Food and Agriculture Organization of the United Nations

Meat and Meat products: Price and Trade Update

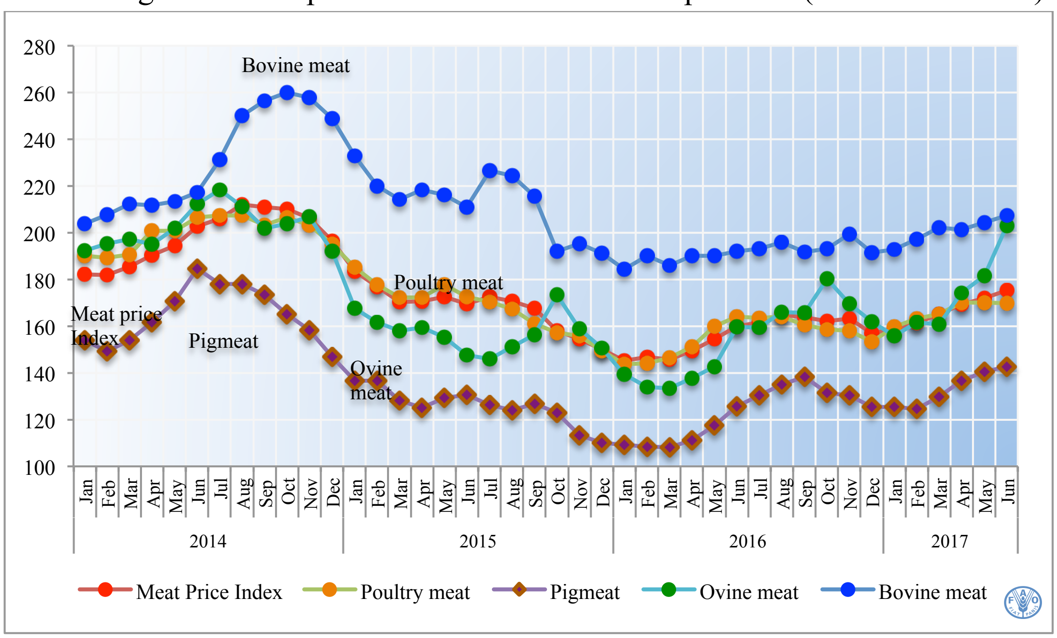
June 2017*

International meat prices

The FAO Meat Price Index† averaged 175.2 points in June, up 3.2 points (1.8 percent) from May, marking the sixth consecutive month of moderate price increases. During the first six months of the year, the index increased by 16.4 points (10.3 percent), but it is still 17 percent below the peak it reached in August 2014.

From January to June, ovine prices increased by 30 percent, largely due to limited export supplies from Oceania. Pig meat prices increased by 13.8 percent reflecting high demand and limited growth in production in the European Union, which constrained export supplies. Bovine prices increased by 7.6 percent, attributed to strong domestic demand in major producing regions amid limited export supplies from Oceania. Poultry meat prices registered a 6.4 percent increase, making poultry the meat product with the smallest increase out of the four meat products that constitute the index. Concerns over the spread of Avian Influenza in Europe, Asia and Africa constrained free flow of international trade in poultry meat.

Figure 1. FAO price indices: Meat and meat products (2002-2004 = 100)



* The present issue covers developments up to the end of June 2017

† Most prices used in the calculation of the Meat Price Index are not available when the index is computed and published, and the index for the most recent months are derived from a mixture of projected and observed prices. Therefore, caution must be used in interpreting the results.

International trade in meat and meat products

Global trade in meat is forecast to register a second year of expansion in 2017, increasing by 2.5 percent to 32 million tonnes.

The expansion in world exports is projected to be led by the United States and Brazil, followed by Canada, Thailand and Argentina, with sales also rising for the EU, Mexico, Ukraine, Chile and Belarus. Meanwhile, exports by Australia, China, New Zealand and India are likely to decline.

Increased meat imports are expected, particularly in China, but also in Mexico, Chile, the Republic of Korea, Japan, the Philippines, the United Arab Emirates, Viet Nam, Iraq and Singapore. By contrast, growth in domestic production may result in reduced purchases by the United States and the Russian Federation, with Egypt, Angola and Saudi Arabia also anticipated to import less.

