



Meat and Meat products Price and Trade Update

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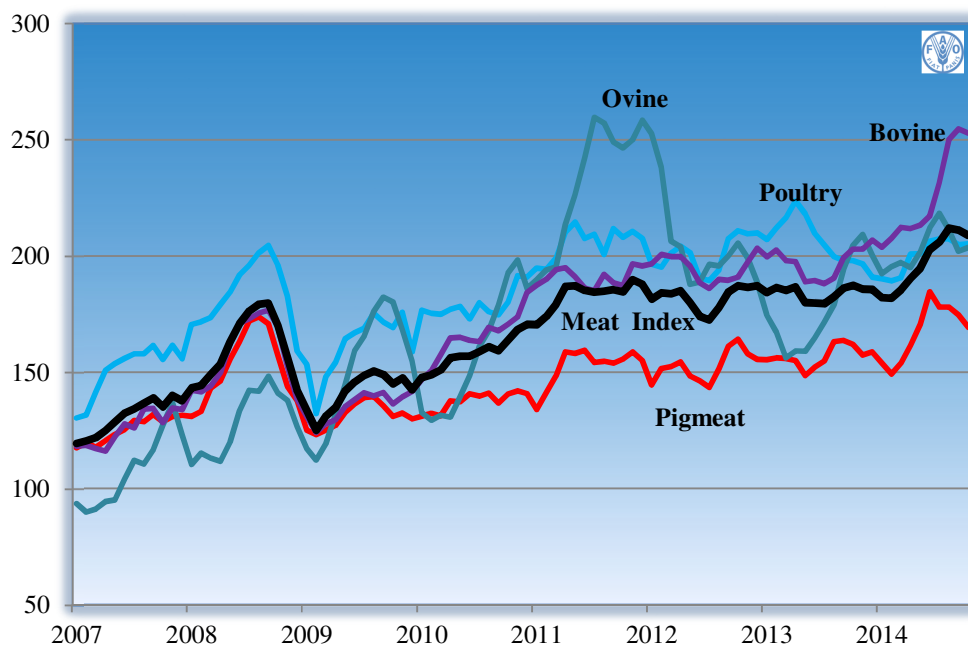
Price and Trade Update: November 2014¹

Export prices remain at historic highs

The **FAO Meat Price Index** averaged 208.9 points in October, 2.3 points (1.1 percent) less than its revised value for September. However, quotations for most types of meat are still at historic highs and the Index stands 21.6 points (11.5 percent) above its corresponding level in 2013, principally because of strong bovine meat prices. In October 2014, the quotations of bovine meat and, especially, pig meat moved lower, while those of poultry and ovine meat were, respectively, stable and slightly stronger. Pig meat prices have shown signs of weakness since July, as production recovered in some of the countries affected by outbreaks of porcine epidemic diarrhea (PED) – reducing import demand and increasing availability for export. Also, favourable weather and prices are supporting a recovery in the bovine herd in Australia and hence export availability.

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 **October 2014**.

FAO Price Indices: Meat and Meat Products



Trade Outlook: Overview

Global meat trade is forecast to expand by 3.2 percent in 2014, to 31.9 million tonnes. The anticipated growth would be lower than the average for recent years, due to a variety of causes, including production constraints in some of the principal exporting countries, animal health concerns and trade restrictions. There are diverging expected changes of trade for the various types of meat in 2014, with growth forecast for bovine meat, ovine meat and poultry, and a decline forecast for pigmeat. Poultry remains the main meat traded, with 43 percent of the total, followed by bovine, pig and ovine meat, respectively.



