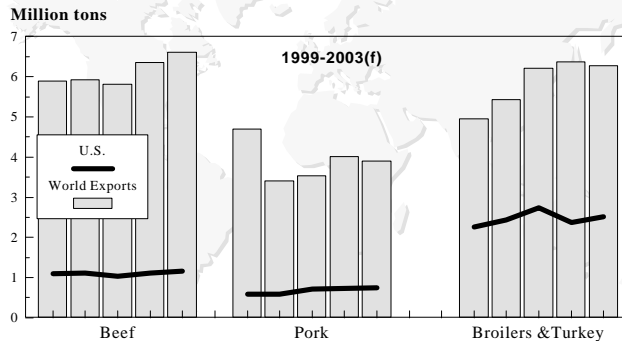




Livestock and Poultry: World Markets and Trade

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.

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To view this information on the internet, please go to: <http://www.fas.usda.gov/dlp/dlp.html>

NOTE TO READERS

China's broiler production series has been revised for 1987-2001 to more accurately measure the size of production in the country. Previously, the production series only included western breeds for commercial production. The revision includes not only western breeds, but also domestic breeds as production of domestic breeds has reportedly grown to meet consumer taste. The revised production series is available on PSD Online at <http://www.fas.usda.gov/psd>

The *Livestock and Poultry: World Market and Trade* circular is designed to give the reader a snapshot picture of what is happening among the major players in world beef, pork, and broiler meat trade. Summary tables for meat production, imports, exports, and consumption are presented to provide a quick overview of the world situation. In addition, an explanation of significant changes in production, supply, and demand (PSD) is provided for major meat importing and exporting countries.

World Totals

Only those countries that make up USDA's official PSD database are reported. This means world totals do not encompass all production, consumption, and trade, but rather the sum of those countries reported in USDA's database, which represent the most important players in the world meat PSD situation. In an attempt to capture these major players, the list of countries reported changes periodically.

PSD Online

The entire USDA PSD database is available electronically on PSD Online. Users can use this system to generate the full set of PSD data for those countries reporting. PSD Online can be reached through <http://www.fas.usda.gov/psd>

In addition, please refer to the USDA/FAS Dairy, Livestock and Poultry (DLP) website at: <http://www.fas.usda.gov/dlp/dlp.html> for additional data and analysis, such as *International Agricultural Trade Reports*, *Trade at a Glance* and *Country Pages*. These reports are posted regularly on the homepage covering analysis on current issues and topics, new trade data, and market competition.

World Beef Trade Overview

Total Beef Trade Forecast at Record Level for 2003; U.S. Export Growth to Slow from Previous Year

World Trade: Total beef exports for major exporting countries are forecast at 6.6 million tons in 2003, an increase of 4 percent over the 2002 estimate. As global demand increases and disease concerns ease, beef exports are forecast higher for most major exporters, many of which will be record setting. Australia remains the top world exporter of beef as exports are expected to reach a record 1.425 million tons. Brazil, with record exports forecast for 2003, remains in third place behind Australia and the United States. Argentina and Uruguay continue moving towards exporting more fresh/chilled beef, which accounts for much of the increased world competition. Canadian exports are forecast to rise modestly in 2003. Japan is forecast to account for about 40 percent of the total world increase in imports as it continues to recover from BSE, in spite of the pending beef safeguard that could be triggered as early as July 2003. However, Japan's Diet decides in March 2003 whether to alter its tariff code before the end of the fiscal year to impose the beef safeguard system. U.S. beef exports are expected to increase to a record 1.163 million tons. Korea is expected to import record volumes of beef in 2003, while U.S. beef imports remain flat around the record level of 1.481 million tons.

Key Exporters:

- **United States:** Beef exports for 2003 are forecast up at 1.163 million tons. U.S. beef production is forecast to fall 3.5 percent to nearly 12 million tons in 2003 after rising almost 4 percent in 2002 due to increased slaughter and higher slaughter weights resulting from another year of dry conditions. Assuming a return to normal pasture conditions, higher cow and heifer retention for herd rebuilding during 2003 will mean reduced slaughter of female animals. This will in turn reduce domestic beef supplies and consumption, which is forecast to fall 272,000 tons to nearly 12.5 million tons in 2003. With less beef available, only moderate growth will be seen in most major markets as export expansion will be constrained as prices rise.
- **Australia:** Total beef exports are forecast to grow to a record 1.4 million tons in 2003. Australia's beef production is forecast down 2 percent at 2.05 million tons. Drought conditions in 2002 reduced inventories and better range conditions are expected to lead to herd rebuilding in 2003. Australia appears to have filled the U.S. beef import quota in 2002 and, in spite of the reduction in production, is likely to fill it again in 2003. With more beef moving to export in 2003, Australian beef prices are likely to continue their downward trend and pressure competitors in export markets such as Korea and Japan.
- **Brazil:** Continuing a decade of expanding beef production, Brazil's beef output is expected to reach a record 7.4 million tons in 2003. This strong growth in the beef sector will lead to record beef exports, forecast at 970,000 tons in 2003. Exporting only 306,000 tons in 1998, Brazil has doubled the number of countries it exports to in

recent years. Acceptance of its regional FMD free status by many countries in 2002 allowed Brazil to moderately expand its presence in several markets. Brazil's exports of thermo-processed beef to the United States rose sharply. Approximately three-quarters of Brazil's exports now consist of frozen and fresh/chilled beef. Brazilian exports have benefited from a number of currency devaluations, low production costs and recent investment to expand production capacity.

