



Meat and Meat products Price and Trade Update

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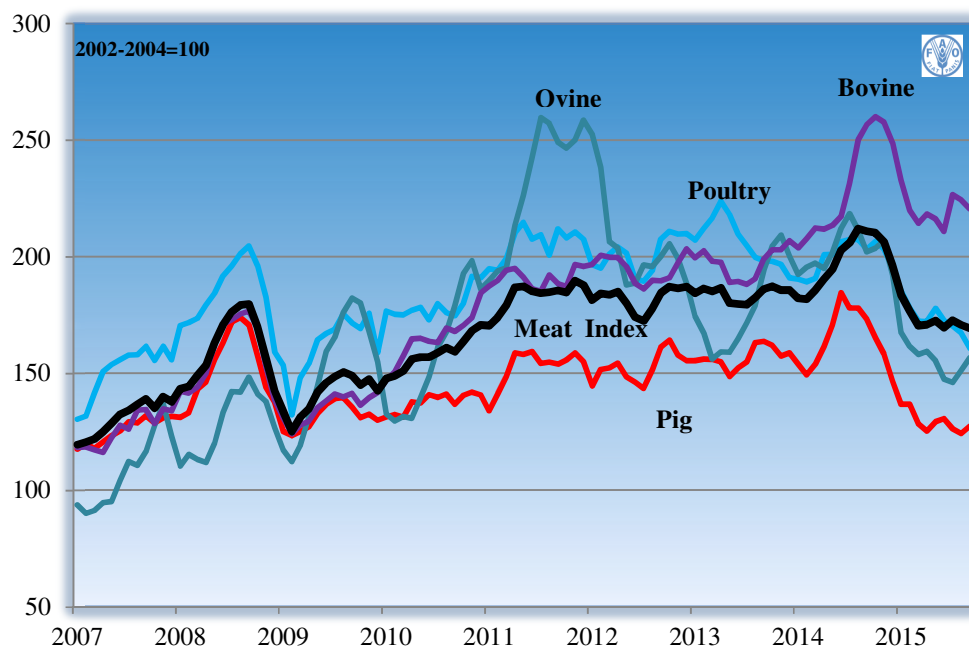
Price and Trade Update: October 2015¹

Prices steady

The FAO Meat Price Index* averaged 170.5 points in September, almost unchanged from the previous month. The Index has moved within a narrow range since March 2015. Over this seven-month period, prices of poultry declined, along with lower feed costs, while strong demand, combined with limited supplies, caused those of bovine meat to rise; meanwhile, quotations for pigmeat were relatively stable. Prices of ovine meat showed more variation, in part reflecting seasonal supply.

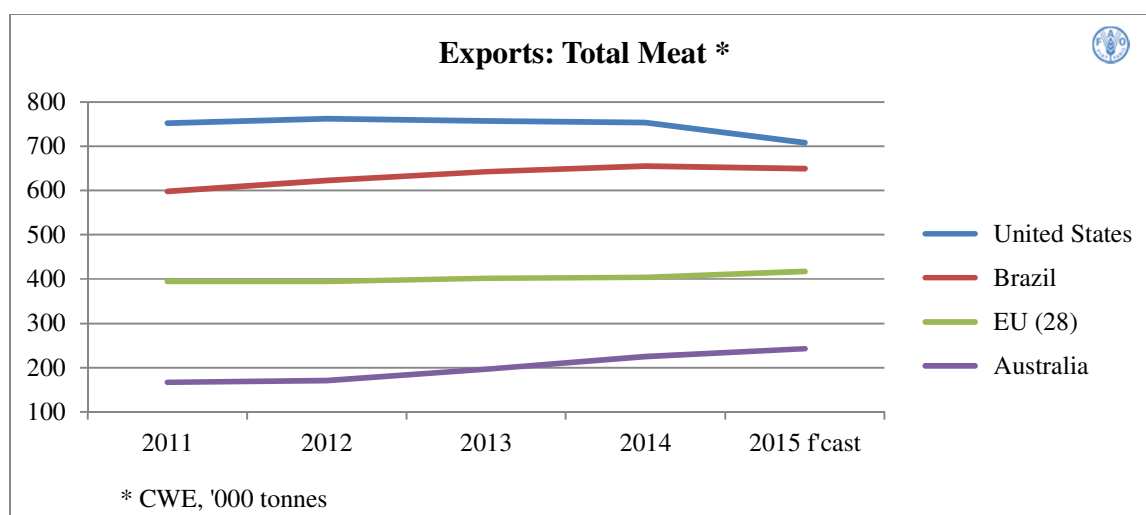
¹ The *Meat and Meat Products: Price and Trade Update* is prepared by the meat and dairy section of the Trade and Markets Division, FAO. The present issue covers developments up to the end of **September 2015**.