Trade in pigmeat is set to rise by 4.1 percent, poultry meat by 2.9 percent and bovine meat by 0.8 percent, compared with last year, while ovine meat trade may decrease by 2 percent.

Figure 2. Global meat trade 2014 – 2017 (Carcass weight equivalent, '000 tonnes)

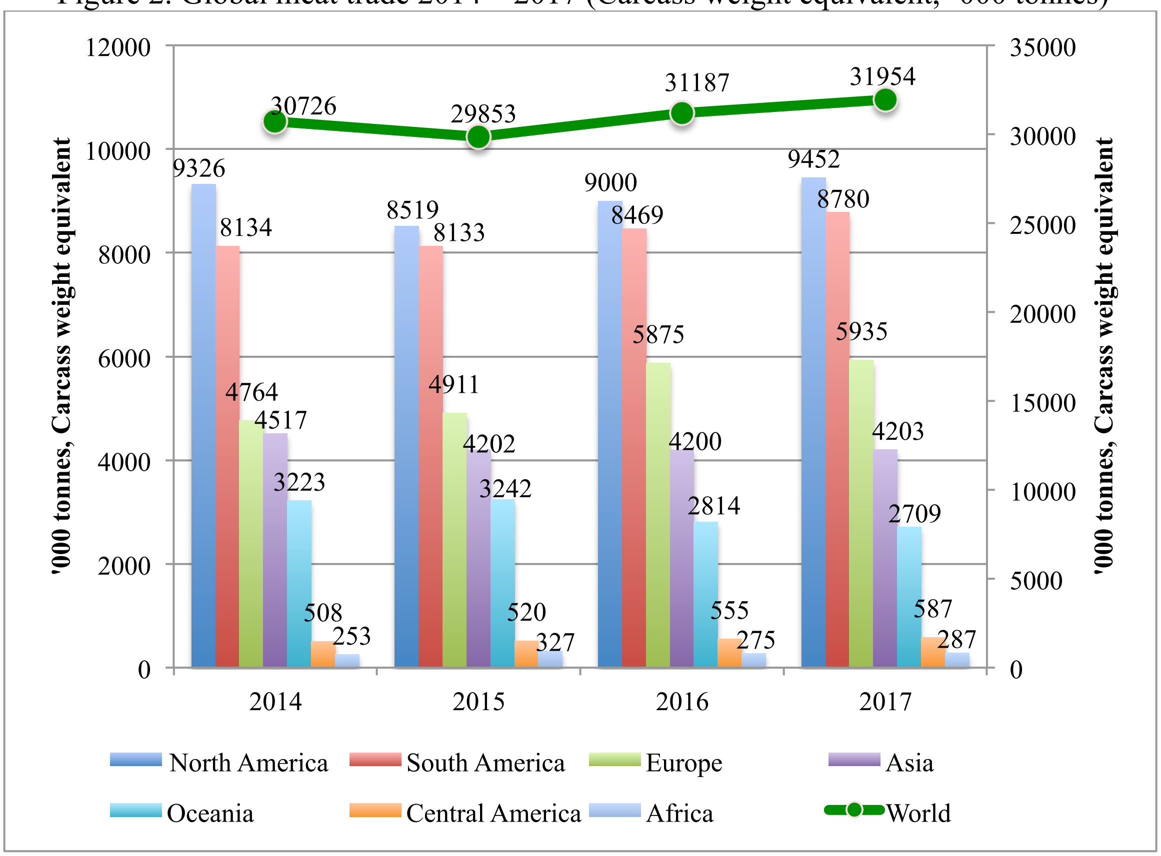


Table 1. Total meat and meat product exports: Selected countries (CWE, '000 tonnes)

	2015	2016 prelim.	2017 f'cast	Change 2017 over 2016 (%)
World	**29853**	**31187**	**31954**	**2.5**
United States	6789	7162	7542	5.3
Brazil	6616	6896	7129	3.4
EU	4191	5002	5026	0.5
Canada	1729	1838	1910	3.9
Australia	2208	1852	1782	-3.8
India	1708	1665	1636	-1.7
Thailand	952	1020	1077	5.6
New Zealand	1031	958	924	-3.5
China	609	557	516	-7.4
Argentina	451	454	503	10.8