- **Canada:** Canada's exports in 2003 are expected to grow to 615,000 tons, up slightly from 2002. Canadian cattle herds reached 13.7 million head on January 1, 2002, but fell 3 percent by January 1, 2003 after severe drought combined with high feed prices caused producers to liquidate herds. In 2003 beef production is forecast to decline 3 percent in response to lower inventories and relatively tight feed supplies. Canada will continue to export primarily higher-value, fresh/chilled beef cuts to the United States and Japan.
- **European Union:** Beef exports for 2003 are forecast at 530,000 tons, up from the 2002 estimate, but still constrained by concerns about BSE. EU exports are expected to remain limited to its Russian and Eastern European neighbors. Many of the EU's trading partners in the Middle East have maintained restrictions concerning BSE, but a relaxation of import controls in the Middle East markets could result in a small increase in exports in 2003.

Key Importers:

- **United States:** Beef imports for 2003 are forecast slightly higher at a record 1.5 million tons. Canada is the most important U.S. supplier of high-quality, fresh/chilled beef, while Australia is the number one supplier of processing frozen beef. Due to outbreaks of FMD in Uruguay and Argentina in 2001, the United States stopped imports of fresh/chilled and frozen beef from these two countries. Uruguay could regain access to the U.S. market in late 2003. Uruguay fresh/chilled and frozen beef imports are subject to an annual 20,000 ton TRQ.
- **Japan:** With demand expected to recover as concerns about the safety of beef consumption diminish, beef imports for 2003 are forecast at 850,000 tons, still below pre-BSE levels. As a result of stronger second quarter imports, Japan is expected to trigger a safeguard on beef imports sometime in the summer of 2003. If Japan enacts the safeguard, beef import tariffs will rise from 38.5 percent to 50 percent. These will remain in effect for at least the remainder of Japan's fiscal year 2003, which ends on March 31, 2004. A safeguard action could slow import growth by raising prices of imported beef and shift some imports into the first quarter of 2003 in anticipation of the safeguard announcement.
- **Russia:** Beef imports for 2003 are forecast at 800,000 tons, up 70,000 tons from 2002. Imports largely consist of low-grade, frozen beef for further processing into sausage. On April 1, 2003, in an effort to support domestic beef prices to encourage more production, a tariff rate quota (TRQ) set at 420,000 tons will become effective

for frozen beef. This TRQ is expected to have limited impact on total meat imports however, due to the exclusion from the TRQ of the Commonwealth of Independent States (CIS), which supply 25 percent of Russian imports of frozen beef. Due to the manner in which the TRQ was calculated including CIS countries' exports, but yet excluding them from its application, enough room will remain in the TRQ for exporters to send as much or more frozen beef than they sent in 2002. The cattle herd in Russia is forecast to continue its decline, with cattle inventories in 2003 only half the level of a decade earlier.

- **European Union:** Beef imports for 2003 are forecast at a record 520,000 tons, up 30,000 tons from 2002. Argentina, Brazil and Uruguay are the top exporters to the EU and the greatest beneficiaries of expanding EU demand. Consumption in almost all EU countries has returned to pre-BSE levels. U.S. exports to the EU continue to be limited because of the hormone ban. The cattle herd in the EU is forecast to decline as some farmsteads elect to permanently leave the beef industry in response to declining government financial support. With the gap between total exports and imports falling to only 10,000 tons in 2003, the EU is moving much closer to becoming a net beef importer.
- **Mexico:** In 2003 beef imports are forecast at 500,000 tons. Mexico's cattle herd continues to decline further to 20.1 million head for 2003, 33 percent below a decade earlier. Continued dry conditions and financial burdens are resulting in a continued liquidation; however, with rising disposable incomes and reduced production, Mexico is increasingly looking at imports to meet consumer demand. Aided by NAFTA-induced tariff elimination, the United States currently supplies 84 percent of Mexico's fresh/chilled beef imports and 84 percent of offal imports.
- **Korea:** Beef imports for 2003 are forecast at a record 445,000 tons, a modest expansion from 2002 imports. Korea's cattle herd showed no change between 2002 and 2003, remaining at 1.9 million head. Due to the market being liberalized and uncertainty regarding Korea's economic situation in 2003, no large increases in beef imports or consumption are anticipated this year. With high domestic beef prices and a strong Korean won, consumers will seek cheaper imported beef. Korean imports of fresh/chilled beef jumped in 2002 in response to the elimination of the last of its barriers to trade and retail sales of imported beef in late 2001.

