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 note deals with selected aspects of the international economic situation, general aspects of the international situation in bovine meat as well as 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: USDA, Livestock and Meat Situation, October 1980; USDA, Foreign Agriculture Circular, FLM 10-80, October 1980, Australian Meat and Livestock Corporation, Market Notes for Livestock and Meat, various issues for the period June-October 1980; the United Kingdom Meat and Livestock Commission, European Weekly Market Survey, various issues for July-October 1980; European Economy, July 1980; OECD, Economic Outlook, July 1980, and the replies to the questionnaire received by 14 November.
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1. International economic situation and outlook

1. The economies of the major Western trading nations in 1980 have been, and are, staggering under the impact of major increases in world oil prices in 1979 and 1980. World oil prices rose at an annualized rate of about 90 per cent through the latter half of 1979 and the first half of 1980. The initial impact of these increases was higher rates of inflation, but the secondary effect has been to slow the rate of growth of GNP and national demands. Weaker national demand can be expected to result in a general reduction, or at least a slowing, in the level of export activity. The necessary pressure initiated by rising oil prices appear to be compounded, in some countries, by deflationary policies (primarily monetary) designed to combat the earlier oil-induced inflation. The net result would appear to be, through the latter half of 1980 and first half of 1981, declining real income in most major Western economies. Particularly hard hit was the United States expected to be.

2. The growth rate in Western Europe in 1980 was expected to average about 1.1 per cent; however, on an annualized basis, the growth rate through the latter half of 1980 was expected to be negative. The inflation rate for 1980 has been forecast to exceed 10 per cent; it averaged as high as 15 per cent during the first half of 1980. As suggested by the decrease in the growth rate of aggregate output, unemployment rose in 1980. The average rate for the first half of 1980 stood at 5.8 per cent, and was expected to increase during the second half. The external trade balance deteriorated in 1980 as well, the major reason being the sharp increase in the price of imported oil. The 1979 current account trade deficit stood at 9.1 million ECU's, and was expected to reach 25 million ECU's during 1980.

3. Real economic growth in the United States did not occur during the first half of 1980. Moreover, the rate of decrease was expected to accelerate during the second half. During the first half GNP in the United States decreased by 0.75 per cent, and was expected to decrease by 4 per cent during the second half. The inflation rate during the first half of 1980 averaged 11.5 per cent, spurred largely by increases in energy and food prices. The general recessionary trend in the United States was expected to intensify as the government has adopted of a tighter monetary position. Such a policy has generally involved higher interest rates. The United States' trade balance deteriorated during the first half of 1980, but was expected to rebound sharply during the second half of 1980 and through 1981, as demand for foreign oil dropped and as the United States' real competitive position improved. While the United States experienced a $3.9 billion deficit on current account in the first half of 1980, a $1.55 billion surplus was anticipated for the second half.

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1OECD, Economic Outlook, July 1980
2Commission of the European Communities, European Economy, July 1980.
4. The Japanese economy has experienced a slowing of its rate of growth in 1980. GNP, in the first half of 1980, grew at a rate of 6 per cent (annualized), but was expected to slow to a rate of 3.75 per cent during the second half. Although this rate of growth was considered low by Japanese standards, it was high in comparison with the rest of the industrial world. This relative strength was related mainly to strength of export demand while domestic private spending dropped sharply in 1980. While the current account was $10.1 billion in deficit during the first half (compared to $401 million in the first half of 1979), export value rose by US$9.6 billion relative to the first half of 1979. The increase in value of imports (to $62.4 billion) was mainly due to imported oil price increases.

5. Broadly speaking, 1981 promised a slowing in the rate of inflation in most countries (barring further major oil price increases), but the after effects of these increases in 1980 would generally mean low or negative growth and, consequently, falling consumer demand. Compounding this slowdown would be the restrictive monetary policies of many governments, mainly aimed at slowing inflation.

2. International cattle and beef situation and outlook

6. In those countries which are historically subject to cyclical changes in inventory, production and price (i.e. the beef, or cattle cycle), 1980 has been a turning point. If actual increases in inventory were not experienced, it was evident that they soon would be. The United States, Canada and New Zealand experienced actual increases in inventory, Argentina's inventory held its own, experiencing no changes; Australian inventory, while decreasing in 1980, displayed every indication of an imminent up-trend. In those countries which have not been subject to these cycles, 1980 has generally been a year of modest growth in inventory and output. This was particularly true in the European Economic Community and other European countries. Japan experienced both modest growth in inventory and a modest decline in production.

7. The general move to begin herd rebuilding in 1980 has, necessarily, resulted in major production declines in many of the "cyclically oriented" countries. Major production declines have been estimated to occur in Australia, Argentina and New Zealand, while a more modest decline was expected in the United States. In most European countries production continued a modest up-trend while Japanese production declined slightly. The major production decline which occurred in the three major beef exporting countries (New Zealand, Argentina and Australia) in themselves sharply curtailed world beef exports in 1980. Reinforcing these decreases, however, was the general weakness in beef demand which prevailed, primarily in North America. The consequence of this weakness was that prices of imported beef were forced down. In the exporting countries beef was displaced from the export sector into domestic consumption (domestic consumption in all three exporting countries decreased by a much lesser amount than either of decreases in production or exports). At the same time the weakness in beef demand in North America, and in Japan has generally assured that import levels into these countries will be reduced in 1980, despite more liberal levels of access.
8. In most countries, except Argentina, there was downward pressure on prices in 1980. In Argentina one of the major factors causing the relative strength in prices was the strength of sales to the USSR. In other countries, however, 1980 witnessed a fairly general relapse in consumer demand. By and large the weakness resulted from two factors: the recessionary pressure on consumer income and confidence, and secondly the general availability of abundant and cheap alternative meats, primarily pork and poultry. In other words, many consumers have been unable or unwilling to buy beef at prevailing prices in the face of cheaper alternatives. Prices suffered most severely during the first half of 1980, some recovery was experienced in the second half, based mainly on the downturn of the hog cycle in the United States. Generally speaking 1980 could be characterized, for most major trading countries, but possibly excluding some European countries, as a year in which cattle and beef prices were disappointing in relation to the magnitude of supply adjustment experienced. In most countries prices in 1980 will average above 1979 levels. However, the feeling was that they should have averaged much higher. By and large, further improvement in prices in 1981 would appear to be directly related to an improvement in demand. This, in turn, now relies almost exclusively upon an upturn in consumer spending power and confidence. The impediment which had been created by pork and poultry supplies has now been virtually eliminated. As indicated in the comment on the general economy, significant improvements in national growth rates was not foreseen before the second half of 1981. Therefore, price levels would probably continue under pressure for at least six months.

