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## **Austria**

### **Livestock and Products**

#### **Annual**

#### **2000**

Approved by:

**Paul Spencer**

**U.S. Embassy Vienna**

Prepared by:

Walter Krucsay

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#### **Report Highlights:**

**Cattle inventories are expected to continue declining in 2000 despite price improvement. In the next few years, beef consumption is expected to remain stable at 1999 levels. Already low U.S. beef exports to Austria halted in 1999. Despite a price recovery, hog production is expected to continue its declining trend in 2000 and possibly 2001.**

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Includes PSD changes: Yes  
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## Executive Summary

The low cattle prices resulted in one inventory low after the other. Although prices have recovered somewhat, the bottom may not be reached before 2001. Smaller 2000 cattle production should cause a decline in the slaughter rate. In addition, 1999's record weights will probably not be reached. Thus, beef production is expected to drop. Consumption, which in 1999 recovered somewhat, is expected to remain stable at 1999 levels. The 2000 production decline will result in reduced beef exports; however, the long term trend toward rising trade with EU members will continue. Around 80% of beef exports and more than 90% of live cattle exports are intended for EU countries. In general, cattle and beef imports are significantly smaller than exports. Already low U.S. beef exports to Austria came to a halt in 1999. Since no agreement on U.S. - EU beef trade is expected soon, no imports from the U.S. are expected in 2000.

Reduced hog production due to low prices and high slaughter rate caused a considerable inventory drop in 1999. Despite a price recover, a further production decrease is expected in 2000 and possibly 2001. The unstable hog market is hurting farmers. Pork consumption will probably remain at 1999 levels, lower hog production will cause increasing imports of live hogs and pork. Nearly all live hog imports come from other EU countries.

Average rate of exchange: \$ 1 = AS 12.91 in 1999

AS 14.34 in the first half of 2000

AS 14.88 on August 8, 2000

## Animal Numbers, Cattle

PSD Table						
Country	Austria					
Commodity	Animal Numbers, Cattle				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Total Cattle Beg. Stks	2172	2172	2150	2153	2211	2149
Dairy Cows Beg. Stocks	700	700	690	690	0	680
Beef Cows Beg. Stocks	8	8	9	9	0	10
Production (Calf Crop)	796	775	900	769	0	767
Intra EC Imports	36	25	40	41	0	47
Other Imports	0	0	0	0	0	1
TOTAL Imports	36	25	40	41	0	48
TOTAL SUPPLY	3004	2972	3090	2963	2211	2964
Intra EC Exports	138	135	140	140	0	145
Other Exports	10	10	10	9	0	11
TOTAL Exports	148	145	150	149	0	156
Cow Slaughter	158	167	150	148	0	143
Calf Slaughter	138	113	140	105	0	110
Other Slaughter	410	394	439	412	0	415
Total Slaughter	706	674	729	665	0	668
Loss	0	0	0	0	0	0
Ending Inventories	2150	2153	2211	2149	0	2140
TOTAL DISTRIBUTION	3004	2972	3090	2963	0	2964
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

## Production

### General

Cattle husbandry is the most important branch in Austrian agriculture. Breeder cattle production and dairying are largely concentrated in the alpine and pre-alpine meadow regions. Cattle fattening is mainly carried out in the climatically more favorable areas with corn for silage in the pre-alpine and southern plain and hill areas. In general,

Austrian cattle producers operate mixed, general agriculture farms which have an average of 21.2 head of cattle per farm.

The gross production value of cattle husbandry accounts for 39% of the total agricultural gross value. In 1999, the gross value of cattle production was AS 7.7 million, the same as in 1998. The gross value of milk production (AS 11 million) exceeds considerably that of cattle production.

In 1999, the number of cattle farmers dropped by 2.1% to 101,500. Due to the fairly stable and higher prices, the consolidation of the cattle industry should continue at this rate (which is roughly equal to rate at which the number of farmers is decreasing in Austria). Implementation of Agenda 2000 regulations will hurt income, which should contribute to the shakeout during the next few years. The ongoing concentration connected with rising cattle inventories per farm is limited by the Livestock Regulation Act which includes a cap on per-farm livestock holdings.