Beef and Veal Summary Selected Countries

1,000 Metric Tons (Carcass Weight Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Production						
Brazil	6,140	6,270	6,520	6,895	7,240	7,430
European Union	7,624	7,569	7,462	6,896	7,400	7,260
China, Peoples Republic of	4,799	5,054	5,328	5,488	5,600	5,700
Argentina	2,600	2,840	2,880	2,640	2,700	2,800
Australia	1,989	1,956	1,988	2,049	2,100	2,050
Mexico	1,800	1,900	1,900	1,925	1,940	1,950
India	1,593	1,660	1,700	1,770	1,810	1,920
Russian Federation	2,090	1,900	1,840	1,760	1,740	1,700
Canada	1,150	1,238	1,246	1,250	1,290	1,255
Ukraine	795	791	754	646	670	680
Others 1/	6,654	6,386	6,169	5,656	5,837	4,586
Total Foreign	37,234	37,564	37,787	36,975	38,327	37,331
United States	11,804	12,124	12,298	11,983	12,428	11,993
World Total	49,038	49,688	50,085	48,958	50,755	49,324

Consumption						
European Union	7,355	7,454	7,651	6,459	7,422	7,410
Brazil	5,945	5,863	6,102	6,191	6,437	6,540
China, Peoples Republic of	4,722	5,010	5,290	5,448	5,586	5,690
Russian Federation	2,845	2,734	2,309	2,404	2,465	2,495
Mexico	2,101	2,250	2,309	2,341	2,421	2,442
Argentina	2,332	2,501	2,543	2,515	2,370	2,420
India	1,348	1,438	1,335	1,400	1,410	1,500
Japan	1,478	1,475	1,534	1,371	1,297	1,350
Canada	951	994	992	968	991	983
Egypt	604	618	678	542	608	660
Others 1/	6,830	6,922	6,319	5,840	5,952	4,729
Total Foreign	36,511	37,259	37,062	35,479	36,959	36,219
United States	12,052	12,325	12,503	12,351	12,739	12,467
World Total	48,563	49,584	49,565	47,830	49,698	48,686

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

Note: 1/ For 2003, Colombia, Costa Rica, Dominican Republic, El Salvador, Honduras, Nicaragua and Venezuela are dropped from the database.

(p) preliminary; **(f)** forecast

Beef and Veal Summary Selected Countries

1,000 Metric Tons (Carcass Weight Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Imports						
Japan	942	959	1,016	955	678	850
Russian Federation	684	838	478	650	730	800
European Union	386	431	424	391	490	520
Mexico	307	358	420	426	489	500
Korea, Republic of	125	242	324	246	431	445
Canada	232	254	263	299	307	340
Egypt	159	218	236	105	150	200
Philippines	81	99	118	104	115	130
Taiwan	82	94	83	78	89	95
Brazil	106	54	72	44	78	80
Others 1/	338	320	244	216	212	195
Total Foreign	3,442	3,867	3,678	3,514	3,769	4,155
United States	1,199	1,303	1,375	1,435	1,460	1,481
World Total	4,641	5,170	5,053	4,949	5,229	5,636
Exports						
Australia	1,268	1,270	1,338	1,398	1,361	1,425
Brazil	306	464	492	748	881	970
Canada	428	492	523	575	610	615
New Zealand	509	462	505	516	504	535
European Union	769	949	615	546	510	530
India 2/	245	222	365	370	400	420
Argentina	303	359	357	168	340	390
Uruguay	218	189	236	145	252	250
Ukraine	162	211	196	124	180	190
China, Peoples Republic of	88	57	54	60	40	40
Others 1/	203	128	128	131	174	89
Total Foreign	4,499	4,803	4,809	4,781	5,252	5,454
United States	985	1,094	1,119	1,029	1,110	1,163
World Total	5,484	5,897	5,928	5,810	6,362	6,617

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

Note: 1/ For 2003, Colombia, Costa Rica, Dominican Republic, El Salvador, Honduras, Nicaragua and Venezuela are dropped from the database. 2/ Includes buffalo.

(p) preliminary; (f) forecast

World Pork Overview

With the Deceleration in Global Pork Trade, U.S. Exports Are Expected to Grow Slowly in 2003.

World Summary: Trade policy will dictate the tone of 2003 global pork trade. The Russian tariff rate quota (TRQ) announced on January 23, 2003, is expected to limit Russian pork imports to 630,000 tons, a 21-percent decline from the 2002 import level. Japanese import growth will slow to an estimated 1 percent as beef consumption continues to recover from BSE concerns. Mexican pork imports are forecast unchanged from 2003. The combined effect of these measures suggests greater competition among the world's leading pork exporters.

