Food and Agriculture Organization
of the United Nations

July 2015

Meat and Meat products
Price and Trade Update

Meat and Meat products

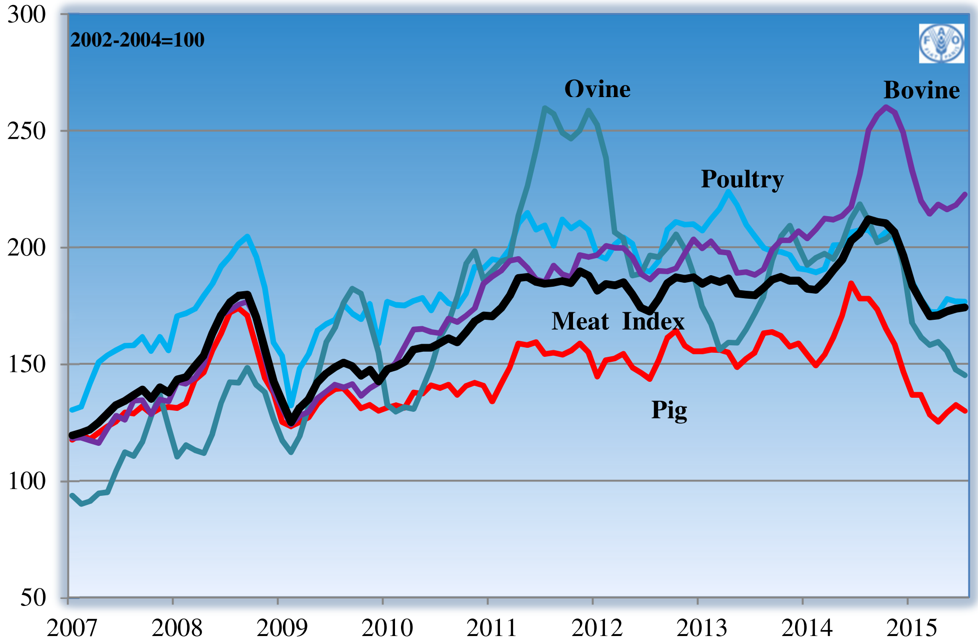
Price and Trade Update: July 2015[1]

Prices steady

The FAO Meat Price Index* averaged 174.1 points in July, nearly unchanged from June. International prices of bovine meat moved up, offsetting a decline for pigmeat and ovine meat, while poultry quotations remained stable. Prices of beef from Australia, in particular, rose, supported by stronger import demand from the United States, Japan and the Republic of Korea, amongst others. Muted domestic demand for pigmeat in some EU member states caused quotations to fall, with export prices following suit.

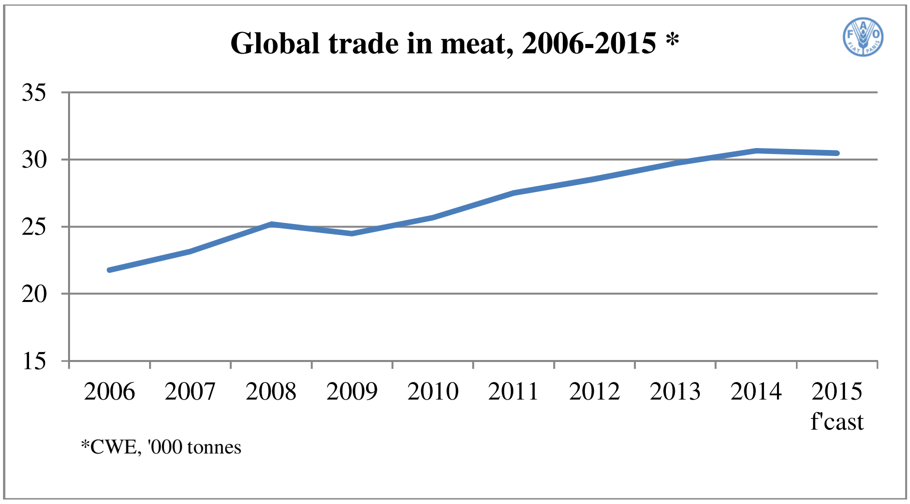
[1] The ***Meat and Meat Products: Price and Trade Update*** is prepared by the meat and dairy section of the Trade and Markets Division, FAO. The present issue covers developments up to the end of **July 2015**.

