be affected by economic difficulties and, while herd reduction continued in the four countries, production is estimated to have fallen significantly. In the United States, where herd rebuilding accelerated, beef production growth was limited by a modest rise in slaughter weights and low fed cattle marketings, while in Canada production recovered from last year's decline reflecting heavier fed cattle and increased dairy cow slaughter provoked by reductions of the Market Sharing Quota for industrial milk. Beef production also rose in Australia, where poor seasonal conditions checked herd rebuilding and resulted in increased slaughter and in New Zealand, where higher profitability compared to sheep farming continues to boost beef cow numbers. In Argentina falling cattle slaughter by mid-1992 suggested a production drop, while sharply rising

exports stimulated the Brazilian beef output and higher slaughter of heavier cattle allowed Uruguay to recover from two years of falling production. Despite growing beef cattle numbers, two thirds of the Japanese beef production still comes from dairy cattle which increased slaughter resulted in higher production levels this year. Reportedly, livestock production in the former Soviet Union continued to be affected by rising input costs and falling meat prices due to declining demand, processing difficulties and, in some Republics, government price controls.

Consumption and stocks

4. Estimated beef and veal consumption stagnated or decreased somewhat this year. The world's modest economic performance was in many cases the major reason for such development often resulting in the continuing, if not accelerating, shift from beef to lower-priced, and largely abundant, competitive meats. Thus, in the European Community, expectations for improved beef consumption fade away year after year. Despite strong rises registered in Portugal and Spain in recent years, consumption stabilized in France and Italy and decreased in all other EC member States. As a result, and despite the production drop registered this year, beef stocks reached 1 million tons. In the United States, per capita beef consumption stagnated and ran this year at about the same level as the continually rising poultry meat consumption. Other countries where beef and veal consumption have been affected by poor economic performance include Brazil, where a deep recession resulted in sharply reduced domestic demand, and virtually all the East and Central European countries where lower consumer incomes and increased prices resulted in falling beef consumption. In the former Soviet Union, meat availability seems to have improved, but rather low purchasing power and high prices restrict consumption. Aside Japan and most other Eastern Asian markets, where beef demand continued to rise, consumption increased also in New Zealand, reflecting lower exports and higher production. An indication of changing times is Argentina. Although beef consumption is expected to have recovered somewhat this year, poultry meat prices are now reported to run well below those for beef prices and in the last few years beef consumption drop has corresponded to a sustained increase in poultry meat intake.

Trade and international prices

5. Estimates suggest that bovine meat exports have declined by about 2 per cent in 1992, due to significant declines in the European Community and in Argentina. The fall of EC sales to third countries could be largely explained by falling import demand in the former Soviet Union. The difficulties of the meat sector in this region led to increased cattle slaughter which, coupled with reduced domestic demand, would have resulted in the constitution of significant beef stocks. As a result, it seems that, for the first time in many years, certain Republics of the former USSR, and Russia in particular, would have suspended the importation of beef and veal, despite very attractive medium term credits offered to them. Nevertheless, information recently released regarding the EC export performance for the first half of 1992, indicates that total beef exports increased sharply (+23 per cent) when compared to the same period of last

year. In these conditions, it may well be that the current estimate for the year as a whole will have to be revised upwards significantly.

6. The decrease in Argentinian export levels related to an overvalued national currency and significantly increased production costs which are seriously affecting the meat export industry, forcing the closure of several units. Australian beef exports, outpaced by the EC ones for the second consecutive year, were again adversely affected by the imposition of Voluntary Restraint Agreements by the United States, only partially compensated by increased sales to North Asian markets, where competition with the North American product continued to grow rapidly.

7. Beef and veal sales by other major exporters increased significantly. The United States, now a solid third world beef exporter, continued expanding sales to North Asia and Mexico thanks to increased production, stagnant consumption and a relatively weak US dollar. The sharp fall of domestic demand allowed Brazil to become the world's fourth major exporting country, largely surpassing Argentina. While in Uruguay increased production and a stagnant beef consumption led to higher sales abroad, the strongest percentage export growth was registered by Canada where increased production and a falling consumption resulted in sharply higher exports to the United States.

TABLE I

Bovine meat average export prices - (January-June 1992)
(Frozen boneless beef)

	US\$/ton, f.o.b.	%Change 1992/91
Australia	2,227	-3.6
New Zealand	2,563	-2.7
Uruguay	1,404	+1.4
United States ¹	4,497	+3.6
Canada	2,278	-1.5

¹Derived from average unit values (all types of beef) from U.S. Census trade data.

TABLE II
SELECTED COUNTRIES' TRADE IN BEEF 1)

A. Exports

	1991	Estimates 1992	% Change 1992/91	Forecast 1993	% Change 1993/92
ARGENTINA	389.0	280.0	-28.0	260.0	-7.1
AUSTRALIA	1137.3	1088.0	-4.3	1032.0	-5.1
BRAZIL	330.0	430.0	30.3	400.0	-7.0
CANADA	109.5	162.0	47.9	120.0	-25.9
EC	1244.0	1100.0	-11.6	860.0	-21.8
NEW ZEALAND	457.9	434.3	-5.2	460.0	5.9
UNITED STATES	539.0	610.0	13.2	671.0	10.0
URUGUAY	117.0	134.0	14.5	146.0	9.0
OTHERS 3)	322.4	322.4	0.0	282.4	-12.4
TOTAL	4646.1	4560.7	-1.8	4231.4	-7.2

A. Imports

	1991	Estimates 1992	% Change 1992/91	Forecast 1993	% Change 1993/92
BRAZIL	230.0	130.0	-43.5	150.0	15.4
CANADA	220.0	224.0	1.8	190.0	-15.2
EC	447.0	455.0	1.8	460.0	1.1
JAPAN	500.0	580.0	16.0	645.0	11.2
UNITED STATES	1091.0	1093.0	0.2	1089.0	-0.4
ex-USSR 2), 4)	525.0	538.0	2.5	409.0	-24.0
AFRICA 5)	122.8	153.1	24.7	161.3	5.4
OTHER ASIA 4)	344.0	381.0	10.8	428.0	12.3
MIDDLE EAST 4)	85.0	77.0	-9.4	75.0	-2.6
CENT. E. EUR. 4)	68.0	89.0	30.9	96.0	7.9
OTHER EUROPE 2)	17.9	17.9	0.0	15.4	-14.0
TOTAL	3650.7	3738.0	2.4	3718.7	-0.5

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

2) Secretariat estimates.

3) Includes other exporting/importing countries participating in the Arrangement Regarding Bovine Meat. Secretariat estimates.

4) USDA, World Livestock Situation, F.A.S., FL&P 4-92, October 1992.

5) Egypt, South Africa, Tunisia.

Outlook

Production

8. The secretariat has forecast beef and veal production in participating countries to decline by about 2 per cent in 1993. Such as in 1992, the decrease will largely reflect the expected production drop in the European Community due to continued lower cattle inventories. However, it should not be excluded that the implementation of the CAP reform (as from 1 July 1993), may affect current production forecasts. Furthermore, unless the economic activity recovers significantly, reduced consumption will still probably leave room for strong market reliance on intervention, especially when beef exports are expected to decrease significantly. In these conditions, EC beef and veal stocks will probably remain at levels close to 1 million tons. The situation in the former USSR next year will again influence strongly the Community's export performance. The production rise in a number of the republics in that region was obtained through strong cattle herd liquidation due to high feed prices. It may thus be that in 1993, beef and veal import demand will strengthen, especially if cattle feeding problems ease-up (which would lead to herd retention) and some consumer purchasing power recovery intervenes.

9. While seasonal weather conditions began to improve in Australia, increased availabilities of heavier grainfed cattle are not expected to fully compensate for lower cattle slaughter and production will probably fall in 1993. Excluding the Central European countries where production is expected to continue to decline, most other major producing countries are projecting increased supplies for next year. In the United States, increased cattle numbers and rising exports will continue to stimulate production and in Canada, higher weight and cattle slaughter will be responsible for the growth. Increased cattle inventories are expected to boost the Argentinian output, while a slowly recovering Brazilian economy could result in increased domestic demand and higher production. In New Zealand, where a new cattle herd liquidation phase seems to approach, output will rise significantly, whereas the Japanese production growth is expected to slowdown.

Consumption

10. Any significant change in consumption trends in 1993 will heavily depend on the economic environment. If the economic recovery in the United States is confirmed in the next few months, it is possible that beef and veal demand will strengthen somewhat in North America. Any strong recovery seems nevertheless unlikely especially due to the large availabilities of low-priced competing meats, but also to dietary concerns and an aging population. While a similar reasoning applies to beef demand in the European Community and, indeed, to most other European countries, consumption is foreseen to increase significantly in Japan and in most other North Asian countries. Meat demand in some of the Central European countries (Poland, Hungary and Czechoslovakia) may begin to recover, while as noted, in the former USSR it will remain largely dependent on an increase in the consumer purchasing power.

Trade and international prices

11. If the current European Community forecast for a 22 per cent export drop materializes, the international beef trade will shrink considerably in 1993. Representing about 25 per cent of world trade, the decline in EC exports would reflect lower production. However, the EC record levels of beef stocks and the reduced chances for any consumption growth leave export availabilities almost unchanged compared to the last two years. Export performance by Argentina is also difficult to forecast. If the Argentinian currency is devaluated as many experts predict, the export meat industry could find part of its lost competing capacity, and international sales, currently foreseen to decline further, recover. While increased domestic demand in Brazil could result in lower availabilities, Uruguayan sales abroad will rise due to increased output. Australian exports will decline along with production and shrinking import demand in the United States, which exports will continue to expand in response to increased demand in Northern Asia. In New Zealand the production growth will boost exports.

12. Beef and veal imports by Japan are expected to rise further in 1993. If the 1992 scenario repeats, imports will probably decrease in the first quarter of the year, reflecting a sharp fall in March import levels, in anticipation of the last 10 per cent tariff reduction (to 50 per cent) in accordance with the liberalization measures introduced since 1 April 1991. Along with Japan, North Asian markets, and especially South Korea, will probably continue to be the brightest spots for the beef world trade next year. For this reason beef export prices to this region will likely remain strong, while export prices to North America may weaken somewhat. Frozen beef export prices in the FMD free area will remain under the pressure of large export availabilities in the European Community, but canned meat prices may strengthen reflecting decreased availabilities in Brazil and possibly also in Argentina. Prices for high quality fresh and chilled beef may slide down somewhat, reflecting increasing production in a rising number of countries.

