

# Livestock and Poultry: World Markets and Trade

## Despite HPAI Outbreaks, Global Broiler Meat Production and Trade Forecast to Rise in 2017

### Broiler Meat Production: Forecast to Grow in 2017

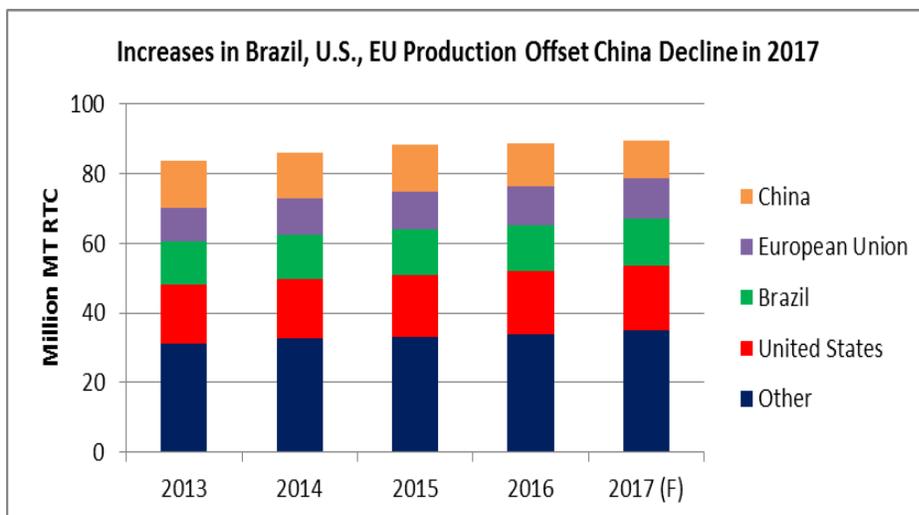
The 2016/17<sup>1</sup> winter season has seen numerous outbreaks of highly pathogenic avian influenza (HPAI) across the globe with cases occurring in Asia, Africa, Europe, Russia, and the United States. Although these outbreaks will constrain expansion, global broiler meat production is forecast up 1 percent to 89.5 million tons in 2017. Production gains in Brazil, the United States, EU, and India will more than offset a decline in China. Demand for low-cost animal protein remains robust and many key importing countries are increasingly using regionalization, therefore limiting HPAI trade restrictions.

### Brazil Captures Majority of Broiler Meat Trade Gains in 2017

Global exports are forecast to increase 4 percent to 11.2 million tons in 2017 driven by expansion in shipments by Brazil and the United States. As the impact of global HPAI outbreaks continues, demand for Brazilian product will remain relatively robust as its HPAI-free status facilitates market access. Despite a short-term disruption in trade due to sanitary concerns, Brazil's share of global exports will rise 10 percent to 4.3 million tons, buoyed by rising Asian demand, particularly China. Despite a recent outbreak of HPAI, U.S. exports are forecast 4 percent higher to 3.1 million tons buoyed by strong global demand. EU broiler meat exports will decline 8 percent to 1.2 million tons due to HPAI-related trade restrictions impacting many member

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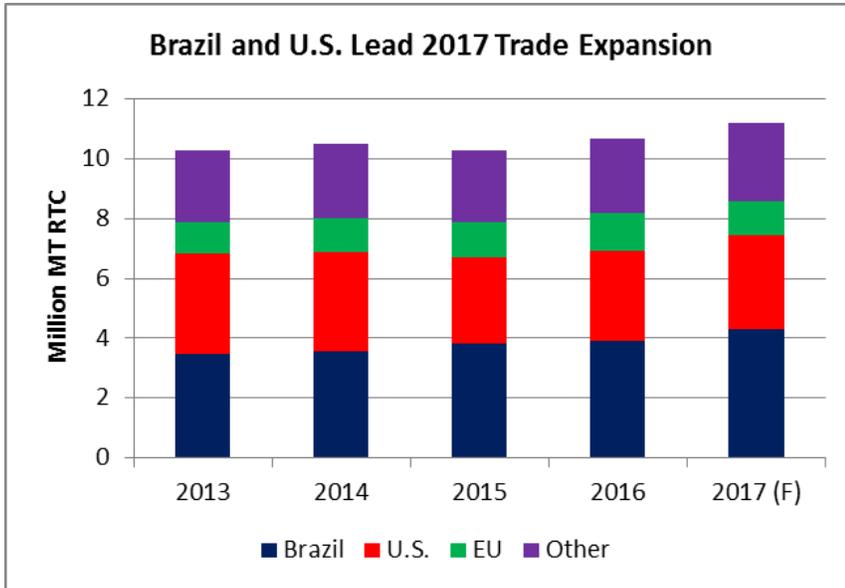


Major Exporters: 2017 Forecast		
Country	Production	Exports
United States	↑	↑
Brazil	↑	↑
EU	↑	↓

HPAI Impacts to Select Importers: 2017 Forecast		
Country	Production	Imports
EU	↑	↑
China	↓	↑
South Korea	↓	↑
Russia	↑	↓

<sup>1</sup>The 2016/17 winter season of HPAI defined as October 2016 through Mid-April 2017.



**Broiler Meat Imports: Asian Demand Drives Shipments Higher in 2017**

China’s supplies remain hindered by struggles with multiple strains of HPAI. In addition, obtaining adequate domestic supplies of white-feathered poultry genetics due to HPAI-related restrictions on trading partners, particularly the United States and EU, limits industry recovery. As Chinese production continues to fall further in 2017, unmet demand will be partially filled with higher imports as was the case last year.

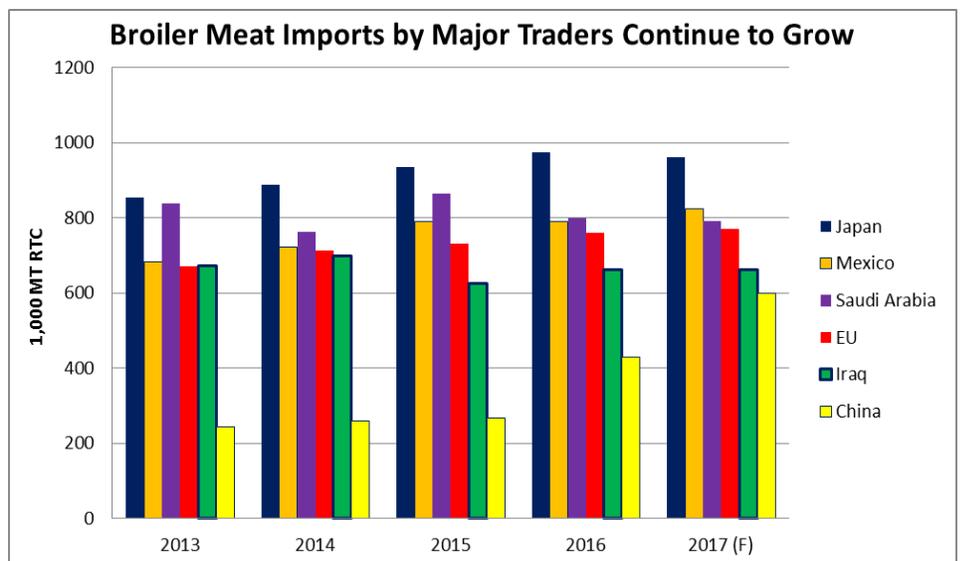
As a result, Chinese imports are forecast up nearly 40 percent to 600,000 tons.

Although South Korea’s broiler sector has not been heavily impacted from the recent HPAI outbreaks, transportation restrictions in quarantine zones and a decline of parental stock resulting from depopulation will impact domestic supplies. Imports are forecast up 13 percent to 145,000 tons.

Japan is poised to remain as the top global importer at 960,000 tons for 2017. Mexico will continue as the second largest global importer of broiler meat at 825,000 tons. Both countries use regionalization to restrict shipments from HPAI-impacted trading partners which tempers the impact on Japan and Mexico’s imports.

**U.S. Case of HPAI in 2017**

In early March 2017, USDA Animal Plant Health Inspection Service (APHIS) confirmed the presence of highly pathogenic H7N9 avian influenza (HPAI) virus<sup>2</sup> in a commercial chicken breeder flock in Tennessee. However, as the impacts of the discovery have been limited, broiler meat production is forecast up 2 percent to 18.6 million tons with exports expected to rise 4 percent to 3.1 million tons.



<sup>2</sup> Not to be confused with H7N9 in China which has a different lineage.

HPAI Cases in Key Markets: Cases During the 2016/17 Winter			
Country	Primary Production Impact	Culling	Notes
South Korea	Eggs	Yes	Temporary tariff rate quota (TRQ) of 35,000 metric tons on shell eggs with a zero tariff until June 30, 2017. Partial subsidization of air freight to increase supplies.
China	Broiler	Yes	Closure of affected live poultry markets.
	N/A - Wild	No	Two outbreaks occurred in mute swan and black swan.
	Broiler	Yes	Recurring outbreak which started in August 2014.
Europe	Broiler Egg Duck	Yes	HPAI starting in Poland, Sweden, Denmark, Hungary, and The Netherlands and spreading to the United Kingdom, France, and Spain. Trade restrictions imposed by many partners.
Russia	Broiler	Yes	Eurasian Economic Union (EAEU) member states Belarus and Kazakhstan have restricted shipments of poultry related products from Russia.
United States	N/A - Wild	Yes	Collected from a wild mallard duck in Montana and is not associated with any commercial poultry.
	Broiler	Yes	USDA APHIS confirmed HPAI in a commercial chicken breeder flock in Tennessee.

\*Currently there are multiples strains of HPAI globally with differing impacts.