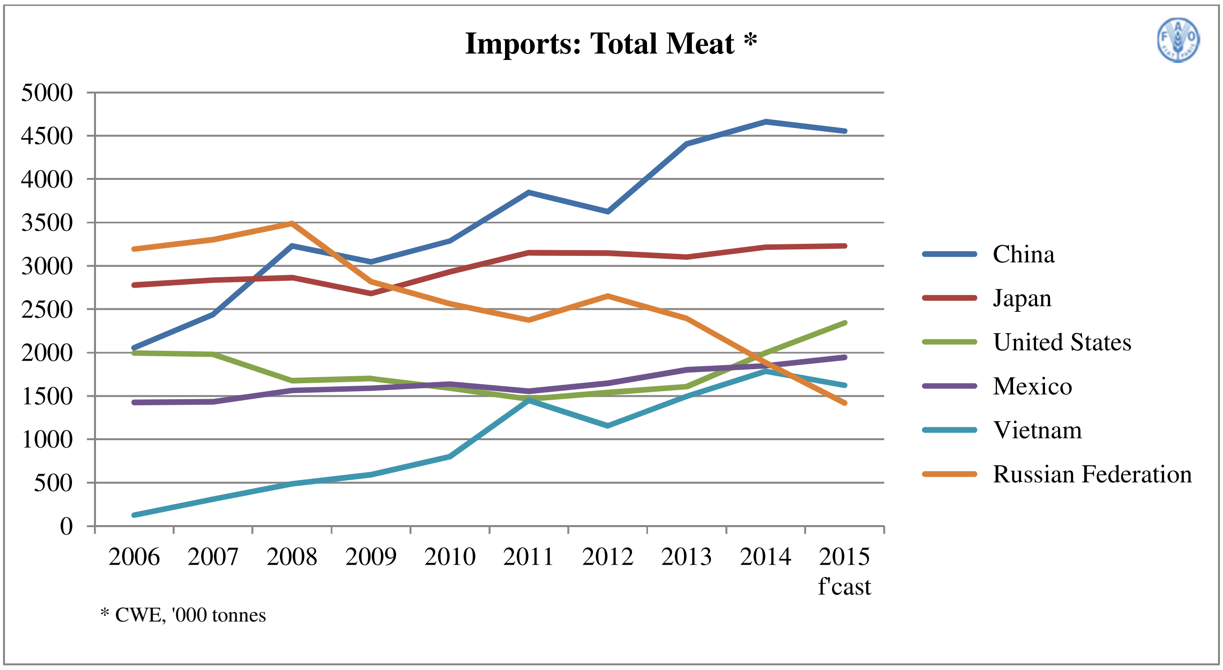
FAO Price Indices: Meat and Meat Products



Trade Outlook: Overview

Global meat trade is forecast to decline slightly in 2015, by 0.6 percent to 30.5 million tonnes. This would represent a significant slow-down from the 3.3 percent growth recorded last year. Projected trade trends diverge across meat sectors, with growth forecast for bovine meat and a decline anticipated for the other categories of meat. Poultry remains the main traded meat product, followed by bovine, pig and ovine meat, respectively.





