

What Is Happening In World Poultry Markets?

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A recent report, "The Role of the South in the United States Poultry Trade," by Stephen Ford gives us some insight into the world poultry market of today.

World poultry production has more than doubled since 1975. It reached an estimated level of 35.7 million metric tons in 1990.

The United States has maintained its share of world production, at a relatively constant 30 percent, over the 15-year period.

The European Economic Community (EC-12) has had steady production increases over this time period, but not as rapid. Their share of world production has fallen to 17 percent in 1990 from 25 percent in 1975.

The Soviet Union shows a similar pattern of production growth with its share of world production falling from 10 percent to 9 percent.

Brazil has had the most dramatic increase in production. Nearly six times as much poultry was produced in 1990 as in 1975 and Brazil's share of world production increased from 3 percent to 6 percent.

Along with the rapid growth of

poultry production has been a tripling of trade in poultry products. The EC-12 has been a major exporter of poultry. Much of their trade is within Europe, which means that the EC-12 is also a major importer. When trades within the group are eliminated, the net exports average slightly more than for the U.S. over the fifteen-year period, and net exports were more than for the U.S. from 1981 to 1986. Eastern Europe, also a major exporter of poultry, has had net exports averaging slightly less than for the U.S. with exports from 1982 to 1988 exceeding the level of U.S. exports.

Brazilian exports were 27 times as large in 1990 as in 1975. Currently more than 10 percent of production is exported. Brazil has gone from exporting less than one-tenth as much poultry as the U.S. in 1975 to exporting over one-half as much in 1990.

Japanese investment in processing facilities in Thailand and China have helped them enter the export market recently and each command about 5 percent of the export market in 1990. Thailand supplied 37 percent of the Japanese poultry imports in 1990, slightly more than the U.S. (35 percent). Brazil and China each supplied about 12 percent.

Exports of meat from the United

States are a small part of production. The red meats, (beef, pork, and lamb) all have less meat exported than is imported for domestic use — imports are about two and a half times as large as exports. Poultry product net exports for 1990 were 6 percent of broiler production, 4 percent of mature chicken production, and 1 percent each of egg and turkey production. These proportions seem small when compared to grain exports. In 1989 the U.S. exported 63 percent of wheat production, 30 percent of corn production, and 32 percent of soybean production.

Broilers dominate the U.S. poultry exports, representing 63 percent of the value of all poultry exports. Whole broilers are a small part of exports, over 80 percent of broiler exports are cutup portions. The export market has provided an outlet for dark meat that is not as popular here at home. Leg and thigh meat has been popular in Oriental markets because of their preference for more flavorful meats, and with the Soviet Union because of the low price. Eggs make up 13 percent of poultry exports, live poultry 11 percent, and the combination of feathers, turkeys, and processed meats 13 percent.

The United States Department

of Agriculture predicts that U.S. exports of broilers will be lower in 1991 than in 1990. Sales to most countries are expected to increase slightly, but last year's leading buyer, the Soviet Union, is expected to reduce purchases substantially due to hard currency credit constraints. Credit guarantees of \$25 million from the U.S. helped finance purchases of grain and 57 million pounds of chicken earlier this year, but the prospects of further credit and what would be bought with it are uncertain at this point.

Japan has historically been the largest buyer of U.S. broilers and eggs. In 1989, Japan purchased 24 percent of all U.S. poultry exports. About half of all U.S. poultry exports go to Asia. In addition, Mexico, Canada, and Caribbean nations have been consistent importers of U.S. poultry products. Growth in exports to Canada should continue as trade restrictions are reduced under the Free

Trade Agreement. The Middle East is seen as a potential growth area for exports, this year, as production in that area has been disrupted by the Gulf War. Export Enhancement Program funds will be necessary to serve this market because of competition from subsidized exports from the EC-12, particularly France and the United Kingdom.

U.S. turkey exports go primarily to Canada, Mexico, and Asia. West Germany, Egypt, and Taiwan have purchased U.S. turkey on a more sporadic basis.

Increases in domestic poultry meat consumption will protect the poultry industry from major impacts because of export market changes. Increasing world production will provide additional competition for U.S. producers, but less restricted trade in general and the opening of markets in Eastern Europe should provide some new opportunities for trade.

NCGA Applauds 'Fast Track' Extension

ST. LOUIS, Mo. — The National Corn Growers Association (NCGA) recently applauded Congress for approving the extension of "fast track" negotiation authority.

NCGA was the first commodity organization to endorse the Mexican Free Trade Agreement, which was announced at its annual meeting in Kansas City in February 1991.

Randy Cruise, a Nebraska corn grower and vice president of governmental affairs for NCGA, said that the action to turn back attempts to block an automatic extension gave hope to increased international markets for U.S.-grown corn.

"NCGA recognized at an early stage that market development and successful trade talks with Canada and Mexico as well as at GATT represent important markets for US corn farmers," Cruise said.

"We know that the key to profitability for U.S. agriculture lies in making markets for our products, which are needed around the world."

Cruise said that NCGA had been an active supporter of an extension in many other ways.

"Our Washington office was included in a White House meeting with President George Bush. Our president, Jack Kintzle, a corn farmer from Coggon, Iowa, and our Washington representative gave testimony before Congress, and we conducted a 'Grassroots' campaign among membership," Cruise said. "We also were part of a coalition that placed an ad in the 'Washington Post' urging extension of 'fast track.'"

Cruise said NCGA will continue to support efforts to improve access to world markets for U.S.-grown corn.



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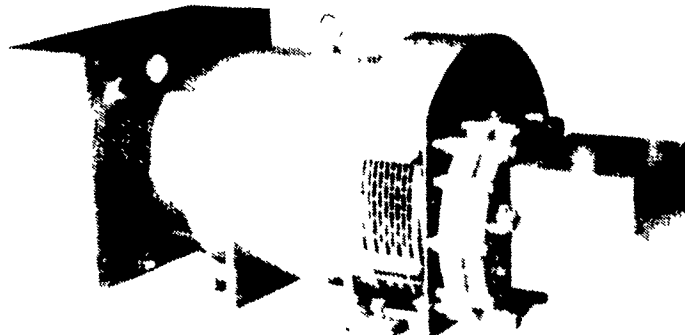
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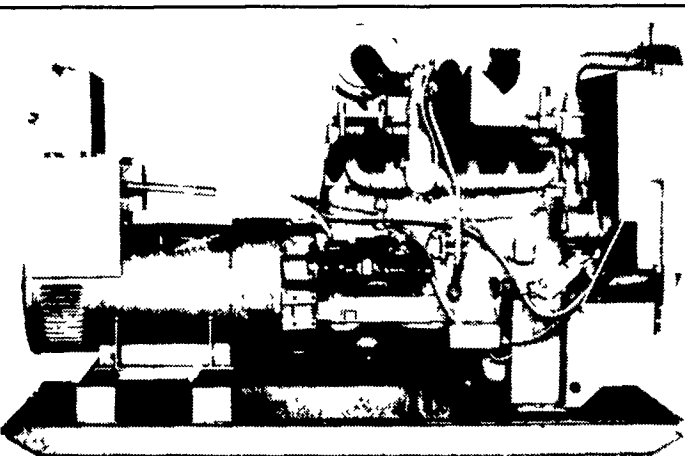


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