III. COUNTRY-BY-COUNTRY ANALYSIS

European Community

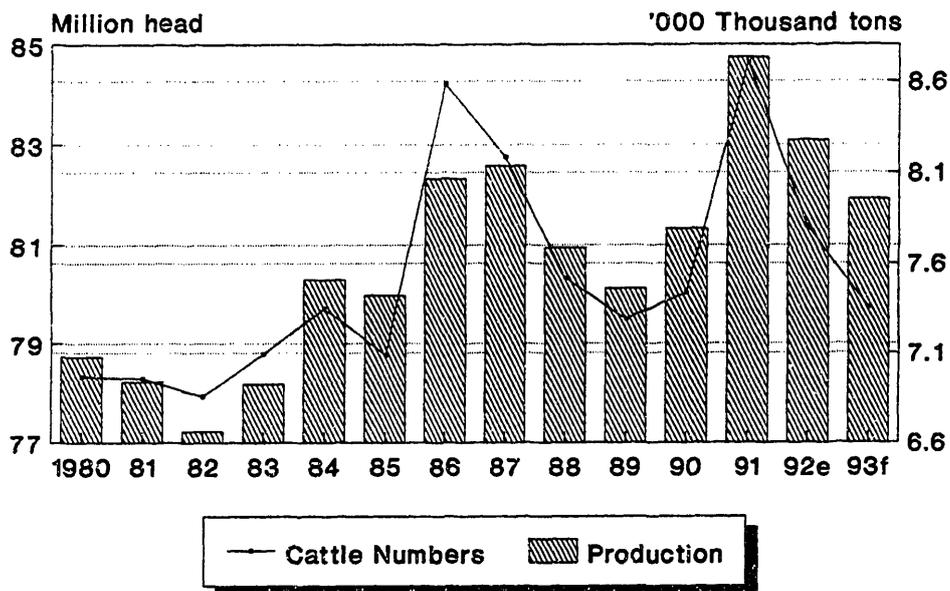
Cattle herd reduction continues, while beef cow numbers increase

13. Estimated cattle and calf numbers in the European Community decreased by 2 per cent in 1992, after the 3.8 per cent fall registered in 1991. Lower inventories in the new German Länder (-22 per cent) continue to be the major reason for the overall decrease. However, cattle numbers are decreasing in most EC countries largely as the result of the cut in dairy quotas in 1991/92. The trend towards increased beef cow numbers (+2.4 per cent) and lower dairy cow inventories (-4 per cent) continues.

Lower inventories, lower slaughter

14. After a significant 12.3 per cent growth in 1991, cattle slaughter is expected to fall by about 6 per cent this year, reflecting lower slaughter levels of all the categories of cattle and especially cow cull in Germany. Falling inventories through the European Community should normally result in a further slow down of slaughter in 1993. However, the implementation of the CAP reform as from 1 July 1993, introduces significant changes, and especially the reduction of the intervention price, the lower trigger point for safety net intervention, and the ceiling for intervention purchases (see previous report, IMC/W/85) which may affect significantly such forecast.

**EUROPEAN COMMUNITY
CATTLE NUMBERS AND BEEF PRODUCTION**



Production falls, consumption falls and beef stocks reach record

15. In 1992, lower cattle cull resulted in an estimated 4 per cent drop of beef and veal production. However, because of a faltering domestic demand, beef and veal stocks continue to accumulate and will end up the year at a record 1 million tons, if not more. Although below last year levels, intervention purchases remained strong while intervention sales levelled-off. In 1993, the market will still largely rely on intervention purchases which are expected to reach 700 thousand tons.

16. An anaemic economy (GDP growth could rise by only a meagre 1 per cent) has checked any hopes for per capita beef consumption growth in the European Community in 1992 and indeed, consumption seems to be falling in most EC countries. In the last five years beef and veal consumption increased significantly only in Spain and Portugal, remaining more or less stable in France and Italy. The other member countries registered strong decreases. Any consumption recovery in 1993 seems to depend on an uncertain economic recovery.

Exports rise sharply in the first half of 1992

17. Although available forecasts suggest a significant 11.6 per cent export in 1992, statistical information recently published by Eurostat indicates that during the first half of the year beef and veal exports increased by 23 per cent, or 133.2 thousand tons, reaching 711.3 thousand tons. The increase was largely due to a 140 thousand tons rise in frozen beef exports (mostly from intervention stores) to the following markets: Russia, Albania, Turkey, Yugoslavia, Egypt, Ghana and Zaire. Fresh and chilled beef exports, which go especially to Northern and West Africa, fell by 33 per cent, to 57 thousand tons. Exports of prepared and preserved meat totalled 53.4 thousand tons (+29 per cent). According to the same source, beef and veal imports from third countries decreased by 4.7 per cent, to 264.6 thousand tons.

	1991	Estimates 1992	%Change 1992/91	Forecast 1993	%Change 1993/92
Cattle and calf numbers ^{1/}	84,605.0	81,355.0	-3.8	79,750.0	-2.0
Beef and veal ^{3/} :					
Production ^{2/}	8,725.0	8,370.0	-4.1	8,030.0	-4.1
Consumption ^{2/}	7,670.0	7,600.0	-0.9	7,650.0	0.7
Imports	447.0	455.0	1.8	460.0	1.1
Exports	1,244.0	1,100.0	-11.6	860.0	-21.8
Stocks ^{3/}	876.0	1,000.0	14.2	980.0	-2.0
Intervention:					
purchases	1,027.0	830.0	-19.2	700.0	-15.7
sales	766.0	705.0	-8.0	720.0	2.1

^{1/} '000 head, December of preceding year

^{2/} '000 tons

^{3/} Total stocks, 31 December

Finland

Cattle herd reduction continues, but beef cattle numbers increases

18. As a result of the operation of the dairy quotas and especially of the milk bonus scheme, cattle numbers decreased by 4 per cent last year. Beef cows and heifers numbers increased but accounted for no more than 5 per cent of the total herd. The June 1992 cattle census shows a further decline of total cattle numbers, but a dramatic rise of the beef cows and heifers, which reached 80 thousand head, compared to 62.4 thousand year earlier. As a result of the milk output reduction programmes, producers are increasingly moving from dairy cattle raising to beef cattle raising. Despite the relatively low profitability of beef cattle raising, largely due to the Finish adverse climatic conditions, beef cattle numbers now represent 6.5 per cent of the total herd, compared to 2.2 per cent in 1982.

Production falls along with lower cattle slaughter

19. Total cattle slaughter showed little change last year (+0.3 per cent), but cow slaughtering went up by 3 per cent due to the milk output reduction

programmes. Adult male cattle and calf slaughter diminished. Beef production increased by 3 per cent, reflecting increased average slaughter weights. From January to June 1992, cattle slaughter fell by 8.6 per cent as the result of declining cattle numbers, in a downward trend since the beginning of the eighties, in line with efforts to curb milk output. For the year as a whole, cattle cull is estimated to decline by 5 per cent, and a further decrease is expected for next year. Beef production is consequently expected to fall this year (-5.4 per cent) and in 1993 (-6.1 per cent).

Producers prices fall, but retail prices increase

20. The trend towards lower average producer prices, initiated in March 1990, seems to have continued in the second quarter of 1992, after a brief rise from January to March. In the meantime, retail prices followed an opposite evolution, rising constantly during the same period, with the exception of the first quarter of 1992 (when producer prices increased) when they decreased somewhat. Per capita consumption reflects the retail price evolution, and is declining. After falling by 1.7 per cent last year, it is foreseen to fall by more than 5 per cent this year and stabilise in 1993. Although in 1991 lower beef consumption appeared to have benefited poultry meat (while pigmeat intake stagnated), present estimates for 1992 suggest that neither lower consumption levels of beef nor pigmeat, will lead to higher poultry meat disappearance which is expected to stagnate.

Exports shot up in 1991, but should fall back this year

21. Self-sufficient in beef, Finland imports small quantities of high quality cuts in response to consumer preferences. In 1991, exports rose by 80 per cent, to 18 thousand tons, the highest level since 1987. Frozen meat exports, 44 per cent of the total, went mostly to Mexico, while exports of canned product, 29 per cent of the total, went to a number of different markets, Lebanon being the major one. Finally, sales of fresh meat, representing 26 per cent of total exports went mostly to Sweden. The average export price for frozen beef was US\$1,460 per ton f.o.b., down 21 per cent from year earlier. Although beef exports declined by only 2.4 per cent from January to June 1992, they are estimated to fall by more than half by the year end, reflecting lower production. Export prices for frozen beef, which like last year went mostly to Mexico, have increased by 3 per cent during the first half of the year.

	1991	Estimates 1992	%Change 1992/91	Forecast 1993	%Change 1993/92
Cattle and calf numbers:	1,263.2 ^{1/}	1,222.0 ^{2/}	-3.3	...	...
Beef and veal ^{3/} :					
Production	121.6	115.0	-5.4	108.0	-6.1
Consumption	107.2	101.0	-5.8	100.0	-1.0
Exports ^{4/}	18.0	7.0	-61.1	4.0	-42.9
	^{1/} ,000 head, 1 December	^{2/} ,000 head, 1 June		^{3/} ,000 tons	

Sweden

Adaptation to the new agricultural policy continues...

22. The Swedish meat sector continues its adaptation to the new agricultural policy introduced on 1 July 1991 and to be fully implemented after a five-year transitional period. As the majority of the Swedish beef producers are dairy farmers for whom beef is only the by-product, adjustment measures in the dairy sector also have a direct impact on the beef sector. Thus, while dairy cow numbers declined by 27 thousand head in 1991 and an estimated 1 thousand head in 1992, beef cow numbers increased by 24 thousand head and 38 thousand head respectively. The rise in beef cow numbers is also encouraged by the policy reform which also provides for the conversion of agricultural land to other uses such as extensive cattle production.

...leading to lower dairy cow numbers and growing beef cow inventories

23. In June 1992, estimated cattle numbers showed a 3.8 per cent growth compared to last year. The rise reflected increased numbers of beef cows, but also significantly higher numbers of all the other categories of cattle, with the exception of dairy cows. The forecast for next year suggests a slow-down of herd growth, but a continuation of the present trend towards lower numbers of dairy cows and higher numbers of beef cows. This year's estimate and next year's forecast, if they prove to be correct, will contradict previous forecasts for lower total cattle numbers in response to the new policy. The explanation could be that there was a much stronger growth of beef cows' numbers than expected and also an increase in calf numbers (more than 10 thousand head this year and a further 33 thousand head expected for next year).

Lower cattle slaughter results in declining production...

24. Increased cattle numbers are confirmed by lower cattle slaughter, -7.2 per cent in 1991. From January to June 1992, slaughter fell by 16 per cent but seems to have resumed in the second half of the year and, for 1992 as a whole, the percentage drop should be approximately the same as last year. Cattle slaughter should rise through next year. Decreased cattle cull meant lower beef and veal production in 1991 and current prospects are for a further production fall this year, despite higher slaughter weights. Production should begin to recover as from next year.

...and yet prices are under pressure

25. Revised data now shows that per capita consumption of beef has been remarkably stable in the last four to five years, at between 17 to 17.4 kgs. Retail prices are not available, but despite the production drop, cattle prices and wholesale prices both fell last year, probably as the result of the implementation of the new policy. During the first quarter of 1992 prices recovered somewhat, to decrease again in the second quarter.

Imports grow reflecting the production drop...

26. Lower production and stable consumption resulted in increased imports in 1991 and 1992. From January to June 1992 imports doubled compared to year earlier. During this period, imports of fresh meat represented 42 per cent of the total and originated mostly in Poland and in Finland. Imports of frozen beef (46 per cent of the total) came largely from Poland, Hungary, Denmark and Australia. Poland was also the major exporter of canned meat. Next year and in 1994, beef imports are expected to decrease and stabilise at around 19 thousand tons.

...which added to phased-out export subsidies leads to a sharp export fall

27. Exports fell sharply also reflecting lower output, but especially as a result of the new policy which includes the total phasing out of export subsidies as from 1 July 1991 and through three years. During the first half of the year exports decreased by 35 per cent and they are expected to show the same percentage fall at the end of the year. Sweden exported 3.8 thousand tons of canned beef from January to June 1992, mostly to Germany and the Republic of Russia. The United States and Mexico were the major destinations of the 1.4 thousand tons of frozen beef exported during the same period. The average export price for this type of meat was US\$1,740 per ton f.o.b., which was stable when compared to year earlier.

