

GENERAL AGREEMENT ON

RESTRICTED

IMC/W/65/Add.1

6 June 1988

TARIFFS AND TRADE

Special Distribution

International Meat Council

Eighteenth Meeting

16 and 17 June 1988

SITUATION AND OUTLOOK IN THE INTERNATIONAL MEAT MARKETS

Note by the Secretariat

Addendum

This addendum includes summaries of the situation and outlook for pigmeat, poultry meat and sheepmeat.

TABLE I

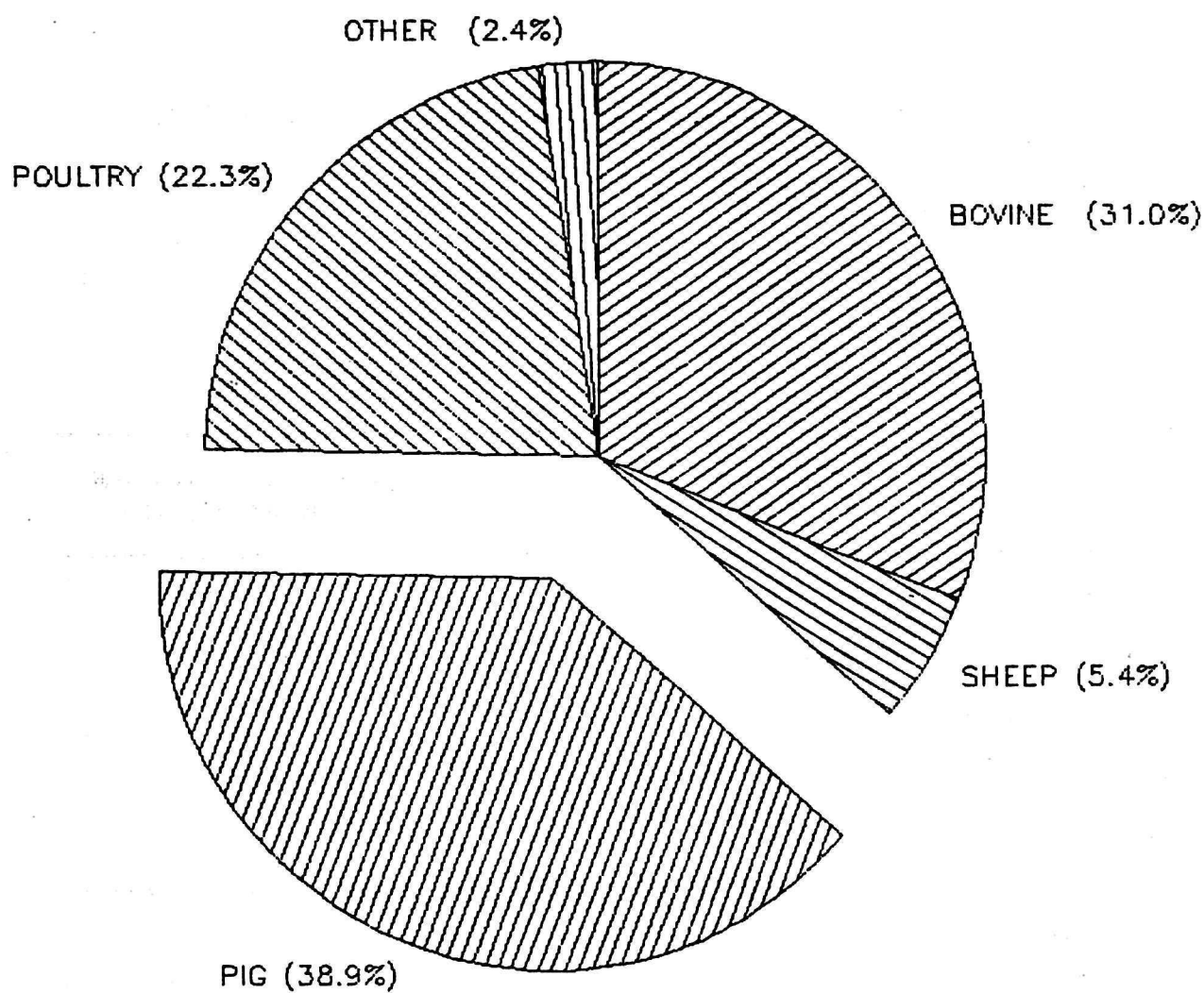
1987 - WORLD MEAT TRADE AS PART OF PRODUCTION