### Production Factors

#### Inventories

The bad situation within the cattle market after EU accession created one record inventory low after the other. In 1999, this process continued with inventories declining 0.9% compared to 1998.

The June 2000 count of 2.17 million head of cattle (-0.9%) indicates a further drop in stock levels compared to June 1998. The stock decline is expected to continue through 2000 and probably 2001.

#### Prices

The 1999 average price of slaughter cattle (calves not included) was AS 33.10/kg of slaughter weight, down 4% from 1998. A price recovery began in fall 1999 and continued into 2000. In the first third of 2000, the average price was 5% above the first third of 1999. Prices should remain fairly stable through most of 2000 as EU inventories are depleted and EU production is expected to decline.

The drop in breeder cattle price was more moderate (pregnant heifers -2.7%) in 1999. Due to the good demand in Italy, the price of pregnant heifers rose 7% in the first third of 2000. However, this high price level will not be maintained in 2000.

#### Slaughter Rate

Due to the low cattle stocks at the end of 1998 and only a small production rise, the 1999 slaughter rate was 1.6% below that of 1998. In 2000, reduced stocks and an expected production decline should result in a further drop in cattle slaughtered. Due to agenda 2000 effects (lower intervention price, lower export restitutions) this trend may reach into 2001.

Lighter cattle achieve a higher price because they are preferred by traders, particularly Italian importers. Nevertheless, cattle weights increased again in 1999. Farmers sold cattle later because they hoped for better prices. The live weight of all cattle categories increased by 1.5% to an average of 641.7 kg. The average slaughter weight of bulls rose to 371.5 kg, steers to 340.9 kg, cows 316.5 kg and heifers 298.5 kg. The average slaughter yield of all cattle categories

except calves was 53.5%, the same as in 1998.

Due to the higher cattle weight, meat output increased in 1999 by 3% compared to 1998 despite lower slaughter rate. It is unlikely that the record weights of 1999 will be reached again in 2000.

#### Feed

The long drought in spring 2000 resulted in a significantly smaller first hay crop. Although conditions for a relatively high second hay cut are good, there will be some shortage. The lack of domestic hay will be offset by imports and the use of more silage.

At the beginning of August 2000, the price for feed barley (AS 1,545/MT, Vienna stock exchange) rose 4.5% but feed corn (AS 1,720/MT) declined 3% in comparison to August 1999 prices.

Domestic oilseed/pulse production is relatively small; thus, imports of large quantities of soybean meal will continue in 2000 and 2001. On August 4, 2000, the price of soybean meal (bulk, 44% protein, fiber maximum 7%, from German mills) rose by more than AS 25 to AS 3,050/MT (+24%), compared to August 2, 1999.

#### Production Mix

Household and/or on-farm slaughter accounts for only 1% of the total cattle and hog slaughter. Products from household slaughter may not be sold, but used only by the family. The share of on farm slaughter is declining. In all slaughter plants, official veterinarians have to check animals and certain meat parts/offal.

Due to the rising size of the Islamic community, several plants have been approved for halal slaughter. There is one plant in Vienna where kosher slaughter is carried out. In certain sections of this establishment, cattle are slaughtered under the supervision of a rabbi.

In Austria there are 36 public and 31 private cold storage plants.

As with slaughter/cutting plants, most Austrian processing plants are small compared to the EU average. They are owned by special meat processing companies, cooperatives, and food chains which produce their own brands. Around 30 meat processing plants are eligible to export cattle and swine products to the European Economic Area (EEA).

The Austrian market for meat and meat products is about AS 24 billion of which around half is attributed to sausages and ham. A disadvantage in addition to the relatively small size of the Austrian meat processors, is the fact that most of them offer a full assortment of products, although 20% of the processors account for 80% of turnover.