	1991	Estimates 1992	%Change 1992/91	Forecast 1993	%Change 1993/92
Cattle and calf numbers ^{1/} :	1,709.0	1,774.0	3.8	1,800.0	1.5
Beef and veal ^{2/} :					
Production	137.0	130.0	-5.1	131.0	0.8
Consumption	148.0	150.0	1.4	151.0	0.7
Imports	19.5	25.0	28.2	19.0	-24.0
Exports	12.3	8.0	-35.0	6.0	-25.0
^{1/} ,000 head, June		^{2/} ,000 tons			

Norway

Measures to discourage milk production lead to herd reduction...

28. Cattle and calf numbers in Norway increased in 1991 for the fourth consecutive year. The rise reflects higher numbers of all categories of cattle, and especially dairy cows. The effect of the reductions in milk quotas and the tightening of the two-price system for milk introduced last year in the dairy cows' inventory seem to have been felt only this year. Dairy cows' numbers are foreseen to fall by 2 per cent leading to, along with a 3.3 per cent decrease of calf numbers, a slight reduction of the cattle herd by the end of 1992.

...resulting in increased production in 1992

29. Cattle slaughter decreased by 3.7 per cent last year. Cow cull declined by 5 per cent, also indicating that measures to reduce milk production last year would probably only be felt in the meat sector in 1992. Indeed, while beef and veal production were reduced by 3 per cent in 1991, it is estimated to rise by 4 per cent this year, a surge due to expected increased slaughter. However, on the longer term, the policies pursued to curb milk production are expected to result in a somewhat reduced bovine meat output.

Beef and veal consumption falls, while consumption of competing meats rises

30. Increased real per capita disposable incomes allowed for higher per capita beef consumption in 1991 for the second consecutive year. The growth (+2.8 per cent) may have been hindered by a 6 per cent rise in retail prices and a reduction of competing meats' prices (which led to the

growth of pigmeat and especially poultry meat intake at the expense of sheepmeat, consumption of which decreased). Available data suggests that beef and veal consumption could have declined slightly this year, while the consumption of competitive meats, including sheepmeat, increased.

Increased production and lower consumption leads to higher exports

31. Lower production and increased consumption had led to lower export levels last year. The bulk of the Norwegian exports last year were composed of frozen beef (2.121 thousand tons, US\$ 2.173 million, 75 per cent of the total) of which the large majority went, for the second consecutive year, to Mexico. In 1992, estimated exports went up by 50 per cent as a result of increased production and falling consumption.

	1991	Estimates 1992	%Change 1992/91	Forecast 1993	%Change 1993/92
Cattle and calf numbers ^{1/} :	999.5	1,011.0	1.2	1,005.0	-0.6
Beef and veal ^{2/} :					
Production	79.2	82.6	4.3	82.6	0.0
Consumption	78.8	78.0	-1.0	78.9	1.2
Exports	2.8	4.2	50.0	3.2	-23.8

^{1/},000 head, 1 January ^{2/},000 tons

Switzerland

Cattle herd decreases reflecting sharply reduced producer prices

32. Swiss cattle numbers decreased by 2.5 per cent in 1992. The fall reflects lower numbers for all categories of cattle, but was particularly strong for calves (-24 thousand head) and dairy cows (-14 thousand head). Falling cattle numbers appear to be related to continuously declining producer prices. Between 1989 and 1991, real producer prices fell by 51.1 per cent and, during the first half of 1992 they registered a further 15.5 per cent drop, compared to the previous year.

Cattle slaughter and beef production up during first half of 1992

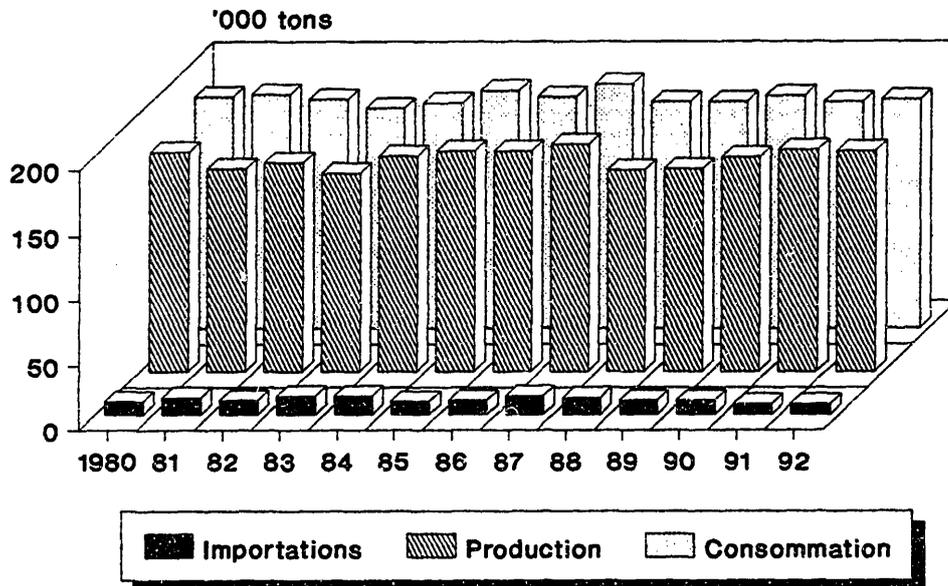
33. Lower prices led producers to increase cattle slaughter in 1991 (+5.8 per cent) and the trend registered in cattle numbers can be retraced in slaughter, with significantly increased cow and calf cull. Although present estimates are for relatively unchanged cattle slaughter in 1992, a 2 per cent increase was registered from January to June, resulting in a

3.2 per cent beef and veal production growth. However, should the cattle slaughter estimate be correct, beef and veal output by the end of the year should show little change.

Beef retail prices down, but no significant consumption changes

34. Beef retail prices fell by 9.4 per cent in real terms during the first half of 1992. Although consumption data for the same period is not comparable to last year due to changed statistical methodology, it can be assumed that consumption increased somewhat and current estimates for the year as a whole are for a modest 1.4 percentage growth.

**SWITZERLAND
BEEF INDUSTRY**



Anaemic domestic demand result in lower imports

35. Beef and veal imports amounted to 3.8 thousand tons between January and June 1992, unchanged from the previous year, a trend expected to be confirmed by the end of the year when total imports could not surpass the 8.4 thousand tons imported last year. This import level is the lowest ever registered in Switzerland and reflects a relative stagnation of domestic demand. In 1991, imports of fresh and chilled beef represented 51 per cent of the total and originated mostly in Brazil (1.72 thousand tons, US\$13,024, f.o.b.) and Argentina (1.1 thousand tons, US\$9,148, f.o.b.). Canned and cooked beef represented 26 per cent of total imports and came mostly from the EC (1.72 thousand tons, US\$20,060 f.o.b.). Argentina was the main supplier of frozen beef with 1.36 thousand tons for a value of US\$5,545, f.o.b. Main import origins in 1992 would have been the same.

	Estimates		% Change	Forecast	% Change
	1991	1992	1992/91	1993	1993/92
Cattle and calf numbers ^{1/}	1,828.9	1,782.6	-2.5	1,770.0	-0.7
Beef and veal ^{2/} :					
Production	170.1	169.0	-0.6	169.0 ^{3/}	0.0
Consumption	173.5	176.0	1.4	178.0 ^{3/}	1.1
Imports	8.4	8.4	0.0	9.5 ^{3/}	13.1

^{1/},000 head, 21 April ^{2/},000 tons ^{3/} Secretariat estimates

Austria

Cattle herd expansion ends

36. After three years of expansion, the cattle herd in Austria declined last year by 2 per cent. With the exception of dairy heifers, numbers for all other categories of cattle were down, including beef cow's numbers which were largely responsible for the herd growth in 1990. In line with herd reduction, cattle slaughter increased for the second consecutive year by close to 5 per cent, mostly due to higher cow cull (+14.5 per cent).

Despite increased supplies of all meats, retail beef prices increase

37. In 1991, increased cattle slaughter resulted in a 5.2 per cent beef and veal production growth. OECD data suggests that cattle numbers will rise again this year and that beef and veal output will increase by a further 7 per cent. As the result of herd reduction, real producer prices went down by 7 per cent in 1991, reflecting large cattle supplies. However, real retail beef prices were up by 3 per cent, a surprising evolution not only because cattle prices were down, but also because of increased supplies of all types of meat to the market.

Despite higher income, beef consumption stagnates

38. Total meat consumption in Austria reached 87.4 kgs. in 1990, probably close to a saturation level. In 1991, per capita consumption decreased slightly to 86.9 kgs. Pigmeat is by far the consumers' preferred meat (59 per cent of the total), and also much cheaper (prices are more than 40 per cent below those for beef). Probably only significant beef price reductions might have some effect in increasing beef intake. Despite growing real per capita disposable incomes, last year's price rise resulted

in the stagnation of per capita consumption (21.7 kgs., from an average of about 25 kgs. in the second half of the seventies).

Exports decline, despite increased production

39. Despite the production increase, beef and veal exports (mostly fresh and chilled) went down by 9 per cent last year. The fall reflects lower sales to Italy, which represents more than 60 per cent of the total Austrian exports. Average export prices were, at US\$3,117 per ton f.o.b., 10.5 per cent below their 1990 level. Live cattle exports, also virtually all to Italy, rose from 2 to 3 thousand heads.

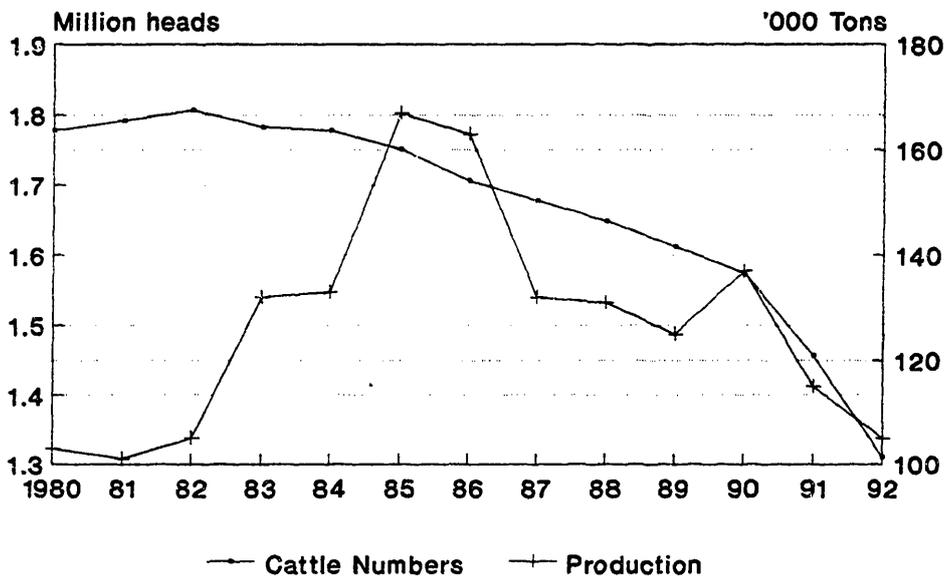
	1991	Estimates 1992	%Change 1992/91	Forecast 1993	%Change 1993/92
Cattle and calf numbers ^{1/} :	2,532.0	2,591.0	2.3	2,591.0	0.0
Beef and veal ^{2/} :					
Production	243.8	259.0 ^{3/}	6.2	248.0 ^{3/}	-4.2
Consumption	168.5	187.0 ^{3/}	11.0	168.0 ^{3/}	-10.2
Exports	51.0	50.0 ^{4/}	-2.0	58.0 ^{4/}	16.0
^{1/} ,000 head		^{2/} ,000 tons		^{3/} Source: OECD	

Bulgaria

Declining trend of the cattle herd continues

40. The overall economic imbalances experienced by Bulgaria during the transition period and the sharp increase in retail prices since spring 1991 (meat retail prices rose by more than 800 per cent), continued to have a negative impact on the agricultural sector in general and on cattle breeding and meat production in particular. Cattle and calf numbers continued to fall last year (-10.1 per cent, 147 thousand head) and the situation in the other sectors was even worse. The pig herd declined by 25 per cent, more than 1 million head, sheep numbers fell by more than 1.2 million head, and poultry numbers by 6.3 million head.

