



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 8/15/2000

GAIN Report #AS0024

Australia

Livestock and Products

Annual

2000

Prepared by:

Randolph H. Zeitner

U.S. Embassy

Drafted by:

Mike Darby

Report Highlights:

Post forecasts a slight increase in cow numbers of between one and two percent in 2000 putting the beginning inventory for CY 2001 at 27.0 million head. The cattle slaughter figure for CY 2000 is forecast at around 8.45 million head, a reduction of three percent on the previous year. Post forecasts slaughter to decrease a further 2 percent in CY 2001 to 8.28 million head. Total exports of beef and veal are forecast to decrease by four percent during CY 2000 to 1,213,000 MT reflecting a decrease in slaughter. Exports are forecast to remain at this low level into CY 2001. MLA forecasts that total lamb exports will increase by 16 percent in CY 2000. Pigmear production is forecast to increase by three percent during 2000/01.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Canberra [AS1], AS

Executive Summary	2
Animal Numbers, Cattle	4
Production	4
General	4
Slaughter Rate	6
Forage and Feed Supplies	6
Pasture Conditions	6
Cross Commodity Developments	6
Production Problems	7
Consumption	8
Prices	8
Trade	10
Export Trade Table	10
Import Trade Table	11
General	11
Policy	12
Production and Consumption Policy	12
Non-Tariff Barriers	12
Meat, Beef and Veal	13
Production	13
General	13
Consumption	14
General	14
Prices	14
Price Table	15
Trade	16
Export Trade Table	16
Import Trade Table	17
Overall Trade Trends	17
Marketing	18
Competitive Activities	18
Animal Numbers, Sheep	19
Production	20
Inventory	20
Cross Commodity Developments	22
Consumption	22
Prices	22
Trade	23
Export Trade Table	23
Import Trade Table	24
Overall Trade Trends	24
Meat, Lamb, Mutton and Goat	25
Production	25

General	25
Consumption	26
Prices	26
Price Table	27
Trade	28
Export Trade Table	28
Import Trade Table	29
Overall Trade Trends	29
Marketing	30
General	30
Animal Numbers, Swine	31
Production	31
General	31
Trade	33
Export Trade Table	33
Import Trade Table	33
Meat, Swine	34
Production	34
General	34
Consumption	35
Price Table	35
Utilization	35
Trade	36
Export Trade Table	36
Import Trade Table	37
General	37
Marketing	38
General	38
Poultry, Meat, Total	39
Production	39
General	40
Consumption	41
General	41
Utilization	42
Trade	43
Export Trade Table	43
Import Trade Table	43
Prices	44
Poultry, Meat, Chicken - 16 wks	45
Trade	46
Export Trade Table	46
Import Trade Table	46

Executive Summary

Post forecasts herd numbers to remain unchanged at 26.6 million head during CY 1999 and into CY 2000. Post forecasts a slight increase in cow numbers of between one and two percent putting the forecast for CY 2001 at 27.0 million head. By then, the Australian herd is expected to be well into herd rebuilding which is expected to see modest increases in the national herd in the order of two percent per annum for the medium term.

The total number of cattle turned off from feedlots in Australia for the CY 1999 is put at 1,654,884, an increase of around six percent on the previous year. Total utilization of feedlot capacity in 1999 is estimated by ALFA at around 80 percent, up from 69 percent for the previous year.

The cattle slaughter figure for CY 2000 is forecast at around 8.45 million head, a reduction of three percent on the previous year. Post forecasts slaughter to decrease a further two percent in CY 2001 to 8.28 million head. However the decrease in slaughter numbers is not expected to continue past the forecast period. As cow numbers increase, the increased calf crop is expected to lead to increased slaughter levels from around 2002 onwards.

Saleyard prices, at Ac227c/kg, during May 2000 were 16 percent higher than for the same period the previous year. The prices reflect stronger export demand, increased interest from restockers and a tighter supply due to excellent seasonal conditions and lower herd numbers. ABARE forecasts that average yearly prices during 2000/01 FY will increase to Ac224/kg due to a continued tight supply and continued strong export demand.

Total exports of beef and veal are forecast to decrease by four percent during CY 2000 to 1,213,000 MT reflecting a decrease in slaughter. Exports are forecast to remain at this low level into CY 2001 with a recovery expected from CY 2002 onwards.

Post estimates that sheep numbers reached the bottom of the downward cycle and increased around one percent to reach 116.9 million head in CY 2000. Post forecasts sheep numbers to increase in CY 2001 and for the medium term.

Recent increases in wool prices should restore confidence in the sheep market and abate a further downward trend in numbers. However, higher profitability in other industries, namely cattle and cropping, will constrain sheep numbers from increasing further in the medium term.

MLA reports that lamb production increased by six percent during CY 1999, and has forecast a further increase of 12 percent during CY 2000. MLA forecasts that total lamb exports will increase by 16 percent in CY 2000. This is supported by ABARE forecasts that lamb exports will increase in the medium term due to increasing lamb production.

Saleyard prices for mutton sheep are forecast by ABARE to increase by around 20 percent during FY 2000/01 due to decreases in the number of store sheep being turned off and the demand for store sheep increasing in line with the recent increase in the price of wool.

Total sheepmeat exports for CY 1999 increased seven percent to 264,319 MT. An increase was noted in four out of the top five markets with the US providing the only decrease in export tonnages. This increase has continued with figures for January to March 2000 13 percent higher than for the same period in the previous year.

The US was previously Australia's largest export market for sheepmeat and high value cuts of lamb in particular with exports in recent times increasing in volume at rates of up to 25 percent per annum.

Pigmeat prices slumped in the first half of CY 1999. However increasing exports together with strong domestic demand significantly increased prices towards the end of CY 1999. Prices eased again for the beginning of CY 2000 and followed the same pattern as the year before rising again from mid year onwards.

ABARE estimates that average saleyard prices for pigs increased a 25 percent in FY 1999/2000 reaching 239 Ac/kg. ABARE forecasts the average saleyard price to remain unchanged during FY 2000/01.

Pig meat production is estimated by ABARE to have decreased by four percent during 1999/2000 in line with decreased slaughterings signaling a return to herd rebuilding after a period of liquidation. Production is forecast to increase by three percent during 2000/01. This reflects increased sow numbers and increased slaughter levels, due to an increase in profitability.

Poultry meat production is estimated to increase by around four percent during FY 1999/2000 and is forecast to increase a further three percent during FY 2000/01. Increased demand, due to the relative price attractiveness of chicken meat compared to competing meats, and the perceived ease of preparation and cooking of chicken meat, has led to a long-term trend of increased production and per capita consumption of chicken meat. Current poultry meat production is more than double the level attained during the early 1980's. The recent increase in production is mainly due to low feedgrain prices and poultry meats price competitiveness with competing meats.

Animal Numbers, Cattle

PSD Table						
Country	Australia					
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	25839	26578	25555	26600	0	27000
Dairy Cows Beg. Stocks	2121	2155	2150	2200	0	2250
Beef Cows Beg. Stocks	11264	11621	11350	11750	0	12000
Production (Calf Crop)	9600	9605	9675	9715	0	9900
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	35439	36183	35230	36315	0	36900
Intra EC Exports	0	0	0	0	0	0
Other Exports	775	844	820	870	0	950
TOTAL Exports	775	844	820	870	0	950
Cow Slaughter	3835	3784	3380	3380	0	2839
Calf Slaughter	1160	1111	1100	1139	0	1100
Other Slaughter	3866	3844	3860	3926	0	4341
Total Slaughter	8861	8739	8340	8445	0	8280
Loss	248	0	140	0	0	0
Ending Inventories	25555	26600	25930	27000	0	27670
TOTAL DISTRIBUTION	35439	36183	35230	36315	0	36900
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**

With recent gains in the prices generally received for cattle in Australia, cow numbers have become a matter of increased interest amongst industry groups and government agencies. While most sources agree that Australia has now finished liquidating its herd and has started to rebuild cow numbers, there is still disagreement over the timing.

