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

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, February 1981; United States Department of Agriculture, Foreign Agriculture Circular, FLM 2-81, February 1981; Australian Meat and Livestock Corporation, Market Notes for Livestock and Meat, various issues for the period January-March 1981; Meat and Livestock Commission, European Weekly Market Survey, various issues for the period January-April 1981; OECD, Economic Outlook, December 1980; and the replies to the questionnaires received by 15 May 1981.
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I. INTERNATIONAL ECONOMIC SITUATION AND OUTLOOK

1. The recessionary pressure which was exerted on most Western trading nations during 1980 continued relatively unabated through the first four months of 1981. Decreased real GNP and increased rates of unemployment have been experienced in most countries over the last year or more. The triggering factor behind the economic slowdown was the 150 per cent (annualized rate) rise in world petroleum prices from early 1979 to mid-1980. It would appear, however, that the subsequent restrictive monetary and fiscal policies of many governments (designed to combat the inflationary pressure engendered by the oil price rise) have contributed as much (perhaps more) to the economic slowdown as the rise in oil prices themselves. Unemployment rates increased as the business slowdown worsened in all major economies. Rates of inflation, however, appear to be subsiding in some countries, the result of both the levelling-off of oil prices and restrictive governmental policy.

2. With regard to trade, the broad economic developments of, particularly, the last eight to ten months are significant. Firstly, although the volume of world trade grew in 1980, it grew at a considerably slower rate than in previous years. Decreased national demands, particularly for petroleum, were the main cause. Despite the reduced growth of trade volume, most Western economies experienced improvement in their balance-of-payments positions during the latter part of 1980 and early 1981. The fact that import values decreased more than those of exports was the chief factor. Secondly, the general economic situation gave rise to considerable volatility in the foreign exchange market in late 1980-early 1981. This can be expected to directly influence relative competitive positions and therefore trade patterns.

3. Forecasts for the balance of 1981 generally agree that real growth in national incomes (although weak) will be experienced in Western economies. Further, inflation rates are generally expected to subside further, and balance-of-payments positions to improve. Little improvement in unemployment is foreseen, however.

4. The United States experienced unexpected growth in income during the latter half of 1980 (of about 2 per cent) due mainly to a sharp decline in interest rates during the second quarter. However, the subsequent sharp rise in rates during the fourth quarter and their continued high level in early 1981 is expected to restrain growth during 1981 (growth of 2 per cent is expected). Inflation rates have been reduced (to 10 per cent during the second half of 1980 from 11 per cent in the first) and are expected to remain at about the same level during the remainder of 1981, barring any major external shock (oil price increases, poor harvest, etc.). Unemployment rates will likely continue high throughout 1981; however, the trade balance is expected to improve considerably.
5. Countries in the European Economic Community generally began to experience recessionary pressure later than did the United States, i.e. not until the second half of 1980, and, by and large, the economic slowdown has been less severe. Growth rates for the last half of 1980, while low, were generally positive. At the same time, the unemployment situation in the Community has steadily worsened and no early respite is foreseen; in 1980 unemployment averaged 6 per cent and is expected to rise to 6.8 per cent in 1981. Some moderation of inflation is expected in 1981 (to 7.7 per cent in 1981 from 12 per cent in 1980) but rates will be high by historical standards. The EEC's trade balance significantly worsened in 1980 largely due to increased oil prices; however, as elsewhere in the industrialized world, import demand for all commodities is expected to decelerate faster than exports during 1981 and consequently payments balances should improve.

6. Growth in the Japanese economy has also slowed significantly; however, growth rates have remained positive. GNP growth for the last half of 1980 was estimated at 2.5 per cent, but was expected to rise to about 4 per cent in 1981. The primary source of strength in the Japanese economy has been export demand. While the current account deficit widened appreciably during the first half of 1980, exports surged strongly during the second, while import volume (although not value) declined sharply. Inflation, which rose sharply during mid-1980, has subsided and is expected to subside further. A rise in consumer income and spending during 1981 is forecast to be the main factor strengthening growth rates.

7. As had been anticipated, the rise in world oil prices and the consequent need for tight fiscal and monetary policy has affected the smaller Western trading economies (Canada, Australia, New Zealand, and non-EEC European countries) to a lesser extent than in larger countries. A narrower industrial base and, consequently, lower demand for imported oil, appears to have insulated somewhat these economies from the general slowdown. Reduced export demand has been a major source of the actual slowdown experienced, and moreover, improvement in growth during 1981 depends heavily on an improvement in this sector.
II. INTERNATIONAL SITUATION AND OUTLOOK IN THE BOVINE MEAT SECTOR

(a) Situation

(i) Australian - New Zealand - Japanese - North American trade

8. In the December 1981 report of the International Meat Council it was stated that one of the major "uncertainties" in the international beef market during 1981 would be the level of North American beef supplies and, consequently, Canadian and American requirements of, and prices for imported beef and veal. Unfortunately, during the first few months of 1981 this uncertainty has resolved itself in a way detrimental to exporters to North America. For the first few months of 1981 cattle slaughter in Canada and the United States averaged well above year-earlier. These increases reflect a reversion to liquidation of female stock in the face of sharply higher industry production costs, principally of feed grains and of debt financing.

9. The increase in beef production was a major factor of depressed market prices, including import prices in North America during early 1981. Also important, however, was the unexpectedly high level of pork production, the recessionary inflationary pressure on consumers' incomes, and the high level of interest rates. The price of 85 per cent Chemical Lean (C.L.) boneless cow beef, f.a.s., New York, (the price which best reflects conditions in the market for imported beef in North America) declined by 23 per cent between November 1980, and March 1981.

10. Reduced Japanese import demand has accentuated for Australia the decreased North American demand. The Japanese cattle industry has experienced fairly sharp increases in production of dairy beef, and beef demand appears to have been restrained by the slowing in economic activity and by relatively high supplies of pork.

11. With lower prices in, and falling sales to, the North American market in the early part of 1981 returns to Australian and New Zealand beef producers fell sharply in the early part of 1981. Moreover, in the case of Australia, exporters would normally have turned to markets outside the Pacific, however, the scope for entry into these markets has become increasingly limited. This development coupled with a continuation of drought conditions in many parts of Australia has led producers to defer herd rebuilding plans.

(ii) Trade in the "rest of the world"

12. Beef and veal trade outside the "Austral-Asian-North American" trade axis has, over the past year and a half, been dominated by three developments: the increase in the level of exports from the European Economic Community,

1 Which among other things discouraged importers from committing on forward purchases.
the decrease in the level of Argentinian exports, and the growth in imports of the Soviet Union.

13. Exports of beef and veal (including carcass equivalent of live cattle and calves) from the European Economic Community totalled about 650,000 tons (carcass weight) during 1980, an increase of 92 per cent, making it the second largest exporter of beef and veal in the world. The principal factor giving rise to the increase in exportable surplus in the Community has been the faster rise of beef production in relation to beef demand (production increased by 4 per cent, relative to 1979, while consumption increased by only 0.1 per cent). The principal markets for Community exports have been Eastern European countries (including the USSR), North African countries, and countries in the Middle East.

14. The decrease in Argentinian exports (down 32 per cent in 1980) was due to several factors. The most important appear to be that domestic production has been falling (down 7 per cent in 1980) sharply as the cattle inventory cycle has entered a growth phase, and that import demand in traditional markets (particularly Brazil, the Community, and Egypt) has contracted. Incidentally important would appear to be that, over the last year, the Argentinian peso has remained strong in relation to domestic price increases.

