STATUS REPORT ON THE PRESENT SITUATION
AND PROBABLE DEVELOPMENTS IN THE BOVINE MEAT SECTOR

Note by the Secretariat

The present note has been drawn up by the secretariat of the
Arrangement in accordance with the terms of Article IV, paragraph 1(a),
of the Arrangement. The report presents a summary of the international
economic situation, a general summary of the international situation and
outlook for bovine meat, and specific elements of the world beef economy
on a country-by-country basis. In the preparation of this document the
following sources, inter alia, have been used: United States Department
of Agriculture, Livestock and Meat Situation, various issues for 1982;
United States Department of Agriculture, Foreign Agriculture Circular,
various issues for 1982; Australian Meat and Livestock Corporation,
Market Notes for Livestock and Meat, various issues for 1982; Meat and
Livestock Commission, European Weekly Market Survey, various issues for
1982; Weekly information bulletin, Junta Nacional de Carnes, various
issues for 1982; OECD, Economic Outlook, December 1981; and the
replies to the questionnaire received by 14 May.
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I. INTERNATIONAL ECONOMIC SITUATION AND OUTLOOK

1. According to the latest OECD forecast* the current recession will slowly recede in the area as a whole in the next 12 months, and only a moderate recovery is forecast. The pattern of recovery is however projected to be different from one country or area to another. Real GNP growth is expected to be the same in 1982 as in 1981 (1.25 per cent with most of the growth taking place in the second half of the year (compared to zero growth in the second half of 1981). Unemployment in the OECD area is expected to continue growing, reaching around 8 per cent of the labour force (compared to 7.25 per cent in 1981) while the labour force is forecast to grow at an annual rate of 1 per cent. In the second half of 1982 the number of unemployed is projected to reach 28.5 million (compared to 25.75 million a year earlier). Total domestic demand is expected to grow at a rate of around 3.25 per cent in the second half of the year, the main source of which is expected to be that of private consumption, implying some growth in real per capita incomes. With continued tight monetary policy in most OECD countries, inflation rates are likely to decrease somewhat from 1981 levels (9.5 per cent). (According to more recent estimates average inflation rates may possibly decrease even further to around 8 per cent). Short term interest rates may also decrease somewhat while prospects for longer term interest rate decreases are more difficult to assess, chiefly, it seems, because of the uncertainty of what could happen when private investment demand picks up, colliding with demand for funds by governments**.

2. In the United States GNP dropped sharply in the fourth quarter of 1981 (by 5.2 per cent seasonally adjusted annual rate) a major factor of which was the drop in vehicle production. A recovery is now not expected before some time in the second half of 1982, possibly not before the end of the year. Consumer price increases slowed down somewhat for the year as a whole (to 10.4 per cent) compared to 1980 (13.5 per cent). For 1982, a further decrease is expected. The unemployment rate at the end of 1981 is estimated at 8.4 per cent, up one point compared to the beginning of the year. It is projected that this rate will peak at around 9 per cent in 1982 before going down again as the economy picks up. Consumer demand remained sluggish throughout the year and personal consumption expenditure declined in the fourth quarter (compared to first quarter). Real income increases remained weak throughout the year, but disposable income is expected to pick up somewhat in 1982, especially in view of the tax cuts projected in 1982.

3. It is considered that the Japanese economy as a whole is recovering slowly but steadily. Thus, according to government forecasts economic growth in fiscal year 1982 is projected at about 8.4 per cent in nominal terms and about 5.2 per cent in real terms compared to an estimated 4.1 per cent in fiscal year 1981. Capital investment by large

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*OECD Economic Outlook, December 1981
**International Trade in 1981 and present prospects, GATT/1313
corporations are said to show continued strength and consumer spending appears to be improving. One of the ways to recovery is expected to be consumer led, expanding the economy primarily on the strength of private domestic demand and by stabilizing employment (unemployment is, at around 2 per cent, low by international standards). Inflation is expected to be around 4.7 per cent at the retail level and around 3 per cent at the wholesale level. Government spending is forecast to increase by 6.2 per cent in nominal terms, making it unlikely to contribute much to the economic growth of the country. It is also expected that the growth in exports will decelerate while that of imports will accelerate, thus diminishing somewhat the trade surplus.

4. Economic growth in Canada, although it has slowed down perceptibly in the last few years, is still better than that of many other industrialized countries. It is estimated that GDP grew by around 2 per cent in 1981, much as a result of investment in the energy sector, and a growth rate of 2.2 per cent is projected for 1982. However, this growth rate is not believed to be enough to contain the unemployment level, which is thus feared to increase further in 1982 (8.6 per cent, seasonally adjusted, in 1981). Tight anti-inflation policies are likely to continue in 1982, although it is believed that progress in lowering the inflation rate will be slow (12.1 per cent in 1981).

5. In the European Economic Community, a cyclical recovery of economic growth is forecast for 1982*. It is expected that GDP for the year as a whole will increase by around 2 per cent compared to year earlier (and compared to an estimated negative growth of 0.5 per cent in 1981), inflation rates should be reduced to 10.5 per cent (annual rate) (compared to 12.6 per cent in 1981) and balance of payments current accounts deficits should decrease somewhat. It is also expected that demand will rise, domestic demand by 1.5 per cent and that of export by 6 per cent. Unemployment, it is hoped, will, if not decrease, at least stabilize (8.1 per cent of the workforce in 1981, annual rate) in the second half of the year at around 8.5 per cent. For a reduction in unemployment levels, the view has been expressed that an economic recovery phase "would have to be accompanied by fundamental changes in the structural performance of the European economy..."

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6. In recent months, the Australian economy has weakened compared to the situation in financial year 1980/81. The rate of inflation remains high and unemployment has increased. Interest rates have reached record levels and the balance of trade has worsened: while exports were unchanged in the ten months to April 1982 compared to year earlier, imports rose by 17 per cent. Economic growth is now estimated at 2.5 per cent for 1981/82 with a further slowing down in 1982/83 (to around 1.5 per cent). Due to recent and coming wage increases (in real terms) consumer spending is expected to grow by around 2 per cent in 1981/82 while it is likely that public spending will grow very little in real terms. The prospects for growth, it is believed, are strongly linked to that of the world economy and in particular to that of the United States. It appears that no vigorous recovery could be expected before 1983.

7. The economic growth in New Zealand is also slowing down. It is estimated that real output will grow by 3.5 per cent in 1981/82 but only at around 1 per cent in 1982/83. This slowdown is due, at least partly, it is believed, to the difficult international economic situation. The rate of inflation is expected to increase only marginally while per capita income increases are likely to outdo inflation by 3-4 percentage points. Imports are expected to show an increase of around 5 per cent in volume terms in 1981/82, growing a further 6 per cent in volume terms in 1982/83. Exports are believed to increase by 8 per cent in 1981/82, some of which is due to re-exports. For 1982/83 only a 1 per cent increase in exports is forecast.
II. INTERNATIONAL SITUATION AND OUTLOOK IN THE BOVINE MEAT SECTOR

(i) Situation

8. 1981 was perhaps the worst year for the beef industries of major beef producing and consuming countries since world beef markets began to recover from the debacle of the mid-1970's. With regard to international beef commerce, the value, if not in all cases the volume, of beef moving through trade channels declined sharply. Weaker beef demand appeared to be a feature of the beef markets of practically every beef consuming country in 1981. The recessionary/inflationary situation of 1981, which implied rising unemployment rate, decreased real income, and high inflation, affected beef demand in most importing countries. In some countries, added to this factor was continued high, or increasing, supplies of competitive meats and increased supplies of beef. Although beef exports of the major beef exporting countries, in total, probably declined, this was due only to reduced exports by Australia and the EEC. Other exporters found themselves with increased production facing reduced demand. This implied not only generally lower average export prices but increased beef consumption in these exporting countries (including Australia) as well.

9. The reduction in beef demand, and in certain cases the continuation of restricted access to markets, in the major traditional beef importing countries meant, as was suggested at the December meeting of the IMC, that the "non-traditional" or "recently expanded" markets took an increased importance for a number of exporters. A number of markets, mostly particularly Egypt, South Korea, Taiwan, Israel, Algeria, Ghana and other in the Middle East and North Africa, increased (in some cases significantly) beef importation. The Soviet Union is believed to have imported at least as much as in 1980, and continued as the world's second largest beef importer. It could be noted, however, that the beef imported by the "non-traditional" markets was, by and large, relatively low quality manufacturing beef. Consequently, average returns on exports, for the exporters, were not as high as they would have been had demand and access to the "high-priced markets" been greater.

10. Finally, in general terms, the reduction in producer returns engendered by the depressed market prices experienced in many countries in 1981 was compounded by increased costs of producing cattle and beef. Additionally, in certain countries, adverse weather conditions continued. The net result of these unfortuitous circumstances was that cattle herd growth slowed in some countries, or actual cattle herd liquidation commenced or continued.

