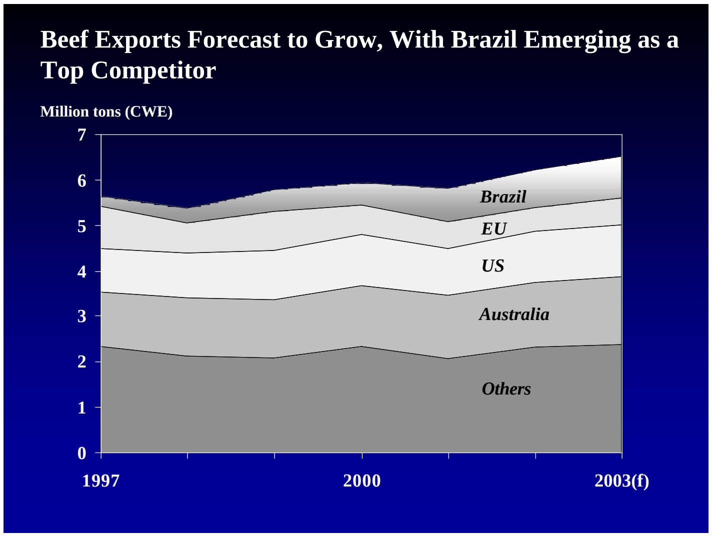
United States Department of Agriculture

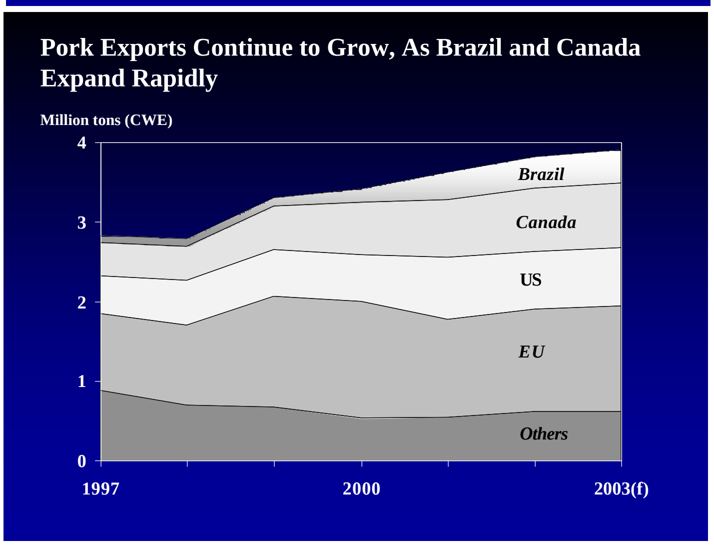
Foreign Agricultural Service

Circular Series
DL&P 2-02
October 2002

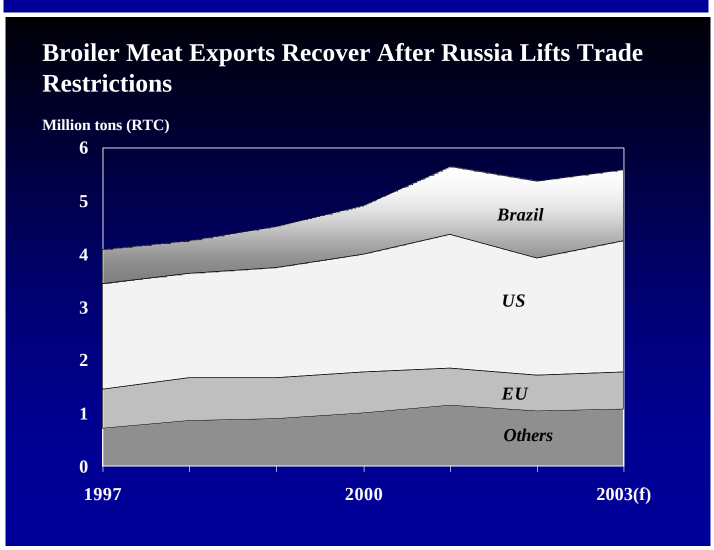
Livestock and Poultry: World Markets and Trade



Beef Exports Forecast to Grow, With Brazil Emerging as a Top Competitor



Pork Exports Continue to Grow, As Brazil and Canada Expand Rapidly



Broiler Meat Exports Recover After Russia Lifts Trade Restrictions

Record Meat Trade Forecast for 2003

Total meat (beef, pork, broiler and turkey) trade, as measured by exports, is forecast to reach a record of 16.7 million tons in 2003. With few exceptions, leading exporters are expected to maintain their share of the world market, where import demand is concentrated in a handful of highly competitive markets.

Brazil's emergence as a significant exporter of beef, pork and poultry can be largely explained by its success in the Russian market. Rising incomes in Russia have spurred an increase in meat consumption during the first half of 2002. With the recent agreement on veterinary certification for U.S. poultry exports to Russia, the outlook for U.S. broiler exports appears promising.

U.S. meat exports (beef, pork, broiler and turkey) are forecast to increase 7.7 percent to a record of 4.6 million tons in 2003. Japan, the largest market for U.S. beef and pork, is expected to continue its gradual recovery from the 2001 BSE crisis. While Japanese consumers regain confidence, however, the imposition of safeguard tariffs on beef could constrain some of the prospects for growth in beef imports. Mexican demand for U.S. meat is expected to grow as tariffs under NAFTA are scheduled for elimination in 2003. Global competition in all three commodities will likely intensify as the EU and the recently approved accession countries streamline production to accommodate tightening environmental standards. At the same time, Australia's increased beef production and limited opportunities for increased exports to the U.S. will place downward pressure on beef prices in other major export markets.

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Livestock and Poultry: World Markets and Trade

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NOTE TO READERS

The *Livestock and Poultry: World Market and Trade* circular is designed to give the reader a snapshot picture of what is happening among the major players in world beef, pork, and broiler meat trade. Summary tables for meat production, imports, exports, and consumption are presented to provide a quick overview of the world situation. In addition, an explanation of significant changes in production, supply, and demand (PSD) situations is provided for major meat importing and exporting countries.