15. Increased importation of beef by the Soviet Union in 1980 is the third major development. In fact, the Soviet Union became Argentina's single largest customer in 1980, and a major customer of the Community. The incursion of the Soviet Union into the world beef market apparently is the result of a policy decision to increase, or at least maintain, Soviet meat consumption in conjunction with difficulties in increasing domestic production due to feed shortages. It is difficult to estimate the level of Soviet beef imports; however, it has been reported that meat imports totalled 820,000 tons in 1980, a 34 per cent increase relative to 1979. Without the Soviet entry into the world market during 1980 the consequent excess supplies would almost certainly have depressed markets further.

16. These three developments in the beef market, outside the Austral-Asian-North American trade flow, appear to have been the major influences on trade levels during the past year and a half. In general, while trade relationships have been changed, it could be said that the level of trade has remained relatively stable and it appears that price levels have been neither as depressed nor as unstable as in the "Pacific" trade.
(b) *Outlook*

(i) **Australia - New Zealand - Japan - North America**

17. Price levels and trade volume in the trade amongst Australia and New Zealand on the one hand, and North America on the other, which was relatively depressed during the first quarter of 1981, firmed slightly in the second quarter. This apparently relates to seasonal beef demand strength in North America, since slaughter and beef production have remained high. It should be recalled, however, that the strengthening of prices in North America (since April) has been from a level which was much lower than had been expected and, currently, prices (for cow beef, 85 per cent C.L. New York) are averaging only at levels of one year ago.

18. It is likely, however, that current firmness in the North American market will be sustained even after the effects of seasonal demand subside. The reasons suggested for this are: that beef production is expected to decrease from current levels and perhaps year-earlier levels during the balance of 1981; that pork production will also decline and that general economic conditions will likely improve (including an expectation that interest rates will subside).

19. The major qualification to be placed on this projection is that it may occur only if industry costs, particularly feed costs do not increase further. An increase in feed grain prices would maintain high rates of cow and heifer slaughter and thus moderate prices.

20. Strength in the Japanese market during the latter half of 1981 is less certain. Supplies of dairy beef are expected to remain high and supplies of competitive meats will likely also remain high.

21. Exports from both Australia and New Zealand are expected to remain below year-earlier during the balance of 1981. Continued decreases in domestic production, weak or uncertain demand in North America, and increasingly limited scope for entry into other markets would appear to be the main causes of this expected reduction.

22. In brief, therefore, it would appear that, regarding Austral-Asian-North American trade, import demand will expand moderately during the balance of 1981 while export supplies will likely fall. This would suggest strengthening of prices of traded beef.

(ii) **Outside the Pacific**

23. For the balance of 1981 the general stability of trade in the markets outside Austral-Asia-North America should continue. However, several factors suggest that the current pre-eminence of the Community as an exporter will be eroded and that South American countries, (particularly Argentina and Uruguay) will recover some market shares.
24. The major factor suggesting such a scenario is that, the supply-demand balance for beef and veal within the Community is expected to improve. Specifically, a 2.5 per cent decrease in production levels is forecast for 1981 and, secondly, it appears likely that beef consumption will experience some further improvement.

25. While such a development would tend to reduce the Community's exportable surplus and, as such, reduce its export market share, it is also probable that exports from Argentina, to countries outside South America, will experience some recovery. Significant in this regard may be the possible, more rapid depreciation of the peso, relative to the United States dollar, during 1981. This would, in terms of US dollars, make Argentinian beef more competitive on world markets and shift beef from domestic consumption to the export sector (for example, in 1980, while domestic production fell by 7 per cent, consumption increased by 1 per cent). A second factor favouring Argentinian exports will be that Argentina has succeeded in securing a guaranteed share of the Soviet market, as witnessed by the recent signing of a trade agreement between the two countries, and, apparently, Argentina has also obtained a longer-term sales agreement with Egypt.

26. It is also possible that Uruguay will become a larger exporter outside of South America during the balance of the year. Due to apparent adverse cost-price pressure Uruguayan producers appear to be trimming herd sizes (production for 1980 increased 3 per cent). At the same time exports to Brazil, which has been a major outlet, appear likely to be reduced.

27. In sum, therefore, it would appear that Argentina and Uruguay combined will, at least, place no less beef (of frozen boneless in particular) on world markets than in 1980.

1Under the terms of which Argentina agrees to deliver between 60,000 and 100,000 tons of beef, annually, between 1981 and 1985, inclusive.
III. COUNTRY-BY-COUNTRY ANALYSIS

(i) Cattle numbers

28. In the United States, the 1 January 1981 cattle inventory report indicated a total of 115.0 million head of cattle and calves. This represented an increase of 3.6 per cent from previous year. Beef cow numbers increased by 5.1 per cent to 38.98 million head. While this report, at first glance, would seem to suggest a continuation of a strong upswing in the United States beef cattle cycle there are two factors which should be noted: (1) the beef cow herd at 38.98 was 1 per cent below that of July 1980; it is unusual for the beef cow herd to decline between semi-annual surveys during an expansion phase; and (2) cow slaughter increased by 17 per cent during the last half of 1980, while heifer slaughter increased by 3 per cent; further, these high rates of female kill continued during early 1981. Both of these factors are attributed to the sharp decrease in returns experienced by cattle producers since early 1980, i.e., depressed prices and sharply higher production costs. These developments bring into question the continued rapid expansion of United States cattle inventory and, indeed, whether expansion will continue at all. Currently, however, cattle numbers are forecast to increase by 2.0 per cent by year end.

29. The most recent census of cattle and calf numbers in Japan is that of 1 February 1980, at which time the herd totalled 4,248,000 head, up 2.4 per cent relative to 1979. Dairy cows and heifers accounted for 49 per cent of inventory, while beef cows and heifers accounted for 23 per cent. It is believed that, despite efforts to reduce dairy cow numbers, cattle numbers continued their upward trend in 1981. Part of the reason for this is that there has been encouragement to increase beef (Wagyu) cattle numbers.

30. The 1 January 1981 cattle inventory report in Canada indicated an increase of only 1 per cent in total cattle numbers (to 12.5 million head) and, more importantly, an increase of only 2 per cent in beef cow numbers. Equally suggestive was the decrease (of 6 per cent) in the number of heifer retained for herd replacement. Both these figures suggest a significant slowing of the rate of cattle inventory growth. As in the United States this apparent slowdown in expansion must be attributed to decreased returns to beef producers arising from both relatively depressed prices and sharply higher production costs. The continuance of depressed returns in early 1981 would suggest that no better than slow-growth, or even perhaps some liquidation, could be expected in the Canadian cattle herd during the coming year.

31. Cattle and calf numbers in South Africa are expected to show an increase in the 1 August 1981 census, to 8,700,000 head (a 2.4 per cent increase). This would end the decrease which has taken place in the last two years. Decreases have occurred in almost all categories of cattle.
32. 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 983,0001/ head compared to 971,0001/ 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.*

33. 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, suggesting 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.*

34. Cattle and calf numbers in the European Economic Community (nine countries) at 1 December 1980 totalled 77,334,000 head, 1 per cent less than one year earlier. The cow herd (of which 80 per cent are dairy cows) in the nine countries declined by 1.4 per cent. Dairy cow numbers decreased by 2 per cent and were at their lowest level since 1972. The cause of the decline in dairy cow numbers is largely due to reduced returns from milk production and, in part, to the programme to discourage surplus production of milk and dairy products. These same factors suggest a continuation of herd reduction in 1981.