Bovine Meat

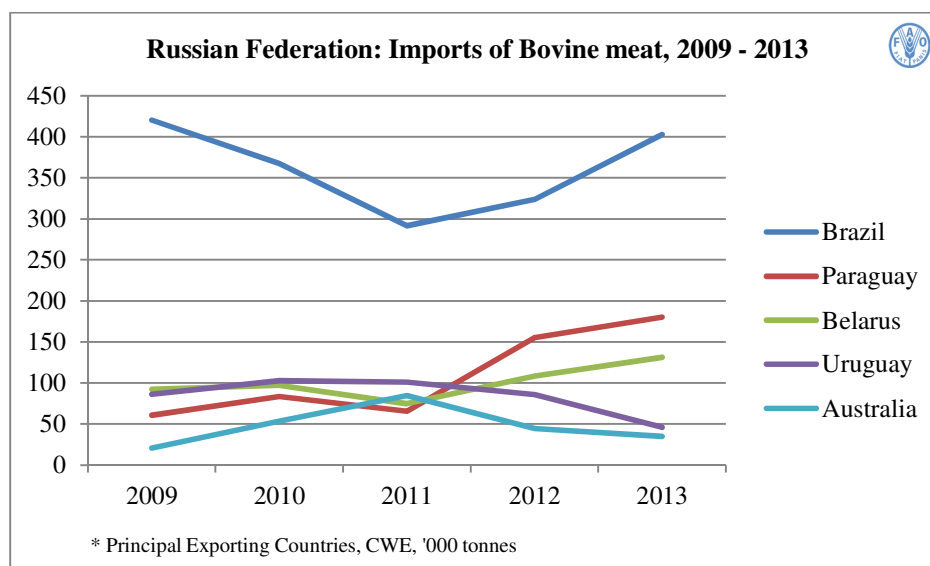
World trade in bovine meat is anticipated to grow by 6.5 percent, to 9.6 million tonnes, despite international prices being at their historic maximum. Consumer demand, rising incomes and a shortage of domestic supplies in some countries are important contributors to trade expansion.

China is expected to record a significant increase in imports, although not to the same degree as in 2013, when they doubled. Total imports could exceed 1.1 million tonnes in 2014, 8.5 percent more than last year, confirming China's position as the main world market for bovine meat. Demand in the country continues to be stimulated by rising incomes and growth in meals outside the home. Additionally, following outbreaks of avian influenza, some consumers have switched from poultry to other meats, including beef. Elsewhere in *Asia*, imports by the **Islamic Republic of Iran**, the **Republic of Korea** and **Malaysia** could increase, as domestic production is forecast to be either stable or falling. The **United States**, the world's second largest importer, is also forecast to step up its purchases to compensate for a short-fall in national production. Estimates for the first eight months of 2014 indicate that deliveries to the Russian Federation were moderately higher, up by 3 percent, year-on-year. The Federation's ban on bovine meat imports from a number of countries² introduced in August is not expected to have much impact on world trade, overall, as this group of countries collectively supplied less than 10 percent of Russian imports in 2013. However, it may mean that the Federation imports more bovine meat in order to compensate for reduced imports of other types of meat, where the banned countries are the main suppliers to the Russian Federation. For example, provisional data for August, when the ban was introduced, indicate higher than average import of bovine meat from Brazil, the main source of supply. – compared to the same month last year. Purchases by the **EU** may decline slightly, stemming from growth in domestic production. A number of other importers may see trade fall or stagnate in response to high international prices, including **Egypt, Japan, Canada and Mexico**.

Strong demand and elevated prices are projected to stimulate bovine meat exports, despite production constraints in some countries. Much of the expected expansion in trade is anticipated to be met by **India, Brazil, Australia and New Zealand**. India, in particular, should see a strong rise in its sales of buffalo meat (carabeef), in the order of 10 percent. If this were the case, for the first time, India would become the leading exporter of bovine meat, shipping 1.92 million tonnes, compared to second-placed Brazil's 1.87 million tonnes. India's main markets are in Asia and North Africa. The popularity of carabeef rests on its price competitiveness – where quotations are 30 percent less than for beef - plus its low fat content, excellent processing characteristics and halal certification. The favourable market conditions for bovine meat are

² In August 2014 the Russian Federation introduced a one-year ban on imports of meat and meat products originating from Australia, Canada, the European Union, Norway and the United States.

expected to stimulate exports from **Paraguay, Canada, and the EU**. On the other hand, reduced domestic production in the **United States and Argentina** is constraining exports which are expected to finish the year little changed from 2013.

