



Meat and Meat products Price and Trade Update



Meat and Meat products

Price and Trade Update: April 2015¹

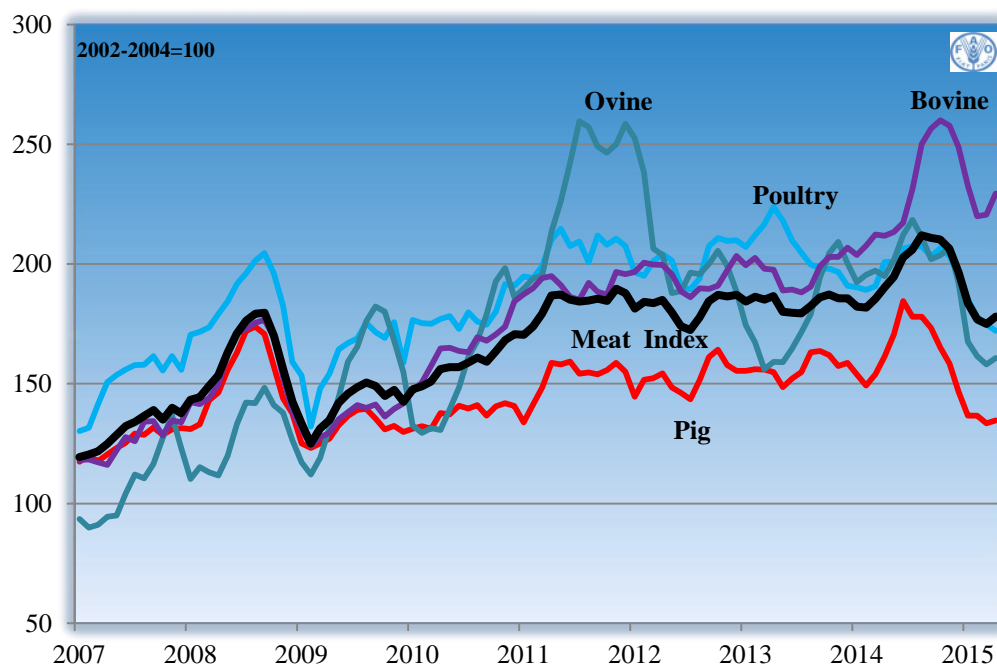
Export prices rise in April

The FAO Meat Price Index² averaged 178 points in April, up 3 points (1.7 percent) from its revised March value. The main causes of the rise were higher prices for bovine and ovine meat from Oceania, where herd rebuilding restricted exports. Pigmeat prices also showed some upward movement, while those of poultry were lower. For meat overall, moderately higher import demand in China, Japan, the United States and Vietnam is the main factor underpinning the market.

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 2015**.

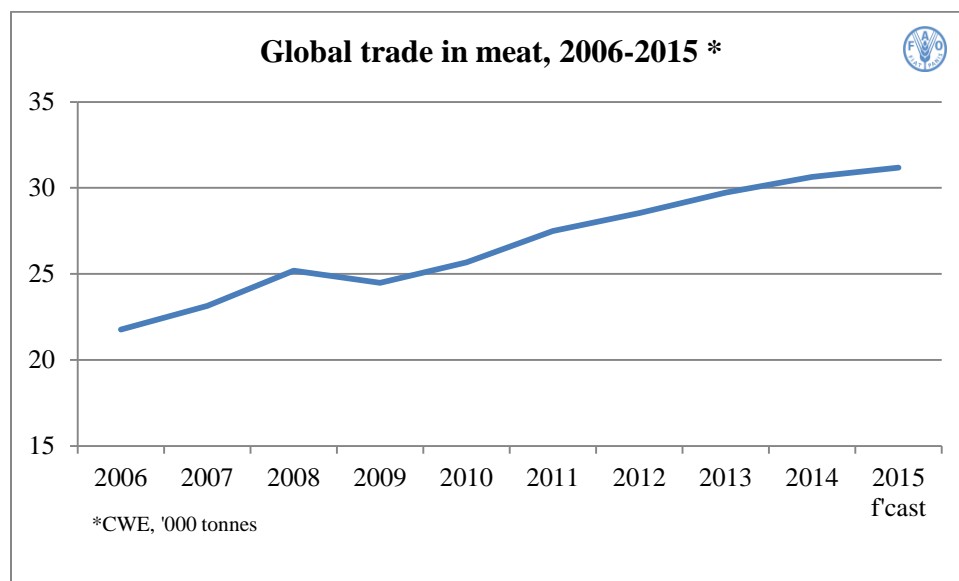
² Unlike for other commodity groups, most prices utilised in the calculation of the FAO Meat Price Index for the current month are not available when the [FAO Food Price Index](#) is computed and published; therefore, its value is derived from a mixture of projected and observed prices and may be subject to revision when final average prices for the month concerned become available.