Around 80% of domestically produced sausages are sold to the food trade, which is dominated by two large food chains. As with other food processors, sausage manufacturers are complaining about food chains using their quasi-monopoly position to exercise heavy price pressure.

At present there are 35 large sausage producers with a total of 6,500 employees and an annual turnover of around AS 18 billion. In recent years, many of them operated with losses and some of them will have to close. According to the meat processor association, processor companies should increase cooperation and merging to counter the price pressure by the trade. In addition, the economic situation should be improved by lowering input costs and through specialization. Currently, each company produces around 100 products ranging from cheap boloney to high price ham.

#### Production Technology

The use of growth hormones in livestock is forbidden. Random sample tests for hormones are carried out according to EU regulation. The inclusion of certain antibiotics not used in medicine is permitted in feeds. Various Austrian organizations are demanding a complete ban on antibiotics in feeds. This is also favored by the Agricultural Minister. However, as an Austrian ban would reduce Austrian competitiveness, he advocates such a ban by Brussels for all EU countries.

Until August 1999, blood samples of each cattle were tested for various diseases such as tuberculosis, brucellosis and leucosis in intervals of two years. However, as Austria has been free of these diseases for many years, test intervals will be expanded to 5 years.

Beef cattle breeding is gaining importance although the number of this cattle type is still low. Since 1992, there have been special beef cattle breeder organizations in each Austrian province. In 1999, there were 900 breeders (+10%) with 6,370 registered cows. The main breed is the Scottish Highlander followed by Limousine, Angus, Galloway, Charolais, Blonde d'Aquitaine, and Luing. The numbers of Scottish Highlander and Charolais show the highest growth. Scottish Highlander, Galloway, and Angus are bred in Austria and used as pure breeds. Blue White Belgians, Charolais and Limousine are mainly imported and cross bred with Simmental. Blue White Belgian cross breeds grow faster than non-beef cattle but receive the normal price. However, the special beef cattle Scottish Highland, Galloway, Angus etc. achieve a higher price. Meat from these cattle is usually sold directly to consumers by farmers.

Beef labeling, as concluded by the EU in July 2000, is welcomed by the Austrian Agricultural Minister. For some time, the large supermarket chains have labeled their packed meat indicating name and address of the cattle farm.

**Trade**

Import Trade Matrix				
Country	Austria		Units:	1000 head
Commodity	Animal Numbers, Cattle		Partial Begin	
			Partial End	
Imports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0		
Others				
Germany	28	22		
Italy	2			
Netherlands	1	2		
Total for Others	31	24	0	0
Others not Listed	1	1		
Grand Total	32	25	0	0

Export Trade Matrix				
Country	Austria		Units:	1000 head
Commodity	Animal Numbers, Cattle		Partial Begin	
			Partial End	
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0		
Others				
Germany	41	37		
Italy	71	69		
Croatia	1	1		
Czech Republic	1	1		
Bosnia-Herzeg.	6	7		
Netherlands	7	5		
Spain	1			
Ukraine	1			
Romania	1			
France	3			
Total for Others	133	120	0	0
Others not Listed	5	25		
Grand Total	138	145	0	0

Breeder cattle imports have always been small. In 1999, the sharp decline in breeder cattle imports (17% to 3,100) reflects the anticipated production decline. Calf imports decreased by 57% over 1998. The largest category are dairy and slaughter cattle of more than 300 kg/head (20,800 head). Their imports dropped by 20%.

Due to the expected production decline, imports should rise in 2000 and 2001. Traditionally, Germany is expected to remain the predominant supplier. Imports from non-EU countries are marginal.

The 1999 exports fell 5%. Of around 145,000 total cattle exports, 93% went to other EU countries. Slaughter cattle were the main export item (84,000 head). Breeder cattle exports rose to 28,000 head (+12%). A particularly strong export rise was noted for calves (+70%).

It is expected that trade with other EU countries will increase in 2000 and 2001, which should result in a rise in exports.