Imports: Total Meat

'000 tonnes (CWE)

	2013	2014 *prelim.*	2015 *f'cast*	Change 2015 over 2014 (%)
World	28911	29355	29124	-0.8
China	4407	4663	4554	-2.3
Japan	3102	3214	3230	0.5
United States	1608	1995	2343	17.4
Mexico	1802	1848	1946	5.3
Vietnam	1495	1784	1623	-9.1
Russian Fed.	2393	1885	1416	-24.9
EU (28)	1338	1296	1229	-5.2
Korea Rep. of	881	1002	1171	16.9
Saudi Arabia	1102	1036	1058	2.0
Canada	776	769	793	3.2

Exports: Total Meat

'000 tonnes (CWE)

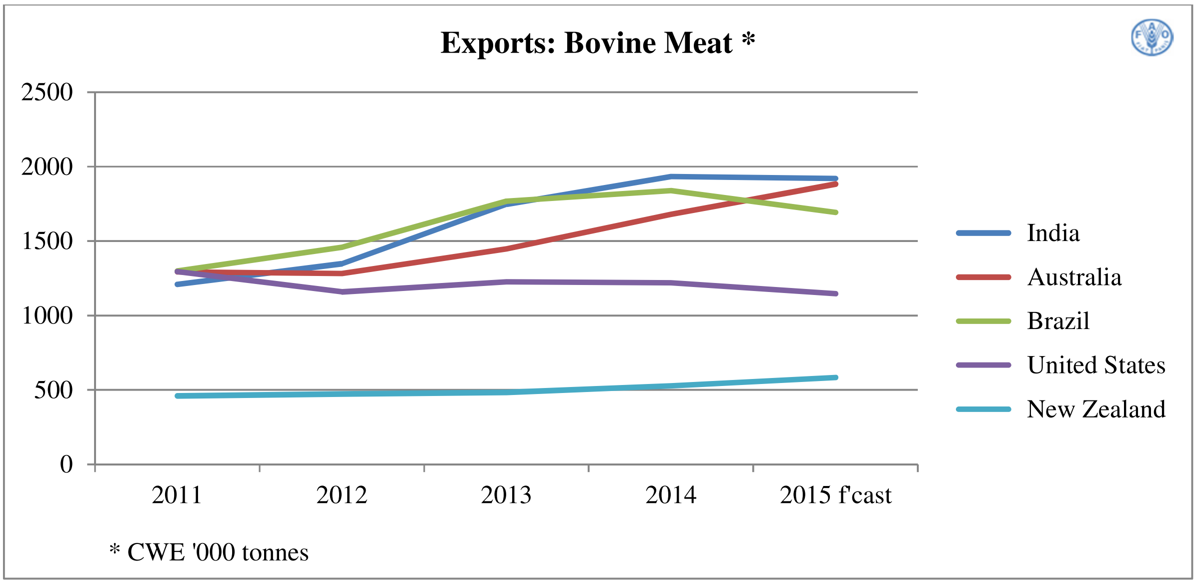
	2013	2014 *prelim.*	2015 *f'cast*	Change 2015 over 2014 (%)
World	29673	30644	30470	-0.6
United States	7572	7535	7075	-6.1
Brazil	6423	6546	6491	-0.8
EU (28)	4016	4037	4051	0.3
Australia	1965	2251	2430	7.9
India	1774	1966	1958	-0.4
Canada	1720	1717	1695	-1.3
New Zealand	923	968	1005	3.7
Thailand	800	851	973	14.3
China	714	730	632	-13.5
Argentina	602	562	524	-6.8

Bovine Meat: Reduced growth in trade

World trade in bovine meat in 2015 is anticipated to expand at a reduced rate of 1.8 percent, to 9.8 million tonnes. Supply limitations are the principal factor behind the anticipated slowdown, as import demand should remain firm.

Bovine meat imports by the **United States,** in particular, are expected to rise significantly in 2015, assisted by a favourable currency exchange rate and limited domestic supply, due to herd rebuilding. Higher levels of purchases are also anticipated for **Japan,** the **Republic of Korea, Canada** and **Malaysia.** Meanwhile, lower imports are expected for **Vietnam,** the **Russian Federation, Chile, Venezuela** and the **Islamic Republic of Iran**. After registering substantial growth for a number of years, imports by **China** are projected to be largely unchanged in 2015.

