Food and Agriculture Organization of the United Nations

Issue 1 – May 2014

Meat and Meat products Price and Trade Update

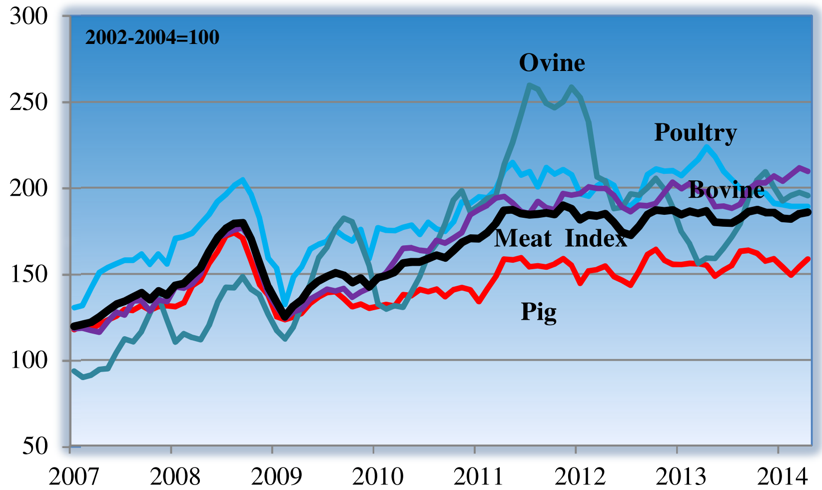
Meat and Meat products

Price and Trade Update: April 2014[1]

April export prices stable

The **FAO Meat Price Index** averaged 185.8 points in April, 0.8 points, or 0.4 percent, above March. The marginal increase was a result of stronger prices for pigmeat, in part on concerns over the effect of Porcine Epidemic Diarrhea (PED) virus on export supplies in the United States. Although little changed, bovine meat prices are close to historic highs, due to dry weather conditions affecting production in Australia and the United States. Prices of poultry and ovine meat were also stable. Overall, prices have remained high by historical standards for the past three years.

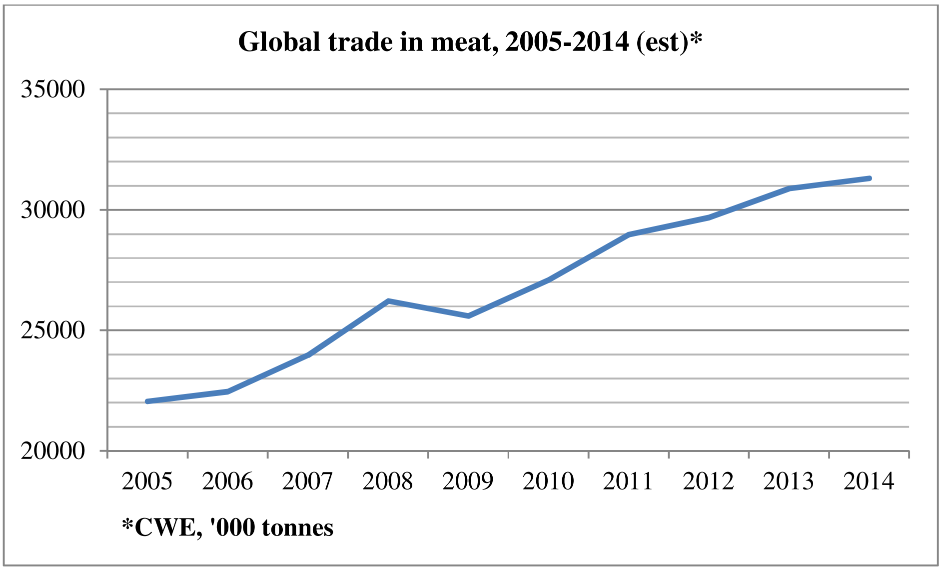
FAO Price Indices: Meat Products



[1] The ***Meat and Meat Products: Price and Trade Update*** is prepared by the meat and dairy section of the Trade and Markets Division, FAO. The present issue covers developments up to the end of **April 2014**.