	PRODUCTION ('000 t)	TRADE ('000 t)	TRADE AS A PROPORTION OF PRODUCTION (%)
Pigmeat	61.00	1.90	3.11
Bovine Meat	48.60	4.50	9.26
Poultry Meat	35.00	1.45	4.14
Sheepmeat	8.50	1.00	11.76
Other Meat	3.80	1.15	30.26
WORLD TOTAL	156.90	10.00	6.37

Based on FAO estimates

WORLD MEAT PRODUCTION – 1987

SHARES OF DIFFERENT TYPES OF MEATS



Based on FAO estimates

I. SITUATION AND OUTLOOK IN THE INTERNATIONAL PIGMEAT SECTOR

1. In 1987, pigmeat production in countries participating in the Arrangement Regarding Bovine Meat (information is available for twenty-one countries covering roughly 45 per cent of world production, which was estimated by the FAO to be at a level of 61 million tons, up 0.7 per cent from year earlier) fell slightly to about 27.6 million tons (-0.5 per cent). Among the major participating countries, only Poland has seen its output fall (-1 per cent) reflecting a declining pig population, as a result of feed shortages and low profitability (and in spite of very good harvests of cereals). At 34.9 kg., per capita consumption (which represents some 58 per cent of overall meat intake) increased by 2 per cent, in spite of higher retail prices than year earlier. Polish exports of pigmeat have been rising over the last few years and the United States is traditionally its major market.
2. Production in the European Community rose by 2.1 per cent, to 12.5 million tons. However, the expansion of the EC pig herd seems to have come to a halt. According to the last December census, pig numbers in the EC(10) fell by 1 per cent and the fall was particularly strong for breeding sow numbers: -4.6 per cent. Lack of profitability was one of the major reasons for such an evolution. Prices were depressed reflecting the abundance of product and, in the first months of 1988, the price situation even worsened. Prospects for the end of the year are for a continuation of herd reduction and for an output decline of some 0.7 per cent in the EC(10), or for an almost unchanged production level for the EC(12). Estimated per capita consumption in 1987 was 37.7 kg., up 1.6 per cent, again reflecting lower retail prices and large availabilities. The European Community is the first world exporter of pigmeat with a 20 per cent market share (a market which, at 1.9 to 2.0 million tons, represents only some 3 per cent of world production). Last year its exports rose by 4.5 per cent, but are expected to decrease in the current one.
3. In the United States, pig numbers expanded by 6 per cent last year, reflecting continuing relatively low production costs due to lower feedgrain prices and favourable returns (even if prices fell sharply in the last quarter of the year). Production increased by 2 per cent to 6.5 million tons and consumption, although rising by some 1.5 per cent in total, only rose by about 0.4 per cent on a per capita basis, probably due to a close to 6 per cent rise in retail prices. During the first two to three months of 1988, pig slaughter fell strongly and prices went up, but the situation was expected to reverse after the first quarter of the year. Nevertheless, prices were projected to remain high for the year as a whole. With a market share of more than 30 per cent, the United States is by far the world's leading importer of pigmeat. Last year's purchases were up by almost 5 per cent, to 533,000 tons, which came by and large from its traditional suppliers, the major ones being Canada (53 per cent of total imports), the European Community (Denmark and the Netherlands, 27 per cent) and Poland (8 per cent). Also an exporter, United States pigmeat sales abroad totalled 45 thousand tons, up by 15 per cent from year earlier, of which 58 per cent went to Japan. While imports should fall by around 4 per cent in 1988, exports are forecast to rise by some 20 per cent.

4. In 1987, pig numbers in the People's Republic of China fell as a result of feedgrain shortages and consequently strongly increased prices (which were also partly provoked by strong corn exports). Sow slaughter went up and the FAO estimates a decline in the pig herd of 4.1 per cent, to 323 million head. In spite of higher sow slaughter, and due to lower weights, estimated production fell by 2 per cent to 17.6 million tons. The USDA estimates that consumption may have fallen by as much as 6 per cent. According to official reports, measures were taken to alleviate feed shortages and pig producer prices for the current year were increased. The production drop is consequently expected to slow down. Exports are believed to have risen by some 4 per cent, Hong Kong being China's major import market. A further export increase is projected for the current year.