35. Despite the continued decline in dairy cow numbers (which are the largest component of cattle inventory) total cattle and calf numbers in Finland indicated a modest increase (of 0.4 per cent) at 1 December 1980. Cattle and calves totalled 1,657,200 head. However, since the major cause of the increase was increased steer and calf numbers, and not in the basic breeding herd, it is not believed that the uptrend (which has been taking place since 1978) will continue. A decrease of 1.3 per cent is forecast for 1981.

36. The last available census of cattle and calves in Sweden is that of June 1980. That report indicated a continuation of the increase in numbers which started in 1979. Numbers totalled 1,936,000 head (an increase of 1.3 per cent). All categories of cattle, except beef cows (which remained unchanged), increased in number. The increase is expected to continue in 1981, but much more slowly, with an increase of a fraction of 1 per cent expected (to 1,938,000 head); dairy cow numbers (which constituted 34 per cent of inventory) are expected to decline.
37. Cattle numbers at the end of 1979, in Austria, totalled 2,548,000 head, down marginally from 1978. Of the total, nearly 60 per cent were dairy cattle or calves. While no detailed data on numbers in 1980 was available, the national herd as at December 1980 was projected to total 2,490,000 head.*

38. Cattle and calf numbers in Switzerland are believed to have totalled 2,020,000 head at 1 April 1981, fractionally below year-earlier (2,030,600 head at 1 April 1980). It is believed that this reduction (the second year of reduced cattle numbers) relates to reduced returns in the dairy industry. Since it appears that there will not be an early upturn in dairy producer returns, it is projected that cattle and calf numbers will decrease again in 1982, to 2,000,000 head, the lowest level since 1975.

39. It is estimated that Australian cattle and calf numbers at 31 March 1981, decreased by 5 per cent relative to year-earlier, or to 24,800,000 head. If so, this would mark the fifth consecutive year of decrease in the Australian cattle herd. However, the fact that the decline has continued in 1981 is attributed in part to drought conditions, which have existed in parts of Australia over the last year and a half. It is believed that economic incentive (i.e. prices) has been sufficiently strong to encourage expansion during the past two years. Despite some reduction of export prices, it is believed that returns to producers will remain sufficiently strong to encourage herd growth during 1981, should climatic conditions return to normal.

40. The most recent estimate of cattle and calf numbers in Argentina is that of 30 June 1980. At that time, the national inventory was estimated to be 57,000,000 head, unchanged from one year previous. This indicated the termination of a three-year decline in Argentina's cattle numbers. The cause of this turn-around was primarily the substantial rise in producer prices (by over 100 per cent in terms of United States dollars) between 1978 and early 1980. It has been forecast that the 1 June 1981 cattle census will indicate no change in cattle numbers.

41. The most recent estimate of cattle and calf numbers in New Zealand is that of 30 June 1980. At that time cattle numbers registered their first increase in five years (up 1.7 per cent, to 8.16 million head). Beef cattle (which comprised 64 per cent of inventory) increased 2.1 per cent, while dairy cattle numbers increased 0.4 per cent. The "turn-around" in the cattle inventory cycle is mainly due to the sharp rise in export prices during 1978. While cattle producers' returns stabilized during 1980 and while lamb prices increased sharply, suggesting that producers may favour sheep vs. cattle production, it is still believed that expansion of the cattle herd will continue. Consequently, 30 June 1981 cattle numbers are forecast to be 1.7 per cent higher than those of 1980.
42. 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.*

43. The January 1980 cattle census in Romania showed an increase of some 2,000 head compared to year-earlier, totalling 6,513,000 head. Most, if not all, of the increase occurred in dairy cow numbers. A more substantial increase is expected for the end of 1981 with the cattle herd forecast at 6,940,000 head, 3,410,000 head of which would be dairy cows.*

44. Cattle numbers in Bulgaria have been increasing for the last several years, reaching 1,778,000 head in 1980, an increase of 2.4 per cent on year-earlier.*

45. In Hungary cattle numbers totalled 1,918,000 head at 1 January 1981, 1.6 per cent below one year-earlier. A significant proportion of the decrease was accounted for by dairy cows (which constituted 40 per cent of total numbers) which decreased 1.9 per cent. This was a continuation of the decline in cattle numbers which began during 1979.

46. Cattle and calf numbers in Yugoslavia, at 1 December 1980, totalled 5,372,000 head. This represented a continuation of the decline in cattle numbers which has been taking place since at least 1975. The major proportion (50 per cent) of inventory was dairy cows.

(ii) Cattle slaughter

47. Cattle slaughter in the United States during 1980 (at 33,804,000 head) was 0.4 per cent above that of 1979. During the second half of 1980, however, cattle slaughter averaged 4.4 per cent above the last half of 1979. This increase in the second half reflects a 17 per cent increase in cow slaughter and a 3 per cent increase in heifer kill. This increase in cow and heifer kill would appear to be directly related to the reduced returns to cattle producers and, to a lesser extent, the drought conditions experienced in the west during the summer. Increases in total slaughter have also been experienced in 1981 reflecting the continuation of poor returns to producers. Calf slaughter in 1980 totalled 2,589,000 head, 8.3 per cent below 1979. This decrease appears to reflect the withdrawal
of calves from slaughter so that they may be used for beef production at mature weights. It is not expected that there will be an early resumption of rapid herd growth in the United States. This alone would suggest that cattle slaughter may remain relatively high during the balance of 1981. In addition, however, during the second half of 1981 it is expected that the cattle from the increased 1980 calf crop will begin reaching market. Therefore, it is expected that cattle slaughter for 1981 will likely average near 1980 levels during 1981.

48. Cattle slaughter in Japan during 1980 totalled 1,186,900 head, unchanged from that of 1979, and calf slaughter totalled 44,000 head, also unchanged from 1979. Changes in two separate policies broadly affected slaughter in 1980: first, the continued encouragement of dairy cow slaughter because of over-production of milk and other dairy products. Consequently, in 1980, dairy cow slaughter increased by 9.6 per cent, while dairy steer slaughter (largely grain-fed) increased by 2.4 per cent. The increase in dairy steer slaughter was offset by a decrease in Wagyu (native Japanese beef cattle) slaughter. The Wagyu slaughter decrease (of 16.7 per cent) is largely due to the active encouragement (the second policy) in recent years to increase Wagyu production. The fact that Wagyu cow and heifer slaughter declined by 23.3 per cent indicates the success of this programme. The expectation is that encouragement of Wagyu production will result in increased slaughter of these animals in 1981, and the fact that dairy cow and steer numbers have continued to increase (suggesting continued encouragement of cow slaughter) would indicate that cattle slaughter will rise again in 1981.

49. Cattle slaughter (inspected) in Canada during 1980 totalled 3,150,721 head, an increase of 4 per cent relative to 1979. Calf slaughter (inspected), at 344,887 head, increased 3 per cent. As in the United States the rising rate of slaughter in Canada since mid-1980 reflects the apparent stalling of herd growth (cow and heifer slaughter each averaged 6 per cent above year-earlier during 1980 compared to a 1 per cent increase for steers). Since price-cost relationships are expected to improve only moderately during the remainder of 1981, female, and therefore total, cattle kill is expected to average somewhat above year-earlier.

50. Cattle and calf slaughter totalled 2,548,000 head in South Africa in 1980, a decrease of 1.4 per cent from 1979. Cattle slaughter decreased 1 per cent, while calf slaughter decreased 9 per cent (to 137,000 head). A 30 per cent decrease in cattle and calf slaughter (to 1,870,000 head) is forecast for 1981, indicating strong herd rebuilding.