## MEAT, Beef and Veal

PSD Table						
Country	Austria					
Commodity	Meat, Beef and Veal				(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	706	674	729	665	0	668
Beginning Stocks	8	8	3	1	1	1
Production	203	203	210	198	0	198
Intra EC Imports	14	16	15	19	0	20
Other Imports	1	3	1	3	0	3
TOTAL Imports	15	19	16	22	0	23
TOTAL SUPPLY	226	230	229	221	1	222
Intra EC Exports	69	58	75	55	0	57
Other Exports	6	16	6	10	0	10
TOTAL Exports	75	74	81	65	0	67
Human Dom. Consumption	148	155	147	155	0	155
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	148	155	147	155	0	155
Ending Stocks	3	1	1	1	0	0
TOTAL DISTRIBUTION	226	230	229	221	0	222
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

### Consumption

After a sharp drop in 1998, beef/veal consumption grew 4% in 1999. Nevertheless, with 155,000 MT it was still below normal. In contrast to the producer price, which declined, retail prices rose for veal slightly (+2%).

It is forecast that the long time trend of declining beef consumption bottomed out. It is expected that in 2000 and 2001 consumption has bottomed out will fluctuate at the 1999 level. Consumer prices increased 4% in the first trimester of 2000 over the first third of 1999. No further rise in consumer prices is expected in 2000.

According to the Statistical Central Office, Austrian per capita consumption of beef was 19.3 kg, up 4.3% from 1999.

Despite ongoing health wave, total meat consumption has been rising for many years. In particular, pork consumption has been increasing, partially at the expense of beef.

**Trade**

Import Trade Matrix				
Country	Austria		Units:	MT
Commodity	Meat, Beef and Veal		Partial Begin	
			Partial End	
Imports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	150	0		
Others				
Germany	8000	9100		
Netherlands	2300	3600		
Italy	700	600		
France	100			
Poland	200	200		
Hungary	200	700		
Czech Republic	500	800		
Brazil	400	500		
New Zealand	100			
Total for Others	12500	15500	0	0
Others not Listed	150	600		
Grand Total	12800	16100	0	0

Export Trade Matrix				
Country	Austria		Units:	MT
Commodity	Meat, Beef and Veal		Partial Begin	
			Partial End	
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0		
Others				
Germany	10700	8500		
Italy	25800	30300		
Netherlands	9500	8800		
France	5500			
Greece	2000			
Belgium	1300	200		
Spain	1000			
Russia	2200	7400		
Beloruss	300			
Rumania	700			
Total for Others	59000	55200	0	0
Others not Listed	6200	15300		
Grand Total	65200	70500	0	0

EU accession resulted in growing trade between Austria and other EU countries, but after five years of EU membership there is still potential for further trade expansion. Thus, it is expected that imports and exports will continue to rise. However, in 2000, lower beef production should reduce exports.

Traditionally, the major share of imports will come from Germany, which supplies particularly the neighboring western Austrian provinces. The majority of beef imports are fresh/chilled and about half is boneless beef.

As a consequence of increased production and large stocks, 1999 exports rose considerably. As with imports, exports consisted predominantly of fresh/chilled beef. However, the share of boneless meat accounted for only one fifth of total exports. Exports of processed beef products, mainly canned beef, have been declining in recent years. In 1999, they dropped to mere a 600 MT.

## Policy

### Production and Consumption Policy

Farmers are relatively satisfied with the Agenda 2000 agreement because income losses will be more moderate in comparison with the original Commission proposal. Nevertheless, they are not happy about it because income losses will not be completely offset by direct payments. At the general CAP negotiations, Austrian agricultural representatives succeeded in achieving a special regulation for Austrian cattle farmers: As the suckler cow quota was not fully used, a sub-quota of 65,000 calves would be supported in the framework of the suckling cattle program.

Farmer representatives always emphasize that legal conditions (box size, animal welfare, hygiene, etc.) are more restrictive in Austria than in other EU countries and particularly third countries and thus higher production costs have to be considered. In their opinion, this should also be taken into consideration in the upcoming WTO negotiations.

