

# Meat and Meat Products: Price and Trade Update

December 2017<sup>1</sup>

## International meat prices

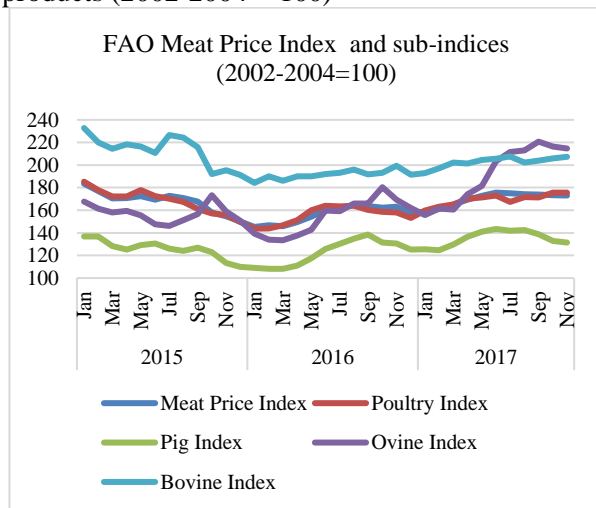
The **FAO Meat Price Index** averaged 173.2 points in November, up 14.3 points (9 percent) from January 2017. At this price, the index is still 18.3 percent below its peak reached in August 2014. From the beginning of the year until June, international meat prices rose by 10.6 percent, underpinned by robust import demand and limited export supplies from major meat exporting countries. Since June, however, prices began levelling off and eventually declined moderately, as export availabilities increased and demand somewhat weakened.

From January to November, across the four meat categories that constitute the FAO meat price index, the ovine meat price index gained nearly 38 percent, and poultry, bovine and pig meat indices increased by 10 percent, 7.4 percent and 4.7 percent, respectively.

As for ovine meat, limited export availabilities from Oceania was a major factor for rising international prices, especially in the first six months of the year, but in recent months, export availabilities from Oceania increased, contributing to ease international prices.

The FAO poultry price index increased moderately from January to October, except for minor fluctuations since June. This year's price increases and their fluctuations reflect disruptions to international trade that originated from the spread of avian influenza in key producing and exporting regions, with the exception of South America. Restrictions imposed by governments to contain the spread of the avian influenza, including those on live bird markets, transportation and import bans amplified the impact, affecting the smooth functioning of markets and international prices.

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



The Bovine meat price index too increased moderately from January to November, except for a dip in June. Import demand for bovine meat has been relatively steady. Although reduced spot availabilities from Oceania were a concern, other exporting countries, especially from the United States and Brazil, increased, thus reducing shortages that could have emerged. Increased export availabilities from Oceania in recent months have contributed price stability.

The FAO pig meat price index rose 14 percent from January to June, supported by moderate import demand while export supplies were generally adequate. From June to November, however, the index fell by 8 percent, as demand from key pigmeat importing countries slid.

<sup>1</sup> The Price and Trade Update is an information product prepared by the Meat desk of the Trade and Markets division of FAO. It reviews recent developments of international prices and trade for meat and meat products.

## World trade in meat and meat products

World trade in meat and meat products is anticipated to reach 31.5 million tonnes, up by 1.2 percent from 2016. Despite an anticipated decline of overall meat imports by about 5 percent in 2017, China will still be the largest meat importer in the world. Among meat categories, pigmeat imports are expected to drop by 1 percent while poultry meat imports are anticipated to increase by 0.8 percent in 2017. Elsewhere, meat imports are forecast to decline in the EU, Egypt, Saudi Arabia, South Africa and Canada, mainly reflecting expansions in national outputs (e.g., pigmeat in China) or declines in consumer demand in the wake of relatively high prices and a reduction in purchasing power (e.g., Middle Eastern countries). In contrast, imports are anticipated to rise in Japan, Angola, Cuba, Mexico and the Republic of Korea.

In 2017, much of the world demand for meat is met by supplies from the United States, Brazil, the EU, Canada, Australia and India, but the EU and Oceania are expected to export less. Brazil's meat exports are still rising, but the rate of expansion is expected to be small this year. Exports by Thailand, Argentina and Ukraine are likely to increase significantly.

In 2017, bovine and poultry meat exports are expected to expand by 2.2 percent and 2 percent, while pig and ovine meat exports are likely to contract by 0.7 and 0.5 percent, respectively.