The increase in dairy steer slaughter is related mainly, of course, to the increase in the size of the dairy herd during recent years and to the reduction in dairy calf slaughter. It should be noted that 67 per cent of Japanese beef production originated from the dairy herd in 1980.
51. Cattle slaughter in Tunisia dropped some 18 per cent in 1979 compared to year-earlier, or from 181,400 head in 1978 to 149,400 head in 1979. It was still considerably more, though, than in 1975 and 1976 (91,400 head and 100,200 head respectively).*

52. Cattle and calf slaughter in Brazil registered a decline (of 4.6 per cent, to 9,536,900 head) in 1980 relative to 1979. That was the third year of decreased slaughter levels, and may suggest some degree of herd rebuilding in Brazil.

53. Cattle and calf slaughter in the European Economic Community is estimated to have totalled 28,829,000 head in 1980, an increase of 1.9 per cent. The largest increase in slaughter was that of cows, as producers responded to decreased returns for both beef cattle and for milk. Calf slaughter totalled 6,869,000 head, down 2.9 per cent from 1979; the decrease suggests in part that producers were retaining calves for sale at more mature weights. For 1981, slaughter in the ten EEC countries is expected to decrease somewhat (to 28,000,000 head, down 2.9 per cent).

54. Cattle and calf slaughter in Finland in 1980 totalled 641,200 head, 2 per cent below 1979. Cattle slaughter increased 3.4 per cent (to 536,900 head); increased cow and heifer slaughter (reflecting decreased returns in the dairy industry) was the major cause of the increase, it was up 6.3 per cent. Calf slaughter fell 23.4 per cent, to 96,800 head. Total slaughter in 1981 is forecast to change little from 1980. However, this is expected to be due to a 10 per cent increase in steer slaughter, while cow and heifer slaughter is expected to fall by 8.5 per cent, and calf slaughter by 7 per cent.

55. Cattle slaughter in Sweden increased by 4.2 per cent (to 574,000 head) in 1980 relative to 1979, and an increase of 6.7 per cent was experienced the first quarter of 1981. Calf slaughter at 113,000 head in 1980 increased by 1 per cent, but increased by 16 per cent in the first quarter of 1981. The major cause of the increased cattle slaughter appeared to be increased dairy cow slaughter. Slaughter is expected to increase fractionally in 1981 (cattle slaughter unchanged, calf slaughter up 4 per cent).

56. As suggested by the reduction in cattle numbers from 1979 to 1980, slaughter rates in Austria were believed to have increased sharply and 1980 cattle slaughter was estimated to total 880,000 head compared to 785,000 head in 1979, an increase of roughly 11 per cent.*

57. As would be expected from the trimming of the size of the cattle herd in Switzerland, cattle and calf slaughter increased in 1980 relative to 1979 (by 3.7 per cent in total, to 881,200 head). Cattle slaughter rose 5.9 per cent, while calf slaughter increased 1.2 per cent. Reflecting the increased
dairy cow disposal, cow and heifer slaughter rose by 6.6 per cent. Although herd reduction is expected to continue in 1981, the decrease in herd size which has already occurred is expected to result in reduction of total slaughter. Cattle and calf slaughter for 1981 is projected to total 860,000 head, a decrease of 2.4 per cent.

58. Four years of inventory reduction plus an apparent slowing of the rate of inventory reduction resulted in a 10 per cent decrease in cattle and calf slaughter in Australia during 1980 (to 8,852,000 head) and, apparently, further decreases during the first quarter of 1981. A break in the drought conditions, which have plagued parts of Australia for over a year, would result in another short-term decrease in slaughter in 1981 as producers would carry out desired restocking. Currently a reduction of about 11 per cent is anticipated for 1981, assuming weather conditions improve.

59. The cessation of herd liquidation in Argentina has been the major factor causing significant decreases in cattle slaughter in that country, while the fact that the cattle herd had been decreasing for three years previous is also important. Total slaughter decreased by 10 per cent in 1980 (to 14,052,000 head) but combined cow and heifer kill dropped by 21 per cent. Calf slaughter at 1,640,000 head was 19 per cent below 1979. The major rise in producer prices between 1978 and early 1980 was largely responsible for the cessation of herd liquidation, and behind a major portion of the 1980 decrease in slaughter. It is expected that the slight downward trend in producer prices during late 1980 will slow the rate of herd expansion, combined with the expansion which has already occurred, will cause slaughter rates to rise in 1981. Currently, cattle slaughter is forecast to be 14,300,000 head in 1981 or 2 per cent above 1980. Cattle slaughter during the first quarter of 1981 totalled 3,650,000 head, 1 per cent above year-earlier.

60. Cattle and calf slaughter in New Zealand, for the year ended 30 September 1980, totalled 2,980,000 head, a decrease of 7.3 per cent on the previous year. For the first six months of the year 1980/1981 cattle slaughter totalled 914,400 head, 6.8 per cent below year-earlier, while calf slaughter totalled 126,100 head, 5.9 per cent below year-earlier. These decreases are related to the withdrawal of female stock from the market for herd restocking also a result of the previous decrease in inventory. However, for all of 1980/81 cattle slaughter is expected to average above year-earlier and an increase of 2.0 per cent is projected.

61. 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 1980, 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.*
62. Total numbers of cattle slaughtered in Romania in the three first quarters of 1980 amounted to 1,024,400 head, compared to 1,581,900 head in 1979 as a whole. For 1980 as a whole slaughter levels are unlikely to reach those of 1979, a decrease of 5-7 per cent being probable.*

63. Cattle slaughter in Hungary increased fractionally (by 0.3 per cent, to 455,300 head) in 1980, while calf slaughter decreased sharply (by 19 per cent to 5,800 head). Male cattle slaughter increased slightly, while cow and heifer slaughter decreased marginally as would be expected from the reduction in numbers. Little change is foreseen in slaughter levels in 1981.

64. The most recent data on cattle and calf slaughter in Yugoslavia is that for 1979. In that year 2,441,000 head were slaughtered, of which 43 per cent or 1,058,000 head were calves. The level of kill in 1979 represented a decrease of 3 per cent from year-earlier and was a continuation of decreases which had been taking place since 1977.

(iii) Production

65. A 0.6 per cent rise in average carcass weights resulted in beef production in the United States increasing by 1 per cent (as opposed to a 0.4 per cent rise in slaughter) in 1980. Beef production totalled 9,736,000 tons, while veal production totalled 171,900 tons. While changes in beef production are expected to more closely reflect changes in slaughter for the remainder of 1981, this still suggests that beef production in 1981 will rise relative to 1980.

66. In contrast to the stability of slaughter, beef production in Japan increased by 4.0 per cent in 1980, to 418,000 tons. The most important factor contributing to this divergence of slaughter and production was a 9.8 per cent rise in the average carcass weight of dairy steers; lesser gains in carcass weights were experienced for all other classes except dairy cows. Beef and veal production are both expected to increase again in 1981.

67. Beef and veal production in Canada totalled 970,900 tons in 1980 (2.6 per cent above 1979). Veal production, in 1980, rose 9.0 per cent, while beef production rose 2.4 per cent. Calf carcass weights have been rising while cattle weights have been falling. The decrease in cattle weight is largely due to increased feeding costs and a higher proportion of cows in the kill. For 1981, beef and veal production is forecast to total 961,000 tons, or 1.0 per cent below 1980.
68. Tunisia produced a total of 21,000 tons of bovine meat in 1979, compared to 24,500 tons the year before and 19,700 tons in 1977. In 1980, it is estimated that production of bovine meat nearly doubled compared to year-earlier, totalling 45,000 tons.*

69. Beef and veal production in South Africa decreased by 3.8 per cent, to 505,700 tons in 1980, the first decrease in production in a number of years. (Production increased by 53 per cent between 1975 and 1979.) The decrease in production was in line with reduced slaughter, reflecting herd rebuilding. Production is expected to decrease sharply in 1981 (by 34 per cent) reflecting the acceleration of herd rebuilding.