FAO Price Indices: Meat and Meat Products



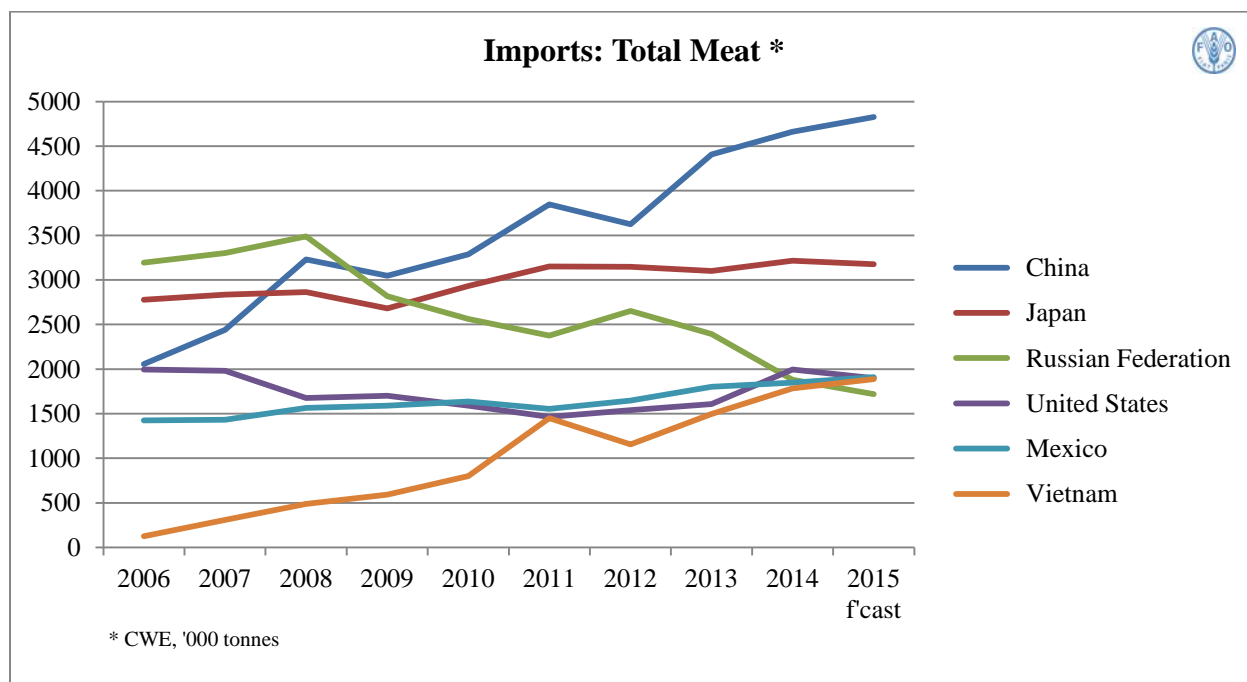
Trade Outlook: Overview

Global meat trade is forecast to expand at a moderate rate of 1.7 percent in 2015, to 31.2 million tonnes, a significant slowdown from the 3.1 percent registered last year. There are diverging projected trade trends for the various types of meat, with growth forecast for bovine, pigmeat and poultry, and decline forecast for ovine meat. Poultry remains the main traded meat product, followed by bovine, pig and ovine meat, respectively.



Amongst the principal exporters, the main countries set to experience an increase in sales of meat in 2015 are **Brazil, India, the EU, Turkey, Paraguay and South Africa**, while those of the **United States, Canada and the New Zealand** are anticipated to be little changed. Herd rebuilding following prolonged dry conditions is anticipated to result in a substantial fall in meat exports by **Australia**.