Table 2. Total meat and meat products imports: Selected countries (CWE, '000 tonnes)

	2015	2016 prelim.	2017 f'cast	Change 2017 over 2016 (%)
World	**29019**	**30491**	**31076**	**1.9**
China	4314	5777	6335	9.7
Japan	3158	3292	3329	1.1
Mexico	1992	2063	2130	3.2
United States	2261	2079	1923	-7.5
Viet Nam	1823	1550	1571	1.4
EU	1316	1337	1344	0.5
Korea Rep. of	1124	1239	1286	3.8
Saudi Arabia	1200	1096	1078	-1.6
Russian Fed.	1235	1073	980	-8.7
Canada	782	735	738	0.4

Figure 3. Meat and Meat products exports (CWE, '000 tonnes)

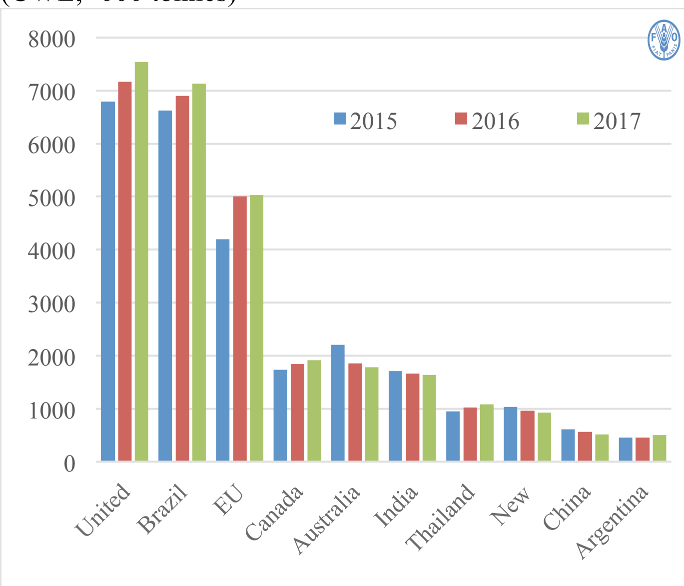
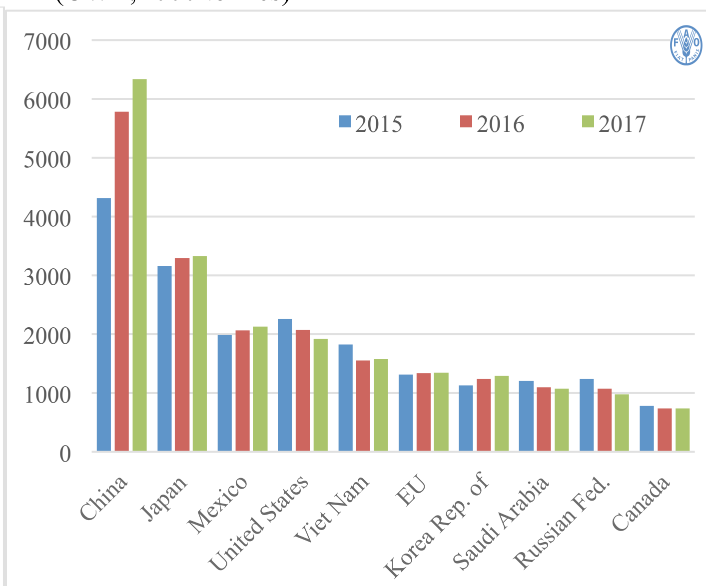


Figure 4. Meat and meat products imports (CWE, '000 tonnes)



Bovine Meat

World trade in bovine meat 2017 is anticipated to grow by a modest 0.8 percent to 9.0 million tonnes. Expanded exports are forecast to originate from the Americas, notably the **United States**, **Argentina**, **Canada**, **Brazil** and **Mexico**, but also from the **EU** and **South Africa**. Export growth in these countries is likely to compensate possible export contractions in **Australia**, **New Zealand** and **India**.

Exports from the United States are forecast to increase by 6.5 percent to 1.3 million tonnes, supported by a rise in domestic production and reduced competition from Oceania. **Brazil** is forecast to increase its exports, if the current production and export supply trends are continued. Exports from **Australia** and **New Zealand** are forecast to fall by about 5 percent each for a second year. **India**'s bovine meat exports are forecast to continue at 1.6 million tonnes, if we assume that the ban on purchasing animals for slaughter will have no impact on exports.