BULGARIA CATTLE NUMBERS AND BEEF PRODUCTION



Meat production and consumption fall sharply

41. This situation has led to a dramatic fall of beef and veal production which fell last year by 45.6 per cent to 57.5 thousand tons. There is no consumption data available, but a 800 per cent rise of meat retail prices in a country faced with rising unemployment and inflation and a consumer's sharply reduced purchasing power, could only but result in a serious cut in meat consumption levels. Available data for the first six months show a further drop of beef and veal production (-11.4 per cent).

Consumption drop supporting exports?

42. Another indication of the serious difficulties with which the meat sector was faced last year, was the significant cut of exports and imports of bovine meat to virtually nothing. From January to June 1992, and probably as the result of a continuing consumption drop, beef and veal exports reached 4.8 thousand tons. Of these, 3 thousand tons were fresh and chilled beef which went to Turkey and Lebanon; 900 tons were frozen beef which went to Turkey and Greece while the other 900 tons were composed of canned beef which went to the Confederation of the Independent States. During the same period of time, live cattle exports trebled compared with exports for the entire 1991 and went to Lebanon, Libya, Yugoslavia and Syria.

	1991	Estimates 1992	%Change 1992/91	Forecast 1993	%Change 1993/92
Cattle and calf numbers ^{1/2/} :	1,457.0	1,310.0	-10.1	...	...
Beef and veal ^{3/} :					
Production	57.5 27.3 ^{3/}	... 24.2 ^{3/}	... -11.4	...	...
Consumption	...	...	...	...	...
Exports:					
Meat	0.2 ...	... 4.8 ^{3/}	... ...	...	...
Cattle ('000 head)	25.8 ...	... 78.1 ^{3/}	... ...	...	...

^{1/} '000 head, 1 January ^{2/} USDA estimates or forecasts

^{3/} First six months of the year

Hungary

Herd depletion continues

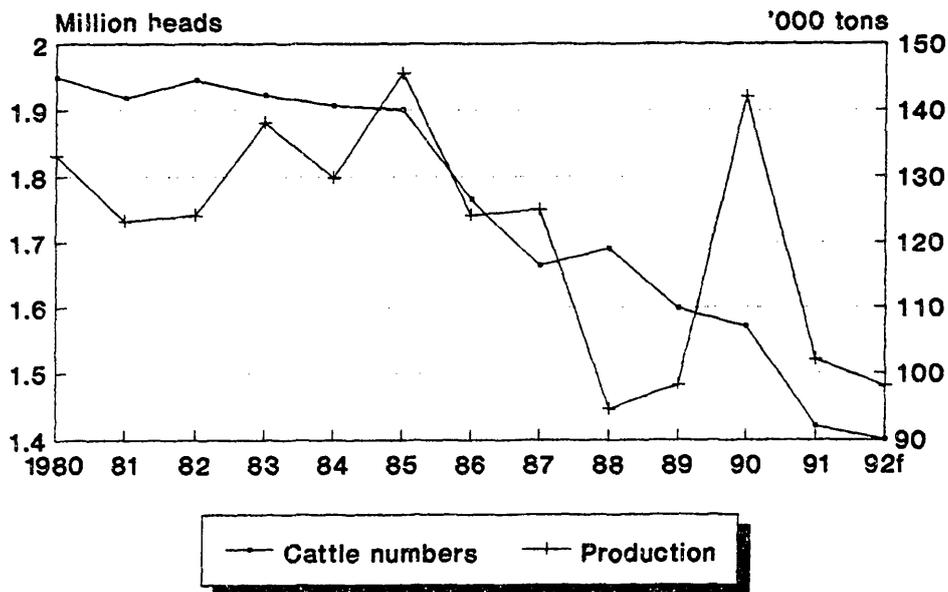
43. At 1.42 million head, cattle numbers in Hungary continued their downward trend, reaching in 1991 the lowest level in the last thirty years. The cow herd represented 39 per cent of the total. This evolution, which was accentuated by the 1990 drought, was partly due to problems in the dairy sector where substantial price rises led to a contraction of demand and increasing difficulties to sell the products. As a result, the Hungarian authorities introduced a reduction scheme for milk production consisting of a bonus to milk producers in order to stimulate dairy cow slaughtering.

Increased cattle slaughter results in production growth

44. In 1990, and according to official revised data, beef and veal production went up by 44.6 per cent, to 146 thousand tons. Although the possibility of a statistical error cannot be excluded, the country's economic difficulties, added to the drought effects, could well have resulted in sharply increased cattle slaughter and consequently, higher output. Other constraints which affected, and continue to affect, beef production and the meat sectors more generally, include the high inflation rate, which is not reflected in animal prices, changes in marketing systems, high interest rates, rising energy prices or increased feed prices. Furthermore, beef producer prices are falling (the only meat

producer prices which would have increased are those for poultry). These factors, coupled with the milk production reduction scheme may be expected to have resulted in increased slaughter in 1991, leading to another production growth by the end of the year. Unofficial sources now estimate that cattle slaughter is slowing down, leading to lower beef production.

HUNGARY CATTLE NUMBERS AND BEEF PRODUCTION



45. The last retail price information available refers to 1990 when, despite the producer prices' fall, retail prices for (all) meats and meat products rose sharply (beef, sirloin, +23 per cent). This, added to decreasing consumer's purchasing power, resulted in the contraction of domestic beef demand. Per capita consumption fell by 14.5 per cent, to 6.5 kgs. Available indications are that beef consumption continued to decline since then and could continue to fall in the near future.

Total live cattle and beef exports and imports fall

46. The difficult situation created by increased supplies, difficulties in external markets and lower domestic demand resulted in beef imports decreasing in 1990, to a low 4 thousand tons and to virtually nothing last year. In 1992, current estimates are for 1.3 thousand tons of fresh and chilled beef imports to come mostly from the Republic of Ukraine. Live cattle exports increased sharply last year (+120 per cent, to 104.6 thousand tons, c.w.e.) after a 37 per cent drop in 1990. The major markets were Turkey, Yugoslavia and the ex-USSR. Exports to the other traditional markets, Italy and Lebanon, decreased. In 1990, the sharp decrease of live cattle exports was partly offset by increased sales of beef. Last year beef exports decreased by 5.5 per cent, to 43.1 thousand tons, a level close to the last few years' average. The Commonwealth of

Independent States (CIS) was the major market for fresh and chilled beef which accounted for 78 per cent of total exports. Sales to those states increased by 68.3 per cent, a significant recovery after the serious setback of 1990 (-24 per cent), especially because of the importance of such markets for the Hungarian cattle and beef industry. From January to June 1992, while cattle exports declined somewhat, beef exports rose further and the CIS continued to be the major destination.

	1991	Estimates 1992 ^{3/}	%Change 1992/91	Forecast 1993	%Change 1993/92
Cattle and calf numbers ^{1/} :	1,420.0	1,400.0	-1.4	...	...
Beef and veal ^{2/} :					
Production	102.0 ^{3/}	98.0	-3.9	...	...
Consumption	67.0 ^{3/}	69.0 ^{3/}	3.0	...	...
Exports	43.1	40.0 ^{3/}	-7.2	...	...
(January-June)	19.8	24.2	22.2		

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

Yugoslavia

47. Cattle numbers in Serbia and Montenegro were down by 6 per cent in the beginning of 1992. This year, a longlasting drought, especially between July and September, caused considerable reduction in the production of fodder, including pasture, green fodder, winter fodder (hay, silage), corn and protein forage. Furthermore, imports of the lacking quantities of protein forage, calves, beef and other livestock products, were reduced during the first months of the year, and suspended afterwards. Meanwhile, marketing of meat and meat products became increasingly difficult reflecting the narrowed market, reduced consumption and price rises. Fed-calf prices multiplied by 10.5, leading to sharply increased retail prices.

48. From January to August 1992, beef production fell by 21 per cent in slaughterhouse industry, while pigmeat and poultry meat output fell by 8.3 per cent and 19.5 per cent, respectively. Sheepmeat production rose by 27.3 per cent, but accounts for a reduced share in the total meat supply (5.2 per cent in 1991). In these conditions, by the end of the year total meat production is expected to show a 17 per cent drop as illustrated in the table below. Lower production, increased retail prices and the consumers' falling purchasing power result in reduced meat consumption, and beef in particular.

Yugoslavia - Meat Production ('000 tons)

	1991	Estimate 1992	%Change 1992/91
Meat total	561.0	465.0	-17.1
Beef and veal	135.0	112.0	-17.0
Pigmeat	254.0	203.0	-20.1
Sheepmeat	29.0	30.0	3.4
Poultry meat	110.0	90.0	-18.2
Other	33.0	30.0	-9.1

South AfricaCattle herd in a reduction phase

49. In 1992, according to the last August census, the South African cattle herd entered into its second year of reduction. Although cyclical, this reduction is also related to last year's drought conditions. No details are available but the herd reduction (-2.6 per cent) probably reflects lower numbers of beef cows which, in 1991, had decreased by 5.2 per cent. Expected total cattle slaughter remained relatively unchanged compared to last year, but female cattle cull increased by 10 per cent, representing 43.4 per cent of the total, a percentage that clearly underlines a cattle liquidation phase. Cattle slaughter is expected to decrease in the next two years and, cattle numbers, foreseen to decrease more moderately in 1993, should begin to increase again in 1994.

Increased weights allow for higher production

50. In 1990/91, beef production accounted for approximately 11.05 per cent of the gross value of total agricultural production and about 63.5 per cent of total red meat production. Grazing conditions seem to have improved this year, allowing for increased slaughter weights. Production is thus expected to grow to about 700 thousand tons, or 66 per cent of total red meat production. Beef output is foreseen to rise in the next two years, despite lower cattle slaughter. Because production is mainly dependent on natural and cultivated pastures (feed-lot operations accounting for only a third of total production), such forecast depends on the return to more "normal" weather conditions.

Consumption declines reflecting lower incomes and increased retail prices

51. During the first half of 1992, total estimated beef consumption increased by 5.2 per cent. The rise seems related to the population growth. Despite the promotional activities of the Meat Board, lower per capita income and increased average retail price for beef, +5 per cent in real terms, probably resulted in lower per capita consumption. For the year as a whole, a 4 per cent drop is expected, with the advantage of less expensive poultry meat and sheepmeat.

Bovine meat self-sufficiency surpassed in 1992

52. In 1992, and for the first time since 1984/85, South Africa is expected to produce more beef than it consumes. The 98.8 per cent self-sufficiency ratio registered during the first half of the year is foreseen to rise to 101.4 per cent by the year end. However, beef imports are not expected to change significantly in the near future, varying between 20-25 thousand tons annually since 1990, while exports should evolve between 1-1.5 thousand tons (it continues to be a current policy not to disclose the origin of imports or the destination of exports). This year's slight "overproduction" is expected to lead to an unusual level of stocks by the end of the year (23.7 thousand tons compared to virtually nothing in the recent past). Such stocks are nevertheless expected to be reabsorbed as from next year.

