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 is in three parts dealing respectively with importing countries (I), exporting countries (II) and with selected aspects of the international economic situation as well as general aspects of the international situation in bovine meat (III). In the preparation of this document the following sources, inter alia, have been used: USDA, Livestock and Meat Situation, January 1980; USDA, Foreign Agriculture Circular, FLM 1 - 80, January 1980, FLM 3 - 80, April 1980, and FLM MT 3 - 80, February 1980, Australian Meat and Livestock Corporation, Market Notes for Livestock and Meat, various issues for the period January - April 1980; Economic Review of New Zealand Agriculture 1979, January 1980; the United Kingdom Meat and Livestock Commission, International Market Survey, 1980/1; European Economy, March 1980; OECD, Economic Outlook, December 1979, and the replies to the questionnaire received by 12 May.
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PART I - IMPORTING COUNTRIES

UNITED STATES

1. The United States Department of Agriculture's report on the 1 January 1980 cattle census indicated that the decline in the United States cattle numbers which started in 1975 apparently ended in 1979. It was considered, however, that the report did not show any conclusive trend as the difference in numbers from a year ago was very slight and far from the expected increase of a minimum of 1 per cent (total cattle in January 1979 was 110,864,000 head and in January 1980, 110,961,000 head, an increase of only 0.1 per cent). The survey indicated that the number of all cows and heifers that have calved was 47.8 million head, practically the same as figures a year ago.

Beef cows totalled 37 million head, the same as the figure a year ago, but down 5 per cent from 1 January 1978. Dairy cows remained at virtually the same number as a year ago (10.8 million) but were down 1 per cent compared to 1978. Heifers increased by 1.8 per cent from 16.9 million head to 17.2 million while steers decreased from 16.3 million head to 15.9 million (2.5 per cent). The 1979 calf crop was down 2 per cent on that of 1978 to 42,752,000 head, a crop that was smaller than expected. Even if the USDA census report failed to show that cattlemen were rebuilding herds, it was considered that it indicated herd liquidation has ended, considering for instance that the report showed inventories of beef replacement heifers of 5.93 million head, up 8 per cent, from a year ago. It was suggested that any herd build-up would be slow, taking into account inter alia the record interest rates prevailing in the market and the unstable economy. It was forecast that the herd build-up would become more apparent by the middle of this year with the peak sometime during 1983 to 1988.

2. Commercial cattle slaughter in the second half of 1979 continued the downward trend of the first half, albeit at a slower rate, resulting for the year as a whole in 33,650,000 head of cattle slaughtered, a decrease of 14.9 per cent on 1978 levels. Calf slaughterings also continued its downward trend in the second half of 1979 and totalled at the end of the year 2,827,000 head, a decrease of 32.3 per cent on year earlier levels. As cattlemen are rebuilding herds, it is expected that cattle and calf slaughterings will decline a further 4 per cent in 1980, totalling around 35 million head, with heifer slaughterings declining relatively more compared to other categories. Indications for the first few months of 1980 suggest a decline of 14 per cent but this will likely level off later in the year.
3. The number of cattle and calves on feed for the slaughter market on 1 January 1980, as reported by USDA for twenty-three States, was down to 11,739,000 head, a 7 per cent decrease compared to 1979 (12,681,000 head). All cattle and calves on feed were down compared to the previous year’s figures except for one category of cattle and also except for certain heavier weights. Steer and steer calves were down to 7,507,000 head on 1 January 1980 from 8,507,000 head a year earlier. Heifer and heifer calves on feed decreased by 374,000 head to 3,721,000 head while that of cows increased from 79,000 head in 1979 to 111,000 head in 1980. As to weight classes, steers 700-899 pounds declined most, by 16 per cent to 2,350,000 head, indicating together with less cattle weighing above the 1,100 pound level, that there would possibly be a basis for price recovery sometime later in the year. The backlog in finished cattle at the beginning of the year resulted from a heavy carryover from the previous month, the reluctance of cattle feeders to sell at below breakeven prices and a good rate of daily gain in the feedlot. Higher-than-normal weight gains had been caused by unusually mild weather. Weight gains of 3 to 4 pounds per day was reported from feed yards in the corn belt and major feeding areas in the west and south-west. According to estimates, marketings of cattle in the 23 States during the first quarter of 1980 would be 1.65 million head, 5 per cent below a year earlier.

4. United States produced a total of 17.1 million tons of red meats in 1979, accounting for 22 per cent of the total world output, and more than 50 per cent above the red meat output in the USSR. Total red and poultry meat production in 1980 is forecast at 23,977,000 tons, almost 2 per cent above the record level of 1977, where pork, lamb and mutton, broiler and turkey production will increase further but beef production is expected to decrease around 3 per cent.

Beef and veal production in 1979 decreased less than slaughter levels, due to higher average carcass weights. Total beef and veal production was 9,828,000 tons in 1979 or 12 per cent less than a year earlier, veal accounting for 187,000 tons of the total. Beef production during the first quarter of 1980 was estimated at 5,205 billion pounds (2,351,615 tons) down 5 per cent from a year earlier. Second quarter production is forecast at 5,025 billion pounds while that of the third quarter of 1980 is expected to be around 5,175 billion pounds. For the year as a whole beef production is forecast at around 9.50 million tons with a possible increase in production in 1981.
5. United States imported 1.1 million metric tons of beef and veal last year, accounting for 30 per cent of all world beef and veal imports. Imports of red meats totalled 1.36 million metric tons, nearly 20 per cent of total world meat imports. Imports of meat, under the 1964 Meat Import Law, most of which, if not all, was beef and veal, amounted to 705,000 tons last year compared to the restraint level of 712,100 tons. Imports from Australia accounted for more than half of the imports (399,200 tons) under the import law, while New Zealand supplied 162,300 tons. A total of fourteen countries supplied meat under voluntary restraint agreements.

6. The 1964 Meat Import Law has now been amended by the "Meat Import Act of 1979", signed by the president at the end of last year. The new law limits imports of meat subject to the law on the basis of imports during 1968 to 1977, adjusted by changes in domestic commercial production of quota meats and by changes in per capita cow beef production. Adjusted base quantity levels for each calendar year will be computed by a countercyclical formula, allowing more beef imports when domestic production is low, and less when supplies are plentiful. The minimum level for imports has been set at 1.25 billion pounds a year (567,000 tons). Under exceptional circumstances, the president can suspend the quota. The level of meat imports for 1980 under the new law has been set at 1,668 million pounds (756,600 tons) but according to forecasts only 1,650 million pounds will in effect be imported. If estimates for the year indicate that import levels would exceed the trigger point, quotas are imposed.