**Imports: Bovine meat**

'000 tonnes (CWE)

	2012	2013	2014	Change 2014 over 2013 (%)
		<i>prelim.</i>	<i>f'cast</i>	
China	505	1051	1140	8.5
United States	916	927	1083	16.8
Russian Fed.	915	880	924	5.0
Vietnam	460	718	862	20.0
Japan	739	758	736	-3.0
Egypt	373	378	380	0.7
Korea Rep. of	320	327	360	10.0
EU (28)	306	332	325	-2.0
Chile	172	228	273	20.0
Canada	284	281	269	-4.0
Mexico	228	247	235	-4.6
World	7452	8414	9015	7.1

Exports: Bovine meat

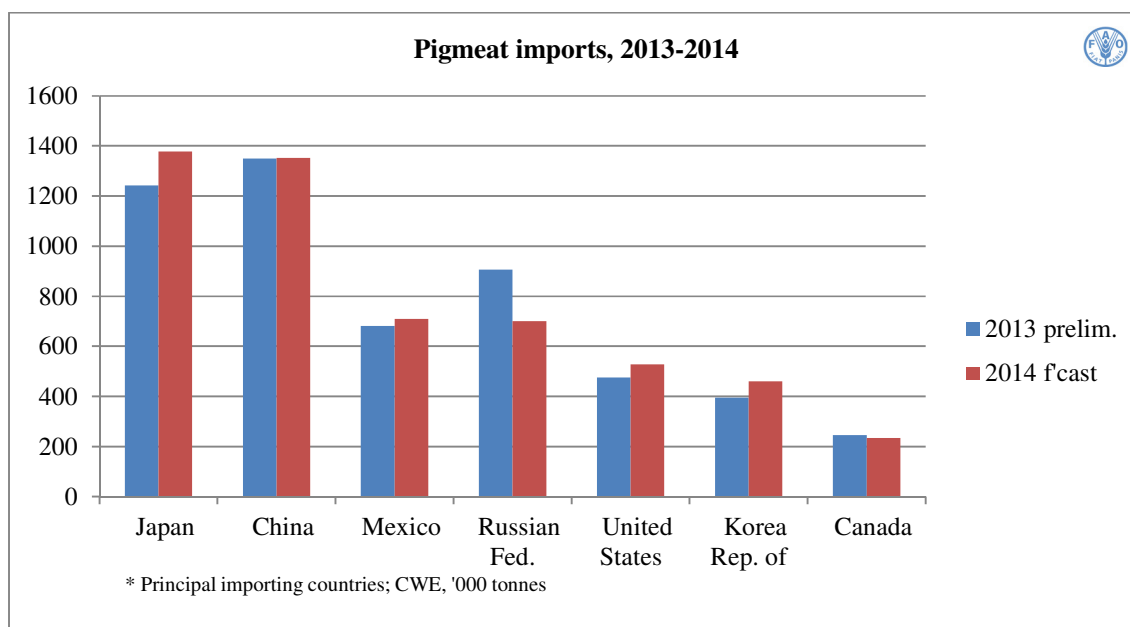
'000 tonnes (CWE)

	2012	2013	2014	Change 2014 over 2013 (%)
		<i>prelim.</i>	<i>f'cast</i>	
India	1346	1747	1921	10.0
Brazil	1458	1767	1873	6.0
Australia	1282	1446	1620	12.0
United States	1159	1226	1238	1.0
New Zealand	472	483	516	7.0
Uruguay	324	322	355	10.0
Paraguay	233	302	347	15.0
Canada	305	305	324	6.3
EU (28)	289	283	306	8.0
Argentina	185	204	204	-0.1
China	153	179	180	0.2
World	7970	9028	9611	6.5

Pigmeat

Trade in pigmeat is expected to fall slightly, by 0.5 percent, to 7.4 million tonnes in 2014. Three countries – the United States, the EU and Canada – account for three-quarters of the world pig meat exports. Adding Brazil and China to the group brings the total to more than 90 percent. Despite reduced national production, high international prices are expected to boost sales by the **United States**, where exports for the first nine months of the year were up by 2.1 percent. In the case of the **EU**, trade has been affected by the loss of access to the Russian Federation's market, its main outlet: the Federation banned imports of EU pigmeat at the end of January, following a small number of cases of African Swine Fever (ASF) in the wild-boar population in Lithuania and Poland. EU trade data show that overall pigmeat exports up to August are running 5.4 percent below the same period in 2013. In terms of specific export destinations, EU exports to the Russian Federation are down almost 90 percent, while that those of its second major market, **China**, were stable; conversely, sales to **Japan**, the **Republic of Korea** and the **Philippines**, amongst others, have risen substantially, largely mitigating against the loss of access to the Russian Federation. **Canada** is forecast to see 3 percent drop in sales for the year, partly to compensate for reduced importation, as is **Brazil**.

