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Livestock

Livestock Annual

1999

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Report Highlights:
Cattle numbers are forecast to increase modestly during CY 1999 and 2000 due to a decrease in slaughterings. Cattle slaughter to decrease by six percent during CY 1999 . Beef and veal production to decrease by four percent during CY 1999. Total exports of beef and veal are forecast to decrease marginally during CY 1999 and CY 2000. Lamb production forecast to increase by two percent during CY 1999 and three percent during CY 2000. Exports of lamb increase by 13 percent during CY1998, and forecast to increase three percent during CY 1999.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

The Australian cattle herd is estimated to have decreased marginally during Calendar Year (CY)1998. This fall reflects the high slaughter rate that resulted from dry conditions across south east Australia in late 1997 and the majority of CY 1998. This increase in slaughter more than offset the sharp reduction in live cattle exports.

The Australian cattle herd is forecast to increase modestly during CY 1999 due to a decrease in slaughterings. Renewed confidence in the industry due to higher prices and favorable seasonal conditions will help reduce sales. While MLA forecast that the cow kill will fall during CY 1999, post believes that current high cow slaughter levels will constrain the increase in the herd. Continued herd building due to favorable price prospects is forecast to result in the cattle herd increase by two percent during CY 2000.

The latest national feedlot survey from the Australian Lotfeeders Association (ALFA) and the MLA, completed for the March 1999 quarter, estimates that Australian feedlot capacity as of March 1999 was 892,359 head, one percent higher than the estimate for March 1998. The actual number of cattle on feed in March 1999 was 550,703 head, nine percent higher than during the December 1998 quarter.

The rise in cattle on feed reflects: continued lower grain prices; stronger demand from the Japanese market; and a 20 percent increase in numbers of short-fed cattle destined for the domestic market.

Exports of feeder and slaughter cattle have increased strongly during the1990'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.

Exports have recovered during the first five months of CY 1999 and are currently running 50 percent above the same period in 1998. Exports are expected to slow for the remainder of the year. The export volume for the CY 1999 is forecast to reach around 715,000 head with substantial increases to the Philippines, Indonesia, and Egypt.

In the medium term exports are expected to show modest growth due to the recovery in the feeder cattle trade to Indonesia and the Philippines and the continuation of strong sales to Egypt and Libya.

The cattle slaughter figure for CY 1999 is forecast to decrease by around six percent to 8.8 million head due to the retention of stock for herd rebuilding and a forecast recovery in the live cattle export trade. The MLA forecasts that slaughterings will fall to 8.6 million head during CY 2000. Slaughterings are forecast to reach 9.3 million head during CY 2003.

Beef and veal production is forecast to decrease by four percent to 1,910,000 MT during CY 1999 due to decreased slaughter levels which reflect modest herd building due to improved seasonal conditions, brighter prospects for the beef industry, and an increase in live cattle exports. Increased slaughter weights due to improved pasture conditions and increased feedlot activity will limit the fall in production. Beef and veal production is forecast to decrease to 1,900,000 MT in 2000 due to continued herd rebuilding activity. Higher slaughter weights due to a low ratio of cows and calves in the kill, favorable seasonal conditions, high feedlot placements and underlying productivity gains will limit the fall in production.

Total exports of beef and veal are forecast to decrease marginally during CY 1999 and CY 2000 reflecting a decrease in slaughter levels.

Sales of manufacturing beef to the U.S. during CY 1998 increased to 290,848 MT, 30 percent higher than in CY 1997. This increase reflected sharp falls in Asian demand and comparatively favorable returns in the US which were boosted by the sharp devaluation of the Australian dollar.

Exports of Australian beef to the U.S. during CY 1999 are forecast to increase to 300,000 MT due to higher prices in the US.

Exports of beef and veal to Japan during CY 1998 increased by around two percent to 327,749 MT due mainly to a depreciation of the Australian dollar against the US$. Beef exports to Japan are forecast to increase by three percent during CY 1999 due to a forecast modest increase in Japanese beef consumption and a reduction in Japanese beef production.

Since the peak of 170.3 million head in CY 1990 sheep numbers have continued to fall reaching a forecast 117.8 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.