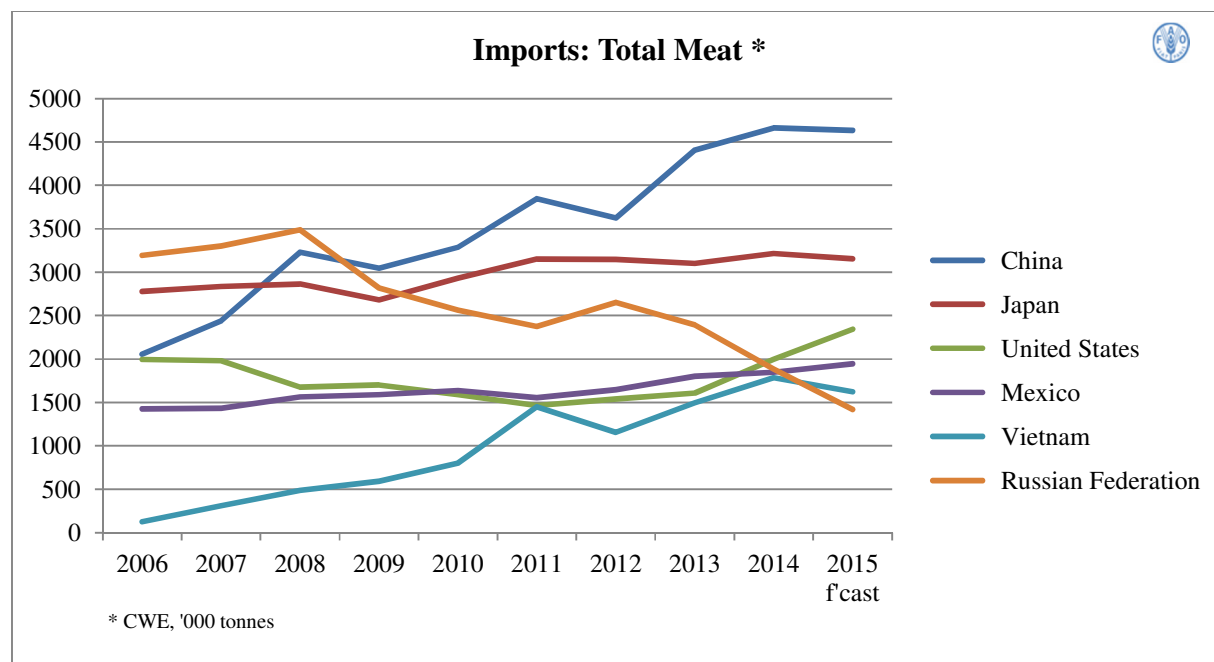
FAO Price Indices: Meat and Meat Products



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 marked reversal from the 3 percent growth recorded last year. Projected trade trends diverge across meat sectors, with an expansion 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	2015	Change 2015 over 2014 (%)
		<i>prelim.</i>	<i>f'cast</i>	
World	28937	29673	29347	-1.1
China	4407	4663	4634	-0.6
Japan	3102	3214	3156	-1.8
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	1094	9.2
Saudi Arabia	1102	1036	1058	2.0
Canada	776	769	793	3.2

