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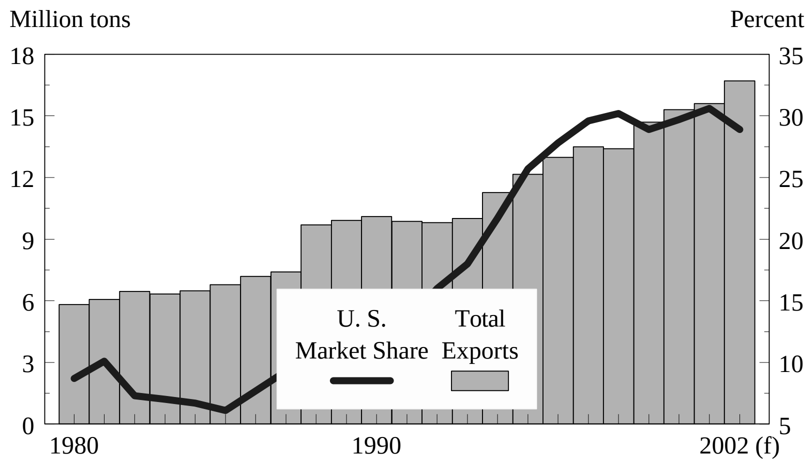
Livestock and Poultry: World Markets and Trade

Global Meat Exports Show Steady Rise, but U.S. Market Share Projected to Dip



Total meat (beef, pork, and poultry) exports by selected countries for 2002 are forecast at a record 16.7 million tons, up 7 percent from the previous year. The U.S. market share of these exports has been relatively flat for the past 7 years, taking about 29 percent of total meat exports. Russia, China, and Japan are projected to increase their imports.

For 2002, total beef exports are forecast at a record 5.8 million tons, up 7 percent from last year as all major exporters are expected to show increases. However, the U.S. beef market share is expected to contract slightly in the face of additional competition and reduced U.S. production.

For 2002, total pork exports are forecast at a record 3.8 million tons, up 7 percent from last year. Projected export increases by the European Union, Canada, and Brazil will more than offset a decline by the United States. United States pork exports are forecast to drop from the 2001 record level, thus its market share for total pork trade is projected to be down almost 3 percentage points.

For 2002, total poultry trade is forecast to increase 7 percent to a record 7.2 million tons. Demand for poultry products has surged due to consumer fears of Bovine Spongiform Encephalopathy (BSE) and Foot and Mouth Disease (FMD). It is expected that all major exporters will continue to increase production to meet this additional demand, but at a slower rate than in the previous year. The U.S. poultry market export share for 2002 is expected to fall about 2 percentage points as competition increases, mainly from Brazil.

For Information Contact:
U.S. Department of Agriculture, Foreign Agricultural Service
Dairy, Livestock and Poultry Division
AG Box 1044, South Agriculture Building, Washington, D.C. 20250-1044

Howard Wetzel, Director
TEL: (202) 720-8031 FAX: (202) 720-0617

Analysis		Marketing	
Deputy Director for Analysis		Deputy Director for Marketing	
Lee Schatz	(202) 720-1350	Roger Wentzel	(202) 720-1353
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Head, Dairy and Poultry Group			
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Livestock and Poultry: World Markets and Trade

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NOTE TO READERS

In order to reflect a more accurate global livestock and poultry trade picture, the U.S. Department of Agriculture (USDA) made historical revisions in the trade data for most countries in its database based on available country customs statistics. Russia, Mexico, EU, and China/Hong Kong are examples where significant changes were made with respect to their meat supply and demand situation. For Russia, USDA used major country exporter data supplemented by Russian import statistics to arrive at Russia=s historical meat imports. For Mexico, historical trade is now based on Mexican import statistics. The EU is now accounted for as a single entity in the USDA production, supply, and distribution (PSD) database for livestock, poultry, and meats, and individual member states supply and demand tables have been discontinued. For beef and pork, pre-2000 EU historical imports and exports are based upon previous member state level data, and the 1997 forward poultry meat trade is based on *Eurostat* data. From 2000 forward for beef and pork, and 1997 forward for poultry, the PSD is based on the new consolidated EU report. Specific for poultry, China and Hong Kong imports are adjusted to a retained imports basis which treats transshipments of poultry products from Hong Kong to China as imports into China, not Hong Kong.

The *Livestock and Poultry: World Market and Trade* circular format has changed from previous publications in an attempt to better meet end-user needs. Beef, pork, and poultry country-level pages are now added, with tables, graphs, and text describing the current animal/meat situation in that particular country. The Summary Tables with meat production, imports, exports, and consumption are still presented in order to provide a quick overview of the world situation. The entire USDA PSD database will be available on FAS Online in the near future for users to access and generate the full set of PSD data. In the meantime, the PSD is still available on the traditional USDA website http://www.ers.usda.gov/data/psd/

Please refer to the USDA/FAS Dairy, Livestock, and Poultry Division (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* (under construction). These reports are posted regularly on the homepage covering analysis on current issues and topics, new trade data, and market competition. In addition, more commodity country-level pages with additional details, such as trade matrices, will be published over the course of the next few months on the DLP homepage.

Meat Situation in the European Union in 2002

USDA Consolidates EU Meat Production, Supply, and Demand Tables

Beginning with this publication, USDA will consider the EU as a single entity and track production, supply, and demand for livestock, poultry, and meats at the EU level, rather than at the member state level as was done previously. This will allow USDA to present a more unified picture of the issues facing the entire EU-15. It also represents the reality that the countries within the EU are operating as a single trading entity. As a result, individual member state production, supply, and demand data have been discontinued from 2000 forward for beef and pork, and from 1997 forward for poultry.

EU Meat Situation Expected to Begin Recovering from BSE and FMD in 2002

For the EU in 2002, the consequences of BSE and FMD outbreaks will likely begin to diminish. It is expected that consumer confidence, in regards to beef, will begin to recover. Total meat production is forecast to increase 2 percent in 2002. As the EU regains markets lost in the past year, total meat exports are forecast to increase 9 percent to 3 million tons. Imports are forecast to increase 10 percent to 855,000 tons due mainly to recovering consumption and the double zero agreements granted to Eastern European countries. Import growth will primarily be in beef and poultry.

Beef exports are forecast to rebound from low 2001 volumes by 25 percent in 2002 to 600,000 tons, as important markets such as Egypt are beginning to reopen after being closed due to BSE and FMD concerns. Beef production is forecast to increase 1 percent to 6.9 million tons based on recovering demand. Beef consumption is also expected to recover by 7 percent in 2002 to 6.9 million tons as consumers slowly return to beef and prices stabilize. Imports of beef will rise by 10 percent to 440,000 tons based on increased consumption and the resumption of imports from traditional suppliers in South America that were suspended due to FMD outbreaks. Increased trade is forecast to decrease total EU ending stocks by 17 percent to 625,000 tons, but an accelerated reduction is unlikely as sales out of intervention may not begin until 2002.

Pork exports for 2002 are projected to reach 1.32 million tons, up 8 percent from the previous year as the EU recovers from temporary FMD bans and the negative effect of Japan’s safeguard measures. The Japanese safeguard is in effect until March 31, 2002, but Danish suppliers are trying to ship more expensive cuts of pork to cushion the impact of the increased duties. Also, export prospects to Eastern European countries and Russia are expected to improve from a year ago. Pork production is forecast to increase 2 percent to 17.8 million tons, but below the record of 1999. A larger pig crop due to higher prices will push pork production upwards. Pork imports are forecast to move slightly higher to 65,000 tons due to larger import quotas that were granted to Eastern European countries with the conclusion of double-zero agreements. EU imports of pork products, mainly for processing, almost exclusively originate from Eastern Europe, particularly Hungary.

Poultry exports are forecast to increase 3 percent to slightly more than 1 million tons in 2002. Exports in 2001 dropped as a significant part of production was consumed domestically due to food safety concerns of BSE and FMD. Poultry production is expected to increase again in 2002 by 3 percent; however, it is anticipated that the rate of increase will begin to slow as consumers resume purchasing beef and pork products. Poultry imports will also increase due to the double zero agreements with Eastern Europe and continued growth in Brazil and Thailand, the predominant suppliers.