Key Exporters:

- **United States:** U.S. pork production is forecast to decline in the second half of 2003 as producers respond to poor profitability. Despite lower U.S. production, exports are expected to grow by almost 2 percent in 2003. The impact of the Russian TRQ will be mostly indirect, as the Russian market accounted for less than 3 percent of U.S. pork exports in 2002. Mexico's anti-dumping investigation casts a cloud on the forecast for U.S. pork exports, however, interested groups, both in the U.S. and in Mexico, appear determined to find a resolution that will preserve the successes of the NAFTA framework. Mexico accounted for 21 percent of U.S. pork exports in 2002. While trade with Mexico and Russia appears to have slowed, demand for U.S. pork in Korea is expected to remain relatively strong. Japan continues to be the largest market for U.S. pork, accounting for 48 percent of U.S. exports.
- **Brazil:** After extraordinary growth in the last two years, Brazilian pork production is expected to slow in 2003, as relatively high feed costs and low pork prices are likely to trim profits for many hog producers. Brazil's exports for 2003 are forecast to contract by 15 percent from 2002 levels. Russia, which alone accounts for almost 80 percent of Brazilian pork exports, will be a very difficult market given the TRQ situation and Russia's ongoing sanitary concerns with Brazilian pork. However, Brazil is expected to actively seek alternative markets to offset any losses in Russia.
- **Canada:** Canadian hog inventories are still growing. The Statistics Canada estimates for January 1, 2003, show a 2.5 percent increase in the hog inventory, and a 3 percent increase in breeding stock numbers. Canadian pork exports are forecast to remain strong, growing by over 4 percent in 2003 and representing 47 percent of production. Although the United States will remain the most important destination for Canadian pork, accounting for almost 60 percent of exports, Canada is expected to increase exports to other markets as well. Exports to Australia and Korea have been increasing, and Mexico remains a major market for Canadian pork.
- **European Union:** The 2003 EU pig crop is forecast to decline slightly as the Netherlands and Belgium continue to face environmental constraints, and the United Kingdom tackles a feeder pig shortage and problems with sow infertility. While sow

stocks in Germany, Denmark and France appear stable, expanding pork production in Spain is expected to largely offset declines elsewhere in the EU. The EU pork export forecast for 2003 has been revised downward to account for the impact of the Russian TRQ. Russia is the EU's second largest market, accounting for more than 15 percent of total exports. Elsewhere, the EU is forecast to remain very competitive.

Key Importers:

- **United States:** U.S. pork imports in 2002 grew nearly 13 percent from 2001 levels. For 2003, pork imports are forecast at 490,000 tons, up less than 1 percent from 2002. Canada continues to be the most dominant foreign supplier, accounting for about 80 percent of U.S. pork imports. The U.S. and Canadian markets are also increasingly integrated in the movement of live animals. In 2003, the U.S. is expected to import close to 5.8 million live hogs, an estimated 69 percent of which will be feeder pigs. The EU is still in the process of regaining some of its pre-FMD share of the U.S. pork market. The Country-of-Origin-Labeling (COOL) provision, mandated under the U.S. Farm Security and Rural Investment Act of 2002, has been causing concerns among U.S. trading partners. For further COOL information, please refer to the following internet website: <http://www.ams.usda.gov/cool/>
- **Hong Kong:** Pork imports for 2003 are forecast at a record 280,000 tons, up 2 percent from the 2002 level. A sluggish economy, higher unemployment rate, and a recurrence of an avian disease outbreak in Hong Kong are causing consumers to switch to pork from other meats. In addition, consumer preferences are changing from freshly slaughtered meats to chilled/frozen meats due to gradual changes in eating habits and concern over sanitary conditions in the wet market. Pork imports from China continue to increase as the Chinese government now allows more than one agent to market its meat in Hong Kong. In 2002, China, Brazil and the EU were Hong Kong's main pork suppliers.
- **Japan:** Pork production has been steadily declining due to the shrinking number of swine producers. Between 1992 and 2001, the number of hog producers dropped 33 percent. During the same time frame, as pork production fell 13 percent, consumption grew by almost 9 percent. For 2003, imports are forecast to increase by about 1 percent. The imposition of a safeguard tariff in August 2002, lasting through March 31, 2003, seems to be having little effect. In 2002, pork imports grew by more than 8 percent over the previous year. The safeguard raises the minimum price at which foreign pork can be imported into Japan, making imported pork less competitive vis-à-vis domestic products. Although the safeguard typically lowers demand for all imported pork, demand for frozen products tends to decline the most. Under the safeguard, imported fresh pork, which typically benefits from larger profit margins, but has a more limited shelf life, continues to be in relatively high demand. The United States is the largest foreign supplier to the Japanese market, followed closely by Denmark, Canada and Mexico.
- **Mexico:** After a record year in 2002, Mexican pork imports are expected to remain level in 2003. NAFTA provisions eliminated import tariffs and TRQs on pork on

January 1, 2003, but mounting pressure from Mexican hog farmers triggered an anti-dumping investigation on U.S. pork. Despite lingering uncertainty over the final outcome, producers on both sides are working toward an amicable resolution. The U.S. accounted for 84 percent of Mexican imports in 2002. Canada and Chile supplied the balance. Prior to January 1, 2003, Canada had been constrained by a NAFTA TRQ level much lower than the one facing the United States. With the elimination of TRQs, Canada is expected to become more competitive in the Mexican market.

- **Russia:** Russia has introduced a 450,000-ton TRQ for pork under HS code 0203 (fresh and frozen pork). The intended aim of the TRQ is to boost Russia's domestic production, decreasing its dependence on pork imports. Production is expected to increase 7 percent in 2003. Under the TRQ, the 2003 forecast estimates a 21-percent reduction in total pork imports. While not country specific, the TRQ is expected to mostly affect the largest exporters to the Russian market: Brazil, the EU and, to a lesser extent, China. In 2002, Russia imported 800,000 tons, an estimated 33 percent of total pork consumption.