	1991	Estimates 1992	%Change 1992/91	Forecast 1993	%Change 1993/92
Cattle and calf numbers ^{1/} :	8,631.0	8,406.0	-2.6	8,288.0	-1.4
Beef and veal ^{2/} :					
Production	689.7	698.1	1.2	707.1	1.3
Consumption	702.1	688.1	-2.0	724.0	5.2
Imports	23.8	25.1	5.5	25.3	0.8

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

Tunisia*

Cattle herd recovers after two years of drought

53. Cattle numbers in Tunisia, 80 per cent of which are concentrated in the north of the country, fell from 1988 to 1990, by 12 thousand heads, due to two years of drought, and started building up again last year when they reached 696 thousand head. Another growth is foreseen for 1992.

Beef production does not meet the objectives of the plan

54. Contrary to earlier estimates which suggested a modest production growth, revised data now shows that last year production increased sharply, to 40.9 thousand tons (+20.6 per cent). However, probably partly due to the 1988-89 drought, the production growth did not meet the objectives of the Seventh Plan (1987-1991), which was expected to provide for a substantial expansion of cattle farming with the aim of the attainment of self-sufficiency in meat. As the result of last year's production growth, the self-sufficiency bovine meat ratio did nevertheless increase significantly from 66.3 per cent in 1986, to 75 per cent, last year. The Eight Plan (1992-1996) objective is again to reach self-sufficiency in the sector.

Consumption stagnates but imports increase

55. Both production and consumption practically stagnated between 1987 and 1990. State controlled retail prices have been kept unchanged since 1989, and yet difficult general economic conditions have checked beef consumption which, in a per capita basis, has even decreased slightly since 1987. Despite last year's significant production rise, the consumption growth was limited to 3 per cent. This seems due to last year's retail price liberalisation of domestically produced beef and the increase of state controlled retail prices of imported beef as from the 24 July 1991.

56. Beef and veal imports grew marginally from their last year's (and 1984) record level of 15 thousand tons, while live cattle estimated imports, at 6 thousand head, remained close to last year's historical low. Such volumes seem to confirm the idea that Tunisia has been changing its import policy from live cattle to beef. The major beef supplier is traditionally France, while Poland appears to be the most regular live cattle supplier to the Tunisian market. Bulgaria, France and Germany also appear as large live cattle suppliers in the recent past. Imports are expected to decrease this year and in 1992, reflecting increased domestic production.

Policy Developments

57. The Eight Plan, launched this year, introduced a number of measures to stimulate production. Among other policy developments, it can be noted that domestically produced beef prices have been liberalised in September 1990, at both the wholesale and retail prices; consumption price subsidies have been suppressed; the import tax system on beef was revised. (For detailed information regarding the Eight Plan and other policy developments, see IMC/INV/15/Rev.7)

	1990	1991	% Change 1991/90	Forecast 1992	%Change 1992/91
Cattle and calf numbers 1):	622.0	696.0	11.9	732.0	5.2
Beef and veal 2):					
Production	33.9	40.9	20.6	52.1	27.4
Consumption	49.6	51.1	2.9	51.0	-0.2
Imports	14.9	15.0	0.7	14.0	-6.7

1) '000 head 2) '000 tons

Argentina*

Herd rebuilding on its way?

58. Between 1977 and 1989, the Argentinian cattle herd decreased by almost 10 million head. The decrease was related to depressed international beef prices during part of this period, but also with frequently changing macroeconomic orientations (and constantly high interest rates) and sectorial instability provoked by low investment, the introduction of high import duties and especially export taxes and differential exchange rates.

59. Since mid-1989 the economic orientation has changed and in 1990 domestic prices began to stabilize. This became even more evident after April 1991, when the "Convertibility Law" (which pegs the Austral to the United States dollar) was implemented. In the meantime inflation declined sharply, interest rates were reduced and domestic cattle prices improved. As a consequence, the cattle herd reduction came to a halt and rebuilding seems to have commenced in 1990. Estimated cattle numbers in August 1991 reached 51 million head, 1.6 per cent above one year earlier. (It can be added that the elimination of the export duties and the de-regulation measures introduced by the year end may result in a further incentive to cattle producers).

Production to rise in response to increased weights

60. Intense cattle slaughter between 1977 and 1989, coupled with higher cattle yields (mostly due to the increasing utilisation of European cross breeds), has allowed for beef production in 1989 to be only 220 thousand tons below its 1977 level, despite the 10 million head reduction of the cattle herd. Revised estimates now indicate that in 1991 production decreased by 4 per cent as the result of a 1 per cent fall in cattle slaughter, but reflecting especially lower average weights. Compared to year earlier, cattle cull begun to decline in July apparently as the result of the producers response to increasing prices. Lower cattle slaughter is also an indication of herd rebuilding, which is underlined by a 7 per cent

drop of cattle entries in the Liniers' market last year (the Liniers' market represents close to a quarter of the Argentinian cattle slaughter). Cattle slaughter seems to have started rising again since last February.

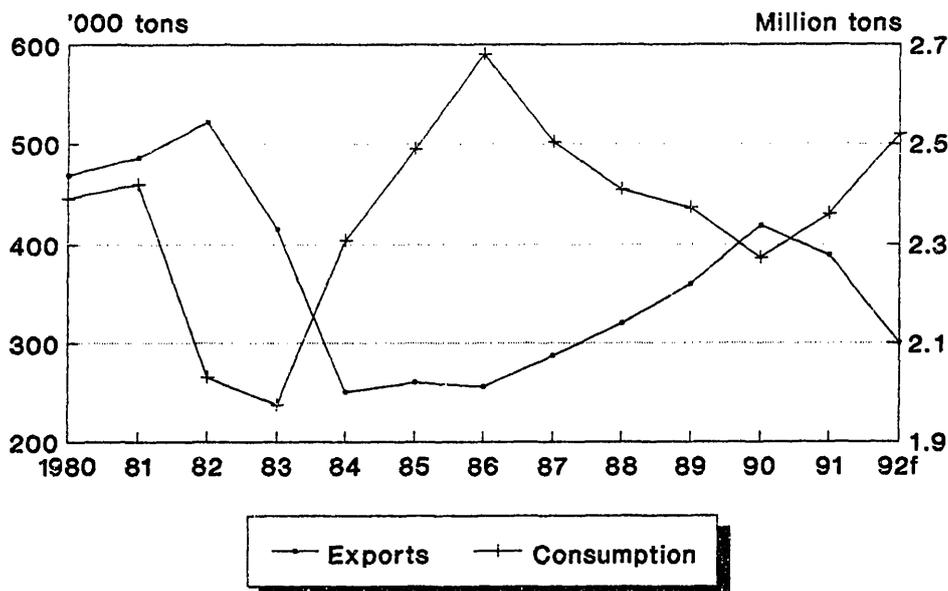
Well below historical levels, consumption recovers

61. Argentina is well known for being the world's major beef consuming country reaching 90 kgs. per capita in the early sixties and seventies. However, in the last decade consumption was irregular but since 1986 it has continuously decreased, reaching "only" some 70 kgs. in 1990 and an estimated 74 kgs. last year. The decline in consumption from 1986 to 1990 is related to lower production and falling consumer incomes, but also to stronger export demand, and hence firmer export prices, which directed the product to the export markets. Last year a recovering economy apparently led to the strengthening of consumers' demand and the domestic market prices were increasingly more attractive than those abroad.

Herd retention and increased domestic demand lead to lower exports

62. In 1991, and according to revised estimates, beef exports fell by 7.2 per cent, to 389 thousand tons. As explained in the last report, the export fall seems to have been related to the rise in internal prices to a level higher than that of export prices, and also to the fixed and unfavourable exchange rate. The average export price last year was US\$ 1,732 per ton f.o.b., 22 per cent above its 1990 level. However, this average hides divergent price trends depending on the type of meat and largely reflects the rise of much higher Hilton beef prices. The prices for manufacturing beef are believed to have declined by about 20 per cent last year.

**ARGENTINA
BEEF CONSUMPTION AND EXPORTS**



63. In product weight terms, total exports amounted to 188.2 thousand tons, of which corned beef representing 30 per cent of the total; frozen meat (which exports fell by almost 40 per cent, reflecting the return of Brazil to the export scene and the end of the export contract with Israel) 25 per cent; cooked meat, 21 per cent and chilled beef, including Hilton, 17 per cent. The EC and the United States remained by far the major markets for corned beef and cooked meat, frozen meat was largely absorbed by the EC and so were virtually all the chilled and high quality Hilton beef.

Beef imports at record levels

64. The Argentinian export industry, after having gone through a process of modernization and heavy investments, seems presently to be faced with a difficult economic situation aggravated by decreasing f.o.b. prices (reportedly, -14 per cent on average since September 1991). Moreover, domestic beef prices seem to remain more attractive than export ones and the industry is faced with low export availabilities. For this reason, since last April, rumours of large beef imports from the European Community are on the air, but so far no direct imports occurred. However, imports from Uruguay (and, to a lesser extent, from Paraguay) are reported to have reached record historical levels from January to April 1992, with 7 thousand tons and 40 thousand steers.

	1990	1991	%Change 1991/90	Forecast 1992	%Change 1992/9
Cattle and calf numbers 1):	50200.0	51000.0	1.6	51500.0	1.0
Beef and veal 2):					
Production	2692.0	2579.0	-4.2	2743.0 3)	6.4
Consumption 3)	2273.0	2361.0	3.9	2520.0	6.7
Exports	419.0	389.0	-7.2	300.0	-22.9

1) '000 head, 30 June 2) '000 tons 3) Secretariat estimate

Colombia

Estimated cattle numbers continue to increase

65. Cattle numbers in 1992 are estimated to rise by 2.3 per cent, to 24.3 million head. Uninterrupted at least since 1986, herd expansion reflects higher numbers of all categories of cattle. Such as in most other South American countries, cattle raising is a predominant activity (89 per cent on an extensive form and the rest on a semi-intensive form), representing some 35.5 per cent of total agricultural output and 4-5 per

cent of the country's GDP. Cattle raising farms average 24.4 hectares, but the bulk of meat production is heavily concentrated on farms larger than 100 hectares.

Production to fall in 1992, but recover in 1993

66. For the fourth consecutive year, cattle slaughter increased in 1991 (+7.3 per cent) reflecting higher cow and adult male cattle cull. Beef and veal production have consequently risen by almost 3 per cent. According to the trends indicated in the reply to the medium-term questionnaire, the secretariat estimates that beef and veal production in 1992 will probably decline by some 5 per cent, to recover again as from 1993. Production is nevertheless affected by the insecurity and frequent violence across the country. The authorities are trying to stimulate the sector through the implementation of a new system of carcass and meat cuts classification promoting quality and price differentiation, in order to stimulate marketing and consumption. Producer organizations and the meat industry are free to organize the structure and segmentation of the sector and benefit from the support of the authorities, especially through an improved system of credits. Per capita consumption is estimated to have decreased somewhat last year, to 23.3 kgs. on average, apparently as the result of higher retail meat prices. Current forecasts are for a slow but constant per capita consumption decrease over the next few years.

Exports rise in 1991

67. Beef and veal exports reached 21.5 thousand tons in 1991, according to non-official data. Bone-in exports amounted to 19.2 thousand tons for a value of US\$32,160 and exports of deboned meat to 2.4 thousand tons and US\$4,907. Neighbouring countries, especially Venezuela and to a lesser extent Peru, are the main destinations. Thus, export prices depend largely on market prices in Venezuela. In 1993 and 1994 prices in Venezuela are expected to increase, which might operate as a stimulator to increased Colombian exports. Live cattle exports amounted to 96.4 thousand head, virtually all to Venezuela.