9. One fairly recent development, which has potentially serious consequences for the world beef economy, in 1981 and beyond, was the very rapid escalation in world grain prices which occurred in the second half of 1980. Beef production in North America is a grain orientated industry and grain price increases, therefore, represent a cost increase in the finishing or feedlot sector of the industry. These higher costs have been passed back to the cow-calf sector in terms of lower feeder cattle and calf prices, representing a reduction in revenue for that sector. This sector would then be faced with the decision to either slow down or stop altogether the inventory growth which has begun. The sharp increases in cow and heifer slaughter in the United States and Canada in the second half of 1980 provided evidence that this rise in cost was hurting the industry. It has been suggested that this rise in costs will be sufficient to halt North American herd expansion. If so, larger quantities of manufacturing beef will be produced in the United States and Canada. This could further dampen import price levels and be reflected in returns to producers in other countries. The beef industries in many other countries were also being subjected to rapid increases in costs (interest rates, land, energy, etc.) which threatened the level of production. These must be viewed as significant factors in the short- to medium-term outlook for the world beef economy.
3. Cattle numbers

10. In the United States, the 1 July 1980 inventory report indicated a total of 123.2 million head of cattle and calves. This represented an increase of 4 per cent from one year ago. Importantly, beef cow numbers increased by 6 per cent to 39.3 million head. These increases indicated that the United States beef industry had entered a very strong expansion phase. That the expansion was continuing tends to be supported by the fact that the number of beef heifers retained for breeding, at 1 July, increased by 2 per cent (to 5.9 million head). However, there were several unsettling indicators which suggested that the rate of herd expansion in the United States was slowing down. Firstly, the increase in the number of beef heifers retained for breeding was less than expected and lower than the rate of increase in the two previous surveys. Secondly, since the second quarter, the slaughter of cows and heifers has averaged much higher than would seem compatible with strong growth in inventory. While part of the higher than expected slaughter has been related to drought and heat wave conditions in the Western United States, it was likely that it was also related to the higher costs (feed-grain and interest rates) facing the United States beef industry. While total cattle numbers were forecast to rise by 3 per cent by year end, it would appear that subsequent increases may be more modest.

11. The February Cattle census in Japan showed a continuation of the steady increase in cattle numbers experienced since 1975. Total cattle numbers amounted to 4,248,000 head in February 1980, some 98,000 more than a year earlier. All categories of cattle increased in numbers except beef cows which have been declining since 1976 and beef heifers which started declining two years later. In spite of an increased rate of slaughter of dairy cows in 1979, encouraged by the Government in order to remedy the excess production of dairy products, dairy cow numbers continued to rise, although at a somewhat slower rate, and stood at 1,422,000 head in February this year, compared to 1,447,000 last year and 1,377,000 in 1978. For 1981, the cattle census was expected to show a somewhat smaller increase than in latter years.

12. The July 1980 report on cattle inventory in Canada indicated a sizeable increase in cattle numbers. The total cattle herd numbered 13.9 million head at 1 July, 1 per cent higher than one year earlier. Most importantly, beef cow numbers increased 6 per cent, to 3.9 million head. Dairy cow numbers increased 3 per cent to 1.7 million head. The inventory report indicated that a strong build-up in the Canadian beef herd had commenced in 1979. However, other indicators suggested that this build-up may have begun to slow down. Firstly, the number of beef heifers retained for breeding purposes was reported to be down 3 per cent in July. Secondly, and most importantly, cow and heifer marketings, during the first eight months of the year, averaged above year earlier levels by 3 per cent. The major factor causing the apparent slow down in the rate of herd growth was the sharp increase in costs faced by the feedlot sector of the beef industry. Most notable of these costs were feedgrain prices and interest rates. These cost increases have caused feedlot owners to decrease bids on feeder cattle, thus decreasing returns to the cow-calf sector of the industry. This has resulted in the aforementioned slow-down in inventory growth. While an increase of 2 per cent in Canadian cattle inventory was forecast for year end, no growth was seen throughout 1981.
13. After several years of increasing cattle numbers, the August 1979 census in South Africa showed a decrease of 4.7 per cent compared to year earlier, totalling 8,965,000 head. All categories of cattle decreased except bulls and calves which increased by 2.4 per cent and 6.1 per cent respectively. A further decrease in total cattle numbers was experienced in 1980, since at the August census, figures indicated that total cattle numbered 8,369,000 head, a decrease of 6.65 per cent on year earlier. No figures were as yet available for individual categories. Forecasts for 1981 and 1982 pointed to an increase in total cattle numbers of 3.8 per cent and 2.25 per cent respectively over year earlier.

14. The June 1980 cattle census in Norway indicated that the last several years of increases in cattle numbers were still continuing at a moderate pace. Total cattle numbers increased by 1.2 per cent to 983,000 head compared to 971,000 head a year earlier. All categories of cattle increased except dairy cow numbers which experienced a 2 per cent decrease. Cattle numbers were likely to continue increasing slowly in 1981 and possibly also in 1982.

15. The latest estimate of cattle inventory for Brazil was that of 1978. This estimate indicated total cattle and calf numbers at 99.795 million head. It suggested a modest decrease (0.2 per cent) from the year before. Nonetheless this level was 12 per cent higher than that of 1973. Roughly one third of the Brazilian cattle inventory was made up of cows, while another third was made up of bullocks, steers and heifers over two years of age. The balance was made up of younger males, heifers and calves.

16. Total cattle and calf numbers in the European Economic Community totalled 77,981,000 head at the December 1979 cattle census, up around 1 per cent on year earlier. The cow population totalled 31,100,000 head 25,229,000 head of which were dairy cows. Calves totalled 21,545,000 head compared to 21,422,000 head in 1978. The 1980 December census was expected to show a further increase in total cattle numbers of some 620,000 head to 78,600,000 head. The increase was expected inter alia in calf numbers.

17. Cattle numbers in Finland showed, at 1,650,300 head, a marginal (0.4 per cent) increase at the December 1979 census over year earlier. All categories of cattle except that of dairy cows experienced small increases. Estimates for the 1980 cattle census, as well as forecasts for 1981 and 1982, indicate, however, that 1979 may be considered as an exception in the overall downward trend in cattle numbers experienced in Finland in the last few years. Total cattle numbers were expected to drop around 1.2 per cent in 1980 compared to year earlier, and 0.8 per cent compared to 1978, totalling 1,630,000 head. The main decline was expected in dairy cow and dairy heifer numbers while that of steers was expected to increase some 11.5 per cent. In 1981 and 1982 further decreases of 10,000 and 5,000 head respectively were forecast.

Provisional.
18. Cattle numbers in Sweden have been increasing slowly but steadily in the last few years. In June 1980 they totalled 1,938,000 head, an increase of around 1 per cent on year earlier. The largest increase occurred in calf numbers which rose by approximately 2 per cent to 595,000 head. Dairy cows increased by 4,000 head to 657,000 whereas other categories showed only very small increases, or none at all. Cattle numbers were forecast to increase only marginally (0.5 per cent) in 1981 with the largest increase expected in dairy and beef heifers, steers and bulls, as a result of the increase of calves in 1980.

19. Cattle numbers at the beginning of 1979, in Austria, totalled 2,594,000 head, up marginally from 1978. Of the total, nearly 60 per cent were dairy cattle or calves. While no data on numbers in 1980 were available, the national herd as at December 1980 was projected to total 2,490,000 head. Cattle numbers in Switzerland, as of April 1980, totalled 2,030,600 head, marginally below the level of 1979. Of this total, roughly one half of the inventory was dairy cattle. The Swiss cattle herd has remained relatively stable now for five years.

20. The liquidation of cattle in Australia appeared to be nearing an end, even though most recent herd estimates (31 March 1980) indicated a further reduction in cattle numbers to 26.3 million head, a decrease of 3 per cent. This marked the fourth complete year of decreases in the size of the Australian herd. Beef cow and heifer numbers decreased by 1.2 per cent to 11.6 million head. However, this represented a significant slowing down of the rate of decline compared to the situation in 1979 when the cows and heifers registered a decrease of 7.5 per cent. That cattle inventory was stabilizing was further suggested by the fact that slaughter rates to September were off sharply; in particular cow and heifer slaughter had declined 17 per cent. Australian cattle numbers were forecast to register a further modest decline in 1981 before increasing in 1982, weather permitting.