7. After a further decline in October 1979, fat cattle prices indicated some recovery at the end of the year. From an average of US$65.81 per cwt in October for choice steer at Omaha, prices increased to US$67.78 per cwt in December. During the first quarter of 1980 choice steer averaged US$67 per cwt and prices are expected to average in the high US$67 to low US$70 range during the second and third quarters. Some seasonal decline is forecast as likely in the second half of the year, but possibly less pronounced than last year. Retail beef prices are expected to increase moderately in the first half of 1980, to around US$1.40 compared to US$1.26 a year earlier. Supplies being ample of pork and poultry and prices very competitive influence the beef demand and hence downward pressure on prices. The looming recession and the general state of the United States economy has resulted in growing hesitancy of imports and end users of imported meat to commit themselves to normal inventory levels which in turn resulted in hesitancy in the market place heightening the sensitivity of buyers and contributing to the uncertainty in the imported beef sector.

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1 Fresh, chilled and frozen beef, veal, mutton and goat meat, excluding canned meat and other preserved or prepared meat.

2 Trigger point.
Meat prices during the first months of 1980 continued to reflect the deteriorating general United States economy picture and generally favourable demand conditions. The beef packing industry has been caught between slow retail demand, low supplies of cattle, soaring interest rates and sharply higher labour, energy and packaging costs.

8. Consumption of red meats in 1979 in the United States totalled 18.3 million metric tons, accounting for 24 per cent of total world consumption. Beef and veal consumption reached the lowest level for many years at 49.6 kgs. per person compared to 55.9 kgs. in 1978 and 50.2 kgs. in 1966. Veal consumption accounted for 1 kg. per person of the total. A further 3 per cent decrease in beef and veal consumption is forecast for 1980, totalling 47.2 kgs. and 0.9 kgs. per person respectively. It is forecast that consumption of beef will start to climb again within the next twelve to eighteen months, but probably at a slower rate than in the 1970's.

9. United States exported a total of 163,016 metric tons of red meat in 1979, 2 per cent less than in 1978. Japan was by far the biggest client, importing 35,254 tons of beef and veal, and 32,112 tons of pork, up 4 per cent and 33 per cent respectively compared to the year before. Total beef and veal exports amounted to 57,403 metric tons, up 4 per cent on 1978 exports. Variety meat exports\(^1\) totalled 168,930 tons whereas cattle and calf hides totalled 25,701,000 pieces. Exports are expected to continue at the same level or possibly slightly higher, taking into account the MTN results in the field of meat.

10. As in the United States herd liquidation started in Canada in 1975 and is now considered to have come to an end, with producers beginning to expand herds cautiously. Inventory estimates on 1 January 1980 indicated the expected rebuilding of herds has started with cattle numbers up 1 per cent from a year ago, i.e. from 12,328,000 head in January 1979 to 12,403,000 head in January 1980. The number of beef cows and beef heifers were unchanged from a year earlier at 4,849,600 head while that of steers, at 1.4 million head, was down 1 per cent. The number of calves was up 1 per cent to 3.6 million head. Despite the factors which in the first few months of the year were restraining cattle herd growth, some herd expansion is forecast for 1980. For the 1 July inventory a 2-3 per cent increase in cow numbers is expected.

\(^1\)Not included in red meat total.
11. Total cattle slaughter (federally inspected) in 1979, decreased more than was expected in November last year, i.e., 14 per cent below year earlier levels instead of the 12 per cent forecast. In the year as a whole cow slaughter declined by 25 per cent to 548,646 head with more cow slaughter concentrated in the last quarter than in the previous three. Heifer slaughter declined 16 per cent to total 839,687 head while that of steer declined less, as expected, (minus 8 per cent) totalling 1,523,655 head. Federally and provincially inspected calf slaughter totalled 370,000 head in 1979, down 34 per cent from year earlier level. On a year to year basis, these slaughter decreases were the sharpest ever recorded in Canada. It is considered likely that cow slaughter has now bottomed out, largely completing the first stage in the beef cow inventory turnabout. Forecasts for 1980 indicate that slaughter levels will decrease less than in 1979. Heifer slaughter is expected to total around 750,000 head while that of cow is expected to be around 525,000 head, some 5 per cent below last year's level. Steer slaughter is forecast to be close to that of last year. Total federally inspected cattle slaughter is expected to be 5 per cent below that of last year, or around 2.81 million head.

12. In 1979 production decreased less (11.5 per cent) than slaughter levels because of a 3 per cent average carcass weight increase. Total bovine meat production decreased by some 122,100 metric tons compared to 1978, to 38,100/ metric tons (dressed carcass weight). Veal production decreased to 28,000/ metric tons whereas beef declined to 910,000/ metric tons. Forecast for total beef and veal production in 1980 indicates a further decrease of 5 per cent to a total of around 890,000 tons of which 25,000 would be that of veal. However total meat supplies will continue to increase, due mainly to abundant pork supplies, but the increase is expected to be less than that of last year.

13. Beef and veal imports for 1980 has been set at 171.7 million pounds (77,904 metric tons), 16.7 million pounds more than in 1979 (155 million pounds or 70,327 tons). However, it is not expected that the quota will be filled due to such factors as decreased export availabilities in Australia and New Zealand and the relatively weak Canadian dollar. Imports of dressed beef and veal in 1979 totalled 121.5 million pounds (55,127 tons), 22 per cent short of the global restraint level. Oceania provided 110.2 million pounds (50,000 tons) of beef, mostly frozen beef and veal, 13.6 per cent short of its global quota of 127.5 million pounds (57.9 tons). The reduction in imports was in part due to weak Canadian import demand, apparently as a result of large availability of pork for processed meat products, and to an expanded United States import quota, and in part due to the depreciated Canadian dollar and to reduced beef production in New Zealand and Australia.

1/ Preliminary.
14. Prices of cattle in 1979 were unstable as a result of the general instability of slaughter supplies but also, especially in the second half of the year and to date, as a result of severe competition from abundant pork supplies, tending to drive cattle and beef prices down. However, cattle prices fluctuated within a much more narrow range than in the United States. Toronto A1, 2 steers fetched $74.50/cwt. in January 1979, $84.14 in April, $75.04 in August when it started to recover and reached $81.92 in December. In January and February of this year prices reached between $82-83/cwt. (It has been estimated that the latter prices would have been around $86-87/cwt. if live hog prices had been the same as year earlier.) The increase in fed cattle prices in December-February was considered to be a response, largely, to a sharp supply reduction, but also in January and February, to a strengthening Canadian dollar, reducing the import price $1-2/per cwt. In addition to the factors influencing the cattle market prices, the cow market prices, especially low grade beef, are directly affected by pork prices as pork is an immediate substitute for beef in the processed meat trade. Also, the beef market is affected by the sharp increase in the holding costs, put up by the increase in interest rates, of frozen boneless beef as traditionally fourth quarter low grade beef production, seasonally the highest, is carried over in cold storage from autumn to spring when demand for this kind of meat is usually greater. Slaughter cow prices (D3, 5 cows) at Toronto in 1979 varied between a "high" in April of $64.60/cwt. and a "low" of 52.98 in September, averaging $3-5 less in the beginning of 1980 than a year earlier. Due to expected continued low pork prices and to lower rates of income growth, cattle and beef price increases expected from lower supplies are forecast to be restrained in 1980, with prices possibly reaching $90/cwt. or thereabouts for A1, 2 steers at Toronto in the second quarter, but relapsing to around $77/cwt. in the third quarter. Some strengthening of prices is expected for the fourth quarter.