For the main importing countries, China is projected to maintain its position as the major purchaser of meat, absorbing 16 percent of total trade. Growth in demand is anticipated to come principally from **China, Vietnam, Angola and Mexico**, with increases also in the **EU, Saudi Arabia, the Republic of Korea, Singapore, Iraq** and the **United Arab Emirates**. Conversely, significant reductions in imports are projected for the **Russian Federation, the United States, and Venezuela**. Elsewhere, imports by **Japan, Canada and South Africa** are expected to be similar to last year.



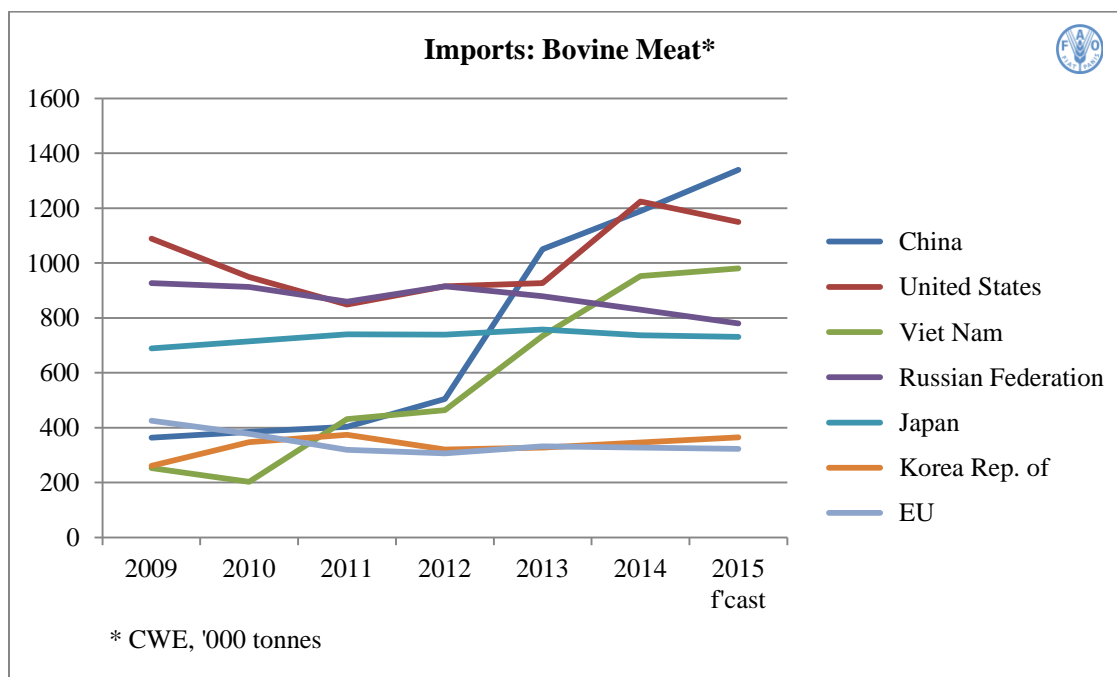
Imports: Total Meat					Exports: Total Meat				
	'000 tonnes (CWE)					'000 tonnes (CWE)			
	2013	2014	2015	Change		2013	2014	2015	Change
		<i>prelim.</i>	<i>f'cast</i>	2015 over			<i>prelim.</i>	<i>f'cast</i>	2015 over
				2014 (%)					2014 (%)
China	4407	4663	4828	3.5	United States	7572	7535	7519	-0.2
Japan	3102	3214	3175	-1.2	Brazil	6423	6546	6852	4.7
Mexico	1802	1848	1907	3.2	EU (28)	4016	4037	4106	1.7
United States	1608	1995	1900	-4.8	Australia	1965	2253	2057	-8.7
Vietnam	1495	1783	1886	5.8	India	1774	1966	2048	4.2
Russian Fed.	2393	1880	1719	-8.6	Canada	1720	1717	1723	0.3
EU (28)	1338	1291	1325	2.6	New Zealand	923	969	966	-0.3
Saudi Arabia	1102	1036	1068	3.1	Thailand	800	851	879	3.3
Korea Rep. of	881	1002	1058	5.6	China	714	730	753	3.1
Canada	776	769	766	-0.3	Argentina	602	562	565	0.7
World	29599	30112	30466	1.2	World	29728	30645	31176	1.7

Bovine Meat: Limited growth in trade

World trade in bovine meat in 2015 is anticipated to expand at a reduced rate of 1.9 percent, to 9.8 million tonnes. Supply limitations are forecast to be the principal factor behind the slowdown, although, the pace of growth in import demand may slacken as well.