Among bovine meat importers, the surge in purchases by **China** is expected to remain the main source of demand growth, rising by over 12 percent in 2017 to 1.6 million tonnes of imports. Brazil, Argentina and Uruguay are expected to supply most of the increase in China's imports. Elsewhere in Asia, expansion in imports is projected for **Japan**, the **Republic of Korea** and the **Islamic Republic of Iran**, while imports by **Chile**, **Mexico** and the **EU** could also grow. A second year of markedly reduced imports by the **United States**, combined with decreases in **Egypt**, **Viet Nam**, **Canada** and the **Russian Federation**, would somewhat counterbalance the generally positive trade outlook.

Table 3. Bovine meat exports: Selected countries (CWE, '000 tonnes)

	2015	2016	2017	Change 2017 over 2016 (%)
		prelim.	*f'cast*	
World	**9155**	**8923**	**8994**	**0.8**
Brazil	1626	1617	1630	0.8
India	1677	1638	1610	-1.7
Australia	1688	1344	1286	-4.3
United States	1084	1200	1278	6.5
New Zealand	582	535	507	-5.2
Canada	362	394	408	3.6
Uruguay	333	375	380	1.3
Paraguay	353	360	365	1.4
EU	289	297	312	5.1
Argentina	201	234	262	12.0

Table 4. Bovine meat imports: Selected countries (CWE, '000 tonnes)

	2015	2016	2017	Change 2017 over 2016 (%)
		prelim.	*f'cast*	
World	**8669**	**8625**	**8684**	**0.7**
China	1207	1403	1575	12.3
United States	1396	1218	1080	-11.3
Viet Nam	917	910	900	-1.1
Japan	703	706	745	5.5
Korea Rep. of	366	451	465	3.1
Russian Fed.	510	427	420	-1.6
EU	322	326	335	2.8
Egypt	360	340	300	-11.8
Chile	228	277	295	6.5
Canada	282	259	250	-3.5
Mexico	195	206	217	5.3

Figure 5. Bovine meat exports: India main destinations (CWE, '000

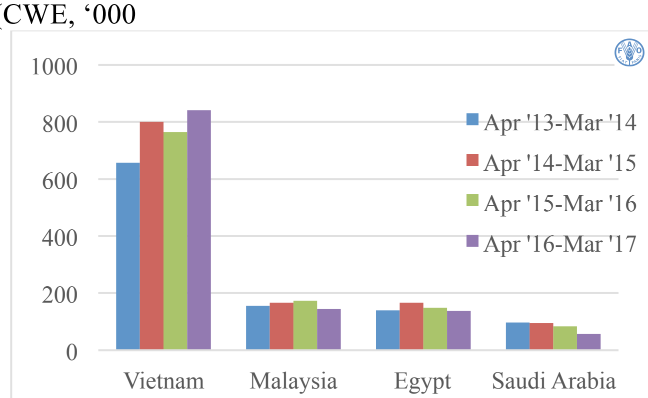
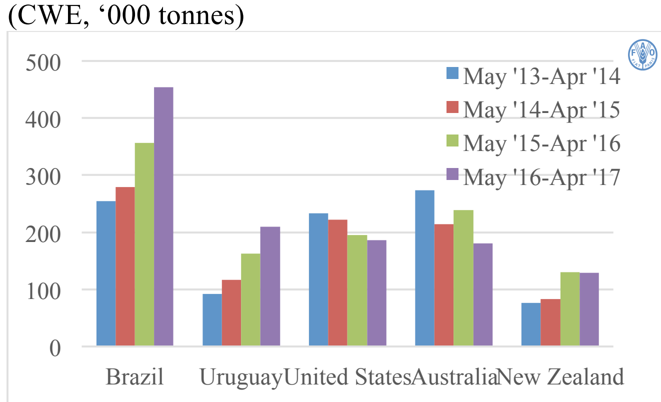


Figure 6. Bovine meat imports: China main sources (CWE, '000 tonnes)



Pigmeat

Global trade in pigmeat is forecast to grow by 4.1 percent to an historical high of 8.6 million tonnes. Buoyant world import demand is forecast to stimulate exports by the **United States**, **Brazil** and **Canada**, while supply limitations could mean that shipments by the **EU** would be similar to last year.