### Trade Policy

Imports from third countries require import licenses. The importer has to apply to "Agricultural Market Austria", but the approval is given by Brussels. Beef imports within the North America quota (11,500 MT) are subject to an import duty of 20% ad valorem.

## Marketing

Due to the suspension of beef shipments by the U.S. in July 1999, the 1999 import volume of U.S. beef was limited to a few tons. If a satisfactory agreement on U.S. beef exports between the U.S. and the EU is not reached, no U.S. high quality beef (USHQB) imports will be carried out by Austria in the coming year. Currently, each lot of U.S. beef must be tested by EU laboratories for the presence of growth promoting hormones. This expensive test essentially precludes trade.

Before EU accession, up to 800 MT of normal USHQB was imported annually. Since Austria's EU membership, only USHQB produced without growth hormones can enter the Austrian market. Thus, beef imports from the U.S. plunged. In 1998, the imported volume of USHQB was probably around 150 MT. Most of Austria's USHQB market was covered by one importer. Several other traders had only small market shares. Since EU accession, Austrian traders have been purchasing practically all U.S. beef through a wholesaler in the Netherlands. Eye, strip loin, and T-bone steaks constituted the major share. They were in competition with Austrian beef and beef imported from Argentina, Brazil, and Uruguay, which were all cheaper. The small volume of USHQB was well established in upper class restaurants and gourmet shops. If imports will resume, it will be difficult for USHQB to become established again in the Austrian market.

## Animal Numbers, Swine

PSD Table						
Country	Austria					
Commodity	Animal Numbers, Swine					(1000 HEAD)
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
TOTAL Beginning Stocks	3810	3810	3790	3433	3775	3303
Sow Beginning Stocks	374	374	360	333	0	315
Production (Pig Crop)	5305	4917	5200	4870	0	4850
Intra EC Imports	210	304	210	390	0	400
Other Imports	0	0	0	10	0	20
TOTAL Imports	210	304	210	400	0	420
TOTAL SUPPLY	9325	9031	9200	8703	3775	8573
Intra EC Exports	75	51	80	30	0	20
Other Exports	25	11	20	10	0	10
TOTAL Exports	100	62	100	40	0	30
Sow Slaughter	120	120	100	100	0	100
OTHER SLAUGHTER	5240	5356	5150	5200	0	5170
Total Slaughter	5360	5476	5250	5300	0	5270
Loss	75	60	75	60	0	60
Ending Inventories	3790	3433	3775	3303	0	3213
TOTAL DISTRIBUTION	9325	9031	9200	8703	0	8573
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

## Production

### General

Hog production is primarily carried out in the corn areas north of the eastern Alps and in the southeastern Austria. Large areas of Upper Austria, Lower Austria, and Styria have ideal climatic conditions for corn production. Around 80% of hog producers and 90% of hog production is in the aforementioned provinces. The 1999 gross value of Austrian hog production was AS 7 billion, down 14.6% from 1998. With 15% of the total agricultural gross value, hog production follow cattle (beef and milk) as the most important agricultural sector.

As in other agricultural sectors, many swine producers are leaving the business. Low 1999 hog prices accelerated the cleaning process. While in 1998 only 4.9% of farmers gave up hog production, in 1999 it was 9.5%. Thus, the number of swine producers declined to 86,200 in December 1999. Although hog prices have improved, fall out is expected to continue into 2000 and 2001. Due to the strong fluctuations in hog prices, many farmers regard the hog market as too risky.

### Inventory

Reduced production due to low prices and high slaughter rate caused a considerable inventory decline in December 1999 (-9.9% compared to December 1998). The numbers of all categories declined.