World Totals

Only those countries that make up USDA's official PSD database are reported. This means world totals do not encompass all production, consumption, and trade, but rather the sum of those countries reported in USDA's database, which represent the most important players in the world meat PSD situation. In an attempt to capture these major players, the list of countries reported has changed periodically. Most recently, several countries have been dropped from the database for 2003 for beef and poultry. For beef, Colombia, Costa Rica, Dominican Republic, El Salvador, Honduras, Nicaragua, and Venezuela are dropped. For broiler, Colombia and Egypt are dropped; and for turkey, Hong Kong, Korea, Malaysia, and Taiwan are dropped from the 2003 database.

PSD Online Now Available

The entire USDA PSD database is available electronically on FAS Online. Users can use this system to generate the full set of PSD data for those countries reporting. FAS Online can be reached at http://www.fas.usda.gov/psd

In addition, please refer to the USDA/FAS Dairy, Livestock and Poultry (DLP) website at: http://www.fas.usda.gov/dlp/dlp.html for additional data and analysis, such as the *International Agricultural Trade Reports, Trade at a Glance and Country Pages*. These reports are posted regularly on the homepage covering analysis on current issues and topics, new trade data, and market competition.

World Beef Trade Overview

Total Beef Trade Forecast at New Record Level for 2003; U.S. Forecast to Make Minor Gains

World Trade: Total beef exports are forecast at 6.5 million tons in 2003, an increase of nearly 5 percent over the 2002 estimate. As global competition intensifies, beef exports are forecast higher for most major exporters. Brazil, Argentina and Uruguay as they continue their moves toward exporting more fresh/chilled beef account for much of the increased competition. Australian exports are expected to reach a record-breaking 1.5 million tons, while Canadian exports are forecast to fall in 2003. Japan is forecast to account for half of the total imports increase. Korea is expected to import record volumes of beef in 2003. In 2003, U.S. beef exports are forecast to increase marginally to a record 1.15 million tons, while imports will remain flat around the record level of 1.5 million tons.

Key Exporters:

- **United States**: Beef exports for 2003 are forecast up marginally at 1.15 million tons. After rising 3 percent in 2002, due to increased slaughter combined with higher slaughter weights, U.S. beef production is forecast to fall 5.3 percent to 11.7 million tons in 2003. With less beef supply available, export expansion will be significantly constrained. The U.S. cattle herd is expected to undergo its seventh year of contraction and fall to 95.6 million head come January 1, 2003, its lowest level since 1959. Higher cattle retention for herd rebuilding during 2003 will reduce domestic beef supplies and consumption is forecast to fall 550,000 tons to 12.2 million tons in 2003.

- **Australia**: Total beef exports are forecast to grow to a record 1.5 million tons in 2003. Australia's beef production is forecast to reach a record 2.25 million tons as Australia's cattle numbers return to levels not seen since the 1970's. The United States is Australia's largest export market, however, the U.S. beef import quota, which Australia filled in 2001 and is likely to fill again in 2002 and 2003, is expected to limit growth in that market. With more fresh/chilled and frozen beef moving to export, Australian beef prices are likely to continue their downward trend and pressure competitors in export markets.

- **Brazil**: Continuing a decade of expanding beef production, Brazil's beef output is expected to reach a record 7.4 million tons in 2003. This strong growth in the beef sector will lead to record beef exports. Exporting only 306,000 tons in 1998, Brazil is forecast to export a record 925,000 tons in 2003. Acceptance of its regional FMD-free status in many countries in 2002 allowed Brazil to expand its presence in Europe and enter new markets, such as Egypt, Russia, and China. Brazil has changed its product mix with approximately three-quarters of Brazil's exports now consisting of frozen and fresh/chilled beef. Benefiting from a number of currency devaluations, low production costs and recent investment to expand production capacity, Brazil has become the world's third largest beef exporter.

- **Canada**: Canada's exports in 2003 are expected to fall to 600,000 tons as Canadian cattle herds, estimated to have reached a record 13.7 million head on January 1, 2002, are forecast to fall 2 percent by January 1, 2003. Canadian producers have reduced inventories due to high feed prices and a severe drought in 2002. Although exports are expected to fall in 2003, Canada will continue to export primarily higher-value, fresh/chilled beef cuts.

- **European Union**: Beef exports for 2003 are forecast at 570,000 tons, up from the 2002 estimate, but well below the 854,000 tons moved in 1999. The EU is expected to concentrate on exporting to its Russian and Eastern European neighbors. Many of the EU's trading partners in the Middle East have maintained restrictions concerning BSE, forcing the EU to direct beef export refunds to smaller markets. Future export growth will be constrained by declining cattle inventories. Cattle numbers are set to fall to 79.8 million head in 2003, 2.4 million less than the 2000 level.

Key Importers:

- **United States**: Beef imports for 2003 are forecast unchanged at a record 1.5 million tons. Australia for the first time since 1995, filled its import quota of 378,214 tons (product weight basis) in 2001, and is likely to do so again in 2002 and 2003. In 2001, nearly 60 percent of U.S. beef imports consisted of frozen beef, most of which came from Australia. Canada is the most important U.S. supplier of high-quality, fresh/chilled beef. Due to outbreaks of FMD in Uruguay and Argentina in 2001, the United States stopped imports of fresh/chilled and frozen beef from these two countries.

- **Japan**: Beef imports for 2003 are forecast at 860,000 tons, well above the 2002 estimate of 700,000 tons. Beef demand in 2003 is expected to rebound, however, as concerns about the safety of beef consumption diminish. As a result of strong imports, Japan is expected to trigger a safeguard on beef imports sometime in the summer of 2003. Once triggered, and if Japan enacts the safeguard, beef import tariffs will rise from 38.5 percent to 50 percent. These will remain in effect for at least the remainder of Japan Fiscal Year 2003, which ends on March 31, 2004. A safeguard action could slow import growth by raising domestic prices of imported beef and possibly cause significant imports in the first half of 2003 in anticipation of the safeguard announcement.