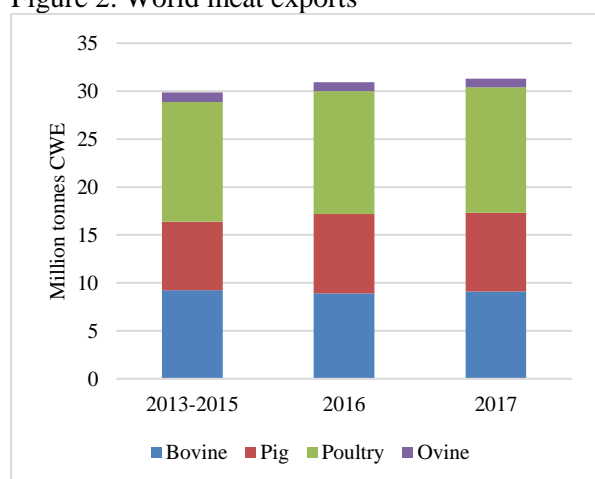
Table 1. Meat and meat product exports of selected countries ('000 tonnes carcass weight equivalent)

World / Country	2013-2015 Average	2016	2017	Change 2017 over 2016 %
World	30 102	31 159	31 546	1.2
United States	7 330	7 166	7 531	5.1
Brazil	6 528	6 896	6 935	0.6
European Union	4 075	5 002	4 740	-5.2
Canada	1 709	1 838	1 865	1.5
Australia	2 141	1 852	1 822	-1.6
India	1 816	1 665	1 717	3.1

Table 2. Meat and meat product imports of selected countries ('000 tonnes, carcass weight equivalent)

World / Country	2013-2015 Average	2016	2017	Change 2017 over 2016 %
World	29 022	30 563	30 729	0.5
China	4 255	5 777	5 486	-5.0
Japan	3 158	3 292	3 478	5.7
Mexico	1 881	2 063	2 126	3.1
United States	1 955	2 078	2 071	-0.3
Viet Nam	1 697	1 550	1 563	0.8
Rep. of Korea	1 002	1 239	1 292	4.3

Figure 2. World meat exports



## Bovine meat

World bovine meat exports are expected to reach 9.1 million tonnes, a 2.2 percent more than in 2016, supported by expanded imports by China, Japan, Viet Nam, Indonesia and the Republic of Korea. Imports by Egypt, the United States, Canada and the EU are expected to decline this year.

China is expected to import about 1.5 million tonnes of bovine meat this year, as consumer demand is rising faster than output expansion. Japan too is anticipated to import more this year, as meat output is likely to decline due to reduced slaughter numbers although average carcass weight is on the rise. The United States is both a large bovine meat importer and exporter, becoming the largest country with intra-industry trade. This year, imports are forecast to be about 1.2 million tonnes, whereas exports are expected to rise by nearly 7 percent to 1.3 million tonnes. A key factor driving a reduction in imports and an expansion in exports is its increasing domestic bovine meat output, supported by rising cow herd numbers, improvements in pasture conditions and abundant availability of feed supplies.

In 2017, the United States, Argentina, the EU and Brazil are anticipated to contribute to the export expansion, and in contrast, Australia, New Zealand, Paraguay and Belarus are likely to see their exports decline. Brazil's export expansion is expected to be limited to about 1.5 percent due to import restrictions the countries faced after the meat scandal, but industry is likely to recover supported by highly competitive production environment, abundant feed supplies, good weather, and robust import demand.

Table 3. Bovine meat exports of selected countries ('000 tonnes CWE)

World / Country	2013-2015 Average	2016	2017	Change 2017 over 2016 %
WORLD	9 254	8 922	9 118	2.2
India	1 786	1 638	1 690	3.2
Brazil	1 744	1 617	1 641	1.5
Australia	1 605	1 344	1 317	-2.0
United States	1 176	1 203	1 286	6.9
New Zealand	530	535	517	-3.4
Canada	337	394	405	2.8
Uruguay	323	375	383	2.1

Table 4. Bovine meat imports of selected countries ('000 tonnes CWE)

World / Country	2013-2015 Average	2016	2017	Change 2017 over 2016 %
WORLD	8 646	8 693	8 853	1.8
China	1 149	1 403	1 491	6.3
United States	1 182	1 217	1 194	-1.9
Viet Nam	868	910	951	4.5
Japan	733	706	764	8.2
Rep. of Korea	346	451	471	4.4
Russian Federation	741	427	433	1.4
European Union	328	326	309	-5.2