The Australian Bureau of Statistics (ABS) recently released figures for the year ending March 31 1999, putting the national herd at 26,578,000 head. This represents a fall of around one percent on the previous year. Industry sources believe that herd rebuilding commenced in 1999 and that during the shift from liquidation to herd rebuilding throughout CY 1999 and into CY 2000, total numbers have remained static.

The commencement of herd rebuilding is supported by a recent Meat and Livestock Australia (MLA) report showing a decrease in cow and heifer slaughter numbers. In the period from January to May 2000 the slaughter of female cattle fell over eight percent from the same period the year before. These statistics support the argument that herd rebuilding has commenced in earnest.

Post forecasts herd numbers to remain unchanged at 26.6 million head during CY 1999 and into CY 2000. Post forecasts a slight increase in cow numbers of between one and two percent during 2000, putting the forecast figure for CY 2001 at 27.0 million head. By then, the Australian herd is expected to be well into herd rebuilding which is expected to see modest increases in the national herd in the order of two percent per annum for the medium term.

Post believes that as the cattle market continues to improve, producers will continue to increase breeding cow numbers and the calf crop will continue to increase. Post estimates the CY 2000 calf crop at 9.7 million head, representing around a one percent increase on the previous year. Post forecasts a further two percent increase for CY 2001 and government sources report that increases in calf numbers will remain at around this level for the medium term.

The Australian Lot Feeders Association (ALFA) in its National Feedlot Survey put numbers of cattle on feed for the June 2000 quarter at a record 672,721 head, around 100,470 head or 17.6% higher than the previous quarter. This represents an increase of 15.8 percent on the same quarter last year. The total number of cattle turned off from feedlots in Australia for the CY 1999 is put at 1,654,884, an increase of around six percent on the previous year. Total utilization of feedlot capacity in 1999 is estimated by ALFA at around 80 percent. This is up from 69 percent the previous year.

The ALFA survey report puts cattle on feed destined for the Japanese market at 58.9 percent for the June 2000 Quarter, compared with 61.3 percent for the corresponding quarter of the previous year. Cattle on feed for the domestic market was put at 38.3 percent compared with 35.6 percent for the corresponding quarter for the previous year.

The rise in cattle on feed reflects increased competitiveness through the foreign exchange rate; continued lower grain prices; stronger demand from the Japanese market; and an increased number of short-fed cattle destined for the domestic market. Feeder cattle prices have increased during CY 1999 and into CY 2000 reflecting good seasonal conditions and forecast firm future prices. It is interesting to note that despite good seasonal conditions and rising feeder cattle prices the number of cattle on feed has increased. This indicates strong demand for grainfed beef. Smaller feedlots are experiencing the strongest growth in terms of increases in numbers on feed.

Slaughter Rate

The slaughter figure for CY 2000 is estimated at around 8.45 million head, a reduction of three percent on the previous year. Post forecasts slaughter to decrease a further two percent in CY 2001 to 8.28 million head. However this downward trend in slaughter numbers is not expected to continue past the forecast period. As cow numbers increase, the increased calf crop is expected to lead to increased slaughter levels from around 2002 onwards.

Slaughter levels for CY 1999 and into CY 2000 have been driven downwards by the decrease in female slaughter numbers. MLA reports female slaughter to have fallen by around eight percent for CY 1999. MLA also reports that this fall has occurred in all states with the exception of South Australia. Male slaughter numbers, as reported by MLA, on the other hand have only fallen three percent on a year to date basis. These figures support the notion that herd rebuilding has already begun.

While total slaughter numbers have been falling, above average seasonal conditions have increased slaughter weights constraining falls in production. Post estimates for CY 2000 put the average slaughter weight at 231 kg, around four percent higher than the previous year. The average slaughter weight is not anticipated to change in the forecast period with post reporting identical slaughter weights for the following year. However, a return to average seasonal conditions should see slaughter weights fall over the medium term.

Forage and Feed Supplies

The 1999/2000 season was characterized by large coarse grain and wheat crops. This follows large crops during previous seasons. The 1999/2000 wheat crop included a larger than usual proportion of downgraded grain which combined with large feed crops and depressed world prices, led to abundant supplies of lower priced grain.

Pasture Conditions

Pasture conditions across much of Australia for CY 1999 and CY 2000 to date have been excellent. This has done much to improve prices as graziers and lot feeders compete for stock to utilize pasture and cheap grain. Media reports state that many buyers are experiencing difficulty sourcing sufficient cattle.

Cross Commodity Developments

The outlook for the wool and grain industries affects future beef production.

Returns for wool producers have been low for over a decade. However wool prices are forecast by ABARE for 2000/01 to be at their highest levels since July 1997. While the majority of this price improvement has been for the finer micron wools, recent wool sales have done much to lift the confidence of producers. This could, if sustained, eventually draw resources away from beef production (which can be transferred efficiently) into wool production. The price rise at this stage is neither great enough, nor has it been sustained enough for this to occur in the medium term. ABARE is currently forecasting sheep numbers to continue falling for the remainder of the outlook period (2004/05) although it is likely that these forecasts will be revised upward.

ABARE has forecast improvement in demand for Australian wool in response to stronger economic growth in some major European markets, Hong Kong and China have increased their volumes significantly in March and April 1999, with Italy and Korea also showing improved demand.

The relatively favorable outlook for grain growing in Australia in recent years has led to producers increasing farm resources dedicated to grain growing.

Production Problems

The meat processing sector has been dogged by low profitability in recent years. Plant closures reduced the number of export processing plants by 40 percent over the period 1976 to 1996. This trend is expected to continue, as a Productivity Commission Report indicated, as over capacity in the industry was running at around 30 percent.

The major problem faced by the processing sector is over capacity. This has been created by the construction of new larger plants and the re-development and expansion of older plants, both of which have adopted technology to lower costs and increase throughput. Furthermore, modern plants have had more success changing work practices (to double shifts) which has allowed greater efficiency. The smaller and less efficient plants have not been able to compete effectively for throughput and have closed. This has been further exacerbated by the rapid development of the live export industry in recent times which has reduced the number of cattle that need to be slaughtered, particularly in Queensland.

A recent report commissioned by the government forecasts an acceleration in the rationalization process over the next five years. The report stated that the "most likely" scenario was that Queensland, representing 40 percent of Australia's beef herd, would lose 9 plants accounting for around 25 percent of throughput or up to 950,000 head of current capacity in that state.

Consumption

Prices

Prices Table			
Country	Australia		
Commodity	Animal Numbers, Cattle		
Prices in	Aus cents	per uom	KG
Year	1999	2000	% Change
Jan	189.5	212.2	11.98%
Feb	194.9	212.9	9.24%
Mar	202.1	219.5	8.61%
Apr	201.9	225	11.44%
May	196.8	227.6	15.65%
Jun	197.6		-100.00%
Jul	199.5		-100.00%
Aug	207		-100.00%
Sep	205.9		-100.00%
Oct	206.4		-100.00%
Nov	213.7		-100.00%
Dec	209.3		-100.00%
Exchange Rate	1.73	Local currency/US \$	

Source: ABARE

Saleyard prices during May 2000, at Ac227.6/kg, were 16 percent higher than for the same period the previous year. This reflects stronger export demand, increased interest from restockers and a tighter supply due to excellent seasonal conditions and lower herd numbers. ABARE forecasts that average yearly prices during 2000/01 FY will increase to Ac224/kg due to a continued tight supply and continued strong export demand.