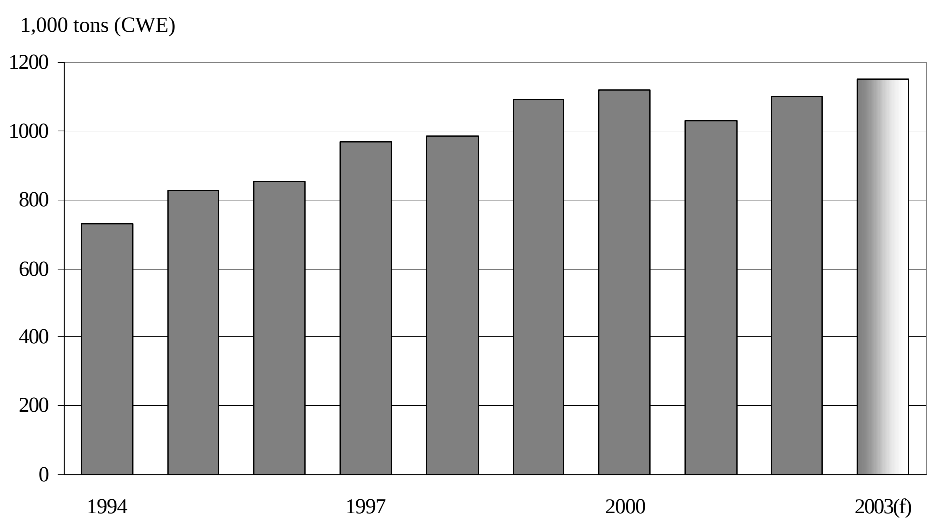
- **Russia**: Beef imports for 2003 are forecast at 740,000 tons, up 40,000 tons from the 2002 estimate. Imports largely consist of low-grade, frozen beef for further processing into sausage. However, imports of fresh/chilled beef rose to a record 15 percent of imports in 2001 to meet the needs of Russia's expanding hotel and tourism industries. The cattle herd in Russia is forecast to continue its decline, with cattle inventories in 2003 only half the level a decade earlier.

- **EU**: Beef imports for 2003 are forecast at a record 530,000 tons, up 30,000 tons from the 2002 estimate. Argentina, Brazil and Uruguay are the greatest beneficiaries of expanding EU demand. U.S. exports to the EU continue to be limited because of the hormone ban. The cattle herd in the EU is forecast to decline as some farmsteads elect to permanently leave the beef industry in response to declining government financial support. With the gap between total exports and imports falling to only 40,000 tons in 2003, the EU has moved much closer to becoming a net beef importer.

- **Mexico**: In 2003, beef imports, forecast at 445,000 tons are forecast to set their seventh consecutive record. Mexico's cattle herd has steadily declined since 1994 as a result of extended drought and a weakening peso, which has forced many medium and small feedlots to go out of business due to high production costs and an inability to repay loans. Beginning inventories are forecast at 20.7 million head for 2003, 33 percent below a decade earlier. With rising disposable incomes, Mexico is increasingly looking at imports to meet consumer demand.

- **Korea**: Beef imports for 2003 are forecast at a record 420,000 tons, up 30,000 tons from the 2002 record estimate. Korea's cattle herd is in its sixth year of decline with the 2003 cattle inventory standing at 2 million head, about 40 percent below its 1997 high of 3.4 million head. Korea has begun to import substantial amounts of fresh/chilled beef as the last of its barriers to trade and retail sales of imported beef fell in late 2001. With high domestic beef prices and a declining herd, Korea's beef imports are expected to expand.

U.S. Beef Exports Forecast to Increase Marginally, Setting a New Record in 2003



Beef and Veal Summary Selected Countries

1,000 Metric Tons (Carcass Weight Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Production						
Brazil	6,140	6,270	6,520	6,895	7,136	7,385
European Union 1/	7,512	7,569	7,462	6,896	7,250	7,150
China, Peoples Republic of	4,799	5,054	5,328	5,488	5,600	5,700
Argentina	2,600	2,840	2,880	2,680	2,640	2,730
Australia	1,989	1,956	1,988	2,052	2,100	2,250
Mexico	1,800	1,900	1,900	1,925	1,930	1,935
India	1,593	1,660	1,700	1,770	1,810	1,920
Russian Federation	2,090	1,900	1,840	1,760	1,730	1,670
Canada	1,150	1,238	1,246	1,250	1,260	1,215
South Africa	539	584	630	665	660	670
Others 2/	6,830	6,517	6,293	5,618	5,771	4,494
Total Foreign	**37,042**	**37,488**	**37,787**	**36,999**	**37,887**	**37,119**
United States	**11,804**	**12,124**	**12,196**	**11,890**	**12,333**	**11,682**
Total	**48,846**	**49,612**	**49,983**	**48,889**	**50,220**	**48,796**
Consumption						
European Union 1/	7,238	7,485	7,645	6,455	7,272	7,260
Brazil	5,941	5,863	6,102	6,191	6,378	6,540
China, Peoples Republic of	4,722	5,010	5,290	5,448	5,581	5,690
Russian Federation	2,845	2,734	2,309	2,405	2,425	2,405
Argentina	2,330	2,498	2,541	2,551	2,368	2,395
Mexico	2,101	2,250	2,309	2,341	2,362	2,372
India	1,348	1,438	1,335	1,400	1,410	1,500
Japan	1,479	1,475	1,534	1,371	1,300	1,394
Canada	951	994	992	969	969	943
Australia	712	722	660	662	690	740
Others 2/	6,501	6,592	6,371	5,718	5,867	4,708
Total Foreign	**36,168**	**37,061**	**37,088**	**35,511**	**36,622**	**35,947**
United States	**12,055**	**12,327**	**12,400**	**12,259**	**12,705**	**12,159**
Total	**48,223**	**49,388**	**49,488**	**47,770**	**49,327**	**48,106**

Source: Counselor and attache reports, offical statistics, and results of office research.

Note: 1/ EU pre-2000 are partial EU data; 2000 and later is total EU-15.

2/ For 2003, Colombia, Costa Rica, Dominican Republic, El Salvador, Honduras, Nicaragua and Venezuela are dropped from the database.