15. Beef and veal consumption in 1979 declined for the fourth consecutive year to a level of 997,200 metric tons.1 It is likely that beef consumption will decline further in 1980, as a result of weakened demand arising from relatively cheap and abundant pork supplies and from a slow growth rate in consumer income. According to forecasts total beef and veal consumption will be 940,000 metric tons, a drop of approximately 4.5 per cent from year earlier levels.

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1 Preliminary
16. Canada exported in 1979 90.4 million pounds (41 tons) of dressed beef and veal, most of which (80.6 million pounds or 36.6 tons) went to the United States. The amount shipped to the United States fell well short of the volume agreed upon (92.6 million pounds) in the voluntary restraint agreement with the United States. In the first nine weeks of 1980 Canada exported 18.1 million pounds (8.2 tons) of dressed beef and veal, up 5.8 million pounds from year earlier levels. Most of this increase is accounted for by a higher export volume to the United States.

EUROPEAN COMMUNITY

17. The cattle census in December 1979 showed a small increase (0.4 per cent) from year earlier figures, totalling 78,100,000 head\(^1\) compared to 77,813,000 head in 1978. Total cow numbers at 31,117,000 head\(^1\) were 0.3 per cent fewer than a year earlier while that of breeding heifers showed a decline of 2.7 per cent to 4,565,000 head.\(^1\) Depending on political decisions and market developments in the course of the year, it seems possible that the evolution in the breeding herd will show a more significant decline in 1980, taking into account especially the high levels of cow slaughterings in several of the member countries. Inventories showed, however, variations in the individual countries' results. For instance, France recorded similar numbers of cows as the year before while Netherlands, Belgium and Italy showed an increase in the breeding herd but Denmark, the Irish Republic and the United Kingdom saw reductions. Dairy cow numbers decreased slightly in several member countries, while they increased in Italy, the Netherlands and Belgium. At Community level dairy cows decreased by a mere 0.2 per cent while for instance numbers in Denmark declined by 4 per cent.

18. Cattle slaughterings in the Community in 1979 were up by 802,000 head, from 19,079,000 head in 1978 to 19,881,000\(^1\) in 1979. Calf slaughter also increased from 7,919,000 head in 1978 to 8,005,000 head\(^1\) in 1979. In 1980 slaughterings are forecast to continue to increase but only marginally. Cow slaughter, in particular, should increase even more than in 1979 while bullocks and steers are forecast to remain rather stable. Calf slaughterings should also show some increase. Total cattle slaughterings are expected to increase by 0.1 per cent to 19,891,000 head while that of calves is forecast to increase by 0.8 per cent to 8,067,000 head.

\(^1\)Estimate
19. The slow but steady growth in meat production continued through 1979. Beef and veal production increased more than expected, however from 6,387,000 tons in 1978 to 6,744,000½ tons in 1979. This increase was mainly due to significant increases of 11 per cent in France and 6 per cent in Germany. While individual member countries may experience year-to-year variations in beef production, on balance, aggregate Community production has been relatively stable with a slight upward trend. In 1980, a moderate production increase of beef is forecast, totalling around 6,840,000 tons.

20. In accordance with the results of the MTN negotiations, the Community will import 50,000 tons of frozen beef, boneless equivalent in 1980. Of this the United Kingdom will import 14,960 tons or 29.92 per cent, Italy 14,860 tons or 29.72 per cent, France 5,310 tons or 10.62 per cent, Benelux 5,060 tons or 10.12 per cent, Denmark 250 tons or 0.5 per cent while Italy will import nothing of this beef. Under the Balance Sheet Scheme imports of frozen beef for manufacturing beef and young male animals for 1980 was set at 50,000 tons and 230,000 head respectively. Of this 12,000 tons was to be imported in the first quarter, where 6,000 tons could be imported under System A (no levy) and 6,000 tons under System B (85 per cent levy). First quarter imports of young male animals was set at 75,000 head, of which a minimum of 67,500 head was allocated to Italy. For the second quarter of 1980, the quota under the scheme has been set at 20,000 tons, with 9,000 tons intended for System A and 11,000 tons for System B. For young male animals the quota was set at 70,000 head, of which a minimum of 63,000 head was allocated to Italy. Under the high quality cuts scheme (the so-called "Hilton beef") the Community has undertaken to import levy free an annual volume of 21,000 tons of selected cuts of fresh, chilled or frozen beef, certified High Quality Beef. United States is likely to provide part of this quantity, Australia and New Zealand will provide 5,000 tons each while Uruguay supplies 1,000 tons. 10,000 tons of the Hilton beef imports are administered under a procedure similar to the manufacturing beef balance sheet, with quotas set per quarter. A quota for United States was set at nil for the first quarter and 5,000 tons for the second quarter. The allocation within the EC of the remaining 11,000 tons is administered by the exporting countries. ACP countries will be able to export 30,000 tons (boneless equivalent) of beef to the Community in 1980 under the new Lomé convention. Moreover Australia has been allocated an annual quota of buffalo meat of 2,250 tons. It is expected that West Germany will account for a large portion of this meat. The allocation of the quota will be controlled by Australia.
21. Intervention buying was significantly higher in 1979 compared to 1978 due to the substantial increase of buying in the last five months of the year in particular in France, West Germany and the Irish Republic. Total intervention purchases amounted to 330,224 tons, more than 100,000 higher than a year earlier. Intervention purchases are forecast to drop by some 10 per cent in 1980 to a level of around 300,000 tons.

22. Stocks of intervention beef in the Community differed widely from month to month in 1979. From reaching the lowest level since 1977 in March 1979, they steadily increased through the rest of the year and at the end of December they totalled 275,079 tons (product weight). Of this 191,700 tons were bone-in beef, 81,551 tons boneless (product weight) and 1,828 tons canned beef (product weight). By the end of February stocks had diminished to 245,000 tons. Stocks at the end of the year 1980 are forecast at 230,000 tons. It is likely, however, that this figure has to be revised, in view of the difficulties involved in forecasting stocks, as much will depend on the level of guide and intervention prices, but also on any policy decisions relating to intervention measures and changes in the beef support system.