Exports: Total Meat

'000 tonnes (CWE)

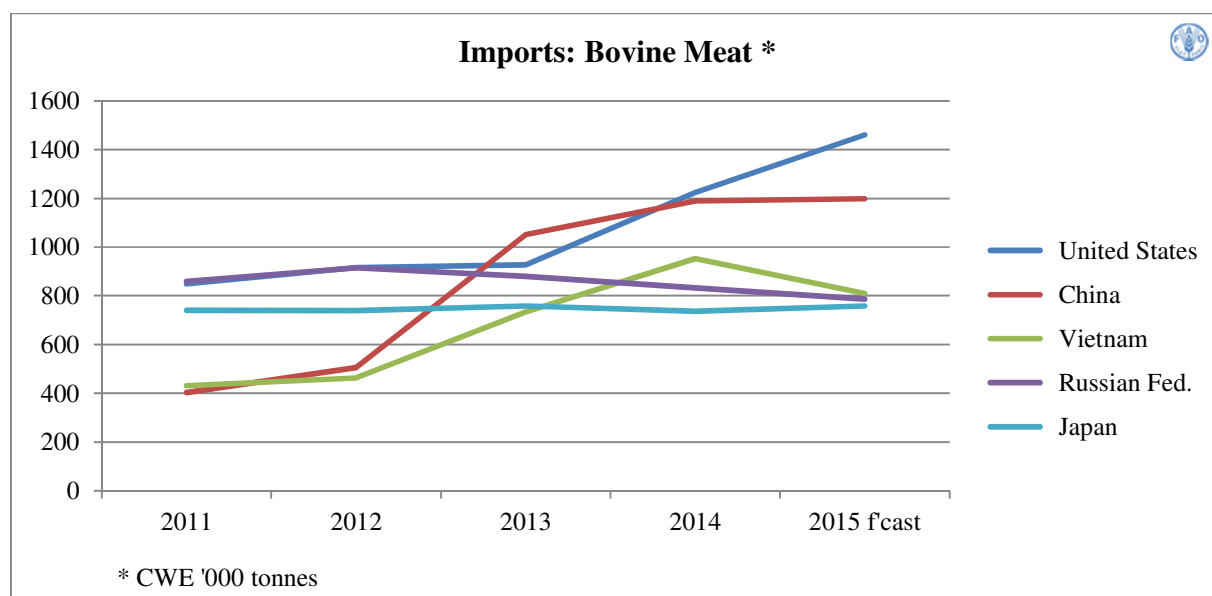
	2013	2014	2015	Change 2015 over 2014 (%)
		<i>prelim.</i>	<i>f'cast</i>	
World	29673	30644	30470	-0.6
United States	7572	7535	7075	-6.1
Brazil	6423	6546	6491	-0.8
EU (28)	4016	4037	4173	3.4
Australia	1965	2251	2430	7.9
India	1774	1966	1836	-6.6
Canada	1720	1717	1695	-1.3
New Zealand	923	968	1005	3.7
Thailand	800	851	973	14.3
China	714	730	632	-13.5
Argentina	602	562	524	-6.8

Bovine Meat: Firm import demand

World trade in bovine meat in 2015 is anticipated to expand by 0.5 percent, to 9.7 million tonnes, a much slower pace than the average rate of 10 percent recorded in the previous two years. Supply limitation is the principal factor behind the anticipated slowdown, as import demand should remain firm in most countries.

Bovine meat imports, particularly by the United States, are expected to rise in 2015, a response to limited domestic supply, due to herd rebuilding, and assisted by a strong US dollar. Higher levels of purchases are also anticipated for Japan, Malaysia, Canada, the Republic of Korea and the Philippines. Meanwhile, Vietnam, Chile, the Islamic Republic of Iran, the Russian Federation, and Venezuela are predicted to import less. After registering substantial growth for a number of years, shipments to China are projected to be little changed in 2015, as are those to the EU.