Grain prices during 1999-2000 have proved to be favorable for Lotfeeders who anticipate continued low prices into 2000/01. Record grain harvests in Australia were also accompanied by large amounts of downgraded grain, mostly due to weather damage. This has allowed significant increases in the number of cattle on feed. However, any significant change in this situation will impact on the viability of feedlots and subsequently the price paid for feeder cattle.

The following table lists indicative wholesale feeder cattle prices per kilogram for New South Wales between January 1993 and May 2000 (the price is for young cattle dressed weight 160- 210 kg, dressed weight)

Month	1993	1994	1995	1996	1997	1998	1999	2000
January	229	253	237	208	155	286	235.0	305
February	226	259	227	186	200	220	235.0	299
March	223	268	216	172	203	218	235.0	309
April	206	266	233	163	215	210	254.0	290
May	209	246	233	155	212	214	259.0	290
June	215	243	252	163	230	225	261	290
July	235	254	246	176	235	227	290	
August	257	230	237	182	232	236	288	
September	257	225	220	172	220	235	283	
October	251	220	203	169	235	235	288	
November	249	232	205	167	240	239	290	
December	252	231	213	157	255	235	299	

Source - Meat & Livestock Australia

Trade

Export Trade Table

Export Trade Matrix				
Country	Australia		Units:	Number
Commodity	Animal Numbers, Cattle		Partial Begin	January
			Partial End	May
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	22	21	0	0
Others				
Philippines	215961	268720	115852	101362
Egypt	116624	241031	105571	65191
Indonesia	41174	159548	47768	110620
Malaysia	43589	65227	25819	20992
Jordan	18128	38127	14001	7315
Libya	120723	23115	6992	0
Brunei	7655	17413	7229	8426
Japan	17148	12362	5777	5858
Israel	8719	8416	4987	5448
Mexico	21106	7701	4016	3979
Total for Others	610827	841660	338012	329191
Others not Listed	7325	3301	1861	4283
Grand Total	618174	844982	339873	333474

Import Trade Table

Import Trade Matrix				
Country	Australia		Units:	Number
Commodity	Animal Numbers, Cattle		Partial Begin	January
			Partial End	May
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	102	81	66	4
Others				
Total for Others	0	0	0	0
Others not Listed	0	0	0	0
Grand Total	102	81	66	4

General

Exports of feeder and slaughter cattle increased strongly during the 1990's due primarily to strong demand from South East Asia. However during CY 1998 the Asian economic crises resulted in live exports falling by 35 percent.

MLA reports that Australian live exports totaled 778,844 head in 1999/2000 FY, an increase of 15 percent on the previous years figure. This increase was driven by increases in demand from Japan, Malaysia and Brunei. However, the CY 2000 forecast puts live exports at 870,000 head representing an increase of only three percent above the previous calendar year.

Industry sources state the level of live exports closely follow fluctuations in exchange rates creating significant shifts in trade levels from year to year.

Official ABS figures show that for CY 1999 the Philippines received a total of 268,720 head of live cattle making it Australia's largest live export destination for cattle with around 32 percent of exports. For the period January to May 2000, exports to this destination were down 13 percent. Industry sources report that exports to this destination could have been higher but for a trade dispute between the Philippines and Australian Governments.

Live cattle exports to Egypt doubled during CY 1999 reaching 241,031 head. Industry sources report that Australian exports have done much to fill demand that was previously satisfied by exports from the EU, principally Ireland.

Indonesia has been an important market for Australian live exporters. Exports to this destination grew rapidly from the early nineties reaching a peak in 1997 of 428,000 head. However when the Asian currency crisis occurred exports of live cattle fell to just 42,000 head in 1998. Official ABS figures put live cattle exports to Indonesia at 159,548 for CY 1999 nearly four times greater than the year before. Industry sources report that Indonesian trade relies heavily on an exchange rate of around 7,500 rupiah to the \$US. However, the exchange rate has been over 9,000 during CY 2000 creating concerns of a slow down in trade. This is reflected in the figures for the period January to May 2000, which

shows export levels 13 percent lower than for the same period in the previous year.

Exports to Malaysia increased 50 percent in 1999 reaching a total of 65,227 head. Malaysia is considered by the Australian industry to be a key market. The Malaysian government is reported to have entered into a project with Australian industry organizations in an attempt to integrate the cattle industry into their palm oil industry. Industry sources state that there is significant potential in grazing cattle amongst palm oil plantations and is anticipating sending large numbers of breeding cattle to Malaysia in the medium term.

Policy

Production and Consumption Policy

The Government of Australia (GOA) has in recent times changed the way services and promotion activities are delivered to the Australian livestock industry. After a Government inquiry a new producer based red meat company known as Meat and Livestock Australia (MLA) was formed. This body replaced the Australian Meat and Livestock Corporation, the Meat Research Corporation and the Meat Industry Council.

The operating structure of MLA consists of eight business units and three industry service groups. The eight business units are designed to deliver services which address the functional needs of Australia's meat and livestock industries. One business unit addresses innovation in livestock production, another innovation in the processing sector, while others work with industry to deliver improvements in areas such as food safety, meat grading, market access and market information. The work of these business units is supplemented by the activities of the three small service groups. These service groups have been constructed around MLA's major funding sources: the Australian cattle industry, the Australian sheepmeat industry and MLA contractual arrangements. The most important contractual arrangements are those with processors and live exporters that aim to ensure adequate funding of activities that are recognized as being of overall industry benefit.

The new body has a number of core functions including market intelligence, quality assurance and market access. MLA has a much smaller budget and seems unlikely to be able to participate in large generic promotional programs in markets such as Japan. Future promotion will be conducted in conjunction with private companies. Private processing companies are not obliged to contribute via a levy as in the past. However they are required to make contributions to support the core activities of the new body. If the processors fail to contribute adequate funds, Government legislation is likely.

Non-Tariff Barriers

Australia gained OIE freedom status from Brucellosis in 1989 and OIE freedom status from TB in December 1997.

Australia will now commence the "monitoring phase" which will run for several years before consideration is given to declaring both diseases "exotic" to Australia. Producers pay a compulsory levy which is used to fund disease monitoring.

Meat, Beef and Veal

PSD Table						
Country	Australia					
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)	8861	8739	8340	8445	0	8280
Beginning Stocks	57	57	63	26	0	79
Production	2004	1956	1870	1953	0	1910
Intra EC Imports	0	0	0	0	0	0
Other Imports	2	1	5	3	0	2
TOTAL Imports	2	1	5	3	0	2
TOTAL SUPPLY	2063	2014	1938	1982	0	1991
Intra EC Exports	0	0	0	0	0	0
Other Exports	1245	1263	1220	1213	0	1210
TOTAL Exports	1245	1263	1220	1213	0	1210
Human Dom. Consumption	755	725	667	690	0	680
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	755	725	667	690	0	680
Ending Stocks	63	26	51	79	0	101
TOTAL DISTRIBUTION	2063	2014	1938	1982	0	1991
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	275	299	290	290	0	270

(NB. Conversion factor for CWE - 1.43)

Production**General**

With the Australian herd now out of the liquidation phase and in the rebuilding phase, a large number of female cattle are being withheld from slaughter. This is putting downwards pressure on slaughter numbers. Post forecasts slaughter numbers to fall to 8.4 million head for CY 2000, representing a fall of three percent on the previous year. This fall is forecast to continue into CY 2001 with post forecasting slaughter numbers to fall another one percent to reach 8.3 million head, which will be the lowest slaughter level since 1997 according to ABARE.