Exports by the United States are projected to increase by 8.4 percent to 2.5 million tonnes. Brazil is anticipated to see its exports increase by 10 percent, stemming increased trade with Asia, especially China, but also with neighbouring Chile, Argentina and Uruguay. Canada's pigmeat exports are forecast to grow by 3.6 percent, as an expected growth in exports to China is large enough to compensate a decline of shipments to the United States and opening up additional export opportunities due industry-wide elimination of the use of feed rations with ractomine, a beta-agonist compound that promotes leanness. Pigmeat exports by the EU are forecast remain at about 3 million tonnes due to limited growth in output. Nevertheless, the EU would remain the main world exporter of pigmeat, followed by the United States, Canada and Brazil.

China is projected to be the main source of growth in pigmeat trade with a growth of 12 percent to 2.8 million tonnes, principally due to reduced domestic production. Increased imports are also anticipated for **Japan**, **Mexico**, the **Republic of Korea** and the **Philippines**, while those of the **Russian Federation**, the **United States**, **Angola** and **Viet Nam** are forecast to fall.

Table 5. Pigmeat exports: Selected countries (CWE, '000 tonnes)

	2015	2016	2017	Change
		prelim.	*f'cast*	2017 over 2016 (%)
World	**7240**	**8268**	**8607**	**4.1**
EU	2415	3107	3100	-0.2
United States	2192	2287	2480	8.4
Canada	1191	1264	1310	3.6
Brazil	691	890	980	10.1
Chile	169	163	170	4.3
Mexico	137	150	160	6.7
China	126	102	90	-11.8

Table 6. Pigmeat imports: selected countries (CWE, '000 tonnes)

	2015	2016	2017	Change
		prelim.	*f'cast*	2017 over 2016 (%)
World	**7087**	**8246**	**8575**	**4.0**
China	1448	2531	2840	12.2
Japan	1286	1371	1412	3.0
Mexico	845	875	896	2.4
Korea Rep. of	606	623	640	2.7
United States	607	598	575	-3.8
Russian Fed.	415	369	310	-16.0

Figure 7. Pigmeat exports: US main destinations (CWE, '000 tonnes)

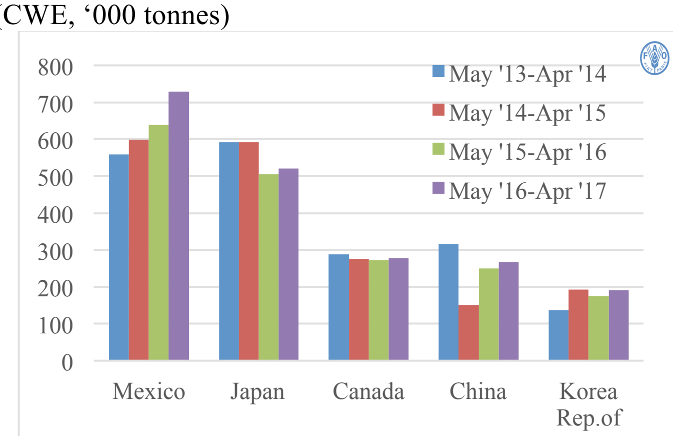
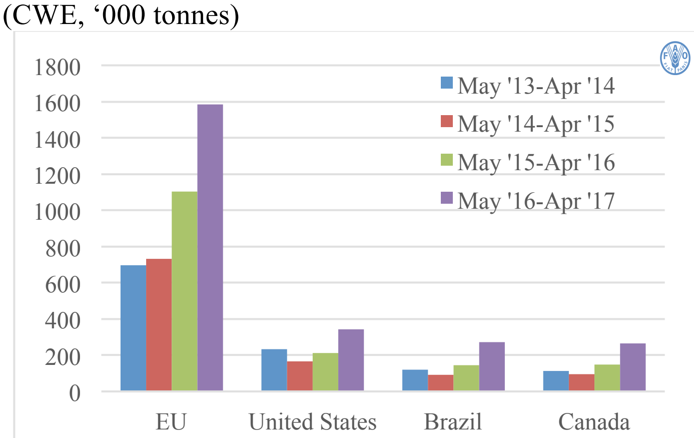


Figure 8. Pigmeat imports: China main sources (CWE, '000 tonnes)



Poultry

Poultry meat exports in 2017 is forecast to grow by 2.9 percent to 13.2 million tonnes. Brazil, the United States, the EU and Thailand are expected to be the main sources of exports.