		Production	Exports	Consumption	Imports	Ending g Stocksss
Beef	2000	7,462	643	7,300	448	367
	2001	6,896	480	6,433	400	750
	2002	6,932	600	6,897	440	625
Pork	2000	17,585	1,470	16,168	54	737
	2001	17,419	1,220	16,299	60	697
	2002	17,800	1,320	16,542	65	700
Poultry	2000	8,394	1,032	7,669	307	0
	2001	8,599	1,018	7,898	317	0
	2002	8,850	1,050	8,150	350	0
Total	2000	33,441	3,145	31,137	809	1,104
	2001	32,914	2,768	30,580	777	1,447
	2002	33,582	3,020	31,539	855	1,325

All data in thousand metric tons

BEEF AND VEAL SUMMARY
Selected Countries

1,000 Metric Tons
---Carcass Weight Equivalent---

	1997	1998	1999	2000	2001(p)	2002(f)
PRODUCTION						
United States	11,714	11,804	12,124	12,298	11,955	11,626
Canada	1,075	1,150	1,238	1,246	1,225	1,200
Mexico	1,795	1,800	1,900	1,900	1,925	1,930
Argentina	2,975	2,600	2,840	2,880	2,860	2,900
Brazil	6,050	6,140	6,270	6,520	6,750	6,985
Colombia	680	671	651	662	681	710
European Union *	7,696	7,432	7,493	7,462	6,896	6,932
Poland	404	407	367	325	290	290
Russian Federation	2,326	2,090	1,900	1,840	1,700	1,675
South Africa; Republic of	591	539	584	630	635	600
India	1,430	1,593	1,660	1,700	1,770	1,810
China; Peoples Republic of	4,409	4,799	5,054	5,328	5,600	5,880
Japan	530	530	537	530	520	510
Australia	1,942	1,989	1,956	1,988	2,000	2,040
New Zealand	664	620	558	592	640	680
Other Countries	4,087	4,025	3,885	3,874	3,646	3,584
TOTAL	48,368	48,189	49,017	49,775	49,093	49,352
IMPORTS						
United States	1,063	1,199	1,304	1,375	1,401	1,417
Canada	255	243	265	275	310	325
Mexico	203	307	358	420	430	440
Brazil	145	102	52	69	40	30
European Union *	380	324	349	448	400	440
Poland	10	5	2	3	1	1
Russian Federation	968	703	745	496	600	650
Egypt	140	158	215	188	75	130
South Africa; Republic of	60	36	26	45	48	55
Taiwan	85	82	94	82	79	83
Hong Kong	49	63	69	76	79	84
Japan	924	951	967	1,027	940	960
Korea; Republic of	199	107	210	280	230	250
Other Countries	190	212	185	207	160	197
TOTAL	4,671	4,492	4,841	4,991	4,793	5,062
EXPORTS						
United States	969	985	1,096	1,141	1,020	1,061
Canada	400	448	515	547	560	575
Argentina	446	296	349	348	150	250
Brazil	229	301	455	480	600	623
Uruguay	251	182	149	189	144	139
European Union *	900	676	852	643	480	600
India	215	245	257	300	375	410
China; Peoples Republic of	87	81	48	47	50	50
Australia	1,147	1,260	1,263	1,329	1,345	1,370
New Zealand	531	519	465	442	500	530
Other Countries	392	325	291	293	199	175
TOTAL	5,567	5,318	5,740	5,759	5,423	5,783
CONSUMPTION						
United States	11,767	12,052	12,324	12,481	12,356	12,025
Canada	930	942	982	980	976	951
Mexico	1,992	2,101	2,250	2,309	2,347	2,362
Argentina	2,548	2,337	2,510	2,551	2,730	2,660
Brazil	5,976	5,946	5,870	6,102	6,190	6,392
Colombia	680	672	652	669	672	693
European Union *	6,809	6,997	7,241	7,300	6,433	6,897
Poland	368	309	344	306	271	271
Russian Federation	3,108	2,761	2,542	2,329	2,292	2,317
Egypt	565	603	615	630	502	572
South Africa; Republic of	648	568	605	671	676	648
India	1,215	1,348	1,403	1,400	1,395	1,400
China; Peoples Republic of	4,325	4,723	5,012	5,290	5,559	5,840
Japan	1,467	1,487	1,483	1,545	1,450	1,465
Australia	789	717	725	676	653	668
Other Countries	3,703	3,725	3,763	3,773	3,652	3,625
TOTAL	46,890	47,288	48,321	49,012	48,154	48,786

SOURCE: Counselor and attache reports, official statistics, and results of office research.

Foreign Agricultural Service

* EU: pre-2000 are partial EU data based on summation of reporting contries; 2000 and later is total EU-15.
(p) preliminary (f) forecast

Commodity and Marketing Programs
Dairy, Livestock, and Poultry Division

Beef and Veal Export Overview

Total Beef Exports Forecast to Recover in 2002 and Reach Record 5.8 Million Tons

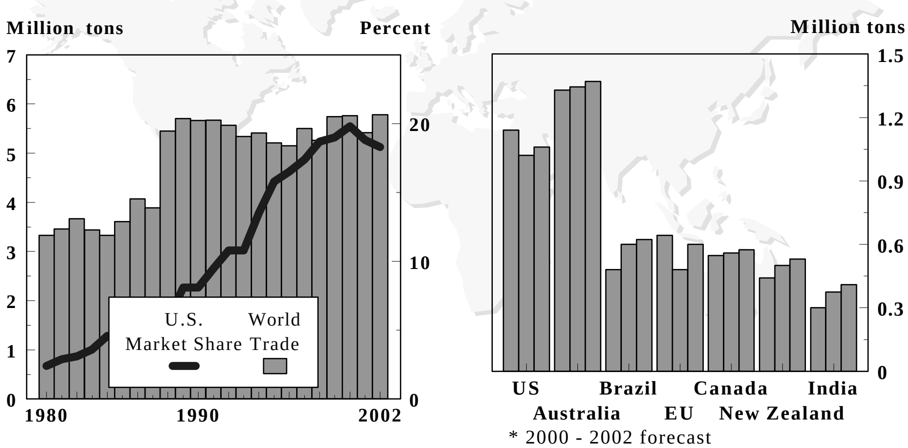
Total beef exports for selected countries of the world are forecast to rise by 360,000 tons in 2002 to reach a record 5.8 million tons, up nearly 7 percent from the previous year. Beef exports by virtually all the major players are expected to climb.

United States beef exports are forecast to rise by 4 percent to 1.06 million tons in 2002, a return to a near record level, but not enough to keep pace with the competition. U.S. beef exports face increasing challenges from Australia and Canada, especially in Japan and Korea. High U.S. domestic prices, stemming from strong demand, and unfavorable exchange rates have also contributed to lower U.S. exports in 2001. With smaller beef supplies expected in 2002, upward pressure on U.S. prices should remain.

World demand for beef is expected to recover as more countries, especially Russia, reopen their markets as EU controls vis-à-vis FMD and BSE take effect. The occurrence of BSE in Japan in late September of 2001, however, has raised consumer anxieties there and will dampen demand well into the first part of 2002.

Australia, the world's leading volume exporter of beef, is expected to continue expanding in 2002, with more product entering the U.S. and East Asian markets. Although Canada's beef production is expected to slow slightly in 2002, Canada's exchange rate advantage is expected to lead to more Canadian beef in more overseas markets. New Zealand and India (mainly buffalo meat) are also moving more beef overseas, especially as their abundant supplies make their product more attractive in increasingly price sensitive Southeast Asian and Middle Eastern markets. EU export volumes are expected to rebound from their low 2001 levels by 25 percent as markets which had closed due to FMD concerns are expected to reopen in the latter half of 2001 and throughout 2002. Exports from Argentina and Brazil will recover in 2002, while those from Uruguay are expected to decline slightly as these countries undergo the stages of FMD outbreak, control, and recovery.

U.S. Beef Export Market Share Slips As New Players Step Up to the Bat

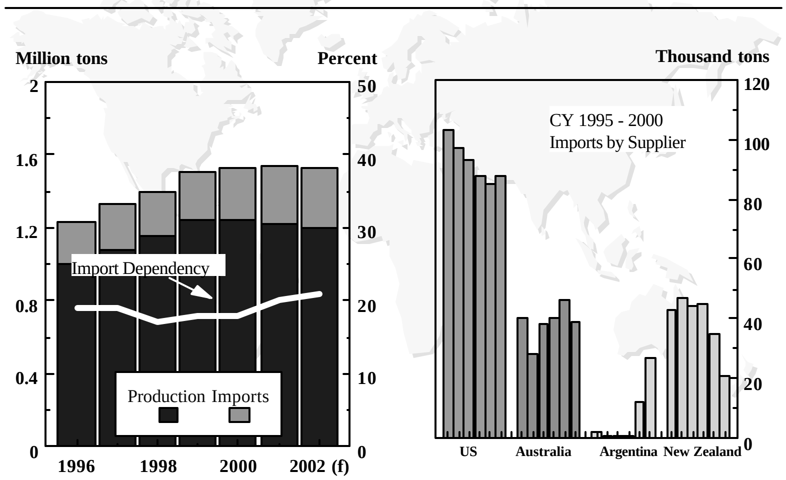


Canada's Cattle and Beef Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Cattle (1,000 head)							
Total Supply*	19,048	18,813	18,584	18,284	18,155	18,235	18,395
Slaughter	3,506	3,631	3,768	3,959	3,770	3,670	3,575
Imports	60	44	117	224	324	275	275
Exports	1,513	1,381	1,315	986	943	1,000	1,000
Beef (1,000 tons; carcass weight equivalent)							
Production	998	1,075	1,150	1,238	1,246	1,225	1,200
Imports	238	255	243	265	275	310	325
Exports	334	400	448	515	547	560	575
Consumption	904	930	942	982	980	976	951
Ending stocks	23	23	26	32	26	25	24