Industry sources suggest that slaughter levels forecast for CY 2001 will prove to be the bottom of the cycle with the medium term outlook indicating an increase in 2002. Slaughter numbers are expected to resume growing at a rate of around 2 to 3 percent per annum from CY 2002 out to around 2004. This increase is expected to be driven by a larger cow herd producing a larger calf crop.

Although slaughter numbers are forecast to fall significantly in CY 2000, beef and veal production is forecast to remain relatively stable at 1,953,000 MT, representing only a very slight fall in production. This is due to excellent seasonal conditions across much of Australian improving slaughter weights which have partially compensated for falling slaughter numbers. However, with a return to normal seasonal conditions in CY 2001, low slaughter numbers combined with reduced carcass weights are forecast to reduce production to 1,910,000 MT, a fall of around two percent.

Industry sources suggest that a production level of 1,953,000 MT for the CY 2001 will represent the bottom of the production cycle and that an increase in the order of three to four percent per annum can be expected. However, it is to be noted that historically a significant area of mainland Australian agricultural land will be experiencing drought conditions at any given time. From CY 1998 through to CY 2000, this has not been the case. Many industry analysts are concerned that Australia is overdue for drought conditions that would seriously impact agricultural production in at least one state of mainland Australia.

Consumption

General

ABARE estimates that per capita consumption of beef and veal increased from 37.4 kg/person in 1998/99 to 37.9 kg/person in 1999/2000, representing an increase of around one percent. This is believed to be due to the increased supply of beef on the domestic market and a relative shift in price that favored beef, i.e. the price of beef fell while the price of pork and chicken increased. However ABARE has forecast a decline in beef consumption for 2000/2001, with beef consumption expected to fall to 35.4 kg/person. The decrease in consumption reflects recent increases in the relative price of beef and increased competition from pork and poultry.

ABARE forecasts that lamb consumption will remain at around 11.5 kg/person, mutton consumption around 5.1 kg/person, pork consumption will increase slightly to 19.5 kg/person, and poultry consumption will increase to around 32.5 kg/person during the forecast period.

Prices

Beef and veal retail prices for the 1999/2000 FY are forecast by ABARE to have increased by around five percent when compared to 1998/99. Prices in 2000/01 are forecast to be nearly four percent higher than during 1999/2000 due to expected further increases in saleyard prices reflecting a reduced supply with the retention of stock for herd rebuilding.

Price Table

Prices Table			
Country	Australia		
Commodity	Meat, Beef and Veal		
Prices in	Aus cents	per uom	KG
Year	1999	2000	% Change
Jan	984.2	1048.3	6.51%
Feb	984.2	1048.3	6.51%
Mar	984.2	1048.3	6.51%
Apr	1016.2	1074.7	5.76%
May	1016.2	1074.7	5.76%
Jun	1016.2	1074.7	5.76%
Jul	1018.1		-100.00%
Aug	1018.1		-100.00%
Sep	1018.1		-100.00%
Oct	1024.7		-100.00%
Nov	1024.7		-100.00%
Dec	1024.7		-100.00%
Exchange Rate	1.73	Local currency/US \$	

Source: Australian Bureau of Statistics

Trade

Export Trade Table

Export Trade Matrix				
Country	Australia		Units:	MT
Commodity	Meat, Beef and Veal		Partial Begin	January
			Partial End	May
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	290848	299020	112514	123751
Others				
Japan	327749	319846	126448	128540
Korea, Rep.	36286	80728	36376	30231
Canada	40922	40879	18969	12993
Taiwan	34255	35182	14296	10368
Philippines	20930	21767	8478	5620
Indonesia	1985	12639	3982	6931
Uzbekistan	1223	8975	8975	0
United Kingdom	9614	8213	2934	2145
Malaysia	6970	7257	3095	2832
Singapore	6331	6053	2506	2024
Total for Others	486265	541539	226059	201684
Others not Listed	105068	42790	20877	13835
Grand Total	882181	883349	359450	339270

Import Trade Table

Import Trade Matrix				
Country	Australia		Units:	MT
Commodity	Meat, Beef and Veal		Partial Begin	January
			Partial End	May
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.				13
Others				
New Zealand	1385	1313	437	771
Australia	170			
Indonesia	73			
Total for Others	1628	1313	437	771
Others not Listed	0	1	0	0
Grand Total	1628	1314	437	784

Overall Trade Trends

Total exports of beef and veal are forecast to decrease by four percent during CY 2000 to 1,213,000 MT reflecting a decrease in slaughter levels. Exports are forecast to remain at this low level into CY 2001 with a recovery expected from CY 2002 onwards.

Japan remains Australia's largest export market receiving 36 percent of exported beef and veal. However exports to Japan fell two percent in CY 1999, with the official ABS reporting 319,846 MT. However ABS reports that for the year January to May 2000, exports to this destination increased two percent when compared to the same period for the previous year. The MLA reports that this increase is due to large supplies of product suitable for the Japanese market and a lower Australian dollar relative to the Yen. Industry sources report strong out of season demand for the Japanese market suggesting that growth in exports to this destination will be sustained for the remainder of CY 2000.

The US is Australia's second largest export market and accounts for 34 percent of Australia's beef and veal exports. Official ABS figures state that exports to the US increased by three percent in CY 1999, reaching 299,020 MT. For the period January to May 2000, exports were 10 percent higher than for the same period of the previous year. This indicates that growth in exports to the US will increase into CY 2000. MLA reports that for the 1999/2000 FY Australian exports to the US were up 10 percent on the previous year and were at their highest level since 1991/92.

Exports to the Republic of South Korea more than doubled from 36,286 MT in CY 1998 to 80,728 MT in CY 1999 accounting for nine percent of Australia's exports. Industry sources believe this to be a result of falling domestic production within Korea. However, MLA reports that demand is being constrained by competitive US beef.

Exports to Canada remained static in CY 1999 at 40,879 MT, constrained by increased competition from South

America. Current export levels to Canada exceed the Australian quota of 35,000 MT.

Marketing

Competitive Activities

The chiller assessment (i.e. carcasses are assessed once they are in a cool room at the processing facility) scheme of beef grading, developed by AUS-MEAT, has been operating for a number of years with most major processors using the system. Industry sources indicate that this system has led to improvements in the quality of product being exported from Australia.

The Australian feedlot sector introduced the National Feedlot Accreditation Scheme (NFAS) for domestic and export markets in 1995. Since then AUS-MEAT accredited abattoirs wishing to market beef using the “Grain Fed” (GF) or “Grain Fed Young Beef” (GFYB) symbols may only obtain livestock for this product from a NFAS accredited feedlot. This system aims to improve the quality assurance of Australian grain fed beef.

For many years the Australian industry has understood the benefits of a meat grading system but has been unable to implement an industry wide system. The industry is currently working on a system called Meat Standards Australia (MSA) which is a tenderness quality guarantee scheme aimed at delivering the Australian consumer better and more consistent beef eating satisfaction.

The program has been successfully test marketed and will be launched nationally in the coming year. The system is a grading and labeling scheme that aims to increase beef consumption and beef prices by guaranteeing eating quality to the consumer.