21. The cattle inventory in Argentina was estimated to have remained unchanged from year earlier levels as of June 1980. If this proved to be correct, cattle and calf numbers would total 57 million head. This would mean that a three-year decline in Argentinian cattle numbers has been halted. Beef cow numbers were estimated at 20.1 million head, beef heifer numbers at 8.45 million head and steer numbers at 11 million head. These estimates tended to be supported by the fact that heifer and cow slaughter decreased sharply during the latter half of 1979 and the first half of 1980. The cause of this turn-around seemed primarily to have been the substantial rise in producer prices from 1978 to the present. These prices (liveweight steer prices for example) had risen by over 100 per cent, in terms of United States dollars, from 1978 to early 1980.

22. The cattle herd in New Zealand registered its first increase in five years, based on 30 June 1980 estimates. The cattle herd, both beef and dairy, at 30 June, was estimated to total 8.16 million head, or 2 per cent higher than year earlier. The beef herd was estimated to be 5.23 million head, 2 per cent higher than year earlier. The dairy herd, estimated at 2.93 million head, was 1 per cent higher. The halt of the liquidation in
New Zealand's (beef) cattle herd was related primarily to higher average export beef prices. These have trended upward, since 1978, in line with rising United States beef prices. However, the New Zealand beef industry has not experienced the same robust "turn-around" which was evident in the United States. Beef cows and bred heifer numbers, at 30 June in New Zealand were estimated to have increased by only a fraction of 1 per cent. Moreover, for 1981 the increase in the total beef herd (and cow and bred heifer numbers) was forecast at only 1.5 per cent. The two major reasons for this would appear to be firstly, the marked increase in lamb, wool and mutton prices over the last two years; and secondly the general instability of export prices.

23. After a decrease in 1978, cattle numbers in Uruguay increased in 1979, although not reaching the level of 1976. At the 30 June 1979 census, cattle numbers totalled 10,234,000 head. All categories of cattle increased in numbers except that of beef cows which decreased by some 1.2 per cent or from 4,047,000 head in 1978 to 3,998,000 head in 1979. The most significant increase was that of calf numbers which increased by 7.2 per cent to 2,150,000 head, the highest level since 1975. Although no figures were as yet available from the June 1980 census, it was believed that the herd build-up started last year and it was expected that this year's cattle census would confirm that.

24. Cattle numbers in Bulgaria have been increasing for the last several years, reaching 1,778,000 head in 1980, an increase of 2.35 per cent on year earlier. Cattle numbers in Hungary totalled 1,960,000 head at the 31 March 1980 cattle census, compared to 1,966,000 head the year before and 1,949,000 head in 1979. Of total cattle a major part consisted of dairy cows or for 1980, 807,000 head. The cattle inventory in the USSR at 1 October 1980 showed a 0.8 per cent increase on year earlier, totalling 90,800,000 head. Of total numbers, 29,700,000 head were that of cows, which increased by 0.7 per cent on year earlier.

4. Cattle slaughter

25. Cattle slaughter in the United States during the first eight months of 1980 (at 16,333,000 head) averaged 3 per cent below the same period of 1979. Calf slaughter (at 1,231,000 head) averaged 13 per cent below. For the first eight months steer slaughter averaged 4 per cent below year earlier and heifer slaughter 5 per cent below; but cow slaughter averaged 1 per cent above. Slaughter levels, i.e. those of cows and heifers, reflected inventory decisions on the part of beef producers. Recent indicators suggested relatively high heifer and cow slaughter in 1981, reflecting low inventory growth. Supplementing this will be heavier slaughter arising from the increased 1980 calf crop.

26. Total cattle and calf slaughterings January-June 1980 in Japan decreased by 4.6 per cent compared to year earlier while average slaughter weights increased some 3 per cent. Total cattle slaughtered in that period amounted to 550,330 head as compared to 577,000 in the same period the year before. Slaughter of all categories of cattle decreased except that of dairy cows and dairy steers which increased by 1.5 per cent and 2 per cent respectively.
The largest decrease was experienced in the slaughter of Wagyu bulls amounting to 32.2 per cent, or a decrease from 3,400 head in 1979 (January-June) to 2,300 head in the same period 1980. Also other categories of Wagyu cattle experienced considerable decreases in slaughter rates whereas, for instance, dairy calf slaughter decreased by a relatively small 2 per cent. It was likely that slaughter rates would increase somewhat in the second half of the year, thus reducing the slaughter decrease for the year as a whole.

27. Cattle slaughter in Canada, at 2.1 million head for the first eight months of 1980, averaged 2 per cent above levels of the same period of 1979. Calf slaughter, at 243,000 head, averaged 4 per cent below. Cattle slaughter levels in 1980 were reflecting the stalling of herd growth, i.e. more female stock have been marketed than had been expected. Drought conditions experienced in Western Canada during July-August were a significant cause of increased marketings. However, increased marketings of dairy cows in the eastern provinces have supplemented the heavy beef female slaughter. Canadian cattle slaughter was expected to average 3 per cent above year earlier again in 1981. The reasons for this were the expectation of continued high production costs for the feedlot sector, due to continued high feedgrain prices and rising interest rates, the relative attractiveness of grain production vis-à-vis beef production to the cow-calf producer.

28. Slaughter of cattle in South Africa totalled 2,498,000 head in 1980, a decline of 3.37 per cent on year earlier levels. The decrease occurred in slaughterings of adult male cattle (-5.1 per cent) and of calves (-11.26 per cent) whereas slaughterings of cows and heifers increased by 0.86 per cent. A significant (-27.1 per cent) decrease in total cattle slaughterings was forecast for 1981 indicating the beginnings of a herd build up. Cow and heifer slaughter were forecast to decrease some 46.3 per cent, slaughter of adult male cattle by 16.25 per cent and that of calves by 10.45 per cent, totalling a slaughter of 1,820,000 head. For 1982, a further decrease in cow and heifer slaughter was forecast, while it was expected that slaughter of adult male cattle and that of calves would increase.

29. Cattle and calf slaughter in Brazil, for the first six months of 1980, totalled 6,037,600 head. For 1979, slaughter totalled 9,993,600 head, a decrease of 11 per cent relative to 1978. Roughly 70 per cent of total slaughter, in recent years, has been made up of adult male cattle (aged three years or more). Calves accounted for a miniscule proportion of total kill.

30. Cattle and calf slaughter in the European Economic Community was expected to change little from year earlier. At an expected 28.27 million head in 1980, slaughter would be virtually unchanged from 1979. Of this total, it was estimated that 7.0 million head (25 per cent) would be calves, the balance being split evenly between adult male and female stock. For 1981 very little change was forecast in slaughter levels: a modest reduction in calf slaughter to be balanced by modest increases in adult cattle slaughter. Slaughter was forecast to total 28.11 million head.
31. In Finland, total cattle and calf slaughterings for 1980 were estimated at 655,000 head, an increase of some 1,500 head on year earlier. This increase was mainly due to increased slaughterings of adult male cattle while that of calves increased only marginally, and cow and heifer slaughter decreased marginally. Slaughterings of adult male cattle were forecast to continue increasing in the next two years, while that of cows, heifers and calves would experience a slaughter decrease, resulting in a 2.3 per cent decrease in total cattle and calf slaughterings in 1981 compared to 1980 and a further decrease of 1.6 per cent in 1982.