11. The juxtaposition of adverse circumstances was perhaps most evident in North America in 1981, and, by way of reduced import demand, these circumstances were transmitted to its major suppliers. The United States' imports of fresh, chilled and frozen beef and veal totalled 544,000 tons (product weight), 15 per cent less than in 1980 and well below the level of the late 1970's. Beef demand in the United States probably weakened by more than that of any of the major beef importers.
The United States economy fell into the depths of a recession toward which it had been drifting for some months; moreover, high interest rates and distinctly pessimistic expectations appeared to compound the problems normally associated with a recession: rising unemployment, and reduced consumer disposable income. Beef demand was also plagued throughout most of the year by high or increased supplies of pork and poultry. Finally, beef supplies, particularly of "nonfed" beef (which competes directly with the bulk of imported beef) increased relative to year-earlier. The experience of the Canadian beef market largely paralleled that of the United States during 1981. Imports of manufacturing beef declined (although imports of high grade beef from the United States increased).

12. The effect of reduced North American demand for imported beef was serious for the two main suppliers to this market: Australia and New Zealand. Australia's exports to the United States declined by about 30 per cent; while New Zealand's exports did not decline appreciably, export values did (as they did for Australia's exports). The price of imported cow beef in New York averaged well under year-earlier levels. The reduction in demand for imported beef in North America was paralleled in Japan, and for much the same reasons. In Japan, however, the increase in supplies of dairy beef (up 11 per cent) was perhaps the most significant factor. Additionally, supplies of pork (notably imported pork) were sharply above year-earlier levels. (It could be noted that Japan's imports of "grain fed" beef from the United States were well above year-earlier levels reflecting in part the relatively low level of Wagyu beef production.)

13. Despite the low level of beef demand in Japan and North America, a larger share of New Zealand's exports (which were practically unchanged, in total, from year-earlier) were to these markets than in 1980; the reduction in the value of the New Zealand dollar against the currencies of Japan, Canada, and the United States appear to have been the major cause. Australia's exports to all three markets declined (it could be noted that the value of the Australian dollar remained relatively unchanged against these currencies in 1981). The Australian domestic market absorbed an increased share of production, and would have had to have taken more had not certain markets in the Far East imported significant quantities. Particularly important in this regard were South Korea (which took about 35,000 tons) and Taïwan.

14. Argentina, Uruguay, and Brazil all experienced increased beef production and increased exports in 1981. Further, all three exported increased quantities to nine members of the European Economic Community, although for Argentina this did not offset the reduction in exports to Greece which it experienced. Argentina also exported a decreased quantity to the Soviet Union; however, this was more than compensated by increased exports to Egypt, Israël, Algeria and numerous other markets. In terms of carcass weight equivalent, a decreased share of Argentinian exports was of cooked and canned beef (32.5 per cent as opposed to 36.5 per cent in 1980, due primarily to decreased exports to the United States). Moreover, exports to Egypt, the USSR and certain North African countries were of relatively low-value manufacturing beef.
15. Beef production in Uruguay increased sharply in 1981 and its exports increased by about 50 per cent. Roughly 85 per cent of its exports were to Brazil, Egypt, and the EEC. It could be noted, however, that the increase in production reflected a probable commencement of herd liquidation as beef producers were caught between stagnating market prices and sharply increased costs. Brazil's total exports are believed to have increased in 1981, but the most significant factor was the sharp increase in frozen beef exports. It is believed that frozen exports may have accounted for about 15 per cent of total exports, compared to about 4 per cent in 1980. The EEC, Israël and Spain all were major markets for Brazil in 1981. It could be noted that it is not believed that this increase in exports reflected a corresponding reduction in imports of beef and veal, although live cattle imports declined.

16. The increase in exports of all three of these South American exporters to the EEC in 1981 is an indication that the EEC is believed to have, overall, increased its imports. It is also believed that imports under the ACP quota, particularly from Botswana increased. The increase in the EEC's imports was paralleled by a (estimated) reduction in exports.

17. The Soviet Union and Egypt continued to be major factors in world beef trade in 1981. The high level of Soviet beef imports was related to a continuation of shortfalls in beef production from targeted levels. Although beef production was apparently maintained at close to year-earlier levels, this fell short of targeted increases. It could be noted that, apparently, the Soviets have been successful in maintaining cattle numbers, and slaughter levels may have increased; however, this was offset by lower average slaughter weights. The USDA estimates that the Soviet Union imported some 450,000 tons of beef in 1981, roughly 50,000 tons more than in 1980, and according to a Soviet source total meat imports reached a record level of 980,000 tons. Egypt's red meat imports are believed to have totalled about 120,000 tons in 1981, the majority of which is believed to have been beef. This high level of imports reflects the Egyptian government's desire to assure supplies of basic foodstuffs.
(ii) Outlook

18. During the latter half of 1981 and during the first three to four months of 1982, certain developments were occurring which could set the stage, later in 1982 or perhaps early 1983, for a recovery of beef industries from the relatively depressed situation which has existed for the last year and a half. Briefly, it would appear that events have been set in motion which suggest either, or both, improved beef demand or reduced beef supplies in some of the major beef importing countries during the next six to twelve months. Furthermore, herd liquidation which continued or began in several major and other beef exporting countries during 1981 suggests that a decrease in exportable supplies may parallel the possible improvement in import demand. At the same time certain events in recent months have occurred which could have the potential to stall, or at least distort, the possible improvement in the fundamental supply/demand balance on world markets.

19. Factors which suggest a possible improvement in world markets are:

   (a) The continued decline in beef supplies in the EEC. This decline, combined with an apparent improvement in beef demand arising from firmness in the pork market, resulted in significant increases in cattle market prices during the latter half of 1981 and in early 1982. The result has been a decline in intervention stocks to their lowest level in many years, reduced beef exports, and increased imports. It is believed that, during 1982, the EEC's net trade position could be the closest to a balance between imports and exports that it has been since 1979.

   (b) An improving supply/demand balance in Canada and the United States. Both these countries have experienced significant reductions in pork supplies since the beginning of 1982. This has been one of the major factors causing choice-grade cattle prices to rise significantly in recent months. While prices of cows and "non-fed" cattle have not shared in the price gains, this appears to be due to a temporary sharp increase in cow slaughter. It is believed that manufacturing beef prices will improve later in the year. While it is not certain whether prices can be supported at current levels through the balance of the year, it is believed that an improvement in economic activity at some point in the second half, will maintain them well above year-earlier levels.

   (c) Reduced feed costs in Canada and the United States since mid-1981. This reduction may encourage more withholding of cows and heifer in 1982, limiting growth in beef output.

   (d) Expected lower levels of dairy cattle slaughter in Japan during 1982 which should improve prices. Moreover, Japan has undertaken (in the MTN) to import a minimum of 135,000 tons of beef during fiscal year 1982-83 (April-March).
(e) Expected decreases in beef production in Argentina and Australia.

(f) The long term supply arrangements negotiated by Argentina and Uruguay in certain markets.

(g) The decline in the value of the Australian dollar against major currencies since early 1982. This suggests an improvement in Australia's competitive position on world markets.

20. While these factors may suggest fundamental improvement for prices and volume of internationally traded beef in 1982, there are cautionary notes to be added. First, the effects of the embargo placed on imports from Argentina by several countries in mid-April 1982 are not yet known. Secondly, South Korean authorities have estimated a decrease in import requirements for 1982 which, if realized, would affect Australian exports. Third, the Soviet Union's total import requirements remain uncertain. In the same manner the level of Egyptian beef requirements remain unknown. Fourthly, it is believed that Brazilian exports of dressed beef could increase sharply and its beef imports decline (affecting Uruguay most significantly). The net effect would be more beef offered on world markets. On balance, however, there does appear to be room for cautious optimism regarding the outlook for world beef trade during the next year. Most certainly, the outlook is more optimistic than it was six months ago.

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1 In addition to the supply arrangements that Argentina signed with the Soviet Union and Egypt in 1981 (which combined ensure a minimum of 92,000 tons of exports in 1982), a three year supply arrangement, taking effect in June 1982, was signed with Israel in March 1982, calling for annual exports of 18,000 tons. Uruguay signed an agreement with Egypt in early 1982, calling for the export of 129,000 tons of beef during 1982–84. Uruguay also concluded an agreement with Iran calling for the exchange of Iranian oil for Uruguayan beef (12,000 tons) and other products during 1982.
III. COUNTRY-BY-COUNTRY ANALYSIS

(i) Cattle numbers

21. In the United States cattle numbers at 1 January 1982 totalled 115,191,000 million head, 1.2 per cent more than year-earlier. Beef cow numbers increased 1.8 per cent to 39.4 million head. 1981 was, therefore, the third consecutive year of herd growth in the United States. It should be noted, however, that the 1981 increase was lower than the increase which occurred during 1980 (+3.4 per cent) and was lower than that which had been forecast. Depressed cattle prices and higher costs (particularly higher interest rates) were the main factors responsible for this slowing of herd expansion. Even though cattle prices have improved somewhat to date in 1982, and are expected to remain well above year-earlier levels during the balance of the year, herd expansion is expected to continue to be relatively slow. During 1982 the cattle herd is expected to grow by only about 1-2 per cent.