(p) preliminary; **(f)** forecast

Beef and Veal Summary Selected Countries

1,000 Metric Tons (Carcass Weight Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Imports						
Japan	943	959	1,016	955	700	860
Russian Federation	684	838	478	653	700	740
European Union 1/	326	351	448	413	500	530
Mexico	307	358	420	426	440	445
Korea, Republic of	125	242	324	246	390	420
Canada	232	254	263	299	330	325
Egypt	159	218	236	105	150	200
Philippines	81	99	118	104	115	130
Taiwan	82	94	83	78	95	100
Brazil	102	54	72	44	80	80
Others 2/	333	313	241	205	190	192
Total Foreign	**3,374**	**3,780**	**3,699**	**3,528**	**3,690**	**4,022**
United States	**1,199**	**1,304**	**1,375**	**1,435**	**1,500**	**1,500**
Total	**4,573**	**5,084**	**5,074**	**4,963**	**5,190**	**5,522**
Exports						
Australia	1,268	1,270	1,338	1,395	1,420	1,500
Brazil	306	464	492	748	838	925
Canada	428	492	523	574	625	600
European Union 1/	678	854	645	572	530	570
New Zealand	488	442	485	500	510	530
India 3/	245	222	365	370	400	420
Argentina	303	359	357	168	280	340
Uruguay	218	189	236	145	220	250
Ukraine	162	211	196	124	120	110
China, Peoples Republic of	88	57	54	60	45	40
Others 2/	201	126	128	133	120	85
Total Foreign	**4,385**	**4,686**	**4,819**	**4,789**	**5,108**	**5,370**
United States	**985**	**1,093**	**1,119**	**1,029**	**1,119**	**1,148**
Total	**5,370**	**5,779**	**5,938**	**5,818**	**6,227**	**6,518**

Source: Counselor and attache reports, offical statistics, and results of office research.

Note: 1/ EU pre-2000 are partial EU data; 2000 and later is total EU-15.

2/ For 2003, Colombia, Costa Rica, Dominican Republic, El Salvador, Honduras, Nicaragua and Venezuela are dropped from the database. 3/ Includes buffalo.

(p) preliminary; **(f)** forecast

World Pork Overview

Total Pork Trade Forecast at Record Level for 2003; U.S. Exports Forecast to Increase for the 13th Consecutive Year

World Summary: Pork trade is forecast to continue growing in 2003. Total pork exports are forecast at a record 3.9 million tons in 2003, an increase of 2 percent over the estimated 2002 level. Despite a forecast decrease in the United States 2003 pork production, U.S. pork exports are forecast higher, while Brazil and Canada's export growth rate is forecast to slow from the 2002 estimated level. E.U. pork exports are forecast to increase as production expands. All the major pork import markets are forecast to rise above their estimated 2002 level. Although Japan has triggered the pork safeguard tariff, pork imports are forecast to increase to a record level in 2003. In Russia, an improving economy allows the pork import forecast to climb slightly. For the United States, both pork exports and imports are forecast at a record level.

Key Exporters:

- **United States**: U.S. pork production in 2003 is forecast to decline as producers respond to rising feed grain prices and fears of overproduction. As herds contract, pork production is forecast to decrease 2 percent from the 2002 level. Pork exports for 2003 are forecast at a record 726,000 tons as demand by major importers will help fuel exports. U.S. pork exports are still heavily concentrated in Japan and Mexico, 50 and 22 percent, respectively, of total U.S. pork exports. Pork imports are forecast to increase to a record 490,000 tons as pork products, mainly from Canada, continue to cross the border of this growing integrated market. Live hog imports from Canada are forecast to stabilize in 2003 at 6.0 million head as a fall in slaughter hog imports is equally offset by an increase in feeder hogs.

- **Brazil**: After the extraordinary growth of the last two years, pork export expansion for 2003 is forecast to slow to nearly 8 percent. Low production costs and recent investments to expand production and slaughter capacity have succeeded in making Brazil a major pork exporter. Brazil has budgeted $3 million in a marketing program to promote foreign sales of pork. For 2003, the pork production growth rate is forecast to slow as relatively high feed costs will likely trim profit margins for hog producers. Brazil is expected to continue expanding exports in the coming years, but exports may begin to slow as traders must look to non-traditional markets for further growth. Most of the recent growth in pork exports to Russia has been in lower-priced frozen carcass and half-carcasses.

- **Canada**: Canada's pork exports are forecast at 815,000 tons in 2003, the 9th consecutive record. In 1999, Canada's pork production jumped sharply with the surplus being diverted to exports. The following year, Canada overtook the United States as the world's largest pork exporting country. The United States is the destination for almost 60 percent of Canadian pork exports. Trade between the United States and Canada is likely to continue to increase as meat markets - on both sides of the border - become "North American" in scope. Canada exports nearly 20 percent of its annual pig crop to the United States with about 65 percent of the total moving as feeder pigs. The proportion of feeder pig exports to the United States is increasing, especially as Canada gears up its pork slaughtering facilities to capture more slaughter-weight pigs. For 2003, hog exports are forecast unchanged at 6.0 million head.

- **European Union**: After the sharp decline in pork exports in 2001 due to foot-and-mouth disease (FMD), exports were revived in 2002 and are forecast to continue to climb into 2003. Pork exports for 2003 are forecast at 1.3 million tons, up 2 percent from the 2002 estimate. Processed pork continues to be eligible for export refunds, while export refunds for fresh/chilled/frozen pork were terminated in July 2000. The EU pig crop in 2003 is forecast to decline slightly as Netherlands and Belgium face environmental constraints and the United Kingdom struggles to recover from FMD. A forecast slight increase in pork output in 2003 will likely be carried over to exports as consumption is projected to be stable. Imports are forecast unchanged as EU processors have enough low priced material to meet domestic demand. However, double zero agreements are expected to keep imports from the Central and Eastern European Countries (CEEC) competitive in the EU, and prevent imports from falling significantly.