32. Cattle slaughterings in Sweden totalled 669,000 head in 1980 of which 110,000 head were calves. Slaughterings of calves decreased some 2,000 head compared to year earlier while that of other cattle increased some 8,000 head. Average slaughter weights were 254 kgs. for cattle and 92.8 kgs. for calves. Next year cattle slaughterings were expected to increase by slightly more than 2 per cent while that of calves was forecast to decline further, total cattle and calf slaughterings reaching 675,000 head in 1981. A further total increase was forecast for 1982, while calf slaughterings would decrease further to an all time low.

33. As suggested by the reduction in cattle numbers from 1979 to 1981, slaughter rates in Austria were believed to have increased sharply and 1980 cattle slaughter was estimated to total 685,000 head. While no data were as yet available for 1979, the forecast 1980 kill figure was 34 per cent above the slaughter level of 1978. Cattle slaughter in Switzerland in 1980 increased by 6.5 per cent relative to 1979. Total cattle and calf slaughter amounted to 910,000 head of which 410,500 head were that of calves and 122,700 head adult male cattle. A decrease in slaughter rates of some 5.5 per cent was expected for 1981.

34. The slowing of inventory reduction in 1980 plus the decrease in inventory numbers which have occurred over the past four years sharply reduced cattle slaughter in Australia during 1980, totalling 8.8 million head. Total kill of cattle and calves in 1980 was some 10 per cent below year earlier. However, cattle slaughter, excluding calves, averaged 11 per cent below. This was a continuation of accelerating reductions in kill levels which started in 1979. However, increased competition from other farm enterprises (most notably sheep and grain production) plus the softening of beef export prices in 1980 as well as high costs, were believed to have dampened beef producers' enthusiasm regarding herd expansion in 1980. This should prevent a rapid or early increase in the cattle herd. Consequently, while slaughter rates were forecast to fall again in 1981, the decrease would be less sharp. Cattle slaughter in 1981 was forecast to total 7.9 million head, 10.2 per cent below 1980 levels, while slaughter in 1982 was expected to rise above that of 1981, totalling 8.2 million head.
35. During the first six months of 1980, cattle and calf slaughter in Argentina averaged 16 per cent below the first half of 1979. The magnitude of this decrease primarily reflected the sharpness of the decrease in cow and heifer slaughter, for, while steer and bull kill decreased by 2 per cent during the first half of the year, heifer and cow slaughter decreased by 29 per cent. This decrease obviously reflected the cessation of herd liquidation in Argentina, as expressed in the estimate of the June inventory. Based on the increased returns to producers in Argentina in 1980, it seemed likely that herd building would accelerate in 1981, while slaughter levels would fall further, although perhaps to a lesser degree than in 1980.

36. Cattle slaughter for the first six months of 1980 in New Zealand was estimated to average 10 per cent below the first half of 1979. For all of 1980, cattle slaughter was forecast to total 1.9 million head, 11 per cent below 1979. The decrease in slaughter in 1980 was expected to be the result of decreases in male and female slaughter. Calf slaughter was forecast to remain unchanged from 1979 levels (1.1 million head). The expected decrease in slaughter in 1980 in New Zealand appeared to result from two factors: the cessation of herd liquidation, i.e. withholding of cows and heifers from the market, and the reduction of beef inventory in previous years. In line with the expectation of only slow herd growth, cattle slaughter was forecast to rise by about 3 per cent in 1981, whereas calf slaughter was forecast to increase even more, or by 12 per cent.

37. Slaughter levels in Uruguay have been declining since 1976 when they totalled 2,128,000 head with an average dressed carcass weight of 201 kgs. In the first half of 1980, 777,000 head were slaughtered, a drop of 18.8 per cent on year earlier levels. Earlier in the year, it was forecast that 1.5 million head would be slaughtered in the year as a whole but it would seem now that that figure was overly optimistic and that a figure nearer or even below last year's 1,370,000 head would be more realistic.

38. Total cattle and calves slaughtered in Hungary in 1980 amounted to 451,900 head\(^1\), a drop of some 2 per cent on year earlier levels: 7,900 head of the total was that of calves.

5. Production

39. Beef production in the United States averaged, as did slaughter, below year earlier levels during the first eight months of 1980. However, due to higher average carcass weights, beef production fell by less than did slaughter. Production totalled 6,373,000 tons, down 2 per cent. Veal production also fell during the first eight months of 1980, by 14 per cent, to 242,000 tons. Beef production was forecast to increase in 1981 but it was not expected to rise proportional to the increase in slaughter as increased feeding costs would mean that feedlot owners would reduce feeding periods. Further, there would likely be a greater proportion of cows and non-fed steers and heifers in the slaughter mix.

\(^1\)Provisional

Note: "Tons" refers to metric tons, carcass weight equivalent, when not otherwise stated.
40. Despite expectations to the contrary earlier in the year, the figures available concerning Japan's bovine meat production for the first six months of the year indicated a further drop in output compared to year earlier. However, production may possibly pick up somewhat in the second half of the year, as a result of forecast higher slaughter rates. Beef production for the period January-June 1980 totalled 183,500 tons compared to 187,100 tons for the same period a year earlier and 180,000 tons in January-June 1978. Dairy cows and dairy steers provided 122,400 tons of the total meat, whereas Wagyu cattle provided the rest. Veal production in the first six months of 1980 reached the same level as year earlier, viz 1,100 tons of which 100 tons came from Wagyu calves. For the year as a whole domestic beef and veal production was expected to grow less than 1 per cent compared to year earlier, totalling around 405,000 tons.

41. Beef and veal production in Canada, was forecast to total 966,500 tons in 1980, 2 per cent above of that of 1979. Veal production, at 31,100 tons, was forecast to average 7 per cent above 1979, while beef production, at 935,400 tons would average 1 per cent above. Increased veal calf prices have induced many producers to add more weight to calves before sale, and consequently average carcass weights have risen and offset, to a certain extent, the sharper decrease in calf slaughter. The average carcass weight of cattle, on the other hand, has dropped slightly in 1980. This was primarily due to increased cost of feeding, which has reduced the time animals have spent in feedlots.

42. Total production of bovine meat in South Africa in 1980 amounted to 479,400 metric tons (dressed carcass weight) a drop of 8.84 per cent on year earlier level. The drop occurred in the second half of the year while in the first half of the year meat production was 5.7 per cent greater than in the same period a year earlier. Production of veal decreased some 8.5 per cent to 5,400 tons while that of beef decreased some 8.85 per cent to 474,000 tons. Forecasts for the next two years indicated a further production decline of some 30 per cent with production picking up somewhat in 1982 compared to 1981 (334,800 tons and 337,200 tons respectively). Most of the production fall was forecast to occur in beef output.

43. Norway produced 70,700 metric tons (dressed carcass weight) of beef and veal in 1979, an increase of 4.8 per cent on year earlier. Of total inspected production 1,900 tons was that of veal. Total inspected beef and veal production in the first half of 1980 amounted to 34,700 tons or the same quantity as in the first six months of 1979.

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1 Inspected.

2 Provisional figure.
44. Brazilian beef production for the first six months of 1980 totalled 1,248,000 tons. For 1979 production totalled 2,106,000 tons which was 9 per cent below the level of 1978. Despite the estimated build-up in inventory during the same period, Brazilian beef production has been falling since 1977. However, production has not been falling in proportion to the decrease in slaughter, since adult male cattle have constituted a greater proportion of the kill.