5. According to the FAO, pigmeat production in the USSR rose by 2.2 per cent, to an estimated 6.2 million tons, in spite of declining pig numbers. This would be due, says the FAO, to productivity improvements reflecting "increased economic incentives coupled with greater attention to protein in feed rations". Consumption is estimated to average 6.1 million tons, while imports should be around 260,000 tons.

TABLE II
SELECTED COUNTRIES' TRADE IN PIGMEAT^{1/}

EXPORTS

	1986	Estimates 1987	%Change 1987/86	Forecast 1988	%Change 1988/87
EC	377.0	394.0	4.5	380.0	-3.6
CHINA ^{2/}	238.0	247.0	3.8	266.0	7.7
CANADA	213.4	234.1	9.7	257.0	9.8
GERMANY, Dem. Rep. of ^{2/}	210.0	230.0	9.5	220.0	-4.3
HUNGARY	131.1	145.0	10.6	160.0	10.3
ROMANIA ^{2/}	135.0	140.0	3.7	150.0	7.1
TAIWAN ^{2/}	123.0	155.0	26.0	155.0	0.0
POLAND	106.0	112.0	5.7	122.0	8.9
SWEDEN	52.7	36.4	-30.9	30.0	-17.6
UNITED STATES	39.0	45.0	15.4	54.0	20.0
OTHERS	95.0	127.0	33.7	143.0	12.6
TOTAL	1,720.2	1,865.5	8.4	1,937.0	3.8

IMPORTS

	1986	Estimates 1987	%Change 1987/86	Forecast 1988	%Change 1988/87
UNITED STATES	509.0	533.0	4.7	510.0	-4.3
JAPAN	295.0	400.0	35.6	450.0	12.5
HONG KONG ^{2/}	221.0	230.0	4.1	235.0	2.2
USSR ^{2/}	261.0	260.0	-0.4	260.0	0.0
EC	105.0	70.0	-33.3	106.0	51.4
POLAND	16.3	32.1	96.9	28.0	-12.8
BRAZIL	38.0	35.0	-7.9	2.0	-94.3
OTHERS	79.0	85.0	7.6	64.0	-24.7
TOTAL	1,524.3	1,645.1	7.9	1,655.0	0.6

^{1/} '000 tons carcass weight, includes fresh, frozen and canned product but excludes live animals. Unless otherwise specified, data are taken from replies to questionnaire, or are estimates by the GATT secretariat.

^{2/} Source: USDA, World Livestock and Poultry Situation, September 1987.

II. SITUATION AND OUTLOOK IN THE INTERNATIONAL POULTRY MEAT SECTOR

6. According to the FAO, estimated world poultry meat production totalled 35 million tons in 1987, up by 6 per cent on year earlier. Total production in countries participating in the Arrangement Regarding Bovine Meat (information is available for twenty-one countries) reached 21.7 million tons, which represents 62 per cent of the world total and a 7 per cent rise compared to 1986. Among these countries, production fell only in Sweden. In the United States, where a quarter of world output is produced, production rose by as much as 10 per cent, to 9.1 million tons in 1987. Low production costs, provoked by low feedgrain prices, and a rising demand for both chicken and turkey (whose production increased by 17.9 per cent, as against an 8.5 per cent increase in chicken output) largely to the detriment of beef, allowed this record rise. Per capita consumption increased by 8 per cent, to 35.3 kg., while exports (80 per cent of which consists of broiler pieces), benefiting from the depreciation of the dollar, and also from a strong import demand especially in South East Asian countries and from sales under the Export Enhancement Programme (EEP) largely to Egypt and Irak, rose by 30 per cent. Sales to Japan (which accounted for 21 per cent of total exports) went up by 2 per cent, while Hong Kong saw its imports from the United States increase by as much as 53 per cent to 56,600 tons. However, Hong Kong lost its place as second traditional United States market to Irak which, from nil imports in previous years, received in 1987, 58,500 tons of poultry meat under the EEP. Egypt received less product than year earlier, but sales to this market, also under the EEP, were still 27,300 tons (-8 per cent). In the current year, production of total poultry meat is expected to continue to rise, but at a slower rate (6-7 per cent) than in 1987. Higher feed prices should increase production costs, while large stocks (especially of turkey) should exert a downward pressure on prices, causing producers' returns to be close to the break-even point. Trade prospects are for lower export sales while per capita consumption should rise again by 7 per cent.