23. The Community cattle reference price has remained well below the guide price in the first quarter of 1980. On average the reference price was 128.97 ECU per 100 kgs. l.w.1 in January, 83.43 per cent of the guide price with the lowest price in the Irish Republic (103.67) and the highest in Belgium (142.13). In February the price was 129.03 ECU per 1.w.1, 83.47 per cent of the guide price, with the lowest price in the Irish Republic (107.55) and the highest in Belgium (139.15) while average March prices showed an increase to 131.58 ECU per 100 l.w.1, or 85.12 per cent of the guide price, with the Irish Republic at the bottom of the scale (116.39) and Italy at the top (140.72). According to forecasts it is unlikely that the reference price will rise above 90 per cent of the guide price in 1980, depending, however, to some extent on the changes made in the guide price for the 1980/81 marketing year.

24. Beef and veal consumption increased marginally in 1979, from a level of 6,699,000 metric tons in 1978 to 6,805,0001 tons last year. In view of the production increase forecast for 1980, a further small increase in total beef and veal consumption might be expected in 1980, totalling around 6,855,000 tons. The largest consumption increases will possibly be seen in France and Italy.

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1Preliminary
25. In 1979, total cattle slaughterings decreased by 2.8 per cent or by 35,000 head to 1,228,000 head compared to 1,263,000 head in 1978. Most of the slaughter decrease occurred in the first half of the year. In accordance with the government's policy to remedy the excess production of dairy products, it encouraged an increased slaughter of dairy cows, thus realizing an 11 per cent increase of dairy cow slaughterings in 1979 and achieving a reduction in the dairy herd. Average slaughter weights were some 8 kgs. higher than year earlier.

26. Beef and veal production in Japan in 1979 declined only marginally from year earlier levels as a result of higher average carcass weights. 1979 total production of beef and veal amounted to 401,000 metric tons (carcass weight) compared to 403,000 metric tons the year before. The decrease is believed to have occurred mostly in meat from Wagyu cattle, a decrease which should be bigger than the absolute figures indicate, in view of the quite substantial increase of meat from slaughtered dairy cows. Production of beef and veal in 1980 is expected to be 2 per cent above the 1979 level, much as a result of expected continued high levels of dairy cow slaughter. According to official projections domestic production would reach 630,000 tons by 1990, the annual growth rate being 4.7 per cent.

27. Since July 1979 wholesale prices of second grade Wagyu steers at Tokyo has risen above the 1,730 yen per kg. upper limit of the Stabilization Price Band. In March 1980 the price was 16 per cent higher than year earlier, averaging 1,927 yen per kg.

28. The general import quota for fiscal year 1979 (April-March) amounted to 116,500 tons, 23 per cent higher than year earlier (95,000 tons). Moreover, special quotas allocated totalled 18,000 tons for fiscal 1979, up 9,903 tons from year earlier. Of the special quota 6,700 tons consisted of cooked beef, 2,500 tons were destined for school lunch programmes, 3,000 tons for hotels and 5,800 tons was imported for the needs of Okinawa. In the calendar year 1979 imports of beef and veal totalled 189,000 tons (dressed carcass weight equivalent), 30 per cent more than year earlier. Of the imported beef, the bulk was taken up by frozen boneless beef. Australia supplied around three quarters of Japanese beef imports while the United States supplied around 19 per cent. Imports in 1980 are expected to be around 4 per cent higher than year earlier. It has been anticipated that a portion of the 1980/1981 quota would consist of high quality beef. According to the above-mentioned official projections import requirements should reach 260,000 tons by 1990, assuming an annual demand growth of 5 per cent.

1 Ministry of Agriculture, Forestry and Fisheries.
29. Consumption of beef and veal amounted to 5.1 kgs. per person in 1979, slightly more than in 1978 (4.7 kgs.). A slight increase is also forecast for 1980. By 1990 a 50 per cent increase is projected indicating a beef consumption of around 7.5 kgs. per person. Total meat consumption should be around 30.8 kgs.¹ in 1979 with a few percentage points rise in 1980.

USSR

30. Total cattle numbers on State and collective farms in the USSR, on 1 February 1980 had increased by 1.1 per cent compared to a year earlier, or from 87.9 million head in 1979 to 88.9 million head in 1980. Of these 29.5 million head were cows, which increased by 1.4 per cent over year earlier figures. Increases were recorded for all livestock categories, with the exception of pig numbers which declined by 0.7 per cent. Total cattle numbers are forecast to increase slightly in 1980 to 114.50 million head, according to USDA, while sheep numbers are expected to remain the same as in 1979 and pig numbers decline by 5 per cent.

31. Less than adequate feed supplies in the last few months of 1979 resulted in reduced average slaughter weights for cattle. Average weights January-November 1979 were down 4 kgs. compared to same period a year earlier. Accordingly, estimates for the USSR meat production in 1979 were revised in March 1980, giving estimates of total meat production at around 15.5 million tons. Beef would make up more than half of this, although a 2.5 per cent decline is estimated compared to 1978. Poultry meat is the only meat estimated to show an increase of some substance (+8.7 per cent) compared to year earlier, while pigs and sheep declined 2 per cent and 3.7 per cent respectively. As a result of poor 1979 grain and forage crops and of suspended United States grain exports to the USSR, it is believed that slaughter levels of cattle and hogs will increase in 1980 while average slaughter weights will decline, resulting in a 300,000 tons production decrease.

32. As a result of the expected lower meat production and of increased consumer demand for meat in 1980 it is expected that substantially higher quantities of meat will be imported from countries outside Eastern Europe. Already in 1979, compared to year earlier, there was a substantial increase of particularly mutton, pork and poultry imports. The USSR has contracted a quite substantial quantity of boneless beef from Argentina to be imported in the course of the year, and mutton imports are expected to continue at least at the same level as last year.

¹Preliminary
33. Cattle numbers in the area as a whole in 1979 is expected to have increased by 0.5 per cent compared to 1978, totalling around 34,000,000 head. This number is expected to decrease slightly in 1980. Poland is by far the highest cattle holder, keeping approximately double the herd of Romania or at July 1979 around 13,037,000 head of cattle of which 6,045,200 head were cows, 0.6 per cent more than year earlier. Poland's cattle herd is forecast to stay stable in 1980 or increase only marginally.

34. Total meat production in the Eastern European countries increased around 2 per cent to 9.9 million tons (carcass weight) in 1979. Of this 2,032,000 tons were beef and veal while pig meat accounted for 4,810,000 tons. Meat production is expected to increase another 3 per cent in 1980 where beef and veal production is forecast at 2,057,000 tons and pig meat at 4,989,000 tons. Poland, the major meat producer in the area, produced a total of 648,000 tons of beef and veal in the first ten months of 1979. It is expected that for the year as a whole it will show a production increase of 1.5 to 2 per cent compared to the 739,000 tons of beef and veal in 1978. Total red meat production in Poland is estimated at 3 million metric tons in 1979 compared with 2.9 million in 1978. A further increase of around 2 per cent is expected for 1980.