Key Importers:

- **United States**: Pork imports for 2003 are forecast at a record 490,000 tons, up 2 percent from the estimated 2002 level. Canada continues to be the dominant foreign supplier, accounting for approximately 80 percent of U.S. pork imports. Canada’s competitiveness and proximity to the U.S. will continue to facilitate trade. In 2003, the EU is likely to regain only a part of its pre-FMD share of the U.S. pork market.

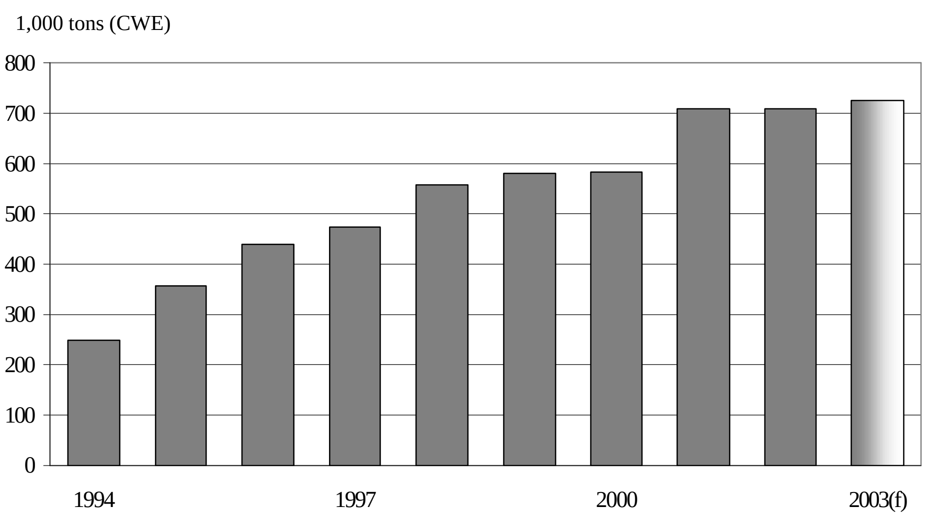
- **Hong Kong**: Pork imports for 2003 are forecast at a record 300,000 tons, up 5 percent from the estimated 2002 level as consumer demand for pork continues to increase. A sluggish economy, higher unemployment rate, and a recurrence of an avian disease outbreak in Hong Kong are causing consumers to switch to pork from other meats. In addition, consumer preferences are changing from freshly slaughtered meats to chilled/frozen meats due to gradual changes in eating habits and concern over sanitary conditions in the wet market. Pork imports from China continue to increase as the Chinese government now allows more than one agent to market its meat in Hong Kong.

- **Japan**: Pork production has been steadily declining due to the shrinking number of swine producers. From 1992 to 2001, the number of hog producers has dropped by one-third and at the same time, pork consumption has grown to a record level. Pork imports for 2003 are forecast at a record 1.2 million tons, 2 percent above the estimated 2002 level. The imposition of a safeguard tariff in August 2002, lasting through March 31, 2003, is expected to have little effect on pork imports. Pork imports have jumped over the past several years due, in part, to BSE and other food safety and labeling concerns with beef.

- **Mexico**: Pork imports for 2003 are forecast at a record 310,000 tons, up 3 percent from the estimated 2002 level. Under NAFTA, import tariffs and tariff rate quotas (TRQs) on pork are scheduled to be eliminated on January 1, 2003. The U.S. accounted for about 85 percent of Mexican imports in 2001, while Canada supplied the balance. Under NAFTA, Canada has a much lower quota level than the United States before the 20 percent over-quota tariff could be applied. With the elimination of TRQs, Canada may become more competitive with the United States when all pork from the United States and Canada will have equal access to the Mexican market. Hog imports, mostly from the United States, are estimated at 200,000 head for 2002, but imports are forecast to decline 25 percent in 2003 as U.S. hog prices are projected to increase and the domestic hog industry continues to grow.

- **Russia**: Pork imports for 2003 are forecast at 710,000 tons, up 1 percent from the estimated 2002 level. Suppliers of inexpensive meat cuts continue to do very well in the Russian market. Aided by a devaluation of the Real, Brazil has replaced the EU as the main supplier of pork, and accounts for almost 50 percent of Russia's imports. For the third consecutive year, pork consumption is projected to grow, increasing 5 percent due, in part, to an improving economy and stronger domestic pork sector. After bottoming in 2000, Russia's pork industry is beginning to grow with increasing investments and producers are expanding breeding stock to take advantage of inexpensive feed grain availability.

U.S. Pork Exports at a Record Level, But Remains Relatively Constant After Surging in 2001



Pork Summary Selected Countries

1,000 Metric Tons (Carcass Weight Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Production						
China, Peoples Republic of	38,837	40,056	40,314	41,845	43,000	44,100
European Union 1/	17,392	18,059	17,585	17,419	17,800	17,820
Brazil	1,690	1,835	2,010	2,230	2,356	2,430
Canada	1,337	1,550	1,638	1,729	1,830	1,865
Russian Federation	1,510	1,490	1,500	1,560	1,600	1,700
Poland	1,650	1,675	1,620	1,547	1,585	1,640
Korea, Republic of	992	950	1,004	1,077	1,161	1,200
Japan	1,285	1,277	1,269	1,245	1,200	1,190
Philippines	933	973	1,008	1,064	1,095	1,120
Mexico	950	994	1,035	1,065	1,085	1,100
Others	4,129	4,128	3,806	3,683	3,780	3,790
Total Foreign	**70,705**	**72,987**	**72,789**	**74,464**	**76,492**	**77,955**
United States	**8,623**	**8,758**	**8,597**	**8,691**	**8,973**	**8,819**
Total	**79,328**	**81,745**	**81,386**	**83,155**	**85,465**	**86,774**
Consumption						
China, Peoples Republic of	38,740	40,024	40,291	41,764	42,835	43,970
European Union 1/	15,843	16,301	16,169	16,239	16,560	16,555
Russian Federation	2,219	2,321	2,019	2,119	2,299	2,409
Japan	2,146	2,212	2,228	2,269	2,335	2,368
Brazil	1,581	1,727	1,826	1,919	1,956	2,000
Poland	1,462	1,484	1,544	1,476	1,550	1,607
Mexico	1,045	1,131	1,252	1,298	1,325	1,350
Korea, Republic of	940	984	1,059	1,158	1,286	1,325
Canada	955	1,063	1,047	1,087	1,129	1,155
Philippines	942	997	1,032	1,073	1,105	1,130
Others	4,438	4,456	4,093	3,988	4,077	4,129
Total Foreign	**70,311**	**72,700**	**72,560**	**74,390**	**76,457**	**77,998**
United States	**8,305**	**8,596**	**8,457**	**8,388**	**8,725**	**8,572**
Total	**78,616**	**81,296**	**81,017**	**82,778**	**85,182**	**86,570**

Source: Counselor and attache reports, offical statistics, and results of office research.