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# Beef and Veal

## Global Production

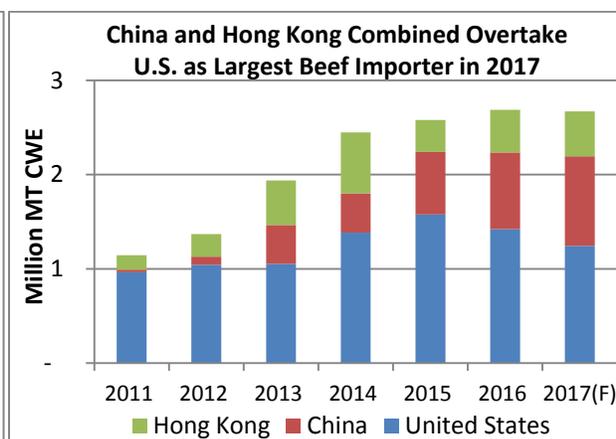
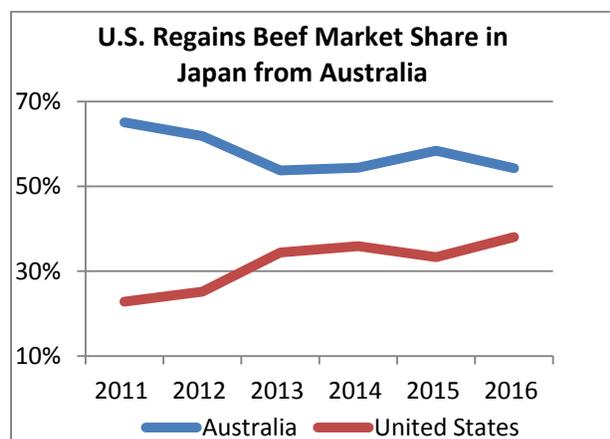
**Global production** is forecast to grow less than 2 percent in 2017 to nearly 62 million tons, primarily from gains in the United States, Brazil, and Argentina. Brazilian growth is driven by higher exports to Asia and moderate expansion in domestic demand as the Brazilian economy recovers. Argentine production will be spurred by the removal of export taxes and currency liberalization, facilitating export demand. Beef production will decline most in Australia and South Africa as herds are rebuilt after drought-induced liquidation of stocks. Production will also fall moderately in New Zealand as producers retain cows and heifers for herd rebuilding.

## Global Trade

**Global exports** in 2017 are forecast 2 percent higher to 9.6 million tons. Shipments from South America, India, and the United States will more than offset declining exports from Australia and New Zealand, both hampered by lower supplies. Growing consumption in East Asia, particularly China, will buoy exports. However, demand from other major importers will fall in 2017, including Egypt (currency devaluation) and Russia (limited purchasing power and competition from other meats). Beef demand in the Middle East and North Africa remains flat, as continued low crude oil prices impede economic growth.

## U.S. Production and Trade

**U.S. beef and veal production** is expected to grow over 5 percent in 2017 to over 12 million tons, reaching a 9-year high. Now in the third year of a new cattle cycle, larger supplies and lower U.S. beef prices will boost exports to Japan and South Korea while dampening U.S. import demand. The United States will also benefit from reduced supplies from Australia as they compete in Asian markets. The relative strength of the dollar remains a challenge for export growth in some markets such as Mexico and Canada, although lower U.S. prices are offsetting some of the exchange rate impacts.



Note: Beef and veal estimates include meat of other bovines for certain countries. In particular, Indian estimates include carabeef (water buffalo).

**Beef and Veal Production - Selected Countries Summary**  
**1,000 Metric Tons (Carcass Weight Equivalent)**

	2013	2014	2015	2016	2017 Oct	2017 Apr
<b>Production</b>						
Brazil	9,675	9,723	9,425	9,284	9,470	9,500
European Union	7,388	7,443	7,684	7,830	7,850	7,875
China	6,730	6,890	6,700	7,000	6,950	7,070
India	3,800	4,100	4,100	4,200	4,350	4,250
Argentina	2,850	2,700	2,720	2,650	2,700	2,760
Australia	2,359	2,595	2,547	2,125	2,015	2,065
Mexico	1,807	1,827	1,850	1,879	1,910	1,910
Pakistan	1,630	1,685	1,710	1,750	1,780	1,780
Turkey	1,217	1,245	1,423	1,642	1,630	1,700
Russia	1,385	1,375	1,355	1,335	1,315	1,310
Others	9,964	10,184	9,389	9,269	9,540	9,277
<b>Total Foreign</b>	<b>48,805</b>	<b>49,767</b>	<b>48,903</b>	<b>48,964</b>	<b>49,510</b>	<b>49,497</b>
<b>United States</b>	<b>11,751</b>	<b>11,075</b>	<b>10,817</b>	<b>11,502</b>	<b>11,808</b>	<b>12,086</b>
<b>Total</b>	<b>60,556</b>	<b>60,842</b>	<b>59,720</b>	<b>60,466</b>	<b>61,318</b>	<b>61,583</b>
<b>Total Dom. Consumption</b>						
China	7,112	7,277	7,339	7,759	7,890	8,010
European Union	7,520	7,514	7,744	7,854	7,875	7,895
Brazil	7,885	7,896	7,781	7,652	7,585	7,740
Argentina	2,664	2,503	2,534	2,434	2,465	2,510
India	2,035	2,018	2,294	2,436	2,425	2,400
Mexico	1,873	1,839	1,797	1,809	1,825	1,813
Russia	2,398	2,297	1,966	1,843	1,890	1,785
Turkey	1,222	1,250	1,457	1,654	1,650	1,708
Pakistan	1,576	1,627	1,636	1,676	1,681	1,701
Japan	1,232	1,225	1,186	1,215	1,200	1,225
Others	11,767	12,094	10,867	10,731	11,070	10,787
<b>Total Foreign</b>	<b>47,284</b>	<b>47,540</b>	<b>46,601</b>	<b>47,063</b>	<b>47,556</b>	<b>47,574</b>
<b>United States</b>	<b>11,608</b>	<b>11,241</b>	<b>11,276</b>	<b>11,676</b>	<b>11,845</b>	<b>12,121</b>
<b>Total</b>	<b>58,892</b>	<b>58,781</b>	<b>57,877</b>	<b>58,739</b>	<b>59,401</b>	<b>59,695</b>

Notes: Includes meat of other bovines for certain countries. India includes carabeef (water buffalo). From 2015, the following countries are excluded: Albania, Azerbaijan, Cote d'Ivoire, Georgia, Ghana, Jamaica, Senegal and Uzbekistan. The notation of a month beneath a year conveys the month in which the forecast for that year was released.

**Beef and Veal Trade - Selected Countries Summary**  
**1,000 Metric Tons (Carcass Weight Equivalent)**

	2013	2014	2015	2016	2017 Oct	2017 Apr
<b>Total Imports</b>						
China	412	417	663	812	950	950
Japan	760	739	707	719	730	760
Korea, South	375	392	414	513	520	535
Russia	1,023	932	621	518	585	485
Hong Kong	473	646	339	453	375	475
European Union	376	372	363	369	375	375
Egypt	195	270	360	340	340	300
Chile	210	210	213	269	255	275
Canada	295	284	280	254	265	250
Malaysia	194	205	237	218	245	220
Others	2,114	2,085	1,935	1,878	1,907	1,855
<b>Total Foreign</b>	<b>6,427</b>	<b>6,552</b>	<b>6,132</b>	<b>6,343</b>	<b>6,547</b>	<b>6,480</b>
<b>United States</b>	<b>1,020</b>	<b>1,337</b>	<b>1,529</b>	<b>1,368</b>	<b>1,216</b>	<b>1,245</b>
<b>Total</b>	<b>7,447</b>	<b>7,889</b>	<b>7,661</b>	<b>7,711</b>	<b>7,763</b>	<b>7,725</b>
<b>Total Exports</b>						
India	1,765	2,082	1,806	1,764	1,925	1,850
Brazil	1,849	1,909	1,705	1,698	1,950	1,800
Australia	1,593	1,851	1,854	1,480	1,325	1,400
New Zealand	529	579	639	587	550	545
Canada	332	378	390	441	445	450
Uruguay	340	350	373	422	385	430
Paraguay	326	389	381	389	395	380
European Union	244	301	303	345	350	355
Mexico	166	194	228	258	275	290
Argentina	186	197	186	216	235	250
Others	618	595	643	669	668	655
<b>Total Foreign</b>	<b>7,948</b>	<b>8,825</b>	<b>8,508</b>	<b>8,269</b>	<b>8,503</b>	<b>8,405</b>
<b>United States</b>	<b>1,174</b>	<b>1,167</b>	<b>1,028</b>	<b>1,157</b>	<b>1,193</b>	<b>1,236</b>
<b>Total</b>	<b>9,122</b>	<b>9,992</b>	<b>9,536</b>	<b>9,426</b>	<b>9,696</b>	<b>9,641</b>

Notes: Includes meat of other bovines for certain countries. Indian exports are carabeef (water buffalo). From 2015, the following countries are excluded: Albania, Azerbaijan, Cote d'Ivoire, Georgia, Ghana, Jamaica, Senegal and Uzbekistan. The notation of a month beneath a year conveys the month in which the forecast for that year was released.

**Cattle Stocks - Selected Countries Summary**  
(in 1,000 head)

	2013	2014	2015	2016	2017 Oct	2017 Apr
<b>Total Cattle Beg. Stks</b>						
India	299,606	300,600	301,100	302,600	303,350	303,600
Brazil	203,273	207,959	213,035	219,180	226,037	226,045
China	103,434	103,000	100,450	100,275	100,085	99,173
European Union	87,106	87,619	88,406	89,152	89,250	89,250
Argentina	51,095	51,545	51,545	52,565	53,515	53,815
Australia	28,418	29,291	29,102	27,413	27,750	26,142
Russia	19,930	19,564	19,152	18,879	18,430	18,568
Mexico	18,521	17,760	17,120	16,615	16,500	16,490
Turkey	14,022	14,532	14,345	14,127	14,047	14,091
Canada	12,305	12,220	11,925	12,035	12,100	12,065
Others	77,485	75,956	44,316	43,836	43,749	43,790
<b>Total Foreign</b>	915,195	920,046	890,496	896,677	904,813	903,029
<b>United States</b>	90,095	88,526	89,143	91,918	93,500	93,585
<b>Total</b>	1,005,290	1,008,572	979,639	988,595	998,313	996,614
<b>Production (Calf Crop)</b>						
India	65,000	66,000	67,000	67,500	68,500	68,200
China	48,800	47,900	49,000	50,000	50,500	50,500
Brazil	50,185	49,600	48,220	48,250	48,350	48,350
European Union	29,050	29,280	29,900	30,100	30,100	30,080
Argentina	14,000	13,300	14,200	13,900	14,100	14,100
Australia	10,783	11,063	9,394	7,771	9,475	8,935
Mexico	6,700	6,750	6,850	7,100	7,100	7,400
Russia	6,820	6,670	6,620	6,550	6,360	6,410
New Zealand	4,923	5,440	5,040	4,855	4,822	4,849
Canada	4,516	4,606	4,328	4,350	4,475	4,350
Others	18,684	17,932	13,716	13,732	13,730	14,005
<b>Total Foreign</b>	259,461	258,541	254,268	254,108	257,512	257,179
<b>United States</b>	33,730	33,522	34,087	35,083	35,100	36,180
<b>Total</b>	293,191	292,063	288,355	289,191	292,612	293,359

Notes: May contain other bovines. From 2015, Colombia and Venezuela are excluded. The notation of a month beneath a year conveys the month in which the forecast for that year was released.