The situation in 2000 is similar. According to the June count, the number of piglets declined 8%, young hogs of 20 - 50kg by 4%, fattening hogs above 50 kg by 7%, pregnant sows 7%, and breeder boars 13% compared to June 1999. With 3.3 million, the hog number was in June 2000 around 6% below that of the same month of 1999. Due to the low number of pregnant sows, no production increase is expected in the second half of 2000. Due to unstable prices in recent years, hog production is regarded as risky. Thus, the trend to declining production is expected to continue into 2001, which should also result in a further decline in stocks.

### Slaughter Rate

Despite a considerable production decline, the 1999 slaughter rate rose by 2.3%. The average slaughter weight of all hog categories was 95 kg, the same as in 1998. The meat yield per slaughter hog was marginally lower. As a consequence of higher slaughter rate, total pork production rose by 4.2% compared to 1998. Since EU accession in 1995, pork production has increased each year.

In the January - April period of 2000, the slaughter rate was 4% below that of the same period of 1999. Due to the expected lower hog production, slaughter rate is expected to remain 4% lower throughout the whole 2000. For the same reason a further, but less significant decline in hog slaughtering (about -2%) should take place in 2001.

### Producer Prices

After gains in 1996 and 1997, hog prices dropped in 1998 and in mid 1999 reached a historic low. In the first four month of 1999, prices were around one third below those of the same period in 1998. Despite a significant improvement in the second half, the average 1999 producer price of AS 15.40 was 7% below that of 1998. The upward trend continued into 2000. In April 2000, the average hog price was 40% above April 1999. Firm prices are expected through the rest of 2000. In 2001, prices should remain relatively firm because of the following reasons:

- Hog numbers in Austria dropped by around 10%, in the EU by 2% and in the U.S. by 4%.
- Private stocks in all EU countries are low.
- The hog crisis in 1998 and 1999 had sustainable effects on producers, which will slow down further production growth.

- EU beef intervention stocks are almost depleted and due to reduced cattle numbers, beef production will decline.

**Trade**

Import Trade Matrix				
Country	Austria		Units:	1000 Head
Commodity	Animal Numbers, Swine		Partial Begin	
			Partial End	
Imports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0		
Others				
Germany	186	288		
Netherlands	2	3		
Belgium	6	8		
France				
Total for Others	194	299	0	0
Others not Listed		5		
Grand Total	194	304	0	0

Export Trade Matrix				
Country	Austria		Units:	1000 Head
Commodity	Animal Numbers, Swine		Partial Begin	
			Partial End	
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0		
Others				
Germany	56	44		
Belgium	19			
Netherlands	4			
Italy	3	5		
Croatia	22	11		
Bosnia-Hezeg.	2			
Total for Others	106	60	0	0
Others not Listed	1	2		
Grand Total	107	62	0	0

Hog imports continued to rise. In 1999, around 304,000 hogs (+55%), mainly slaughter hogs were imported. The trend is expected to continue in 2000 and 2001. As in the past, the major share should come from Germany. Due to falling production, part of the domestic hog demand must be met by imports.

As a consequence of declining production, exports decreased 56% in 1999. For the same reason exports should drop in 2000 and 2001. In contrast to imports, exports consist mainly of piglets and a relatively large number of breeder sows.

## Meat, Swine

PSD Table						
Country	Austria					
Commodity	Meat, Swine					
					(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin	01/1999		01/2000		01/2001	
Slaughter (Reference)	5360	5476	75	5257	0	5152
Beginning Stocks	16	0	0	0	0	0
Production	493	520	488	494	0	485
Intra EC Imports	65	81	50	88	0	93
Other Imports	1	1	0	2	0	2
TOTAL Imports	66	82	50	90	0	95
TOTAL SUPPLY	575	602	538	584	0	580
Intra EC Exports	71	66	53	56	0	55
Other Exports	34	69	20	60	0	57
TOTAL Exports	105	135	73	116	0	112
Human Dom. Consumption	470	467	465	468	0	468
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	470	467	465	468	0	468
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	575	602	538	584	0	580
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

### Consumption

In 1999, human consumption and utilization by the food industry increased to 467,300 MT (+0.7%). At the same time, annual per capita consumption increased 0.5% to 57.7kg. This increase from an already high level is probably mainly due to the considerable drop in retail prices (-7%). In addition, in a time of quick cuisine, pork has the advantage of fast preparation. Beef cuts which can be prepared as quickly as pork are considerably more expensive. Thus, pork consumption is expected to remain high through 2000 and 2001 although the retail price has been increasing since January 2000. However, this is also the case with the main competitor beef.