35. As a result of higher domestic supplies but also because of high prices on the international market, imports of beef and veal decreased further in 1979 and are estimated to have been approximately 80,500 metric tons. Forecasts for 1980 indicate that beef and veal imports will again decrease to a level of around 79,000 metric tons. Import needs of individual countries are likely to be met largely by other East European countries. Poland imported only 400 tons of beef and veal in 1979 and is forecast to import even less in 1980.

36. Exports for the area as a whole are estimated to have increased by 4-5 per cent to total around 168,000 tons of beef and veal. An increase of lesser magnitude is forecast for 1980. Poland exported 48,300 tons of cattle, beef and veal in the first nine months of 1979. For the year as a whole it is expected that exports will show an increase of 5-7 per cent compared to 1978 (66,500 metric tons, dressed carcass weight equivalent). Exports are not forecast to show more than possibly a marginal increase in 1980. Hungary, Poland and Romania are net exporters of red meats or poultry, exporting also live animals. These three countries export to a number of countries in the world, including the Community, the Middle East and the United States.

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1/ Preliminary
2/ Estimate
ARGENTINA

37. According to official estimates total cattle numbers amounted to 57.7 million head in June 1979, the lowest number since 1974 and less than forecast earlier. It is believed that the cattle census in June 1980 will show a further decline to around 57 million head, but this should be the last decline before cattle rebuilding starts and before the end of the year and during 1981 the herd building should be well on its way.

38. Slaughter levels in the first half of 1979 were 3 per cent higher than during the same period a year earlier. As expected, however, the second half of 1979 saw a reduction of some magnitude, resulting in total cattle slaughterings for the year as a whole of 15,623,000 head, down some 834,000 head compared to 1978, indicating that cattlemen are preparing a replenishment of their herds. Slaughter of cattle is forecast to decline even further in 1980 to a level of around 13,300,000 head, a drop of 14.8 per cent on year earlier level. However, slaughter weights are expected to be higher on the average, resulting in a lesser reduction in meat production.

39. Beef and veal production in the first 2 quarters of 1979 was higher than year earlier with 814,000 tons and 852,000 tons in first and second quarters respectively compared to 757,000 tons and 839,000 tons in 1978. However, the third quarter production dropped by 129,000 tons to 695,100 tons consistent with the drop in slaughter levels at about the same time. Beef and veal production for the year as a whole amounted to 3,103,000 tons with a fourth quarter level higher than usual. This volume compares with a total production for 1978 of 3,204,000 tons. With slaughter rates at reduced levels in 1980, according to forecasts, but with carcass weight gains, production should not drop as much as slaughter in 1980. It is expected that production will show a decline of around 6.0 per cent to approximately 2,917,000 tons, a decline which will however, depend inter alia to a large extent on the magnitude of herd expansion and replacement.

40. Prices of steers and cattle at Liniers market were considerably higher in 1979 than in the preceding year. For instance in June, September and November (beginning of months) 1978 the price of steers was US cents 38.38 per live kilo, US cents 46.99 and US cents 61.64 respectively whereas as a year later the price was US cents 86.58, US cents 120.13 and US cents 102.63 respectively. For cattle and for the same months in 1978, the price was US cents 34.17 per live kilo, US cents 43.01 and US cents 57.69 respectively while in 1979 prices had more than doubled to 79.76, 118.20 and 98.63
respectively. Prices in Argentinian Pesos did not rise nearly as much however, as the Government's policy is to maintain a relatively strong value of the local currency. Export prices saw a corresponding rise with an average export price of chilled and frozen beef in the last quarter of 1979 86 per cent higher than that of a year earlier. For the year as a whole the export price rose by 71.1 per cent, with the average price situated at US$1,417 per ton compared to US$828 the year before. For 1980 further price increases are likely.

The level of per capita meat consumption in Argentina is the highest in the world and so is that of beef and veal, although it has dropped somewhat in the last year or eighteen months. Total per capita meat consumption in 1978 amounted to 106.7 kgs., of which 94.5 kgs. consisted of beef and veal. In the first three quarters of 1979 total meat consumption amounted to 77.5 kgs., of which 67.9 kgs. were beef and veal. For the year as whole a 5-8 per cent decrease is expected in beef and veal consumption whereas other meats are likely to remain at the same level as in 1978. A consumption of beef and veal at the same level or slightly lower than that in 1979 is expected for 1980.

Argentinian meat exports totalled 695,000 tons in 1979, 3.2 per cent or 18,900 tons less than the year before. Of this 439,800 tons was beef (445,900 tons in 1978), 70,700 tons offals (60,100 tons in 1978) and 22,600 tons sheep meat (24,400 tons in 1978). The decrease in beef exports occurred at the end of the year while for the first ten months there was an increase of 1.7 per cent compared to year earlier. Exports in 1980 are forecast to fall further, although export prospects seem to be promising. USSR have contracted for 100,000 tons (boneless) beef to be delivered in the course of the year. Exports to the Community are likely to be maintained at year earlier levels, especially in view of the special high quality beef quota accorded to Argentina. Moreover, exports of meat to the Middle-East are likely to continue, possibly at increased levels, while exports to Brazil might be at lower levels. Exports of chilled and frozen beef in the first quarter of 1980 amounted to 94,500 tons, carcass weight, 23 per cent less than year earlier. In value terms (US$) however they showed an increase of over 5 per cent.

1Excluding processed meat.
43. The Australian cattle herd at 31 March 1980 stood at 26,500,000 head compared to 27.1 million a year earlier. It is believed that the continuous decline in the breeding herd that has occurred since 1976 has now bottomed out and that producers are rebuilding herds. According to the forecasts the next peak in cattle numbers will occur in March 1984 with an expected herd of 29.4 million head. Moreover, the cattle herd is expected to increase to 27 million by March 1981 and a further 1.5 million by March 1982.

44. Slaughterings of cattle and calves totalled 9,835,400 head in 1979 and are forecast to decline to 8,300,000 head in 1980. Slaughterings should then slowly rise, reaching a peak of 10,600,000 head in 1985. Adult cattle slaughterings October 1979-January 1980 decreased by 26 per cent compared to the same period a year earlier, female cattle making up a somewhat smaller proportion of the total, indicating that the herd buildup is starting. Forecasts for the June-July 1979/80 year indicate that total cattle slaughterings will decline by 19 per cent to 9.2 million head (in 1978/79: 11.36 million head).