7. Poultry meat production in the European Community rose by 4.5 per cent, to 5.7 million tons due to low production costs, high placings of broiler chicks and a strong domestic demand. Indeed, per capita consumption rose by 5 per cent to 16.8 kg. In spite of having lost its place as first world exporter to the United States, the Community increased sales abroad by 3 per cent. In the Middle East, where the Community retains the largest market share, competition with the United States sales under the EEP was intense and, by the end of 1987, export restitutions to a number of markets there (especially Egypt, Irak and Saudi Arabia) were increased. They project a further 2 per cent production rise this year, and a similar rise in per capita consumption. Exports could decline by some 2-3 per cent. Brazilian production rose by 12 per cent last year, to 1.9 million tons. This was in response to strong domestic demand. Total poultry meat consumption rose by 16 per cent, while per capita intake was 13 per cent higher, totalling 12 kg. It appears that the shift from beef to cheaper meats intensified last year (per capita intake of pigmeat also rose by 13 per cent, while beef consumption fell by 1.4 per cent). As a result of the strong competition in the Middle East and although Brazil has

been able since 1986 to place roughly the same quantities of poultry meat in Saudi Arabia, the United Arab Emirates and Kuwait, it virtually lost the Egyptian market and lost ground in Irak where sales at 65,000 tons in 1985 fell to 25,000 tons in 1986 and by some 15,000 to 20,000 tons last year. Total Brazilian exports were 6-7 per cent lower in 1987 (220,000 tons) but a continuing production rise in 1988 and 1989, in spite of probable higher production costs, should result in an export recovery. Thailand, which since 1983 has seen its exports treble, emerged as a major exporter benefiting especially from the strong import demand by Japan. Indeed, Japanese imports rose by more than 11 per cent, to 195,000 tons, 42 per cent of which came from Thailand, the major supplier of this market. Rising consumption in Japan is constantly outpacing an also increasing production and imports have almost doubled in the last two years.

8. As in 1987, poultry meat production is expected to continue to rise in most developing and developed countries through 1988. However, rising feed prices will slow down the growth. Consumption will also increase further in most countries, but retail prices should not rise much in response to higher production cost, or the demand might be affected. The best market opportunities should continue to be the South East Asian countries, while in the Middle East competition continues to be stiff.

TABLE III

SELECTED COUNTRIES' TRADE IN POULTRY MEAT^{1/}

EXPORTS

	1986	Estimates 1987	%Change 1987/86	Forecast 1988	%Change 1988/87
UNITED STATES ^{2/}	289.0	374.7	29.7	326.0	-13.0
EC	329.0	340.0	3.3	330.0	-2.9
BRAZIL	236.0	220.0	-6.8	230.0	4.5
HUNGARY ^{2/}	181.0	210.0	16.0	210.0	0.0
THAILAND ^{2/}	76.0	91.0	19.7	100.0	9.9
ROMANIA ^{2/}	60.0	70.0	16.7	80.0	14.3
BULGARIA	28.5	23.6	-17.2	20.0	-15.3
OTHERS	109.0	94.0	-13.8	105.0	11.7
TOTAL	1,308.5	1,423.3	8.8	1,401.0	-1.6

IMPORTS

	1986	Estimates 1987	%Change 1987/86	Forecast 1988	%Change 1988/87
MIDDLE EAST ^{2/}	249.0	270.0	8.4	225.0	-16.7
USSR ^{2/}	175.0	155.0	-11.4	150.0	-3.2
HONG KONG ^{2/}	123.0	128.0	4.1	130.0	1.6
JAPAN	175.0	195.0	11.4	206.0	5.6
EGYPT ^{2/}	50.0	65.0	30.0	85.0	30.8
EC	69.0	88.0	27.5	85.0	-3.4
OTHERS	147.0	151.0	2.7	137.0	-9.3
TOTAL	988.0	1,052.0	6.5	1,018.0	-3.2

^{1/} '000 tons, ready-to-cook basis. Unless otherwise specified, data are taken from replies to questionnaire, or are estimates by the GATT secretariat.

^{2/} Source: USDA, World Livestock and Poultry Situation, September 1987.