Trade Outlook: Overview

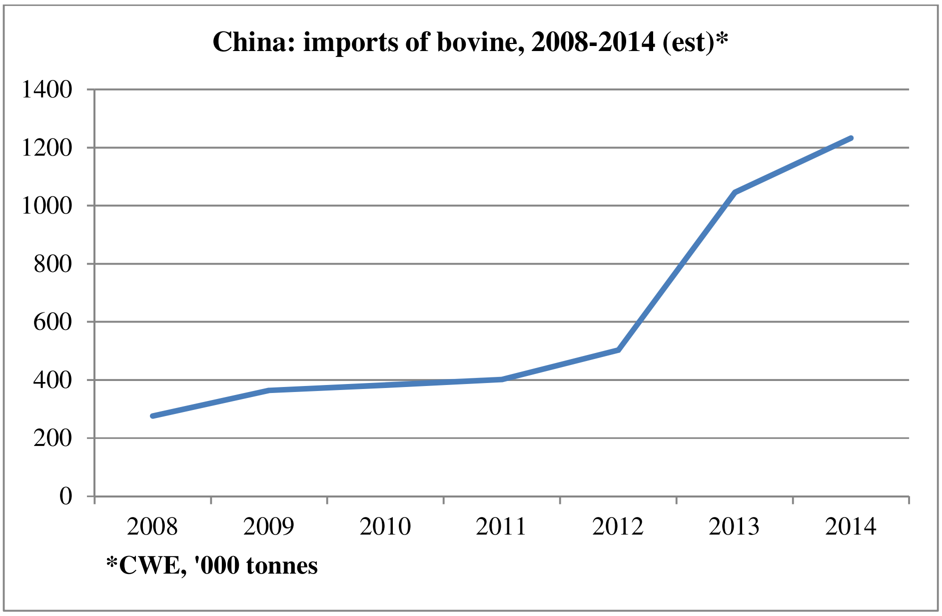
Global meat trade is forecast to increase moderately, by 1.4 percent to reach 31.3 million tonnes in 2014 – or 10 percent of production. At this level, growth would be less than the average for recent years, reflecting production constraints in some of the principal exporting countries. There are marked differences in projected trade for the different varieties of meat, with growth forecast for bovine and poultry meat and a decline for ovine and pigmeat. Poultry remains the main product traded, representing 43 percent of the total, followed by bovine, pig and ovine meat, respectively.



Bovine Meat

World trade in bovine meat is anticipated to grow by 3.5 percent, to 9.4 million tonnes, despite international prices being at exceptionally high levels. Consumer demand and a shortage of domestic supplies in some countries are important contributors to the expansion in trade.

China, in particular, is expected to record a strong rise in imports, although not to the same degree as in 2013, when the doubled. China could buy 1.2 million tonnes in 2014, 18 percent more than last year, confirming the country as the main world market for bovine meat. In China, demand continues to be stimulated by rising incomes and growth in meals outside the home.



Additionally, some consumers have switched from poultry to other meats following an outbreak of avian influenza last year. Elsewhere in *Asia*, imports by **Japan,** the **Republic of Korea** and **Malaysia** could increase, as domestic production is forecast to be either stable or, in the case of Japan and the Republic of Korea, lower. Purchases by the **EU** may also rise, as a result of a focus on herd rebuilding. Imports by the second major market, the **United States,** are expected to increase by 3.3 percent, to compensate for reduced domestic production; while those of third-placed **Russian Federation** are forecast to change little, as exceptionally high international prices limit demand. A number of other important importers, such as **Vietnam**, **Egypt**, **Canada** and **Venezuela** may see purchases fall or stagnate in response to high prices and limited supplies.

Much of the expansion in bovine meat trade is expected to be met by growing exports from both **Brazil** and **India,** by 8 percent and 6 percent, respectively, in response to strong demand and elevated prices. The same factors may boost exports by **Argentina**, **Paraguay** and **Uruguay.** On the other hand, the effects of drought and herd rebuilding are anticipated to lead to a fall in exports by **Australia** and **New Zealand**, which together account for 20 percent of world trade. Elsewhere, little change is forecast for shipments by **Canada**, the **EU, Mexico** and the **United States**.