**Cattle Trade - Selected Countries Summary**  
(in 1,000 head)

	2013	2014	2015	2016	2017 Oct	2017 Apr
<b>Total Imports</b>						
Turkey	193	49	203	494	490	600
Egypt	100	200	170	300	300	250
China	98	230	129	133	160	145
Russia	97	75	144	63	90	50
Canada	48	45	36	33	25	35
Mexico	30	28	23	31	25	33
Japan	12	10	9	9	10	10
Brazil	0	10	2	3	3	3
Ukraine	3	1	1	3	2	2
Belarus	1	1	2	1	1	1
Others	712	565	0	0	0	0
<b>Total Foreign</b>	1,294	1,214	719	1,070	1,106	1,129
<b>United States</b>	2,033	2,358	1,984	1,708	1,750	1,675
<b>Total</b>	3,327	3,572	2,703	2,778	2,856	2,804
<b>Total Exports</b>						
Mexico	1,045	1,177	1,213	1,130	1,000	1,175
European Union	504	499	810	998	1,100	1,025
Australia	851	1,297	1,336	1,154	1,000	900
Canada	1,044	1,246	832	766	800	690
Brazil	689	649	212	293	420	375
Uruguay	41	140	217	295	150	230
Ukraine	11	27	45	51	40	65
New Zealand	33	79	21	41	25	50
China	19	19	18	17	10	17
Russia	13	28	26	11	20	10
Others	236	86	7	5	4	5
<b>Total Foreign</b>	4,486	5,247	4,737	4,761	4,569	4,542
<b>United States</b>	161	108	73	69	80	95
<b>Total</b>	4,647	5,355	4,810	4,830	4,649	4,637

Notes: May contain other bovines. From 2015, Colombia and Venezuela are excluded. The notation of a month beneath a year conveys the month in which the forecast for that year was released.

# Pork

## Global Production

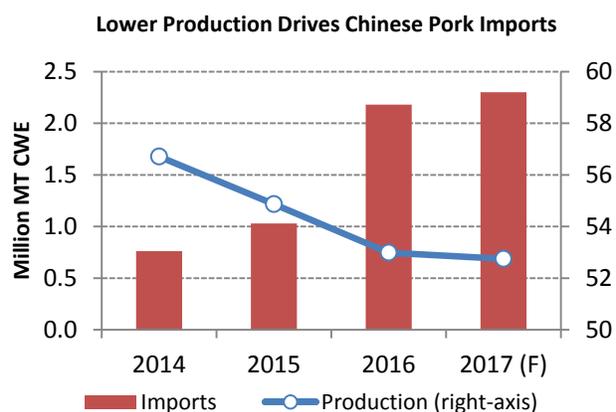
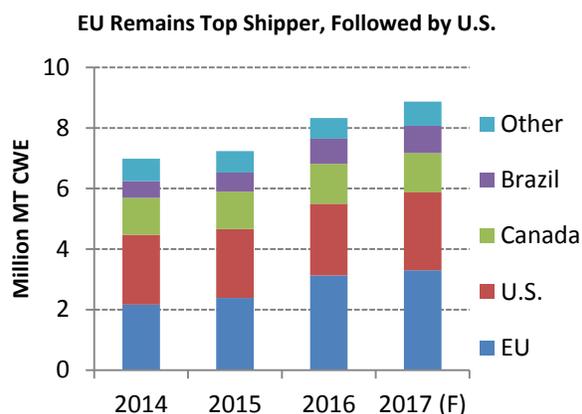
**Global production** is expected to gain 1 percent in 2017 as higher production in the United States, Brazil, and Russia offsets a decline in China. Growth in U.S. production accounts for more than half of global gains on improved domestic and export demand for pork. Production will also expand in Russia on the heels of strong industry investment and abundant feed supplies. Brazil also continues to grow its swine herd to meet increased export demand while domestic demand begins to rebound from last year's recession. While the EU will also benefit from strong export demand, pork production will post only marginal gains as the domestic market remains weak. China remains the top global producer, but implementation of environmental regulations continues to drive reductions in the sow herd. Despite rising productivity, Chinese pork production is forecast to decline marginally in 2017.

## Global Trade

**Exports** will gain 5 percent in 2017 as global demand for pork strengthens and higher supplies push down prices. The EU will remain the top exporter, buoyed by continued demand from China, the top market for pork. Chinese pork imports will remain at historically high levels as domestic supplies remain constrained, but import growth will slow to just 5 percent. Mexico will also boost imports due to lower U.S. pork prices and strong processing demand. Shipments to Japan and South Korea will be relatively stable, but smaller markets, including Australia, Colombia, and the Philippines will boost imports. Russian pork imports will fall considerably on higher domestic production.

## U.S. Production and Trade

**U.S. production** is forecast up nearly 5 percent as producers expand supplies in anticipation of relatively strong domestic demand and higher exports. Exports are forecast up 8 percent to a record 2.6 million tons. Lower prices will boost shipments to Mexico, South Korea, and Colombia. However, U.S. pork will continue to face strong competition in Asia from the EU, especially in China.



**Pork Production - Selected Countries Summary**  
**1,000 Metric Tons (Carcass Weight Equivalent)**

	2013	2014	2015	2016	2017 Oct	2017 Apr
<b>Production</b>						
China	54,930	56,710	54,870	52,990	53,750	52,750
European Union	22,359	22,540	23,249	23,400	23,350	23,450
Brazil	3,335	3,400	3,519	3,700	3,825	3,815
Russia	2,400	2,510	2,615	2,870	2,900	3,000
Vietnam	2,357	2,431	2,572	2,675	2,575	2,750
Canada	1,822	1,805	1,899	1,955	1,980	1,950
Philippines	1,388	1,402	1,463	1,540	1,500	1,610
Mexico	1,284	1,290	1,323	1,376	1,448	1,420
Korea, South	1,252	1,200	1,217	1,266	1,263	1,305
Japan	1,309	1,264	1,254	1,279	1,265	1,270
Others	5,890	5,732	5,512	5,483	5,416	5,563
<b>Total Foreign</b>	<b>98,326</b>	<b>100,284</b>	<b>99,493</b>	<b>98,534</b>	<b>99,272</b>	<b>98,883</b>
<b>United States</b>	<b>10,525</b>	<b>10,368</b>	<b>11,121</b>	<b>11,319</b>	<b>11,739</b>	<b>11,844</b>
<b>Total</b>	<b>108,851</b>	<b>110,652</b>	<b>110,614</b>	<b>109,853</b>	<b>111,011</b>	<b>110,727</b>
<b>Total Dom. Consumption</b>						
China	55,456	57,194	55,668	54,980	55,870	54,875
European Union	20,147	20,390	20,872	20,286	20,062	20,162
Russia	3,267	3,024	3,016	3,192	3,280	3,275
Brazil	2,751	2,846	2,893	2,870	2,886	2,917
Vietnam	2,341	2,414	2,550	2,650	2,556	2,730
Japan	2,549	2,543	2,568	2,626	2,585	2,624
Mexico	1,956	1,991	2,176	2,256	2,348	2,360
Korea, South	1,628	1,660	1,813	1,894	1,890	1,931
Philippines	1,559	1,600	1,637	1,734	1,750	1,824
Taiwan	892	875	937	902	897	898
Others	7,241	6,886	6,672	6,687	6,755	6,912
<b>Total Foreign</b>	<b>99,787</b>	<b>101,423</b>	<b>100,802</b>	<b>100,077</b>	<b>100,879</b>	<b>100,508</b>
<b>United States</b>	<b>8,665</b>	<b>8,545</b>	<b>9,341</b>	<b>9,477</b>	<b>9,811</b>	<b>9,688</b>
<b>Total</b>	<b>108,452</b>	<b>109,968</b>	<b>110,143</b>	<b>109,554</b>	<b>110,690</b>	<b>110,196</b>

Note: From 2015, the following countries are excluded: Albania, Armenia, Congo (Brazzaville), Gabon, Georgia, Ghana, Jamaica, North Korea, Kyrgyzstan, Moldova, Switzerland and Trinidad and Tobago. From 2016, Venezuela is excluded. The notation of a month beneath a year conveys the month in which the forecast for that year was released.

**Pork Trade - Selected Countries Summary**  
**1,000 Metric Tons (Carcass Weight Equivalent)**

	2013	2014	2015	2016	2017 Oct	2017 Apr
<b>Total Imports</b>						
China	770	761	1,029	2,181	2,300	2,300
Japan	1,223	1,332	1,270	1,361	1,320	1,350
Mexico	783	818	981	1,021	1,050	1,100
Korea, South	388	480	599	615	630	630
Hong Kong	399	347	397	429	475	450
Russia	868	515	408	347	400	300
Australia	183	191	220	210	210	230
Canada	220	214	216	215	215	215
Philippines	172	199	175	195	250	215
Singapore	98	117	116	117	112	120
Others	1,092	907	801	787	819	884
<b>Total Foreign</b>	<b>6,196</b>	<b>5,881</b>	<b>6,212</b>	<b>7,478</b>	<b>7,781</b>	<b>7,794</b>
<b>United States</b>	<b>399</b>	<b>459</b>	<b>506</b>	<b>495</b>	<b>526</b>	<b>474</b>
<b>Total</b>	<b>6,595</b>	<b>6,340</b>	<b>6,718</b>	<b>7,973</b>	<b>8,307</b>	<b>8,268</b>
<b>Total Exports</b>						
European Union	2,227	2,164	2,389	3,126	3,300	3,300
Canada	1,246	1,220	1,239	1,319	1,300	1,300
Brazil	585	556	627	832	940	900
Chile	164	163	178	173	170	180
China	244	277	231	191	180	175
Mexico	111	117	128	141	150	160
Australia	36	37	36	38	35	40
Vietnam	22	21	30	35	21	35
Russia	1	1	7	25	20	25
South Africa	4	13	17	14	14	14
Others	109	105	82	49	50	49
<b>Total Foreign</b>	<b>4,749</b>	<b>4,674</b>	<b>4,964</b>	<b>5,943</b>	<b>6,180</b>	<b>6,178</b>
<b>United States</b>	<b>2,262</b>	<b>2,309</b>	<b>2,272</b>	<b>2,374</b>	<b>2,449</b>	<b>2,572</b>
<b>Total</b>	<b>7,011</b>	<b>6,983</b>	<b>7,236</b>	<b>8,317</b>	<b>8,629</b>	<b>8,750</b>

Note: From 2015, the following countries are excluded: Albania, Armenia, Congo (Brazzaville), Gabon, Georgia, Ghana, Jamaica, North Korea, Kyrgyzstan, Moldova, Switzerland and Trinidad and Tobago. From 2016, Venezuela is excluded. The notation of a month beneath a year conveys the month in which the forecast for that year was released.