Strong overseas deliveries by Australia – in particular to the United States – are projected to see it surpassing India and Brazil to become the largest international supplier of bovine meat in 2015. Favourable market conditions are expected to boost exports from New Zealand, Paraguay, Argentina, South Africa and Canada. In the case of New Zealand, a reduced rate of retention within the dairy herd, caused by lower milk payouts, combined with drought-related herd culling at the beginning of the year, have contributed to increased supplies and shipments. Sales by India are predicted to fall by 7 percent, mainly as a result of a substantial drop off in shipments to Vietnam, its main market. Also, Brazil may have to cut sales abroad, due to limited supplies of replacement calves and sustained domestic demand for beef, which also coincided with more subdued import demand by the Russian Federation, China (Hong Kong, SAR) and Venezuela, Brazil's three main markets. Similarly, herd rebuilding and strong domestic demand are anticipated to curb sales by the United States. Exports by the Belarus, EU and Nicaragua are also forecast to be lower in 2015.

**Imports: Bovine meat**

'000 tonnes (CWE)

	2013	2014	2015	Change
		<i>prelim.</i>	<i>f'cast</i>	2015over 2014 (%)
World	8378	9161	9188	0.3
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
Egypt	324	402	445	10.5
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

Exports: Bovine meat

'000 tonnes (CWE)

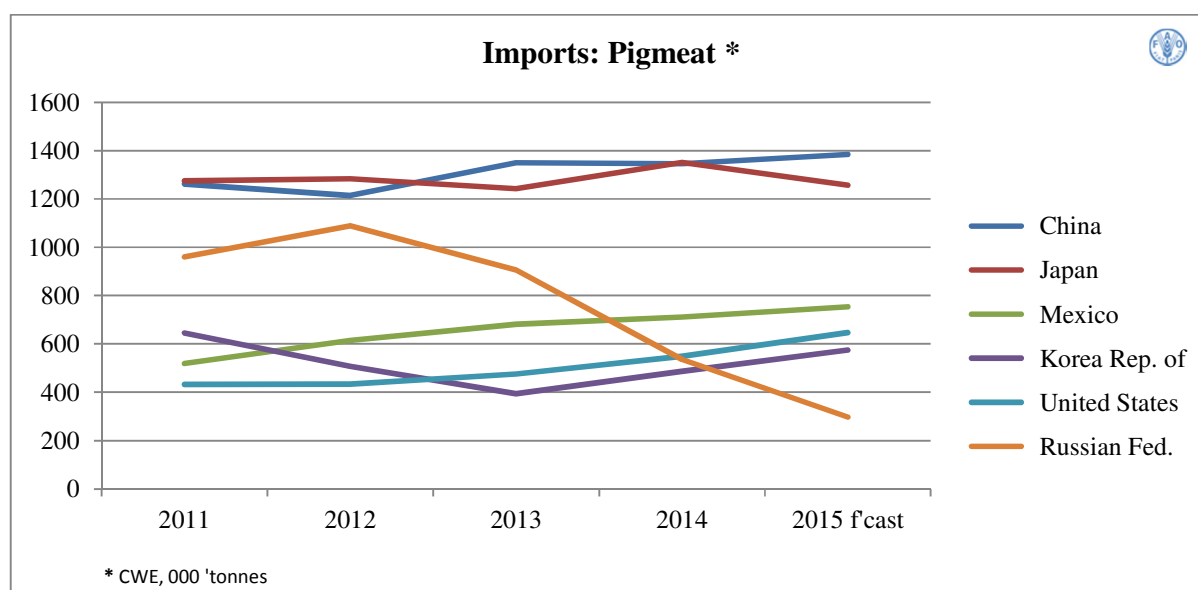
	2013	2014	2015	Change
		<i>prelim.</i>	<i>f'cast</i>	2015over 2014 (%)
World	8912	9607	9659	0.5
Australia	1446	1680	1881	12.0
India	1747	1933	1798	-7.0
Brazil	1767	1839	1691	-8.0
United States	1226	1218	1146	-5.9
New Zealand	483	526	584	11.0
Paraguay	302	360	400	11.1
Canada	305	343	364	5.9
Uruguay	324	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 in 2015 is expected to decline for the third consecutive year, retreating by 0.6 percent to 7 million tonnes, although the extent of the decrease would be less than in the previous two years. The major factor contributing to the drop is reduced import demand by 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 imports peaked at 1 089 million tonnes. This process was exacerbated in August 2014 by the implementation of country-specific import bans. As a consequence, deliveries to the Federation are projected to be in the order of 297 000 tonnes in 2015, down 45 percent from 2014 and a fall of two-thirds compared with 2012. While overall purchases have been significantly reduced, Russian imports from some countries not subject to the ban have risen, principally Brazil and Belarus, but also Chile and Serbia. Imports by Japan, Vietnam and Angola are also expected to decline. By contrast, a number of countries are anticipated to increase their purchases of pigmeat, including the United States, the Republic of Korea, Mexico, China and Australia, although not sufficiently to counteract the decline elsewhere.