22. Cattle numbers in Canada at 1 January 1982 totalled 12.5 million head, only 0.4 per cent more than one year earlier, and only 1.6 per cent higher than the cyclical low of cattle numbers in 1979. Lower market prices and higher interest rates were the primary factors limiting growth during 1981. Modest growth in cattle numbers is projected to occur during 1982; cattle prices strengthened somewhat during the early months of the year and industry costs, particularly feedgrain prices, have declined. The decline in feedgrain prices, moreover, suggests that fewer producers will view grain production as a profitable alternative to cattle production. An increase in cattle numbers of around 1 per cent is expected during 1982.

23. The latest available census of cattle numbers in Japan is that of 1 February 1981. At that time, cattle and calves totalled 4,385,000 head, 3.2 per cent more than year earlier. Wagyu cattle numbers increased 2 per cent, dairy steer numbers increased 12 per cent, and dairy cow numbers 2.5 per cent. Given the high rate of dairy cattle slaughter in 1981 it is uncertain whether cattle numbers in total at 1 February 1982 were higher than year-earlier. It is believed that Wagyu cattle numbers increased (because of governmental assistance to the Wagyu cattle producers) but it is not known whether this increase would have offset the decline in dairy cattle numbers.

24. During 1981, the downtrend in cattle numbers in South Africa which had been occurring since 1978, was halted. Cattle numbers at 1 August, 1981, totalled 8,580,000 head, 1.0 per cent more than year-earlier. Significantly, beef cow numbers (at 3,243,000 head, being 38 per cent of inventory) increased markedly (by 4.5 per cent). The basic cause of the increase in cattle numbers was the sharp increase in producer returns during 1980-81. It should be noted, however, that cattle numbers at 1 August 1981 were 8.8 per cent, or 824,000 head, less than in 1978. It is expected that the uptrend in cattle numbers will continue, but slowly, during 1982 and 1983.
25. Some adjustments have been made to the estimates of cattle and calf numbers in Norway of 20 June 1981. Numbers are now estimated to have totalled 1,017,000 head at that date, 3.2 per cent more than year-earlier. This marked the continuation of a lengthy build-up in cattle numbers in Norway. Rather sharp increases in cattle slaughter during 1981 (particularly during the second half of the year) suggests that growth in cattle numbers may be slowing. It could be noted that a reduction in consumer subsidies during 1981 reduced beef consumption, which may imply some longer-term consequences for cattle numbers. However this may be more than offset by firming of Norway's dairy market.

26. The cattle herd of the European Economic Community (of ten) declined for the second consecutive year in 1981. Cattle numbers totalled 77,211,000 head at 1 December, 1.4 per cent less than year-earlier. Of the member states only Italy and the Netherlands experienced growth in their cattle herds. France, with the largest cattle herd in the Community, experienced a 3.3 per cent decrease in cattle numbers. Low beef and milk prices during 1980 and early 1981, combined with sharply higher production costs during these years appear to be responsible for the decreased numbers. Firmer prices in the milk market since mid-1981 and stronger beef prices since late-1981 suggest that the downtrend in cattle numbers may be halted in 1982. (Breeding heifer numbers at 1 December 1981 were 2.5 per cent higher than year-earlier).

27. Cattle and calf numbers in Finland at 15 December 1981 totalled 1,633,700 head, 2.2 per cent less than year-earlier. The decline reflected difficulties in both the beef and the dairy sectors. Dairy cow numbers, at 680,600 head were 2.6 per cent below year-earlier. It should be noted that measures were taken during 1981 to discourage milk production. It is expected that the decline in cattle numbers, led by decreased dairy cow and heifer numbers, is expected to continue for at least the next two years.

28. In Sweden, the forecast for cattle numbers for June 1982 indicates a continuation of the uptrend started in 1977. Cattle and calf numbers are currently forecast at 1,939,000 head, up by 6,000 head (+0.31 per cent) compared to year earlier. Most of the increase is expected in dairy cow numbers and calf numbers while beef cow numbers are expected to show a marginal decrease. A further increase in cattle and calf numbers is forecast for 1983.

29. The December 1981 census of cattle numbers in Austria indicated a modest increase in cattle numbers (of 0.7 per cent). The increase was due mainly to an increase (of 3.4 per cent) in the number of young cattle aged 3 months to 1 year. Cow numbers were unchanged from year-earlier.
30. It is believed that the results of the April 1982 census of cattle and calf numbers in Switzerland will show that the national herd increased by about 3 per cent from April 1981, that is to say to number 2,012,000 head. This would follow a sharp reduction in cattle and calf numbers in 1981, due principally to adverse weather conditions which existed in 1980, forcing a massive slaughtering of cattle, mostly dairy cows. Well over 80 per cent of cattle in Switzerland are raised primarily for dairy purposes or are calves of dairy cows. Consequently developments in the dairy market in 1981, i.e. firming of the market, was also a positive element with regard to herd growth.

31. It is expected that the 31 March, 1982, estimate of cattle numbers in Australia will indicate a continuation of the decline in the national herd. Cattle and calf numbers are projected to total 24,800,000 head, down 1.5 per cent from 25,200,000 head in 1981. The continued decline is attributed to the depressed state of cattle prices throughout 1981, to the continuation of drought conditions in parts of the country, and to the relative attractiveness of sheep and grain production. Cattle numbers are not projected to increase during 1982/83, unless an early, significant and sustained improvement occurs in export prices, particularly as regards prices in the U.S. market.

32. Cattle and calf numbers in Argentina totalled 54,200,000 head at 30 June 1981, 2.9 per cent less than year-earlier. All categories of cattle declined with beef cow numbers estimated to have declined by 4.0 per cent. This was the fourth year of decreased cattle numbers, a trend which is expected to continue in 1982. The major cause of the reduction in numbers has been that increase in market prices for livestock have failed to keep pace with increased costs. The level of prices in turn reflects the general weakness in export volume and prices. A further decrease of 2 per cent in cattle numbers is expected at 30 June 1982.

33. At 30 June 1981 cattle and calf numbers in New Zealand totalled 8,225,000 head, up 1.3 per cent from year-earlier. This was the second year of increased cattle numbers in New Zealand. The growth in cattle numbers in New Zealand, as opposed to continued decreases in other major exporting countries, relates in part to favourable weather conditions which permitted the initial upturn in export prices (in 1978-79) to be translated into herd growth. In 1980-81, the weakness in export prices was, in part, compensated by payments from the Meat Income Stabilization Account and by payments under the New Zealand Governments' Supplementary Minimum Price Scheme. Notwithstanding anticipated record payments in the 1981-82 season, cattle numbers at 30 June 1982 are not expected to show any significant change from year-earlier. It is believed that this mainly reflects a pessimistic outlook on the part of beef producers with regard to price prospects in the beef industry and a somewhat brighter outlook for the lamb prices. At the same time New Zealand beef producers have been subjected to record levels of cost inflation (costs are estimated to have increased by 20 per cent in 1981).
34. Cattle and calf numbers in Uruguay totalled 11,357,000 head, 1.7 per cent more than one-year earlier and 13.6 per cent higher than in 1978 when the expansion began. However, the economic difficulties which faced Uruguayan cattle producers during 1981 encouraged an increased rate of disposal of female stock and, it is projected, will reduce total cattle numbers by 30 June 1982. Cattle numbers are projected to total 11,350,000 head.

35. The number of cattle and calves in Poland declined sharply relative to year earlier according to the June 1981 census. They are estimated to have totalled 11,797,000 head, 6.7 per cent less than in 1980. It could be noted that this was the third year of reduced cattle and calf numbers. Roughly 60 per cent of inventory are dairy cows and heifers. It is believed, however, that cattle numbers began to trend upward in the latter half of 1981 and early 1982 and are expected to show an increase of about 1.7 per cent in the forthcoming inventory report. This is expected to be due mainly to increases in private sector inventories resulting from increased producer prices for cattle and to improved feed supplies.
(ii) Slaughter

36. Federally inspected cattle slaughter in the United States totalled 32,798,000 head in 1981, 3.7 per cent higher than in 1980. Calf slaughter increased by 7.9 per cent to 2,475,000 head. The increase in cattle slaughter was due mainly to an increase in non-fed cattle slaughter, most importantly an increase in cow slaughter. The rise in cattle slaughter reflected in part the growth in cattle inventories which had occurred since 1979, but it also reflected the relatively poor return to cattle producers which caused more female animals to be marketed than would have been the case if prices had been higher. For 1982 little change in cattle slaughter is expected. It is believed that the decline in feeding costs which have occurred since mid-1981 will encourage an increase in fed-cattle slaughter but this should be compensated by a decrease in non-fed cattle slaughter, particularly cow-slaughter.