70. Norway produced 70,700 metric tons \(^1\), 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 \(^2\) or the same quantity as in the first six months of 1979.*

71. Beef and veal production in Brazil, in 1980 is estimated to have totalled 2,077,560 tons, a decrease of 1.4 per cent from 1979. This marked the third year of beef production decreases in Brazil. Production has been decreasing at a slower rate than cattle slaughter, however, as carcass weights have increased. This would indicate, amongst other things, a declining proportion of cows in the kill.

72. Beef and veal production in the European Economic Community totalled a record 7.08 million tons in 1980, an increase of 3.7 per cent over 1979. Of this total 760,000 tons was veal. In 1981 production is forecast to decline by 2.5 per cent, with veal production forecast to decrease by 2.3 per cent.

73. Beef and veal production in Finland in 1980 totalled 113,660 tons, a 3.4 per cent increase over 1979. Veal production was only 1,650 tons of this total. The increased production contrasted with the reduction in slaughter, mainly due to a substantial rise in average steer carcass weight. For 1981 production is expected to reflect the relatively unchanged level of slaughter.

74. Beef and veal production in Sweden totalled 157,000 tons in 1980, an increase of 3.3 per cent; this was roughly in line with the increase in slaughter. Production totalled 39,000 tons in the first quarter 1981, a 5.4 per cent increase. For 1981 production is expected to total 155,000 tons roughly 1 per cent below 1980.

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\(^1\) Inspected
\(^2\) Provisional
75. Beef and veal production in Switzerland increased during 1980 relative to 1979, in line with the increases in cattle and calf slaughter. Beef production increased by 5.3 per cent (to 128,100 tons while cattle slaughter increased 5.9 per cent), and veal production increased 2.8 per cent (to 40,100 tons, while calf slaughter increased 1.2 per cent). Both of beef and veal production are forecast to decrease in 1981 (by 4.8 per cent and 4.0 per cent respectively).

76. Beef and veal production in Australia fell by 13 per cent in 1980. It totalled 1,539,000 tons. Climatic conditions and producer expectations will play the major role in determining production changes during the remainder of 1981. If weather conditions return to normal, cattle will tend to be marketed at heavier weights. Further, should improved weather conditions prove to be a catalyst to herd rebuilding, the subtraction of females from the market will further increase average slaughter weights. Currently, based on the expectation of improvement in weather conditions, beef and veal production for 1981 is forecast at 1,433,000 tons, 7 per cent below 1980 levels.

77. A 3 per cent rise in average cattle carcass weight in Argentina in 1980 resulted in beef production falling by a lesser amount than cattle slaughter (i.e. 7 per cent vs. 10 per cent). Beef production totalled 2,876,000 tons in 1980, veal production totalled 184,000 tons. The rise in average cattle carcass weights is mainly attributed to a reduced proportion of cows and heifers in the national kill. This process is expected to reverse itself during 1981, with cows and heifers rising as a proportion of total kill. Currently, beef production for 1981 is forecast to total 2,876,000 tons, 1 per cent above 1980. During the first quarter of 1981 production totalled 739,000 tons, unchanged from year-earlier.

78. New Zealand’s beef and veal production for the year ended 30 September 1981 totalled 506,000 tons a decrease 1.1 per cent from the previous year. The decrease in production was considerably less than the decrease in slaughter (7.3 per cent). This appears to be due to unusually favourable weather conditions and to the increase in steers as a proportion of total kill. As average carcass weights are expected to moderate during 1980/81 this will tend to accentuate the anticipated reduction in slaughter. Production for 1980/81 is forecast to total 492,200 tons, a 0.7 per cent decrease from 1979/80.

79. In Uruguay beef and veal production dropped by 17.2 per cent in 1979 to a total of 270,000 tons. 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.*

80. Total bovine meat production in Bulgaria amounted to 102,657 tons in 1980, 5,886 tons more than in 1979. Of total production, 64,543 tons was that of veal.*

81. In Romania total beef and veal production in the first three quarters of 1980 amounted to 203,000 tons as compared to 297,300 tons in 1979 as a whole. Total beef and veal production in 1980 is unlikely to reach the level of 1979, considering that both slaughter rates and slaughter weights are expected to decrease compared to year-earlier.*

82. Due to a 2.2 per cent decline in the average dressed weight of slaughtered cattle, beef production in Hungary decreased in 1980 (by 1.8 per cent to 133,000 tons) despite a slight increase in slaughter. Veal production was only 200 tons. A rise in slaughter weights during 1981 is expected to cause an increase in beef production (to 138,000 tons, or by 3.9 per cent) despite expected stability of slaughter levels.

83. Beef and veal production in Yugoslavia in 1980 has been estimated at 343,000 tons; this would be less than 1 per cent above that of 1979, but would be a continuation of production increases which have been taking place since 1975.

84. Total meat production in the Soviet Union in 1980 amounted to 15.1 million tons, 2.5 per cent less than year before.

(iv) Stocks

85. Intervention purchases of beef and veal in the European Economic Community during 1980 totalled 410,000 tons, the largest quantity since 1975. Reduced beef and veal consumption plus increased production gave rise to a price situation which made increased buying necessary. At year's end intervention stocks totalled 390,000 tons 8.3 per cent more than year-earlier. Considering that the 1981 pricing agreement in the Community which raised the Guide Price by only 7.5 per cent (for the period 6 April-7 December 1981), and that sales from stocks are expected to increase during 1981, end-of-1981 stocks are expected to fall to 300,000 tons.

86. Finland estimated that 3,900 tons of beef were held in private stocks at the end of 1980, the same quantity as in 1979, as well as the same forecast for 1981 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.*

*Stocks for which government grants are paid.
(v) Prices

87. After reaching their lowest level since early 1979, during the first quarter of 1981, producer prices in the United States have strengthened during the second quarter. For the first quarter, choice steer (408-499 kgs. liveweight) at Omaha averaged $136.69 per 100 kgs. compared to $149.38 one-year earlier. Although, by early May, the price for this grade had strengthened to about $154 per 100 kgs., it was only equivalent to year-earlier levels and much below levels which had been anticipated. The strength in prices in April-May appeared to be related largely to seasonally-strengthening demand, while the general failure of prices to rise to previously anticipated levels appears to relate largely to increased beef production, due mainly to increased disposal of breeding stock. Also important has been the weakness in beef demand due to low pork prices. It is expected that prices will remain relatively strong even after the effects of seasonal demand subside. The chief reasons for this are that beef production is expected to fall from present levels (assuming there is no major surge in feedgrain prices), and that beef demand during the second half is expected to improve. However, no further major rise in prices is foreseen.

88. The disparate supply situation for dairy and Wagyu beef in 1980 in Japan gave rise to differing price patterns between these two grades of beef. While carcass prices for Wagyu cattle averaged at or above established ceiling prices and above year-earlier, dairy steer prices averaged well below the ceiling price and below year-earlier. Dairy cows averaged US$235.00 per 100 kgs. liveweight in 1980, US$17.00 below 1979, and dairy steers (carcass basis) averaged US$583.00, US$73.00 below 1979. For 1981, an expected increase in Wagyu beef production combined with an expected slower rate of increase of dairy beef production suggest a closer price relationship between the two grades.