Pork Summary Selected Countries

1,000 Metric Tons (Carcass Weight Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Production						
China, Peoples Republic of	38,837	40,056	40,314	41,845	43,000	44,100
European Union	17,581	18,059	17,585	17,419	17,550	17,550
Brazil	1,690	1,835	2,010	2,230	2,565	2,615
Canada	1,337	1,550	1,638	1,729	1,835	1,880
Russian Federation	1,510	1,490	1,500	1,560	1,630	1,750
Poland	1,650	1,675	1,620	1,550	1,640	1,720
Korea, Republic of	992	950	1,004	1,077	1,153	1,245
Japan	1,285	1,277	1,269	1,245	1,228	1,210
Philippines	933	973	1,008	1,064	1,095	1,120
Mexico	950	994	1,035	1,065	1,085	1,100
Others	3,940	4,128	3,806	3,683	3,769	3,732
Total Foreign	70,705	72,987	72,789	74,467	76,550	78,022
United States	8,623	8,758	8,597	8,691	8,929	8,869
World Total	79,328	81,745	81,386	83,158	85,479	86,891

Consumption						
China, Peoples Republic of	38,740	40,024	40,291	41,764	42,835	43,970
European Union	16,591	16,723	16,169	16,239	16,315	16,460
Russian Federation	2,219	2,321	2,019	2,119	2,429	2,379
Japan	2,146	2,212	2,228	2,268	2,362	2,420
Brazil	1,581	1,727	1,826	1,919	1,975	2,115
Poland	1,462	1,484	1,544	1,487	1,580	1,680
Mexico	1,045	1,131	1,252	1,305	1,345	1,360
Korea, Republic of	940	984	1,059	1,159	1,206	1,250
Philippines	942	997	1,032	1,073	1,105	1,130
Canada	955	1,063	1,047	1,087	1,087	1,105
Others	3,690	4,034	4,093	3,988	4,066	4,079
Total Foreign	70,311	72,700	72,560	74,408	76,305	77,948
United States	8,305	8,596	8,457	8,388	8,684	8,610
World Total	78,616	81,296	81,017	82,796	84,989	86,558

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

(p) preliminary; **(f)** forecast

Pork Summary Selected Countries

1,000 Metric Tons (Carcass Weight Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Imports						
Japan	777	919	995	1,068	1,162	1,175
Russian Federation	710	832	520	560	800	630
Mexico	144	190	276	300	320	320
Hong Kong	207	217	247	260	274	280
Korea, Republic of	66	156	174	123	160	170
Canada	64	65	68	91	92	100
China, Peoples Republic of	46	43	50	58	60	70
Australia	10	28	45	38	60	60
European Union	44	54	54	55	60	60
Romania	53	27	29	46	55	55
Others	220	254	225	169	194	187
Total Foreign	2,341	2,785	2,683	2,768	3,237	3,107
United States	320	375	439	431	486	490
World Total	2,661	3,160	3,122	3,199	3,723	3,597
Exports						
European Union	1,034	1,390	1,470	1,235	1,245	1,200
Canada	432	554	658	727	839	875
Brazil	105	109	163	337	590	500
China, Peoples Republic of	143	75	73	139	225	200
Hungary	109	131	143	118	120	110
Australia	17	37	49	66	78	80
Poland	220	235	160	88	80	80
Mexico	49	53	59	60	60	60
Czech Republic	27	10	8	14	27	25
Korea, Republic of	116	113	30	41	14	25
Others	20	23	14	6	5	7
Total Foreign	2,272	2,730	2,827	2,831	3,283	3,162
United States	558	580	584	708	732	746
World Total	2,830	3,310	3,411	3,539	4,015	3,908

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

(p) preliminary; **(f)** forecast

World Broiler Overview

Total Broiler Meat Trade Forecast to Slow in 2003

World Trade: Total broiler meat exports in 2003 for major exporting countries are forecast at 5.7 million tons, less than a 1 percent decrease from the 2002 level. The decrease in exports is mainly attributed to restrictions in Russia's poultry imports. Russia, the largest market for poultry products, announced an annual poultry import quota of 1.05 million tons. The pro-rated quota, equal to 744,000 tons, will be effective May 1, 2003, and will be allocated by country. As a result of the quota, world broiler meat imports for major countries will fall by about 2 percent from the 2002 level, and competition in other markets among the major exporting countries is expected to stiffen.