China is expected to record a significant increase in imports, although not to the same degree as in the previous three years, when they tripled. Total imports could reach 1.3 million tonnes in 2015, 12.7 percent more than in 2014, placing China above the United States as the main world market for bovine meat. Changing consumption patterns, associated with increased income and growth in meals outside the home, have underpinned the substantial hike in imports China has experienced since 2011. Additionally, following outbreaks of avian influenza, some Chinese consumers have switched from poultry to other meats. Elsewhere in *Asia*, imports by **Vietnam**, the **Islamic Republic of Iran**, the **Republic of Korea** and **Malaysia** could increase, as domestic production is forecast to be either stable or decrease, while purchases by **Japan** may fall. Imports by the **United States** and **Canada** may also decline somewhat. In the **Russian Federation**, the devaluation of the rouble, combined with increased domestic production, are expected to result in a fall in purchases. Deliveries to the **EU**, **Chile** and **Mexico** are anticipated to be little changed.

Much of the 2015 expected expansion in trade is projected to be met by India and Brazil. **India**, in particular, is anticipated to see a strong rise in sales of buffalo meat (carabeef), which grew by 11 percent in 2014 and has almost quadrupled since 2009. India's exports in 2015 are projected at 2 million tonnes, confirming its position as the leading supplier of bovine meat, having overtaken Brazil already last year. India's main markets are in Asia – particularly **Vietnam** – and in North Africa. The popularity of carabeef rests on its price competitiveness, although quotations are moving nearer to those for beef from competitors such as Australia and Brazil. **Brazil's** stagnant domestic demand and increased competitiveness stemming from the depreciation of the real, the local currency, should promote exports, now projected to rise by 6.1 percent to 1.9 million tonnes. Favourable market conditions for bovine meat are expected to stimulate exports from **Paraguay**, the **EU**, **Argentina** and **Nicaragua**. Increased exports are also forecast for **New Zealand**, arising from drought-related herd reduction and a reduced rate of retention within the dairy herd caused by lower milk payouts. On the other hand, reduced production is anticipated to curb exports by the **United States** and **Australia**. In the case of **Uruguay**, the government-imposed restrictions on trade, to guarantee supplies to the domestic market, are anticipated to lead to a second decline in annual exports.

**Imports: Bovine meat**

'000 tonnes (CWE)

	2013	2014	2015	Change
		<i>prelim.</i>	<i>f'cast</i>	2015over 2014 (%)
China	1051	1189	1340	12.7
United States	927	1224	1150	-6.0
Vietnam	734	953	981	2.9
Russian Fed.	880	830	780	-6.0
Japan	758	737	731	-0.8
Korea Rep. of	327	346	365	5.6
EU (28)	332	327	323	-1.4
Egypt	378	300	300	0.0
Canada	281	280	275	-1.7
Mexico	247	223	220	-1.1
Chile	228	224	220	-1.9
World	8432	9046	9111	0.7

