



# International Agricultural Trade Report

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## Dairy Livestock & Poultry Trade Update

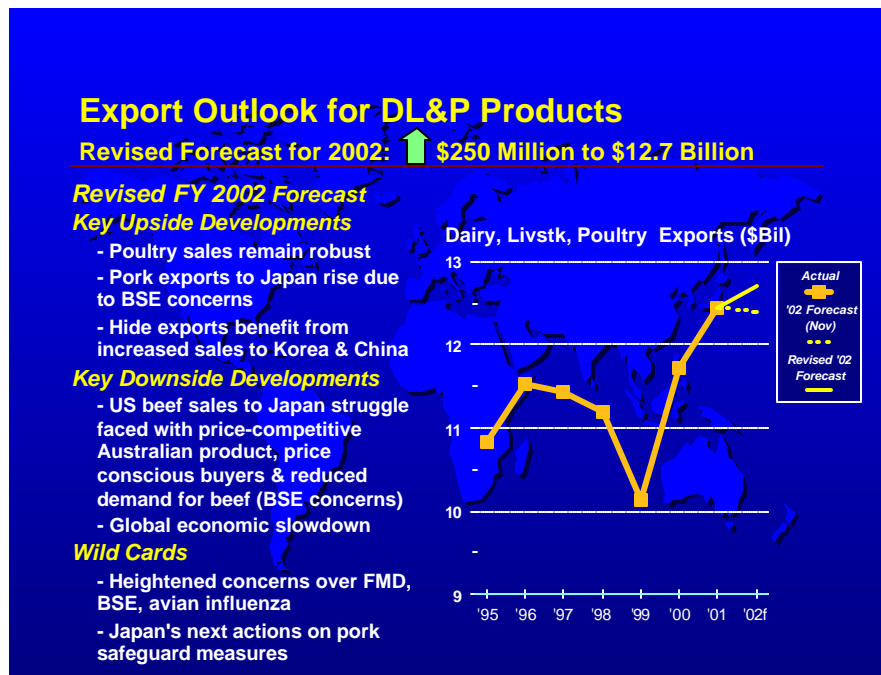
### FY 2002 Trade Forecast Raised as Poultry and Pork Continue to Expand

#### Summary

The FY 2002 export forecast for DLP commodities is at a record \$12.7 billion, up \$250 million or 2 percent from the November 2002 projection. Increases in the export value and quantity for pork, cattle hides, and poultry products are responsible for the upturn.

**Red Meat:** The FY 2002 beef and veal exports are forecast \$2.6 billion, down 2 percent or \$50 million from the November projection, but virtually unchanged from FY 2001. U.S. beef export quantity is expected to remain steady in 2002 for North American and Korean markets; however, with the outbreak of bovine spongiform encephalopathy (BSE) in Japan, beef exports to our largest overseas market will remain significantly constrained due to continued weak beef demand and greater export competition. Cattle exports remain unchanged, while beef variety meat exports are forecast to increase from the November projection. FY 2002 pork exports are forecast at a record \$1.4 billion, up 10 percent or \$120 million from the November projection. Pork exports to Japan are expected to remain strong as BSE concerns in Japan are overriding their pork safeguard tariff. However, in other markets such as Russia, Mexico, and Asia, U.S. pork products will continue to face stiff competition from Canada and the European Union (EU). Pork variety meat exports are forecast to be unchanged from the November projection.

**Poultry:** The FY 2002 total poultry product exports are forecast at \$2.6 billion, up \$40 million or 2 percent from the November forecast. In particular, chicken leg quarter exports to Russia, China, and Mexico are expected to remain strong as demand in these markets is solid. Record poultry meat production in the United States is increasing the availability of exportable supplies. Eggs and egg products value for FY 2002 are forecast at \$200 million, up 25 percent from the November projection, based on export performance seen in FY 2001.



**Dairy:** For FY 2002, dairy products exports are forecast at \$1.1 billion, unchanged since the November projection but slightly above 2001. The economic slowdown in many major markets is expected to restrain growth in import demand. Demand for cheese and whey products is expected to show some further growth in 2002 as lower domestic prices help these products remain competitive. Exports of nonfat dry milk, mainly under DEIP, are forecast to stay at or near the reduced FY2001 level

**Hides and Skins:** The FY 2002 total hides and skins export value is forecast at \$2.1 billion, up \$50 million from the November projection. Hefty export demand for whole cattle hides in the key markets of South Korea and China and increased exports to Taiwan are expected to push the growth in export volume and value. U.S. hide exports are tempered by the forecast lower cattle slaughter. With a tightening cattle supply and increased demand, the export unit value for whole cattle hides will likely rise.

**Lard, Tallow, and Greases:** The FY 2002 export forecast for the lard, tallow, and greases category is forecast at \$295 million, unchanged from the November forecast but down from FY 2001. Year-to-year, tightening supplies due to lower cattle slaughter are expected to dampen the available exports of inedible tallow volume, while weaker export prices, due mainly to BSE concerns and price competition from palm oil, are expected to decrease the total export value for tallow. Also, lard and greases are likely to show a slight decrease in exports. The reductions in export volumes and values reflect the continuing world-wide concern over using rendered products in any form, whether it be for cosmetics, animal feed, or food.

<b>U.S. Exports for FY 2001 and FY 2002 Forecast</b>		
<b>Value (billion \$)</b>		
<b>Exports</b>	<b>FY 2001</b>	<b>FY 2002 (Feb)</b>
Total Beef	3.4	3.3
Total Pork	1.5	1.5
Poultry Products	2.6	2.6
Lard, Tallow, Grease	0.3	0.3
Dairy Products	1.1	1.1
Hides & Skins	1.9	2.1
Other	1.7	1.8
<b>Total</b>	<b>12.5</b>	<b>12.7</b>

**DLP Contacts: Cattle & Beef: Roseanne Freese/(202)720-7285; Michael Riedel/720-4185; Hogs and Pork: Tim Rocke/720-7715; Poultry: Yoonhee Macke/720-8252; Alessandra Sartori/720-7066; Dairy Products: Art Coffing/720-3761**