**Swine Stocks - Selected Countries Summary**  
(in 1,000 head)

	2013	2014	2015	2016	2017 Oct	2017 Apr
<b>Total Beginning Stocks</b>						
China	475,922	474,113	465,830	451,130	420,300	435,040
European Union	146,982	146,172	148,341	148,716	147,900	147,248
Brazil	38,577	38,844	39,395	39,422	38,900	39,223
Russia	18,816	19,081	19,405	21,345	22,300	21,885
Canada	12,610	12,940	13,180	13,510	13,410	13,725
Mexico	9,510	9,775	9,700	9,917	10,702	10,697
Korea, South	9,916	9,912	10,090	10,187	10,600	10,367
Japan	9,685	9,537	9,440	9,313	9,150	9,100
Ukraine	7,577	7,922	7,492	7,240	7,100	6,836
Belarus	4,243	3,267	2,925	3,205	3,300	3,200
Others	2,138	2,098	2,308	2,272	nr	nr
<b>Total Foreign</b>	735,976	733,661	728,106	716,257	683,662	697,321
<b>United States</b>	66,224	64,775	67,776	68,919	69,925	71,500
<b>Total</b>	802,200	798,436	795,882	785,176	753,587	768,821
<b>Production (Pig Crop)</b>						
China	716,941	729,927	696,600	671,500	672,500	650,000
European Union	257,000	261,750	265,287	263,950	264,000	264,500
Russia	36,000	37,000	39,830	41,474	42,316	42,970
Brazil	37,900	38,470	39,050	39,635	40,750	40,230
Canada	27,376	27,092	28,862	28,718	29,400	28,950
Mexico	17,800	17,600	18,000	19,200	19,360	19,600
Korea, South	16,953	16,812	17,600	18,383	18,400	18,750
Japan	17,350	17,050	16,700	16,600	16,500	16,600
Ukraine	9,465	9,527	9,624	9,500	10,000	9,350
Belarus	5,325	4,850	5,200	5,200	5,450	5,380
Others	4,737	5,022	4,921	5,028	nr	nr
<b>Total Foreign</b>	1,146,847	1,165,100	1,141,674	1,119,188	1,118,676	1,096,330
<b>United States</b>	115,135	114,856	121,411	125,900	125,595	129,545
<b>Total</b>	1,261,982	1,279,956	1,263,085	1,245,088	1,244,271	1,225,875

Notes: 1/ The notation of a month beneath a year conveys the month in which the forecast for that year was released.

2/ nr - represents "no reporting" countries (data sets excluded beginning in 2017).

3/ From 2017, the following country is excluded: Australia.

**Swine Trade - Selected Countries Summary**  
(in 1,000 head)

	2013	2014	2015	2016	2017 Oct	2017 Apr
<b>Total Imports</b>						
Mexico	10	14	42	20	25	25
China	24	9	4	8	10	20
Belarus	3	5	8	9	15	9
Russia	86	8	2	8	6	8
Ukraine	231	22	22	4	5	6
Canada	1	3	6	3	5	5
European Union	1	1	3	3	3	3
Korea, South	2	2	2	3	2	3
Japan	1	1	0	1	1	1
Brazil	1	0	1	0	0	0
Others	0	0	0	0	nr	nr
<b>Total Foreign</b>	360	65	90	59	72	80
<b>United States</b>	4,948	4,947	5,740	5,669	5,880	5,765
<b>Total</b>	5,308	5,012	5,830	5,728	5,952	5,845
<b>Total Exports</b>						
Canada	4,784	4,960	5,776	5,667	5,900	5,750
China	1,684	1,737	1,696	1,552	1,500	1,300
European Union	569	567	436	281	400	285
Russia	0	0	2	7	2	8
Belarus	52	0	1	5	5	5
Ukraine	0	1	1	10	5	4
Brazil	4	3	4	2	2	2
Japan	0	0	0	0	0	0
Korea, South	0	0	0	0	0	0
Mexico	0	0	0	0	0	0
Others	0	0	0	0	nr	nr
<b>Total Foreign</b>	7,093	7,268	7,916	7,524	7,814	7,354
<b>United States</b>	34	19	41	49	36	50
<b>Total</b>	7,127	7,287	7,957	7,573	7,850	7,404

Notes: 1/ The notation of a month beneath a year conveys the month in which the forecast for that year was released.

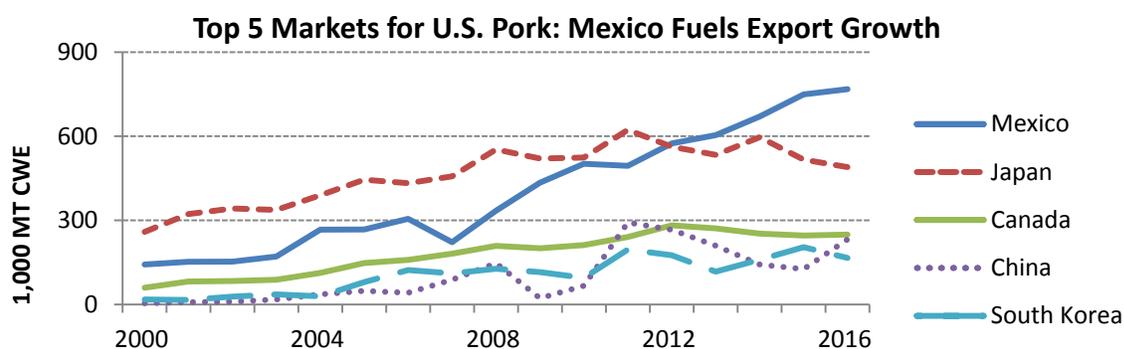
2/ nr - represents "no reporting" countries (data sets excluded beginning in 2017).

3/ From 2017, the following country is excluded: Australia.

## Competitive U.S. Pork Prices Propel Shipments across the Border

Lindsay Kuberka, Agricultural Economist

Exports generally – and shipments to Mexico specifically – have been a driving force for U.S. pork over the past decade. Since the early 2000s, export demand has outpaced growth in domestic consumption. As a percentage of production, exports have expanded from 9 percent (2000-2005 average) to 22 percent forecast in 2017. This compares to just 10 percent for beef and 17 percent for broiler meat. U.S. domestic production is forecast at 11.8 million tons in 2017, a net increase of about 525,000 tons. While U.S. domestic demand is relatively strong and will absorb much of the increase, exports remain a key component of demand. As U.S. supply grows, prices are expected to moderate and generate increased demand for U.S. pork in overseas markets.



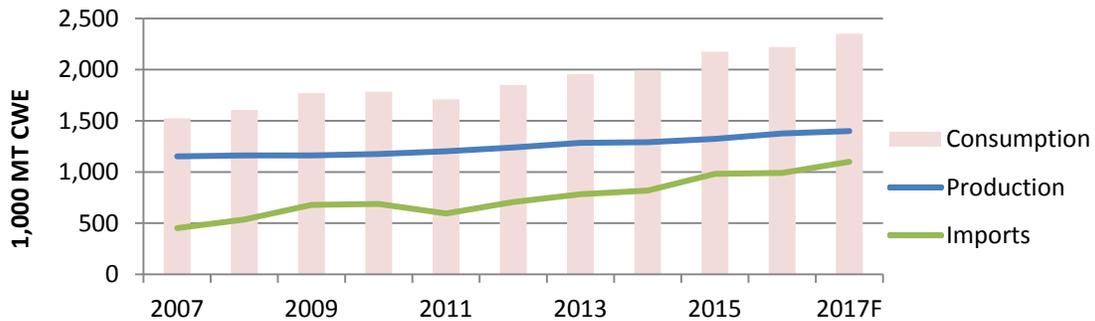
Source: USDA/FAS/GATS

Mexico in particular will propel much of the gain in overall U.S. pork exports in 2017. U.S. pork dominates the market, averaging a nearly 90 percent market share since 2000. Low transportation costs, duty-free access, and relatively low prices are the chief reasons. These advantages have become more critical as the sector looks to expand export sales in the face of increasing competition in Asia from the EU. Mexico's pork imports have nearly quadrupled since 2000, growing from just 276,000 tons to 1.0 million tons last year. Imports are forecast to gain an additional 8 percent in 2017 making Mexico again the third-largest market in the world after China and Japan.

### Growing Pork Consumption Fuels Mexican Imports

Gains in demand have driven Mexican pork imports; per capita consumption has climbed from 12 to 18 kg between 2000 and 2016. While meat consumption overall is growing in Mexico, gains in pork have partially offset declines in beef. Tight supplies and a strong export market have propped up beef prices, increasing the attractiveness of pork. Growth in Mexican pork consumption has outpaced domestic supply. Production has expanded from 1.2 million tons in 2007 to 1.4 million tons in 2016, an average rate of about 2 percent per year. Meanwhile, consumption has grown twice as quickly, gaining over 5 percent per year.