* Total supply = beginning inventories + calf crop + imports

Canada's Beef Imports Increase as Domestic Production Falls



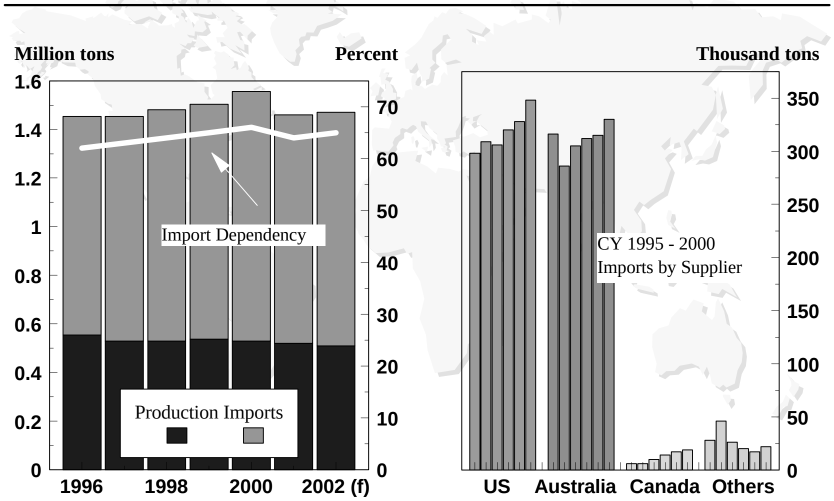
Typically viewed as a beef exporter, Canada is also a major importer of beef, as the charts above indicate. Canada's beef production for 2002 is forecast down 2 percent from the previous year to 1.2 million tons as cattle inventories are rebuilding. Strong U.S. cattle prices, relatively low-priced grain, and a favorable exchange rate are expected to continue favoring Canadian cattle exports to the United States in 2002. Beef imports for 2002 are projected at a record level of 325,000 tons with the United States continuing to lead all other suppliers. Beef exports are also forecast at a record level of 575,000 tons, with the United States and Mexico remaining the main markets for Canadian beef. Over 80 percent of Canada's beef exports go to the United States.

Japan's Cattle and Beef Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Cattle (1,000 head)							
Total Supply*	6,391	6,285	6,240	6,182	6,076	6,004	5,944
Slaughter	1,384	1,337	1,322	1,332	1,303	1,280	1,260
Beef (1,000 tons; carcass weight equivalent)							
Production	555	530	530	537	530	520	510
Beginning stocks	128	144	131	125	146	158	140
Imports	899	924	951	967	1,027	940	960
Consumption	1,438	1,467	1,487	1,483	1,545	1,513	1,505

* Total supply = beginning inventories + calf crop + imports

Japan's Beef Import Dependency Hangs High in the Face of Declining Production & Consumption While U.S. Share Suffers Vis-A-Vis Australia & Canada



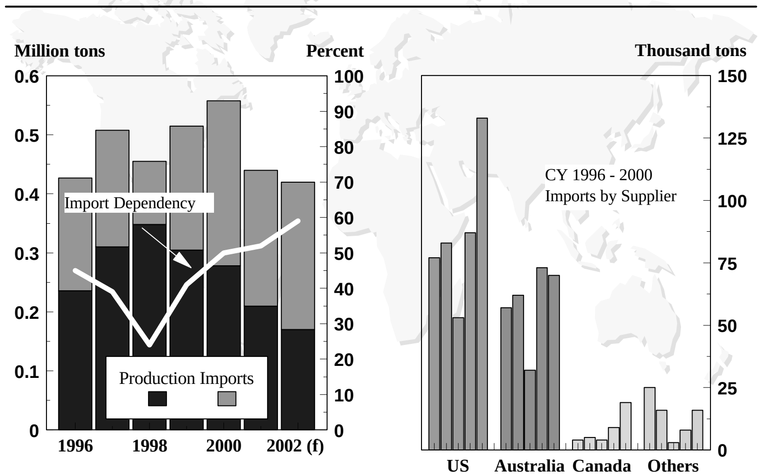
Japan’s beef production in 2002 is forecast to fall by 2 percent from the previous year to 510,000 tons, due to falling returns to the cattle sector, while beef imports are forecast to increase in 2002 to 960,000 tons. Economic stagnation, lackluster consumer demand, and lower domestic beef prices, coupled with strong U.S. beef prices, are driving importers to look towards suppliers of more competitively priced product, especially Australia. However, the discovery of Bovine Spongiform Encephalopathy (BSE) in one cow in late September of 2001 caused an immediate drop in consumption and is expected to slow demand in the last quarter of 2001 and opening period of 2002. The recovery of beef demand will largely be predicated on the effectiveness of efforts to regain consumer confidence in the meat inspection system.

Korea's Cattle and Beef Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Cattle (1,000) head							
Total Supply*	4,258	4,417	4,229	3,593	3,144	2,800	2,615
Slaughter	850	1,125	1,282	1,095	998	755	610
Beef (1,000 tons; carcass weight equivalent)							
Production	236	310	348	305	278	210	170
Beginning stocks	7	5	33	61	66	79	40
Imports	191	198	107	210	280	230	250
Consumption	429	480	427	510	545	479	430

* Total supply = beginning inventories + calf crop + imports

Koreas's Beef Import Dependency Rises to Record Levels as Production Falls While U.S. Faces Challenges from Old and New Competitors



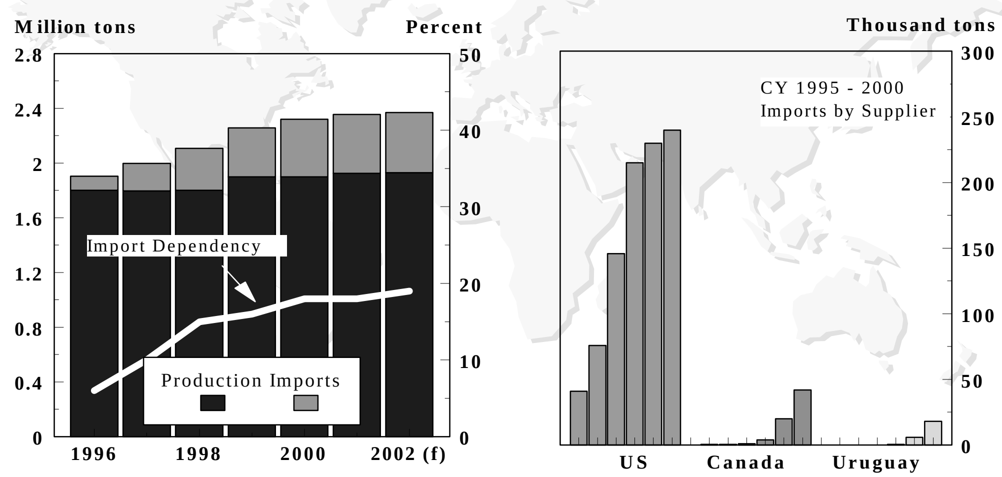
Korea’s beef production in 2002 is forecast to fall by 19 percent to 170,000 tons. Although the Korean Government announced in April 2001 a new multi-year $1.8 billion program to support Korea’s cattle industry, the impact is expected to be minimal as imports may now more freely enter the domestic market. Korea’s discriminatory dual retail system for imported and domestic beef was repealed on September 10, doing away with decade-old requirements for separate signage, storage, and display facilities for imported beef. A more open trade system is expected to lead to a recovery of Korean beef imports in 2002 with imports expected to rise by 9 percent to 250,000 tons. Korean buyers, however, are price sensitive, and they are increasingly looking to Australia and Canada to meet their market needs.

Mexico's Cattle and Beef Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Cattle (1,000 head)							
Total Supply*	36,262	35,182	34,210	33,551	32,550	31,496	30,296
Slaughter	8,180	8,200	8,000	8,150	8,200	8,300	8,310
Imports	122	260	182	192	235	195	200
Exports	460	670	721	970	1,224	1,280	1,300
Beef (1,000 tons; carcass weight equivalent)							
Production	1,800	1,795	1,800	1,900	1,900	1,925	1,930
Imports	105	203	307	358	420	430	440
Consumption	1,898	1,992	2,101	2,250	2,309	2,347	2,362

* Total supply = beginning inventories + calf crop + imports

Mexico's Beef Import Dependency Shows Slight Rise as Domestic Production Is Almost Flat



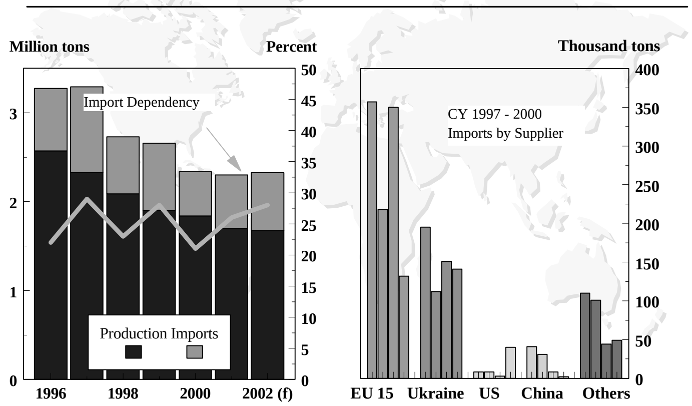
Mexico's beef production for 2002 is forecast up marginally from the previous year to a record 1.93 million tons. Investments to expand the cattle herd are hampered by restrictive interest rates and reduced producers' profits. Cattle inventories for 2002 are projected to decline for the eighth consecutive year due to dry weather, tight domestic credit, and attractive export prices. Cattle exports for 2002 are forecast at a record 1.3 million head, with most, if not all, destined for the United States. Beef imports are forecast at a record level with the United States capturing about 75 percent of the market. A growing middle income population with consumers demanding more meat protein and a flourishing hotel and restaurant industry accounts for the continued growth in the meat sector.