Note: 1/ EU pre-2000 are partial EU data; 2000 and later is total EU-15.

(p) preliminary; **(f)** forecast

Pork Summary Selected Countries

1,000 Metric Tons (Carcass Weight Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Imports						
Japan	777	919	995	1,068	1,125	1,150
Russian Federation	710	832	520	560	700	710
Mexico	144	190	276	294	300	310
Hong Kong	207	217	247	260	285	300
Korea, Republic of	66	156	174	123	145	150
Canada	64	65	68	91	100	105
China, Peoples Republic of	46	43	50	58	60	70
European Union 1/	40	54	54	55	60	60
Romania	53	27	29	46	55	55
Poland	74	55	47	23	50	50
Others	160	227	223	188	194	202
Total Foreign	**2,341**	**2,785**	**2,683**	**2,766**	**3,074**	**3,162**
United States	**320**	**375**	**439**	**431**	**479**	**490**
Total	**2,661**	**3,160**	**3,122**	**3,197**	**3,553**	**3,652**
Exports						
European Union 1/	1,004	1,390	1,470	1,235	1,300	1,325
Canada	432	554	658	727	800	815
Brazil	105	109	163	337	400	430
China, Peoples Republic of	143	75	73	139	225	200
Hungary	109	131	143	118	120	110
Poland	220	235	160	100	80	85
Australia	17	37	49	66	79	83
Mexico	49	53	59	61	60	60
Korea, Republic of	116	113	30	42	20	55
Czech Republic	27	10	8	14	27	25
Others	20	23	14	5	5	7
Total Foreign	**2,242**	**2,730**	**2,827**	**2,844**	**3,116**	**3,195**
United States	**558**	**580**	**584**	**708**	**709**	**726**
Total	**2,800**	**3,310**	**3,411**	**3,552**	**3,825**	**3,921**

Source: Counselor and attache reports, offical statistics, and results of office research.

Note: 1/ EU pre-2000 are partial EU data; 2000 and later is total EU-15.

(p) preliminary; **(f)** forecast

World Broiler Overview

Total Broiler Meat Trade Forecast to Rebound in 2003

World Trade: Total broiler meat exports in 2003 for major exporting countries are forecast to return to record levels at 5.6 million tons, a 4-percent increase from the 2002 estimate. The top 4 exporting countries, the United States, Brazil, the EU, and Thailand, are expected to dominate export markets due mainly to availability of supplies, price competitiveness, and for the EU, increased subsidies. For 2003, broiler meat imports for major countries are forecast at 4.5 million tons, a 2-percent increase from the 2002 estimate. China, the EU, Japan, Mexico, Russia, and Saudi Arabia are expected to account for more than 80 percent of imports.

Key Exporters:

- **United States:** Broiler meat exports for 2003 are forecast at 2.47 million tons, a 12-percent increase from the 2002 estimate, and approaching the 2001 record level. The expected increase in exports is largely attributed to the recent agreement on export certification with Russia, the largest market for U.S. poultry. Gains in exports to key markets in Asia and the Americas are expected as strong demand by the food service industry continues. In addition, Mexico's scheduled elimination of tariffs and tariff-rate quotas under NAFTA will likely improve opportunities for U.S. broiler meat exports.

- **Brazil:** Broiler meat exports for 2003 are forecast at 1.3 million tons, a nearly 7-percent decrease from the 2002 estimate. The decrease in exports is mainly attributed to domestic and overseas market developments. In spite of continued gains in 2003, the rate of production growth is expected to be slower largely because of the devaluation in Brazil's currency and tight domestic corn supplies, which have increased input costs. Demand in the home market continues to strengthen as broiler meat is seen as a low cost alternative to other meat protein sources. Developments in Saudi Arabia and the EU, the two largest markets for Brazilian broiler products, will likely impact Brazil's broiler meat exports. Saudi Arabia alleges excessive water content in Brazilian products, while the EU has imposed a higher duty on frozen poultry product. These two markets each accounted for 20 percent of Brazil's total broiler exports in 2001.

- **European Union:** Broiler meat exports for 2003 are forecast at 695,000 tons, nearly a 4-percent increase from the 2002 estimate. The increase in exports is attributed to greater access to Central and Eastern European countries (CEECs: Poland, Hungary, the Czech Republic, Romania, Bulgaria, Slovakia, Slovenia, Estonia, Latvia, and Lithuania) and larger export refunds for other markets. EU broiler meat exports will gain greater access to CEECs under the double-zero agreement, which eliminates tariffs and prohibits the use of export refunds. In 2001, about 14 percent of the EU's total broiler meat exports were destined to CEECs, compared to 10 percent in 2000. Furthermore, increased export refunds on poultry for 2003 will improve EU's price competitiveness in the Middle East and Russia, key markets for whole birds and parts, accounting for 40 percent of EU's broiler exports in 2001. In its 2003 preliminary budget, the EU allocated 80 million euros ($79 million), a 45-percent increase from 2002, for poultry export restitutions. The EU is allowed to subsidize up to 286,000 tons of poultry exports per year under its WTO commitment.

- **Thailand:** Broiler meat exports for 2003 are forecast to increase 5 percent from the estimated 2002 level to 435,000 tons, due mainly to its competitive prices in Japan and the EU, the two largest markets for Thai broiler meat. Thailand supplies primarily value-added parts (semi-cooked and cooked products) to Japan, while it exports frozen parts to the EU. In response to the EU's detection of a veterinary drug (nitrofuran) in frozen products in March 2002, Thailand banned the use of the drug and its derivatives in production, and continues to improve testing facilities.