While **India** is forecast to remain the number one exporter of bovine meat, falling sales to some of its main markets during the first four months of 2015 indicate that year-end exports may be little changed compared to last year. Conversely, strong exports by **Australia** – stimulated in particular by sales to the United States - could see it surpass Brazil as the second largest shipper of bovine meat. Favourable market conditions for bovine meat are expected to encourage exports from **New Zealand**, **Paraguay**, **Canada, Argentina** and **South Africa**. On the other hand, **Brazil** is likely to cut sales abroad, due to limited supplies of replacement calves and sustained domestic demand for beef: shipments to Brazil's three main markets, the Russian Federation, China (Hong Kong, SAR) and Venezuela, all fell during the first-half of 2015. Exports by **Belarus** and the **EU** are also forecast to be lower in 2015.



Imports: Bovine meat

'000 tonnes (CWE)

	2013	2014 *prelim.*	2015 *f'cast*	Change 2015over 2014 (%)
World	8352	8843	8893	0.6
United States	927	1224	1460	19.3
China	1051	1189	1198	0.8
Vietnam	734	953	810	-15.0
Russian Fed.	880	833	787	-5.5
Japan	758	737	759	3.0
Korea Rep. of	327	346	358	3.6
EU (28)	332	327	323	-1.4
Canada	281	280	293	4.7
Malaysia	184	193	212	9.6
Mexico	247	223	200	-10.1
Chile	228	224	169	-24.7

Exports: Bovine meat

'000 tonnes (CWE)

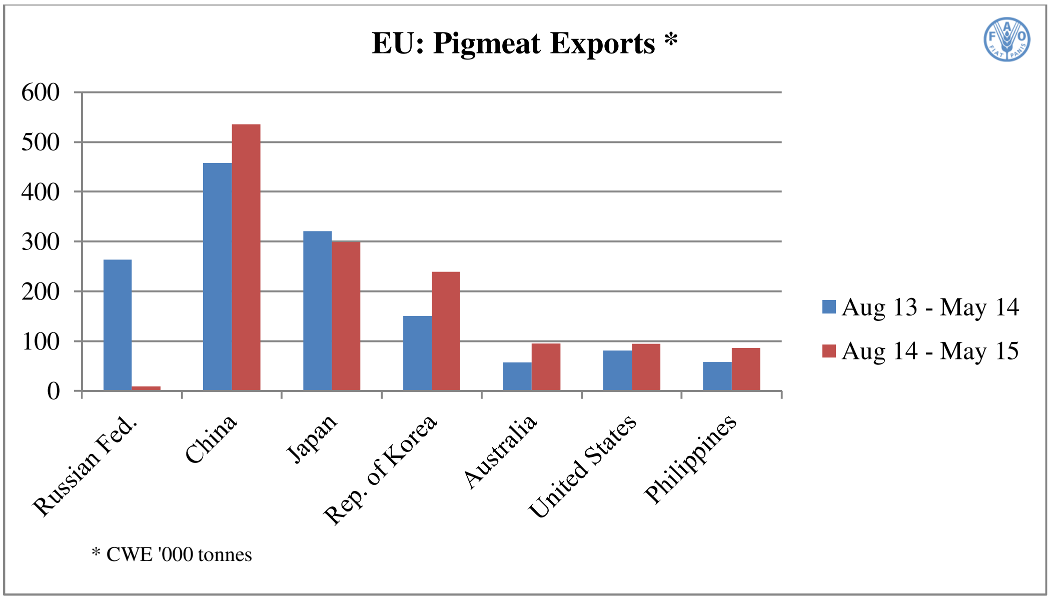
	2013	2014 *prelim.*	2015 *f'cast*	Change 2015over 2014 (%)
World	8912	9607	9781	1.8
India	1747	1933	1920	-0.7
Australia	1446	1680	1881	12.0
Brazil	1767	1839	1691	-8.0
United States	1226	1218	1146	-5.9
New Zealand	483	526	584	11.0
Paraguay	302	360	400	11.1
Canada	305	343	364	5.9
Uruguay	324	312	324	4.0
EU (28)	283	315	302	-4.1
Argentina	204	215	254	18.0