45. Production of beef and veal in 1979 declined even more than forecast earlier, to 1.78 million tons compared to a total production of beef and veal in 1978 of 2.13 million tons and 2.16 million in 1977. Beef and veal production for October 1979-January 1980 was 29 per cent less, at 499,000 tons, than year earlier. For 1980 a 14 per cent decrease is forecast, production totalling around 1.53 million tons. The 2 per cent discrepancy in the rates of forecast slaughter decreases and that of production is due to expected higher carcass weights. Production of beef and veal is expected to decrease to 1,462,000 tons in 1981 but will start increasing thereafter reaching a production peak in 1985 with a total beef and veal production of 1,990,000 tons but still well below peak production in the 1970's.

46. As a result of expected strong export demand beef and veal prices in 1980 are expected to stay well above those of 1979. From August 1979, steer prices increased steadily, peaking at 170 cents per kg. d.w. in early 1980. Beginning of March 1980 steer prices were some 34 per cent above year earlier prices while prices of cows at 145 cents per kg. d.w. were 15 per cent higher than year earlier. Retail prices of beef in Sydney in January 1980 averaged 130 cents per kg., 64 per cent higher than year earlier.
47. As expected, beef and veal consumption in 1979 fell quite considerably in response to the higher prices prevailing throughout the year, although it fell more than previously forecast. From 69.1 kgs. per person in 1977 and 62.4 kgs. in 1978, it dropped to 49 kgs. in 1979. A further drop of beef and veal consumption has been forecast for 1980, to 43 kgs., a level that should be maintained also in 1981. Thereafter, it is believed that consumption should recover to reach around 60 kgs. in 1984, still much below peak levels in the 1970's.

48. Exports of beef and veal in 1979 totalled 709,800 tons (boneless equivalent), some 10 per cent less than year earlier. 56 per cent of the total, compared to 46 per cent in 1978, was shipped to the United States, while 13 per cent, compared to 9 per cent in 1978, was sent to Japan. Together, the United States, Canada and Japan accounted for 159,000 tons of Australian exports in the period October 1979/January 1980 or 79 per cent of the total compared to 175,000 tons a year earlier or 64 per cent of the total. For the same period total exports of beef and veal amounted to 205,000 tons, 26 per cent less than year earlier. Forecasts for the period July 1979–June 1980 indicate beef and veal exports amounting to 660,000 tons or 19 per cent less than year earlier. For 1980 as a whole, exports of 633,000 tons, boneless equivalent, is forecast. A major part of Australian beef exports in 1980 will go, as previously, to the United States. Japan and Canada will also import Australian beef, while lower priced markets are likely to get less than year earlier. Australia will also export high quality beef to the Community and also some buffalo meat destined mainly to the German market.

NEW ZEALAND

49. Beef cattle numbers and total cattle numbers have declined in recent years after many years of rapid growth, reflecting above average levels of slaughterings. Cattle numbers are expected to stabilize this year after a further decline of around 60,000 head totalling approximately 8,030,000 head in June 1980. The cattle population in January 1980 is expected to be at around 8.3 million head, around 1 per cent less than year earlier. Although there are not yet any definite signs of herd rebuilding, it is expected that it will be on its way by the end of the year. On the other hand sheep numbers have increased in recent months and it is expected that the sheep herd will number 65 million head by June 1980, 2 per cent more than year earlier.

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1 Consumption figures exclude canned beef and veal.
2 Preliminary.
50. Cattle and calf slaughter declined by 4.7 per cent in 1978/79 compared to year earlier. Total slaughter amounted to 3,439,200 head compared to 3,608,900 head the year before. Cow slaughter showed the biggest decline with 15.2 per cent, totalling 725,200 head compared to 864,900 head the year before while vealers declined by 13.8 per cent and slaughter of calves by 8.6 per cent. Heifer, steer and bull slaughter increased however (by 3.3, 6.1 and 4.2 per cent respectively). The 1979/80 year is forecast to experience a further drop in slaughterings, totalling some 300,000 head less than year before.

51. Total meat production in 1978/79 amounted to 1,104,400 tons\(^1\) (bone-in), 59,000 tons less than year before. This reduction is mainly, if not exclusively, due to a reduction in beef and veal production. Beef production totalled 474,900 tons\(^3\) in 1978/1979 compared to 533,700 tons the year before which was the second best year ever. The production of veal declined from 27,800 tons in 1977/1978 to 23,200 tons in 1978/1979 the lowest veal meat production since 1973. All other meats (except offals) increased from their year earlier levels. Forecasts for 1979/80 indicate a 5 per cent decrease in beef and veal production, to around 473,195 tons, a decline of lesser magnitude than that of slaughter due to expected higher carcass weights. Production for export is expected to decrease somewhat more, to just under 200,000 tons (excluding stock changes). Lamb production, estimated at 345,800 tons in 1978/79 is expected to increase some 20,000-25,000 tons next season while mutton production is forecast to increase 6 per cent.

52. Domestic consumption of beef and veal totalled 174,000 metric tons\(^1\) (dressed carcass weight) in 1978/79 compared to 188,100 tons the year before. Per capita consumption declined by 5.1 kgs. to 55.3 kgs.\(^1\), a level not seen since 1971. A further drop in consumption is forecast for 1979/80 to 153,000 tons or 48.7 kgs. per capita. Mutton consumption, however is increasing, due to the higher supplies and the competitive prices.

53. New Zealand exported 224,600 tons (product weight) of beef and veal in 1978/79, somewhat less (1 per cent) than year earlier. (226,800 tons) October–December 1979, shipments totalled 53,000 tons, also 1 per cent less than year earlier. Of total beef exports in 1978/79 154,800 tons was shipped to the United States, 27,200 to Canada and 2,700 tons to Japan. Total beef and veal exports are as mentioned expected to decline next season.

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\(^1\)Estimate

\(^2\)Year ended 30 September.

\(^3\)Preliminary
54. Mutton exports increased significantly in 1978/79 to total 115,700 tons compared to 74,700 tons the year before. A major part of this (54,200 tons) was imported by Soviet Union. Only a slight export increase of mutton is expected for 1979/80, with exports to the USSR in excess of 50,000 tons.

BRAZIL

55. According to Brazilian estimates livestock numbers have been building up since the beginning of the 1970's. The available estimates indicate a rise in total cattle numbers over the years from 88,963 thousand head in 1973 to some 99,795 thousand in 1978 with a minor decrease in cattle numbers between 1977 and 1978. A major part of the total is made up of cows, constituting 31,717,823 head in 1977, the last year for which detailed estimates exist. Estimates from other sources indicate a further increase in 1978 and one of 3 million head in 1979. Projections for 1980 also forecast a 3 million head increase in 1980.