Key Exporters:

- **United States:** Broiler meat exports in 2003 are forecast at 2.3 million tons, a 7 percent increase from the 2002 level. Broiler exports to traditional markets in Asia and the Americas are expected to remain strong, while exports to Russia, the largest market for U.S. broiler exports, will face challenges due to a Russian quota on poultry imports effective May 1, 2003. The Russian quota, if applied flexibly to both bone-in and boneless poultry, would provide for access exceeding the level of average monthly shipments in 2002. However, if the quota breakout remains as Russia has announced, U.S. bone-in poultry exports to Russia will be negatively affected. (See the Special Insert on Russia import restriction.) Mexico's provisional safeguard on imports of leg quarters, thighs, and drumsticks for the next 6 months is large enough to accommodate historical export levels, but will reduce potential growth that was anticipated with the elimination of all NAFTA duties and quotas in January. Mexico's provisional safeguard does not apply to imports of other poultry products.
- **Brazil:** Broiler meat exports in 2003 are forecast at 1.55 million tons, a 2 percent decrease from the 2002 level. The decrease in exports is mainly attributed to limited access to the Russian markets caused by Russia's introduction of a poultry import quota in 2003. Brazil was allocated only 5 percent, or 33,300 tons, of the Russian poultry import quota for the May-December period. The allocated volume is 11 percent of what Brazil exported to Russia in 2002. Major importing countries' sanitary concerns about Brazilian products will also challenge Brazil's exports in 2003.
- **European Union:** Broiler exports are forecast to be 720,000 tons in 2003, down 15 percent from 2002. An outbreak of high pathogenic Avian Influenza in the Netherlands in early 2003 will be the largest factor in reduced exports. The Netherlands accounts for 29 percent of EU broiler exports to the world. In addition, increased competition from Brazil in Middle East markets will be a factor as well. The EU is the world's third largest broiler exporter.

- **Thailand:** Broiler meat exports in 2003 are forecast at 480,000 tons, a 3 percent increase from the 2002 level. Thailand's further processed products exports to Japan and the EU are expected to remain strong, as those products increase Thailand's export value while minimizing importer's sanitary concerns. In 2002, Thailand's further processed cuts exports, mainly to Japan and the EU, grew faster than the growth rate seen in fresh/frozen cuts exports.

Key Importers:

- **China:** Broiler meat imports in 2003 are forecast at 400,000 tons, an almost 9 percent decrease from the 2002 level, as gains in production displace imports. China's broiler production series for 1987-2001 was revised upward to include not only western breeds but also domestic breeds as production of domestic breeds has reportedly grown to meet consumer tastes. The western breeds are predominantly used for commercial meat production. Domestic breeds, mainly yellow chicken, are multi-purpose, used for meat and egg production. Inclusion of both breeds in the supply and distribution balance sheet, more accurately measures broiler consumption in the country.
- **European Union:** European Union broiler imports in 2003 are projected to decline 5 percent from the previous year to 390,000 tons. The EU made changes to tariff regulations on salted poultry meat in 2002, which lead to reductions in imports from Brazil and Thailand. Imports are expected to decline due to the tariff changes and shifts in consumption. The EU is the world's fourth largest broiler importer.
- **Hong Kong:** Broiler meat imports for 2003 are forecast at 210,000 tons, nearly an 8 percent increase from the 2002 level. Increased demand for chilled chicken from China is the key factor for the gain. Hong Kong's imports from China grew to 38,000 tons in 2002, mainly whole birds, accounting for nearly 20 percent of its total broiler imports.
- **Japan:** Broiler meat imports for 2003 are forecast at 760,000 tons, a 2 percent increase from the 2002 level. Imports of further processed product, mainly from China and Thailand, are expected to remain strong, supported by strength in the ready-to-eat food market. Japan's safeguard on beef imports, once triggered, may stimulate Japan's broiler consumption.
- **Mexico:** Broiler meat imports in 2003 are expected to increase 4 percent from the revised 2002 import level to 275,000 tons, supported by the removal of tariff rate quotas (TRQs) and tariffs on products except leg quarters, thighs, and drumsticks. Leg quarters, thighs, and drumsticks are subject to a tariff-rate quota under a provisional safeguard. All other poultry products are imported duty free as NAFTA TRQ's and tariffs were eliminated on January 1, 2003. As a result of a U.S.- Mexico bilateral agreement, Mexico introduced a provisional safeguard measure that went into effect on January 23, 2003. The provisional safeguard establishes a tariff-rate quota of 50,000 tons at zero duty for 6 months (ending July 23, 2003). Additional

imports of leg quarters, thighs, and drumsticks during this period are subject to a 98.8 percent tariff. In the meantime, bilateral negotiations continue to develop final safeguard provisions that should be published by July 2003.

- **Russia:** In 2003, broiler imports are forecast at 1.125 million tons, down 7 percent from the previous year. The quota does not go into effect until May 1, 2003, allowing for unlimited imports between January and April. In anticipation of the impending quota, importers have been maximizing their imports keeping private stocks filled to capacity. See Special Insert on Russia's import restrictions for details on the poultry quota. Russia is the world's largest broiler importer.
- **Saudi Arabia:** Broiler meat imports in 2003 are forecast to be 185,000 tons, down 1 percent from 2002. The reduction in imports is attributed to increased domestic production and sanitary concerns over antibiotics in Brazilian broiler meat. Production is forecasted to increase 6 percent, outpacing consumption growth. Brazil, Saudi Arabia's leading supplier of broiler meat, is currently facing scrutiny from the Saudi government over a discovery of the antibiotic Nutrofuram in broiler meat.