Figure 3. Bovine meat imports of the United States: Sources (2013-2015 annual average, and Jan – Sep 2016 & 2017)

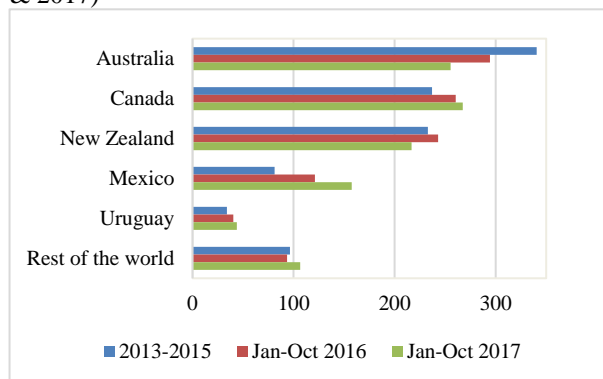
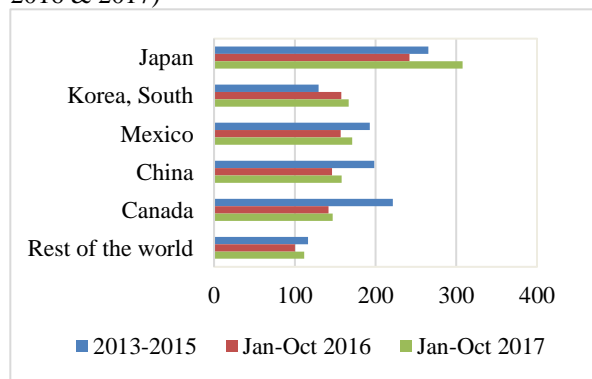


Figure 4. Bovine meat exports of the United States: Destinations (2013-2015 annual average, and Jan-Sep 2016 & 2017)



From January to September<sup>2</sup>, compared to the same period last year, exports have declined in Australia and New Zealand by 1.6 percent and 3.2 percent, respectively. Whether the fourth quarter exports will be able to cover the losses will depend on weather but also other factors such as exchange rate movements. In September, bovine export forecast for India pointed to 3.2 percent improvement. From January to September, however, exports have increased only by 0.5 percent, far smaller than it was anticipated earlier, indicating a possible disruption to supplies caused by the ban on selling cattle for slaughter although the organized and large-scale export operations were considered safe from the ban.

## Pigmeat

World trade in pigmeat is anticipated to be around 8.2 million tonnes in 2017, a marginal decline from 2016 compared to an increase of 14 percent in 2016. The slowdown in world pigmeat trade reflects an anticipated decline in imports by China on account of a rise in domestic output and depressed consumer demand, especially among urban, relatively younger population. Pigmeat output in China is expected to rise by 1.3 percent to nearly 53 million tonnes, supported by increased slaughter of animals from small-scale farms that have come under reforms. There is a possibility for imports to decline more than anticipated earlier, if one were to consider that from January to September imports have declined by 18 percent. Imports are also expected to decline in Viet Nam and the Russian Federation, while Mexico, Japan, the Republic of Korea, Chile, Colombia and the Philippines are anticipated to step up imports.

Table 5. Pigmeat exports of selected countries  
(‘000 tonnes CWE)

World / Country	2013-2015 Average	2016	2017	Change 2017 over 2016 %
WORLD	7 140	8 269	8 209	-0.7
European Union	2 302	3 107	2 810	-9.6
United States	2 195	2 287	2 475	8.2
Canada	1 191	1 264	1 274	0.8
Brazil	663	890	866	-2.7
Chile	161	163	172	5.5
Mexico	128	150	162	8.0
China	165	102	108	5.9

Table 6. Pigmeat imports of selected countries  
(‘000 tonnes CWE)

World / Country	2013-2015 Average	2016	2017	Change 2017 over 2016 %
WORLD	7 010	8 247	8 167	-1.0
China	1 288	2 531	2 180	-13.9
Japan	1 293	1 371	1 448	5.6
Mexico	746	875	954	9.0
Rep. of Korea	496	623	650	4.3
United States	544	598	607	1.5
Russian Federation	619	369	367	-0.5
Canada	243	243	249	2.5

Pigmeat exports by the EU are expected to decline by nearly 10 percent to 2.8 million tonnes. Despite this drawback, the EU will still be the largest pigmeat exporter in the world in 2017. This year's decline in exports are mainly attributed to reduced import demand from China – a key importer of EU pigmeat- but, it is also due to reduced output caused by low sow herd numbers. In contrast, pigmeat exports by the United States are likely to reach nearly 2.5 million tonnes, a rise of 8.2 percent. In 2017, output is expected to expand due to an increase in slaughter numbers and carcass weight, but higher import demand from Mexico, Japan and the Republic of Korea among others have helped. In contrast, Brazil is expected to export less pigmeat this year, mainly due to softened import demand, especially from China.