III. SITUATION AND OUTLOOK IN THE INTERNATIONAL SHEEPMEEAT SECTOR

9. While the 1987 world production of sheepmeat (including goatmeat) is estimated by the FAO to have totalled 8.5 million tons (+1.2 per cent), production in the twenty-one countries participating in the Arrangement Regarding Bovine Meat for which information is available, totalled 2.9 million tons, -0.6 per cent on year earlier and representing 34 per cent of the world total. In the European Community, the sheep flock expanded in 1987 by 2.4 per cent and although goat numbers fell by 7 per cent, total sheepmeat and goatmeat production is estimated to have increased by 6 per cent, to 952,000 tons. Per capita sheepmeat consumption remained rather stable at 3.6 kg., and imports were practically unchanged at 248,000 tons. Fat lamb prices were less depressed than pig or cattle prices and, indeed, have been increasing since the last months of 1987. On the other hand, a relatively weak dollar could act as an incentive to boost imports this year. However, as a result of an expected further 2.5 per cent production rise by the end of 1988, imports are forecast to decline somewhat.

10. In 1987, total lamb and mutton production in New Zealand fell by 6 per cent, to 589,000 tons. This decline seems to reflect the continuation of a move away from sheep production to beef cattle. Sheep numbers were estimated to have fallen in 1986/87 for the fourth consecutive year. However, New Zealand remained the first world exporter by far of sheepmeat last year and total exports rose by 9 per cent. Indeed, although lamb exports fell by 10 per cent, mutton sales abroad went up by 46 per cent. As a result, consumption fell sharply, -17 per cent, to 38.3 kg. per capita, the lowest level since 1984. Major export markets were the United Kingdom (27 per cent of total exports) and Iran (21 per cent). Last year's production fall, which reflects a 13 per cent drop in lamb output (due to low producer prices and reduced carcass weights) and which hides a 24 per cent rise in mutton output due to the carry-over provoked by the 1986 strikes, should come to an end, and current projections are for a close to 1 per cent rise in output this year. Consumption should increase by an estimated 10 per cent and exports were consequently forecast to decline by 1.3 per cent. However, New Zealand lamb producers were faced with extremely low prices in the first months of 1988 and were reportedly withholding lambs from sale in the expectation of higher export price schedules. In these conditions, exports could be further affected and decline more strongly.

11. Australian sheep numbers have expanded markedly in the last two to three years mostly in response to high wool and skin prices. Total lamb and mutton production rose by 1 per cent last year to 591,000 tons, while per capita consumption fell by 6 per cent (to 23.1 kg.) and exports remained almost unchanged at 215,000 tons. Mutton exports fell by 6.5 per cent, despite an increase in production, because there were no sales to Iran. Mutton exports to all other major markets have risen. Expectations for the current year are for a significant mutton exports recovery (+14 per cent) due to projected major sales to Iran and the USSR. However, Australia does not foresee any significant price improvement reportedly due, *inter alia*, to factors such as the large stock levels of manufacturing beef in the Community. Australian lamb exports remained practically

unchanged in 1987, due to increasing saleyard prices. Exports to the Middle East fell, partly reflecting price competition from New Zealand, but rose to the United States. Sales to Japan were also down reportedly because of declining shipments of frozen lamb and a slower growth in chilled lamb exports, provoked here too by increased competition from New Zealand. If total sheepmeat exports remained practically unchanged last year, this was due to a 20 per cent rise in goatmeat sales. Taiwan was Australia's major market (36 per cent of the total) followed by the Caribbean (30 per cent). In 1988 total sheepmeat production is forecast to show little change, while exports should rise by an expected 7 per cent at the expense of consumption, projected to fall by roughly the same percentage.

TABLE IV

SELECTED COUNTRIES' TRADE IN SHEEPMEAT^{1/}EXPORTS

	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
NEW ZEALAND	467.7	510.5	9.2	504.0	-1.3
AUSTRALIA	215.8	214.8	-0.5	230.0	7.1
ROMANIA ^{2/}	45.0	45.0	0.0	45.0	0.0
TURKEY ^{2/}	35.0	35.0	0.0	40.0	14.3
INDIA ^{2/}	15.0	21.0	40.0	24.0	14.3
KOREA, Rep. of ^{2/}	14.0	14.0	0.0	15.0	7.1
OTHERS	43.0	48.0	11.6	48.0	0.0
TOTAL	835.5	888.3	6.3	906.0	2.0