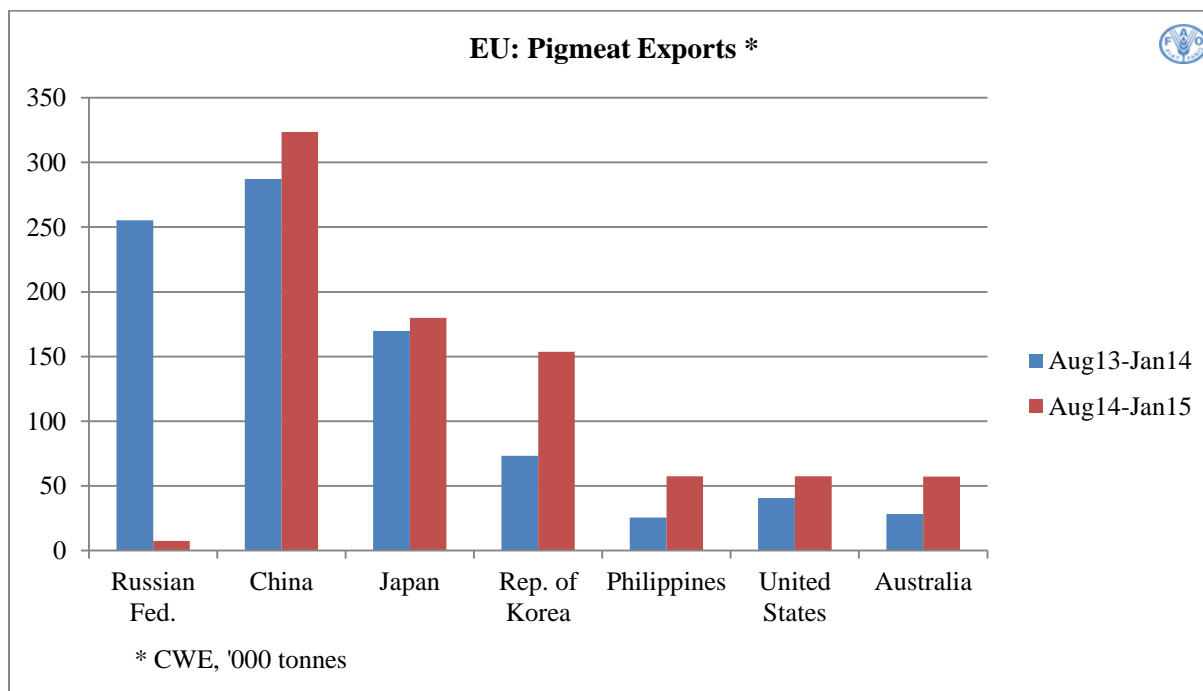
Exports: Bovine meat

'000 tonnes (CWE)

	2013	2014	2015	Change
		<i>prelim.</i>	<i>f'cast</i>	2015over 2014 (%)
India	1747	1933	2010	4.0
Brazil	1767	1839	1950	6.1
Australia	1446	1680	1560	-7.1
United States	1226	1218	1190	-2.3
New Zealand	483	526	545	3.6
Paraguay	302	360	400	11.1
EU (28)	283	315	335	6.4
Canada	305	343	341	-0.8
Uruguay	324	308	330	7.3
Argentina	204	215	230	6.9
World	8911	9596	9774	1.9

Pigmeat: Excess export supplies depress prices

Trade in pigmeat is expected to recover by 1.6 percent to 7.1 million tonnes in 2015, following a decrease in the previous two years. Expanding production in the main exporting countries is anticipated to be the main driver behind export growth. Abundance of supplies on the world market was reflected in the movement of the FAO Pigmeat Price Index which, after reaching an historic peak in June 2014, had fallen to early 2011 levels by April. An additional factor in the weakness in pigmeat prices was the country-specific import ban introduced by the **Russian Federation**, which particularly affected sales from the **EU**. Initially, EU pigmeat exports were redirected to *Asia*, in particular **Japan**, the **Republic of Korea**, **China** and the **Philippines**. However, towards the end of 2014 and into 2015, demand from these markets slackened and sales declined. A fall in exports increased supply to the EU domestic market causing internal prices to drop substantially. As a consequence, in February 2015, the European Commission opened a private storage aid scheme to assist producers. Lower international prices for pigmeat are anticipated to boost import demand and trade growth. **China**, the **Republic of Korea**, **Vietnam**, **Mexico**, **Singapore**, **Angola**, **Colombia** and **Australia** are all forecast to buy more. Meanwhile, expansion in production in the **United States**, **Japan** and the **Russian Federation** is anticipated to lead to lower purchases this year.