A substantially cut in imports by the **Russian Federation**, **Ukraine** and **Belarus** have contributed to the anticipated downturn in trade in pigmeat for 2014. In the case, of the Russian Federation, increased domestic supplies should partly compensate for the decline; by way of context, growing domestic production already prompted the Federation to cut imports heavily, by 26 percent, in 2013. On the other hand, demand projected to increase in a number of the other principal importing countries. PED-reduced domestic production in **Japan**, the **Republic of Korea** and the **United States** has resulted in imports to September being up 10 percent or more year-on-year. Rising demand in **Angola** and **Mexico** has also led to increased levels of external purchases.

**Imports: Pigmeat meat**

'000 tonnes (CWE)

	2012	2013	2014	Change 2014 over 2013 (%)
		<i>prelim.</i>	<i>f'cast</i>	
Japan	1283	1243	1378	10.9
China	1214	1349	1352	0.2
Mexico	614	682	710	4.1
Russian Fed.	1089	906	700	-22.8
United States	434	475	528	11.1
Korea Rep. of	508	395	460	16.6
Canada	264	246	234	-4.9
World	7252	7239	7149	-1.3

Exports: Pigmeat meat

'000 tonnes (CWE)

	2012	2013	2014	Change 2014 over 2013 (%)
		<i>prelim.</i>	<i>f'cast</i>	
United States	2333	2173	2216	2.0
EU (28)	2206	2288	2154	-5.8
Canada	1206	1205	1168	-3.0
Brazil	711	651	636	-2.3
China	377	441	555	25.9
Chile	174	158	152	-4.0
Mexico	100	121	135	11.7
World	7534	7393	7358	-0.5

Poultry

Poultry, the most traded meat category, accounts for almost 45 percent of total meat trade. Its popularity stems from its price competitiveness compared with other types of meat and its wide acceptance and adaptability to national cuisines. Although poultry trade volume has increased by 55 percent over the past decade, growth has slowed since 2012. The slowing pace, mainly a reflection of augmented production in importing countries, is expected to continue in 2014, when exports could rise by only 2.8 percent, to 13.6 million tonnes. The two major importing countries, **China** and **Japan**, are projected to buy more (see table below). In the case of China, a contraction in mainland China is anticipated to be counterbalanced by growth in Hong Kong SAR, in part a result of prohibitions of traffic in live birds from the mainland. Stable to larger imports by other major countries, including **Mexico**, **Vietnam**, **Turkey**, the **United Arab Emirates**, **Angola** and **Venezuela** is expected to contrast with substantially lower purchases by **South Africa**, the **Russian Federation** and **Saudi Arabia**. In the last three countries, the fall reflects abundant domestic production and reduced domestic prices. For *Africa* as a whole, imports are forecast to fall by 3.4 percent; however, aside from South Africa, some of the other main destinations – including **Angola** and **Benin** - are anticipated to purchase more, as income growth strengthens demand. Imports by the **EU** are forecast to be little changed compared to 2013.

The United States, Brazil, China and the EU, the four leading exporters which together account for 80 percent of global poultry exports, have seen little expansion in sales in recent years. This situation is set to change in the course of the year, as both **Brazil** and **China** are anticipated to record a larger than usual increase in sales in 2014. Brazil's exports are projected to expand by 2 percent, spurred by larger sales to **Venezuela**, the **Russian Federation**, **China** and **Japan**. In the case of **China**, excess supplies and depressed prices are anticipated to stimulate exports, in particular to **Vietnam**, **Thailand**, **Japan** and **Malaysia**. Medium-volume poultry exporting countries, **Thailand** and **Turkey** are also projected to continue to register growth. The **Ukraine** is forecast to substantially increase sales, as the development of new markets, including **Iraq**, **Uzbekistan** and the **EU**, and augmented exports to established markets, such as **Moldova**, **Georgia** and **Vietnam**, have more than compensated for substantially reduced trade with the **Russian Federation** and **Kazakhstan**. For the year up to September, **South Africa** has recorded an exceptional 320 percent upsurge in sales, compared to the same period in 2013. The upswing is a result of the development of new markets in **Lesotho** and **Namibia**, as well as increased deliveries to other countries in the region, particularly **Mozambique**. In terms of the other principal exporting countries, sales by the **United States** and the **EU** are anticipated to be little changed, while those of **Argentina** and **Canada** are forecast to fall.