56. Slaughter of cattle in Brazil January-October 1979 totalled 8,666,000 head with an average carcass weight of 211 kgs. as compared to 11,282,000 head for the whole of 1978, with av. c.w. at 204 kgs. Adult male cattle aged three years or more, make up the bulk of the total. Total cattle slaughter for 1979 is estimated at 10.65 million head, while that of 1980 is forecast to drop a further 3 per cent.

57. Bovine meat production has shown a considerable increase since 1974 when it totalled 1,513,000 metric tons, reaching a record of 2,451,000 metric tons in 1977 before declining somewhat to 2,309,000 tons in 1978. Production for the first 9 months of 1979 stood at 1,714,000 tons and is likely to show a further small decline for the year as a whole. This trend will possibly continue in 1980.

58. Imports of cattle, beef and veal have steadily increased in the last few years, from 56,844 tons in 1974 to 114,705 tons in 1978. For the first 9 months of 1979, Brazil imported 123,048 tons, of which 65,886 tons were frozen, bone-in beef, while 23,000 tons were fresh and chilled bone-in beef. 28,266 tons were imported in the form of live cattle. In view of the production decrease estimate for the year as a whole, it is likely that imports will be higher in 1979 than the year before and possibly also for 1980. In 1978 the main suppliers of cattle, beef and veal to Brazil were Bolivia, Argentina and Uruguay.

1USDA Publications. However base figures are somewhat lower (around 6 per cent).
59. Brazil exported a total of 39,197 tons of beef and veal in the first nine months of 1979 compared to 69,168 tons the year before. According to USDA estimates exports in 1979 should approximate those of 1978. Exports since 1974 have fluctuated widely between a low of 51,043 tons in 1975 and a relatively high of 105,333 tons in 1977, dropping again in the year after, partly in order to satisfy internal demand. As production is forecast to decline somewhat in 1980, it is likely that exports will decrease in the current year.

MEXICO

60. Cattle numbers in Mexico since the 1950's have grown only by a few million while that of the human population has tripled. Government actions in the last few years to boost the livestock population have been frustrated by natural and political events. However, the cattle inventory in January 1980 is expected to show an increase of some 800,000 head to 30,100,000 head. A small increase in cattle numbers is also expected in the course of the year.

61. Total cattle slaughter in 1979 is estimated at 6.1 million head, a figure slightly above earlier estimates, largely because the severe drought that Mexico experienced in 1979 cut the carrying capacity of pastures. Slaughter of bovine animals at federally inspected plants was down drastically in 1979 compared to year earlier because of the export prohibition on meat. During the period January-August 1979 only 388,208 head were slaughtered, compared to 572,970 head a year earlier. In 1980, slaughter levels are expected to return to normal.

62. Beef production in 1979 is expected to be higher than earlier estimated but slightly below the 1978 level. 1,037,000 tons (carcass weight equivalent) of beef and veal was produced last year. Production in 1980 is expected to total around 1,054,000 tons.

63. Mexico exported only some 5 million pounds of beef to the United States in 1979, compared to approximately 62 million pounds in 1978. Some 2.7 million pounds of "maquila" beef1 were exported to Japan. Meat exports to the United States in 1980 is expected to return to pre 1979 levels. In the new cattle quota year 1979/802 export permits for around 411,000 had been given by early January 1980, all of which are believed to have entered the United States. A new quota of 516,626 head was set in December 1979, the difference between the old one and the new one expected to be exported on the basis of agreements that are now being worked out.

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1 Meat processed from imported carcasses or animals.
2 September-August
64. A government agency, CONASUPO, is for the first time involved in the purchase and export of meat indicating the government's great concern in this area. This agency is responsible for assuring that the right kind of animals are imported and the right kind of meat is exported. Moreover, the agency shall check that toxic levels are kept to acceptable levels by buying animals least likely to be affected by pesticides.

PART III - GENERAL

International economic situation and outlook

65. In early 1979 the OECD area was forecast to see for the next eighteen months progressive but only moderate slowing down in GNP growth, with a better balance of demand both within and among countries. Following the OECD's concerted action programme, demand was restrained in the United States, as a result of strengthening inflation, and because price performance and the balance of payments permitted a more sustained expansion, demand was boosted in Japan and West Germany. The oil price rise in 1979 was approximately 66 per cent (dollar terms) whereas real income loss to the OECD area is estimated at around 1½ per cent in 1979. Also, primary commodity prices show a sharper than expected rise. In recent months monetary and fiscal policies have been tightened in member countries. Interest rates have increased substantially, influenced by the need to control domestic inflationary pressure, and in a few instances to safeguard exchange rates.

66. For 1980, the growth rate in Western Europe should reach 1.9 per cent according to latest forecasts. Inflation should not be inferior to 10 per cent for the year as a whole whereas in 1979 it was 7.7 per cent (compared to 12 per cent in OECD countries in 1979 and 8.4 per cent in 1978). As regards employment, the hardly encouraging perspectives for production manifestly influence the projections concerning employment and it seems likely that employment will further decrease, although somewhat later. As a result of higher oil prices it is foreseen that most Western European countries will see their external trade balances deteriorate in 1980, compared to 1979. The only really dynamic markets are likely to be the oil exporting countries.

67. Consumer prices in the United States rose 13 per cent at an annual rate in 1979. In January and February 1980 prices accelerated noticeably, reaching increases of 18 per cent each month (annual rate). The government's anti-inflation plan is not expected to ameliorate the situation rapidly.

OECD, Economic Outlook, December 1979
Interest rates, reaching record levels of 20 per cent in the first few months of the year, but decreasing somewhat in April and May, and energy prices are largely responsible for the high rate of inflation. Real GNP rose by a modest 1 per cent in 1979. Agriculture exports totalled US$32 billion in fiscal year 1979 and are expected to rise to US$37 billion in 1980. Agricultural imports totalled US$16.9 billion in 1979 and for 1980 a record level of US$18 billion is projected, stemming largely from increases in sugar import volumes and in prices of imported sugar and coffee. However, the trade deficit fell to US$29.1 billion in 1979, compared with a deficit of US$33.7 billion in 1978, reflecting a 28 per cent increase in exports from US$142.1 billion in 1978 to US$182.4 billion in 1979, while imports rose from US$175.8 billion in 1978 to US$211.5 billion in 1979. The United States trade position was improved with all groups of countries except for OPEC countries. The recession that was awaited in the United States last year, never materialized. Economists now foresee one in 1980, possibly of short duration, but in the first few months of the year there were no unequivocal signs of any recession.