37. Cattle slaughter in Japan in 1981 totalled 1,321,916 head, an increase of 11.4 per cent from year-earlier. The largest part of the increase in slaughter was caused by increased dairy cattle slaughter. Dairy cow and steer slaughter totalled 952,996 head, 17.3 per cent higher than year-earlier. Since October, 1979, the Japanese Government has been providing assistance to Japanese dairy producers to market low-yielding dairy cows. Wagyu cattle slaughter declined by 1.3 per cent in 1981, reflecting efforts to expand the breeding herd. It is estimated that the high level of dairy cattle slaughter during 1981 had effectively reduced the size of the dairy herd by year's end. Consequently, some decrease in dairy slaughter is anticipated for 1982. This decrease may be partly offset by increased slaughter of Wagyu cattle, but an overall decrease in adult cattle slaughter is expected.

38. Cattle and calf slaughter in South Africa declined sharply in 1981, reflecting the commencement of rebuilding of herds. It could be noted, however, that the decrease (of 17.4 per cent, to 2,104,000 head) was not as great as had been feared despite a significant reduction in live cattle imports. While slaughter of all cattle declined, the decrease in female slaughter (of 35 per cent) exceeded that of other classes. Calf slaughter totalled 89,000 head, a decrease of 35 per cent as well. The stabilization of cattle numbers during 1981 is expected to lead to a modest increase in slaughter in 1982, of about 2 per cent, to 2,150,000 head.

39. Cattle and calf slaughter totalled 360,000 head in Norway in 1981, 5.9 per cent more than in 1980. Cattle slaughter increased 7.4 per cent while calf slaughter declined 6.7 per cent. The increase in cattle slaughter can, in part, be attributed to the uptrend in cattle numbers which has taken place for a number of years combined with a progressive downtrend in calf slaughter in recent years (suggesting increased holding of calves for slaughter at more mature weights). It is uncertain whether part of the increase in 1981 was due to herd liquidation. It seems likely that slaughter levels will increase again during 1982.
40. Cattle and calf slaughter in the European Economic Community (of nine) is estimated to have totalled 27,855,000 head in 1981, down 3 per cent from 1980. Cattle slaughter totalled 20,107,000 head (down 3.5 per cent) while calf slaughter totalled 7,748,000 head (down 1.6 per cent). The decline in slaughter is, in part, due to the decrease in cattle numbers which have occurred, but it is also in part due to attempts to rebuild cattle herds by withholding female animals from the market. The number of heifers over one year of age retained for breeding purposes at 1 December 1981 was 1.3 per cent higher than year-earlier. It could be anticipated that this withholding will continue during 1982, given the strengthening of beef and dairy markets which have occurred in the last year, and that cattle slaughter will decline. Currently, cattle slaughter is projected to decline by about 2 per cent in 1982. Slaughter is expected to decline in France (by perhaps 6 per cent), West Germany, the United Kingdom, the Netherlands, Greece, Belgium, and Denmark, and to increase in Italy (by perhaps 14 per cent) and Ireland. Cattle slaughter in Ireland (the EEC's largest beef exporting country), however, would still be well below the levels recorded in 1980.

41. Cattle and calf slaughter in Finland increased by 4.8 per cent in 1981 to 679,400 head (including estimated on-farm slaughter). Cattle slaughter increased 6.4 per cent to 579,000 head, while calf slaughter declined 3.4 per cent to 100,400 head. Both male and female cattle slaughter increased. The increase in male cattle slaughter may, in part, reflect the decline in calf slaughter in both 1980 and 1981. The increase in female slaughter reflects the herd liquidation which occurred during 1981.

42. Cattle and calf slaughter in Sweden is estimated to have totalled 701,000 head in 1981, 12,000 (1.7 per cent) head more than in 1980. Both cattle and calf slaughter increased. The uptrend appears to reflect the uptrend in cattle and calf numbers in recent years.

43. Cattle and calf slaughter in Austria declined in 1981 compared to year earlier. However, average slaughter weights increased. Cow and heifer slaughter showed the biggest drop by 20,000 head to 207,000 head (-8.8 per cent), calf slaughter declined by 10,000 head to 190,000 head (-5 per cent) while that of adult male cattle decreased by 4,000 head to 352,000 head (-1.2 per cent). At the end of the year 752,000 head had been slaughtered, compared to 785,000 head a year earlier (-4.2 per cent).

44. The general rebuilding of cattle herds in Switzerland during 1981 resulted in a sharp reduction in cattle and calf slaughter. Slaughter declined 7.2 per cent to 818,100 head, of which 374,800 head were calves. Cow and heifer slaughter is believed to have declined by about 10 per cent. It is believed also that firming dairy market conditions may have precipitated increased retention of dairy heifers and cows. Calf slaughter in 1981 declined by 5.5 per cent, which can be explained by the reduction in cow numbers. Slaughter is expected to increase in 1982 in line with the increase in numbers.
45. Cattle and calf slaughter in Argentina, in 1981, increased fairly sharply relative to year-earlier, indicating continued liquidation of the cattle herd. Slaughter totalled 14,700,000 head, 6.5 per cent more than year-earlier. Female cattle slaughter totalled 5,700,000 head, 10 per cent more than year-earlier. The fact that female slaughter increased so significantly and that total cattle slaughter increased after four years of decreased cattle numbers, may indicate an acceleration of liquidation. Continued liquidation would seem to be linked to the continued stagnation of real market returns in combination with increased costs. It is believed that total slaughter will decline in 1982 to a forecast level of 13,800,000 head (about 6 per cent), but it is uncertain whether slaughter will decline sufficiently to allow herd rebuilding. During the first quarter of 1982, slaughter totalled 3,400,000 head, 5 per cent less than year-earlier.

46. Cattle and calf slaughter in Australia during 1981 totalled 8,121,000 head, down 8.3 per cent from 1980. Adult cattle slaughter totalled 6,673,000 head (down 8.6 per cent), calf slaughter totalled 1,448,000 head (down 6.3 per cent). This was the fourth consecutive year of decreased slaughter (35 per cent below the record level of 1977). The decreased slaughter of 1981 was related primarily to the preceding decreases in cattle inventories. It is projected that the downtrend in slaughter will continued in 1982. Cattle and calf slaughter is expected to decline by 2.8 per cent (to 7,900,000 head). No upturn in slaughter is expected before 1984.

47. Cattle slaughter in New Zealand for the year ended 30 September 1981, totalled 2,088,500 head, 2 per cent more than year-earlier. The same general up-trend continued into the 1981/82 season, with slaughter for the period October-February totalling 713,500 head, 1.0 per cent more than year earlier. It could be noted, however, that steer and heifer slaughter during this period declined by about 12 per cent, while cow slaughter increased by 17 per cent and bull slaughter by 28 per cent. For the year as a whole slaughter is expected to be relatively unchanged from year-earlier.

48. Cattle and calf slaughter in Poland is estimated to have totalled 4,254,000 head in 1981, 12.4 per cent below the 1980 level. However, calf slaughter, estimated at 1,725,000 head, was 19.4 per cent above year-earlier, while cattle slaughter declined 25.8 per cent. Calves constituted an unusually large proportion of slaughter in 1981: 41 per cent, versus 30 per cent in 1980 and 27 per cent in 1979. Cattle and calf slaughter are expected to decline in 1982, which must occur if the projected increase in herds is to take place.
(iii) Production

49. Commercial beef production in the United States during 1981 totalled 10,061,689 tons, 3.3 per cent higher than in 1980. Commercial veal production, at 187,336 tons, increased by 9 per cent. No change in average slaughter weights occurred between 1980 and 1981, consequently the rise in production was proportional to the increase in slaughter. A similar increase in beef production is projected for 1982. It could be noted that total meat production in the United States increased by 0.5 per cent in 1981 to slightly over 17,000,000 tons.

50. Japanese beef production in 1981 totalled 468,356 tons, up 12.2 per cent from 1980. Dairy beef production (which accounted for 71.3 per cent of total production) increased by 18.5 per cent. The rise in beef production was proportionately greater than the rise in slaughter reflecting, particularly, the rise in average carcass weights of dairy steers. Veal production in 1981, at 2,387 tons, was 7.2 per cent more than year-earlier. Notwithstanding the anticipated decrease in cattle slaughter in 1982, beef production is expected to rise again (by perhaps 3-4 per cent). The anticipated increase in Wagyu cattle slaughter should substantially increase average carcass weights of cattle and offset the decline in dairy beef production.