Imports: Poultry meat

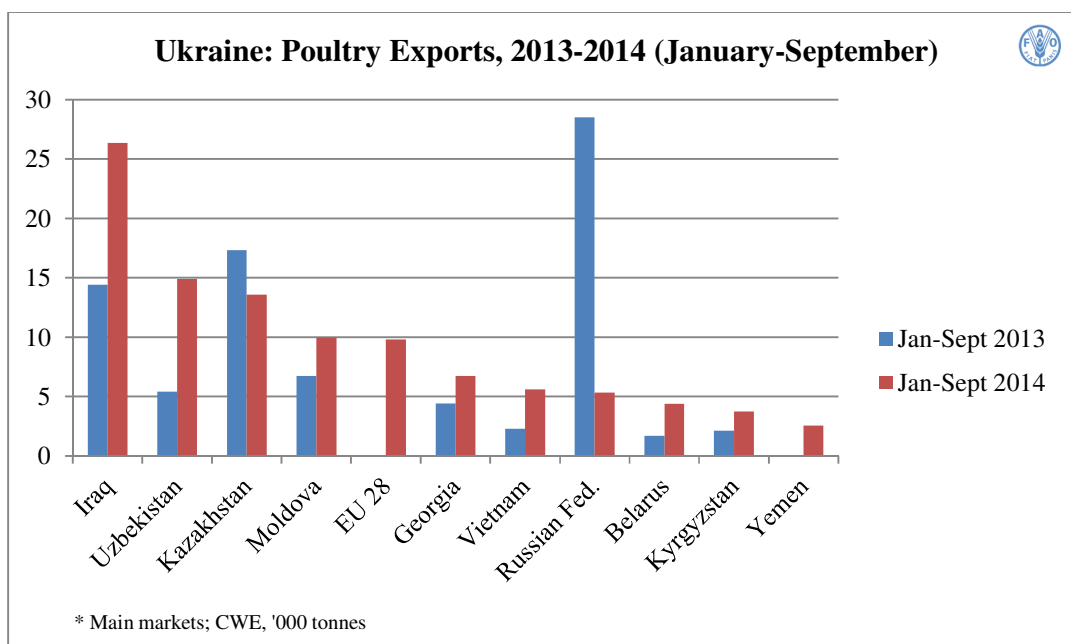
'000 tonnes (CWE)

	2012	2013	2014	Change 2014 over 2013 (%)
		<i>prelim.</i>	<i>f'cast</i>	
China	1741	1704	1789	5,0
Japan	1093	1066	1095	2,7
Mexico	784	848	863	1,8
Saudi Arabia	810	887	842	-5,0
EU (28)	826	725	720	-0,7
World	12715	12566	12582	0.1

Exports: Poultry meat

'000 tonnes (CWE)

	2012	2013	2014	Change 2014 over 2013 (%)
		<i>prelim.</i>	<i>f'cast</i>	
United States	4104	4150	4191	1,0
Brazil	4029	3981	4061	2,0
China	1263	1260	1342	6,5
EU (28)	1348	1331	1339	0,6
Thailand	770	734	778	6,0
Turkey	311	373	414	11,1
Argentina	331	363	334	-8,1
Canada	178	190	176	-7,5
Ukraine	81	146	164	12,7
World	13042	13248	13614	2.8



Ovine Meat

Trade in ovine meat is set to grow by 8.3 percent in 2014, with **Australia** and **New Zealand** accounting for almost 90 percent of world exports. Most of the increase would result from growing sales by Australia, which in 2013 overtook New Zealand as the major exporter. For the year up to September, particularly strong growth has been registered for Australia's sales to **China**, the **USA**, **Saudi Arabia**, **Malaysia**, **Qatar** and the **Republic of Korea**. By contrast, shipments by New Zealand are anticipated to be little changed compared to last year. The industry in New Zealand has been affected by exceptionally high, drought-induced slaughter in 2013. Also, within New Zealand, there is strong competition from more profitable sectors, in particular dairying, for the limited land-space available for agriculture, which has resulted in a movement away from ovine meat production. Export data for New Zealand for the year to September show a substantial shift of focus away from traditional markets in the **EU** (mainly the **United Kingdom**, **Germany** and **France**) and a concentration on **China**, which became New Zealand's main market in 2013 and where imports grew by 10 percent during the first three-quarters of 2014, compared to the same period last year. The **EU** is forecast to increase exports by almost 15 percent in 2014, albeit from a much smaller base than *Oceania*. In recent years, the importance of markets in EU-neighbouring countries, such as **Norway** and **Switzerland**, has declined and those in *Asia* (**China**, **Thailand** and the **United Arab Emirates**) and Africa (**Algeria**, **Ghana**, the **Cote d'Ivoire** and **Guinea**) have increased. Amongst some of the other smaller-scale exporters, **India** is expected to see sales expand by over 10 percent this year, mainly to the *Middle East*, especially the **United Arab Emirates** and **Saudi Arabia**. Likewise, exports by **Uruguay** are forecast to move higher, focusing on **Brazil**, **China** and to a lesser extent the **EU**.