<sup>2</sup> Note: Countries for which data are not available have been excluded from calculating values for the rest of the world (ROW) in this update, and, therefore, total ROW values would differ from other sources

Figure 5. Pigmeat exports of selected countries (2013-2015 annual average and Jan-Sep 2016 and 2017)

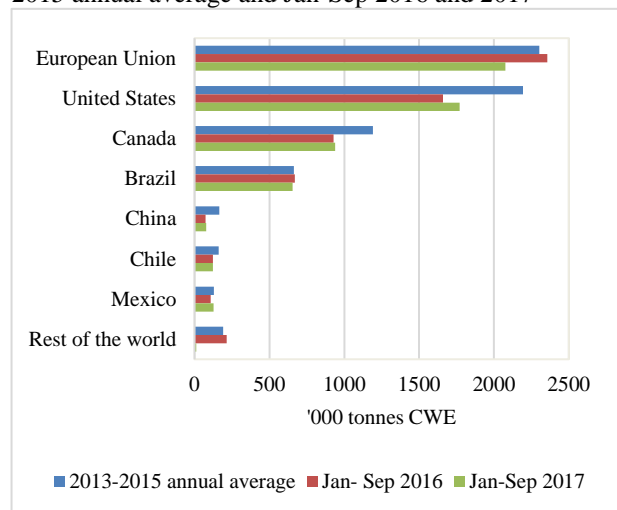
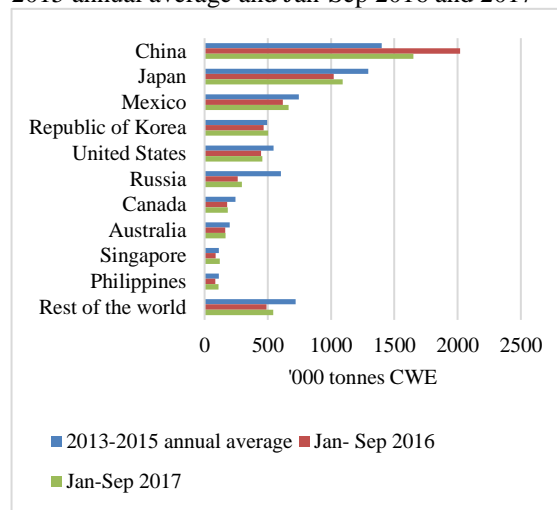


Figure 6. Pigmeat imports of selected countries (2013-2015 annual average and Jan-Sep 2016 and 2017)



## Poultry

World trade in poultry meat is anticipated to reach 13 million tonnes, an expansion of 2 percent from 2016. China, Japan, Mexico, Saudi Arabia, the EU and Viet Nam are expected to be the leading importers, while Angola, Cuba, Japan and Iraq are forecast to contribute to the year-on-year expansion.

China will continue to be the leading poultry meat importer with imports totalling over 1.6 million tonnes, but this is nearly 2 percent less than last year. This year's reduced import demand reflects a significant drop in domestic demand, caused by high national poultry prices and restrictions imposed on imports to contain the spread of avian influenza. From January to September, imports by China from Brazil and Chile are significantly reduced while those from Argentina have increased. Brazil, however, will still be the main poultry meat supplier to China. In addition, the EU and Viet Nam, Mexico and Saudi Arabia are likely to import less poultry meat this year. In the EU, much of the reduction is due to voluntary suspension of poultry meat exports by Brazil in the aftermath of the Brazilian meat scandal. In contrast, Japan –the second largest poultry importer- is anticipated to increase imports, especially due to higher demand for value-added products. This year, much of these value added poultry meat products are supplied by Thailand, an emerging producer of value-added, ready-to-eat poultry products.