Key Importers:

- **China:** Broiler meat imports for 2003 are expected to decrease nearly 8 percent from the 2002 estimate to 350,000 tons, as an increase in production supports gains in consumption. This forecast excludes China's imports of chicken paws/feet. Chicken paws/feet imports were removed from the supply and distribution data series (1997 to date) to more accurately measure the size of muscle meat demand. China's broiler meat and paw imports are attached to the China Country Page. The page can be accessed at http://www.fas.usda.gov/dlp/countrypages/china.html.

- **European Union:** Broiler meat imports for 2003 are expected to increase 9 percent from the 2002 estimate to 600,000 tons, due mainly to increased imports from Central and Eastern European countries (CEECs) under double zero agreements, as well as from Brazil and Thailand. Imports from CEECs are expected to rise as trade becomes more liberalized. In an effort to control poultry imports from Brazil and Thailand, the EU Commission in June 2002 reclassified lightly salted poultry product from a frozen salted product to simply a frozen product. It argued that the product was primarily a frozen product before being salted, thus allowing the EU to impose a higher duty. Frozen poultry meat has a 30-percent duty, compared with a 15-percent duty on salted poultry meat.

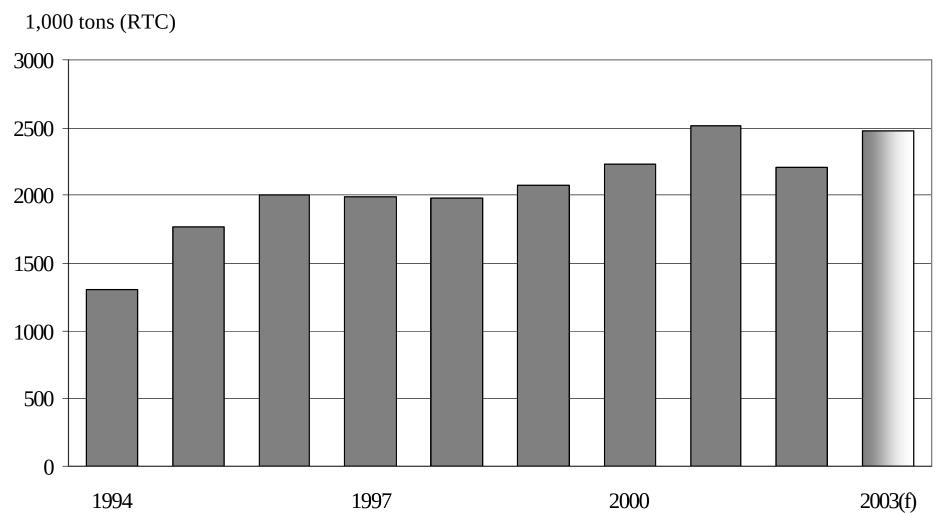
- **Japan:** Broiler meat imports for 2003 are forecast at 700,000 tons, down nearly 7 percent from the 2002 level due mainly to rising stocks. Stocks (mainly frozen broilers) in June 2002 were reportedly up 31 percent to 116,000 tons from the corresponding period last year. However, imports of further processed products are expected to rise due to strengthening demand in the retail and food service sectors and competitive prices from Thailand and China.

- **Mexico:** Broiler meat imports in 2003 are expected to increase 14 percent from the revised 2002 import level to 290,000 tons supported by expansion in the food service industry. Mexico's NAFTA commitment should also contribute to larger imports. Effective January 2003, Mexico is committed to eliminating tariffs and tariff-rate quotas on poultry, thereby providing greater opportunities for U.S. broiler meat exports. The United States is the largest supplier of broiler meat to Mexico.

- **Russia:** Broiler meat imports are expected to increase 7 percent from the revised 2002 level to a new record at 1.3 million tons in 2003 due mainly to strong demand. Rising production due to favorable grain harvests and increased investment in the poultry sector supports consumption gains in the short-term. Despite an extended trade dispute over certification of imports from the United States, Russia's broiler meat imports from the world for 2002 are projected to reach 1.22 million tons, only 5 percent below the 2001 record level as other countries have expanded exports to Russia.

- **Saudi Arabia:** Broiler meat imports in 2003 are forecast to decrease slightly to 385,000 tons as growth in production exceeds the forecast in consumption gains. Imports are expected to remain relatively constant due to competitive prices compared to domestically produced products.

U.S. Broiler Exports Forecast to Rebound in 2003



Broiler Summary Selected Countries

1,000 Metric Tons (Ready to Cook Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Production						
Brazil	4,498	5,526	5,980	6,567	7,040	7,180
European Union 1/	6,789	6,614	6,654	6,822	6,750	6,760
China, Peoples Republic of	3,450	4,400	5,050	5,200	5,400	5,450
Mexico	1,587	1,784	1,936	2,067	2,188	2,297
India	710	820	1,080	1,250	1,400	1,500
Thailand	930	980	1,070	1,230	1,320	1,380
Japan	1,097	1,078	1,091	1,074	1,090	1,080
Canada	798	847	877	927	945	975
Malaysia	660	684	786	813	832	846
South Africa	667	681	707	730	745	760
Others 2/	6,523	6,631	6,866	6,905	6,940	6,059
Total Foreign	**27,709**	**30,045**	**32,097**	**33,585**	**34,650**	**34,287**
United States	**12,525**	**13,367**	**13,703**	**14,033**	**14,519**	**14,808**
Total	**40,234**	**43,412**	**45,800**	**47,618**	**49,169**	**49,095**
Consumption						
European Union 1/	6,168	6,048	6,191	6,522	6,630	6,665
Brazil	3,904	4,776	5,087	5,326	5,615	5,855
China, Peoples Republic of	3,554	4,616	5,194	5,184	5,380	5,400
Mexico	1,766	1,970	2,154	2,301	2,443	2,587
Russian Federation	1,297	1,279	1,320	1,588	1,838	1,848
Japan	1,697	1,742	1,772	1,797	1,815	1,790
India	710	820	1,080	1,249	1,398	1,495
Canada	794	866	891	927	944	974
Thailand	658	683	735	823	855	915
Malaysia	668	705	812	846	866	881
Others 2/	7,850	8,144	8,209	8,232	8,175	7,256
Total Foreign	**29,066**	**31,649**	**33,445**	**34,795**	**35,959**	**35,666**
United States	**10,502**	**11,251**	**11,474**	**11,557**	**12,265**	**12,364**
Total	**39,568**	**42,900**	**44,919**	**46,352**	**48,224**	**48,030**

Source: Counselor and attache reports, offical statistics, and results of office research.