51. As with cattle and calf slaughter, beef and veal production decreased sharply in South Africa during 1981. Production, at 421,300 tons, was 16.7 per cent below the level of 1980. It is believed, however, that 1981 was the "low year" of the current cycle; increased production is anticipated in 1982 (of about 2 per cent) and 1983.

52. Beef production in Norway totalled 73,500 tons in 1981, 9.5 per cent more than in 1980. Veal production declined 10.5 per cent to 1,700 tons. The increase in slaughter (of 7.4 per cent) was augmented by a 2.1 per cent rise in average cattle carcass weights.

53. Beef and veal production in the European Economic Community is estimated to have totalled 6,953,000 tons in 1981, a 3.0 per cent decrease from 1980. The most marked decreases occurred in Ireland (down 24 per cent) and in the United Kingdom (down 8 per cent). Veal production totalled 804,000 tons, down 4.2 per cent. The decrease in production was the first to occur since 1977. The decrease in beef production was about the same as the decrease in cattle slaughter.

54. Beef and veal production in Finland is estimated to have totalled 121,830 tons in 1981, up 7 per cent from year-earlier. Heavier average carcass weight were recorded for both cattle and calves. The decline in cattle herds during 1981 is expected to lead to reduced slaughter and beef production in 1982. Production is forecast to total 115,000 tons, down 5.5 per cent. The extent of the decrease will depend largely on developments in the dairy industry and the extent to which the retention of calves to mature weight continues.

NOTE: Unless otherwise stated, "tons" refers to metric tons, carcass weight equivalent.
55. Production of bovine meat in Sweden in 1981 was stable compared to the year before (157,000 tons). Beef production increased marginally (by 1,000 tons to 147,000 tons) while that of veal decreased slightly. Preliminary figures for the first quarter of 1982 suggest that production remained stable in the first few months of the year. For the year as a whole a decrease of 4,000 tons is forecast, a trend that is expected to continue next year.

56. Bovine meat production in Austria declined by 2 per cent in 1981 to 196,000 tons. Because of higher slaughter weights the decrease in production was less than that of slaughter. Most of the decrease took place in the production of beef (from 183,000 tons in 1980 to 180,000 tons in 1981).

57. Reduced cattle slaughter plus reduced average carcass weights resulted in a sharp decline in beef and veal production in Switzerland in 1981. Total production declined 8.3 per cent to 154,300 tons, of which 37,200 tons were veal (down 7.2 per cent) and 117,100 tons were beef (down 8.6 per cent). The decreases in 1981 are expected to be largely offset by increases in 1982, with increases expected on production of both beef and veal.

58. Beef and veal production in Australia totalled 1,426,000 tons in 1981, a decrease of 7 per cent from year-earlier. The decrease broadly paralleled the decrease in cattle and calf slaughterings. An increase in production of less than 1 per cent is projected for 1982, presumably due to increased carcass weights since slaughter is expected to decline.

59. A decline in the average carcass weight of cattle slaughtered in Argentina during 1981 caused beef production to rise proportionately less than cattle slaughter. While slaughter rose 4.8 per cent, production rose by 3.6 per cent (to 2,765,000 tons). The decline in average carcass weight resulted both from an absolute decline in weight per animal as well as an increased proportion of cows being slaughtered. Veal production, at 190,000 tons in 1981, was 20 per cent higher than year-earlier. In line with an expected decrease in cattle slaughter in 1982, beef production is expected to decline to 2,620,000 tons, or by 5.2 per cent.

60. Beef and veal production in New Zealand for the year October-September 1980/81 is estimated to have increased by 1.1 per cent (to 501,000 tons) relative to year-earlier. During the first four months of the 1981/82 season export beef production declined by 7.3 per cent, reflecting mainly an overall decline in average carcass weights and increased proportion of cows in the slaughter mix. Export veal production declined by about 9 per cent, again reflecting reduced averaged carcass weights.

61. Beef production in Poland is believed to have dropped sharply in 1981. Production from cattle slaughtered in abattoirs is estimated to have totalled 446,000 tons, 28.7 per cent below year-earlier. No estimate of veal production is available; however it probably increased, considering the sharp increase in calf slaughter and that there was little latitude for decreases in carcass weights.
(iv) Prices

62. Cattle prices in the United States generally strengthened during the early months of 1982, after having averaged well-below year-earlier levels throughout 1981. However, the price strength in early 1982 was confined primarily to fed cattle, and not cows, the meat of which competes most directly with imported beef. From January to late April, choice steer prices (Omaha) rose from about $1.34 per kg (liveweight) to about $1.54 per kg, while cow prices (cutter cows, Omaha) only rose from about $.76 per kg to about $.86 per kg. Domestic manufacturing beef prices, therefore, showed only similar modest strength. The strength in fed cattle prices related primarily to strengthening beef demand due to sharply higher pork prices and to a modest reduction in fed beef supplies. Cow marketings, however, were high during this period (increasing by about 13 per cent during the first quarter). Despite the recent upward movement in cattle prices, there is some uncertainty as to whether current strength can be sustained beyond the spring-summer period of 1982. The uncertainty stems largely from the unknown timing and strength of general economic recovery. It is believed that the depressed economic situation has been a major factor restraining prices for the past years. While it is now anticipated that some economic recovery will occur during the second half of 1982, it is believed that significant recovery will be postponed until 1983. It is expected that it will be at least that long before interest rates, the major impediment to economic recovery, will decline significantly. During 1982 however, it is expected that the current spread which exists between high grade and manufacturing beef prices will narrow as non-fed cattle slaughter declines relative to fed cattle slaughter. Further decreases in pork supplies are also expected which will benefit prices of both qualities of beef.

63. Cattle prices in Canada averaged below year-earlier throughout most of 1981. Near record supplies of competitive meats and recessionary economic conditions served to weaken beef demand, while beef supplies averaged about 4.7 per cent above year earlier. Cow prices (an indicator of demand for imported beef) declined by more than those for fed cattle, largely as a result of sharply increased cow slaughter. Since the beginning of 1982 cattle prices have moved sharply higher, partly as a result of seasonal factors, but also because of the increases which have occurred in the United States' cattle markets. In 1981 A1,2 grades steers at Toronto averaged Can$ 1.76 per kg while D3-5 cows at Winnipeg averaged Can$.98 per kg. In 1982, prices are expected to average well-above these levels.

64. The stabilization price band for steer carcasses in Japan were raised at the commencement of Japanese fiscal year 1981 (April, 1981). The "floor" and "ceiling" prices for Wagyu steers were set at Yen 1399 per kg and Yen 1817 per kg respectively (up from Yen 1357 and Yen 1765, respectively, in the previous year). The floor and ceiling prices for "other" (dairy) steers were set at Yen 1118 per kg and Yen 1452 per kg respectively. Throughout 1981 the price trends for dairy and Wagyu cattle reflected the divergent trends of supplies of beef from each of
these types of cattle. Wholesale dairy steer prices averaged near the bottom of the stabilization band throughout 1981, while Wagyu steer prices averaged near the top. It would also appear that dairy beef prices were under pressure from very high levels of stocks of imported beef held by the LIPC. Moreover, beef demand in general weakened due to the slowdown in the economy and increased competition from pork and poultry. It could be noted that the price of first grade pork carcasses (Tokyo) averaged 100-150 Yen below those of 1980 during 1981. Decreased pork production in Japan during 1982, combined with increased difficulty in finding imported pork (following the closure of the Japanese market to Danish pork imports), could contribute to a strengthening of pork prices in Japan during 1982, which would have a positive effect on beef prices.

65. Cattle and beef prices in South Africa increased sharply at all levels during 1981. Prices rose progressively throughout the year and averaged well above 1980 levels. Decreased production was the main cause. It should be noted that year-to-year comparisons of prices of specific grades of cattle in South Africa for 1981 are somewhat meaningless since the beef industry underwent a change in grading standards during the year. At the retail level, choice beef prices averaged about 35-40 per cent above year-earlier.

66. Despite the increase in beef production in Norway during 1981, cattle and beef prices at all market levels averaged above year-earlier. This may in part reflect the sharp reduction in beef imports and also the increase in beef stocks. The price of manufacturing grade carcasses, during 1981, averaged NKR22.13 per kg, 33 per cent higher than in 1980. It should be also noted that consumer subsidies on beef were reduced in 1981. The subsidies had been significant, averaging as much as 30 per cent of the wholesale value of Class I beef.