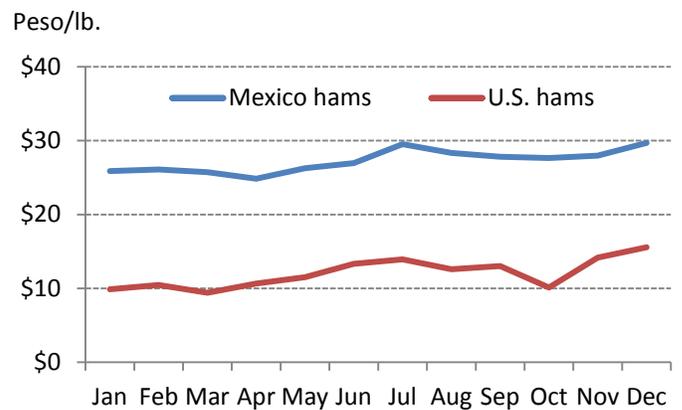
### Mexican Pork Consumption Supported by Rising Imports



Source: USDA/FAS/PSD

Import growth has outpaced domestic supply because of lower pork prices. Relative to U.S. hog producers, Mexican producers are less efficient because of a smaller scale of production; 95 percent of operations have a herd size of less than 20 head. They also face greater costs, mostly due to higher feed prices, which account for approximately 65-70 percent of the cost of raising a hog. As Mexico imports much of its feedstuffs from the United States, its hog producers pay higher prices than U.S. producers. Hence, while other expenses like land and labor are lower in Mexico, they do not offset higher feeding costs.

### Mexican Hams Double U.S. Prices in 2016



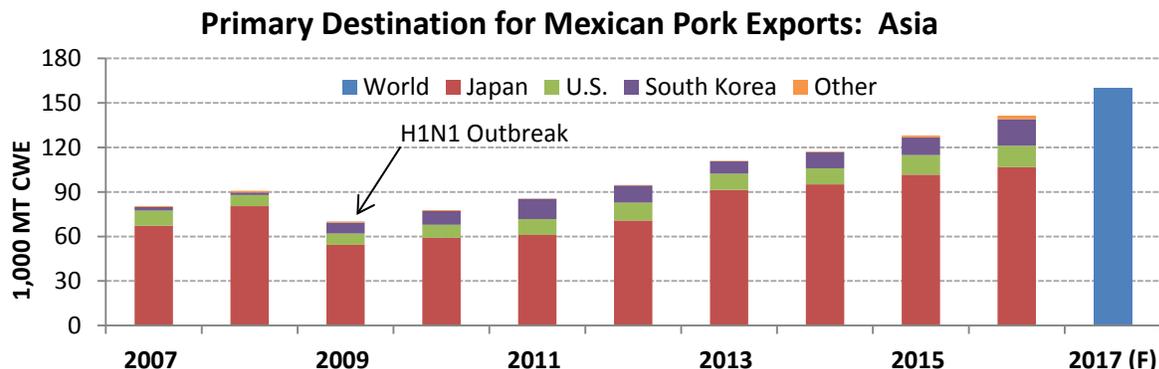
Source: USDA/AMS and SNIIM Mexico.

Higher production costs relative to the sales price of the product limit the sector's growth. As a result, domestic prices tend to be higher than those of imported products. For example, hams in Mexico averaged about double the price of U.S. hams during 2016, incentivizing imports from the United States. With U.S. pork prices expected to weaken further in 2017, Mexican imports of U.S. pork will receive an additional boost.

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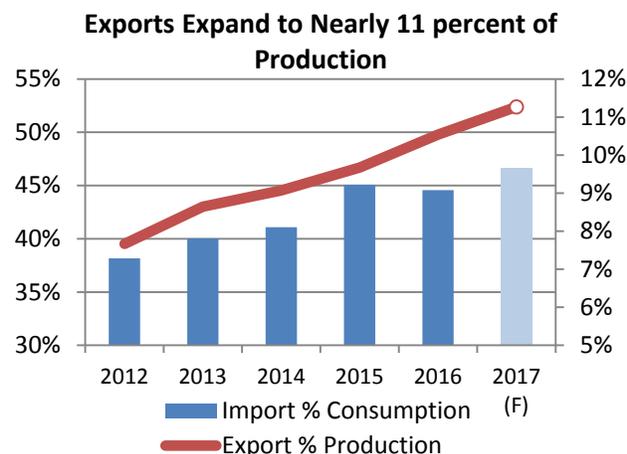
# Report from Field Travel: Mexican Pork Finds Niche Markets in Asia

Tyler Cozzens, Agricultural Economist



Source: IHS Markit - Global Trade Atlas

Mexico's exports of pork are forecast to expand 13 percent to 160,000 tons in 2017, bolstered by strong demand from Asia. Mexico exports high-value, processed pork products to Asia, supplying items such as shish kabobs and precisely-weighted patties to the food service industry. Japan accounts for nearly 80 percent of exports, supported by a 2004 free trade agreement between both countries. South Korea (10 percent) and the United States (9 percent) make up the balance of Mexico's exports. While exports continue to grow, Mexico remains a substantial importer of pork, primarily consisting of lower-valued hams and other cuts which go into the processing industry.



Source: USDA/FAS/PSD

Mexico's pork imports as a percent of consumption, and exports as a percent of production, reveal a relationship between the Mexican and U.S. pork industries which has grown over time. The U.S. pork industry capitalizes on production advantages including superior biosecurity and genetics, and lower-cost feed, allowing it to supply low-cost pork for further processing. Mexico's packers, on the other hand, use their advantage of low-cost labor to focus on exporting specialty and labor-intensive products to Asian markets.



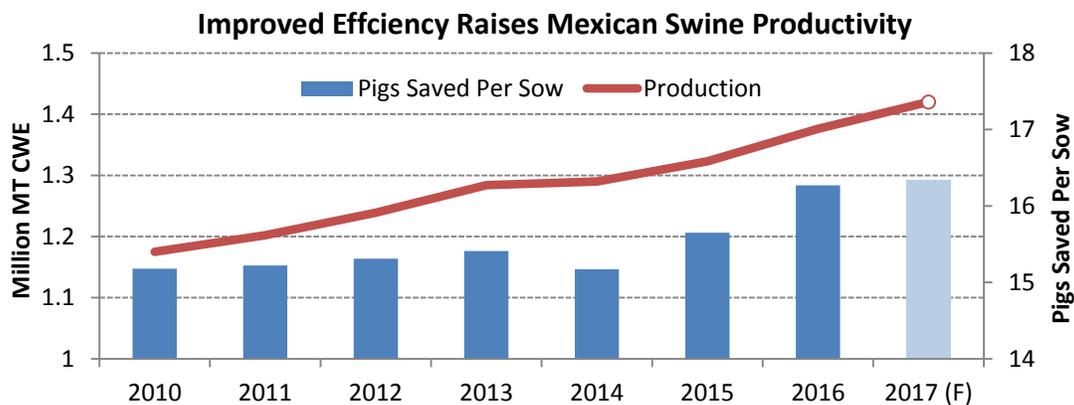
## Higher Pork Supplies Fuel Mexican Export Growth

As higher U.S. pork supplies in 2017 lead to greater availability of competitively-priced pork, Mexico will seek to export higher volumes of pork products to Asian markets. Mexico will also increase its domestic pork production, forecast up 3 percent to 1.4 million tons.

Pork production growth will be enabled by rising efficiency. Although the majority of hog operations in Mexico are small, the sector has been shifting to larger, more efficient operations. Producers develop their own genetics and supply both piglets and feed to farmer-owned finishing barns. The system ensures uniform end-product quality, increases productivity (measured by pigs saved per sow), and reduces risk. As a result, Mexico has grown to rank ninth in world pork production. However, production remains constrained by relatively high feed costs, lower biosecurity, and other factors, ensuring that imports will continue to grow.

### At a Glance...

- Nearly 61,000 hog operations
- 95% of operations are less than 20 head
- 95% of meat produced by the top 5% of hog producers in Mexico is consumed in country
- Mexico City accounts for nearly 40% of Mexico's overall pork consumption



Source: USDA/FAS/PSD

For more information, contact: Tyler Cozzens | USDA-FAS, Office of Global Analysis, Global Commodity Analysis Division | [Tyler.Cozzens@fas.usda.gov](mailto:Tyler.Cozzens@fas.usda.gov), (202) 690-2993.

# Broiler Meat

## Global Production

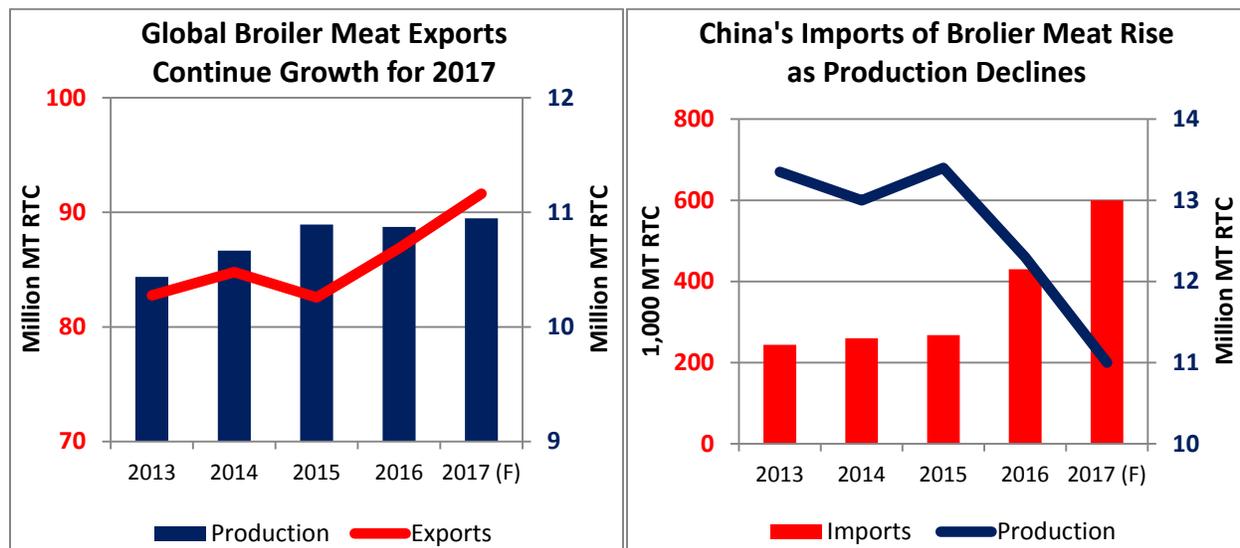
**Global production** is forecast to rise 1 percent to a record 89.5 million tons as expansion by the United States, Brazil, India, and EU more than offset a decline in China's production. Robust foreign demand will bolster production for the United States and Brazil while stronger domestic consumption will support gains in India and the EU. China's broiler meat production is forecast down 11 percent for 2017 following an 8 percent decline in 2016. As China continues to struggle with acquiring adequate supplies of genetic stock due to highly pathogenic avian influenza (HPAI) related restrictions on the United States and EU, the decline in production will accelerate due to continued outbreaks of HPAI.