45. Beef production in 1980 in the European Economic Community was expected to change little from year earlier. Total output was recently forecast at 6.87 million tons, less than 1 per cent higher than in 1979. Each of beef and veal production was expected to register little change. For 1981 little change in production was again forecast, with a 1 per cent rise in beef output counterbalanced by a 3 per cent decrease in veal output. Beef and veal production was expected to total 6.91 million tons.

46. Total meat production from slaughtered bovine animals in Finland was estimated to amount to 113,000 tons (dressed carcass weight) in 1980 compared to 109,940 tons in 1979. Veal production amounted to 2,000 tons of the total compared to 2,040 tons in 1979 and 2,540 tons in 1978. Total bovine meat production was forecast to remain at the same level in 1981 while increasing by 1,000 tons in 1982. Veal production, however, was forecast to decline even further, totalling 1,000 tons in both 1981 and 1982. The production of bovine meat in Finland in the last few years has closely corresponded to domestic consumption.

47. Total production of bovine meat in Sweden amounted to 152,000 tons (dressed carcass weight) in 1980, the same as the year before. Of this, 10,000 tons was veal, 1,000 tons less than year before. Veal production was forecast to stay at the same level in the next two years while that of beef was expected to increase by 2,000 tons in each year. The aim of Swedish meat production was to balance domestic consumption with production, an aim which has been surpassed in the last two years, creating small surpluses.

48. Beef and veal production in Switzerland showed an increase of some 7 per cent in 1980 (171,200 tons), in line with actual increases in slaughter rates. Most of the increase took place in beef production while that of veal remained virtually unchanged. The all-time high of 1980 was not expected to be repeated in 1981, on the contrary, as production was forecast at 160,000 tons for 1981.

49. Australian production of beef and veal for the first nine months of 1980 averaged 15 per cent below production levels for the same period of 1979. The 11 per cent reduction in slaughter levels for this period was supplemented by a 2 per cent decrease in average carcass weights. Beef and veal production for the period totalled 1.18 million tons, and was forecast to total 1.54 million tons for the year as a whole (of this 1.48 million tons would be beef). The expected decrease in slaughter levels in 1981 would further reduce production, resulting in beef and veal production of 1.43 million tons (down 7 per cent) for 1981, of which beef production was expected to be 1.38 million tons. For 1982 an increase to 1.50 million tons was forecast.
50. Beef and veal production in Argentina, during the first six months of 1980 averaged 1,479,000 tons, 11 per cent below the first half of 1979. Increased carcass weights for all classes of cattle and for calves partially offset the decrease in production due to decreased slaughter. Beef production for this period totalled 1,372,000 tons while veal production totalled 107,000 tons. As decreases in cow and heifer slaughter continue in 1981, average carcass weights could be expected to continue to rise, thus moderating the effect of falling slaughter rates.

51. Beef and veal production in New Zealand was forecast to decrease by 8 per cent in 1980, to 464,000 tons. However, a 2 per cent increase in average carcass weights was expected to partly offset a forecast 11 per cent reduction in slaughter. Beef production would thus fall to 443,000 tons, while veal production would rise marginally to 21,000 tons. In line with expected increases in slaughter in 1981, beef and veal production was also forecast to rise to 479,000 tons or by 3 per cent.

52. In Uruguay beef and veal production dropped by 17.2 per cent in 1979 to a total of 270,000 metric tons (dressed carcass weight). The drop occurred in the second half of the year when only 81,000 tons were produced compared to 189,000 tons in the first half of the year. In the first six months of 1980 beef production picked up quite considerably compared to the second half of 1979 but still lagged some 31,000 tons or 16.4 per cent behind the production of January-June 1979. It would now seem unlikely that earlier forecasts of a total production of 306,000 tons in 1980 will be realized. A total, nearing last year's 270,000 tons or less, would seem more probable in view of the expected slaughterings.

53. Total bovine meat production in Bulgaria amounted to 102,657 metric tons (dressed carcass weight) in 1980, 5,886 tons more than in 1979. Of total production, 64,543 tons was that of veal.

54. Hungary produced 136,000\(^1\) metric tons (dressed carcass weight) of beef and veal in 1980, some 400 tons more than in 1979. A small portion of the total, or 300 tons, was veal. Production of bovine meat has been rising steadily in the last few years after having fallen from 146,000 tons in 1975 to 129,200 tons in 1976 and 124,500 tons in 1977. Bovine meat production in Hungary was geared to meet the requirements of the local population as well as to maintain traditional export outlets. Beef production in the USSR declined by 4 per cent in the first seven months of 1980 compared to year earlier.

\(^1\)Provisional.
6. Stocks

55. Private and public stocks of beef in the European Economic Community were forecast to drop relative to year earlier in 1980, albeit modestly (from 360,000 to 350,000 tons). The entirety of this decrease would be accounted for by decreases in public stocks (from 310,000 tons in 1979 to 300,000 tons in 1980), while private stocks were expected to remain unchanged at 50,000 tons. 1981 was expected to see a rather marked build-up in stock levels. Total stocks were forecast to increase by 6 per cent to 370,000 tons. This increase would be due entirely to increases in privately held stocks, public stocks being forecast to decline by 20,000 tons (7 per cent).

56. Finland estimated that 3,900 tons of beef were to be held in private stocks at the end of this year, the same quantity as last year, as well as the same forecast for 1980 and 1982. No veal was held in stock. At the end of 1980, Sweden held 5,000 tons of bovine meat in privately owned stocks, the same as in 1979 but 55.6 per cent less than in 1978. For 1981 and 1982 stocks were forecast at 7,000 tons. None or negligible quantities of veal were held in stocks. Stocks of bovine meat in Uruguay in the first quarter of 1980 amounted to 21,000 tons and 17,000 tons in the second quarter compared to 21,000 tons and 37,000 tons respectively in 1979.

7. Prices

57. Compared to the previous two years, cattle prices in the United States have experienced relative stability in 1980. This was the result of a variety of factors, but most important has been the relative stability of slaughter supplies and the weakness of beef demand. High-grade slaughter steers and heifer prices averaged slightly below year earlier during the first nine months. (Choice steers at Omaha averaged US$67.44 per hundred weight, compared to US$67.93 in 1979.) The cow slaughter market (and, therefore, the manufacturing-grade beef market) on the other hand, has experienced considerably more weakness in 1980 than the high-grade market. The weakness in beef demand in the United States appeared to have affected the manufacturing beef market considerably more than the high-grade market, particularly during the first six months. The reasons for this seemed to be that there was a higher degree of substitutability between low-grade beef and pork (particularly in processing) than between high-grade beef and pork. Further, the recession in the United States appeared to have affected low-grade beef demand more than that for high-grade. The reason for this was that a large proportion of low-grade beef was merchandized through the restaurant industry and during the recession consumers appeared to have reduced "eating-out". For 1981, some strengthening in cattle prices seemed likely but only modest gains were expected. Beef supplies were also expected to increase, consequently price strength would be derived only from strengthening demand. Considerable strength in demand was expected from decreased pork supplies. The downswing of the "hog cycle" was expected to be sharp, reaching bottom by the second half of 1981. Improvements in demand arising from improvements in the United States economy were less certain.
58. Prices for most grades of slaughter cattle in Canada will average virtually the same in 1980 as in 1979. The relative weakness of prices in the United States, weak beef demand, and higher than expected cattle slaughter were the major reasons for this. United States' prices directly affect Canadian price levels, and consequently a weakness in the United States beef market is immediately transmitted to the Canadian market. Beef demand, in Canada as well as in the United States, has been weak in 1980. It improved quite dramatically at mid-year as pork prices recovered from record cyclical and seasonal lows, but recessional pressure on consumers' willingness and ability to spend on beef continued throughout the year. Lower-grade beef (and therefore low prices) suffered more seriously from competition from pork and consequently the spread between high-grade steers and heifers and cows was wider than normal. However, this margin narrowed as the year advanced. High-grade steer/heifer prices fluctuated on a fairly wide range in 1980. A1 steer prices, at Toronto, varied between $74/cwt and $85/cwt but averaged $81/cwt for the first nine months.