Imports: Bovine meat
'000 tonnes (CWE)

	2012	2013 *prelim.*	2014 *f'cast*	Change 2014 over 2013 (%)
China	502	1046	1233	18.0
United States	916	927	958	3.3
Russian Fed.	915	857	862	0.6
Japan	739	758	771	1.7
Viet Nam	460	718	700	-2.5
EU (28)	306	332	354	6.7
Korea Rep. of	320	327	337	3.0
Egypt	373	319	310	-2.8
Canada	284	281	283	0.9
Venezuela	169	221	224	1.1
Malaysia	163	181	186	2.6
World	7449	8340	8655	3.8

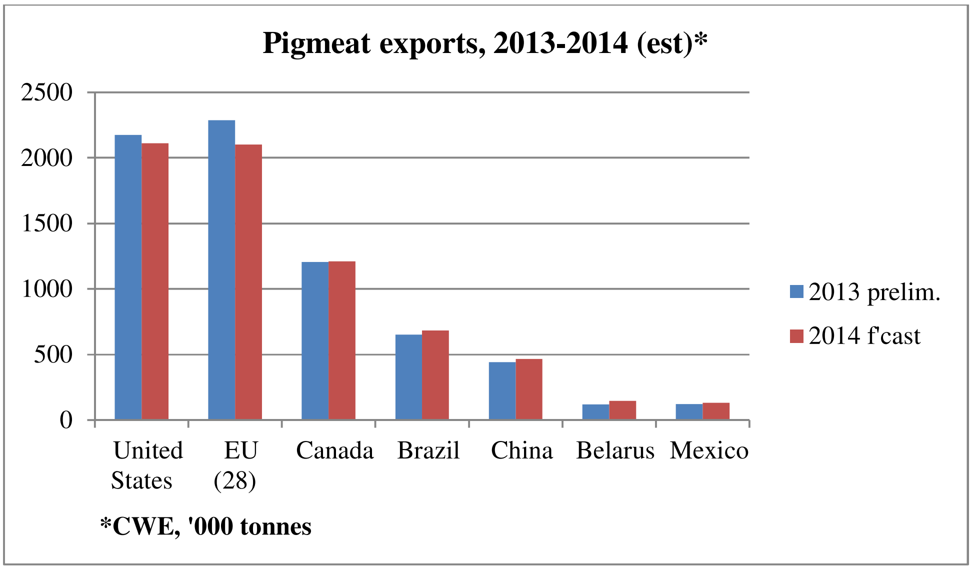
Exports: Bovine meat
'000 tonnes (CWE)

	2012	2013 *prelim.*	2014 *f'cast*	Change 2014 over 2013 (%)
Brazil	1458	1767	1904	7.8
India	1346	1747	1852	6.0
Australia	1282	1446	1441	-0.4
United States	1159	1223	1192	-2.6
New Zealand	472	483	472	-2.1
Uruguay	324	302	330	9.3
Paraguay	233	302	325	7.8
Canada	305	305	307	0.7
EU (28)	289	284	286	0.7
Argentina	185	204	249	22.1
Mexico	148	118	126	6.8
World	8025	9053	9368	3.5

Pigmeat

Trade in pigmeat is expected to record a second consecutive annual fall in 2014, declining by 2.1 percent, as some of the principal exporting countries face supply constraints. Considering the major exporters, three suppliers, the United States, the EU and Canada, account for almost 80 percent of trade. Adding Brazil and China to the group raises the share to more than 90 percent.

Sales by the **United States** are projected to fall by 2.8 percent, or 61 000 tonnes, partly as a result of PED limiting production. The **EU** is facing a major upheaval, as the Russian Federation, its main market, banned imports of EU pigmeat at the end of January, consequent on four cases of African Swine Fever (ASF) occurring in Lithuania and Poland. The prohibition remains in place up until the time of writing, although, in April, the EU challenged the ban and filed a complaint with the WTO. February imports of pigmeat by the Russian Federation from the EU were down almost 50 percent, compared with the same month in 2013. Third-ranked **Canada**, which in recent years has maintained a share of around 15 percent of trade, will not be able to substantially benefit from the additional market opportunities that the above situation has created, as its production is not anticipated to grow markedly. Conversely, following production gains, both **Brazil** and **China** are well-placed to increase exports, as are some of the smaller-scale exporters, including **Belarus** and **Mexico**.



Imports by *Asian* countries, representing almost half of total trade, may fall by 3.3 percent. **China,** the leading importer, may cut its purchases by as much as 7.5 percent, to 1.3 million tonnes. Imports by **Japan**, which are only slightly less than China's, are projected to remain close to last year, as production is anticipated to be sufficient to meet a stagnating demand. Procurement by the **Republic of Korea** is also forecast to be little changed. In *Europe*, the **Russian Federation** is anticipated to reduce pigmeat imports further in 2014, after having already cut them heavily last year. This is a reflection of growing production, weaker domestic prices and animal health/drug-residue (in particular ractopamine) import prohibitions. Imports by **Canada** and **Mexico** may also fall, hindered by the reduced supplies in the United States, their principal source of supply.