Pigmeat: Trade to fall for the third year

Trade in pigmeat is expected decline by 2.3 percent to 6.8 million tonnes in 2015, which would represent the third consecutive annual decrease. The major factors contributing to the anticipated drop in trade are reduced import demand by **China** and **Japan** – the two major markets, accounting together for almost 40 percent of global purchases –, and the **Russian Federation.** In the Russian Federation, increasing domestic production means that the sourcing of external supplies of pigmeat has been declining since 2012, when they peaked at 1 089 million tonnes. This process was exacerbated in August 2014 by the implementation of country-specific import bans. As a consequence, imports by the Federation are projected to be in the order of 297 000 tonnes in 2015 – a fall of two-thirds compared to 2012. While Russian imports from some countries not subject to the ban have risen, principally Brazil and Belarus, but also Chile and Serbia, the overall import have been significantly reduced. Elsewhere, a number of countries are anticipated to increase their imports of pigmeat, including **Mexico,** the **Republic** of **Korea,** the **United States, Canada, Australia** and **Singapore,** although not sufficiently to counteract the decline in China, Japan and the Russian Federation.

All of the major exporters (the EU, the United States, Canada and Brazil) are anticipated to see their external sales fall in 2015, as a result of the overall weakening in international demand for pigmeat. A more detailed examination of trade data reveals that the affected exporters are adjusting to the ban imposed by the Russian Federation and are seeking out alternative markets. For example, the **EU** saw total exports of pigmeat in 2014 decline by 2.9 percent only, through reorienting its exports to Asia, in particular, but also to Africa, Oceania and North America.

Similarly, **Canada**, which in the years immediately prior to 2014 supplied on average around 15 percent of the Russian Federation's pigmeat imports, representing about 10 percent of Canadian pigmeat exports, managed to increase sales to the United States, Mexico, Oceania and South Africa subsequent to the ban.



Imports: Pigmeat meat

'000 tonnes (CWE)

	2013	2014 *prelim.*	2015 *f'cast*	Change 2015over 2014 (%)
World	**7176**	**6942**	**6890**	**-0.8**
China	1349	1346	1306	-3.0
Japan	1243	1351	1330	-1.6
Mexico	682	711	753	5.9
Korea Rep. of	395	486	652	34.1
United States	475	548	647	18.0
Russian Fed.	906	536	297	-44.6

Exports: Pigmeat meat

'000 tonnes (CWE)

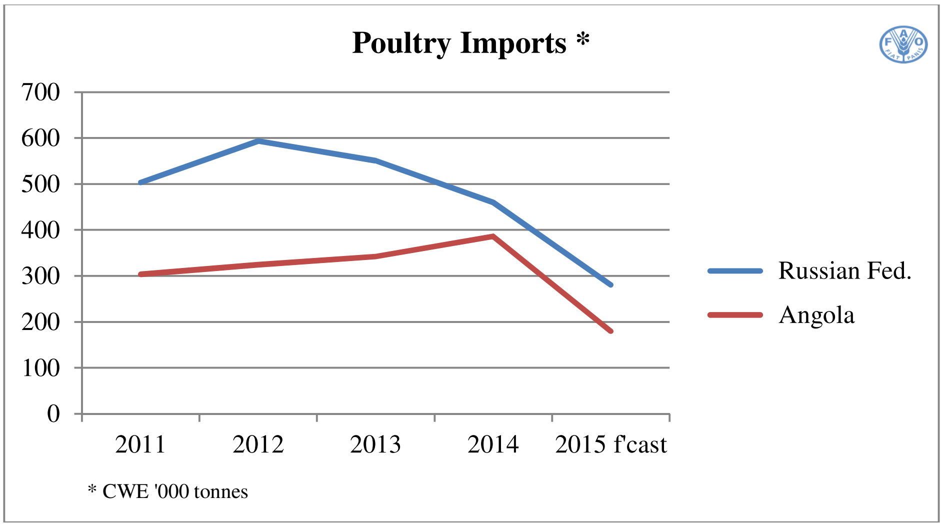
	2013	2014 *prelim.*	2015 *f'cast*	Change 2015over 2014 (%)
World	**7119**	**7006**	**6842**	**-2.3**
EU (28)	2288	2222	2211	-0.5
United States	2173	2127	2073	-2.5
Canada	1205	1176	1142	-2.9
Brazil	651	646	619	-4.2
Chile	158	157	180	15.0
China	169	200	160	-20.0
Mexico	121	127	135	6.3