59. The average wholesale price for manufacturing-grade beef in South Africa was US$152.5/100 kgs. in the first quarter of 1980, US$160.3 in the second and third quarters, compared to US$119.0, US$129.5 and US$157.4 respectively in 1979. The average retail price for beef was US$240.5/100 kgs., US$264.8 and US$261.5 in respectively the first, second and third quarters of 1980 whereas it was US$198.3, US$204.5 and US$213.8 in the corresponding periods in 1979.

60. Prices received by cattle producers in Brazil have basically tripled over the last two years. This increase was related to strength in the domestic market as well as the export market. While export prices doubled over this period, domestic retail prices have more than tripled. A representative producer price for the first six months of 1980 was US$169.50 per 100 kgs. while the average export price was US$341.0 per 100 kgs.

61. The average wholesale price for beef for adult cattle in the European Economic Community in 1980, was forecast at 133.30 ECUs/100 kgs. live weight, as compared to 130.80 ECUs in 1979. In general terms beef prices in the Community have remained relatively stable with a slight upward turn, although taking into account the rate of inflation, possibly not in real terms.

62. In Finland the average retail price for beef in 1979 was US$580/100 kgs. Average wholesale price for manufacturing-grade beef in Sweden was US$342/100 kgs. in 1980 compared to US$307 in 1979. The average retail price for beef (national average for whole animal) amounted to US$837/100 kgs. in the first quarter of 1980, compared to US$741 a year earlier. For the third quarter of 1980 the price was US$848 compared to US$771 in 1979. Indications from the first quarter of 1980 were that producer, wholesale and retail prices would average substantially below year earlier in Switzerland. Producer prices for the first quarter averaged roughly 7 per cent under those of the first quarter of 1979.

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1 Average price of five cuts of Prime and five cuts of Grade I.
63. For 1980 the average price received by beef producers in Australia was expected to be only slightly above the 1979 average. The major reason for this, of course, was a major slump in export demand relating to the weakness in the United States boneless beef market. This weakness was particularly acute during the second quarter and, although price levels moved up sharply in the third quarter, they remained below expected levels. Prices in the domestic beef market affected the weakness in the export market. It was expected that import demand in the United States would improve in 1981. Consequently, prices in Australia through 1981 were expected to improve by 10-20 per cent.

64. Live cattle and beef export prices, in Argentina, have escalated rapidly during the last two and a half years. Although prices levelled out somewhat during the first half of 1980, they still averaged about 30 per cent above the first half of 1979. Average steer prices, live weights, averaged about US$100 per 100 kgs. during the first half of 1980, while the average export beef price (carcass weight) was about US$163 per 100 kgs. With roughly one quarter of its beef production exported, general beef price levels in Argentina were heavily influenced by the export market. The strength in this market during 1978-79, and its comparative strength in 1980 have been integral in causing producer prices to rise.

65. Producer prices in New Zealand in 1980 were expected to follow the generally sluggish trend of the North American market. Consequently, with higher minimum prices for 1980, payments from the Meat Income Stabilization Account were expected on all classes of beef. Average producer return on M Grade cow carcasses were expected to be 110.2 New Zealand cents per kg. (including anticipated payment of 6.9 cents per kg., 14.2 cents above meat return of 1979). P1 steer carcasses were expected to return 130.2 New Zealand cents per kg. (with a 1.1 cents per kg. payment), 25.5 cents per kg. above 1979 levels.

66. The average retail price of beef (compensated carcass beef) in Hungary was US$149.4 per 100 kgs. in 1980, compared to US$117 in 1979, an increase of some 21.5 per cent on a year earlier. An interesting feature in the Hungarian market place was the retail price of pork (sliced) which fetched on average US$184.9 per 100 kgs. in 1980 and US$146.2 in 1979, indicating the relatively greater importance that pork has in the consumption pattern in Hungary, compared to that of beef and also to consumption patterns in many other countries.

8. Imports

67. Imports of beef and veal into the United States were expected to fall 12 per cent below 1979 levels in 1980 (967,000 tons versus 1,103,000 tons, carcass weight basis). For the first eight months of 1980, imports of beef and veal totalled 622,800 tons (carcass weight basis), 20 per cent below 1979.
Quarterly estimates that actual import level would stay below the trigger level have forestalled triggering of the United States Meat Import Law in 1980. The reduced level of imports was related to several factors: weak domestic demand for manufacturing beef, depreciation of the US dollar, and reduced, exportable, beef supplies in major supplying countries (beef and veal production in Australia and New Zealand, which together accounted for 80 per cent of the United States' imports, was expected to average 14 per cent and 8 per cent below a year earlier in 1980, respectively). Imports of beef and veal in 1981 were expected to increase somewhat compared to 1980 but still remain below 1979 levels.

68. Imports of fresh, chilled and frozen beef and veal into Japan during January-June 1980 dropped some 6.7 per cent compared to the same period a year earlier, or from 59,000 metric tons (product weight) in 1979 to 55,000 tons in January-June 1980. Forty-three thousand tons of this meat was imported from Australia, 10,000 tons from the United States and 2,000 tons from New Zealand, whereas for the same period the year before the import figures were 44,000 tons, 12,000 tons and 2,000 tons respectively. In view of the limited growth of domestic beef production that was expected for the year as a whole, it has been forecast that total imports of beef and veal in 1980 will increase some 3-4 per cent to around 135,000 tons depending, though, on inter alia economic conditions in the latter half of 1980 and on competition from other meats currently abundant, and in particular pork. The global import quota for the first half of fiscal year 1980-81 (April-September) was in May set at 72,000 tons compared to 72,200 tons for the same period a year earlier. This quota was subdivided into a general one of 64,000 tons and a special one of 8,000. The latter provided for imports of 2,400 tons of cooked meat; 1,250 tons of beef for school lunches; 1,500 tons of beef for hotels; and 2,850 for Okinawa. The global beef import quota for the second half of the fiscal year has been set at 58,300 tons (excluding the quota for hotel beef and beef for Okinawa which was still unknown at the time of writing), 1,000 tons of which was destined for school lunch programmes and 2,300 tons was that of cooked beef.

69. Imports of fresh, chilled and frozen beef and veal into Canada in 1980 were subject to a global restraint level of 171.7 million lbs. (77,883 tons). However, it appeared unlikely that imports would reach even two thirds of this level. For the first eight months imports of beef and veal equaled 70.8 million lbs., 9 million lbs. less than in 1979. The major suppliers were: New Zealand, 32.5 million lbs., Australia 30.9 million lbs., and the United States 7.4 million lbs. The reduced and low level of imports was the result of three major factors: the reduced value of the Canadian dollar, primarily relative to the US dollar; the absence of import quotas into the United States; and reduced beef production in the two major supplying countries, Australia and New Zealand. Canadian imports of live slaughter cattle amounted to 19,000 head for the first nine months of 1980. All of the animals, which were high-grade steers and heifers, were from the United States, and the level was unchanged from 1979. In 1981 some improvement in imports is expected.
70. Total cattle, beef and veal imports in South Africa in 1980 amounted to 35,800 metric tons (dressed carcass weight equivalent) as compared to 37,000 tons in 1979, a drop of 3.25 per cent. Of total meat and cattle imports 8,200 tons consisted of fresh, chilled and frozen beef and veal, a drop of 16.33 per cent on a year earlier. In view of the forecast decline in domestic bovine meat production, an increase in imports was forecast for the next two years, resulting in an expected import of beef and veal in 1981 of 9,900 tons and in 1982 of 10,700 tons. Norway imported 8,700 tons of fresh, chilled and frozen beef and veal in 1979, most of which was supplied by Denmark, a second supplier being Australia. No figures were as yet available for 1980.