Animal Numbers, Sheep

PSD Table						
Country	Australia					
Commodity	Animal Numbers, Sheep				(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	117091	115456	117191	116900	0	116900
Ewes, Beginning Stocks	56600	56600	56250	56250	0	56812
Production (Lamb Crop)	45300	45000	45000	45000	0	45000
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	162391	160456	162191	161900	0	161900
Intra EC Exports	0	0	0	0	0	0
Other Exports	4724	5077	5300	4900	0	4900
TOTAL Exports	4724	5077	5300	4900	0	4900
Ewe Slaughter	0	0	0	0	0	0
Lamb Slaughter	16270	16349	16000	18053	0	18053
Other Slaughter	14577	14272	14610	14075	0	14097
TOTAL Slaughter	30847	30621	30610	32128	0	32150
Loss	9629	7858	7960	7972	0	5808
Ending Inventories	117191	116900	118321	116900	0	119042
TOTAL DISTRIBUTION	162391	160456	162191	161900	0	161900
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

Inventory

Australian sheep numbers peaked at 170.3 million head during CY 1990, the highest level since 1971.

Since the peak in CY 1990, sheep numbers have continued to fall reaching an estimated 115.5 million head in March 1999. The majority of the decrease in sheep numbers has occurred in farms that combine sheep and wool production with other enterprises. The decrease in sheep numbers has been especially pronounced in areas that are suitable for cropping. The expansion in the cropping area in recent years reflects the relative profitability of various cropping enterprises compared to wool production and a change in farming practices.

Post estimates that sheep numbers are now at the bottom of the downward cycle and will increase around one percent to reach 116.9 million head in CY 2000. Post forecasts sheep numbers to remain stable in CY 2001 and for the medium term.

Recent increases in wool prices should restore confidence in the sheep market and abate a further downward trend in numbers. However, higher profitability in other industries, namely cattle and cropping, will constrain sheep numbers from increasing further in the medium term.

Industry and government sources in Australia do not agree on the pattern of the sheep numbers cycle. ABARE has forecast, as part of its Outlook conference, sheep numbers to continue to fall from 1999/2000 FY until the end of the outlook period (2004/05). However industry sources suggest the decline in sheep numbers ended in CY 1999 and from CY 2000 industry sources anticipate sheep number will increase at a modest rate of around one percent per annum.

The following table demonstrates the recent increases in prices received for wool. (Note: figures quoted are for the July/June financial year).

Year	Market Indicator (1) (A¢/kg clean)	Annual Percentage Increase/(Decrease)
1975/76	233	n/a
1980/81	411	n/a
1985/86	534	n/a
1986/87	626	17
1987/88	1,003	60
1988/89	980	(2)
1989/90	870	(11)
1990/91	657	(24)
1991/92	557	(15)
1992/93	519	(7)
1993/94	547	5
1994/95	788	44
1995/96	619	(21)
1996/97	650	5
1997/98	705	8
1998/99	550	(22)
1999/2000 (s)	625	14
2000/01 (f)	700	12

(1) The Eastern Wool Market Indicator (EMI) is a weighted average across the 15 categories, each comprising 11 representative types, which are sold in eastern Australian selling centers. (s) estimate. (f) Forecast.

SOURCE: ABARE. Exchange Rate: A\$1.53/US\$1.00 7/21/99

Cross Commodity Developments

Wool prices are estimated by ABARE to have improved 14 percent in 1999/2000 and are forecast to improve 12 percent in 2000/01. While this will do much to restore confidence in the wool industry, it will not be enough to attract resources away from other industries such as cattle and cropping.

The Australian grain industry has enjoyed a favorable start to the 2000/01 production year. Low global prices will limit any further transfer of resources between wheat and sheep production. Post believes that most of the possible transfer of resources between wool and grain production has occurred in recent years.

Consumption

Prices

Prices Table			
Country	Australia		
Commodity	Animal Numbers, Sheep		
Prices in	Aus cents	per uom	KG
Year	1999	2000	% Change
Jan	223	214	-4.04%
Feb	231	195	-15.58%
Mar	228	186	-18.42%
Apr	228	182	-20.18%
May	219	180	-17.81%
Jun	217		-100.00%
Jul	204		-100.00%
Aug	185		-100.00%
Sep	178		-100.00%
Oct	176		-100.00%
Nov	181		-100.00%
Dec	193		-100.00%
Exchange Rate	1.73	Local currency/US \$	

Source: ABARE

The returns for prime lambs are estimated by ABARE to have decreased by two percent during 1999/2000, and are forecast to decrease by a further two percent in 2000/01. The price decrease reflects the strong supply of lamb on both domestic and export markets, reportedly being driven by the increase in specialist lamb producers located principally in N.S.W. and Victoria.

MLA reports that lamb production increased by six percent during CY 1999, and has forecast a further increase of 12 percent during CY 2000. MLA forecasts that total lamb exports will increase by 16 percent in CY 2000. This is supported by ABARE forecasts that lamb exports will increase in the medium term due to increasing lamb production.

Industry sources suggest that lamb production will increase in CY 2001, but will remain flat in the medium term as slaughter numbers will decrease slightly as flock numbers stabilize.

Saleyard prices for mutton sheep are forecast by ABARE to increase by around 20 percent during FY 2000/01 due to decreases in the number of store sheep being turned off and the demand for store sheep increasing in line with the recent increase in the price of wool.

Trade

Export Trade Table

Export Trade Matrix				
Country	Australia		Units:	Number
Commodity	Animal Numbers, Sheep		Partial Begin	January
			Partial End	May
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Kuwait	1433996	1249634	537033	662320
Jordan	836964	1070170	566936	234644
United Arab Emirates	1288508	979452	430828	349671
Bahrain	399740	465444	175110	160000
Oman	476445	424371	175441	192164
Qatar	361538	281208	91209	115043
Israel	18016	202238	71099	17500
Egypt	38031	164054	108770	157550
Mexico	83579	102204	51822	53634
Lebanon	51211	61271	37486	5000
Total for Others	4988028	5000046	2245734	1947526
Others not Listed	62193	77257	27018	218188
Grand Total	5050221	5077303	2272752	2165714

Import Trade Table

Import Trade Matrix				
Country	Australia		Units:	No
Commodity	Animal Numbers, Sheep		Partial Begin	January
			Partial End	May
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
New Zealand	0	12	12	0
Total for Others	0	12	12	0
Others not Listed	0	0	0	0
Grand Total	0	12	12	0

Overall Trade Trends

Australian live sheep exports are estimated to have remained relatively flat at 5.1 million head for CY 1999 according to official ABS figures. Live sheep exports were assisted by the reopening of the Saudi Arabian market after more than a decade of closure. However, for the period January to May 2000 live sheep exports fell five percent to 2.2 million head, compared to the same period the year before.

Industry sources suggest that the reduction in sheep turn off has greatly reduced the number of sheep available for live export. MLA figures show that for the 1999/2000 FY live sheep export numbers fell by two percent compared to 1998/99 to 4.7 million head.

Kuwait is Australia's largest live sheep export market representing 28 percent of total exports. Exports to this market fell 13 percent to 1.2 million head for CY 1999. However shipments for January to May 2000 were 23 percent above the same period the year before.

Shipments of live sheep to Jordan, Australia's second biggest market accounting for 19 percent of total exports, increased 28 percent to 1.1 million head for the CY 1999, however fell by more than half in the period January to May 2000, when compared to the same period in the previous year.

Live exports to the United Arab Emirates, accounting for 19 percent of total live sheep exports, fell by 24 percent in CY 1999 to 979,452 head.