89. Producer prices in Canada are overwhelmingly influenced by prices prevailing in the United States' cattle market. As a result, the weakness experienced in the United States' market during the first quarter of 1981 and the subsequent strength during the second quarter were transmitted to Canadian markets. Additionally, however, the same factors which have caused United States' markets to average well below anticipated levels (increased beef production and weak demand arising from low pork prices and reduced economic activity) have been active in the Canadian market, causing Canadian prices to, at times, move below restraining United States' prices. This has been especially true in the cow market (i.e. manufacturing grade beef market). Particularly significant in this regard has been the level of pork production in Canada, which is still near record levels, and in proportionate (or per capita) terms has been much higher than that in the
United States. The expected improvement in the United States' cattle market would allow Canadian prices to strengthen during the second half of 1981, but prices are not expected to show any dramatic further improvement.

90. The average producer price (i.e. average of all grades) for cattle in South Africa in 1980 was US$194.40 per 100 kgs. (dressed weight), an increase of 60 per cent from 1979. The average retail beef price (average of five cuts of Prime and five cuts of Grade I) was US$297.70. A further substantial rise in prices is expected for 1981 as supplies are expected to contract sharply.

91. In nominal terms, and in terms of US$, producer prices in Brazil during 1980 averaged $189.80 per 100 kgs., $71.00 per 100 kgs. higher than in 1979. In real terms, however, prices declined (inflation averaged 58 per cent) to $47.70 per 100 kgs. from $55.30 in 1979.

92. Reference prices for cattle within the European Economic Community were relatively stable throughout 1980, at a Community average of about 131 ECU's per 100 kgs. liveweight. However, the reference price moved up during the first quarter of 1981 to reach 139 ECU's during March. This meant that the March reference prices were some 6.4 per cent higher than during March 1980. During 1980 the reference price averaged about 82-83 per cent of the guide price, and during March 1981 averaged about 86 per cent of this price. As of 6 April 1981, however, the guide price was raised by 7.5 per cent (and will be raised by a further 2.5 per cent on 7 December 1981). Therefore it is doubtful that the reference price will rise above 90 per cent of the guide price during 1981 (even though the reference price is expected to average 5-10 per cent above year-earlier).

93. Despite an 18 per cent increase in average producers' prices in Finland in 1980, prices still averaged below the target price, by US$3 per 100 kgs. Producer prices average US$435 per 100 kgs. The rise in producer prices resulted in a roughly equivalent rise in retail prices.

94. The average producer price for cattle during 1980 increased by 8.4 per cent in Sweden to US$3.89 per kg. (dressed weight, including consumer subsidy). Retail beef prices during the third quarter, 1980, averaged 12 per cent higher than year-earlier.

95. Producer, wholesale, and retail prices in Switzerland all decreased relative to 1979 during 1980, by 6.8 per cent. Increased domestic production appeared to be the major cause of the decline.
96. Producer returns for cattle and calves in Australia are largely influenced by developments in the export market. The export market, in turn, is dominated by demand for beef and veal in the United States. Thus, during 1980 and the first quarter of 1981, beef export prices and producer prices in Australia followed, very closely, trends in the American (particularly the manufacturing grade) market. Consequently, prices for most grades of cattle in 1980 averaged somewhat below those of 1979, and those of the first quarter of 1981 were well under a year-earlier. Prices of cattle destined for the domestic market (i.e. higher grade) were less seriously affected by the weakened export market. Strengthening of the export market during the balance of 1981 would help to strengthen domestic prices; however, the magnitude of the increase is not expected to be large.

97. Price developments in the export sector of the Argentinian beef industry appeared to be having less influence in determining producer returns in recent months than in the past, i.e. producer prices appear, at least during 1980 and early 1981, to have moved independently of export prices. In 1980 the average export price rose 16 per cent relative to 1979, while a representative producer price rose only 8 per cent. During the first quarter of 1981 that same producer price fell by 12 per cent relative to year-earlier while the average export value was unchanged. It would appear that the declining export volume and the exchange rate are the chief factors in this regard.

98. Beef and veal export prices in New Zealand are overwhelmingly influenced by prices in the United States. Market prices are in turn closely related to export prices. Thus, the weakness in the United States' market during 1980 and to date in 1981 have been reflected in New Zealand exporters' schedule prices. Similarly, the expected strengthening of prices in the United States during the remainder of 1981 would strengthen prices in New Zealand.

99. The average minimum guaranteed price to cattle producers in Hungary increased by 24 per cent in 1980 to the equivalent of US$120.40 per 100 kgs. This increased retail prices by a comparable amount. At the same time the average price of exported compensated carcass beef (frozen or chilled) increased by 20 per cent to US$217.00 per 100 kgs.
(vi) Imports

100. Beef and veal imports into the United States totalled 945,296 tons (carcass weight) in 1980, 14 per cent below 1979 levels. Since it has been estimated that imports would stay below the "trigger level" (as prescribed in the Meat Import Law) throughout 1980, imports in 1980 occurred without quota restriction. Similarly, even though preliminary estimates suggest that imports will surpass the trigger level in 1981, quota restrictions have been waived. The decreased, and low, level of United States' beef and veal imports relates to the weakness of domestic manufacturing-grade beef prices (utility-grade cows, liveweight at Omaha, for example, averaged $100.00 per 100 kgs. in 1980 and about $93 in first quarter 1981, compared to $110.00 per 100 kgs. in 1979) due to sharply higher cow slaughter, the weakness of pork prices, high interest rates, and recessionary-inflationary pressure on consumer income. Several factors suggest an increase in United States' import demand during 1981: increased pork prices particularly in the second half, improvement in the general economic situation, the strengthening of the United States dollar, and possibly some moderation in interest rates. However, counterbalancing this to some (unknown) extent relatively high domestic supplies of manufacturing beef are expected to be continued, particularly if grain prices strengthen further. Moreover, it is questionable whether major suppliers would be able to service increased demand in the United States, since production in Australia and New Zealand (which combined supply 80 per cent of United States' imports) is forecast to decline.

101. Beef and veal imports by Japan totalled 178,000 tons in 1980, 11,000 tons less than in 1979. Additionally, Japan imported 4,000 tons, carcass weight equivalent, of live cattle (or 13,600 head), 75 per cent of which were from Australia. The decrease in beef and veal imports was mainly caused by a reduction of imports of frozen boneless beef which reflected the increased domestic production (and relatively low prices) of manufacturing-grade beef in Japan. Supplies of manufacturing-grade beef are expected to remain relatively high in 1981 and beef demand is not expected to increase sufficiently to encourage a substantial rise in beef imports.

102. Imports of fresh, chilled and frozen beef and veal into Canada in 1980 totalled 51,265 tons (product weight), only 66 per cent of the global restraint level of 77,883 tons, and 1 per cent below 1979 levels. For 1981 there will be no global restraint levels. The reduced, and low, level of imports appears to have resulted from reduced demand for imports because of increased domestic production of manufacturing beef, strong price competition from pork in the "cook-room" trade (sausages, weiners, etc.)