Poultry: Trade falls

Trade in poultry in 2015 is expected to decline by 1 percent to 12.6 million tonnes. This would represent the first time in recent years that a fall has been registered, although the rate of trade growth has been waning since 2012. In general, the stalled expansion in trade is a reflection of augmented production in importing countries, which has reduced their need for external meat supplies. For 2015, however, outbreaks of highly pathogenic avian influenza (HPAI) in some areas of the United States from January onwards caused numerous countries to suspend imports. Additionally, sharply reduced purchases by the Russian Federation and Angola, due to changed import regimes, have exerted a notable negative effect on trade.

The two major poultry meat importers, **China** and **Japan**, are projected to maintain their purchases at similar levels to the previous year, while moderate growth in imports by a number of other major markets, including **Mexico**, **Saudi Arabia**, **Vietnam** and **South Africa** is anticipated**.** Conversely, purchases by the **EU,** the **Russian Federation** and **Angola** are anticipated to decline. In the case of **Angola**, in January 2015, the government revoked import licenses for a number of products, including chicken parts. Furthermore, at the beginning of the year, it imposed a blanket ban on poultry imports from the United States**,** traditionally its major supplier, following HPAI outbreaks there. As a consequence, third-country export data for the first four months of 2015 indicate that Angola's poultry imports halved compared to the same period in 2014. Assuming present restrictions are maintained, deliveries to the country are likely to remain depressed for the rest of the year. In the case of the **Russian Federation,** a second year of falling purchases is anticipated, stemming from growth in domestic production and the August 2014 ban on imports from specific countries. Countries/groupings subject to the ban (mainly the United States and the EU) supplied approximately three quarters of the Russian Federation's poultry meat imports in 2013, which has meant that identifying alternative supply origins has presented a challenge for the Federation. For example, trade data for the first five months of 2015 show that only limited sourcing of additional imports has occurred, mainly from Brazil, Turkey and Belarus. As a consequence, total poultry imports by the Russian Federation for the first five months of 2015 were 50 percent below the same period in 2014. Purchases by the **EU** are also projected to fall, with the decline affecting mainly Brazil, which in the context of limited availability of product for export has focussed on supplying countries in the Middle East, and China.

The three leading exporters, **Brazil**, the **United States** and the **EU,** have seen little expansion in sales in recent years. This situation is anticipated to change for **Brazil** and the **EU** in 2015, as the HPAI outbreak in the United States may encourage importers to look for alternative sources of supply. Exports by the **United States** for the year as a whole are anticipated to suffer from HPAI-related import restrictions, causing an estimated fall of 8 percent in sales – dependent on how soon the disease is contained and eradicated. Some of the United States' main markets have introduced trade bans only on poultry originating from the 13 US States affected by the disease (or affected counties within these States) and allowed imports from the rest of the country. However, several key markets, including **China** (mainland), **Angola** and the **Republic of Korea,** have implemented blanket-bans on all poultry imports from the United States. This situation is also anticipated to favour some second-tier exporters, such as **Thailand** and **Turkey.** Conversely, **Argentina**, which has also seen substantial export growth in recent years, has experienced a decline in sales to Venezuela, its principal market, which may bring its overall exports down in 2015.