Brazil's poultry exports are forecast to grow due to rising international demand and Brazil's status of being free from Highly Pathogenic Avian Influenza (HPAI) virus. In the United States, growth in domestic production and acceptance of a state-level, limited impact from HPAI outbreaks are likely to contribute to growth in exports. The **EU** poultry export growth is forecast to remain at 1 percent due to firm domestic demand, limited growth in output and HPAI-related trade restrictions. **Thailand's** poultry exports, targeted to specific clients in high-end markets such as Japan and the EU, are expected to grow. Exports by **Ukraine**, **Argentina**, **Turkey**, **Canada** and **Chile** could also increase, but those from China are forecast to fall due to limited export availability.

China's poultry meat imports are forecast to grow by 4.9 percent to 1.7 million tonnes, mainly due to a decline in domestic production, and account for almost 40 percent of the projected expansion in global poultry trade. Increased imports are foreseen for **Viet Nam**, **Mexico**, **Chile**, the **United Arab Emirates**, the **Philippines**, **Iraq**, the **Republic of Korea** and **Singapore**, mainly driven by affordability and rising domestic consumption. Lower import volumes are expected in **Japan** due to the availability of accumulated stocks; in **South Africa,** due to HPAI-related import prohibitions; and in the **Russian Federation,** due to increased national production and country-specific trade restrictions.

Table 7. Poultry meat exports: Selected countries (CWE, '000 tonnes)

	2015	2016	2017	Change
		prelim.	*f'cast*	2017 over 2016 (%)
World	**12249**	**12831**	**13205**	**2.9**
Brazil	4274	4364	4494	3.0
United States	3491	3652	3762	3.0
EU	1387	1500	1515	1.0
Thailand	874	955	1012	6.0
China	427	406	380	-6.4
Turkey	346	327	340	4.0
Ukraine	164	244	271	11.1

Table 8. Poultry meat imports: Selected countries (CWE, '000 tonnes)

	2015	2016	2017	Change
		prelim.	*f'cast*	2017 over 2016 (%)
World	**12027**	**12412**	**12616**	**1.6**
China	1403	1592	1670	4.9
Japan	1134	1179	1135	-3.7
Mexico	928	959	994	3.6
Saudi Arabia	971	903	885	-2.0
EU	715	737	740	0.4
Viet Nam	793	584	620	6.2
South Africa	479	560	561	0.2

Figure 9. Poultry meat exports: Brazil main destinations (CWE, '000 tonnes)

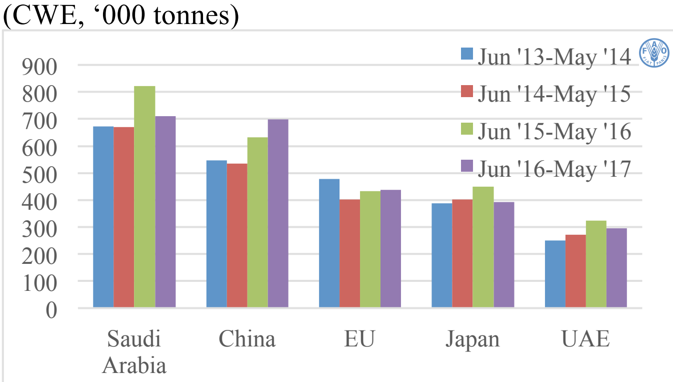
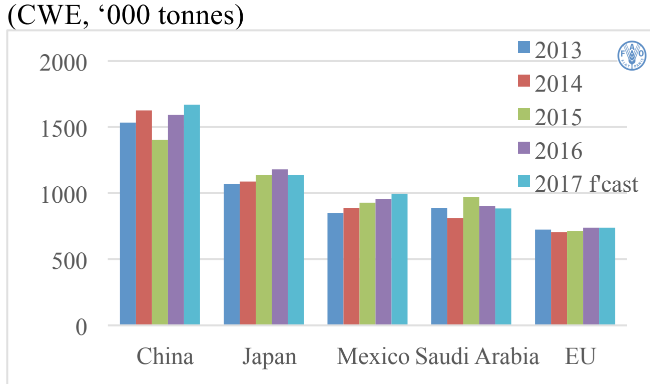