On the supply side, Brazil, the United States, the EU and Thailand are expected to be the leading exporters by volume. This year's export expansion is mainly accounted by the United States, Thailand, Brazil, Ukraine and Argentina. The United States is expected to ship more poultry meat, especially to Cuba, Angola and South Africa, benefitted from increased domestic output, competitive prices and disease-free status since August 2017. By volume, Brazil will still be the leading poultry meat exporter, supported by abundant feed supplies and avian-influenza free status. However, exports are unlikely to expand significantly this year, limited to under 1 percent, reflecting the many restrictions the country faced after the meat scandal. The EU's poultry exports are anticipated to decline, reflecting the impact of the spread of avian influenza, to some of its main destinations including South Africa, the Philippines and Saudi Arabia.

Table 7. Poultry exports of selected countries ('000 tonnes CWE)

World / Country	2013-2015 Average	2016	2017	Change 2017 over 2016 %
WORLD	12 476	12 814	13 069	2.0
Brazil	4 097	4 364	4 403	0.9
United States	3 936	3 654	3 749	2.6
European Union	1 369	1 500	1 492	-0.5
Thailand	794	955	1 042	9.1
China	455	387	404	4.4
Turkey	378	327	342	4.6
Ukraine	162	244	273	11.9

Table 8. Poultry imports of selected countries ('000 tonnes CWE)

World / Country	2013-2015 Average	2016	2017	Change 2017 over 2016 %
WORLD	12 117	12 412	12 506	0.8
China	1 521	1 592	1 562	-1.9
Japan	1 096	1 179	1 228	4.2
Mexico	888	959	940	-2.0
Saudi Arabia	889	903	885	-2.0
European Union	714	737	693	-6.0
Viet Nam	679	584	565	-3.3
South Africa	421	560	551	-1.6

Figure 7. Poultry exports of selected countries (2013-2015 annual average and Jan-Sep 2016 and 2017)

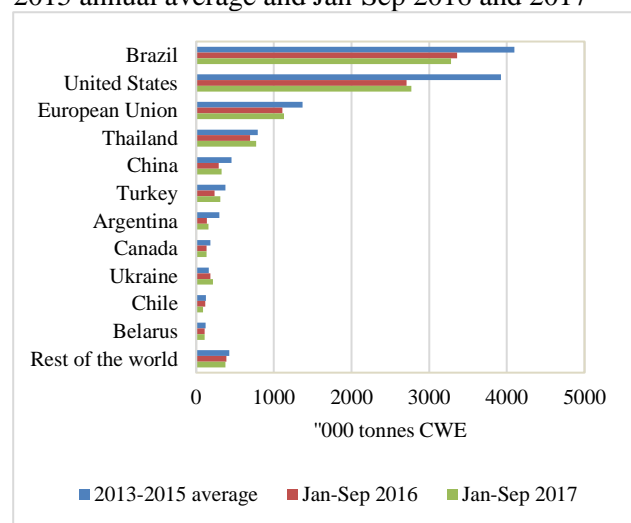
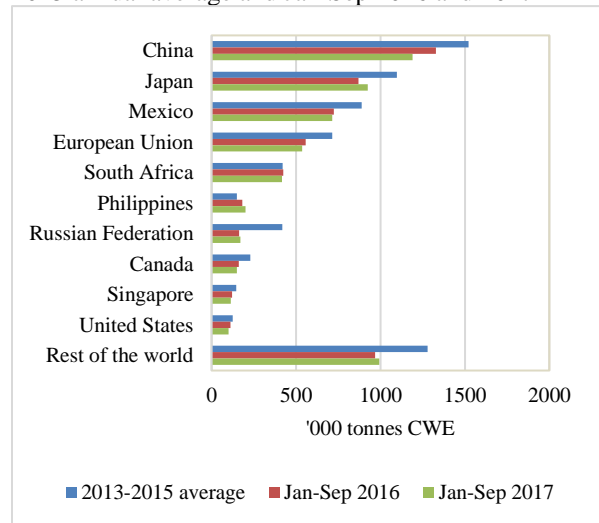


Figure 8. Poultry imports of selected countries (2013-2015 annual average and Jan-Sep 2016 and 2017)



## Ovine meat

World trade in ovine meat is expected to be around 905 000 tonnes in 2017, marginally lower than in 2016.