Meat, Lamb, Mutton and Goat

PSD Table						
Country	Australia					
Commodity	Meat, Lamb, Mutton and Goat				(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)	14577	30621	14610	32128	0	32150
Beginning Stocks	10	10	6	0	0	0
Production	622	620	633	663	0	663
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	632	630	639	663	0	663
Intra EC Exports	0	0	0	0	0	0
Other Exports	375	389	380	409	0	409
TOTAL Exports	375	389	380	409	0	409
Human Dom. Consumption	251	241	259	254	0	254
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	251	241	259	254	0	254
Ending Stocks	6	0	0	0	0	0
TOTAL DISTRIBUTION	632	630	639	663	0	663
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	31	35	33	37	0	40

(NB. Conversion factor for CWE = 1.47)

Production**General**

Total sheep and goat meat production is expected to increase by seven percent during CY 2000 to 663,000 MT. While slaughter levels remain relatively static, more favorable seasonal conditions and increased slaughter weights, increasing total production. Slaughter weights have also increased due to the trend towards producing heavier lambs for the export trade. The forecast reduction in sheep turn off is expected to constrain production to current levels during CY 2001. A decrease in the production of mutton will be balanced by an increase in the production of lamb.

The US decision to introduce a tariff rate quota on Australian and New Zealand lamb has constrained growth in Australian lamb exports to the US. However, under the tariff quota introduced, a gradual winding down of the quota should see exports to the US increase in CY 2000. Australian lamb producers have increased production of larger lambs for the US market due to its relative profitability compared to other markets.

Renewed confidence in the wool market should prevent significant falls in lamb production in CY 2001. However, seasonal conditions will continue to influence production levels during this period.

Consumption

Prices

In response to the US tariff and the anticipated glut of lamb on the domestic market, Meat and Livestock Australia launched a promotional campaign to increase domestic consumption of lamb. The aim of the campaign was to encourage Australians to eat one more lamb meal per week. The campaign titled, "we love our lamb", linked the US safeguard action to the need for Australians to eat more lamb.

The returns for prime lambs are forecast by ABARE to decrease by around three percent during 2000/01 after increasing by a similar amount during the previous year. The price decrease is due to the expected increase in availability, due to an increase of specialist lamb producers. Price competition from beef and pork is expected to ease on the domestic market during the 2000/01 FY.

Price Table

Prices Table			
Country	Australia		
Commodity	Meat, Lamb, Mutton and Goat		
Prices in	Aus cents	per uom	KG
Year	1999	2000	% Change
Jan	710	721	1.55%
Feb	710	721	1.55%
Mar	710	721	1.55%
Apr	742	737	-0.67%
May	742	737	-0.67%
Jun	742	737	-0.67%
Jul	725		-100.00%
Aug	725		-100.00%
Sep	725		-100.00%
Oct	716		-100.00%
Nov	716		-100.00%
Dec	716		-100.00%
Exchange Rate	1.73	Local currency/US \$	

Source: Australian Bureau of Statistics

Trade

Export Trade Table

Export Trade Matrix				
Country	Australia		Units:	MT
Commodity	Meat, Lamb, Mutton and Goat		Partial Begin	January
			Partial End	May
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	36039	35458	13423	18360
Others				
South Africa	32945	37812	17837	19461
Saudi Arabia	20031	22237	8773	9667
Mexico	16916	20296	7457	10485
Papua New Guinea	17573	18906	8571	9135
Taiwan	16631	16814	5607	5577
Japan	17062	15508	6978	6936
United Kingdom	12894	12755	5565	5709
United Arab Emirates	12298	12598	5285	5682
Singapore	8297	8967	3421	3669
Malaysia	7563	8697	3384	4255
Total for Others	162210	174590	72878	80576
Others not Listed	49714	54271	22700	24270
Grand Total	247963	264319	109001	123206

Import Trade Table

Import Trade Matrix				
Country	Australia		Units:	MT
Commodity	Meat, Lamb, Mutton and Goat		Partial Begin	January
			Partial End	May
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0			
Others				
New Zealand	11	290	184	105
Australia	74	45	0	5
Taiwan	8	0	0	0
Total for Others	93	335	184	110
Others not Listed	0	0	0	0
Grand Total	93	335	184	110

Overall Trade Trends

Total sheepmeat exports for CY 1999 increased seven percent to 264,319 MT. An increase was noted in four out of the top five markets with the US providing the only decrease in export tonnages. This increase has continued with figures for January to March 2000 13 percent higher than for the same period in the previous year.

South Africa is now Australia's largest market with 14 percent of total sheepmeat exports going to this destination. Official ABS figures put exports to this destination at 37,812 MT, 15 percent higher than the previous year. Figures for the period of January to May 2000 show a further nine percent increase on the same period in the previous year. South Africa remains an important market for mutton and other lower value cuts due to high demand from lower income groups.

The US was previously Australia's largest export market for sheepmeat and high value cuts of lamb in particular with exports in recent times increasing in volume at rates of up to 25 percent per annum. However the recently implemented tariff rate quota (201 petition) in the US on imported lamb has constrained increases.

Official ABS figures show a two percent decrease in exports of sheepmeat to the US for CY 1999 with a total of 35,458 MT. However, with the lamb tariff reducing on a fiscal year basis and the quota expanding, industry sources anticipate increases in exports to the US. ABS figures from January to May show an increase of 37 percent on the previous year.

Marketing

General

The Australian Government in 1999 announced an assistance package in response to the US TRQ. The package includes refunding the equivalent of half of the transaction levy paid on lamb sales for up to two years and the establishment of a Lamb Industry Development Program worth up to A\$3 million per year. This grant based program will be available to individual processors, including boning room operators, and to groups of producers. These initiatives aim to enhance industry performance; improve lamb quality; build demand for lamb; develop infrastructure (including parts of the lamb processing sector), and to encourage on-farm productivity and innovation.

Animal Numbers, Swine

PSD Table						
Country	Australia					
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	2447	2626	2364	2587	0	2736
Sow Beginning Stocks	300	309	306	314	0	324
Production (Pig Crop)	4986	4999	4801	5050	0	5300
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	7433	7625	7165	7637	0	8036
Intra EC Exports	0	0	0	0	0	0
Other Exports	1	1	1	1	0	1
TOTAL Exports	1	1	1	1	0	1
Sow Slaughter	0	0	0	0	0	0
OTHER SLAUGHTER	5068	5037	4800	4900	0	5200
Total Slaughter	5068	5037	4800	4900	0	5200
Loss	0	0	0	0	0	0
Ending Inventories	2364	2587	2364	2736	0	2835
TOTAL DISTRIBUTION	7433	7625	7165	7637	0	8036
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

The Australian pig industry has undergone significant restructuring in recent years. The number of pork producers has decreased from just under 40,000 in 1970 to around 3,000 at present. Australian Pork Corporation (APC) figures indicate that the number of producers in the industry has decreased by around 10 percent in the last three years. According to APC figures, the average herd size in Australia has increased from 8.6 sows in CY 1970 to over 100 sows in CY 1999.

Many of the producers that have left the industry were small non-specialist producers which means that a decreasing number of producers are involved in mixed enterprises i.e. deriving their income from a mixture of farming and/or grazing activities. There are only around 580 enterprises with more than 100 breeding sows. One percent of pig producers have more than 1,000 sows. These producers accounted for around 40 percent of sows in July 1998.

Pigmeat prices slumped in the first half of CY 1999. However increasing exports together with strong domestic demand significantly increased prices towards the end of CY 1999. Prices eased again for the beginning of CY 2000 and followed the same pattern as the year before rising again from mid year onwards.

ABARE estimates that average saleyard prices for pigs increased a massive 25 percent in FY 1999/2000 reaching 239 Ac/kg. ABARE forecasts the average saleyard price to remain unchanged during FY 2000/01.

ABARE estimates sow numbers at 308,000 head for FY 1999/2000 representing an increase of less than one percent on the previous year. However, for the FY 2000/2001 ABARE forecasts an increase of over three percent with sow numbers at 319,000. These figures are consistent with expectations that Australian producers would commence herd rebuilding during CY 2000 as producer confidence in the market place increases. Post estimates sow numbers at 314,000 head in CY 2000, an increase of two percent on the previous year. Post forecasts sow numbers to increase a further three percent to 324,000 head in CY 2001.