It should be noted that a Beef Import Bill was introduced into Canadian Parliament in mid-November 1980. The Bill would formalize the setting of restraint levels. It is "counter-cyclical" and broadly fashioned after the amended Beef Import Law in the United States. It is expected that the Bill will become law during 1981.
the low level of the Canadian dollar vis-à-vis the United States dollar, the absence of import quotas in the United States, and reduced production in Australia and New Zealand. Imports of boneless beef, however, are expected to increase above 1980 levels during 1981. The main factors influencing this are expected to be the downturn in the hog cycle and improvements in the general economy. Canadian imports of live slaughter cattle (all of which are from the United States) have increased sharply. In 1980 these imports totalled 120,000 head compared to 27,000 in 1979; and in the first quarter of 1981 they totalled about 62,000 head.

103. Tunisia imported 10,800 head of live bovine animals in the first two quarters of 1980 compared to 10,100 head in the whole of 1979 and 7,600 head in 1978. In 1980, most of these imports were supplied by Ireland. In the first two quarters of 1980 Tunisia also imported 2,200 tons of, mostly frozen, bovine meat, compared to 3,600 tons in 1979 and 3,400 tons in 1978.*

104. Live cattle imports are the largest component of imported beef into South Africa. In 1980, 26,300 tons, carcass weight equivalent of live cattle (or 134,000 head) were imported, compared to 10,700 tons of dressed product. The major source of all imports is South West Africa. Given the anticipated sharp decrease in production in 1981, imports of beef and veal are forecast to increase substantially, to 78,000 tons, including live cattle.

105. Brazilian imports of beef and veal (product weight) and the carcass equivalent of live cattle imports totalled 73,126 tons. This was 92,929 tons, or 56 per cent, less than was imported in 1979. Except for fresh and chilled, bone-in beef, all categories of imports decreased; notably frozen (bone-in) imports decreased by almost 58,000 tons. Live cattle imports decreased to 25,531 head from 151,829 head in 1979. Notable changes in import sources were: a reduction of about 68,000 tons in imports of beef and veal (particularly frozen bone-in) from Argentina; an increase of about 23,300 tons in imports from Uruguay; a decrease of about 30,000 tons carcass equivalent of live cattle from Bolivia, of 9,000 tons from Paraguay, and 5,800 tons from Argentina.

106. The relative weakness of market conditions in the European Economic Community which resulted from reduced consumer demand and increased beef production and which caused increased stock accumulation, reduced beef and veal import requirements considerably in 1980. Imports totalled 340,000 tons, down 18 per cent. Imports of live cattle, frozen beef and veal, and processed beef and veal (which combined constitute the largest proportion of imports) were all substantially reduced while imports of fresh beef and veal increased modestly. Considering the level of beginning year stock levels and the expected weakness of beef demand during 1981, imports are not
expected to increase substantially in 1981. Although an increase is antici­pated (to 400,000 tons) this will in large part be due to the accession of Greece to the Community.

107. Imports of beef and veal into Sweden totalled 12,600 tons in 1980, a 30 per cent decrease from year-earlier. The decrease is expected to continue in 1981 with a forecast total of 6,000 tons, a decrease of 53 per cent.

108. The decline in beef prices, at all levels, in Switzerland during 1980 apparently served to discourage beef and veal imports. Beef and veal imports decreased by 4,200 tons (to 9,600 tons), while cattle and calf imports decreased by 200 head to 4,500 head. During 1981 imports are expected to rise as domestic production falls; a level of 12,000 tons is anticipated.

109. Austria's imports of fresh, chilled and frozen beef and veal have also decreased in recent years or from 20,000 tons in 1978 to 11,000 in 1979. It is estimated that imports in 1980 will be roughly the same as year-earlier or slightly below.*

110. Romania imported an estimated 67,400 tons of cattle, beef and veal in 1980, compared to 58,300 tons in 1979. Of the total, 54,000 tons consisted of beef and veal. Imports of cattle, beef and veal in 1981 have been forecast to decrease some 3 per cent, totalling 65,700 tons, of which 50,000 tons would be that of beef and veal. For 1982 an increase of cattle imports is expected while beef and veal imports should remain at the 1981 level.*

111. Hungary imported 10,400 tons of beef and veal in 1980, all of which was frozen and all of which was from the Federal Republic of Germany.

112. Yugoslavia's imports of beef and veal in 1979 totalled 47,700 tons, a substantial (29 per cent) increase from year-earlier. The largest source of imports was from the Community (in particular West Germany).

(vii) Consumption

113. Beef and veal consumption in the United States in 1980 totalled 10,644,561 tons (48.4 kgs. per capita), 1.2 per cent below 1979 and the lowest level of consumption since 1965. The reduction in consumption occurred despite a marginal increase in production. Reduced import levels, arising from weakened demand were the major causes of the reduction in consumption relative to production (a reduction of about 0.6 kg. per capita). Consumption levels are forecast to rise in 1981, as both production levels and imports are forecast to increase.
114. Beef and veal consumption totalled 595,000 tons in 1980 in Japan, an increase of 0.8 per cent (per capita consumption was unchanged at 5.1 kgs.). This increase in consumption contrasts with the 4 per cent increase in production and reflects, largely, a reduction in imports. Improvement in beef demand (due to increased income growth and reduced supplies of competing meats) in 1981, is expected to stimulate consumption more.

115. Beef and veal consumption in Canada in 1980 has been estimated to total 985,900 tons (41.2 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 1,015,500 tons or 3 per cent above 1980.

116. Beef and veal consumption in South Africa is estimated to have increased sharply (by 18 per cent) to 743,000 in 1980, or 26.9 kgs. per capita.

117. Consumption of beef and veal in Brazil in 1980 totalled 2,057,000 tons, 6.8 per cent below that of 1979. (Per capita consumption equalled 17.2 kgs.). The disparity between the decrease in consumption and that of production (down only 1.4 per cent) reflects the decline in imports combined with the increase in exports during 1980.

118. Estimates suggest that beef and veal consumption in the European Economic Community increased by 0.1 per cent in 1980 to 6.80 million tons. It is forecast that consumption will rise by 0.7 per cent in the ten-member Community in 1981 (to 6.85 million tons) relative to the nine-member Community in 1980.

119. Consumption of beef and veal in Finland in 1980 totalled 111,200 tons, a fraction of 1 per cent below 1979 (per capita consumption equalled 23.3 kgs.). Although production rose by 3.4 per cent, the lack of increase in consumption reflects a substantial rise in storage stock levels (an increase of 3,300 tons). As stocks are forecast to decline sharply during 1981, consumption is forecast to rise (by 16 per cent) despite stable production levels.

120. Total beef and veal consumption in Sweden was 154,000 tons in 1980, up 2 per cent from 1979. Per capita consumption was 18 kgs. unchanged from year-earlier. An expected substantial decrease in imports combined with a forecast increase in exports during 1981 is expected to cause consumption to fall despite the forecast increase in production. Consumption is forecast to total 143,000 tons, or 17 kgs. per person.
121. Consumption of beef and veal in Switzerland increased rather sharply in 1980 (by 7.1 per cent), totalling 177,700 tons (or 27.5 kgs. per capita). The increase in production and consequent reduction in retail prices appears to have been the cause of the increase in consumption. The decrease in production forecast for 1981 and subsequent price change are expected to reduce consumption by 1.5 per cent to 175,000 tons.

122. Beef and veal consumption in Australia totalled 664,000 tons (46 kgs. per capita) in 1980, a 3.9 per cent decrease from 1979, and is projected to fall a further 9.5 per cent (to 601,000 tons) in 1981. The decrease in 1980 was considerably less than the decrease in either of production or exports, indicating that the domestic market consumed an increased proportion of domestic production. (From 1973 to 1979 domestic consumption had taken an ever-declining proportion of production, to a low of 41 per cent in 1979.)