Russia's Cattle and Beef Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Cattle (1,000 head)							
Total Supply*	53,525	47,114	41,954	38,804	36,704	35,004	34,634
Slaughter	15,315	13,500	12,300	10,860	10,515	9,200	9,100
Beef (1,000 tons; carcass weight equivalent)							
Production	2,570	2,326	2,090	1,900	1,840	1,700	1,675
Beginning stocks	203	180	75	0	0	0	0
Imports	704	968	703	745	496	600	650
Exports	5	16	7	3	7	8	8
Consumption	3,292	3,383	2,861	2,642	2,329	2,292	2,317

* Total supply = beginning inventories + calf crop + imports

Rising Beef Consumption in Russia Leading to More Imports from More Suppliers While the Decline in Production Plateaus at 1.7 Million Tons



Russia’s beef production in 2002 is forecast to fall 1 percent to 1.68 million tons. This 250,000-ton decline, however, is the smallest decline in 10 years and reflects new producer confidence. Stronger consumer buying power has also led to a price recovery on the domestic market. Beef imports are forecast to grow by 8 percent to 650,000 tons in 2002 as demand is recovering at a more rapid rate than supply. While Russia temporarily banned the import of beef products from many areas of the EU in the spring of 2001, the EU is still expected to remain Russia’s number one beef supplier due to proximity and storage programs for BSE-free beef. Russian buyers, however, are also beginning to return to neglected suppliers in Central Asia and non-traditional suppliers in South America to stabilize beef deliveries at the least cost.

PORK SUMMARY
Selected Countries

1,000 METIC TONS
---Carcass Weight Equivalent---

	1997	1998	1999	2000	2001(p)	2002(f)
PRODUCTION						
United States	7,835	8,623	8,758	8,596	8,545	8,689
Canada	1,257	1,337	1,561	1,636	1,720	1,750
Mexico	940	950	994	1,035	1,065	1,085
Brazil	1,540	1,690	1,835	1,970	2,117	2,240
European Union *	15,906	17,248	17,914	17,585	17,419	17,800
Hungary	485	408	500	470	470	480
Poland	1,540	1,650	1,675	1,635	1,530	1,575
Russian Federation	1,570	1,510	1,490	1,500	1,515	1,535
China; Peoples Republic of	35,963	38,837	40,056	40,314	42,400	43,200
Taiwan	1,030	892	822	921	910	890
Japan	1,283	1,285	1,277	1,269	1,250	1,245
Other Countries	4,374	4,472	4,396	4,341	4,279	4,439
TOTAL	73,723	78,902	81,278	81,272	83,220	84,928
IMPORTS						
United States	287	319	375	439	415	435
Canada	59	64	65	68	75	85
Mexico	82	144	190	276	300	310
Brazil	6	1	1	1	1	0
European Union *	61	39	52	54	60	65
Poland	41	72	54	48	33	45
Romania	0	29	20	20	30	30
Russian Federation	820	725	800	470	600	630
Hong Kong	188	252	260	300	335	360
Japan	786	777	919	995	920	945
Korea; Republic of	77	66	156	173	120	140
Taiwan	0	22	86	54	30	40
Other Countries	104	139	191	322	248	235
TOTAL	2,511	2,649	3,169	3,220	3,167	3,320
EXPORTS						
United States	474	558	580	592	699	649
Canada	416	432	631	656	710	730
Brazil	83	103	112	163	240	290
European Union *	972	1,002	1,388	1,470	1,220	1,320
Hungary	133	104	114	120	120	125
Poland	284	232	241	164	110	130
Romania	55	6	5	1	0	0
China; Peoples Republic of	158	143	75	73	110	145
Taiwan	70	3	0	0	0	0
Other Countries	190	258	269	218	309	373
TOTAL	2,835	2,841	3,415	3,457	3,518	3,762
CONSUMPTION						
United States	7,629	8,304	8,596	8,449	8,274	8,453
Canada	893	955	997	1,047	1,083	1,108
Mexico	983	1,045	1,131	1,252	1,305	1,335
Brazil	1,468	1,583	1,724	1,811	1,870	1,950
European Union *	14,782	15,603	16,060	16,168	16,299	16,542
Hungary	378	355	401	375	380	380
Poland	1,334	1,448	1,490	1,548	1,457	1,487
Romania	295	341	340	309	307	305
Russian Federation	2,389	2,234	2,289	1,969	2,114	2,164
China; Peoples Republic of	35,808	38,718	40,057	40,418	42,410	43,195
Taiwan	860	971	948	975	940	930
Japan	2,134	2,146	2,212	2,234	2,185	2,200
Korea; Republic of	870	940	984	1,058	1,124	1,160
Philippines	905	940	993	1,026	1,075	1,105
Other Countries	2,452	2,457	2,441	2,340	2,126	2,180
TOTAL	73,180	78,040	80,663	80,979	82,949	84,494

SOURCE: FAS post reports, official statistics, and inter-agency analysis.

Foreign Agricultural Service
Commodity and Marketing Programs

* EU: pre-2000 are partial EU data based on summation of reporting contries; 2000 and later is total EU-15.
(p) preliminary (f) forecast

Dairy, Livestock, and Poultry Division

Pork Export Overview

Total Pork Exports Forecast at Record Level for 2002; U.S. Market Share Slips

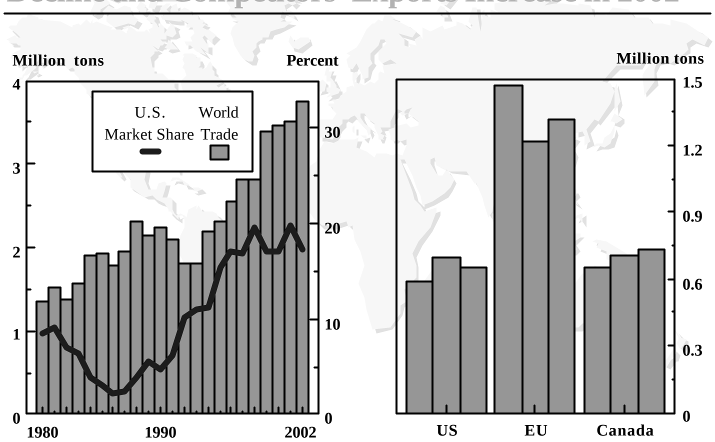
Total pork exports for selected countries of the world in 2002 are forecast at a record 3.8 million tons, up 7 percent from the previous year. Pork exports are forecast higher for the EU, Brazil, Poland, and Canada. The United States' pork exports are forecast to decline from the record level achieved in 2001 as competition stiffens in the world market.

For 2002, U.S. pork exports are forecast at 649,000 tons, down 7 percent from the previous year's record level. U.S. pork exports are facing increasing competition in the major markets of Japan, Mexico and Russia. For example, Brazil is making strides into the Russian pork market, while the EU is regaining some of the markets that were temporarily closed to EU pork products due to FMD. U.S. hog slaughter is forecast to approach 97.5 million head and with heavier weights, pork production is expected to climb to 8.7 million tons. Increases in stocks and consumption will offset the decrease in pork exports.

For 2002, EU pork exports are forecast at 1.3 million tons, up 8 percent from the previous year, but down from the 1999 record level. The EU is expected to rebound from the level in 2001 when nearly three-quarters of its third country pork markets were temporarily blocked due to FMD concerns. Hog and pork production are forecast to expand as producers take advantage of higher prices. Consumption within the EU is also forecast to grow as consumers shift more toward pork because of BSE concerns.

For 2002, Canada's pork exports are forecast at another record level at 730,000 tons. Canada has been steadily increasing its market presence in Mexico, Japan, and Russia at the expense of U.S. suppliers. However, the United States is still home to more than 60 percent of Canada's pork exports. Canada is forecast to continue expanding its hog industry and is expected to ship 5.3 million head next to the United States, about half of will be for finishing.