Figure 10. Poultry meat imports: Selected countries (CWE, '000 tonnes)



Ovine Meat

World trade in ovine meat is forecast to contract by 2 percent in 2017, to 902 000 tonnes, principally reflecting reduced shipments by **Australia** and **New Zealand**. Australia is projected to record a 2.8 percent drop in exports, while New Zealand could experience a decline of almost 2 percent.

Limited world export availabilities, and increased domestic production, are forecast to result in imports by **China** remaining unchanged, while those of the EU could decline. Imports by the **United States**, the **United Arab Emirates**, **Malaysia** and **Canada** are forecast to be up slightly, in line with a modest increase in demand.

Table 9. Ovine meat exports: Selected countries (CWE, '000 tonnes)

	2015	2016	2017	Change
		prelim.	*f'cast*	2017 over 2016 (%)
World	964	920	902	-2.0
Australia	**442**	**428**	**416**	**-2.8**
New Zealand	400	370	363	-1.9
India	**22**	**21**	**21**	**0.0**
Ethiopia	17	18	18	0.0
EU	**18**	**16**	**17**	**6.3**

Table 10. Ovine meat imports: Selected countries (CWE, '000 tonnes)

	2015	2016	2017	Change
		prelim.	*f'cast*	2017 over 2016 (%)
World	**952**	**924**	**917**	**-0.8**
China	251	244	244	0.0
EU	166	161	155	-3.7
United States	104	104	106	1.9
UAE	59	61	62	1.6
Saudi Arabia	61	45	42	-6.7
Malaysia	34	33	34	3.0

Figure 11. Ovine meat export: Australia main destinations (CWE, '000 tonnes)

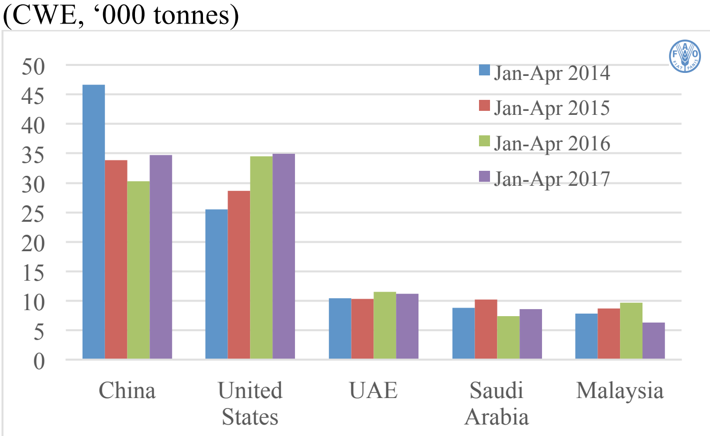
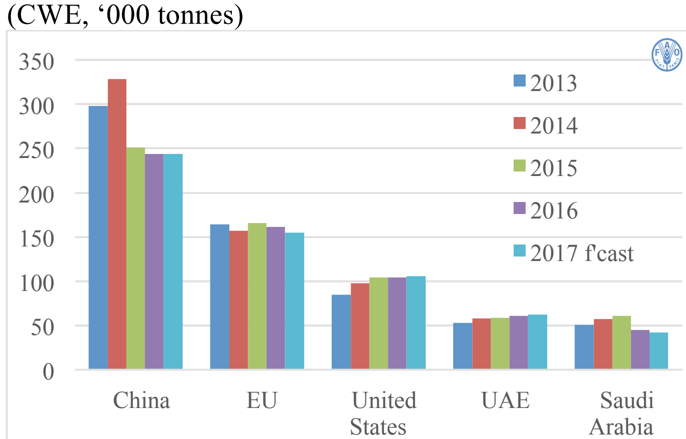


Figure 12. Ovine meat imports: Selected importers (CWE, '000 tonnes)



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