67. The decrease in beef production in the European Economic Community in 1981 was the principal cause of sharply higher nominal market prices for cattle. The EEC reference price for live cattle averaged 145 ECU per 100 kg in 1981, 10 per cent above the average for 1980. This was the most significant rise in the EEC cattle reference price since 1975. The most significant increases in market prices occurred in those countries which experienced the sharpest decreases in production (i.e Ireland and the United Kingdom). Market prices strengthened further in early 1982, and by March the Community reference price had surpassed 90 per cent of the guide price. Part of the strength of prices also relates to the increase in support prices in 1981 (the guide price was increased by 7.5 per cent in April 1981 and by a further 2.5 per cent on 1 December) and, apparently, to firmness in the pork market. The EEC Commission's proposals for the live cattle guide price for the 1982/83 season calls for a 2-stage 9 per cent increase.
68. The average retail price of bovine meat continued to increase in Sweden in 1981 and in the first quarter of 1982. Third quarter prices in 1981 were around 56.12 kr per kg compared to 36.50 kr per kg a year earlier. The average producer price showed a less marked increase in the same period of time (from 16.89 kr per kg to 17.94 kr). In dollar terms, producer prices have been falling since 1980 while retail prices reportedly started falling in the middle of 1981.

69. The average price received by producers for slaughter cattle in Austria increased by some 10 per cent in 1981, from 2,085 AS per 100 kgs to 2,293 AS. The average retail price for beef (striploin) also increased, from 11,800 AS per 100 kgs to 13,200 AS (+12 per cent). These increases were slightly less than the general increase in the consumer price index.

70. Reduced beef production resulted in cattle and beef prices averaging well above year-earlier levels throughout 1981 in Switzerland. It is believed, however, that the increase was tempered by increased beef imports. Nonetheless, prices, which had averaged near or below the lower end of the target price band in 1980, moved near or above the upper end in 1981 (for heifer and oxen the price band is SFR 15 above and below the target price). The target price for heifer and oxen, increased to SFR 530 per 100 kgs from 1 July 1981 from SFR 520 per 100 kgs. The average market price for this grade increased from SFR 517 per 100 kgs in the first quarter 1981, to SFR 557 in the fourth. The market price averaged 8.6 per cent above year-earlier.

71. The weighted average price for marketed cattle in Australia in 1981 was 12.5 per cent below that of 1980. The main cause of the decline was the weakness of export demand, mainly that in the United States, where the price of Australian cow beef averaged 11 per cent below 1980 levels. Little improvement in prices of exports is expected until the last quarter of 1982 at the earliest.

72. The average price of Argentinian beef exports, in US$ terms, declined during 1981. The price (f.o.b.) of frozen boneless beef averaged US$1,830 per ton (compared to US$2,070 in 1980), and fell from US$2,050 during the first quarter to US$1550 in the fourth. A large part of the decline in the dollar price of exports is explained by the sharp devaluations of the peso during 1981. In essence, the value of the peso decreased by more than the peso price of exports increased. In terms of 1976 pesos, the average f.o.b price for cow beef increased by about 3 per cent. Nonetheless, because of restricted access onto certain markets, and the competition faced by Argentinian exports on other markets, the volume of Argentinian exports did not increase sufficiently to reduce the pressure of increased supplies on the domestic market. Consequently, producer prices, in real terms, averaged well below year-earlier levels. However, prices (in real terms) began to strengthen from the June-August period (in line with increasing exports) and, by the fourth quarter, had moved above year-earlier levels although still well-below levels of 1979. The strength continued into early 1982.
73. Throughout 1981 schedule prices for all "benchmarks" grades of cattle in New Zealand were at the minimum level and cattle producers received payments from the Meat Income Stabilization account and payments under the Supplementary Income Price Scheme*. The supplementary minimum prices for all benchmark grades (Pl steer, Cow-M, and bull) were increased from 1 October 1981 and are applicable for the 1981/82 season. Prices were raised by NZ$0.23/kg for steers, NZ$0.20 per kg for cows, and NZ$0.23 for bulls (carcass weight basis). Export prices remained weak throughout 1981 due mainly to demand weakness in the United States, although the effect was partially offset by the influence of a depreciation in the value of the New Zealand dollar. It is not expected that US demand will improve sufficiently to increase market prices above the minimum price for cows and bulls at least until the second half of calendar year 1982. Recently, however, some strength has been noted particularly for bull beef.

74. In real terms, cattle prices in Uruguay declined sharply from 1980 levels during 1981. In terms of 1975 (new) pesos, the average price of slaughter steers declined from 1.24 pesos to 0.94 new pesos per kg, liveweight. The sharp increase in cattle slaughter combined with weaker export demand was the main cause of depressed market prices. Export prices averaged below year-earlier levels (US$1,450 per ton for compensated steer quarters).

75. Retail prices for beef (bone-in roastbeef and boneless beef) in Poland were not changed during 1981 (56 zloty per kg and 80 zloty per kg respectively), while producer prices for live cattle were increased by 22.86 zloty per kg (71 per cent to 54.86 zloty per kg).

*During the 1980-81 season payments to beef producers amounted to NZ$23.5 million, of which NZ$1.9 million was paid under the Supplementary Minimum Price Scheme.*
76. The United States' imports of beef and veal (including cooked and canned) in 1981 totalled 602,846 tons (product weight), 14.2 per cent less than in 1980. Imports of fresh, chilled or frozen beef and veal totalled 544,101 tons, a 15.2 per cent decrease (imports of cooked and canned beef totalled 58,745 tons). Australia was the source of 47.3 per cent of fresh, chilled and frozen imports, New Zealand 28.4 per cent, Canada 10 per cent, and Costa Rica 5.2 per cent. Argentina and Brazil supplied virtually all the cooked and canned beef. Live cattle imports at 659,197 head, all of which were from Canada and Mexico, were 21,572 head less than year earlier. Weak beef demand arising from the economic recession and large supplies of competitive meats, high interest rates, and reduced supplies in some exporting countries explain a large part of the US's reduced imports. No restrictions were placed on beef and veal imports during 1981. For 1982, the quota level (of fresh, chilled and frozen beef and veal, plus mutton and goatmeat) has been set at 535,000 tons (product weight). The "trigger level", therefore (quota + 10 per cent) is 590,000 tons. The estimate of imports for 1982, made in the first quarter, was 549,000 tons; consequently restrictions were again not applied. It is believed that this situation will continue throughout 1982. It could be noted that the guaranteed minimum access levels, undertaken by the United States as a result of the Tokyo Round negotiations is 567,000 tons.

77. Canadian imports of fresh and frozen beef and veal during 1981 totalled 51,648.8 tons (product weight). This amount was 9.5 per cent less than imports in 1980 and was well below the minimum guaranteed access level of about 63,000 tons. (As a result of the Tokyo Round of GATT negotiations Canada undertook to guarantee access to an amount equal to 63,140.7 tons, product weight, of fresh, chilled, and frozen beef and veal in 1980; this amount was to be increased in each year thereafter by an amount proportional to the increase in the Canadian population. Thus for 1982 it is believed that the minimum access level will be about 64,700 tons. In late 1981 Canada adopted a Meat Import Law. The law, which contains a countercyclical formula resembling that contained in the Meat Import Law of the United States, is designed to regulate imports of fresh, chilled and frozen beef and veal. The law does not, however, supersede Canada's MTN undertaking.) About 81 per cent of Canada's 1981 imports of beef and veal were from Australia and New Zealand and about 18 per cent were from the United States. Canada also imported roughly 1,225.6 tons from the EEC during 1981, the first time in many years that Canada imported from the EEC*.

*Exports of beef to Canada from the EEC became eligible for export restitutions in June 1981 (boned or boneless frozen beef, excluding the flank, shin and shank, each piece individually wrapped). At that time the restitution was established at 1,070 ECU per ton. It was reduced to 1,000 ECU per ton in February 1982. Until March 1982, Ireland and Denmark were the only two EEC members from which imports of beef and veal were allowed to enter Canada. With the outbreak of foot and mouth disease in Denmark in March, however, Canada ceased to allow beef imports from this country. This restriction will last until at least six months after Canadian authorities are satisfied that foot and mouth disease no longer exists in Denmark.
78. Japanese beef imports in 1981 totalled 122,433 tons (product weight), marginally (0.4 per cent) higher than in 1980. Imports from Australia declined (although it remained the largest supplier, supplying 71 per cent of imports) while those from New Zealand, the United States, and other suppliers increased. The growth in imports of grain-fed beef (of which the United States is the principal supplier) is a notable feature of Japanese imports during the last three years. Moreover, Japan has undertaken as a part of its MTN commitments to expand its imports of grain-fed beef to 30,800 tons by Japanese fiscal year 1983 (April 1983-March 1984). The demand for grain-fed beef in Japan appears to be strong, while import demand for "other beef" appears to be dampened by high domestic production of dairy beef, and because of ample supplies of other meats, notably of pork. The Japanese import quota for JFY 1981-1982 totalled 126,800 tons, 8,000 tons less than in the preceding years. Japan undertook in the Tokyo Round of Multilateral Trade Negotiations to import 135,000 tons of beef in fiscal year 1982-83.

