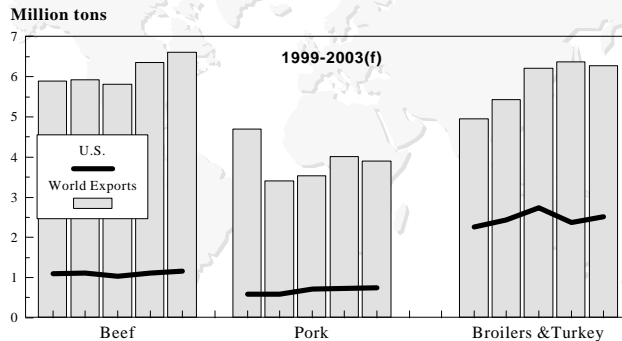




Livestock and Poultry: World Markets and Trade

World Exports Down Slightly For Pork and Poultry in 2003, U.S. Exports are Up



Meat Trade in 2003 Remains Strong Despite Looming Import Policy Changes

Total meat (beef, pork, broiler, and turkey) trade for the major exporting countries is expected to rise about one percent to 16.83 million tons in 2003. However, import policy changes in significant markets could create uncertainty about restricted market access for beef, pork, and poultry.

A pork TRQ in Russia and a pending Mexican anti-dumping investigation are contributing to increased uncertainty in world pork markets. The Russia pork TRQ, effective April 2003, will largely impact Brazil and China. Sanitary issues will further reduce China's access to the Russian market as well. The EU is expected to divert any loss in exports to Russia towards the tightening Japanese market, increasing market competition. Beef suppliers will face a beef TRQ in Russia as well, and the likely triggering of a safeguard in Japan. Nevertheless, beef imports in Japan are expected to continue to recover from the 2001 BSE crisis, but will remain well below pre-BSE levels. Australia and the U.S. stand to gain from increased Japanese consumption as each supplier holds a 46 percent market share.

Poultry markets will become increasingly competitive as a result of a Russian import quota as well as the existence of low pathogenic Avian Influenza and Exotic Newcastle Disease in the United States, and high-pathogenic Avian Influenza in the Netherlands. For 2003, the trade distorting effects of the Russian import quota will be reduced by the timeframe of quota implementation. The quota takes effect May 1, 2003, and import volumes beforehand should flow unrestricted. However, Russian imports for 2003 will be down from the previous year. Brazil, which dramatically increased poultry exports to Russia in 2002, will face significantly reduced exports to Russia in 2003 under the country specific allocations. See special insert for a detailed discussion of the Russian TRQ's on beef and pork and the import quota on poultry.

U.S. meat exports (beef, pork, broiler, and turkey) are forecast to increase 5 percent to approximately 4.4 million tons in 2003. U.S. pork exports are forecast at 746,000 tons, up 2 percent from 2002. Regardless of the possible Japanese safeguard, world demand for U.S. beef is up. Demand in 2003 will remain strong for U.S. beef in Japan, Mexico, and South Korea. Although competition in world poultry markets will tighten, U.S. poultry exports to the world are expected to increase nearly 7 percent in 2003.