Apart from the EU, all other major exporters – the United States, Canada and Brazil – are forecast to see retrenched shipments in 2015, as a result of an overall weakening of international demand for pigmeat. In the case of the EU, strong growth in production and competitive pricing are anticipated to lead to a 5 percent increase in sale. A more detailed examination of trade data reveals that the affected exporters are adjusting to the ban imposed by the Russian Federation and seeking alternative markets. For example, the EU has reoriented its exports to *Asia*, but also to *Africa*, *Oceania* and *North America*. Similarly, subsequent to the ban, Canada has increased sales to the United States, Mexico, *Oceania* and South Africa.



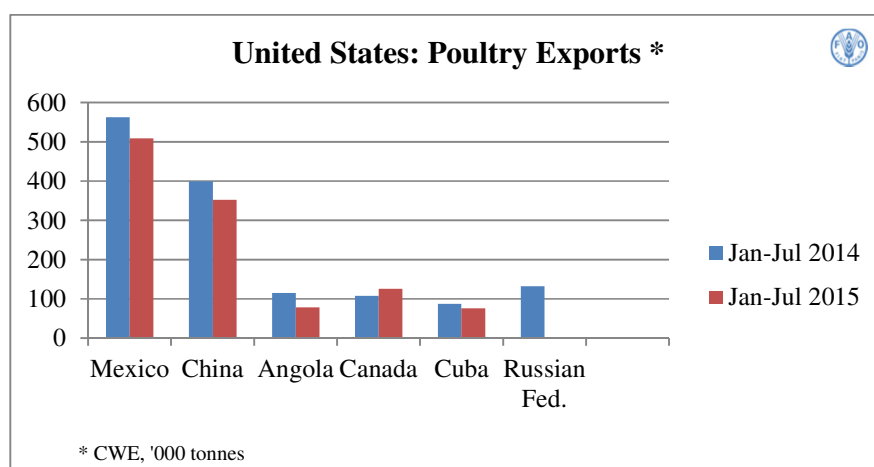
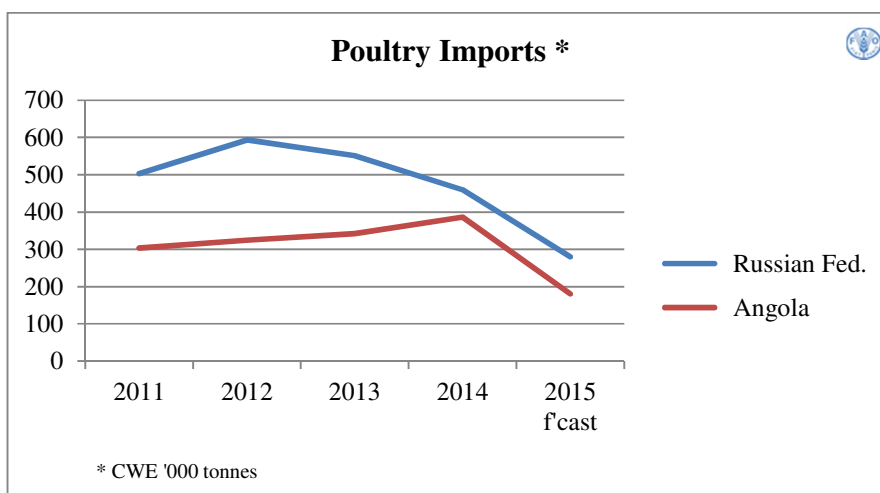
	Imports: Pigmeat meat				Exports: Pigmeat meat				
	'000 tonnes (CWE)				'000 tonnes (CWE)				
	2013	2014	2015	Change 2015over 2014 (%)	2013	2014	2015	Change 2015over 2014 (%)	
	<i>prelim.</i>	<i>f'cast</i>			<i>prelim.</i>	<i>f'cast</i>			
World	7176	6942	6818	-1.8	World	7119	7006	6964	-0.6
China	1349	1346	1385	2.9	EU (28)	2288	2222	2333	5.0
Japan	1243	1351	1256	-7.0	United States	2173	2127	2073	-2.5
Mexico	682	711	753	5.9	Canada	1205	1176	1142	-2.9
Korea Rep. of	395	486	575	18.2	Brazil	651	646	619	-4.2
United States	475	548	647	18.0	Chile	158	157	180	15.0
Russian Fed.	906	536	297	-44.6	China	169	200	160	-20.0
					Mexico	121	127	135	6.3