71. Brazil's imports of beef for the first six months of 1980 totalled 22,997 tons. More than half of this was bone-in fresh and chilled beef, primarily from Uruguay. The balance was mainly frozen, bone-in, beef again primarily from Uruguay. Live cattle imports totalled 18,300 head, virtually all of which were from Bolivia. As an importer of beef and live cattle, Brazil has become increasingly important during the last five years. However, weakness in certain categories of beef imports during the first six months of 1980 suggested that import activity would decline this year.

72. In accordance with the results of the MTN the European Economic Community undertook inter alia to import a minimum of 50,000 tons of frozen beef, boneless equivalent in 1980. Actual imports for 1980 (carcass weight equivalent basis) were expected to total 365,000 tons (75,000 tons of fresh and chilled, 160,000 tons of frozen, and 130,000 tons of cooked, canned and other meat). This level of imports would represent an 8 per cent increase over 1979. Imports of live cattle for 1980 were expected to total 370,000 head, 18 per cent or 81,000 head less than in 1979.

73. Finland imported only smaller quantities of fresh and chilled beef and veal in 1980 and mainly from Denmark, while Sweden imported 8,500 tons of beef (dressed carcass weight equivalent) in 1980, compared to 18,100 tons in 1979. A major part of the imported bovine meat was frozen (5,000 tons). Major suppliers were Denmark, Australia, Poland and Yugoslavia. Imports of beef and veal were forecast to diminish even further in the next two years, totalling some 6,000 tons both in 1981 and 1982, indicating clearly that it was expected that domestic production would largely cover the domestic consumption needs of beef and veal.

74. Bulgaria imported 1,500 tons (dressed carcass weight equivalent) of fresh and chilled beef and veal in 1979, some 193 tons less than year earlier. Most, if not all, of the imported beef was supplied by Mongolia. Hungary imported 6,400 tons of frozen beef and veal in 1979. Most of the imported bovine meat was supplied by the Federal Republic of Germany. In the first three quarters of 1980 Hungary imported 6,400 tons of frozen beef, compared to 4,400 tons in the same period last year, indicating that total imports of frozen beef in 1980 was likely to be greater than in 1979.
9. Consumption

75. Beef and veal consumption in the United States, in 1980 has been projected to total 10,602,000 tons (48.1 kgs. per capita) 2 per cent below the level of 1979. If this is so, this would be the lowest level of consumption in the United States since 1965. The chief causes for this reduction were: the further reduction in beef production, the abundant supplies and low prices of competing meats, the economic slowdown which further reduced consumer demand, and the reduction in imports caused by the weakened demand. Consumption in 1981 has been forecast to rise relative to 1980 levels to 10,762,200 tons (48.4 kgs. per capita), an increase of 2 per cent. Expectation of strengthening demand plus a small increase in supply were the main factors behind this projection.

76. Total consumption of bovine meat in Japan for the period January-June 1980 dropped some 9,000 metric tons (dressed carcass weight) compared to year earlier or from 273,000 tons to 264,000 tons. The per person consumption decreased from 2.4 kgs. to 2.3 kgs. in the same period. A slight increase in beef and veal consumption was forecast for the second half of the year, giving a total, for the year as a whole, the same amount as in 1979 or slightly above.

77. Beef and veal consumption in Canada, in 1980, has been projected to total 1,000,600 tons (41.8 kgs. per capita), 1 per cent above 1979. This increase in consumption in 1980 resulted largely from higher than expected slaughter levels. Beef demand has been poor during 1980, largely because of recessionary pressure on the economy and large (cheap) supplies of competing meat during the first half. Therefore the increased supplies of beef and veal were forced into domestic consumption only at lower than expected prices. Higher slaughter levels and improved demand have been forecast for 1981, consequently consumption has been forecast to rise in 1981, to 1,030,600 tons or 2 per cent above 1980.

78. Consumption of bovine meat in South Africa has been progressing at a moderate pace in the last several years, reaching some 24.2 kgs. per person in 1979 compared to 23.6 kgs. in 1978 and 21.2 kgs. in 1975. No figure was available for 1980 but since 24.5 kgs. per person was forecast for 1981, it could be assumed that per capita consumption in 1980 amounted to 24.3-24.4 kgs.

79. In Norway total consumption of bovine meat amounted to 80,700 tons in 1979 as compared to 78,900 tons the year before. Per capita consumption was 19.8 kgs. in 1979 and 19.4 kgs. in 1978.

80. In 1979 the apparent consumption of beef and veal in Brazil totalled 2,207,000 tons, or about 18.7 kgs. per capita. This was slightly less than the decrease in beef production, and would therefore indicate strength in the domestic market.
81. Beef and veal consumption in the EEC has been forecast to total 6,855,000 tons in 1980 (26.3 kgs. per capita). This would be 1 per cent above the level of 1979. This increase would be broadly in line with the anticipated increase in production in the EEC in 1980. Beef and veal consumption has been forecast to increase a further 1 per cent in 1981 (to 6,900,000 tons), again in line with expected production increases.

82. Total consumption of beef and veal in Finland in 1980 was estimated at 113,000 tons compared to 111,500 tons in 1979. Per capita consumption was estimated at 23.5 kgs. compared to 23.4 kgs. in 1979 while that of pork amounted to 29 kgs. in 1979. The higher pork consumption was explained inter alia by lower pork prices, improved pork quality and also by cooking methods. Total consumption of beef and veal in Sweden in 1979 amounted to some 151,000 tons or 18.7 kgs. per person, slightly above year earlier level while that of pork amounted to 35.7 kgs./person. Consumption in 1980 was estimated to be approximately the same as year earlier while forecasts for 1981 and 1982 indicated a 3 per cent decrease. Beef and veal consumption in Switzerland was forecast at 175,000 tons, up 5.2 per cent from 1979. This was equivalent to 28 kgs. per capita.

83. Beef and veal consumption in Australia was expected to total 664,000 tons (46 kgs. per capita) in 1980, down 4 per cent from 1979. Considering that production was expected to decrease by 13 per cent in 1980 this level of consumption could be viewed as indicating a relatively strong domestic demand in Australia in 1980. Aiding this strength, in addition to weaker beef prices, were increases in prices of competing meats, most notably of mutton and lamb (up an average of 10 to 15 per cent during the first six months compared to year earlier). Beef consumption was expected to decrease further in Australia during 1981, reaching the lowest level since 1972, that is only 41 kgs. per person, a drop of 11 per cent compared to 1980.

84. Beef and veal consumption in Argentina during the first half of 1980 averaged only 3 per cent below that in the first half of 1979. In view of the fact that domestic beef and veal production fell by 11 per cent during this period, it must be viewed that domestic beef demand was exceptionally strong. Consumption totalled 1,227,000 tons or about 91 kgs. (200lbs.) per capita, maintaining Argentina as the first beef and veal consumer in the world.