Imports: Pigmeat meat

'000 tonnes (CWE)

	2012	2013 *prelim.*	2014 *f'cast*	Change 2014 over 2013 (%)
China	1216	1352	1251	-7.5
Japan	1283	1243	1240	-0.2
Russian Fed.	1089	906	870	-3.9
Mexico	614	682	650	-4.6
Korea Rep. of	508	395	380	-3.7
Canada	264	246	230	-6.5
World	7227	7031	6852	-2.6

Exports: Pigmeat meat

'000 tonnes (CWE)

	2012	2013 *prelim.*	2014 *f'cast*	Change 2014 over 2013 (%)
United States	2333	2173	2112	-2.8
EU (28)	2206	2288	2100	-8.2
Canada	1206	1205	1210	0.5
Brazil	711	651	684	5.0
China	377	441	466	5.7
Belarus	144	119	148	25.0
Mexico	100	121	131	8.2
World	7518	7373	7215	-2.1

Poultry

Poultry, the most traded meat category, represents almost 45 percent of the total meat flows. While the volume trade in poultry meat has doubled over the past decade, growth slowed in 2012 and 2013. An increase of 2.4 percent is anticipated for 2014, based on rising production among exporting countries and poultry's price competitiveness compared to other meats on the international market.

In *Africa*, imports as a whole are forecast to rise by 4.8 percent. Among the main importing countries, **Angola**, **Ghana** and **Benin** are anticipated to purchase more, as income growth strengthens demand, while imports by **South Africa**, the major trade destination in the region, are forecast to remain unchanged. Imports in *Asia* should register a modest increase, overall. Purchases by the two major buyers in the region, **China** and **Japan**, are projected to stagnate, due to limited growth in domestic demand and adequate domestic supplies, while those by **Saudi Arabia, Iraq** and the **United Arab Emirates** may rise vigorously, with a concomitant increase in trade in halal-certified meat. In *Europe*, deliveries to the **Russian Federation** are expected to fall by 2 percent, to a level that is less than half of what they were in the mid-2000s, as the country has managed to raise domestic production considerably. Likewise, rising poultry production in the **EU** is forecast to forestall growth in import demand. In the *Americas*, **Mexico** is anticipated to import more, sustained by steadily increasing demand. The four leading exporters, **Brazil,** the **United States**, the **EU** and **China,** which together account for almost three-quarters of global trade, have seen little expansion in sales in recent years.

Instead, most of the growth has come from second-tier exporters, including **Thailand, Turkey**, **Argentina**, the **Ukraine** and **Belarus.** Within this grouping, the first three countries are

projected to continue recording strong growth in 2014. Interestingly, each has focused on a different region or market segment: **Thailand** supplies mainly Japan and the EU with boneless poultry cuts, including prepared dishes; **Turkey** has focussed on the export of halal-certified whole birds to the Middle East, in particular Iraq, where it enjoys a logistical advantage; **Argentina** has made inroads in the Venezuelan market and, more recently, widened its focus to include China and South Africa, among others.

Imports: Poultry meat

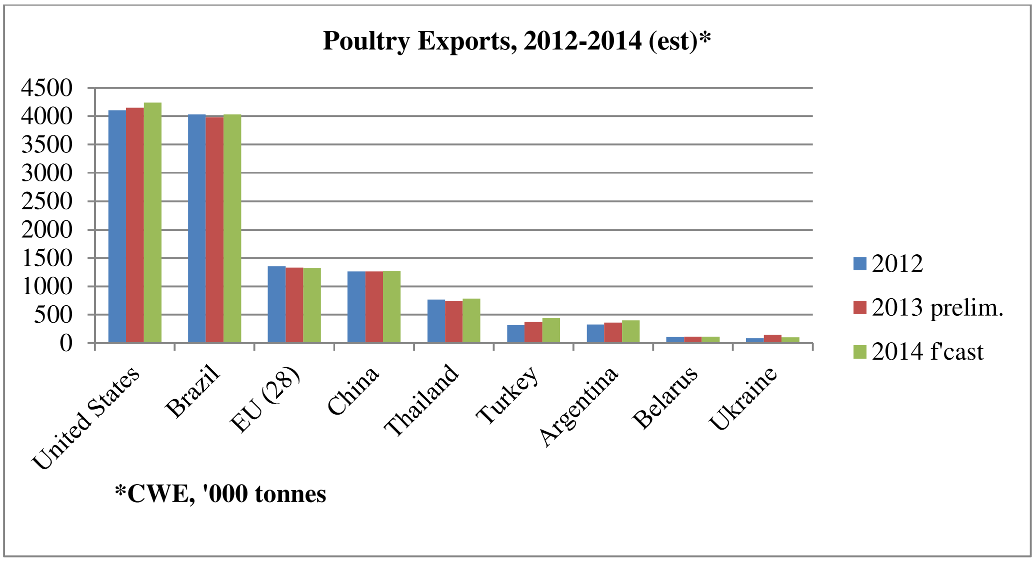
'000 tonnes (CWE)