79. Reduced imports of live cattle and increased imports of fresh, chilled and frozen beef characterized South Africa's import situation in 1981. Live cattle imports, at 97,000 head (virtually all of which were from South West Africa), was 37,000 head less than in 1980. Fresh chilled and frozen imports, at 16,600 tons, were 55 per cent more than in 1980. The reduction of live cattle imports was surprising in view of the high level of beef prices and may relate to decreased availabilities in South West Africa. It is expected that imports of live cattle will increase in 1982 while dressed beef imports will decline.

80. The sharp decline in Norwegian imports in 1981 reflects in part the increase in domestic beef production and, consequently, the desire to support domestic beef prices. Imports totalled only 3,800 tons compared to 12,300 tons in 1980. The biggest reduction occurred in imports of fresh and chilled beef, down to 2,100 tons from 10,000 tons in 1980. The major supplier has traditionally been the EEC (Denmark), and it again supplied the bulk of imports in 1981. It could be noted that import restrictions are imposed if domestic prices fall below 110 per cent of target prices.

81. The carcass weight equivalent of imports of beef, veal, live cattle and calves by the European Economic Community (of ten) in 1981 was about 380,000 tons compared to imports of 356,000 tons by the EEC (of nine), in 1980. However, the increase is not attributable to the accession of Greece to the Community. In 1981 virtually all of Greece's imports were from other EEC states. The full amount of the 60,000 tons "Balance Sheet" quota was imported and imports from Botswana (under the ACP scheme) increased (having been virtually zero in 1980 because of an outbreak of foot and mouth disease in that country). About one-third of 1981 imports were of cooked and canned beef (i.e about 125,000 tons carcass weight equivalent) and about 55,000 tons of imports was the carcass weight equivalent of live cattle. The "Balance Sheet" quota and the "GATT" beef quota will remain unchanged in 1982 relative to 1981 (i.e 60,000 and 50,000 tons respectively).
82. Imports of beef and veal in Sweden have been declining in the last few years, totalling 4,800 tons in 1981, less than a quarter of imports in 1979. This decline is explained by the increases in local production at the same time as consumption has been declining. Sweden does not reportedly import any live animals. In 1981, most of the fresh and chilled beef came from Denmark and Yugoslavia whereas that of frozen beef was shipped by Yugoslavia, Poland, Australia and the United States.

83. Imports of beef and veal in Austria showed a 20 per cent increase in 1981 compared to year earlier (12,000 tons and 10,000 tons respectively). All of the increase took place in imports of fresh and chilled beef and veal (+5,000 tons) while that of frozen bovine meat actually declined (-3,000 tons). More than half of the meat was imported from the Federal Republic of Germany.

84. Decreases in domestic beef and veal production in Switzerland during 1981, and the resulting higher level of prices, led to significantly increased beef imports. Dressed imports (including cooked and canned beef) totalled 13,230 tons, of which 7,430 tons was fresh or chilled, 3,700 tons was frozen, and 2,100 tons was cooked or canned. There was also 7,040 head of live cattle and calves imported (all of which were from either France or Hungary). Argentina was the major supplier of beef and veal, accounting for 47 per cent of imports, followed by Brazil (17.8 per cent). Imports are expected to decline in 1982 in line with the anticipated increase in production.

85. Poland's beef and veal imports, in 1981, totalled 89,000 tons, compared to 35,500 tons in 1980. Virtually all imports were of frozen beef. At least 30,400 tons of imports were from the EEC (the main source being France) under special terms granted by the EEC.
(vi) Consumption

86. Total consumption of bovine meat in Japan in 1981 increased by 8.7 per cent, to 647,000 tons. This represented a consumption of 5.5 kgs per capita (up 7.8 per cent). The increase in consumption appears to be largely due to increased domestic production of beef and relatively weak beef prices, combined with stronger pork prices. Weakening pork prices during early 1982 combined with rising beef prices suggest that beef consumption may not increase so strongly during 1982.

87. The sharp decrease in beef production in South Africa during 1981 induced correspondingly sharp increases in beef prices and, consequently, reduced beef consumption. At 585,000 tons (or 21.7 kg per capita) consumption was about 21 per cent below the 1980 level and at its lowest level in a number of years. It could be noted that retail beef prices (in terms of Rand) increased steadily through the year, and (for choice beef) averaged 35-40 per cent above 1980 levels. Prices of competitive meat (pork) also rose sharply during 1981 although the spread between beef and pork prices widened. The turn-around in production during 1982 plus continued high prices for competing meat is expected to stimulate consumption. Consumption of about 600,000 tons is expected.

88. Although official figures for beef and veal consumption in Norway in 1981 are not yet available, it seems certain that it declined. The decrease in consumer subsidies, the reduction in imports, the increase in retail prices, and the increase in cold storage stocks would all seem to suggest this. In 1980 consumption totalled 81,300 tons, or 19.9 kgs per capita. The reduction in consumer subsidies is believed to have had a major influence on consumption. In addition to direct consumer subsidies, it could be noted that Norwegian consumers have benefited as well from compensation for value added tax (of 20 per cent).

89. Beef and veal consumption in the European Economic Community (of ten) is estimated to have decreased in 1981 to about 6,770,000 tons (a decrease of 2.6 per cent). The weakness of growth of consumer income in most member states, accompanied by high unemployment and inflation are believed to be the principal causes of the weakness in beef demand. It is also believed, however, that the increase in beef prices during the 1981 was a significant factor. For 1982, some growth in consumption is expected, mainly due to an expected improvement in the general economic situation and to increases in pork prices.

90. Despite the increase in beef production in Finland in 1981, total beef and veal consumption declined. Consumption totalled 106,300 tons (22.1 kg per capita) 4.4 per cent less than in 1980. Despite reduced producer cattle prices, retail beef prices increased. Beef demand may also have been affected by increased availability of other meats. The downtrend in consumption is expected to continue in 1982, although at a slower rate.
91. Consumption of beef and veal declined in Sweden in 1981, a decline that seems to be linked in part to a trend that started in 1976 and in part to the decreases in consumer subsidies that took place in 1981. Total consumption of bovine meat amounted to 144,000 tons in 1981, down from 151,000 tons in 1980 while per capita consumption declined from 18 kgs in 1980 to 17.3 kgs in 1981. A further decrease is expected in 1982 and 1983 (to 138,000 tons and 16.6 kgs and 135,000 tons and 16.2 kgs respectively).

92. Consumption of bovine meat in Austria increased marginally in 1981 after a slight decline in 1980. Consumption totalled 189,000 tons (25.1 kgs per capita) compared to 187,500 tons (24.9 kgs per capita) in 1980. No forecast for 1982 is as yet available.

93. A reduction of 7,000 tons in beef stocks and a 4,000 tons increase in imports contributed to an increase in beef and veal consumption in Switzerland in 1981, despite a decrease in production. Consumption totalled 179,400 tons (27.6 kgs per capita), 1 per cent more than in 1980. This apparent strength in beef demand is not expected to continue in 1982, however. Consumption is expected to fall by about 2 per cent.

94. Beef and veal consumption in Argentina totalled 2,436,000 tons in 1981, 2.4 per cent more than in 1980. This was equivalent to 86 kgs per capita. In essence, the increase in exports did not completely offset the increase in beef production; the domestic market absorbed the difference. It is notable, however, that consumption levels declined as the year progressed, in line with increasing exports and rising real retail prices, a trend which continued into the first quarter of 1982.

95. Beef and veal consumption in New Zealand totalled 147,900 tons in the year ended September 1981 (144,100 tons of beef, 3,800 tons of veal), 2.0 per cent below 1980, and being equal to 46.2 kgs per capita. It could be noted that consumption of all meats declined in New Zealand in 1981, indicating in part the general recessionary conditions (consumers real income fell by 3.1 per cent). For 1982 total consumption is expected to increase marginally (0.7 per cent) to 149,000 tons (indicating stable production and firmer prices) and to remain stable in 1983.

96. Consumption of beef and veal in Australia in 1981 is estimated at 720,000 tons (48.5 kg per capita), 9.4 per cent higher than in 1980. The increase is attributed almost entirely to a decline in real average retail beef prices, originating mainly from the weakness in export demand. As little improvement in prices is anticipated during 1982, it is believed that consumption will again rise in 1982, to about 743,000 tons or 49.5 kg per capita.

