

U.S. Meat Imports Trend Down In Face of Rising World Surplus

By K. SUZANNE EARLY and ARTHUR F. HAUSAMANN
Foreign Commodity Analysis,
Livestock and Livestock Products
Foreign Agricultural Service

IMPORTS OF FRESH and chilled meat into the United States in 1974 may fall 18 percent below those of last year, for the first time in 2 years slipping under the trigger point for Federal meat import quotas that were suspended in mid-1972.

However, the decline comes at a time of still-mounting beef surpluses abroad, which portend future problems in the world market should producers decide to liquidate some of the additional cattle they have been holding on pasture.

The new estimate sees U.S. imports of fresh, chilled, and frozen beef, veal, mutton, and goatmeat totaling 1.1 billion pounds, product weight, in 1974, compared with about 1.3 billion in each of the previous 2 years. This represents an 8 percent decline from estimates made in July and a 16-million-pound drop below the quota trigger level of the Meat Import Law (P.L. 88-482).

The slowing import pace is the result of low prices in the United States for manufacturing grade beef, favorable pasture conditions in major exporting countries, and higher shipping costs and labor problems in Australia—the largest source of U.S. meat imports.

As a result, Australia alone is shipping 200 million pounds less meat than it did in 1973. In fact, only Ireland is increasing shipments to the United States in 1974—by about 28 million pounds.

Not so certain, however, is what will happen next year as a result of the tightening import restrictions in other markets and the worsening financial problems of livestock producers.

Outside the United States, the world market for meat has been steadily narrowed by trade restrictions. The European Community since July has had a ban on all imports of beef and veal, which is due to be lifted at the end of October but probably will be extended through the spring of 1975. Canada on August 12 imposed import quotas on beef and live cattle, and Japan has issued no new beef import quotas since October 1973.

The United States thus stands as the only major unrestricted market for beef imports, and already has begun receiving a larger percentage of total trade than in the recent past. However, earlier fears that this country might become a dumping ground for meat have failed to materialize.

The reason is that livestock producers in the major exporting countries, faced with the prospect of marketing at low prices or holding their animals on pasture, have temporarily opted for the latter—a move encouraged by unusually favorable pasture conditions in major producing countries.

As a result, while cattle slaughter has turned up—especially in European countries—herd increases have contin-

ued, and an estimated 15 million head of cattle will be added to inventories this year. Somewhat offsetting these larger potential beef supplies will be lower levels of pork production starting in the fall of 1974.

Supplies of beef are steadily mounting—particularly in the European Community—and have prompted some recent highly discounted sales to the Soviet Union.

Major importers. U.S. beef and veal production is climbing faster than had been expected. Current estimates indicate an 8 percent gain in output, compared with 6 percent forecast in July. Production in January-August was 15.2 billion pounds for an 8 percent increase from the 1973 period.

U.S. cattle numbers as of July 1 were also up—by 7.4 million head from a year earlier to 138.3 million head—with about 90 percent of the cattle on ranges and grassland, compared with 85 percent in 1973.

Slaughtering of grass-fattened animals also have risen—by an estimated 300,000 head in the first 7 months. However, placements of cattle on feed in seven states were down 20 percent in the first 8 months of 1974. As a result, prices for feeder cattle are down and expected to remain depressed at around \$25-\$35 per 100 pounds, through the fall months.

This, in turn, is affecting prices of manufacturing beef—the category into which most U.S. beef imports fall. Hence, while prices for imported cow beef (f.o.b. port of entry 30 days) strengthened in August to 80 cents per pound, they soon began to slide, reaching a late September level of about 63 cents—the lowest since January 1972.

On the other hand, supplies of cattle finished in feedlots are down, reflecting the higher cost of animal feed, causing

prices for fed cattle to remain steady. This trend is expected to continue through the fall.

CANADA has been experiencing much the same problems as the United States and has moved to attack these through a beef price stabilization program which includes quotas on imports (*Foreign Agriculture*, September 30, 1974). The quotas, based on average imports of slaughter cattle and fresh and frozen beef and veal during 1969-73, limit imports to 82,826 head of cattle and 125.8 million pounds of beef and veal.

Partly because of the program, cow beef prices in Canada, which are normally below those in the United States, are now about on par. This is expected to increase Canadian manufacturing beef prices and could divert some Australian and New Zealand shipments into Canada from the United States. However, such shipments would be limited by a provision in the new Canadian regulation allowing no more than 30 percent of the annual quota to enter in any one quarter (14 million pounds for Australia and 18 million pounds for New Zealand).

Cattle numbers on Canadian farms as of June 1 totaled 15 million head—6 percent above those of January 1, 1974. However, cattle slaughter at public stockyards and Federally inspected packing plants between January 1 and August 10 had risen only 1 percent above the 1973 level.

In the European Community, the embargo on beef, veal, and cattle imports is expected to drop net beef and veal imports to about 440 million pounds (carcass weight equivalent)—a mere 28 percent of the 1,685 million pounds imported in 1973.

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U.S. IMPORTS OF FRESH, CHILLED, AND FROZEN BEEF, VEAL, MUTTON, AND GOATMEAT¹
[In millions of pounds, product weight]

Source	1972	1973	Estimated 1974
Australia	727.5	708.0	505.0
New Zealand	266.2	290.9	285.0
Mexico	81.9	67.1	50.0
Canada	58.3	55.3	40.0
Ireland	30.9	21.8	50.0
United Kingdom	.1	.2	5.0
Caribbean area	190.6	211.1	180.0
Total	1,355.5	1,354.4	1,115.0

¹ Items subject to U.S. Meat Import Law (P.L. 88-482).

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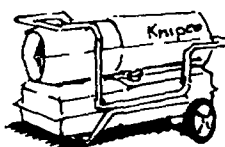
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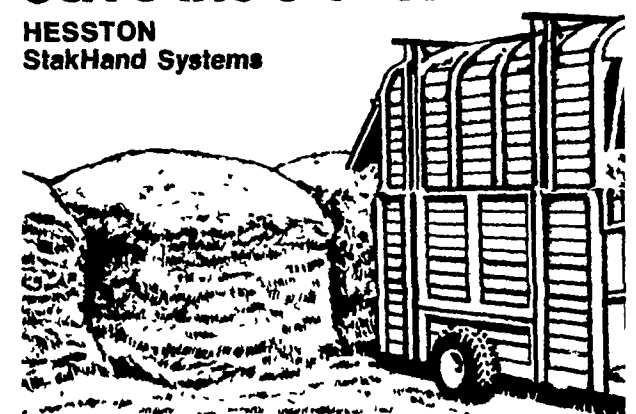
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