## Global Trade

**Exports** by major traders are forecast to climb 4 percent to a record 11.2 million tons. While shipments by Brazil and the United States are both forecast to grow, Brazil will see larger gains due to HPAI-free status and growing demand in Asian markets, especially China. South Korea's imports are forecast to rise nearly 13 percent as a result of significant culling of flocks, particularly layer flocks, to control the spread of HPAI.

## U.S. Production and Trade

**U.S. production** is forecast 2 percent higher to a record 18.6 million tons on strong domestic and foreign demand. **Exports** are expected to rise 4 percent to 3.1 million tons. While the United States had its first confirmed case of HPAI in early March no significant production or trade impacts are expected as control efforts have been implemented. Most trading partners have limited trade restrictions to the state and/or county level.



**Broiler Meat Production - Selected Countries Summary**  
**1,000 Metric Tons (Ready to Cook Equivalent)**

	2013	2014	2015	2016	2017 Oct	2017 Apr
<b>Production</b>						
Brazil	12,308	12,692	13,146	12,910	14,080	13,440
European Union	10,050	10,450	10,890	11,330	11,300	11,450
China	13,350	13,000	13,400	12,300	11,500	11,000
India	3,450	3,725	3,900	4,200	4,500	4,500
Russia	3,010	3,260	3,600	3,720	3,770	3,750
Mexico	2,907	3,025	3,175	3,285	3,335	3,384
Argentina	2,060	2,050	2,080	2,055	2,165	2,125
Turkey	1,758	1,894	1,909	1,871	1,960	1,925
Thailand	1,500	1,570	1,700	1,780	1,890	1,870
Indonesia	1,550	1,565	1,625	1,640	1,660	1,660
Others	15,450	16,123	15,540	15,376	15,598	15,732
<b>Total Foreign</b>	<b>67,393</b>	<b>69,354</b>	<b>70,965</b>	<b>70,467</b>	<b>71,758</b>	<b>70,836</b>
<b>United States</b>	<b>16,976</b>	<b>17,306</b>	<b>17,971</b>	<b>18,261</b>	<b>18,690</b>	<b>18,634</b>
<b>Total</b>	<b>84,369</b>	<b>86,660</b>	<b>88,936</b>	<b>88,728</b>	<b>90,448</b>	<b>89,470</b>
<b>Total Dom. Consumption</b>						
China	13,174	12,830	13,267	12,344	11,705	11,250
European Union	9,638	10,029	10,442	10,815	10,785	11,050
Brazil	8,829	9,137	9,309	9,024	9,697	9,162
India	3,445	3,716	3,892	4,196	4,495	4,496
Mexico	3,582	3,738	3,960	4,071	4,178	4,203
Russia	3,504	3,660	3,804	3,836	3,840	3,835
Japan	2,209	2,228	2,321	2,394	2,361	2,390
Argentina	1,729	1,773	1,894	1,905	1,979	1,944
South Africa	1,556	1,572	1,690	1,775	1,885	1,880
Malaysia	1,493	1,613	1,658	1,685	1,632	1,716
Others	20,003	20,710	19,829	19,532	20,192	20,110
<b>Total Foreign</b>	<b>69,162</b>	<b>71,006</b>	<b>72,066</b>	<b>71,577</b>	<b>72,749</b>	<b>72,036</b>
<b>United States</b>	<b>13,691</b>	<b>14,043</b>	<b>15,094</b>	<b>15,331</b>	<b>15,661</b>	<b>15,572</b>
<b>Total</b>	<b>82,853</b>	<b>85,049</b>	<b>87,160</b>	<b>86,908</b>	<b>88,410</b>	<b>87,608</b>

Notes: Chicken paws are excluded. From 2015, the following countries are excluded: Bahrain, Georgia, Iran, Jamaica and Moldova. From 2016, Venezuela is excluded. The notation of a month beneath a year conveys the month in which the forecast for that year was released.

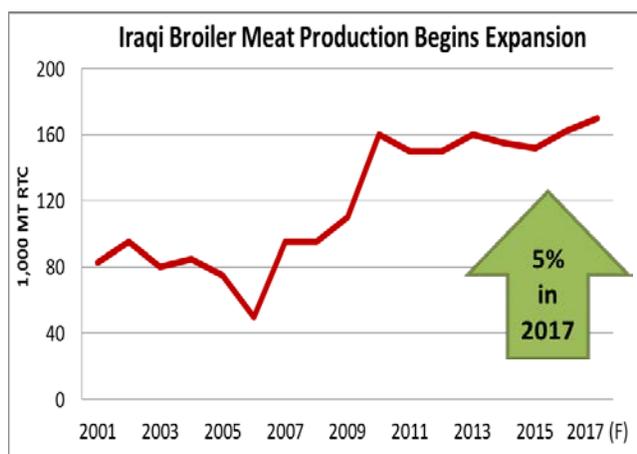
**Broiler Meat Trade - Selected Countries Summary**  
**1,000 Metric Tons (Ready to Cook Equivalent)**

	2013	2014	2015	2016	2017 Oct	2017 Apr
<b>Total Imports</b>						
Japan	854	888	936	973	920	960
Mexico	682	722	790	791	850	825
Saudi Arabia	838	762	863	800	840	790
European Union	671	712	730	761	760	770
Iraq	673	698	625	661	695	663
China	244	260	268	430	550	600
South Africa	355	369	436	504	560	560
Hong Kong	272	299	312	344	335	365
United Arab Emirates	217	225	277	296	330	315
Philippines	148	199	205	245	280	250
Others	3,684	3,715	3,091	2,993	3,116	3,145
<b>Total Foreign</b>	<b>8,638</b>	<b>8,849</b>	<b>8,533</b>	<b>8,798</b>	<b>9,236</b>	<b>9,243</b>
<b>United States</b>	<b>55</b>	<b>53</b>	<b>59</b>	<b>60</b>	<b>60</b>	<b>64</b>
<b>Total</b>	<b>8,693</b>	<b>8,902</b>	<b>8,592</b>	<b>8,858</b>	<b>9,296</b>	<b>9,307</b>
<b>Total Exports</b>						
Brazil	3,482	3,558	3,841	3,889	4,385	4,280
European Union	1,083	1,133	1,178	1,276	1,275	1,170
Thailand	504	546	622	690	710	730
China	420	430	401	386	345	350
Turkey	337	378	321	296	320	310
Ukraine	142	168	158	236	240	250
Argentina	334	278	187	158	190	185
Canada	150	137	133	134	145	145
Belarus	105	113	135	145	135	125
Russia	48	50	71	104	150	115
Others	338	377	344	357	349	362
<b>Total Foreign</b>	<b>6,943</b>	<b>7,168</b>	<b>7,391</b>	<b>7,671</b>	<b>8,244</b>	<b>8,022</b>
<b>United States</b>	<b>3,332</b>	<b>3,310</b>	<b>2,867</b>	<b>3,015</b>	<b>3,128</b>	<b>3,141</b>
<b>Total</b>	<b>10,275</b>	<b>10,478</b>	<b>10,258</b>	<b>10,686</b>	<b>11,372</b>	<b>11,163</b>

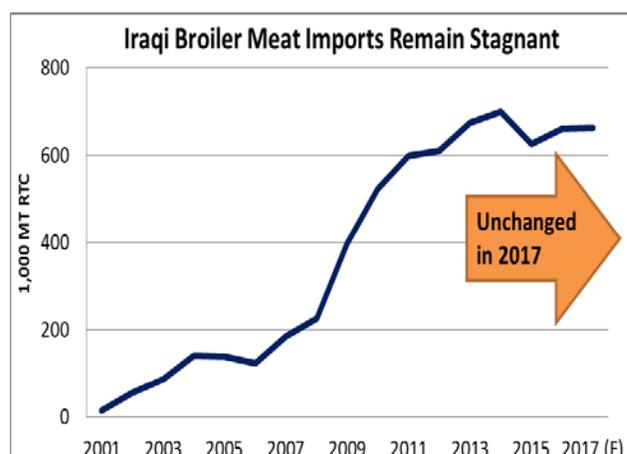
Notes: Chicken paws are excluded. From 2015, the following countries are excluded: Bahrain, Georgia, Iran, Jamaica and Moldova. From 2016, Venezuela is excluded. The notation of a month beneath a year conveys the month in which the forecast for that year was released.

# Iraq Broiler Meat: Rising Demand Met by Production Growth

Claire Mezoughem, Agricultural Economist and FAS Cairo Staff



Source: USDA-FAS-PSD



## PRODUCTION

Iraqi broiler meat production is forecast to rise 5 percent in 2017 to 170,000 tons as increased feed supplies buoy expansion.

Between 2010 and 2016, Iraqi broiler meat production was relatively stagnant, constrained by feed availability, weak bio-security protocols amidst disease outbreaks, and a lack of integration.

## IMPORTS

Iraqi broiler meat imports are forecast virtually unchanged in 2017 at 663,000 tons as slight growth in consumption is fulfilled by rising production.

Traditional suppliers (Brazil and the United States) continue to face increased competition from rising suppliers (Turkey, Ukraine, and Iran).

## Increased Feed Availability to Buoy Broiler Meat Expansion

Iraq continues to be heavily dependent on imported feed ingredients due to inadequate domestic supplies, often of poor quality. However, feed importers face a challenging environment due to Iraq's onerous import regulations, coupled with disruption caused by the turmoil in neighboring Syria. In the past, imports were transshipped via Syria yet traders have been forced to shift to Turkey as a shipping route, resulting in increasing costs.