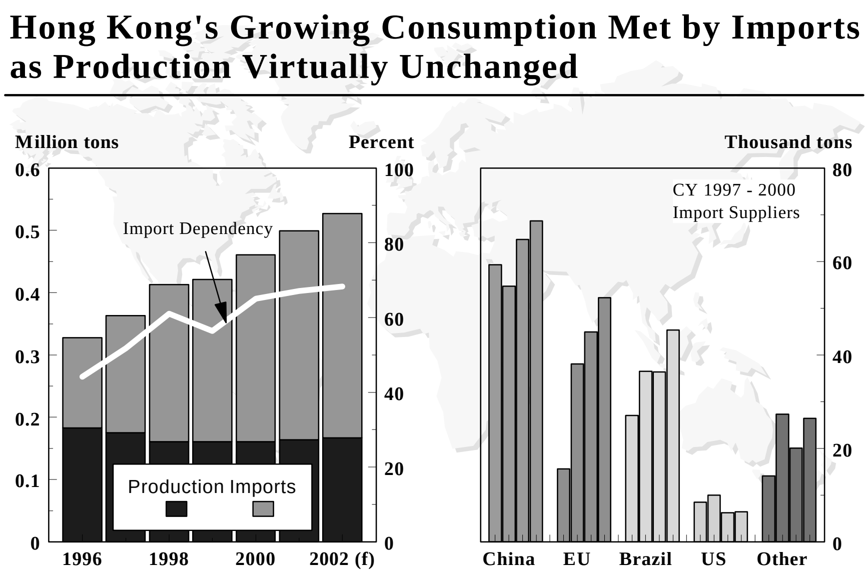
U.S. Pork Export Market Share Slips as U.S. Exports Decline and Competitors' Exports Increase in 2002



* 2000 - 2002 forecast

Hong Kong's Pork Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Pork (1,000 tons; carcass weight equivalent)							
Production	183	175	161	161	161	164	167
Imports	145	188	252	260	300	335	360
Consumption	318	345	368	376	405	434	452
Exports	10	18	45	45	56	65	75



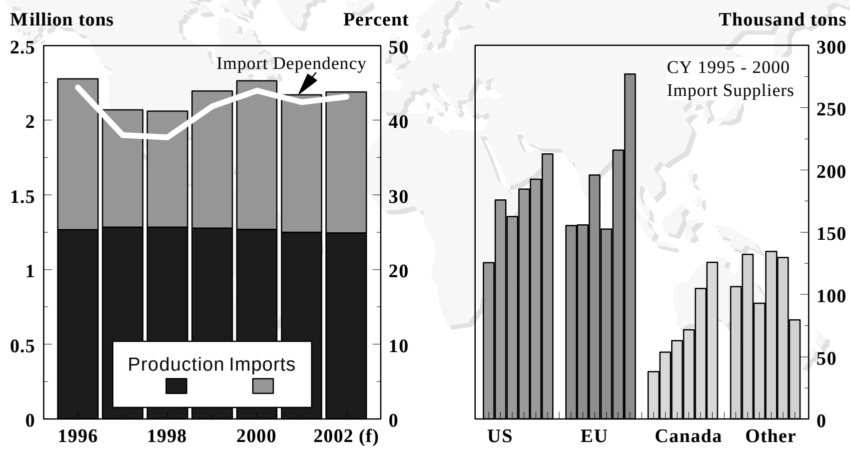
Hong Kong=s pork imports in 2002 are forecast at 360,000 tons, up 7 percent from 2001 due mainly to strong consumption. The increase in consumption is also supported by the shift in consumption pattern due to food safety concerns after the BSE crisis in the EU and Japan and the avian disease outbreak. Major suppliers of pork to Hong Kong will continue to be China, the EU, and Brazil due mainly to competitive prices. In addition, Hong Kong's imports from Vietnam and Thailand are increasing as these products suit Hong Kong consumers' preferences.

Japan's Swine and Pork Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Swine (1,000 head)							
Total Supply*	27,501	27,674	27,755	27,480	27,306	27,086	26,951
Slaughter	16,852	17,021	17,067	16,871	16,717	16,530	16,500
Pork (1,000 tons; carcass weight equivalent)							
Production	1,266	1,283	1,285	1,277	1,269	1,250	1,245
Imports	1,010	786	777	919	995	920	945
Consumption	2,119	2,134	2,146	2,212	2,234	2,185	2,200
Exports	0	0	0	0	0	0	0
Ending stocks	255	190	106	90	120	105	95

* Total supply = beginning inventories + pig crop + imports

Japan's Pork Consumption Met Through Growing Imports as Production Stagnates

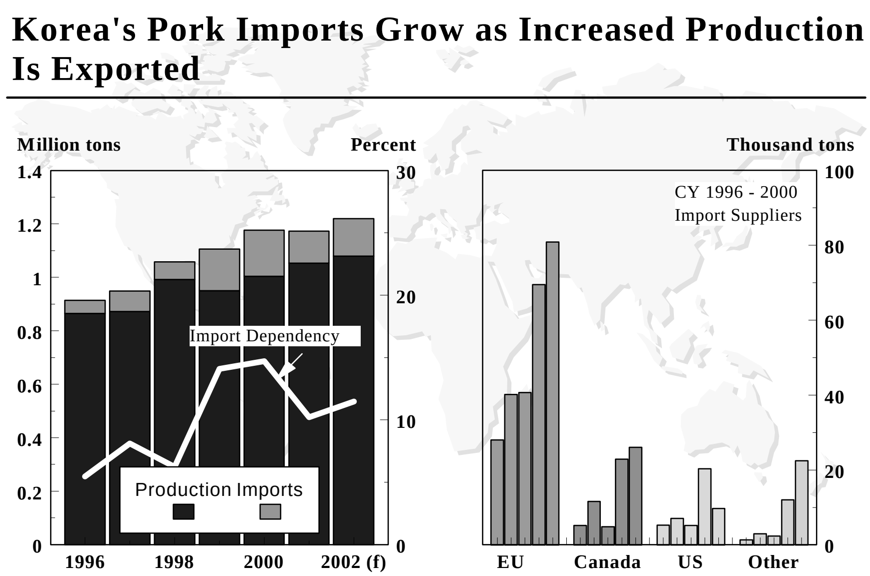


Japan=s pork imports in 2002 are forecast at 945,000 tons, up nearly 3 percent from 2001, as production stagnates while consumption moves upward. The increase in imports will likely be seen in the second quarter of 2002 after the current safeguard measure ends in March 2002. Japanese ham and sausage manufacturers are likely to increase pork imports as they secure stocks when the gate price reverts from 653 yen/kg to 524 yen/kg in April 2002. The United States is expected to remain the major supplier of fresh/chilled pork to Japan, while the EU mainly supplies frozen cuts. The impact of the safeguard on pork prices has reportedly been minimal in the Japanese market due mainly to stiff competition in the HRI sector. However, concerns over BSE have recently caused pork prices to soar.

Korea's Swine and Pork Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Swine (1,000 head)							
Total Supply*	17,500	18,204	16,522	19,755	20,843	21,801	22,257
Slaughter	10,794	10,918	12,631	12,565	13,293	13,955	14,300
Pork (1,000 tons; carcass weight equivalent)							
Production	865	873	992	950	1,004	1,054	1,080
Imports	50	77	66	156	173	120	140
Consumption	872	870	940	984	1,058	1,124	1,160
Exports	46	67	116	113	30	55	100
Ending stocks	7	20	22	31	120	115	75

* Total supply = beginning inventories + pig crop + imports



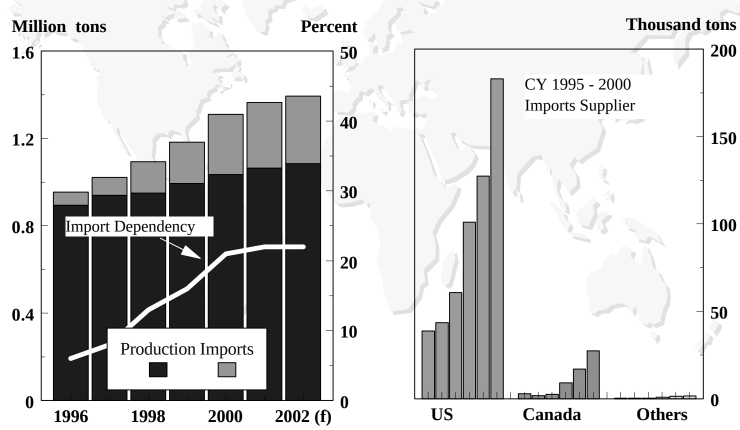
Korea=s pork production in 2002 is forecast to increase, as the country is building its herd to resume exports in the first half of 2002. Korea expects to regain FMD-free status from the Office of International Epizootics in May 2002. Korea lost its disease free status in March 2000 when FMD was reported in cattle, but no new outbreak has been reported since April 2000. Korea=s pork exports in 2002 are forecast at 100,000 tons, much closer to the pre-FMD level as the prospect for regaining the FMD free status, and allowing for exports, appear positive. Korea will likely export high-valued cuts such as loins and tenderloins mainly to Japan. Korea=s pork imports in 2002 are forecast at 140,000 tons, up 17 percent from 2001, driven by strong demand in popular cuts (pork bellies). Major suppliers to the Korean markets are the EU and Canada. Imports from Hungary, mainly frozen cuts, are also growing.

