

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

IMCG/W/32

3 December 1976

Original: English

INTERNATIONAL MEAT CONSULTATIVE GROUP

Statement Made by the Representative of the United States on 15 November 1976

1. Total United States production of beef and veal in 1976 is expected to reach 11.9 million metric tons, a 6 per cent increase over the 1975 level of 11.3 million tons. Increased supplies of fed-cattle and of non-fed-cattle are being marketed, while demand for feeder cattle is low reflecting low fed-cattle prices and relatively higher prices for grain and forage.
2. The combined numbers of cattle slaughtered during the third quarter this year rose to a high of 10.9 million head, 7 per cent above the previous quarter and 3 per cent above year earlier quarter levels. More fed-cattle and seasonal movement of cattle off grass-raised beef and veal output to a high of 6.6 billion pounds, 11 per cent above the third quarter of 1975. Choice steer prices (Omaha) averaged \$37.30/100 lbs. during the quarter \$11.34/100 lbs. below a year earlier.
3. With continued large shipments of fed-cattle and seasonal increases in non-fed cattle reaching a peak, little, if any, improvement in fed-cattle prices is expected until late fall. Then some price strength toward the mid-\$40's is expected by mid-year.
4. The 1 October cattle on feed inventory in twenty-three major feeding States was down slightly indicating the supply of grain fed-cattle in early 1977 will be below year earlier levels. Until then, fed-cattle potential marketings are indicated to remain sharply above (11 per cent) the year ago rate but below the 23 per cent increase in the numbers actually marketed during the third quarter. Moreover, feed lot placements are expected to be held below last year level (as they were in the third quarter) for remainder of year reflecting the lower than expected feed grain availability coupled with sustained cattle feeding losses.
5. Non-fed slaughter will probably run 20 per cent below year earlier levels - down in part because of the already reduced herd size. On balance, commercial cattle slaughter is expected to run slightly below year earlier levels later this fall and through mid-1977. While beef and veal output will slightly exceed year earlier levels during fourth quarter, it will drop slightly from the third quarter's supply. The reduction in total slaughter is expected to reduce output 4-6 per cent in the first six months of 1977 from year earlier levels. Feeding to lighter weights will also temper this supply.

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6. Total cattle and calf slaughter, including farm slaughter, is projected to reach a record 48-49 million head this year. The projection of this year's slaughter points to a 6-8 million head reduction in total cattle numbers for the forthcoming 1 January - about 120-122 million cattle and calves. Almost 11 million head would have been liquidated since the cycle peaked 1 January 1975. Per capita beef consumption in 1976 is estimated to rise to a record 128.5 pounds, compared with 120.1 pounds in 1975.
7. In the first eight months of 1976, total United States imports of beef and veal were about 464,300 tons product weight - 17 per cent greater than imports in the same period of 1975. Imports of canned beef rose 46.4 million pounds, imports of prepared and preserved rose 23.0 million pounds and imports of fresh and frozen beef and veal rose 82.1 million pounds.
8. Imports of fresh, chilled or frozen beef and veal, together with mutton and goat meat, are subject to the United States Meat Import Law, and will be held to 1,233 million pounds this year. Through August approximately 895 million pounds product weight, or 73 per cent of the total, had been imported.
9. Formal quotas, effective only until the end of 1976, were imposed by Presidential proclamation on 9 October 1976. The quotas imposed at the adjusted base quantity were increased to 1,233 million pounds and allocated to supplying countries on the basis of their performance in the United States market in the 1973/74 period in a manner consistent with the levels specified in the voluntary restraint agreements negotiated with eleven foreign governments early in 1976. Quotas were imposed after it was determined that meat imports subject to the law would reach 1,250 million pounds in 1976 despite the voluntary restraint programme. The United States Government is presently studying the range of options for the 1977 Meat Import Policy.