Poultry: Trade set to decline

Trade in poultry in 2015 is expected to decline by 1 percent to 12.6 million tonnes. This would represent the first fall registered since 2009, although the rate of trade growth has been waning since 2012. In general, the stalled expansion is a reflection of augmented production in importing countries, which has curtailed their need for external meat supplies. For 2015, however, outbreaks of HPAI in some areas of the United States from January onwards also caused numerous countries to suspend imports. Additionally, sharply reduced purchases by the Russian Federation and Angola, due to changed import regimes, have negatively impacted trade in poultry meat.

The two major poultry meat importers, China and Japan, are projected to maintain their purchases at similar levels to the previous year, while growth in imports by a number of other major markets is anticipated, including Mexico, Saudi Arabia, Vietnam and South Africa. Conversely, imports 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 for 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. In 2013, 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. As a result, it has been a challenge for the country to identify alternative suppliers. For the first half of 2015, only limited additional sourcing had occurred, mainly from Brazil, Turkey and Belarus. Imports by the EU are also projected to fall, as low feed prices have diminished costs, making external purchases, particularly from Brazil and China, less attractive.

The three leading poultry exporters, Brazil, the United States and the EU, have seen little variation in sales in recent years. This situation is anticipated to change for the United States in 2015, as the HPAI outbreak has caused importers to look for alternative sources of supply. Exports by the United States for the year as a whole are projected to fall by 8 percent, although much will depend on how soon the disease is contained and eradicated, and normal trade patterns are resumed. 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), while still allowing imports from the rest of the country. The difficulties faced by the US are likely to favour some second-tier exporters, such as Thailand and Turkey, which are expected to record a strong increase in poultry meat shipments. Conversely, Argentina, which has also seen substantial export growth in recent years, is facing a decline in sales to Venezuela, its principal market, which may cause its overall exports to fall in 2015.