Mexico's Swine and Pork Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Swine (1,000 head)							
Total Supply*	24,703	24,777	25,465	25,862	25,754	25,784	25,804
Slaughter	12,453	12,770	13,105	13,575	13,615	13,765	13,840
Pork (1,000 tons; carcass weight equivalent)							
Production	895	940	950	994	1,035	1,065	1,085
Imports	59	82	144	190	276	300	310
Consumption	928	983	1,045	1,131	1,252	1,305	1,335
Exports	26	39	49	53	59	60	60
Ending stocks	0	0	0	0	0	0	0

* Total supply = beginning inventories + pig crop + imports

Mexico's Pork Import Dependency Stabilizes as Domestic Production Increases



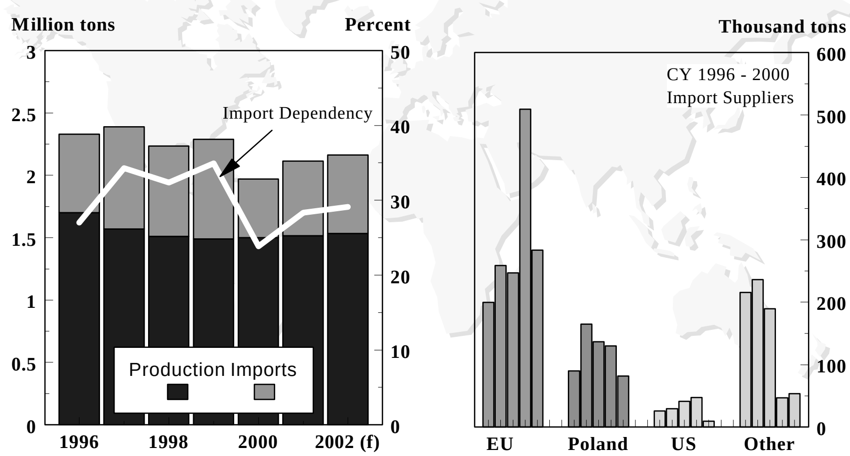
Mexico’s pork production for 2002 is forecast to climb 2 percent from the previous year to a record 1.1 million tons, reflecting swine and pork production capacity increases in large, vertically integrated companies. The continued expansion of companies with more than 500 sows more than offsets a decline in the medium and small size farms. Pork imports for 2002 are forecast to expand to a record 310,000 tons as domestic production is unable to keep up with consumer demand. Although much of the meat is still purchased through the traditional *mercados*, consumers are increasingly using supermarkets and discount warehouses. These retail chains are generally well set up to import. The United States is the dominant supplier of pork to Mexico, but Canada has started to increase its market share. Mexico’s pork exports for 2002 are forecast at 60,000 tons, unchanged from 2001, with about half of the exports destined for Japan.

Russia's Swine and Pork Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Swine (1,000 head)							
Total Supply*	51,971	49,910	47,614	47,135	46,835	46,865	47,105
Slaughter	28,000	29,130	27,950	27,350	27,450	27,590	27,650
Pork (1,000 tons; carcass weight equivalent)							
Production	1,700	1,570	1,510	1,490	1,500	1,515	1,535
Imports	630	820	725	800	470	600	630
Consumption	2,329	2,389	2,234	2,289	1,969	2,114	2,164
Exports	0	0	0	0	0	0	0
Ending stocks	0	0	0	0	0	0	0

* Total supply = beginning inventories + pig crop + imports

Pork Imports Grow as Consumption Outpaces Production



Russia=s pig supply is forecast to marginally increase in 2002 with improved feed supply and investment in the sector. Higher pork prices in the domestic market also provide incentives for producers to increase pig production. Russia=s pork imports in 2002 are forecast at 630,000 tons, up 5 percent from 2001, as an improved economy is expected to create more demand for pork. Although the EU will likely remain the major supplier, Russia=s pork imports from non-EU members are increasing. For example, Russia's imports from Brazil in 2001 are rapidly increasing. The United States remains a minor player in the market.

POULTRY MEAT SUMMARY
Selected Countries

1,000 Metric Tons
---Ready to Cook Equivalent---

	1997	1998	1999	2000	2001(p)	2002(f)
PRODUCTION						
United States	14,952	15,128	15,990	16,362	16,611	17,048
Canada	916	962	1,012	1,053	1,085	1,102
Mexico	1,615	1,710	1,922	2,082	2,139	2,205
Brazil	4,562	4,627	5,641	6,117	6,445	6,835
Argentina	780	875	910	895	895	885
European Union *	8,177	8,489	8,444	8,394	8,599	8,850
Russian Federation	630	640	640	660	700	750
China, (PRC) #	10,400	10,700	11,150	11,960	12,285	12,545
Japan	1,234	1,221	1,189	1,196	1,180	1,185
India	630	665	690	710	735	755
Thailand	955	980	1,025	1,117	1,255	1,344
Other Countries	8,740	8,540	8,948	9,092	9,428	8,859
TOTAL	53,591	54,537	57,561	59,638	61,357	62,363
IMPORTS						
United States	3	3	3	4	5	5
Canada	128	136	134	154	150	157
Mexico	210	295	312	357	375	405
European Union *	265	246	263	307	317	350
Russian Federation	1,444	1,165	1,080	1,151	1,300	1,325
Saudi Arabia	294	279	372	346	400	425
United Arab Emirates	112	119	117	110	112	110
South Africa, Rep. of	110	87	98	93	80	85
China, (PRC) #	758	755	946	1,041	950	950
Hong Kong #	289	307	448	280	270	280
Japan	590	605	683	740	684	710
Other Countries	384	446	501	512	550	558
TOTAL	4,587	4,443	4,957	5,095	5,193	5,360
EXPORTS						
United States	2,565	2,515	2,582	2,825	3,079	3,141
Canada	94	115	107	124	127	127
Brazil	665	633	802	949	1,215	1,580
European Union *	944	1,029	1,032	1,032	1,018	1,050
Hungary	109	125	114	108	110	105
China #	367	354	404	504	520	530
Hong Kong #	11	7	8	9	8	9
Thailand	199	285	278	336	380	418
Other Countries	191	262	239	220	259	240
TOTAL	5,145	5,325	5,566	6,107	6,716	7,200
CONSUMPTION						
United States	12,366	12,620	13,395	13,546	13,588	13,870
Canada	952	983	1,045	1,078	1,110	1,133
Mexico	1,825	2,005	2,234	2,439	2,514	2,610
Brazil	3,897	3,994	4,689	5,148	5,254	5,365
European Union *	7,498	7,706	7,675	7,669	7,893	8,150
Russian Federation	2,059	1,794	1,714	1,806	1,993	2,067
Poland	496	541	553	560	590	620
China, (PRC) #	10,791	11,101	11,692	12,497	12,715	12,965
Hong Kong #	366	358	510	341	326	341
Japan	1,843	1,836	1,853	1,912	1,884	1,890
Republic of Korea	494	442	519	530	566	575
India	630	665	690	709	734	753
Indonesia	901	448	624	831	876	926
Thailand	748	697	738	774	875	926
Other Countries	8,159	8,522	8,834	8,752	8,896	8,228
TOTAL	53,025	53,712	56,765	58,592	59,814	60,419

SOURCE: FAS post reports, official statistics, and inter-agency analysis.

Foreign Agricultural Service
Commodity and Marketing Programs

* EU: Revised data series based on consolidated production, supply and demand, see p. 5 for details.
# Hong Kong & China data series has been revised to more accurately reflect actual demand and not just transshippments.
(p) preliminary (f) forecast

Total Poultry Meat Export Overview

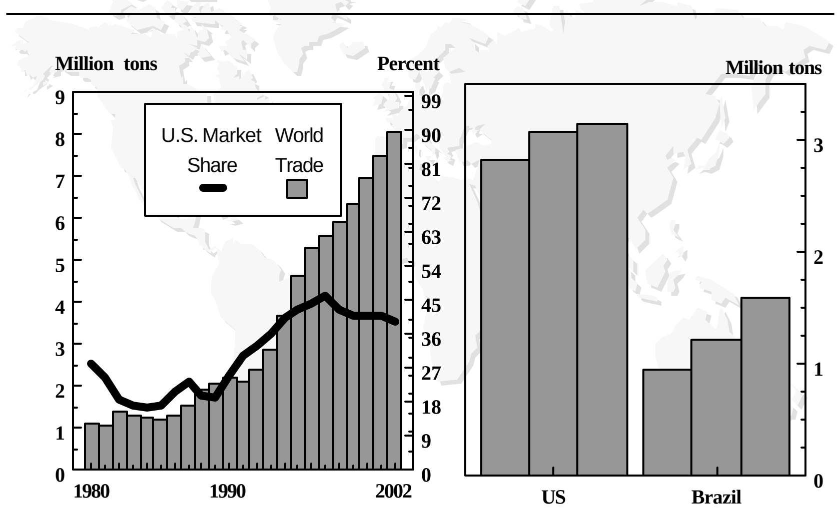
Total Poultry Exports Projected to Increase in 2002, but U.S. Market Share Shrinks as Brazil's Expands

Total poultry exports for selected countries of the world are projected to reach 7.2 million tons in 2002, up 7 percent from the previous year. Poultry exports are forecast higher for the U.S., Thailand, China, the EU, and Brazil. U.S. poultry exports are projected to grow at a slower rate in 2002 than in previous years because of increased competition from Brazil, which is one of the lowest cost poultry producers in the world, and a strong U.S. dollar.