85. Partly because of a weakened export market, the domestic market in New Zealand was expected to consume a larger proportion of the domestic beef and veal production in 1980. Total consumption was forecast to total 161,000 tons, or 51.2 kgs. per capita. While this was virtually unchanged from a year ago, it was expected to occur despite a forecast 8 per cent reduction in production. While somewhat weaker domestic prices suggested a stronger demand, equally important has been the increased prices of competitive meats, most notably lamb and mutton.
86. Beef and veal consumption in Uruguay has declined some 30 per cent since 1975 when it stood at 84 kgs. per person or 236,000 metric tons globally. In 1979, however, it had dropped to 60 kgs. per person or 170,000 metric tons. At this figure Uruguay was still one of the world's major beef and veal consuming countries, on a per capita basis. With a consumption of 33 kgs. per person in the first half of 1980, it would seem that total consumption in 1980 will remain at around the level of 1979.

87. Total consumption of bovine meat in Hungary in 1979 amounted to 97,400 tons, 1,400 more than year earlier. Per capita consumption was 9.1 kgs. It was expected that the same amount of bovine meat would be consumed in 1980. Bovine meat was mostly consumed in the form of processed meat products and came third on the list of meat consumed in Hungary, after pork and poultry meat consumption.

10. Exports

88. Canadian exports of beef and veal for the first eight months of 1980 amounted to 74.1 million lb., up 21 per cent or 13.1 million lb. from 1979. This strong export performance was a result primarily of the weakness of the Canadian dollar, and relatively lower demand for manufacturing quality beef in Canada than in the United States. Canada's beef exports were entirely of manufacturing quality, 90 per cent of which went to the United States. Canada's export of live cattle amounted to 145,000 head during the first eight months of 1980. Of these, 81,000 head were slaughter cattle (mostly cows) and 64,000 head were feeder cattle and calves. All of these exports went to the United States.

89. South Africa exported 6,800 tons (dressed carcass weight equivalent) of frozen beef and veal in 1980 compared to 16,700 tons in 1979 and 8,400 tons in 1978. In view of the domestic needs in the next two years only very small quantities or none at all were forecast to be exported in 1981 and 1982.

90. Brazilian beef exports were almost exclusively of cooked, canned or otherwise preserved beef. This category accounted for 96 per cent of exports during the first six months of 1980 (48,669.8 tons). During the first half of 1980, Brazil was an exporter of beef and veal, the first time in a number of years. Generally, however, it would seem that Brazil's net trade position has been overstated, since the majority of her exports were of more highly processed beef; if considered in value terms, Brazil's net trade position was relatively strong.

91. Beef and veal exports from the EEC have been forecast to total 375,000 tons (carcass weight) in 1980, 25 per cent above 1979. Live cattle and calf exports in 1980, have been forecast to equal 160,000 head. A decrease in exports of beef and veal of 8 per cent for 1981 has been forecast, while live cattle exports were expected to remain unchanged.

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1 Provisional.
92. Sweden exported 13,000 tons (dressed carcass weight equivalent) of beef and veal in 1980 compared to 19,900 tons a year earlier. A major part of these exports was fresh and chilled beef and veal. The exported beef was destined mainly for Norway, the Federal Republic of Germany and Italy. Forecasts for 1981 and 1982 indicated an increase in bovine meat exports to 15,000 tons and 18,000 tons respectively.

93. Australian exports of fresh, chilled, and frozen beef and veal for the first six months of 1980 totalled 266,000 tons\(^1\), down 35 per cent compared to the first six months of 1979. Decreased beef production and weak beef prices in the United States were the major causes of this decline. For the year as a whole total exports were forecast at 845,000 tons\(^2\), off 22 per cent from 1979. Despite the weakness in the United States market, this country still accounted for roughly 68 per cent of Australian beef exports during the first six months of 1980. United States, Japan and Canada combined, accounted for over 80 per cent of Australian exports. A further reduction of exports, to 792,000 tons\(^2\), was expected for 1981.

94. Argentina's beef exports for the first six months of 1980 totalled 268,000 tons (carcass weight), 30 per cent below 1979 levels. Exports for 1980 were forecast to total 520,000 tons, 25 per cent below 1979. This reduction in exports appeared to relate as much to the reduction in domestic beef supplies and strength of domestic demand as it would to weakness in the export market. Exports of processed beef (cooked, canned, etc.), which accounted for roughly one third of beef exports have fallen more precipitously (by 36 per cent) than fresh or frozen exports in 1980; even so, exports of fresh, chilled and frozen beef were off nearly 20 per cent.

95. New Zealand's exports of beef and veal during the first six months of 1980 totalled 109,400 tons, compared to 115,800 tons in 1979 a decrease of 10 per cent. Since the United States was the destination of roughly three quarters of New Zealand's exports, the decrease in total exports in the first six months reflected reduced exports to the United States. This primarily reflected two factors: one, weak beef demand in the United States during the first half of 1980 and two, the sharply reduced beef production domestically. It was believed that export activity since June has increased, based primarily on the strengthening demand in the United States. However, it was still appearing likely that exports would fall short of 1979 levels.

96. As a result inter alia of declining slaughter and production levels, exports of beef and veal from Uruguay have decreased substantially since 1976 when it stood at 192,652 tons (carcass weight). Between 1976 and 1979 exports of beef and veal declined by 58.5 per cent while slaughter levels decreased by some 35.5 per cent and that of production some 37 per cent. In that same period total beef and veal consumption declined relatively less or by 23.5 per cent, explaining at least partly the relatively greater decrease

\(^1\)Product weight.
\(^2\)Carcass weight equivalent.
in export availabilities, the difference being made up by stocks. In the first half of 1980 Uruguay exported 44,360 tons of beef and veal. In view of the expected production for the second half of 1980, it was unlikely that total exports would reach beyond the 1979 level and according to estimates they would possibly be less.

97. Bulgaria has been a net exporter of fresh and chilled bovine meat since 1978 and of live cattle for many years. In 1979 Bulgaria exported 9,272 tons (dressed carcass weight equivalent) of fresh and chilled beef and veal compared to 5,712 tons in 1978 and 3,654 tons in 1977. The export figures for 1980 indicated that exports of fresh and chilled beef had almost doubled compared to 1979, totalling 18,130 tons. Exports of live cattle from Bulgaria has been diminishing quite substantially in recent years. From 17,900 head in 1975, it had dropped by 58 per cent by 1979, totalling 7,504 head. By the end of 1980 an even more spectacular drop in live cattle exports had taken place since only 916 head had been exported according to available figures.

98. Hungary, a traditional net exporter of bovine meat and cattle, exported 49,600 metric tons (carcass weight equivalent) of beef and veal in 1979, an increase of 37.3 per cent over year earlier. In the first three quarters of 1980 exports of beef totalled 39,500 tons compared to 38,600 tons a year earlier. Considering total production and consumption figures for 1980 it would not seem likely that the export figure for the year as a whole will be higher than that of 1979. Exports of live cattle also increased significantly (+18.1 per cent) between 1978 and 1979 or from 167,300 to 204,300 head, while figures for the three first quarters of 1980 indicated a substantial drop on year earlier or from 159,400 head in January-September 1979 to 104,900 in the same period 1980. For 1980 as a whole it was forecast that exports of cattle would experience a substantial drop on year earlier levels.