NOTE

Ukraine: Ukraine is one of the countries reported in the "other countries" category. A revision was made to the Ukrainian PSD import data for years 1995 through 2001. Previously, the Ukrainian imports were determined by using world "export-to" data. The data were revised to show the official Ukrainian import statistics as reported by the State Statistics Committee (GOSKOMSTAT) of Ukraine. GOSKOMSTAT receives import data directly from Ukrainian Customs.

Broiler Summary Selected Countries

1,000 Metric Tons (Ready to Cook Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Production						
China, Peoples Republic of	8,120	8,550	9,269	9,278	9,558	9,844
Brazil	4,498	5,526	5,980	6,567	7,355	7,700
European Union	6,789	6,614	6,654	6,822	6,850	6,720
Mexico	1,587	1,784	1,936	2,067	2,188	2,297
India	710	820	1,080	1,250	1,400	1,500
Thailand	930	980	1,070	1,230	1,380	1,450
Japan	1,097	1,078	1,091	1,074	1,097	1,085
Canada	798	847	877	927	945	975
Malaysia	660	684	786	813	832	846
South Africa, Republic of	667	681	707	730	745	760
Others 1/	6,523	6,631	6,866	6,904	6,941	6,110
Total Foreign	32,379	34,195	36,316	37,662	39,291	39,287
United States	12,525	13,367	13,703	14,033	14,467	14,505
World Total	44,904	47,562	50,019	51,695	53,758	53,792

Consumption						
China, Peoples Republic of	8,224	8,766	9,413	9,262	9,555	9,844
European Union	6,168	6,048	6,191	6,522	6,410	6,390
Brazil	3,904	4,776	5,087	5,326	5,767	6,150
Mexico	1,770	1,972	2,158	2,308	2,452	2,571
Japan	1,697	1,742	1,772	1,797	1,809	1,855
Russian Federation	1,297	1,279	1,320	1,588	1,697	1,774
India	710	820	1,080	1,249	1,398	1,495
Canada	794	866	891	927	944	974
Thailand	656	692	742	805	915	970
Malaysia	668	705	812	846	866	881
Others 1/	7,849	8,144	8,202	8,230	8,133	7,224
Total Foreign	33,737	35,810	37,668	38,860	39,946	40,128
United States	10,502	11,251	11,474	11,557	12,273	12,215
World Total	44,239	47,061	49,142	50,417	52,219	52,343

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

Note: 1/ For 2003, Colombia and Egypt are dropped from the database.

(p) preliminary; (f) forecast

Broiler Summary Selected Countries

1,000 Metric Tons (Ready to Cook Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Imports 1/						
Russian Federation	1,020	930	943	1,281	1,208	1,125
Japan	590	667	721	710	744	760
China, Peoples Republic of	427	591	608	473	435	400
European Union	167	198	299	418	410	390
Saudi Arabia	287	364	348	399	390	385
Mexico	185	190	223	242	265	275
Hong Kong	268	391	232	233	195	210
United Arab Emirates	122	117	111	123	135	140
Korea, Republic of	13	47	67	83	95	98
Canada	55	62	69	73	72	80
Kuwait	45	54	53	62	60	61
Others 2/	379	377	352	300	245	239
Total Foreign	3,558	3,988	4,026	4,397	4,254	4,163
World Total	3,558	3,988	4,026	4,397	4,254	4,163

Exports 1/						
Brazil	594	750	893	1,241	1,588	1,550
European Union	788	764	762	718	850	720
Thailand	274	288	328	425	465	480
China, Peoples Republic of	323	375	464	489	438	400
Canada	53	47	55	69	75	80
Hungary	52	45	35	35	32	32
Saudi Arabia	21	16	16	20	20	20
United Arab Emirates	23	19	20	20	20	20
Australia	13	12	14	19	15	15
Argentina	6	3	5	6	10	14
Others 2/	71	63	45	44	44	48
Total Foreign	2,218	2,382	2,637	3,086	3,557	3,379
United States	1,978	2,080	2,231	2,521	2,177	2,325
World Total	4,196	4,462	4,868	5,607	5,734	5,704

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

Note: 1/ As of 1997, chicken feet / paws are not included in trade data.

2/ For 2003, Colombia and Egypt are dropped from the database.

(p) preliminary; (f) forecast

Turkey Summary Selected Countries

1,000 Metric Tons (Ready to Cook Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Production						
European Union	1,700	1,830	1,740	1,777	1,760	1,740
Brazil	107	115	137	165	182	195
Poland	90	92	115	150	165	170
Canada	139	139	152	149	147	152
Hungary	62	73	78	84	88	90
Mexico	11	12	12	13	13	14
Russian Federation	9	8	7	7	9	11
South Africa	1	2	3	4	5	5
Others 1/	86	91	95	8	5	0
Total Foreign	2,205	2,362	2,339	2,357	2,374	2,377
United States	2,366	2,372	2,419	2,490	2,557	2,541
World Total	4,571	4,734	4,758	4,847	4,931	4,918
Consumption						
European Union	1,526	1,640	1,553	1,602	1,560	1,570
Mexico	130	142	152	161	156	169
Poland	99	85	108	158	163	167
Canada	139	136	137	135	143	146
Brazil	87	89	93	96	92	110
Russian Federation	156	169	170	171	169	86
Hungary	49	51	55	69	63	63
South Africa	17	21	24	19	20	20
Others 1/	105	142	142	49	33	0
Total Foreign	2,308	2,475	2,434	2,460	2,399	2,331
United States	2,214	2,223	2,223	2,269	2,316	2,320
World Total	4,522	4,698	4,657	4,729	4,715	4,651

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

Note: 1/ For 2003, Hong Kong, Korea, Malaysia, and Taiwan are dropped from the database.