U.S. poultry exports in 2002 are forecast at 3.1 million tons, up 2 percent from 2001. In 2001, Brazil increased its poultry exports to the EU as EU consumption of beef fell in response to BSE and FMD. These EU import levels are projected to remain steady into 2002. Although the United States does not ship large amounts of poultry into the EU because of import barriers, this increase in Brazilian exports to the EU represents a loss in global U.S. market share. U.S. poultry exports also face increasing competition from Brazil in the Russian market, although this is not seen as a threat to the strong U.S. position. Through June of 2001, Brazil shipped more than 28,000 tons of chicken to Russia compared to 21,000 in calendar year 2000. Brazil's poultry exports are projected to continue increasing in 2002 as a large Brazilian meat processor has already established itself in Russia.

For 2002, Brazil's poultry exports are forecast at about 1.6 million tons, up nearly 30 percent from the previous year. Brazil has significantly increased its exports in the first half of 2001 to the EU, Russia, Africa, and the Middle East. Among these regions, the EU, Africa, and the Middle East are markets to which the U.S. traditionally does not export large volumes of poultry; Brazil is projected to increase its market activities in these regions in 2002.

World Trade in Poultry Exports; U.S. Shows Less Growth Than Brazil



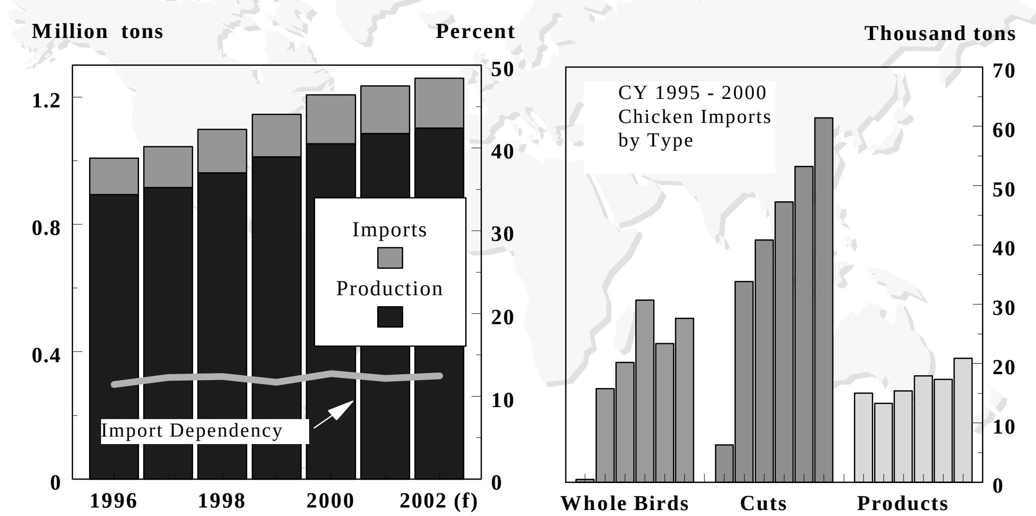
* 2000 - 2002 forecast

Canada's Poultry Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Production	893	916	962	1012	1053	1085	1102
Imports	115	128	136	134	154	150	157
Consumption	921	952	983	1045	1078	1110	1133
Exports	75	94	115	107	124	127	127

(All data in thousand metric tons)

Canadian Poultry Imports Dominated by U.S. Chicken Exports



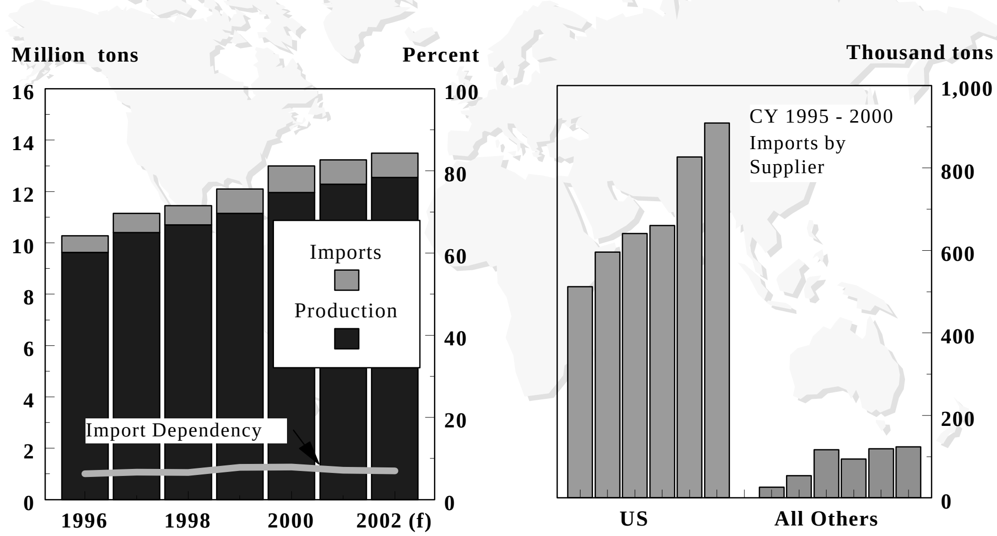
Total poultry meat production (chicken, turkey, and fowl) is forecast to reach a record 1.1 million tons in 2002. Driven by strong domestic demand for chicken in the supermarket and the fast food industry, and encouraged by a more flexible national allocation agreement, Canadian chicken production is expected to increase 2 percent from 2001. Canada is a net importer of poultry with more than 98 percent coming from the United States. Market access for the United States continues to increase, reflecting NAFTA formulas based on Canadian production levels.

China’s Poultry Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Production	9,630	10,400	10,700	11,150	11,960	12,285	12,545
Imports	650	758	755	946	1041	950	950
Consumption	9909	10791	11101	11692	12497	12715	12965
Exports	371	367	354	404	504	520	530

(All data in thousand metric tons)

China's Poultry Meat Production Growing at Steady Rate As Producers Focus On Export & Domestic Market; U.S. Gaining Share of Import Market

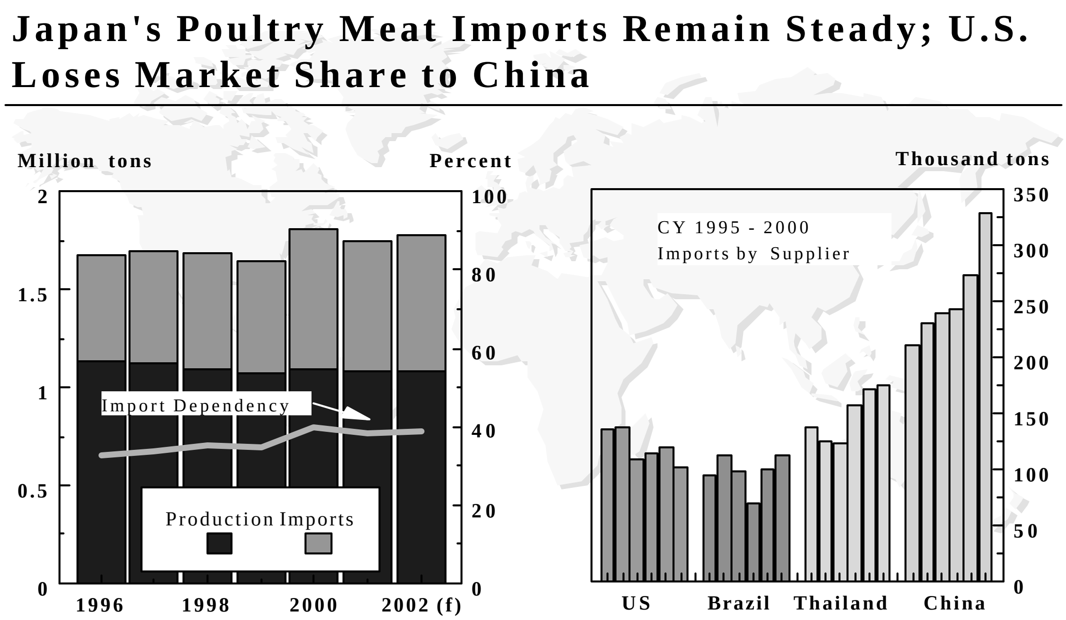


China’s imports of poultry meat will remain flat through 2002 as domestic producers will supply a greater share of the market at home and imports will be more strictly monitored to limit smuggling and gray-channel products. Production increased only 3 percent in 2001 and is forecast to increase only 2 percent in 2002 to 12.5 million tons. Although this increase is lower than in previous years, the domestic broiler industry is becoming increasingly more sophisticated. The industry is focusing on the huge domestic market, especially rural markets, and international markets such as the EU and Africa. Exports are expected to steadily grow in 2002 despite several set backs in 2001 caused by trade disputes with Japan and South Korea. Consumption of poultry meat is forecast to increase 2 percent to 13 million tons in 2002.

Japan’s Poultry Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Production	1249	1234	1221	1189	1196	1180	1185
Imports	563	590	605	683	740	684	710
Consumption	1805	1843	1836	1853	1912	1884	1890
Exports	3	3	3	4	3	3	3

(All data in thousand metric tons)



Japan’s poultry meat imports are forecast to increase nearly 4 percent in 2002 to 710,000 tons. This assumes that pork and beef consumption within the EU returns to more normal levels, thereby decreasing the current pressure on international poultry prices. The price of poultry meat coupled with the weak yen will be the main determinant of any recovery in Japan’s poultry imports in 2002. Tightened consumer spending is the greatest impediment to expanded poultry sales in 2002.