## CORN

Largely harvested and shucked by hand, Iraqi corn is of low quality. The combination of poor shelling with limited drying capacity and inadequate storage increases the probability of aflatoxin contamination. Most local production is sold to the Ministry of Agriculture's (MoA) Mesopotamian State Company for Seeds, which provides 40 percent of poultry producers' corn demand. However, the larger integrated poultry producers are dissatisfied with the quality and opt not to utilize it. Iraq bans biotech corn for domestic production and imports which constrains supplies and quality as well as elevating prices. Corn and feed pellets imports, generally shipped in 50-kilogram bags, are largely sourced from Ukraine, Russia, and Turkey.

## BARLEY

Iraq's imports of barley remain virtually nonexistent. A sharp increase in production in recent years is supporting available feed supplies for broiler meat expansion.

## OILSEEDS

With limited Iraqi oilseed production, local protein meal availability remains low. Sunflower and sesame production is almost entirely destined for food use (i.e. confectionary). Although cotton production is recovering, cottonseed production falls short of meeting Iraq's livestock feed demand. The MoA poultry initiative (announced in spring of 2010) was finally implemented in 2016. The objective of the initiative is to support farmers and investors in all agricultural sectors and grant interest-free loans. In 2016, as a part of this initiative, the MoA imported 75,000 tons of soybean meal, representing a third of total soybean meal imports, which MoA resold to livestock and poultry producers at 75 percent of the procurement price (including handling costs). Such price relief on a portion of available feed supplies buoys expansion. The forthcoming importation of another 50,000 tons will further support poultry production. Soybean meal is largely imported in 50-kilogram bags from Argentina.

Iraq is heavily dependent on imported feed ingredients

Feed-quality wheat and barley are utilized extensively in the poultry sector

Feed supplies are constrained not only by poor harvests but also government regulations

Iraq has no domestic sources of vegetable protein and large shipments are precluded by rules and fees

### **Broiler Meat Production Expansion in 2017: Robust But Constrained by Lack of Biosecurity**

Production is forecast to rise 5 percent in 2017 to 170,000 tons, assuming no additional avian influenza (AI) outbreaks. The increase is driven by expansion in the Kurdistan Region (KRG) which more than offsets declines in other regions. Expansion in the KRG is due to a positive investment environment, stable security, low feed prices, and strong demand. Production declines in other provinces are mainly due to the unstable security situation. The area around Baghdad is considered the most productive agricultural region in Iraq. However, broiler meat production in the Baghdad region has nearly ceased due to instability and a lack of security.

In 2016, poultry producers faced 11 AI outbreaks. According to the Iraqi Poultry Producer Association (IPPA), flock losses ranged from 15 to 30 percent. In June and July 2016, a major outbreak of H5N1 spread in central Iraq, affecting Baghdad and the nearby Wasit province. More than 3 million birds were culled at an estimated loss of \$80 million. Iraqi authorities responded by imposing a ban on poultry production in the affected region for three months starting on July 1.

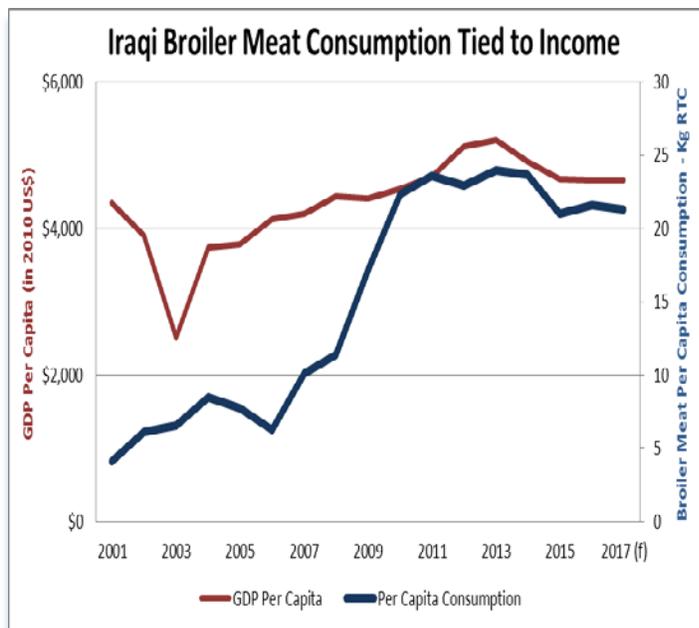
Inadequate producer adherence to bio-security and safety protocols, poor management practices, and low expectations for improvement depress Iraq's production potential. High flock mortality rates combined with elevated feed costs will continue to curb industry growth.

### High Production Costs

Relatively high due to:

- Energy Costs: Extremely hot weather conditions throughout most of the year require significant temperature control in poultry operations.
- Dependence on imported feed at elevated prices.
- Reliance on imported vaccines and equipment.

### Stagnant Incomes Result in Sluggish Consumption



Sources: USDA-FAS-PSD, USDA-Economic Research Service

Iraqi broiler meat consumption is estimated up 1 percent to 833,000 tons in 2017. Sluggish consumption growth is attributed to an unstable security situation and lower Gross Domestic Product (GDP). Given domestic production constraints, imports account for a large share of consumption, a constant 80 percent in recent years. Imported broiler meat is the lowest priced animal protein available in Iraq, at about one-third the cost of imported or domestically produced beef or lamb.

<b>Iraq: Broiler Meat: Production, Supply and Distribution</b>							
<i>Units: 1,000 MT RTC</i>							
Attribute	2011	2012	2013	2014	2015	2016	2017 (F)
Production	150	150	160	155	152	162	170
Total Imports	598	610	673	698	625	661	663
Total Domestic Consumption	748	760	833	853	777	823	833

Source: USDA-FAS-PSD

## Imports: Brazil Losing Market Share to Turkey, Ukraine, and Iran

Iraqi broiler meat imports are forecast relatively stagnant at 663,000 tons in 2017.

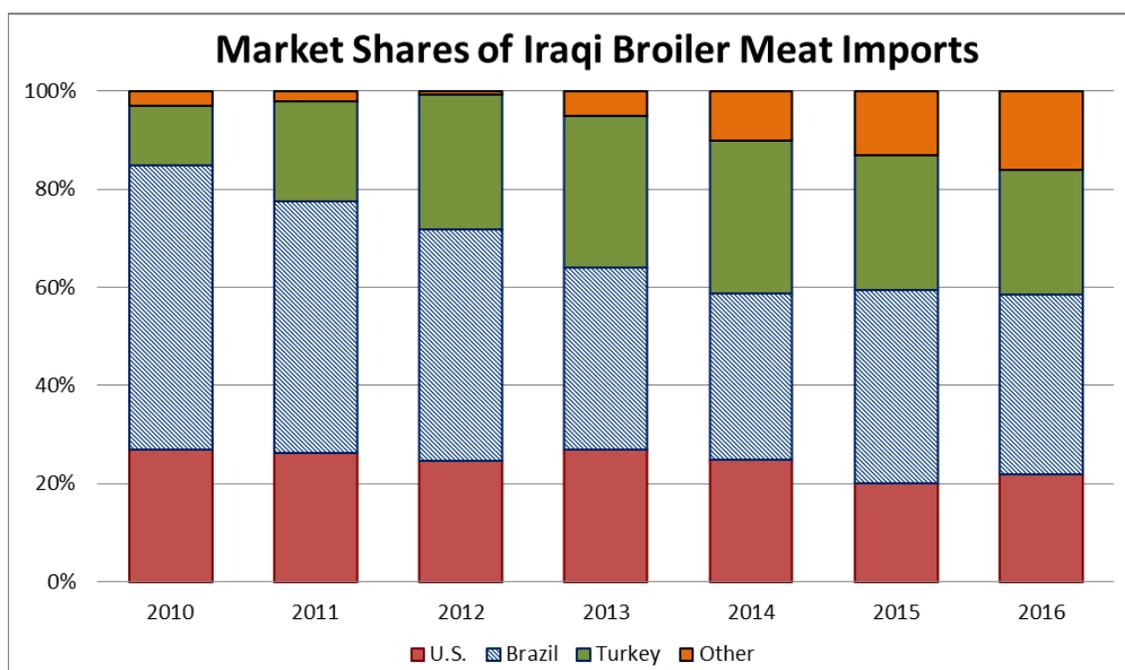
Iraq requires pre-shipment inspection and certification in the country of origin by a (private sector) third party. Of note, Iraq's KRG has opted not to implement the pre-import certification requirement.

Brazil's market share dropped significantly in recent years due to increased competition from other whole bird suppliers, such as Turkey, Ukraine, and Iran. Shipments from Iran rose sharply after ISIS occupied four provinces in June 2014, which challenged transportation from Turkey to central and southern Iraq, creating a market opportunity for Iranian product.

Pre-import certification requirements, as well as increased competition from other suppliers will limit the recovery of U.S. broiler meat exports to Iraq in 2017. The decline in U.S. broiler meat exports to Iraq in 2014 and 2015 was primarily due to AI-based import restrictions.

	Market Shares		Products Supplied
	2011	2016	
<b>U.S.</b>	26%	22%	Cuts
<b>Brazil</b>	51%	36%	Whole Birds and Cuts
<b>Turkey</b>	20%	25%	Whole Birds and Cuts
<b>Other</b>	2%	16%	Whole Birds (Iran, Ukraine) and Cuts (Ukraine)

Source: IHS Markit



Source: IHS Markit

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# Beyond Meat: The Importance of U.S. Hides and Skins Exports

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Mary Rose Parrish, Agricultural Economist

## U.S. hides and skins exports were valued at \$1.9 billion in FY2016<sup>1</sup>

Cattle hides<sup>2</sup> accounted for nearly 60 percent of the total value of U.S. hides and skins exports in FY2016. Other significant products include mink fur skins and non-cattle bovine hides (buffalo). Rounding out the list are sheep and lamb skins, pig skins, other fur skins, reptile skins, etc. The United States is the world's largest exporter of cattle hides, accounting for slightly more than half of world trade. The next three largest suppliers (EU, Australia and Canada) combined offer only a portion of the level of U.S. shipments.

## Cattle Hides: Over 90 Percent of U.S. Production Exported

It is generally assumed that cattle hide production in any year reflects official USDA commercial cattle slaughter. Thus, as hide supplies roughly follow the herd trend, a dip in slaughter can depress the availability of hides for export. In the world market, U.S. cattle hides are regarded as a high-quality product due to feedlot production methods which result in fewer hide defects compared to grazing systems such as in Australia and Brazil. For example, over the last three years, U.S. whole cattle hides (HS 410150) exported to China have received a price premium of at least a third to 50 percent compared to its leading competitor, Australia.