IMPORTS

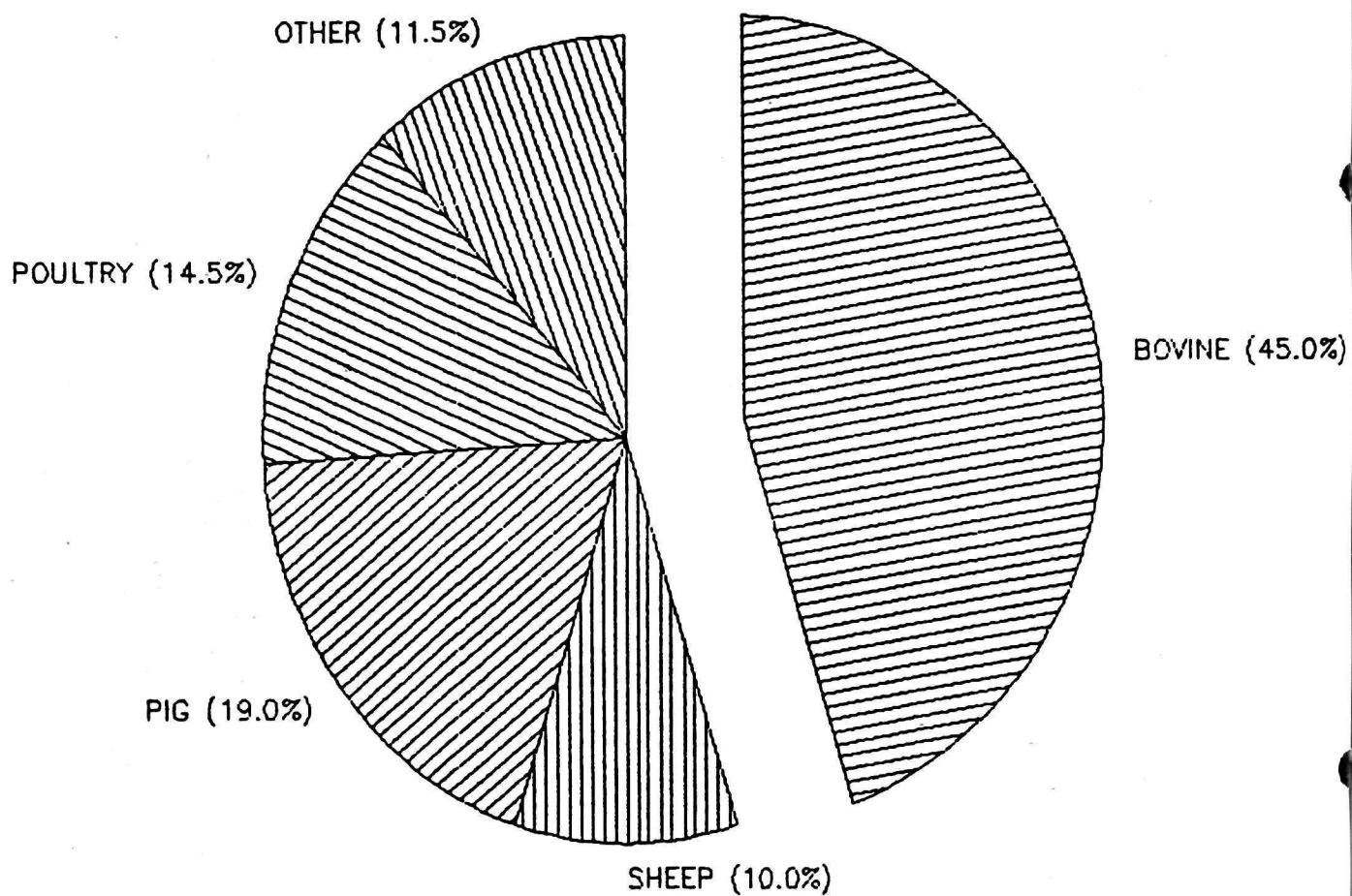
	1986	1987	%Change 1987/86	Forecast 1988	%Change 1988/87
EC	249.0	248.0	-0.4	253.0	2.0
JAPAN	159.0	153.0	-3.8	150.0	-2.0
USSR ^{2/}	39.0	42.0	7.7	43.0	2.4
EGYPT ^{2/}	6.0	7.0	16.7	8.0	14.3
OTHERS	41.0	52.0	26.8	54.0	3.8
TOTAL	494.0	502.0	1.6	508.0	1.2

^{1/} '000 tons carcass weight, includes fresh, frozen and canned product but excludes live animals. Unless otherwise specified, data are taken from replies to questionnaire, or are estimates by the GATT secretariat.

^{2/} Source: USDA, World Livestock and Poultry Situation, September 1987.

WORLD TRADE IN MEAT – 1987

SHARES OF DIFFERENT TYPES OF MEATS



Based on FAO estimates