	1990	1991	%Change 1991/90	Estimates 1992	%Change 1992/91
Cattle and calf numbers ^{1/} :	23,201.8	23,729.4	2.3	24,269.1	2.3
Beef and veal ^{2/} :					
Production	783.2	804.5	2.7	764.3 ^{3/}	-5.0
Consumption	783.1	804.5	2.7	761.9 ^{3/}	-5.3
Exports	7.9	21.5	172.2	22.0 ^{3/}	2.3
^{1/} ,000 head, December		^{2/} ,000 tons		^{3/} Secretariat estimates	

Paraguay*

Cattle numbers fall after 13 years of growth

68. Estimates for 1991 indicate that cattle numbers in Paraguay fell by 10 per cent last year, after 13 years of uninterrupted growth. Details are not available, but the decrease was assumably due to falling cow numbers because female cattle slaughter went up by almost 50 per cent, representing 43 per cent of total slaughter (which rose by 5.2 per cent). In 1992, total slaughter is expected to decrease by 5.4 per cent, to rise slightly again in 1993.

Production grows along with increased slaughter...

69. Increased cattle slaughter resulted in a 5 per cent production growth, despite lower slaughter weights, reflecting the reduced proportion of adult male cattle in the total slaughter mix. This is the second consecutive year of production growth, after the 1989 decline. The official forecast for a production growth this year appears in some contradiction with expected falling cattle slaughter. Even if higher average slaughter weights, reflecting an enlarged participation of adult male cattle in the total slaughter mix, may offset part of the slaughter fall, production seems likely to decline. In 1993, increased slaughter should mean a production growth.

...consumption stagnates far below historical records

70. Per capita beef consumption totalled 31 kgs. last year, down from 32 kgs. in 1990 and well below its historical 46 kgs. record in 1988. Total meat consumption in Paraguay averages some 65 kgs., with pigmeat

(25-28 kgs) accounting for most of it with beef and poultry meat coming far behind (some 5 kgs). Although in the near future total consumption is foreseen to increase, along with the population growth, no significant changes are expected to occur in per capita terms.

...and yet, exports fall in 1991

71. After the export surge in 1989 and 1990 (which saw beef exports jump from 16 thousand tons in 1988 to 99.6 thousand tons in 1990, beef and veal exports fell by more than 60 per cent last year, reflecting lower sales to Brazil. Chilled meat, bone-in, represented 68 per cent of total exports and the major market was Brazil which imported 21 thousand tons last year (against 60.6 and 81.4 thousand tons in 1990 and 1991, respectively). Argentina emerged as the second major export destination with 3.9 thousand tons. Frozen boneless beef exports, 30 per cent of the total, are also largely dependent on Brazilian imports and fell too. Chile, which is the traditional second buyer for this type of meat, increased imports last year. Spain and Germany are also relatively significant importers of beef from Paraguay. While the average export value per ton f.o.b. for chilled beef remained relatively stable, the average value for frozen beef exports fell by some 19 per cent, to US\$1,352. Beef exports are forecast to rise sharply again this year and in 1993.

	1990	1991	%Change 1991/90	Forecast 1992	%Change 1992/91
Cattle and calf numbers: 1)	8254.0	7449.0	-9.8	...	...
Beef and veal: 2)					
Production	209.9	220.7	5.1	231.8	5.0
Consumption	134.4	139.5	3.8	148.8	6.7
Exports	99.6	38.3	-61.5	45.3	18.3
1) '000 head, 20 August	2) '000 tons				

Uruguay

Herd rebuilding well underway

72. The cattle-raising activity in Uruguay has been closely linked with macroeconomic developments in the country. In the last few years, high interest rates have discouraged investment and reduced the producers' capacity to modernize their facilities. Consumption controls have affected demand and the occasional closure of internal cattle markets has brought

instability to the sector. All this, added to a few years of severe drought, has resulted in the reduction of the cattle herd and the decline of production. According to revised data, cattle numbers decreased in 1990 and have, since then, begin to recover. Estimates for the last 30 June cattle census show that with a 6.2 per cent growth reflecting an increase in the numbers of virtually all the categories of cattle, with the exception of steers, show that herd rebuilding is well under way. Improved pasture conditions and better export returns are behind this evolution.

Production up, reflecting higher slaughter and increased weights

73. Total cattle slaughter decreased by 18 per cent last year, with female cattle slaughter representing no more than 36 per cent of the total (from an abnormal and drought-induced 55 per cent in 1989). This year slaughter is expected to increase by 3.7 per cent, and increased adult male cattle in the total slaughter mix added to a large availability of heavy adult steers (to levels not seen in the last seventeen years) result in higher average slaughter weights. Characteristical of herd rebuilding, cow cull fell further to 33 per cent of total slaughter. Beef and veal production is estimated to recover this year, a recovery expected to continue in 1993 (even if production should nevertheless still remain some 100 thousand tons below its 1983 record level).

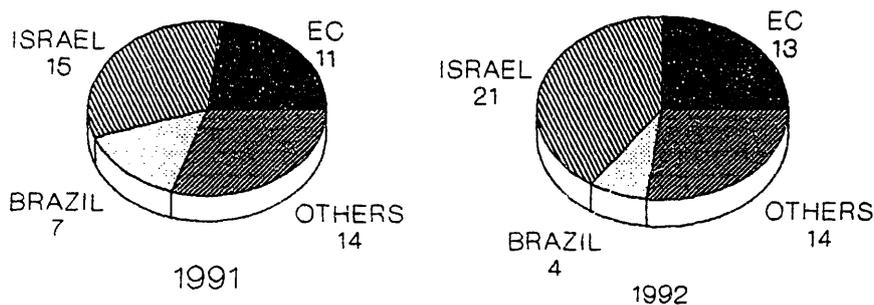
Consumption still relatively depressed

74. Uruguay has the highest beef consumption in the world after Argentina. The historical peak was reached in 1975 with 83 kgs. and since 1984, it has evolved below 70 kgs. per year. In 1990 and 1991 the output decline has resulted in sharply increased nominal retail prices which added to stagnant consumers' income resulting in lower consumption which, at 58 kgs. in 1990, was close to historical lows. Per capita consumption is estimated to have increased last year and to stabilize at 63 kgs. in 1992 and 1993.

Exports recovering, but canned meat prices decline

75. Lower production and increased consumption last year meant lower export levels. On the contrary, estimated exports in 1992 went up by 14.5 per cent, as the result of increased production and a relatively stagnant consumption. Frozen boneless beef accounted for 63 per cent of total exports and major markets were Israel (40 per cent) and the EC (25 per cent). At US\$1,404 per ton f.o.b., the average export price was 10.5 per cent above 1990 quotations and slightly higher than last year. Canned and cooked product, 22.4 per cent of total exports, went to the United States and the European Community. The average export value was US\$2,790 per ton f.o.b. during the first three quarters of 1992, 24 per cent below year earlier, but still 13 per cent above the 1990 value. Uruguay also exported fresh and chilled meat, especially "Hilton beef" to the European Community, at an average value of US\$7,635 per ton f.o.b.

URUGUAY BEEF EXPORTS BY DESTINATION



'000 tons

Live cattle exports to Argentina increase sharply

76. Not a traditional live cattle exporter since the mid-seventies, Uruguay's latest significant cattle exports took place in 1989, when 110 thousand head went to Brazil. This year an estimated 60 thousand head of live cattle have been sold to Argentina, as the result of the lack of export availabilities in that country. In 1993, exports of both beef and live cattle are expected to rise again.

	1991	Estimates 1992	%Change 1992/91	Forecast 1993	%Change 1993/92
Cattle and calf numbers ^{1/} :	8,889.0	9,439.0	6.2	9,637.0	2.1
Beef and veal ^{2/} :					
Production	310.0	329.0	6.1	341.0	3.6
Consumption	192.0	195.0	1.6	195.0	0.0
Exports	117.0	134.0	14.5	146.0	9.0

^{1/},000 head, 30 June

^{2/},000 tons

United States

Cattle herd expansion rate accelerates

77. Cattle herd expansion in the United States continued in 1992 and, if the current estimated 2.2 percentage growth is confirmed, it accelerated. The growth is expected to reflect, in particular, increased beef cow inventories (+1.9 per cent) and also calf inventories (+0.6 per cent), while dairy cow numbers decreased by 2.5 per cent. Such estimates seem based on the assumption that the beef cow numbers' expansion occurred in the second half of the year, and reflect an 8 per cent growth of the numbers of beef replacement heifers in the last 1 July cattle census.

Cattle slaughter stabilizes and marketings decrease ...

78. By mid-1992, feedlot inventories were well below year earlier (-7 per cent) reflecting low placements in the previous twelve months. Since June 1992, placements began to increase and the USDA expected that by the end of the summer, when excellent forage conditions begin to deteriorate and placements rise sharply, to finish the year at a level about 3 per cent above last year. In 1993, another 1 to 2 per cent rise could occur. Estimated cattle slaughter remained stable in 1992, at 34.4 million head. Slaughter weights have increased again, but marketings are expected to remain below last year, to rise by 1 to 2 per cent in 1993 partly due to lower feedgrain prices and consequently improved feeding margins.

... resulting in limited production growth, despite higher weights

79. In 1992, estimated beef production rose by only 1.1 per cent due to a modest 0.6 per cent rise in average weights and lower fed-cattle marketings. Slight gains in fed cattle and cow beef production along with relatively unchanged weights should result in a similar output growth in 1993. Beef production could nevertheless exceed the population growth and larger beef supplies are expected for at least the next several years reflecting the slow, but continuing herd expansion.

Prices decline, but consumption stagnates

80. Per capita beef and veal consumption continued to decline in 1991 (-0.7 per cent) and is expected to stabilise this year at 43.8 kgs. Beef retail prices registered a 1.4 per cent decrease, but large availabilities of competing meats, and poultry meat in particular (which on a per capita basis now practically equals beef consumption) along with a sluggish, economic environment, continued to bar any beef consumption growth. Should the economic recovery confirm in 1993, the consumption could strengthen somewhat. In 1992, fed cattle prices averaged US\$71.1 per hundred weight, 2.4 per cent below last year, due to increased beef, pigmeat and poultry meat supplies. Feeder cattle prices also decreased reflecting the fed cattle price fall, but the price decrease was partly "compensated" by declining grain prices. Cattle prices are expected to continue in a slow downward trend in the near future.