Imports: Poultry meat

'000 tonnes (CWE)

	2013	2014 *prelim.*	2015 *f'cast*	Change 2015over 2014 (%)
World	12154	12256	12093	-1.3
China	1704	1795	1772	-1.2
Japan	1066	1089	1105	1.5
Mexico	848	889	969	9.0
Saudi Arabia	887	810	820	1.3
Vietnam	603	642	685	6.8
EU (28)	725	697	641	-8.0
South Africa	390	394	433	10.0
Iraq	438	445	431	-3.1
UAE	361	378	416	10.0
Russian Fed.	551	460	280	-39.1

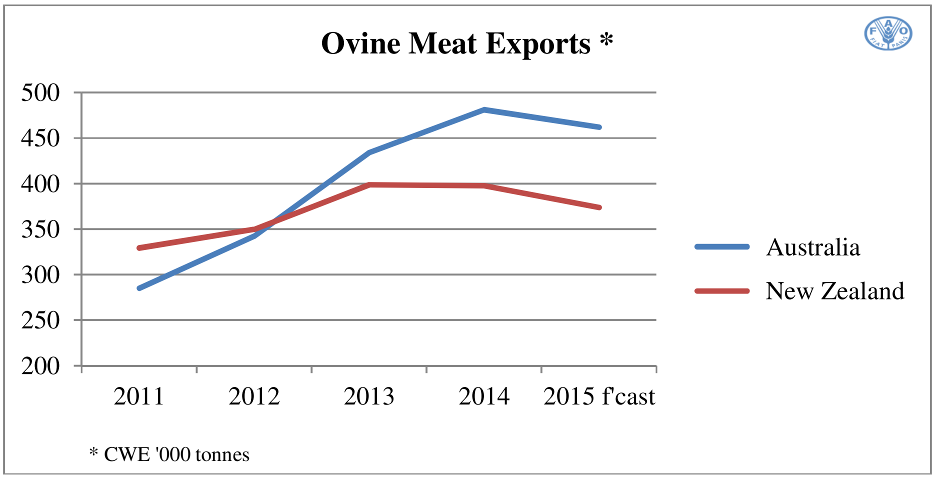
Exports: Poultry meat

'000 tonnes (CWE)

	2013	2014 *prelim.*	2015 *f'cast*	Change 2015over 2014 (%)
World	12402	12741	12607	-1.0
Brazil	3981	4037	4156	3.0
United States	4150	4168	3834	-8.0
EU (28)	1331	1389	1438	3.5
Thailand	734	773	889	14.9
Turkey	373	415	425	2.6
China	469	471	411	-12.8
Argentina	363	311	235	-24.5

Ovine Meat: Trade to fall

Restocking in **Australia** and **New Zealand** is anticipated to curb world trade in ovine meat by almost 5 percent to 976 000 tonnes in 2015, although some much smaller scale exporters including **India**, **Pakistan** and **Ethiopia** could see sales grow. Australia is expected to see sales fall by 4 percent, while New Zealand could experience a 6 percent drop. In both cases, reduced availabilities are expected to be accommodated via lower sales to **China,** while sales to the highest value markets, such as the **EU** and the **United States**, will be maintained.



Imports: Ovine meat

'000 tonnes (CWE)

	2013	2014 *prelim.*	2015 *f'cast*	Change 2015over 2014 (%)
World	940	1026	962	-6.2
China	298	327	272	-16.7
EU (28)	164	156	150	-4.1
United States	85	98	105	7.8
UAE	67	73	72	-1.1
Saudi Arabia	51	60	64	6.9
Malaysia	25	31	33	5.6

Exports: Ovine meat

'000 tonnes (CWE)

	2013	2014 *prelim.*	2015 *f'cast*	Change 2015over 2014 (%)
World	973	1027	976	-4.9
Australia	434	481	462	-4.0
New Zealand	399	398	374	-6.1
India	20	23	27	18.2
EU (28)	31	28	18	-37.0

For comments or queries please use the following email contact: Michael.Griffin@fao.org
Use of material is subject to credit being given to source:
Meat and Meat Products: price and trade update
Trade and Markets Division
Food and Agriculture Organization of the United Nations