In both Australia and New Zealand –the two leading exporters–, exports are expected to decline by 2 percent. During the year, ovine meat output has undergone some changes that might alter the final outcome. In the first half of the year, ovine meat output fell slightly behind the 2016 levels in Australia, but in the second half output picked up, nearly reaching the 2016 output level. National sheep and goat stock has largely recovered, favouring further increases in meat output in the coming months; average carcass weight has also increased, in some cases by 3-4 percent, which is expected to lend some support. Reflecting these changes, exports have picked up. For example, exports for the January to September period have increased by 3.9 percent. In New Zealand too ovine meat output has increased in the second half of the year, contributing exports to rise by 2.2 percent from January to September.

For the whole year, export reductions from Australia and New Zealand are expected to be partially countered by expansions of exports from the EU, India and Uruguay.

While China and the EU will remain be the largest importers, import demand in 2017 is expected to rise in the United States, China, Saudi Arabia and Malaysia. Imports, from January to September, declined in the EU but those of the United States, Japan and Canada increased.

Table 9. Ovine exports of selected countries ('000 tonnes CWE)

World / Country	2013-2015 Average	2016	2017	Change 2017 over 2016 %
WORLD	986	910	905	-0.5
Australia	452	428	419	-2.1
New Zealand	399	370	362	-2.2
European Union	26	16	28	75.0
India	22	21	22	4.8
Ethiopia	15	17	16	-5.9
Uruguay	15	9	10	11.1
Pakistan	11	7	6	-14.3

Table 10. Ovine imports of selected countries ('000 tonnes CWE)

World / Country	2013-2015 Average	2016	2017	Change 2017 over 2016 %
WORLD	964	928	920	-0.9
China	292	244	247	1.2
European Union	162	161	142	-11.8
United States	96	104	112	7.7
UAE	57	60	60	0.0
Saudi Arabia	56	45	47	4.4
Malaysia	30	33	35	6.1
Qatar	22	31	29	-6.5

Figure 9. Ovine meat exports of selected countries (2013-2015 annual average and Jan-Sep 2016 and 2017)

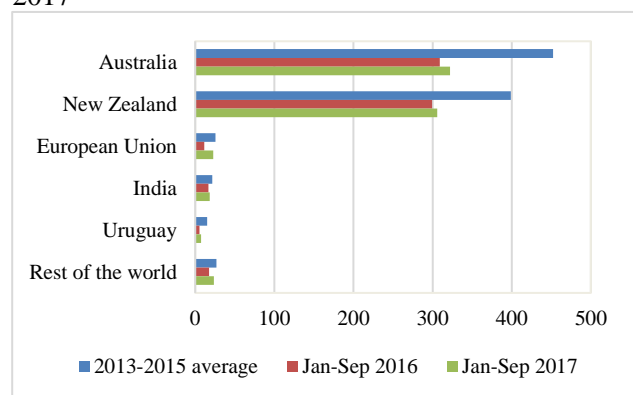
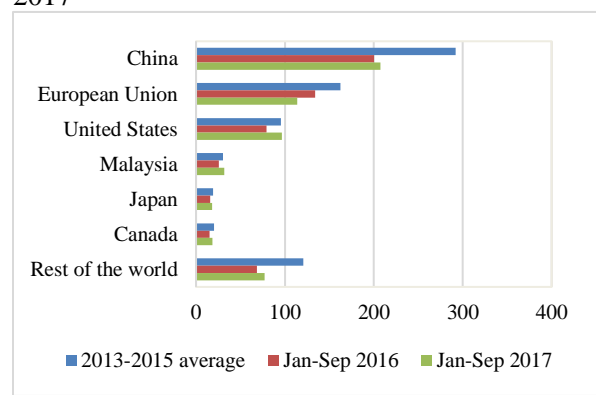


Figure 10. Ovine meat imports of selected countries (2013-2015 annual average and Jan-Sep 2016 and 2017)



Use of material is subject to credit being given to source: Milk and Milk Products: Price and Trade Update, Trade and Markets Division (EST), Food and Agriculture Organization of the United Nations. Rome

A collection of Price and Trade Update reports can be found at: <http://www.fao.org/economic/est/est-commodities/meat/meat-and-meat-products-update/en/>

For comments and queries please use the following email contact: [Upali.GalketiAratchilage@fao.org](mailto:Upali.GalketiAratchilage@fao.org).

### **Disclaimer**

The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations (FAO) concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The mention of specific companies or products of manufacturers, whether or not these have been patented, does not imply that these have been endorsed or recommended by FAO in preference to others of a similar nature that are not mentioned.

© FAO, 2017