Note: 1/ EU pre-1997 are partial EU data; 1997 and later is total EU-15.

2/ For 2003, Colombia and Egypt are dropped from the database.

(p) preliminary; **(f)** forecast

Broiler Summary Selected Countries

1,000 Metric Tons (Ready to Cook Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Imports 1/						
Russian Federation	1,020	930	943	1,281	1,220	1,300
Japan	590	667	721	710	750	700
European Union 2/	167	198	299	418	550	600
Saudi Arabia	287	364	348	399	390	385
China, Peoples Republic of	427	591	608	473	380	350
Mexico	181	188	219	235	255	290
Hong Kong	269	391	239	234	238	243
United Arab Emirates	122	117	111	123	135	140
Korea, Republic of	13	47	67	83	95	98
Canada	55	62	69	73	72	80
Kuwait	45	54	53	62	60	61
Others 3/	379	377	352	300	244	239
Total Foreign	**3,555**	**3,986**	**4,029**	**4,391**	**4,389**	**4,486**
Total	**3,555**	**3,986**	**4,029**	**4,391**	**4,389**	**4,486**
Exports 1/						
Brazil	594	750	893	1,241	1,425	1,325
European Union 2/	788	764	762	718	670	695
Thailand	274	288	328	425	415	435
China, Peoples Republic of	323	375	464	489	400	400
Canada	53	47	55	69	75	80
Hungary	52	45	35	35	32	32
Saudi Arabia	21	16	16	20	20	20
United Arab Emirates	23	19	20	20	20	20
Australia	13	12	14	19	15	15
Argentina	6	3	5	6	10	14
Others 3/	71	63	45	44	44	48
Total Foreign	**2,218**	**2,382**	**2,637**	**3,086**	**3,126**	**3,084**
United States	**1,978**	**2,080**	**2,231**	**2,521**	**2,208**	**2,472**
Total	**4,196**	**4,462**	**4,868**	**5,607**	**5,334**	**5,556**

Source: Counselor and attache reports, offical statistics, and results of office research.

Note: 1/ As of 1997, chicken feet / paws are not included in trade data.

2/ EU pre-1997 are partial EU data; 1997 and later is total EU-15.

3/ For 2003, Colombia and Egypt are dropped from the database.

(p) preliminary; **(f)** forecast

Turkey Summary Selected Countries

1,000 Metric Tons (Ready to Cook Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Production						
European Union 1/	1,700	1,830	1,740	1,777	1,750	1,755
Brazil	107	115	137	165	182	200
Poland	90	92	115	150	165	170
Canada	139	139	152	149	147	152
Hungary	62	73	78	84	88	90
Mexico	11	12	12	13	13	14
Russian Federation	9	8	7	7	8	10
South Africa	1	2	3	4	5	5
Others 2/	86	91	95	8	5	0
Total Foreign	**2,205**	**2,362**	**2,339**	**2,357**	**2,363**	**2,396**
United States	**2,366**	**2,372**	**2,419**	**2,490**	**2,533**	**2,541**
Total	**4,571**	**4,734**	**4,758**	**4,847**	**4,896**	**4,937**
Consumption						
European Union 1/	1,526	1,640	1,553	1,602	1,520	1,520
Mexico	140	151	163	176	168	189
Russian Federation	156	169	170	171	173	175
Poland	99	85	108	158	163	167
Canada	139	136	137	135	143	146
Brazil	87	89	93	96	107	119
Hungary	49	51	55	69	63	63
South Africa	17	21	24	19	20	20
Others 2/	105	142	142	49	33	0
Total Foreign	**2,318**	**2,484**	**2,445**	**2,475**	**2,390**	**2,399**
United States	**2,214**	**2,223**	**2,223**	**2,269**	**2,288**	**2,319**
Total	**4,532**	**4,707**	**4,668**	**4,744**	**4,678**	**4,718**

Source: Counselor and attache reports, offical statistics, and results of office research.

Note: 1/ EU pre-1997 are partial EU data; 1997 and later is total EU-15.

2/ For 2003, Hong Kong, Korea, Malaysia, and Taiwan are dropped from the database.

(p) preliminary; **(f)** forecast

Turkey Summary Selected Countries

1,000 Metric Tons (Ready to Cook Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Imports						
Mexico	130	143	159	171	160	180
Russian Federation	147	161	163	164	165	165
European Union 1/	35	44	61	86	120	120
South Africa	16	19	21	15	15	15
Poland	13	8	10	16	10	10
Canada	4	5	4	5	6	6
Hungary	7	3	3	9	5	5
Others 2/	30	66	52	34	28	0
Total Foreign	**382**	**449**	**473**	**500**	**509**	**501**
Total	**382**	**449**	**473**	**500**	**509**	**501**
Exports						
European Union 1/	209	234	248	261	350	355
Brazil	20	26	44	69	75	81
Hungary	20	25	26	24	30	32
Canada	10	10	14	14	14	15
Poland	4	15	13	12	12	13
Mexico	1	4	8	8	5	5
Others 2/	12	6	7	1	0	0
Total Foreign	**276**	**320**	**360**	**389**	**486**	**501**
United States	**202**	**172**	**202**	**221**	**207**	**222**
Total	**478**	**492**	**562**	**610**	**693**	**723**

Source: Counselor and attache reports, offical statistics, and results of office research.

Note: 1/ EU pre-1997 are partial EU data; 1997 and later is total EU-15.

2/ For 2003, Hong Kong, Korea, Malaysia, and Taiwan are dropped from the database.

(p) preliminary; **(f)** forecast