97. A sharp increase in beef and veal imports and decreased exports prevented beef and veal consumption in Poland from declining proportionally to the decline in beef production. While production is estimated to have declined by about 28 per cent, consumption declined by about 13.3 per cent, to 563,000 tons. Per capita consumption, at 15.6 kgs, was 14 per cent less than the average per capita consumption for the years 1977-80.
(vii) Exports

98. The United States exports of beef and veal reached a record level of 74,668 tons in 1981, 25 per cent more than in 1980. Roughly 60 per cent of these exports were to Japan and about 11 per cent to Canada. Almost all exports were of "high-quality" fed beef. The cause of the sharp increase in exports was mainly the depressed level of domestic beef demand and prices in relation to increased production. Additionally exports benefited from increased demand for grain-fed beef in Japan. The level of beef and veal exports for 1981 appear to be largely related to whether there will be a significant recovery in beef demand in the United States. At present, it appears that there will be some recovery, at least in the second half, which would suggest some decline in exports.

99. Canada's exports of beef and veal totalled 59,200 tons in 1981, an increase of 22 per cent from those of 1980. Roughly 90 per cent of these exports were to the United States. On the other hand, Canada's exports of live cattle and calves declined by 20 per cent to 301,900 head (all of which were to the United States). Of this total about 125,200 head were calves for slaughter, originating mainly from the provinces of Quebec and Ontario; about 45,900 head were feeder cattle and calves, and 130,900 head were slaughter cows and bulls. Given that the level of Canadian exports depends on price relationships between Canada and the United States it is difficult to forecast export levels. Nonetheless, it could be noted that during 1982 it is expected that United States beef demand is expected to increase while available Canadian supplies are expected to decline.

100. South African exports of beef and veal declined to less than 1,000 tons in 1981 compared to 7,400 tons in 1980 and 10,700 tons in 1979. The sharp decline in domestic cattle marketings and increase in domestic beef prices is held to be responsible.

101. Exports of beef and veal by the European Economic Community to third markets (including the carcass weight equivalent of processed beef and live cattle) are estimated to have totalled about 600,000 tons in 1981, 42,000 tons (or 6.5 per cent) less than in 1980. (The EEC's net exports decreased from 286,000 tons to 220,000 tons). Part of the decrease can be attributed to the accession of Greece to the Community: Greece's imports from other EEC countries increased to about 45,000 tons in 1981 from about 35,000 in 1980 (Greece's total beef imports in 1980 were about 107,000 tons). Part of the decrease can also be attributed to reduced production in the EEC, and to reduced intervention purchases. Export restitutions also averaged at higher levels throughout 1981. The restitution on exports of fresh or chilled beef carcasses to the Middle East (the destination for which the highest rates of restitution are applicable), for example, began the year at 95 ECU per 100 kgs, were increased to 106 ECU at mid-year, and 111 ECU in November. For 1982
exports have been forecast to decrease further, to perhaps 500,000 tons, which in relation to anticipated imports may reduce net exports to about 100,000 tons. Some growth in consumption in the EEC is expected which in conjunction with an expected decrease in intervention buying may reduce exportable supplies.

102. **Finland** exported about 15,000 tons of beef and veal in 1981 compared to only about 1,000 tons in 1980. Increased production and weak beef demand were responsible for creating the export surplus. Virtually all (14,000 tons) exports were to the Soviet Union. Exports in 1982 are expected to drop by about one-half in line with an expected improvement in demand and an expected decrease in production.

103. Exports of beef and veal from **Sweden** in 1981 have remained, at 12,900 tons, stable compared to year earlier. A major part of the meat was exported to the Soviet Union (frozen). Forecasts for 1982 and 1983 indicate an increase in exports (to 16,500 tons and 19,500 tons respectively). The expected increases in exports appear to be mainly a reflection of expected decreases in domestic consumption.

104. **Austria's** exports of beef and veal in 1981 remained stable at the same level as year before (19,000 kgs), while exports of live cattle declined by some 8,000 head (-23.6 per cent) to 26,000 head. Most of the beef and veal was exported to Italy, while the cattle was mostly shipped to Libya.

105. **Australian** exports of beef and veal (including cooked and canned) in 1981 totalled 700,000 tons, 20.5 per cent below year-earlier and the lowest level of exports since 1974. (It is also 42 per cent below the peak level of exports in 1978). Exports to the United States declined by 30 per cent (or by 107,000 tons product weight) in 1981 and the share of Australian exports going to the United States fell from 63 per cent in 1980 to 52 per cent in 1981. Exports to Japan (including Okinawa) increased by 5,400 tons from 95,900 tons in 1980 to 101,300 tons in 1981. Notable increases in exports occurred to South Korea, Taiwan, Philippines, and Saudi Arabia. The decrease in exports relates mainly to reduced import demand in major markets (primarily in the United States). Also important it would seem was the strength of the Australian dollar against other currencies, notably the US dollar. The Australian dollar averaged in a range of US$1.14-1.18 during 1981 compared to an average value of about US$1.14 in 1980. At the same time the currencies of other major beef exporters, notably that of New Zealand declined relative to the dollar. It should be noted, however, that between early January and the end of March 1982, the Australian dollar declined from a value of US$1.13 to US$1.06, and correspondingly exports, increased. Nonetheless exports in total for 1982 are expected to show little change from those of 1981.

106. **Argentinian** exports of beef and veal, in 1981, totalled 486,000 tons (including 158,000 carcass weight equivalent of cooked and canned beef), 3.6 per cent more than in 1980. Exports of chilled and frozen beef increased by 10.7 per cent. Overall, the EEC was the largest market for Argentinian exports, taking a total of 163,200 tons (86,900 tons of chilled and frozen, and 76,300 tons of processed beef). The Soviet Union was the largest market for chilled and frozen beef, taking 113,800 tons (17,500 tons less than in 1980). The increase in exports during 1981 appears to relate in part to the increase in beef production experienced during 1981 (up 3 per cent), to the devaluations of the peso.
during the first half of 1981, and to the supply agreements which Argentina has negotiated (particularly the agreement with Egypt, exports to which increased by 35,000 tons). It could be noted that Argentinian exports to certain countries were placed under an embargo in mid-April 1982, the consequences of which are not yet clear. Export contracts have been signed with the Soviet Union, Egypt, Algeria and Israel which will result in exports of at least 77,300 tons during the first half of 1982. Exports of beef and veal in the first three months of 1982 amounted to 81,400 tons, 25,900 tons more than year earlier.

107. For the year ended 30 September 1981, New Zealand exported 225,590 tons (product weight) of beef and veal, marginally higher than year-earlier. The major market for New Zealand's exports was again the United States (72.6 per cent of exports) followed by Canada (11 per cent). The stability of exports is largely explained by increased domestic production levels (up 1.1 per cent for the season) and by the decline in New Zealand's exchange rate against the US dollar. In fact, the decrease in the value of the New Zealand dollar was the main factor maintaining exports to the United States, as US demand for imported beef declined. During the first four months of the 1981/82 season, however, reduced export beef production limited export availabilities which, combined with a further weakening of US demand caused exports to decline relative to year-earlier. In the period 1 October 1981 to 30 January 1982 exports amounted to 45,094 tons, 5,300 tons less than year-earlier. It is generally believed that export availabilities will increase during the balance of this season and that the United States market will improve, which suggests some improvement in exports for the year. Consequently for the year as a whole exports should about equal those of 1980/81.

108. Uruguay's beef exports increased sharply in 1981. Exports totalled about 170,000 tons, 48 per cent more than in 1980. Brazil, Egypt, and the EEC accounted for 79 per cent (134,000 tons) of total exports. Uruguay increased its exports to practically all markets, but the most notable were those to Egypt which increased from 9,000 tons in 1980 to 35,000 tons in 1981. Exports to Brazil (Uruguay's largest market) increased from 57,000 tons to about 66,500 tons. Apparently the first shipments to Ghana (under Uruguay's trade agreement with that country) took place in late 1981. Exports for the year to that country were about 5,500 tons. It is not believed that Uruguay will be able to sustain such a high level of exports in 1982 (exports for January were down 44 per cent). The high level of exports in 1981 was related in large part to a marked increase in domestic production due to herd liquidation which is expected to slow in 1982. Moreover it is expected that exports to Brazil will decline significantly as the exportable surplus in that country increases.

109. Although Poland's exports of live cattle, beef and veal decreased sharply in 1981, they were still significant. Exports of live cattle and calves totalled 144,000 head, 116,000 head less than in 1980. The principal destinations of these exports were Italy, the Federal Republic of Germany, and Lebanon (these three destinations accounted for 81 per cent of exports). Exports of dressed beef and veal totalled only 6,900 tons (compared to 28,400 tons in 1980 and 33,500 tons in 1979) with the major destination being Italy.