The Community's trade balance deteriorated sharply in 1979, after showing a large surplus in 1978. The final balance for 1979 (f.o.b./f.o.b.) showed a deficit of 1,800 million ECU, around three-quarters of which was due to increased deficits with OPEC countries, the United States and Canada. The Community exported for 413,400 million ECU in 1979 while it imported for 415,200 million ECU. It is forecast that the Community deficit will worsen in 1980, but to a lesser degree than in 1979. The growth of GDP estimated at 3.3 per cent for 1979, was larger than expected, resulting from a more buoyant economic activity than expected, indicating that the impact of the 1979 oil price rises has been either deferred in time, or more fully absorbed by the momentum of the business upswing that the Community has been experiencing since 1978. Employment grew by 0.9 per cent in 1979, the strongest increase since 1973. For 1980, a fall of 0.2 per cent in total employment is forecast. Unemployment grew only marginally in 1979 compared to 1978, passing the 6 million level. For 1980 unemployment is forecast to grow to 6.5 million persons. The rate of inflation in the Community as a whole, expressed as the seasonally adjusted rise of consumer prices over six months at annual rates, went up continuously from 8 per cent at the beginning of 1979 to 14.8 per cent towards the end of the year. This is practically the same rate as that of the worst period in the inflationary crisis of 1974 and 1975. However, in the last two months of 1979 the increase in the rate decelerated, averaging for the year as a whole 9.9 per cent. For the current year an inflation of 11.3 per cent is expected.
69. The Japanese trade balance showed a record deficit in 1979 (fiscal year)\(^1\) of US$13,426 billion (on the basis of customs declarations). The year before, the trade balance showed a surplus of US$14,368 billion. The deficit last year is the result principally of more expensive crude oil. Exports rose by 8.1 per cent to US$107,017 billion while imports rose by 42.3 per cent to US$120,438 billion, of which US$39,78 billion was used for imports of oil (66.4 per cent more than a year earlier). The national economic growth in real terms is estimated at 6 per cent for fiscal 1979. A slow down by 1.2 per cent is projected for fiscal year 1980. For fiscal 1979 consumer price rises have been estimated at 4.7 per cent, which however, according to commentators, is likely to be on the low side. For 1980 an average 6.4 per cent increase in consumer prices is forecast.

**International cattle and meat situation**

70. Herd building seems now to have started or will be starting in the course of the year for major cattle holding countries. The cattle cycles are not exactly in time in all countries but it follows more or less the same pattern in most major producing countries with notable exceptions like the East European countries. Having these exceptions in mind, world cattle numbers reached their lowest level in this cycle last year, with a total number of 1,332.6 million\(^2\) compared to 1,340.7 million in 1976. USSR, Eastern European countries as a whole and Africa taken together have been increasing their herds continuously over the past few years and are expected to do so at least also in 1980 while most other regions and countries discontinued herd liquidation in 1979 or in the first few months of 1980, with expectations to start rebuilding in the course of the year. World cattle numbers are forecast to show an increase of some 59,000,000 head by the end of 1980.

71. World meat production\(^3\) increased by 1.9 per cent in 1979 from 130.5 million tons carcass weight in 1978 to 133.0 million tons last year. Not included in these figures are processed and prepared meats, etc., which could be estimated at some 4 million tons for 1979. Sheep meat and goat meat have, on a worldwide basis, not shown any significant changes in the last few years. The most significant increases can be seen in poultry meat which in 1977 was produced at a level of 24.7 million tons, in 1978 at 25.9 million tons and in 1979\(^2\) had increased by 6.2 per cent to 27.5. Pig meat showed a similar development with a 5.3 per cent increase to 57.5 million tons\(^2\) in 1979 compared to year earlier. By contrast, but according to expectations, bovine meat showed a production decline of 3.5 per cent from 1978 (48.4 million tons) to 1979 (46.7 million tons). For 1980, a further increase of total meat production is expected, mainly of poultry and pork meat. Beef and veal production, however, is expected to show a further decrease of around 2 per cent as major producers rebuild herds thereby decreasing...

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\(^1\) April 1979-31 March 1980  
\(^2\) Preliminary  
\(^3\) Bovine meat, sheep and goat meat, pig meat and poultry meat
slaughter levels and production. Major beef producing countries are likely to see a production drop of 4 per cent or more, in some cases substantially more (Australia for instance). For 1981, world production is forecast to show an increase in beef and veal production of around 2 per cent, although naturally, some countries will see a more substantial increase, while others might have to wait some more time before production increases are perceptible.

72. Paralleling the downward trend in bovine slaughter, world production of hides and skins in 1979 declined to 4.4 million tons from around 4.6 million tons in 1977 and 4.5 million tons in 1978. This downward trend is expected to continue for the next one to two years, as the rate of slaughter determines, in the short term the supply of hides whereas in the long run world cattle hide supply depends on the size and sex composition of the total herd. The world's leading cattle hide producers are the United States, the Soviet Union and the European Communities.

73. The volume of international trade in livestock and meat virtually levelled off in 1979, although there was a significant increase in value terms. Total meat exports in all forms amounted to roughly 7 million tons, carcass weight equivalent, excluding an estimated intra-Community trade of 4 million tons. For the first time in five years, trade volumes decreased in bovine meat. However, this decrease was made up for by increases in other meats. Total world exports, including intra-Community trade, of bovine meat, fresh, chilled and frozen, is estimated at around 3,020,000 tons (carcass weight) of which developed countries exported 2,360,000 tons and developing 660,000 tons. Major exporting countries are likely to export significantly less in 1980, but with world exports of bovine meat in 1980 being around only 2 per cent less than year earlier. Exports of hides are mainly done by the United States, the Community and Australia, which account for more than 80 per cent of the volume shipped by the forty-nine major hide producers. United States account for 42 per cent of the total. The leading cattle hide importing countries are Japan, South Korea and Italy.

74. Beef prices in major producing countries remained high throughout 1979 and at the beginning of 1980 although, generally, prices weakened from mid-1979 onwards due to slackening demand and competition from other cheaper meats. However, prices stayed well above year earlier. In view of expected further reductions in beef supplies in most countries, with the possible exception of such countries as Japan, Switzerland and the Community, it is expected that prices will remain firm throughout the world in 1980 and the beginning of 1981.

75. Beef and veal consumption dropped in most countries in the course of 1979, continuing the trend from 1978. However, consumption of other meats have remained relatively stable and even increased globally.

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1Estimate on the basis of forty-nine countries accounting for most of world's output.
Spectacular drops in beef and veal consumption were experienced in such major beef consuming countries as Argentina, Australia and New Zealand, while that of the Community and Japan, for instance, remained relatively stable. This trend is expected to continue in 1980 and at least for some countries also in 1981, meat consumption growing slowly overall but that of beef and veal remaining at 1979 levels or even decreasing, in some countries declining rather substantially but probably not more than in 1979. Beef and veal consumption should start to pick up again in 1981 and 1982.