123. Total beef and veal consumption in Argentina was estimated to have increased by 1 per cent relative to 1979 (to 2,428,000 tons) while per capita consumption, at 87 kgs. (192 lb.) decreased by 1 per cent. Domestic consumption accounted for a larger proportion of domestic output in 1980 (production fell 7 per cent, exports fell 32 per cent). A combination of weakened export demand and exchange rate adjustments appeared to be the most significant factors causing the domestic market to expand its share of the market (or exports contracting). Similarly, the outlook for domestic consumption in 1981 will depend on developments in the export sector. During the first quarter of 1981 consumption totalled 642,000 tons, 7 per cent above year-earlier.

124. For the year ended 30 September 1980, beef and veal consumption in New Zealand totalled 150,700 tons (48.2 kgs. per capita), a decrease of 9.7 per cent. This was the lowest level of beef and veal consumption in a number of years. The major cause of the decrease appeared to be sharply higher retail beef prices. Consumption is forecast to increase in 1980/81 by 5.3 per cent, totalling 158,700 tons.

125. 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, or possibly slightly more.*

126. Beef and veal consumption in Romania has been slowly but steadily rising in later years totalling 249,700 tons in 1979 or 11.4 kgs. per person compared to 197,600 tons or 9.3 kgs. per person in 1975. In view of the expected domestic beef production in 1980, however, it is likely that consumption in 1980 will remain at or around 1979's level.*
127. Beef and veal consumption in Hungary in 1980 remained unchanged at 97,400 tons (or 9.1 kgs. per capita). Despite the increase in production forecast for 1981, consumption is expected to remain at 1980 levels, and exports are expected to rise substantially.

128. Consumption of beef and veal in Yugoslavia totalled 314,000 tons in 1979, or 14.8 kgs. per capita. This represented a 5 per cent increase relative to 1978 and, since production increased by only 1 per cent, was accomplished by a reduction in exports and increase in importation of beef and veal.

(viii) Exports

129. The United States exports of beef and veal in 1980 totalled 59,503 tons, (product weight), a 4 per cent more than in 1979. Although exports to Japan fell by 3 per cent, Japan was still the United States largest customer (taking 58 per cent of exports). Exports to Canada and Caribbean countries rose sharply, and combined they accounted for 22 per cent of exports.

130. Canada's exports of beef and veal totalled 64,000 tons in 1980, 26 per cent more than in 1979. Almost all (90 per cent) exports were to the United States and were of manufacturing quality beef. Canadian live cattle exports totalled 153,000 head in 1980, 8 per cent more than in 1979. Of this total, 93,000 were slaughter cattle (mainly cows) and the balance were feeder cattle and calves.

131. South Africa's exports of beef and veal in 1980 totalled only 7,400 tons, 25 per cent below those of 1979. Considering the expected supply situation in 1981, exports are forecast to cease.

132. Brazilian exports of beef and veal, which are largely composed (93 per cent) of canned beef, 84,306 tons in 1980, an increase of 48 per cent (or 27,342 tons) relative to 1979. Exports of canned beef increased by 24,275 tons, with the largest increases occurring to "non-traditional" markets (the "traditional" and largest markets are the United States and the EEC).

133. Exports of live cattle, beef and veal (carcass weight equivalent) in the European Economic Community during 1980 amounted to an estimated 650,000 tons, an increase of 92 per cent from 1979. The sharp increase in exportable surplus during 1980 arose from several factors among which was the weakness of consumer demand in the Community in relation to increased production. At the same time Community exports expanded their share of world trade as production in other major exporting countries fell sharply. The principal destinations of exports during 1980 were to Eastern European countries (especially the Soviet Union) to North African countries and to the Middle East. The high level of Community exports apparently continued during the first quarter of 1981. For 1981 as a whole exports are expected to decrease modestly; however, part of this reduction will be due to the accession of Greece (a significant importer) resulting in the channelling of Community beef and veal into this market.
134. Swedish exports of beef and veal totalled 12,800 tons in 1980, a 36 per cent decrease from 1979. Major decreases occurred in exports to the USSR and Spain. Exports are expected to rise to 16,500 tons in 1981.

135. Australian exports of beef and veal totalled 864,000 tons in 1980 down 19.9 per cent from 1979. Of total exports 60.1 per cent was exported to the United States, 16.7 per cent to Japan, and 4.3 per cent to Canada. During the first quarter of 1981 exports totalled 151,000 tons (product weight) down 23.1 per cent. The decline in exports has been primarily related to the weakness of demand and prices in the United States and decreased production in Australia. During the remainder of 1981 the level of exports will again be heavily dependent upon developments in the United States cattle market and upon the level of domestic production. Forecasts for these two factors suggest a further, though more modest, decline in exports. Exports of 804,000 tons (down 6.9 per cent) are projected.

136. Argentina's beef and veal exports for 1980 are estimated to have totalled 469,000 tons, 32 per cent below those of 1979. The largest decrease occurred in frozen boneless beef which decreased by 36 per cent. Major reductions in exports to Brazil, the European Economic Community, Egypt, and Israel occurred, which were only partly compensated by a sharp rise in exports to the Soviet Union (to 90,000 tons). The low level of export activity, attributable to a number of factors, continued during early 1981. First quarter exports, at 98,000 tons, were 31 per cent below year-earlier. The most important factors causing these reductions in exports appear to be a reduction in export demand and reduced domestic production. Several factors suggest that Argentina's exports, although they may fall relative to 1980 during 1981, will do so by a lesser amount than in 1980: increased domestic production, the signing of a trade agreement with the Soviet Union for sale of between 60,000 and 100,000 tons of beef per year over the next five years as well as a sizeable contract with Egypt. Of interest in this connexion may also be that Argentina is proceeding to an adjustment of its exchange rate policy which may have a positive effect on export prospects. Currently, exports are forecast to total 450,000 tons in 1981, 4 per cent less than in 1980.

137. New Zealand's beef and veal exports for the year-ended 30 September 1980 totalled 225,165 tons (product weight) fractionally above those of 1978/9. Nonetheless, this export performance contrasted with that of other major exporters whose exports fell sharply. Modest decreases in exports to North America have been offset by increases to the EEC and the Middle East. For 1980/81 exports are expected to register a 9 per cent decline, to 205,000 tons (product weight).
138. 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. 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 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.*

139. 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 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 have been diminishing quite substantially in recent years. From 17,900 head in 1975, it had dropped 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.*

140. Romania exported an estimated 124,000 tons of cattle, beef and veal in 1980, compared to 128,700 tons the year before, a drop of some 3.5 per cent. Of the estimated exports, 112,000 tons were that of beef and veal, a slight increase over year-earlier. Exports of both cattle and beef are forecast to increase substantially in both 1981 and 1982.*

141. Hungary is a significant exporter of both live cattle and of beef and veal. In 1980 she exported 37,400 tons carcass weight equivalent of live cattle (i.e. 132,000 head, which is equivalent to 29 per cent of her live cattle slaughter) and 52,200 tons of beef and veal (which is equivalent to 39 per cent of her beef and veal production). The biggest single customer for both live cattle and beef and veal was the Soviet Union (which accounted for 43 per cent of Hungary's live cattle exports and 55 per cent of beef and veal exports), although Italy and Greece were also major customers.

142. Yugoslavia exported the carcass weight equivalent of 69,700 tons of live cattle and beef and veal in 1979. This was, however, a 12 per cent decrease from year-earlier. The majority (90 per cent) of exports were to Greece and Italy, ("baby-beef").