(p) preliminary; (f) forecast

Turkey Summary Selected Countries

1,000 Metric Tons (Ready to Cook Equivalent)

	1998	1999	2000	2001	2002 (p)	2003 (f)
Imports						
Mexico	120	134	148	156	149	160
Russian Federation	147	161	163	164	160	75
European Union	35	44	61	86	85	65
South Africa	16	19	21	15	15	15
Poland	13	8	10	16	10	10
Canada	4	5	4	5	6	6
Hungary	7	3	3	9	5	5
Others 1/	30	66	52	34	28	0
Total Foreign	372	440	462	485	458	336
World Total	372	440	462	485	458	336

Exports						
European Union	209	234	248	261	285	235
Brazil	20	26	44	69	90	85
Hungary	20	25	26	24	30	32
Canada	10	10	14	14	14	15
Poland	4	15	13	12	12	13
Mexico	1	4	8	8	6	5
Others 1/	12	6	7	1	0	0
Total Foreign	276	320	360	389	437	385
United States	202	172	202	221	199	213
World Total	478	492	562	610	636	598

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

Note: 1/ For 2003, Hong Kong, Korea, Malaysia, and Taiwan are dropped from the database.

(p) preliminary; (f) forecast

Russia adopts measures to restrict meat imports starting in 2003.

On January 23, 2003, Russia's Ministry of Economic Developments and Trade announced the implementation of an import quota for poultry and tariff-rate quotas (TRQs) for beef and pork.

The annual poultry quota is set at 1.05 million tons and will be implemented over the three-year period, starting May 1, 2003. The poultry quota covers all poultry products under HTS 0207. The import duty within the quota is 25 percent but not less than 0.22 euros/kg. Of the 1.05 million ton total quota, 268,000 tons are allocated only for deboned poultry meat. Poultry imports in excess of the quota are prohibited. The prorated 2003 poultry quota is 744,000 tons for the May-December period, and has been allocated by country based on market share. The United States will have the largest share, 74 percent or 553,500 tons, of which 141,400 tons must be filled with deboned poultry meat (reportedly classified as MDM).

The TRQ for beef is set at 420,000 tons with a 15 percent in-quota tariff, but not less than 0.15 euros/kg. Over-quota beef imports will be subject to a 60 percent tariff, but not less than 0.6 euros/kg. The TRQ, covering HTS 0202 (frozen beef), will be implemented on April 1, 2003, and is expected to remain in place until 2010. For 2003, the 9-month prorated TRQ will be 315,000 tons; 90 percent will be allocated to importers based on the 2000-2002 imports performance, while the remaining 10 percent will be allocated by open auction. The auction will be conducted in May 2003, one month after the implementation of the TRQ. Countries that were a part of the Former Soviet Union are exempted from the TRQ.

For pork, the TRQ is set at 450,000 tons with a 15 percent in-quota tariff, but not less than 0.25 euros/kg. Over-quota pork imports will be subject to an 80 percent tariff, but not less than 1.06 euros/kg. The pork TRQ, covering HTS 0203 (fresh and frozen pork), will also be implemented on April 1, 2003. The 2003 9-month pro-rated TRQ of 337,500 tons will be allocated in the same way as the beef TRQ.

The impact of the quota on total U.S. poultry exports for 2003 should be limited relative to the 2002 level because the quota will only be in effect for eight months. The U.S.' country-specific quota allocation is the largest at 553,500 tons, of which 141,400 tons is deboned meat) for 8 months (May-December). The effective quota for poultry leg quarters and other bone-in cuts is then 412,000 tons for the period May-Dec 2003. In 2002, the United States exported 521,334 tons of leg quarters for the year, which averages approximately 43,400 tons per month. If the United States exports this amount in the first four months of 2003 and the quota for the remainder of the year, U.S. exports will reach 586,000 tons. This would be a 12 percent increase from the 2002 level, but a 6 percent decrease from the record high export level of 2001.

Another barrier to filling the Russian poultry quota is the plant certification process. Russia has stated that before June 1, all plants that want to export to Russia must be re-inspected and approved by Russian veterinarians. USDA and the Russian veterinarians continue to negotiate the terms of the inspections after Russia failed many plants in the first round of inspections. To date, only a small number of plants have passed this certification process. No new plant inspections have been scheduled as of March 2003.

Details on the poultry quota administration for the 2004-2006 periods are yet to be seen, as Russia has not decided as of March 2003.

The impact of the TRQs on U.S. red meat exports to Russia is expected to be minimal, as the United States mainly exports variety meats that are excluded from the TRQs. U.S. beef and pork exports to Russia are expected to continue the downward trend falling even further in 2003, as competition stiffens. The EU and Brazil are major suppliers of beef and pork.