**Trade**

Import Trade Matrix				
Country	Austria		Units:	MT
Commodity	Meat, Swine		Partial Begin	
			Partial End	
Imports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.				
Others	0	0		
Germany	27900	50000		
Netherlands	4000	6500		
Belgium	2600	4500		
France	2000	1600		
Hungary		300		
Czech Republic		100		
Spain	400			
Denmark	600			
Hungary	300	300		
Italy	6000			
Total for Others	43800	63300	0	0
Others not Listed	700	12900		
Grand Total	44500	76200	0	0

Export Trade Matrix				
Country	Austria		Units:	MT
Commodity	Meat, Swine		Partial Begin	
			Partial End	
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0		
Others				
Germany	13900	24300		
Italy	27000	37000		
Slovenia	9200	3700		
Switzerland	7000	9200		
Russia	5600			
Macedonia	3900	1500		
Rumania	2800			
Czech Republic	2600			
Bulgaria	2400			
Hungary	2300	1300		
Total for Others	76700	77000	0	0
Others not Listed	8500	48300		
Grand Total	85200	125300	0	0

In 1999, pork imports rose 36% compared to 1998. This trend, which began after EU accession, is expected to continue in 2000 and in 2001. Traders close to the German border frequently find it more profitable to buy in southern Germany. In addition, in 2000 and 2001, falling domestic production will contribute to the import rise. In general, Germany is the predominant supplier, followed by Italy and the Netherlands. The main growth in 2000 and 2001 is expected for imports from Germany. However, a marginal rise may also take place with imports from central European countries.

Due to large pork production and increased imports, exports rose 40% in 1999. However, the declining pork production may result in decreasing exports in 2000 and 2001. The prime outlet countries for Austria's surplus pork will again be the neighboring EU countries Germany and Italy.

Besides Denmark, Austria is the only European country which fulfills the high Japanese veterinary requirements for exporting pork to this market. Austria hopes that in the long term, Japan will become an outlet market.

## Policy

### Production and Consumption Policy

The last declining compensation payments for fattening hogs were provided in April 1999 and for breeder sows in July 1999. After July 1999, no such payments will be provided for any hog category. Note: Declining compensation payments were provided to buffer income losses after EU accession.

Austria is pushing for EU wide reforms in animal welfare, including confined hog production. In general, the Agricultural Ministry thinks animal welfare should be in accordance with consumer wishes. The reforms are seen as necessary for maintaining long-term sales of livestock products.

The implementation of Agenda 2000 will reduce grain prices, which is welcomed by hog producers. However, at the same time cattle prices will decline and consequently beef prices will decrease relative to pork prices. Declining grain prices are relevant for a smaller share of hog producers. More than the half of hog farmers produce their own feed grain.

In contrast to Agenda 2000, the next WTO round may have direct effects on the hog market. Farm representatives fear that export restitutions for pork/hogs and subsidies for storage may be reduced or eliminated and at the same time import barriers reduced. Policy makers expect strong pressure for further liberalization from the U.S.

### Trade Policy

The EU trade regime is valid for Austria. Licenses for imports from third countries can be obtained by "Agricultural Market Austria".

Import duties (within the pork quota for third countries) for parts the U.S. is mainly interested in are as follows:

Boneless loins and hams	ECU 250/MT
Tenderloins	ECU 300/MT

## Marketing

If U.S. pork is to be marketed in Austria, considerable market development efforts will be necessary. Consumers will have to be convinced that U.S. pork is of higher quality. To date, no U.S. pork has been sold in Austria.