Imports: Pigmeat meat					Exports: Pigmeat meat				
	'000 tonnes (CWE)			Change 2015over 2014 (%)		'000 tonnes (CWE)			Change 2015over 2014 (%)
	2013	2014 <i>prelim.</i>	2015 <i>f'cast</i>			2013	2014 <i>prelim.</i>	2015 <i>f'cast</i>	
China	1349	1346	1413	4.9	EU (28)	2288	2222	2259	1.7
Japan	1243	1351	1300	-3.8	United States	2173	2127	2155	1.3
Mexico	682	711	735	3.4	Canada	1205	1176	1181	0.4
United States	475	548	540	-1.5	Brazil	651	646	661	2.2
Korea Rep. of	395	486	520	6.9	China	169	200	213	6.4
Russian Fed.	906	535	480	-10.3	Chile	158	157	155	-0.9
World	7280	6947	7072	1.8	Mexico	121	127	131	3.2
					World	7122	7011	7124	1.6

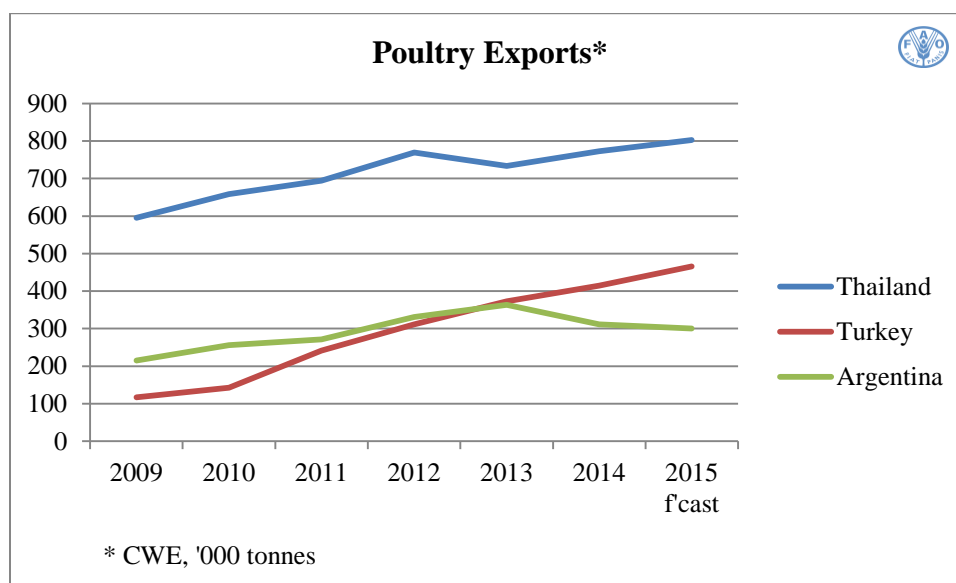
Poultry: Slow trade growth

Trade in poultry in 2015 is expected to rise by 2.6 percent to 13.1 million tonnes. In recent years, a slowdown in trade growth has been reflected by augmented production in importing countries, which has reduced their need for external meat supplies. Additionally, outbreaks of highly pathogenic avian influenza (HPAI) in some areas of the United States from January onwards caused numerous countries to suspend imports from this country, pending its containment and eradication.

The two major poultry meat importers, **China** and **Japan**, are projected to maintain their purchases at similar levels to the previous year. Stable to positive growth in imports by other major markets, including **Mexico**, **Saudi Arabia**, the **EU** and **Vietnam** is expected to contrast with a second year of falling purchases by the **Russian Federation**. In the latter, imports are provisionally estimated to decline by 12 percent, stemming from abundant domestic production and the August 2014 ban on imports from specific countries. In the case of poultry, this group of countries had supplied approximately three quarters of the Russian Federation's external purchases in 2013, which means identifying alternative sources of supply has presented a challenge. In *Africa*, poultry meat imports are forecast to rise by 6.7 percent. Among the main importing countries, **Angola** 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 be unchanged.

The three leading exporters, **Brazil**, the **United States** and the **EU**, have seen little expansion in sales in recent years. This situation may change in 2015, when sales by **Brazil** may receive a

fillip from the US HPAI-related export restrictions and from the opening up of opportunities in the Russian Federation. Exports by the **United States** for the year as a whole are anticipated to suffer from HPAI-related import restrictions, even falling somewhat, although the severity of the decrease will depend on how soon the disease is contained and eradicated. As a result of this, second-tier exporters, such as **Thailand** and **Turkey**, along with Brazil are projected to drive the expansion of world poultry exports in 2015. Conversely, **Argentina**, which has also seen substantial growth in recent years, suffered a decline in sales to its principal market, **Venezuela**, in 2014. Despite Argentina having widened the focus of its trade to include **China**, **Chile**, **South Africa** and the **Russian Federation**, among others, it is anticipated to see exports falling in 2015.