Live cattle imports rise again

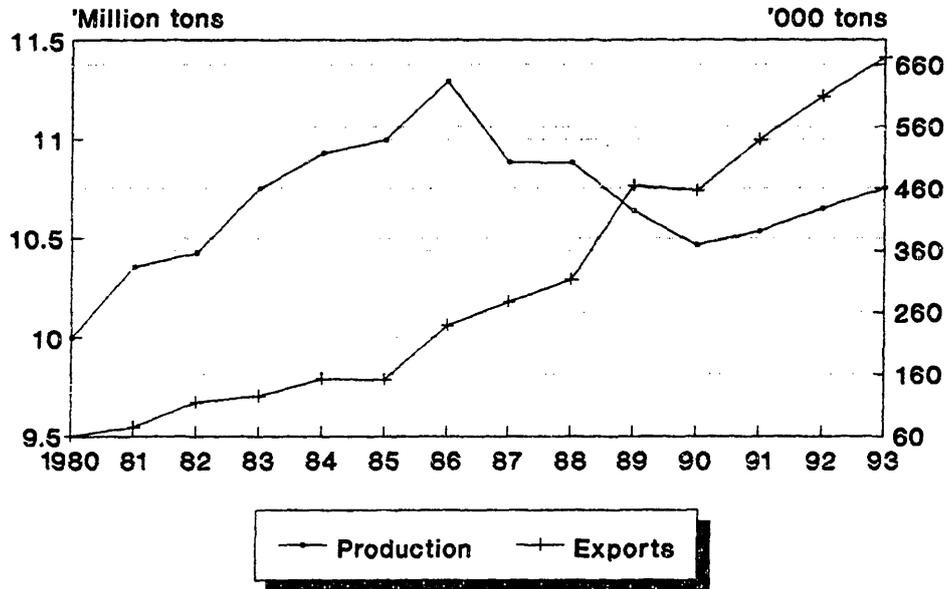
81. Live cattle imports increased by 5.7 per cent between January to September 1992. The rise is due to sharply increased imports of Canadian slaughter cattle. Feeder cattle imports from Mexico fell by 27.7 per cent. Increased imports of feeder slaughter cattle from Canada reflect more favourable prices in the United States, but also changing patterns in the Canadian industry. Total imports by the end of the year could reach 2.05 million head, 5.7 per cent above last year, but below the 1991 record level. Live cattle exports almost doubled during the first nine months of the year, reaching the record level of 220 thousand head, due to expanded exports to Mexico.

Imports fall in second half of 1992, due to the imposition of VRAs

82. Beef and veal imports increased by 8 per cent from January to June 1992. However, as it might be expected following the introduction of "Voluntary" Restraint Agreements (VRAs) negotiated with Australia and New Zealand (because the Meat Import Law 1992 trigger level, 594.8 thousand tons, product weight, would be otherwise reached, leading to the imposition of import quotas), imports declined in the third quarter (-12 per cent). Australia and New Zealand benefited subsequently of quantities higher than those negotiated under the VRAs, because of lower exports into the United States from Central American countries.

83. Canadian exports to the United States' market are no longer affected by the Meat Import Law because of the U.S.- Canada Free Trade Agreement and increased sharply (+58 per cent) during the first nine months of 1992. Total United States' imports should nevertheless fall further in the last quarter, resulting in relatively unchanged import levels by the end of the year, compared to 1991. Imports of prepared and canned meat (including sausages) increased during the first nine months of 1992, with Brazil benefiting from lower Argentinian exports to the United States' market.

UNITED STATES BEEF PRODUCTION AND EXPORTS



Beef exports expansion to continue in 1992 and 1993

84. Beef exports continued to expand in 1992. From January to September there was an increase of 15 per cent, reflecting increased sales to Japan, South Korea and Mexico, despite a 6 per cent decrease in exports to Canada. Increased exports to Korea are the result of the measures introduced there to open the market and also as part of the government's efforts to help control inflation; sales to Mexico seems to be linked with herd rebuilding there; while lower exports to Canada reflect increased Canadian beef production long with this country's higher imports from Australia. The total export value for the same period of time amounted to 1.5 billion dollars, 17 per cent above year earlier. Beef and veal exports are expected to increase again in 1993.

	1991	Estimates 1992	%Change 1992/91	Forecast 1993	%Change 1992/91
Cattle and calf numbers ^{1/} :	98,896.0	100,110.0	1.2	102,333.0 ^{3/}	2.2
Beef and veal ^{2/} :					
Production	10,534.0	10,648.0	1.1	10,751.0	1.0
Consumption	11,076.0	11,140.0	0.6	11,192.0	0.5
Imports	1,091.0	1,093.0	0.2	1,089.0	-0.4
Exports	539.0	610.0	13.2	671.0	10.0
	^{1/} ,000 head, 1 January	^{2/} ,000 tons		^{3/} Actual	

Canada

Slow herd expansion continues

85. In 1991, cattle and calf numbers increased by 2 per cent to 11.4 million head and are estimated to rise by a further 1.5 per cent this year. Modest herd growth has been a characteristic of the present herd rebuilding phase. After five years of expansion, cattle numbers grew by only 800 thousand head, a relatively small increase when compared to herd rebuilding phases in the past when cattle numbers would rise by more than 2 million head during the same period of time. The continued rise of beef cow and heifer numbers (estimated 2 per cent in 1992) suggest that herd expansion will continue in the near future, until at least 1995 according to forecasts, but at a slowing pace.

... but might approach the end

86. Cattle slaughter underlines the approaching end of herd expansion. After a 5.6 per cent fall in 1991, slaughter is now estimated to rise by 1.4 per cent this year and to continue growing in 1993. Inspected cow and heifer cull as a percentage of the total slaughter mix is expected to stabilise in 1992 and to start rising as from next year. In the last few years, Canadian average slaughter weights have risen steadily as the result of heavier fed cattle. This year such rise (2.9 per cent) added to increased slaughter and cattle weights, is expected to result in a 3.5 per cent production growth. In 1993, the same premises should lead to the same result and a further production growth is expected.

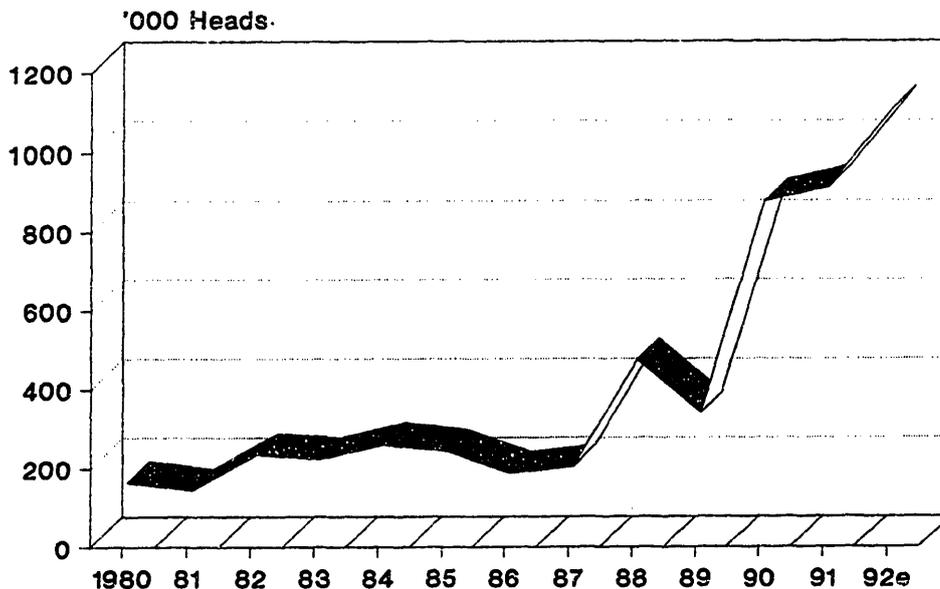
Anaemic economy checks consumption growth

87. Cattle prices have slowly gone down since the last quarter of 1990 and during the first half of 1992, slaughter cattle prices in Toronto decreased by a further 3.2 per cent, compared to the previous year, reflecting lower US prices. Beef retail prices have showed little change during the same period of time (+1.3 per cent) but nevertheless per capita consumption is expected to decrease by some 3 per cent this year to 36 kgs., a record low level. Improved economic conditions in Canada are, however, expected to result in some consumption recovery as from next year.

Live cattle exports to the United States continue to grow

88. During the first half of 1992, total cattle exports, virtually all to the United States, increased by 26.2 per cent. Slaughter cattle exports went up by as much as 50.5 per cent, to 527.5 thousand head. As noted in previous reports, major reasons for the growth of live slaughter cattle exports to the United States can partly be explained by the shift of the Canadian cattle industry to Western Canada and the virtual disappearance of cattle slaughtering facilities in the eastern part of the country (especially in the province of Ontario). As a result, the United States is often the only significant outlet for some classes and qualities of cattle. Live cattle exports are estimated to expand at a similar growth rate from July to December 1992, totalling 1 million head for the year as a whole.

**CANADA
LIVE CATTLE EXPORTS TO THE U.S.**



Such an export rise (+50.7 per cent) suggests that the ongoing rationalization in the domestic beef packing industry has to be pursued further. In 1993, live cattle exports are forecast to decrease.

conditions cattle, and especially cow and heifer slaughter, is expected to decline significantly in 1993.

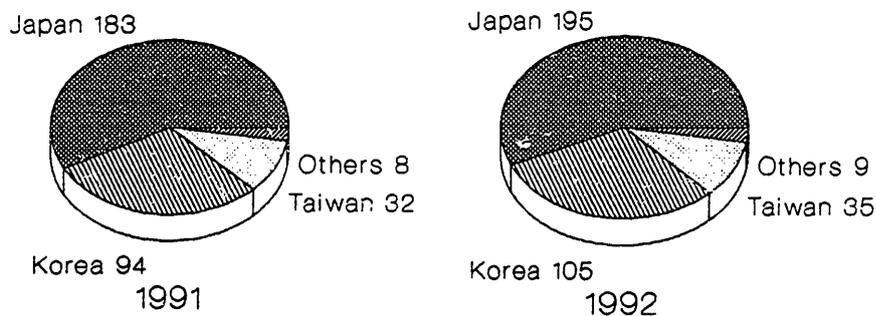
...and lead to lower slaughter weights, limiting the production rise

91. Lower cattle weight kept production from rising significantly in 1991, despite increased cattle slaughter. In 1992, and although average weights were down again, the slaughter rise translated into an estimated 2.3 per cent production growth, to about 1.8 million tons. Improved seasonal conditions in 1993 should result in larger availabilities of more grainfed cattle being slaughtered, resulting in increased average weights. However, this rise is not expected to fully compensate for lower slaughter levels, and production is thus foreseen to fall next year.

Cattle prices fall reflecting lower exports and reduced domestic demand

92. Higher cattle turn-off, lower demand and export prices in the United States and Japan and depressed domestic demand resulted in lower cattle prices in 1991 (-8.8 per cent). Increased exports to the United States in the first half of 1992 resulted in some price strengthening, but exports to the U.S. were curtailed in the second half of the year following the imposition of VRAs and cattle prices declined again. Retail prices were up from January to June and, despite rising consumer incomes, estimated per capita consumption is decreasing and a 6.6 per cent drop is projected for the year as a whole. Nevertheless, the improvement of the economic environment and consumers' income is expected to result in a consumption recovery next year.

**AUSTRALIA
BEEF EXPORTS TO NORTHERN ASIA
('000 tons)**



Total: 317 (42% of total exports)

Total: 344 (46% of total exports)

Source: AMLC 1992 Projections

Increased exports lead to VRAs for the second consecutive year

93. Reflecting high cattle turn-off and lower domestic consumption, beef exports to the United States in the first half of 1992 rose significantly, leading to the imposition of the VRAs to avoid triggering the U.S. Meat Import Law. This resulted in reduced exports to this market in the second half of the year and in an estimated 4.3 per cent fall of total exports. Shipments to Japan increased by 11 per cent during the first half of 1992 reflecting the disappearance of LIPC stocks and the lowering of the Japanese import tariff. Exports to South Korea are expected to rise by 12 per cent this year, and shipments to Taiwan by 9.4 per cent. The growth of Australian exports to North Asian markets is nevertheless increasingly affected by rapidly growing competition of U.S. exports to the region.