Government sources report significant expansion projects being undertaken by large companies in the production sector taking advantage of recent price rises. Post estimates that these expansions alone will account for around 60,000 to 70,000 breeding sows during CY 2000 and CY 2001. These expansions will prevent a fall in sow numbers compensating for producers who have exited the industry and will contribute to the modest rise forecasted by ABARE.

Around 40 percent of pig meat is consumed in the fresh market with the remaining 60 percent used in processed meat i.e. ham, bacon, and a small amount in small goods. The market peaks for bacon in winter, when monthly consumption is 40 percent higher than in summer, while the market peak for hams is at Christmas with December sales 400 percent higher than in the other 11 months.

Trade

Export Trade Table

Export Trade Matrix				
Country	Australia		Units:	Number
Commodity	Animal Numbers, Swine		Partial Begin	January
			Partial End	May
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	18	28	0	0
Others				
Philippines	1236	742	0	29
Hong Kong	170	182	30	27
India	0	157	0	0
Japan	0	16	16	0
Kiribati	0	1	0	0
Papua New Guinea	17		0	0
Solomon Islands	6		0	0
Total for Others	1429	1098	46	56
Others not Listed	0	0	0	0
Grand Total	1447	1126	46	56

Import Trade Table

Import Trade Matrix				
Country	Australia		Units:	Number
Commodity	Animal Numbers, Swine		Partial Begin	January
			Partial End	May
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.				
Others				
Total for Others	0	0	0	0
Others not Listed				

Grand Total	0	0	0	0
-------------	---	---	---	---

Meat, Swine

PSD Table						
Country	Australia					
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)	5068	5037	0	4900	0	5200
Beginning Stocks	0	0	0	0	0	0
Production	363	362	350	360	0	375
Intra EC Imports	0	0	0	0	0	0
Other Imports	30	28	27	27	0	28
TOTAL Imports	30	28	27	27	0	28
TOTAL SUPPLY	393	390	377	387	0	403
Intra EC Exports	0	0	0	0	0	0
Other Exports	35	37	41	41	0	45
TOTAL Exports	35	37	41	41	0	45
Human Dom. Consumption	358	353	336	346	0	358
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	358	353	336	346	0	358
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	393	390	377	387	0	403
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

(NB. Conversion factor for CWE = 1.25)

Production**General**

Pig meat production is estimated by ABARE to have decreased by four percent during 1999/2000 in line with decreased slaughterings signaling a return to herd rebuilding after a period of liquidation. Production is forecast to increase by three percent during 2000/01. This reflects increased sow numbers and increased slaughter levels, due to an increase in profitability.

Consumption

Price Table

Prices Table			
Country	Australia		
Commodity	Meat, Swine		
Prices in	Aus cents	per uom	KG
Year	1999	2000	% Change
Jan	778.08	869.94	11.81%
Feb	778.08	869.94	11.81%
Mar	778.08	869.94	11.81%
Apr	788.52	834.4	5.82%
May	788.52	834.4	5.82%
Jun	788.52	834.4	5.82%
Jul	807.31		-100.00%
Aug	807.31		-100.00%
Sep	807.31		-100.00%
Oct	856.72		-100.00%
Nov	856.72		-100.00%
Dec	856.72		-100.00%
Exchange Rate	1.73	Local currency/US \$	

Source: ABS

Utilization

ABARE estimates that Australian per capita consumption of pig meat remained static during the 1999/2000 FY. ABARE has forecast a slight improvement in consumption for the FY 2000/01 with a rise of one percent to 19.5 kg per annum.

The Australian Pork Corporation (APC) continues to run marketing campaigns which includes in-store demonstrations, butcher education, taste-tests, consumer studies, point-of-sale merchandising, recipes, and nutritional information. The APC is also working with the National Heart Foundation which has endorsed 13 different cuts of pork as being nutritionally beneficial, e.g. low in fat and cholesterol.

The APC has teams of promotion officers that give presentations to butchers regarding new pork cuts, how to achieve a higher yield from a carcass, how to add value to pork (e.g. marinated cuts of pork), etc.

Trade

Export Trade Table

Export Trade Matrix				
Country	Australia		Units:	MT
Commodity	Meat, Swine		Partial Begin	January
			Partial End	May
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	79	61	14	0
Others				
Singapore	55	15625	1595	10460
Japan	4383	4697	2011	2668
New Zealand	2450	1833	769	831
Germany	1067	1575	436	288
France	855	1172	406	178
Hong Kong	734	1061	466	264
Korea, Rep.	489	747	178	219
Netherlands	569	733	211	32
Philippines	398	714	267	34
Taiwan	114	352	23	76
Total for Others	11114	28509	6362	15050
Others not Listed	2227	1109	485	288
Grand Total	13420	29679	6861	15338

Import Trade Table

Import Trade Matrix				
Country	Australia		Units:	MT
Commodity	Meat, Swine		Partial Begin	January
			Partial End	May
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Canada	7450	16808	7101	9031
Denmark	0	5321	400	11268
New Zealand	0	41	0	47
Australia	1	12	0	0
Total for Others	7451	22182	7501	20346
Others not Listed	0	0	0	
Grand Total	7451	22182	7501	20346

General

Australia traditionally has been a small exporter of pork. However, exports increased strongly during CY 1997 and 1998 due to an increase in exports to Japan which was assisted by the Foot and Mouth Disease (FMD) outbreak in Taiwan. Australia also increased exports to Russia and Germany (the vast majority of exports to Germany and other European countries are wild boar). Other major export destinations during CY 1999 were Singapore, New Zealand, Hong Kong, the Netherlands, Korea, and the Philippines. Australian exports of pork are forecast to increase again during CY 2000 due to continued strong exports to Japan and the recent sharp increase in exports to Singapore (which are running at 10,460 MT for the first five months of CY 2000 compared to 1,595 MT for CY 1999) due to the Nipah pig virus which swept through Malaysia early in CY 1999. The Pork Research and Development Corporation (PRDC) projects that this market could be worth as much as A\$200 million per year when pork consumption recovers to the levels in existence before the virus scare. Exports to Hong Kong for the first five months of CY 1999 have also shown strong growth and are expected to continue to grow during the rest of the year.

The Australian pork industry has experienced a sharp reduction in profitability in recent times which has resulted in heated debate in the Australian media focusing on the role of pork imports. Although producers have regained profitability, the Australian Government has responded with a A\$24 million assistance package. It also initiated a Productivity Commission study into industry complaints against increased imports and whether pig farmers were suffering material harm from trade liberalization and thus should receive safeguard protection under Article 19 of the WTO (see report AS8031 and AS8035). The assistance concentrated on improving the: efficiency of the processing sector; the business skills of individual growers; and, international competitiveness of the export sector of the industry.

Australia has permitted pork imports from Canada since 1990, following a favorable investigation by the Australian Quarantine and Inspection Service (AQIS). This led to imports increasing from around 600 MT in CY 1990, to over 16,808 MT during CY 1999. Imports for the period January to May 2000 are up 27% on the same period last year. The increase in imports reflects higher domestic prices and an increase in exports which has reduced domestic supply.

The imports have been all boneless and mainly legs or middles. The Australian industry maintains that while the import volume is small, the imports have led to processors reducing purchases in the normal slow period, beginning in fall, when producers usually store hams for Christmas. They claim processors can now make up the majority of the shortfall later in the year with Canadian imports.

The Australian Pork Corporation indicates that to convert PWE to CWE equivalent they use 0.8 for exports (which are mainly carcasses) and 0.56 for imports as they are mainly legs.