**Imports: Poultry meat**

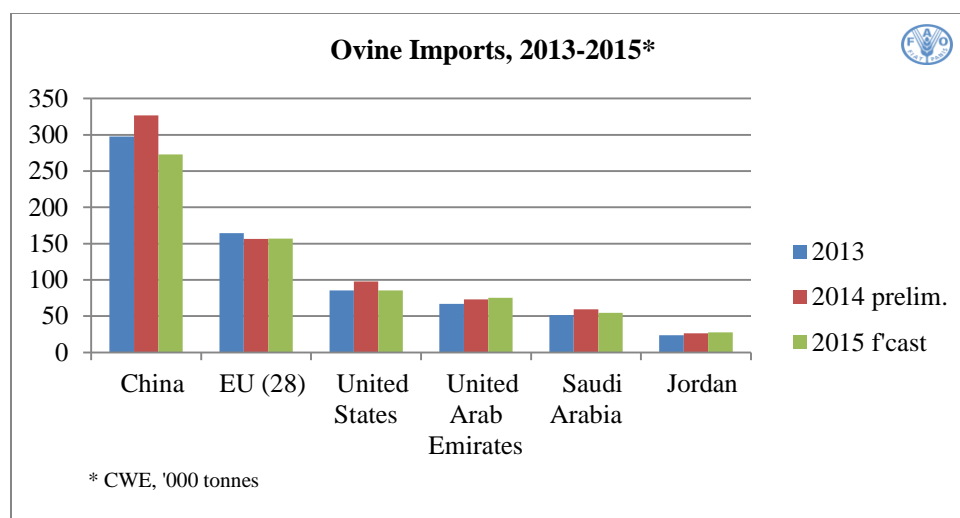
	'000 tonnes (CWE)			Change 2015over 2014 (%)
	2013	2014 <i>prelim.</i>	2015 <i>f'cast</i>	
China	1704	1795	1796	0.1
Japan	1066	1089	1110	2.0
Mexico	848	889	925	4.0
Saudi Arabia	887	810	840	3.7
EU (28)	725	692	730	5.5
World	12657	12804	13057	2.0

Exports: Poultry meat

	'000 tonnes (CWE)			Change 2015over 2014 (%)
	2013	2014 <i>prelim.</i>	2015 <i>f'cast</i>	
Brazil	3981	4037	4216	4.5
United States	4150	4168	4150	-0.4
EU (28)	1331	1390	1400	0.8
Thailand	734	773	803	3.8
China	469	471	483	2.5
Turkey	373	415	465	12.2
Argentina	363	311	300	-3.5
Ukraine	146	176	181	2.6
Canada	190	178	180	1.5
World	12456	12747	13075	2.6

Ovine Meat: Trade to fall

Restocking in **Australia** and **New Zealand** is anticipated to lead to world trade in ovine meat falling by 8.5 percent to 940 000 tonnes. In dealing with reduced availabilities, it is possible that Oceania exporters will maintain supplies 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**. Exports by the **EU** and **Uruguay** are forecast to be little changed from last year.



Imports: Ovine meat

'000 tonnes (CWE)

	2013	2014 <i>prelim.</i>	2015 <i>f'cast</i>	Change 2015over 2014 (%)
China	298	327	273	-16.6
EU (28)	164	156	157	0.2
United States	85	98	85	-12.5
United Arab Emirates	67	73	75	3.0
Saudi Arabia	51	60	55	-8.2
Jordan	24	26	28	6.4
World	941	1026	939	-8.5

Exports: Ovine meat

'000 tonnes (CWE)

	2013	2014 <i>prelim.</i>	2015 <i>f'cast</i>	Change 2015over 2014 (%)
Australia	434	482	408	-15.4
New Zealand	399	398	374	-6.1
EU (28)	31	28	30	5.9
India	20	23	27	18.2
World	973	1028	940	-8.5

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

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Trade and Markets Division

Food and Agriculture Organization of the United Nations