	1991	Estimates 1992	%Change 1992/91	Forecast 1993	%Change 1993/92
Cattle and calf numbers ^{1/} :	23,662.0	23,602.0	-0.3	23,100.0 ^{3/}	-2.1
Beef and veal ^{2/} :					
Production	1,734.8	1,775.2	2.3	1,726.9	-2.7
Consumption	660.0	624.5	-5.4	639.0	2.3
Exports	1,137.3	1,088.0	-4.3	1,032.0 ^{3/}	-5.1

^{1/},000 head, 31 March.

^{2/},000 tons

^{3/}Source: June 1992 reply to the forecast questionnaire

New Zealand

After little change in 1991, herd expansion resumes

94. Cattle numbers went up by 4.3 per cent, according to the provisional results of the June 1992 census, as a result of increased beef (+3.9 per cent) and dairy (+3.7 per cent) cow numbers. While dairy returns were up, explaining increased dairy cow numbers, beef returns during the first three quarters of 1992 fell by 4.7 per cent, mostly because of reduced export returns. The rise of beef cow numbers is due to the continuing higher profitability of the sector when compared to sheep farming and to the expectations of improved beef returns as from next year. Cattle herd rebuilding is expected to continue until at least 1994, when it should start to slow down.

Production is growing and could reach record levels in 1994

95. Estimated cattle slaughter increased by 1.7 per cent, due to higher adult male cattle and calf slaughter. Cow and heifer cull declined, underlining the on-going herd expansion. Increased slaughter and higher weights, resulting from the greater percentage of adult male cattle in the total slaughter mix, led to an estimated 2.7 per cent production growth in 1992. Increased cattle slaughter in 1993 and 1994, as the end of herd rebuilding approaches, should result in significant production growth especially in 1994, when beef output, after growing by 5 per cent next year, is forecast to rise by a further 12 per cent, reaching, at 644.5 thousand tons, an historical record level.

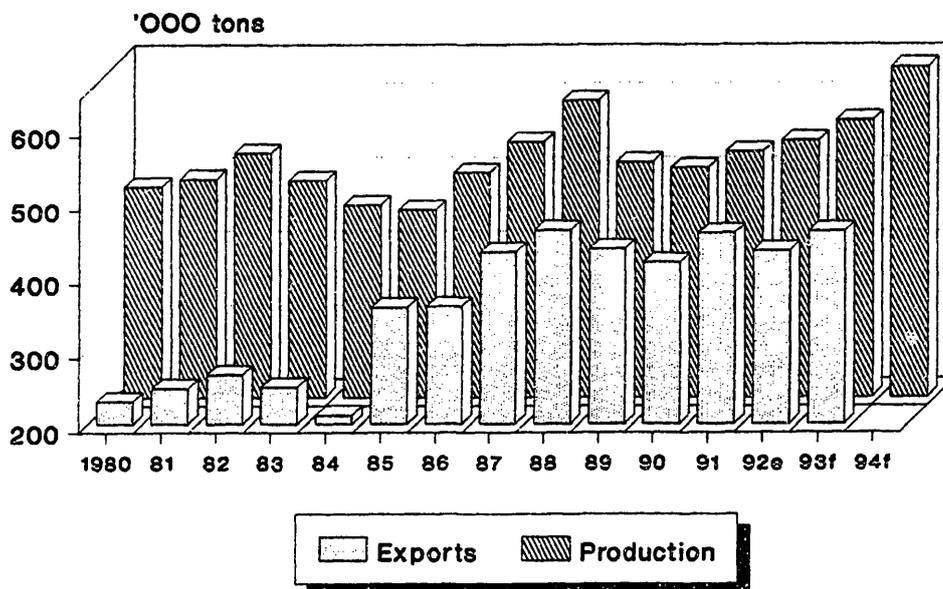
Stagnant incomes and higher retail prices do not discourage consumption

96. Contrary to what happened in 1991, when it declined as the result of the export rise, estimated beef and veal consumption increased this year reflecting lower exports, despite somewhat higher retail prices and stagnant consumers' income. At 33 kgs., per capita consumption rose by 7 per cent, and could show further growth in the next two years, due to increased production.

Exports rise during the first half of 1992...

97. In 1991, despite the VRA imposed by the United States, total exports increased by almost 10 per cent, reaching 458 thousand tons. The rise was the result of higher sales to the United States, but also and especially to the Republic of Korea, which surpassed Japan (to which sales fell by almost 50 per cent due to the market situation there) as the third major market after Canada, and Taiwan which appeared as the fourth major export destination. From January to June 1992, exports of fresh, chilled and frozen beef rose by 9 per cent compared to year earlier, due to increased sales to the United States (+9 per cent), but also to most of the other major export destinations, except the Republic of Korea and Taiwan, where slight decreases were registered. Sales to Japan increased somewhat, but remained at very modest levels compared to previous years.

NEW ZEALAND BEEF PRODUCTION AND EXPORTS



... fall sharply in the second half, but could reach record levels in 1994

98. During the second half of the year exports were estimated to decline significantly, resulting in a 5 per cent drop for the year as a whole. At US\$2,563 per ton f.o.b., estimated export prices decreased by 2.1 per cent in 1992 (which expressed in New Zealand dollars meant an 8 per cent drop, reflecting the weaker value of this currency this year). Reflecting the expected production growth, next year export availabilities are expected to return to their 1991 level and a further 15 per cent growth is forecast for 1994. At 530 thousand tons, export availabilities would reach an historical level. In the light of current prospects for increased production in the United States, it is probable that New Zealand will try to increase its export performance to East Asian markets.

	1991	Estimates 1992	%Change 1992/91	Forecast 1993	%Change 1993/92
Cattle and calf numbers ^{1/} :	8,100.0	8,450.0	4.3	8,900.0	5.3
Beef and veal ^{2/} :					
Production	532.1	546.5	2.7	574.0	5.0
Consumption	105.7	113.9	7.8	115.7	1.6
Exports	458.0	434.3	-5.2	460.0	5.9

^{1/},000 head, 30 June.

^{2/},000 tons, calendar year

Japan

More beef cattle

99. Led by growing beef cattle numbers (+3.3 per cent) raised in a declining number of households (210.1 thousand in 1992), the Japanese cattle herd completed a fourth year of rising inventories. Even if average beef cattle prices (Wagyu steers) levelled off somewhat during the first eight months of the year, its comparative price to dairy cattle (dairy steers) remains by far much more attractive and stable. Even if estimated dairy cattle numbers went up somewhat in 1992, dairy producers seem to still have a margin to improve productivity and to deliver increased quantities of milk, despite falling or stagnant dairy cattle numbers. This suggests that the recent years' trend to falling dairy cattle numbers and increased beef cattle (Wagyu) inventories could continue in the near future. However, if this year's beef cattle price drop due to the country's economic slowdown, intensifies in the near future, the beef cattle herd growth may be affected.

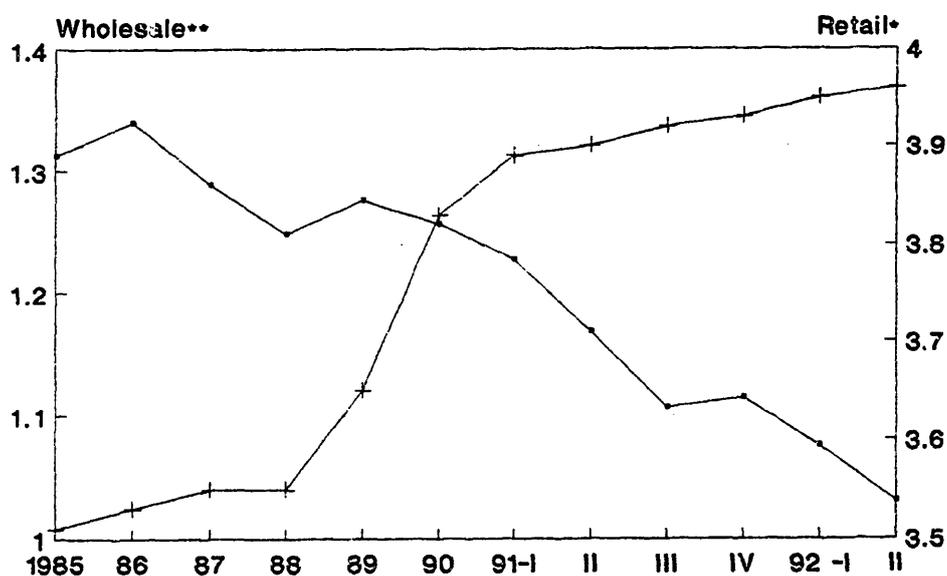
Production increases, but stocks too?

100. Increased cattle slaughter in 1991 and during the first half of 1992 resulted in a beef production growth of 4.2 and 4.6 per cent respectively. Despite growing numbers of beef cattle, 62 per cent of beef production still comes from dairy cattle and constitutes an important share of the dairy farmers' income. After the surge registered in the beginning of last year which culminated with the decision to release them to the market since April 1991, beef stocks declined until the end of the first quarter of 1992. Since then they have increased again to reach some 91 thousand tons, by the end of August.

Strong consumption rise in the second half of the year?

101. Estimated beef and veal consumption fell during the first quarter of 1992, but data suggest that it recovered strongly during the second quarter (+9.5 per cent). This estimate seems somewhat surprising taking into account that beef retail prices have increased (despite lower cattle and wholesale meat prices) and that, at the same time, per capita beef expenditure has decreased compared to the previous year.

**JAPAN
BEEF PRICES (Yen/kgs.)**



••Dairy steer,B-3 grade,c.w. basis,Tokyo
•Tokyo,middle grade,product weight basis

Beef imports recover from last year's fall

102. During the first eight months of 1992 beef imports increased by 11.1 per cent. As expected imports fell sharply in March, only to rise dramatically in April, following the 10 per cent decrease of import tariffs in accordance with the market liberalization process going on. Import tariffs are now 60 per cent. The Australian market share moved from 50.7 per cent to 52.3 per cent at the expense of New Zealand and other small suppliers, while the United States share remained unchanged at 44.4 per cent. At US\$5,095 per ton c.i.f. average import prices (about a third of domestic prices), decreased by 3.2 per cent.

Increased imports accelerate cattle industry rationalization

103. The fall in wholesale beef prices since 1989, is related to increased competition of cheaper imported beef. As a result, stabilization prices for steers (B-2,B-3 grade) have been slightly lowered annually since then. The last reduction was implemented on 1 April 1992. The import rise is accelerating the trend for increased rationalization of the Japanese cattle industry, including increased concentration of beef cattle farms. The USDA

sees Japanese imports rising by 15 per cent this year and by a further 27 per cent in 1993 to 645 thousand tons.

	1991	Estimates 1992	%Change 1992/91	Forecast 1993 ^{3/}	%Change 1993/91
Cattle and calf numbers ^{1/} :	4,863.0	4,980.0	2.4	5,034.0	1.1
Beef and veal ^{2/} :					
Production	574.0	600.0 ^{3/}	4.5	615.0	2.5
(January-June)	262.0	274.0	4.6		
Consumption	1,142.0	1,225.0 ^{3/}	7.3	1,260.0	2.9
(January-June)	533.0	544.0	2.1		
Imports	500.0	580.0 ^{3/}	16.0	645.0	11.2
(January-June)	272.0	273.0	0.4		
Stocks ^{4/}	106.0	102.0	-3.8	75.0	-26.5

^{1/} '000 head, 1 February ^{2/} '000 tons ^{3/} Source: USDA
^{4/} End of 1991 and end of June 1992