	2012	2013 *prelim.*	2014 *f'cast*	Change 2014 over 2013 (%)
China	1743	1707	1740	2.0
Japan	1093	1066	1060	-0.6
EU (28)	826	722	719	-0.4
Russian Federation	593	551	540	-1.9
South Africa	405	390	389	-0.3
World	13012	12820	13147	2.6

Exports: Poultry meat

'000 tonnes (CWE)

	2012	2013 *prelim.*	2014 *f'cast*	Change 2014 over 2013 (%)
United States	4104	4150	4238	2.1
Brazil	4029	3981	4031	1.3
EU (28)	1348	1331	1323	-0.6
China	1263	1260	1272	0.9
Thailand	770	734	783	6.7
Turkey	311	373	441	18.2
Argentina	331	363	400	10.2
Belarus	105	107	111	3.6
Ukraine	81	146	100	-31.4
World	13049	13194	13509	2.4



Ovine

Trade in ovine meat, where **Australia** and **New Zealand** account for almost 85 percent of exports, is set to fall as a result of restocking in New Zealand, following exceptionally high, drought-induced slaughter in 2013, and protracted dry-to-drought conditions in 2013/2014 in **Australia**. Overall, trade may drop by 3.7 percent to 951 000 tonnes. In dealing with reduced availabilities, it is possible that Oceania exporters will maintain provision to the highest value markets, such as the **EU** and the **United States**, while seeking, to the extent possible, to meet the requirements of growing markets, albeit lower priced ones, including **China,** the **United Arab Emirates**, **Qatar** and **Malaysia**. Among the small-scale exporters, **India** is expected to see sales grow this year, mainly to the Middle East, especially the **United Arab Emirates** and **Saudi Arabia**; and **Uruguay** could also boost its exports, focussing on **China** and **Brazil**.

Imports: Ovine meat

'000 tonnes (CWE)

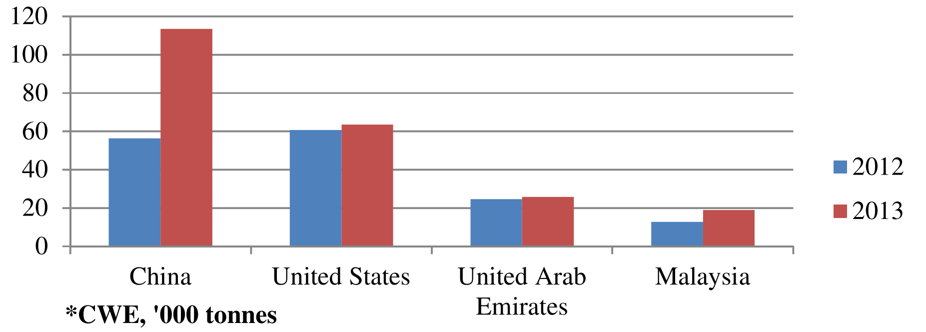
	2012	2013 *prelim.*	2014 *f'cast*	Change 2014 over 2013 (%)
China	159	298	270	-9.4
EU (28)	154	164	154	-6.0
United States	79	85	84	-1.4
United Arab Emirates	55	58	58	0.3
Malaysia	20	25	25	-0.1
Qatar	23	25	24	-3.6
World	789	932	904	-3.1

Exports: Ovine meat

'000 tonnes (CWE)

	2012	2013 *prelim.*	2014 *f'cast*	Change 2014 over 2013 (%)
Australia	342	434	416	-4.2
New Zealand	350	399	363	-9.0
India	12	20	33	65.0
EU (28)	21	31	31	-2.2
World	827	987	951	-3.7

Australia: Ovine meat exports by major destination



***CWE, '000 tonnes**

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