

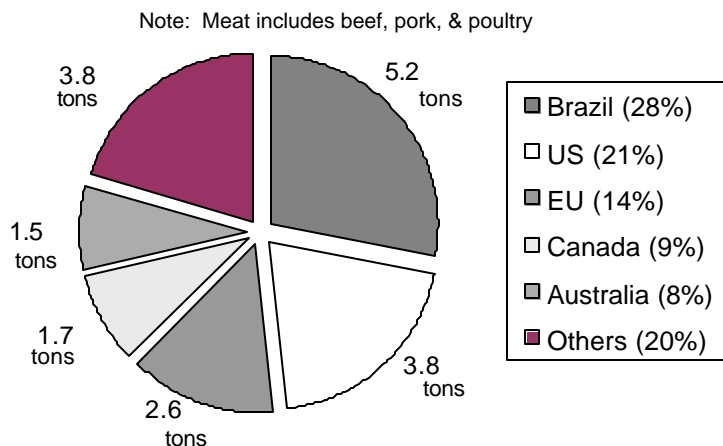


Livestock and Poultry: World Markets and Trade

Total World Meat Exports Forecast to Achieve Historical Highs in 2005

The 2005 forecast for total meat (beef, pork, broiler meat and turkey) exports of leading world suppliers has been revised upward to a record 18.6 million tons, a 5 percent increase from 2004. Both pork and broiler meat are forecast to reach historical high levels of production, consumption, and exports. Record beef and turkey export quantities are also anticipated. Liberalization of trade, improved production efficiency, economic development, and population growth are the key drivers behind the global meat industry's sustained growth in recent years. Currency exchange rates, high meat prices, and strong grain and oilseed harvests benefited key meat exporters in 2004. Trade restrictions due to avian influenza (AI) and bovine spongiform encephalopathy (BSE) will continue to limit supplies resulting in higher prices.

2005 (f) World's Meat Exporters: Quantities (tons) & Market Shares (%)



Source: *Production, Supply, and Distribution Database, FAS*

Despite tariffs, quotas, and safeguards in key import markets such as Japan and Russia, world meat exports continue to grow. Preferences for selected products (offals, white/dark poultry meat, certain cuts, organic, hormone-free) have created opportunities for the principal exporters. For example, in spite of growing broiler meat production, China imports chicken feet and paws to satisfy unmet consumer demand for those products. International meat trade is growing faster for pork and beef cuts than whole carcasses as suppliers aim to efficiently meet the specific needs of various markets.

Major meat producers like Brazil are expanding production because of efficiency gains due to improved breeds, technology, and the availability of capital and a positive investment climate. In some regions such as the United States, production is characterized by a trend toward larger operations and consolidation. In others such as the Asia-Pacific region, horizontal and vertical integration has impacted the livestock industry. The global meat industry is increasingly dominated by large multinational companies that achieve efficiencies often through cross-border investment in production operations and slaughter facilities. However, environmental regulations constrain production expansion in certain countries.

In South America, competitive advantages through lower costs of production (feed, labor, capital) have driven new export industry growth, particularly in Brazil. Brazil's access to large areas of cropland and pasture as well as low-cost labor and a sizable domestic market have led it to raise beef production and to become the new global leader in exports. However, resource availability does not alone determine an exporter's potential. For example, Argentina's livestock and meat production potential has been challenged by foot and mouth disease (FMD), economic uncertainty, high interest rates, and lack of investment.