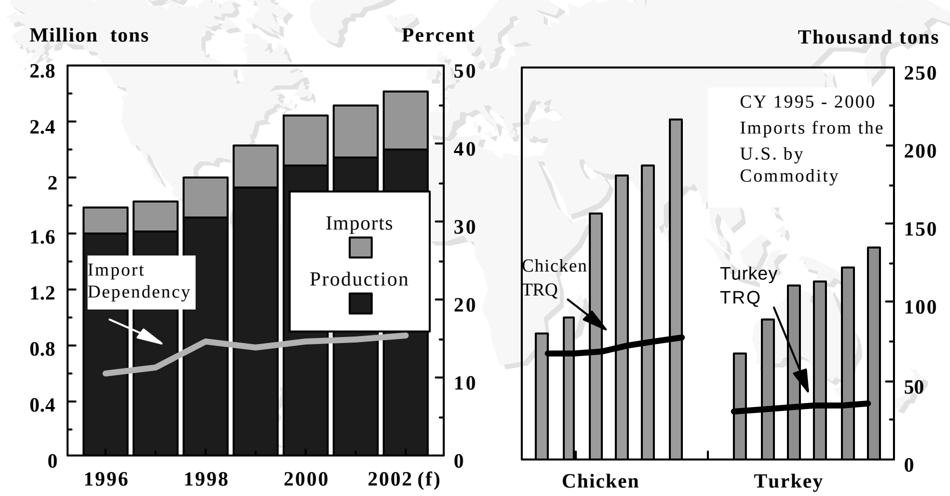
The United States lost market share in the CY 1995-2000 period to China. Exports of U.S. boneless leg quarters, for use in Japanese style grilled dishes, increased marginally in 2001 due to the ban on Chinese imports. In 2002, it is expected that the United States will again face strong competition from China.

Mexico's Poultry Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Production	1600	1615	1710	1922	2082	2139	2205
Imports	189	210	295	312	357	375	405
Consumption	1789	1825	2005	2234	2439	2514	2610
Exports	0	0	0	0	0	0	0

(All data in thousand metric tons)

Mexican Imports Dominated by U.S. Chicken and Turkey As Imports Continue Growing Beyond NAFTA Tariff Rate Quotas.



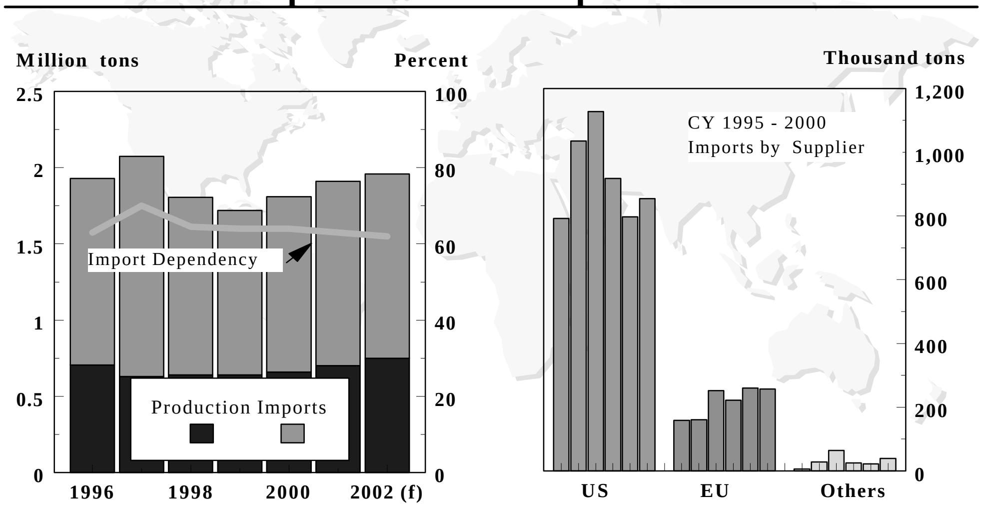
Mexican production of poultry meat in 2002 is projected to increase by 3 percent. This increase will largely be driven by broiler production. Chicken continues to be a popular item with consumers because it is cheaper than red meat. In 2002, turkey production is forecast to increase by 8 percent from 12,000 tons in 2001 to 13,000 tons. Turkey comprises 10 percent of domestic consumption. In past years, approximately 99 to 100 percent of Mexico's poultry imports came from the United States. This import pattern is expected to continue through 2002. Mechanically de-boned chicken meat (MDM) and turkey parts, used to produce sausages and cold meats, make up most of Mexican poultry imports. In 2002, poultry imports are forecast to increase by 8 percent to 405,000 tons from 375,000 tons in 2001, surpassing the current NAFTA tariff rate quota (TRQ). From January to June 2001, Mexico's Secretariat of Economy issued *cupos* or import certificates for 120,642 tons of poultry meat, exceeding the NAFTA tariff rate quota of 67,642 tons in 2001. Mexican poultry consumption is forecast to increase by 3.8 percent in 2002. This growth in consumption is projected to be a result of relatively stable exchange rates, population growth, and affordable prices.

Russia's Poultry Situation

	1996	1997	1998	1999	2000	2001 (p)	2002 (f)
Production	705	630	640	640	660	700	750
Imports	1225	1444	1165	1080	1151	1300	1325
Consumption	1822	2059	1794	1714	1806	1993	2067
Exports	18	15	11	6	5	7	8

(All data in thousand metric tons)

Russian Dependence on Imports Flat as Domestic Production Keeps Pace with Imports



Russia has reclaimed its status as the largest foreign market for U.S. poultry (mainly chicken leg quarters) as Russian suppliers look to the United States to fill the need for inexpensive meat protein. In 2002, total poultry imports are forecast to remain at the 2001 level of 1.3 million tons. Russian bans on red meat imports from the EU and some other supplying countries early in 2001 have stimulated poultry consumption. In response to stronger domestic demand, producers are expected to increase production by 7 percent in 2002. However, this is anticipated to fall far short of total demand. The domestic industry is expanding quickly, but significant investment is needed to upgrade production facilities, feeding, processing, and breeding systems.

EGG SUMMARY
Selected Countries
(Million Pieces)

	1997	1998	1999	2000	2001(p)	2002(f)
PRODUCTION						
United States	77,676	79,896	82,943	84,420	85,812	87,240
Canada	5,931	5,986	6,151	6,597	6,700	6,780
Mexico	28,170	29,898	32,428	35,155	36,034	36,935
Brazil	12,596	13,636	14,768	14,796	15,075	15,377
European Union	85,180	89,327	88,457	85,768	88,981	89,000
Russian Federation	31,900	33,000	33,000	33,900	34,200	34,400
China	282,350	307,760	365,300	381,340	387,500	395,200
Japan	42,588	42,117	41,975	42,041	42,100	41,900
Other Countries	112,836	108,995	110,680	117,764	118,499	112,989
TOTAL	679,227	710,646	775,702	801,773	814,841	819,821
IMPORTS						
United States	83	70	89	101	110	96
Canada	666	791	735	577	585	650
Mexico	217	270	171	186	189	190
European Union	3,991	4,206	3,585	3,826	3,564	3,600
Poland	77	90	84	85	70	70
Russia	50	50	50	70	75	75
Hong Kong	1,489	1,498	1,506	1,434	1,482	1,492
Japan	1,741	1,700	1,976	1,988	1,800	1,850
Other Countries	220	480	388	456	391	319
TOTAL	8,534	9,155	8,584	8,722	8,251	8,342
EXPORTS						
United States	2,734	2,626	1,942	2,063	2,105	1,980
Canada	323	367	454	553	560	570
Brazil	20	7	24	267	438	657
European Union	4,977	7,155	7,017	7,375	7,377	7,200
India	260	315	267	291	355	400
China	957	898	774	1,060	933	989
Other Countries	1,351	1,312	1,099	1,124	1,016	580
TOTAL	10,622	12,680	11,577	12,733	12,784	12,376
CONSUMPTION						
United States	64,308	66,264	69,804	71,136	72,372	73,668
Canada	6,286	6,427	6,381	6,622	6,726	6,870
Mexico	28,387	30,168	32,599	35,341	36,223	37,125
Brazil	12,576	13,629	14,744	14,535	14,642	14,723
European Union	84,194	86,378	85,025	82,219	85,168	85,400
Russia	31,900	33,000	33,000	33,920	34,225	34,425
Poland	7,753	7,761	7,572	7,769	7,933	8,040
Hong Kong	1,484	1,494	1,504	1,432	1,480	1,490
China	281,407	206,869	364,533	380,285	386,569	394,214
India	31,740	33,685	34,733	35,709	38,145	39,100
Japan	44,329	43,817	43,951	44,029	43,900	43,750
Other Countries	69,221	63,813	63,744	67,781	68,992	64,148
TOTAL	674,317	604,400	768,885	792,047	807,737	814,665

SOURCE: FAS post reports, official statistics, and inter-agency analysis.

* EU: Revised data series based on consolidated production, supply and demand see p.5 for details.
(p) preliminary (f) forecast

Foreign Agricultural Service
Commodity and Marketing Programs
Dairy, Livestock and Poultry Division