

**GENERAL AGREEMENT
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MEAT CONSUMPTION TRENDS

At the twenty-seventh meeting of the Meat Market Analysis Group, held on 15-16 June 1994, participants agreed to reply to a questionnaire regarding meat consumption trends on a voluntary basis (IMC/W/97). The documents containing the replies to this questionnaire are circulated on a country-by-country basis under the document series IMC/W/-.

BRAZIL

Question 1

Is meat the major source of animal proteins in your country? How does it compare with other animal protein sources such as fish? Have there been any changes in the relation of the consumption of meat and other animal proteins? Why?

In 1990, total production of meat, including bovine meat, pigmeat and poultry meat reached approximately 7,634,000 tons, carcass weight. Bovine meat accounted for 54.3 per cent, pigmeat 15.1 per cent and poultry meat 30.8 per cent. In 1993, from a total 9,079,000 tons, the share of bovine meat fell to 51.9 per cent, the one for pigmeat to 13.2 per cent and poultry meat share increased to 34.9 per cent. There is consequently a trend for changing participation of the different types of meat in total production. It should be noted that in absolute terms total meat production, in particular poultry meat production, is growing faster than the population. Moreover, the share of bovine meat in total production varies according to the phase of the production cycle.

From the point of view of consumption, changes are significant. In 1990, of a global consumption of approximately 7,817,000 tons, bovine meat represented 59.1 per cent, pig meat 14.6 per cent and poultry meat 26.3 per cent. In 1993 of a total consumption of 8,389,000 tons, 52.9 per cent were bovine meat, 13.9 per cent pigmeat and 33.2 per cent poultry meat. There was a slight decline of the pigmeat share, a significant drop of bovine meat and a relative rise of poultry meat consumption. It should be noted that the volume trade balance, in particular the beef trade balance, changes significantly according to import levels and affects consumption. Moreover, in per capita terms, beef consumption fell only marginally and remained almost stable at around 30 kgs, pigmeat was also unchanged at 7.6 kgs and poultry meat per capita consumption increased.

Question 2

Which type of meat has traditionally the consumers' preference in your country? Why?

Data suggests a preference for beef. Firstly there is a tradition of red meat consumption which only began to be negatively affected when urbanization expanded. The objective of the Brazilian supply policy, historically under Government control until the beginning of the 1980s, was to support and protect the market through the use of quantitative measures (stocks and quotas) as well as price measures (price fixing and sectorial agreements) which encouraged consumption. The facility of expanding livestock production perspective and of occupation of agricultural borders in the face of faltering appropriate technology, including processing and marketing techniques, to develop alternative meats, was another factor contributing to a consumption pattern led by beef.

Question 3

Do meat consumption trends in your country correspond to the general trend described above (see IMC/W/97), i.e. a shift away from red meat consumption to white meat, in particular poultry meat? Please provide evidence.

The shift away from beef to poultry meat observed in the developed world can also be observed in Brazil, although supposedly at a slower pace. Firstly because beef consumption has increased and will continue to do so as demand still largely reflects the demographic rate, which continues to rise even if at a slower pace; secondly by income growth, expected to average above 5 per cent per year in the future; and finally, by a better income distribution which cannot be adjourned for much longer. Consequently, possible economic and social changes in Brazil have the potential to result in higher beef consumption because the income elasticity of demand is, on average, equal to one and certainly higher for the lower income segment of the population. Nonetheless, consumption data suggest a trend towards other types of meat.

Question 4

Which factors among those cited above (see IMC/W/97) (and/or others) affected beef and veal consumption the most in your country? Please elaborate. For example, the following factors and their changes are frequently identified as significantly affecting beef and veal consumption: beef prices; disposable household income; relative prices of other meats; population growth; age structure of the population; health considerations (including those related with production methods); product image; animal welfare concerns. What is the role of those factors? What other factors are relevant?

From an econometric view point, it is believed that beef demand is significantly affected by beef price changes (price elasticity -0.94), by per capita income (income elasticity 0.99), depending on income distribution; and less by poultry meat prices (cross-elasticity 0.30). Despite weak statistical information, some studies suggest that expanding middle-aged and older population reduces beef consumption in favour of poultry meat. Similarly, non-price related variables including the level of urbanization, poultry meat production and marketing techniques, technological innovations, large scale production and the inexistence of production cycles are also believed to favour poultry meat consumption at the expense of beef.

Question 5

Is there any relationship between beef trade and domestic beef consumption in your country? Please elaborate.

Yes. Brazil is a traditional beef exporter and also a regular importer. As a result, domestic consumption corresponds to the internal disposal as represented by the sum of production, international trade balance and stock changes. In the 1990s, the Brazilian authorities encouraged trade liberalization and it is no longer possible to isolate the domestic economy from repercussions of changes in the international markets. As a consequence, there are years, such as 1990, in which meat consumption exceeds domestic production, even if Brazil is systematically a net exporting country.

Question 6

Are there any policies or other measures in force directed at affecting beef consumption and/or retail beef prices in your country? In the affirmative, please describe the type of measures and the rationale behind them.

Brazil utilizes regulatory beef stocks, usually insufficient to distort market rules and only capable of partially alleviate seasonal livestock production. Both stock building and stock selling follow criteria and rules which take into account and preserve market trends.

Question 7

Are there other types of measures designed to stimulating meat consumption (promotion campaigns in fairs, audiovisual promotion, particular marketing techniques)? For all types of meat or for a particular type of meat? Please specify.

There are no measures designed to stimulate meat consumption.

Question 8

Retail trade practices are changing fast in a rising number of countries. Butcheries are being affected by competition from supermarkets and hypermarkets. Is this the case in your country? How is it affecting meat consumption in general, and beef and veal in particular? Is meat quality being affected?

A result of the intense urbanization of the country was the development of supermarket and self-service chains which, since the 1970s represent the largest share of food distribution. Developing a marketing strategy based on the supply of thousands of products or consumption items, self-service chains have also advantageously assumed meat marketing. They present a variety of products which run from the products proposed by traditional butcheries, to the sale of especially packed and highly differentiated cuts and pieces. They currently represent more than 40 per cent of the retail market and they can afford lower prices than traditional butcheries due to the price mixing and large scale economies.

The expansion of retail sales through self-service chains was a decisive factor in boosting domestic poultry meat trade. Poultry meat had no sales points capable of competing with the thousand of butcheries spread all over the country specialized in beef. Consequently, the changes and modernization brought about by supermarkets and self-service chains were beneficial to the marketing of all meats, but poultry meat was the main beneficiary.

Marketing changes also implied technological innovation in meat preparation, meat packing and meat conditioning. Today, the Brazilian consumer disposes of a choice comparable to the one available in the most developed countries. Thanks to increased competition, traditional butcheries were forced to undergo a modernization process and nowadays offer a better service to the client and improved product quality.

Question 9

Is the catering market an area of expansion in your domestic market? How does it affect the consumption of the different types of meat?

The catering market and the supply of ready-to-eat meals have expanded in line with the urbanization process and with the firms' food subsidy schemes evolving fiscal incentives and meal tickets distribution among other practices. The impact of such measures in meat consumption patterns is not known.

Question 10

Could you forward to the Secretariat any study/document, official or non-official, which your authorities believe might be helpful for a better assessment and understanding of meat consumption trends in your country?

On request, the "Secretaria de Política Agrícola-SPA/MAARA", can provide available bibliography or bibliographic references to the GATT Secretariat.