China overtook the **EU** as the main market for ovine meat in 2012 and has since continued to consolidate its position. For 2014, imports by China are anticipated to grow by around 50 percent to reach 450 000 tonnes, a third of world trade. Other markets, including the **United States**, **Saudi Arabia**, the **United Arab Emirates**, **Malaysia** and **Japan**, are anticipated to record strong growth in 2014. Imports by the **EU** are forecast to fall, as a result of increased internal production and stagnant to declining demand in many member countries.

Imports: Ovine meat

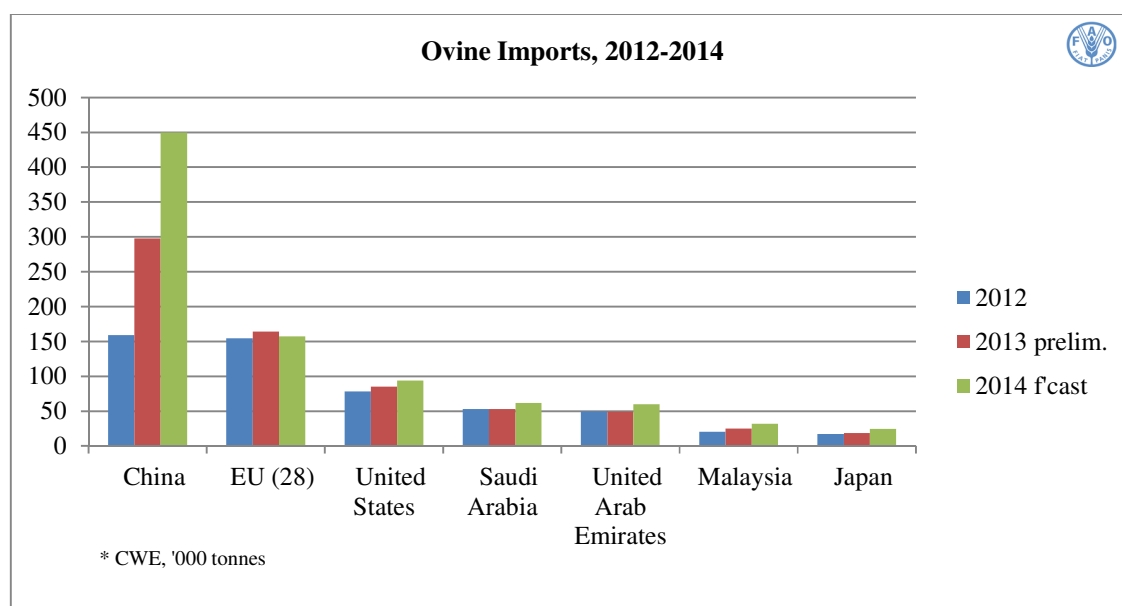
'000 tonnes (CWE)

	2012	2013 <i>prelim.</i>	2014 <i>f'cast</i>	Change 2014 over 2013 (%)
China	159	298	450	51.1
EU (28)	154	164	157	-4.4
United States	79	85	94	10.2
Saudi Arabia	53	53	62	17.5
United Arab Emirates	50	49	60	21.3
Malaysia	20	25	32	25.9
Japan	17	18	25	35.5
World	764	1119	1152	2.9

Exports: Ovine meat

'000 tonnes (CWE)

	2012	2013 <i>prelim.</i>	2014 <i>f'cast</i>	Change 2014 over 2013 (%)
Australia	342	434	490	13.0
New Zealand	350	399	404	1.3
EU (28)	21	31	36	14.8
India	12	20	22	12.9
World	826	976	1058	8.3



For comments or queries please use the following email contact: Michael.Griffin@fao.org

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