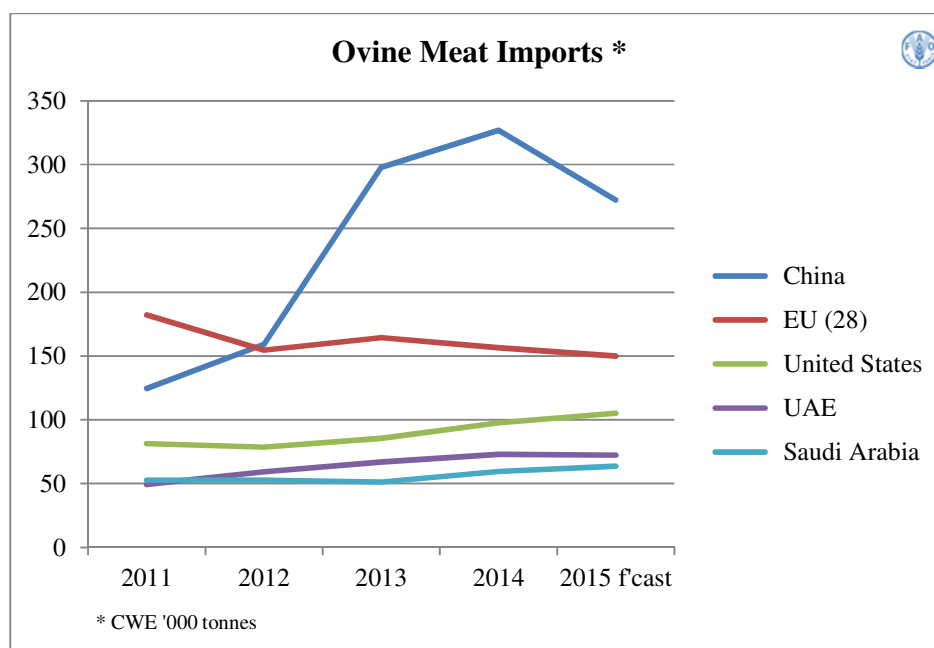


Imports: Poultry meat					Exports: Poultry meat				
	'000 tonnes (CWE)					'000 tonnes (CWE)			
	2013	2014	2015	Change		2013	2014	2015	Change
		<i>prelim.</i>	<i>f'cast</i>	2015over 2014 (%)			<i>prelim.</i>	<i>f'cast</i>	2015over 2014 (%)
World	12154	12256	12093	-1.3	World	12402	12741	12607	-1.0
China	1704	1795	1772	-1.2	Brazil	3981	4037	4156	3.0
Japan	1066	1089	1105	1.5	United States	4150	4168	3834	-8.0
Mexico	848	889	969	9.0	EU (28)	1331	1389	1438	3.5
Saudi Arabia	887	810	820	1.3	Thailand	734	773	889	14.9
Vietnam	603	642	685	6.8	Turkey	373	415	425	2.6
EU (28)	725	697	641	-8.0	China	469	471	411	-12.8
South Africa	390	394	433	10.0	Argentina	363	311	235	-24.5
Iraq	438	445	431	-3.1					
UAE	361	378	416	10.0					
Russian Fed.	551	460	280	-39.1					

Ovine Meat: Trade decline anticipated

World trade in ovine meat is anticipated to contract by almost 5 percent, to 976 000 tonnes, in 2015, reflecting reduced shipments from Australia and New Zealand, which have entered a phase of flock restocking. As a result of the process, Australia is expected to see exports fall by 4 percent, while New Zealand could experience a 6 percent drop. However, some much smaller-scale exporters, such as India, Pakistan and Ethiopia, could see sales grow.

Reduced world export availabilities are expected to limit import flows, especially to China, the EU, Canada and Japan, although countries in the *Near East*, and the United States and Malaysia may increase their purchases of ovine meat.

**Imports: Ovine meat**

'000 tonnes (CWE)

	2013	2014	2015	Change
		<i>prelim.</i>	<i>f'cast</i>	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	2015	Change
		<i>prelim.</i>	<i>f'cast</i>	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

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Trade and Markets Division

Food and Agriculture Organization of the United Nations