## Domestic Impact: Hides Account for Three to Four Percent of U.S. Live Cattle Value

Whether export-orientated or not, all cattle producers may be impacted by the strength of international markets for hides. For the cattle industry, the "drop credit" is the price paid for cattle by-product items such as offal (edible and inedible), hides, etc.<sup>3</sup> The values of these non-meat items are an important aspect in beef packer returns and thus impact packer margins. The drop credit accounts for about eight percent of the value of a live animal. Depending on market conditions during the last five years, anywhere from 40 to 55 percent of the drop credit was derived from the value of the hide. Therefore, about three to four percent of the value of live cattle was driven by hides.

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<sup>1</sup> Estimates in this document are based on the USDA quarterly publication "Outlook for Agricultural Trade," (<http://www.ers.usda.gov/publications/aes-outlook-for-us-agricultural-trade.aspx>). U.S. hides and skins includes FAS aggregates for Whole Cattle Hides, Other Hides and Skins, Undressed Mink Furskins, Pig and Hog Skins, Whole Other Furskins, Sheep and Lambskins, Cattle Hide Parts, and Other Furskin Pieces. Not included are value-added cattle hides (HS 4104), also known as leather or "wet blue," which have seen significant recent growth. Exports of HS 4104 were \$800 million to \$1 billion in each of the last three fiscal years.

<sup>2</sup> For the purposes of this article, "cattle hides," refers to the FAS aggregates for raw bovine hides (whole and pieces).

<sup>3</sup> The "Drop Credit" is reported by USDA-Agricultural Marketing Service and is publically available data. [https://www.ams.usda.gov/mnreports/nw\\_ls441.txt](https://www.ams.usda.gov/mnreports/nw_ls441.txt)

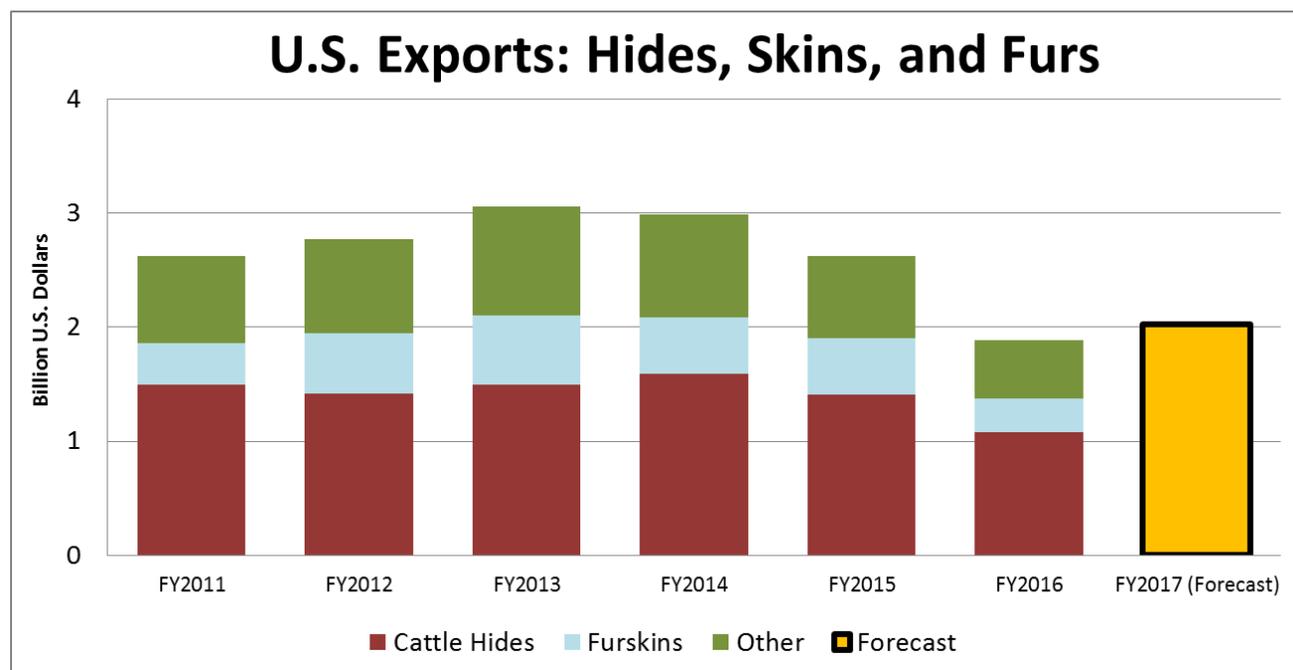
## Forecast:

### After a Sharp Fall in FY2016, U.S. Hides and Skins Exports to Rebound Slightly in FY2017

U.S. cattle hides are very concentrated in terms of export destinations. In FY2016, China accounted for over 60 percent of total U.S. shipments. The next top two markets (South Korea and Mexico) accounted for nearly 25 percent. The price of cattle hides is largely demand driven, with slaughter levels, the strength of the dollar, and other factors playing a lesser role.

The slowdown in China's economic growth has negatively impacted demand for cattle hides by tanneries. Production and exports of Chinese leather goods (such as shoes) are depressed due to rising environmental compliance requirements costs, higher labor costs, and changing middle class consumption trends, as well as external factors, such as energy prices and low demand from developed countries. In FY2016, the value of U.S. whole cattle hide exports was down 28 percent to China compared to FY2015. This contributed to the total value of U.S. cattle hide exports to all destinations being 24 percent lower during the same time period. However, these declines were entirely driven by lower values as quantities shipped remained firm.

Relatively sluggish Asian cattle hide demand is expected to continue through FY2017 and therefore U.S. hides and skins exports are forecast relatively unchanged at \$2.0 billion.



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## Notes to Readers

The *Livestock and Poultry: World Markets and Trade* circular is designed to give a snapshot of the current situation among the major players in world beef, pork, and broiler meat trade.

### PSDs Excluded Beginning in Year 2015:

- Cattle: Colombia and Venezuela.
- Beef: Albania, Azerbaijan, Cote d'Ivoire, Georgia, Ghana, Jamaica, Senegal, and Uzbekistan.
- Pork: Albania, Armenia, Congo (Brazzaville), Gabon, Georgia, Ghana, Jamaica, North Korea, Kyrgyzstan, Moldova, Switzerland, and Trinidad and Tobago.
- Broiler Meat: Bahrain, Georgia, Iran, Jamaica, and Moldova.

### PSDs Excluded Beginning in Year 2016:

- Pork: Venezuela.
- Broiler Meat: Venezuela.

### PSDs Excluded Beginning in Year 2017:

- Live Swine: Australia.

### Data Revisions in PSDs for Years Prior to 2014:

Revisions are made based on new and/or additional information.

Commodity/Attribute	Years	Countries
<b>Cattle</b>		
<i>Stocks</i>		NONE
<b>Beef</b>		
<i>Production</i>	2000-2013	Honduras, Iran, Peru, and the Philippines.
<i>Trade</i>	2007-2013	Kuwait, Russia, and Turkey.
<b>Swine</b>		
<i>Stocks</i>		NONE
<b>Pork</b>		
<i>Production</i>	2007-2013	China, Colombia, Cuba, Ecuador, Montenegro, the Philippines, Serbia, South Africa, Uruguay, and Vietnam.
<i>Trade</i>	2012-2013	El Salvador, Macedonia, and Norway.
<b>Broiler Meat</b>		
<i>Production</i>	1990-2013	Azerbaijan, Canada, Congo (Kinshasa), Iraq, Jordan, Kuwait, and Singapore.
<i>Trade</i>	2013	Ukraine

### Assumptions

- **Diseases:** Forecast reflects disease (avian influenza, bovine spongiform encephalopathy, etc.) policies and restrictions in place as of April 11, 2017 and assumes their continuation.

## Conversion Rates

	<b>Beef &amp; Veal</b>	<b>Pork</b>	<b>Broiler Meat</b>
<b>Conversion Rate</b>	1.4	1.3	1
<b>HS Codes</b>	Fresh/Chilled: 0201 Frozen: 0202 Processed: 021020 & 160250	Fresh/Chilled: 020311, 020312, 020319 Frozen: 020321, 020322, 020329 Processed: 021011, 021012, 021019, 160241, 160242, 160249	Fresh/Chilled: 0207.11, 0207.13 Frozen: 0207.12, 0207.14 Processed: 1602.32

Note: There are several exceptions by country/product. In general, chicken paws are excluded. Also, beef and veal estimates include meat of other bovines for certain countries. In particular, Indian estimates include carabeef (water buffalo).

## Technical Notes

**CWE/PWE:** All quantities (beef and pork) noted are in Carcass Weight Equivalent (CWE) unless otherwise noted as Product Weight Equivalent (PWE). CWE is the weight of an animal after slaughter and removal of most internal organs, head, and skin. PWE is the actual weight of the meat product exported.

**RTC (Ready-to-Cook):** The weight of poultry certified wholesome by inspection after post-mortem condemnation pounds are removed. Ready-to-cook represents poultry meat ready for the marketing channel.

## FAS Reports from Overseas Offices

The *Livestock and Poultry: World Markets and Trade* circular is based on post reports submitted since January 2017 and on available secondary information. The individual country reports can be obtained on FAS Online at: <http://gain.fas.usda.gov/Pages/Default.aspx>.

## PSD Online

The entire USDA PSD database is available online at: <http://www.fas.usda.gov/psdonline>.

## Additional Resources

Please refer to the USDA-FAS Dairy, Livestock and Poultry website at: <http://www.fas.usda.gov/commodities/livestock-and-meats> for additional data and analysis.

Situation and outlook information on U.S. livestock and poultry can be obtained from the USDA-Economic Research Service at: <https://www.ers.usda.gov/topics/animal-products/>.

## Future Releases and Contact Information

Please visit <http://www.fas.usda.gov/data/livestock-and-poultry-world-markets-and-trade> to view archived and future releases. The next release of this circular will be in October 2017.

To receive the circular via email, go to:

<https://public.govdelivery.com/accounts/USDAFAS/subscriber/new>.

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