Marketing

General

The APC marketing and promotion program includes: media advertising including, television, magazines and trade press; promotional materials, posters, brochures and leaflets; presentations and training sessions for various sectors, including retailers, the food service industry and educational authorities; and, public relations activities, aimed at obtaining favorable editorial coverage about pork in media which are most influential with consumers.

Poultry, Meat, Total

Production

PSD Table						
Country	Australia					
Commodity	Poultry, Meat, Total				(1000 MT)(MIL HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	20	20	20	18	20	12
Production	603	604	630	626	0	645
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	623	624	650	644	20	657
Whole, Exports	15	14	16	18	0	17
Parts, Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	15	14	16	18	0	17
Human Consumption	588	592	614	614	0	626
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	588	592	614	614	0	626
TOTAL Use	603	606	630	632	0	643
Ending Stocks	20	18	20	12	0	14
TOTAL DISTRIBUTION	623	624	650	644	0	657
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

General

Poultry meat production is estimated to increase by around four percent during FY 1999/2000 and a further three percent during FY 2000/01. Increased demand, due to the relative price attractiveness of chicken meat compared to competing meats, and the perceived ease of preparation and cooking of chicken meat, has led to a long-term trend of increased production and per capita consumption of chicken meat. Current poultry meat production is more than double the level attained during the early 1980's. The recent increase in production is mainly due to low feedgrain prices and poultry meats price competitiveness with competing meats.

Industry analysts state that in recent years strong increases in supply have resulted in downward pressure on prices. Part of the reason for the increase in supply is stated to be optimistic sales targets which reflect the strong sales growth in recent years.

Gains in poultry production are usually limited by the following factors: strong price competition from competing meats, especially beef, high labor costs, and high feed grain prices, especially in drought years when grain is in short supply. ABARE estimates that poultry meat consumption increased by three percent in FY 1999/2000 and has forecast that consumption will rise another two percent to 32.5 percent in FY 2000/01.

Consumption

General

The per capita consumption of poultry meat has experienced a dramatic increase since the 1960s due to the changing dietary patterns of consumers. Chicken meat accounts for over 90 percent of poultry consumption. The following table shows the increase in poultry consumption.

Year	Per Capita Consumption (kg/year)
1960	1.3
1970	10.5
1981	19.3
1984	20.2
1985	23.0
1987	24.1
1990	24.6
1992	25.9
1994	27.9
1996	27.9
1997	28.5
1998	30.5
1999	31.1
2000 (p)	31.9
2001 (f)	32.5

Source: Australian Bureau of Statistics/ABARE

Utilization

Changes in retail practices have contributed to the increase in poultry meat consumption in recent years. The expansion in the number and size of fast food outlets and the increased availability of processed poultry products has been driven by consumer demand for convenience foods. Specialized chicken outlets selling various boneless chicken lines such as chicken patties, chicken pieces, marinated and other value added chicken products have increased rapidly in number and size. Traditional butchers and supermarkets also supply a range of value added chicken products. The Australian industry reports that value added products account for around 25 percent of Australian poultry consumption.

The growth in further processed poultry products has been at the expense of fresh and frozen poultry products. Fresh chicken meat and chicken pieces have largely replaced frozen chicken as they save time and are easier to prepare. Industry sources state that frozen poultry products account for around 15 percent of the poultry market. This figure will continue to fall in the future. Consumers are eating less meat per meal in meal styles such as stir fry and with pasta. The move to chicken meat and chicken meat products has encouraged producers to grow birds to a heavier weight in order to increase the meat yield per carcass. This trend also reduces the cost of production, i.e. less birds are slaughtered per kilogram of meat produced.

How Poultry is Sold in Australia (Percentage of Total Sales)	
Supermarket	50
Fast Food Sector	25
Small Retailers and Butchers	15
Food Service Industry	10

Trade

Export Trade Table

Export Trade Matrix			
Country	Australia		
Commodity	Poultry, Meat, Total		
Time period	Jan-Dec	Units:	MT
Exports for:	1998		1999
U.S.	0	U.S.	
Others		Others	
Hong Kong	8156	Hong Kong	6796
South Africa	5157	South Africa	4873
Vanuatu	538	Philippines	1245
Sri Lanka	507	Fiji	954
Kiribati	497	Sri Lanka	868
Fiji	399	Kiribati	675
Wallis & Futuna Islands	320	Vanuatu	596
Nauru	198	Indonesia	394
Tuvalu	182	Wallis & Futuna Islands	392
Philippines	176	Nauru	236
Total for Others	16130		17029
Others not Listed	909		1015
Grand Total	17039		18044

Import Trade Table

Import Trade Matrix			
Country	Australia		
Commodity	Poultry, Meat, Total		
Time period	Jan-Dec	Units:	MT
Imports for:	1998		1999
U.S.	0.033	U.S.	0
Others		Others	
United Kingdom	0.003		
Total for Others	0.003		0
Others not Listed	0		
Grand Total	0.036		0

Prices

The following table lists average retail prices (Aust. cents/kg) for frozen chickens.

1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00 (s)	2000/01 (f)
291	280	281	297	317	317	315	316	314

(s) ABARE Estimate. (f) ABARE Forecast.

Exchange Rate: US\$1.00 = A\$1.53, 8/10/99

SOURCE: ABARE, Agriculture & Resources Quarterly

The following table contains retail prices (Aust. cents/kg) for chicken and its major competitors, i.e. beef and lamb.

Year	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00 (s)	2000/01 (f)
Chicken	280	281	298	317	317	315	358	365
Yearling beef	987	998	1012	977	983	986	1037	1077
Lamb	632	616	693	704	703	707	713	725

(s) ABARE Estimate. (f) ABARE Forecast.

Exchange Rate: US\$1.00 = A\$1.53, 8/10/99

SOURCE: ABARE, Agriculture & Resources Quarterly

Poultry, Meat, Chicken - 16 wks

PSD Table						
Country	Australia					
Commodity	Plty, Meat, Chicken -16 wks				(1000 MT)(MIL HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	20	20	20	25	20	20
Production	543	550	567	573	0	590
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	563	570	587	598	20	610
Whole, Exports	12	14	13	18	0	17
Parts, Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	12	14	13	18	0	17
Human Consumption	531	531	554	560	0	571
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	531	531	554	560	0	571
TOTAL Use	543	545	567	578	0	588
Ending Stocks	20	25	20	20	0	22
TOTAL DISTRIBUTION	563	570	587	598	0	610
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Trade

Export Trade Table

Export Trade Matrix			
Country	Australia		
Commodity	Plty, Meat, Chicken -16 wks		
Time period	Jan-Dec	Units:	MT
Exports for:	1998		1999
U.S.	0	U.S.	0
Others		Others	
Hong Kong	7823	Hong Kong	6114
South Africa	2877	South Africa	1810
Vanuatu	507	Sri Lanka	868
Sri Lanka	507	Fiji	830
Kiribati	456	Philippines	710
Wallis & Futuna Islands	291	Vanuatu	566
Fiji	195	Kiribati	555
Nauru	191	Indonesia	363
China	174	Wallis & Futuna Islands	326
Cook Islands	149	Nauru	220
Total for Others	13170		12362
Others not Listed	624		686
Grand Total	13794		13048

Import Trade Table

Import Trade Matrix			
Country	Australia		
Commodity	Plty, Meat, Chicken -16 wks		
Time period	Jan-Dec	Units:	MT
Imports for:	1998		1999
U.S.	0.033	U.S.	0
Others		Others	
United Kingdom	0.003		
Total for Others	0.003		0
Others not Listed	0		0
Grand Total	0.036		0