Total sheep and goat meat production is expected to increase by four percent during CY 1999 to 667,000 MT. This increase results from increased slaughter levels which reflect more favorable seasonal conditions and thus higher slaughter weights, and favorable returns. Higher slaughter weights are also supported by the trend towards producing heavier lambs for the export trade. Modest flock building and reduced sheep numbers are forecast to result in total production decreasing marginally during CY 2000. This decrease will be concentrated in the mutton sector as lamb production will continue to increase.

Lamb production is forecast to increase by two percent during CY 1999 due to improved seasonal conditions, and an increase in slaughterings and slaughter weights. Underpinning this increase is an increase in the number of specialist lamb producing flocks i.e. these flocks are made up of first cross ewes, and an increase in the number of ewes mated to non-merino sires.

Exports of Lamb increased during CY 1998 by 13 percent due to strong export demand, which was assisted by a weaker A$, and an increase in supply.

The export market for lamb has diversified in recent years with growth occurring in a wide variety of markets. The US market has however emerged as the major market for lamb exports in both volume and more importantly value terms. The Pacific Rim, South Africa, the Middle East, the UK and Mexico are also important markets.

Australian exports to the US from July 22, 1999 will be subject to the recently implemented import Tariff Rate Quota (TRQ). While it is unclear how the nine percent tariff will affect Australian exports to the US it seems likely that current high prices on offer in the US will see the quota filled. It appears that exports to the high price end of the market have potential to increase at the expense of lower priced product. The distribution of the quota among processors will affect the future export mix.

Animal Numbers, Cattle

PSD Table						
Country	Australia					
Commodity	Animal Numbers, Cattle				(1000 HEAD)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Total Cattle Beg. Stks	26710	26710	25700	26500	0	26700
Dairy Cows Beg. Stocks	2002	2002	2030	2032	0	2067
Beef Cows Beg. Stocks	11667	11704	11300	11550	0	11663
Production (Calf Crop)	9884	9915	9600	9800	0	9880
Intra EC Imports	0	0	0	0	0	0
Other Imports	10	0	10	0	0	0
TOTAL Imports	10	0	10	0	0	0
TOTAL SUPPLY	36604	36625	35310	36300	0	36580
Intra EC Exports	0	0	0	0	0	0
Other Exports	560	618	600	715	0	775
TOTAL Exports	560	618	600	715	0	775
Cow Slaughter	4050	4200	3600	3650	0	3400
Calf Slaughter	1243	1239	1100	1150	0	1000
Other Slaughter	4063	3891	4164	3950	0	4150
Total Slaughter	9356	9330	8864	8750	0	8550
Loss	988	177	346	135	0	55
Ending Inventories	25700	26500	25500	26700	0	27200
TOTAL DISTRIBUTION	36604	36625	35310	36300	0	36580
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 beef industry has the largest number of producers of the broadacre industries in Australian agriculture. The Australian Bureau of Agricultural and Resource Economics (ABARE) reports that the beef industry has one of the largest ranges in enterprise size, geographic location and financial performance.

The Australian cattle herd is forecast to have decreased marginally during CY 1998. This fall reflects the high slaughter rate due to dry conditions across south east Australia in late 1997 and the majority of 1998. This increase more than offsets the sharp reduction in live cattle exports. The reduction in live exports encouraged producers to retain steers to a more advanced age and weight for the meat export trade. Continued cash flow problems, the reduction in the required number of cows numbers to produce cattle for live trade, and attractive export cow prices (these cows will be processed for manufacturing beef), resulted in a higher than usual level of cows being slaughtered.

The Australian cattle herd is forecast to marginally increase during CY 1999 due to a decrease in slaughterings. Renewed confidence in the industry due to higher prices and favorable seasonal conditions will help reduce sales. While MLA forecast that the cow kill will fall during CY 1999, post believes that high cow slaughter levels will constrain the increase in the herd. Continued herd building due to favorable price prospects is forecast to see the cattle herd increase by two percent during CY 2000. Aiding the increase in the herd is the increased calf survival rates in recent years and the general trend toward lower death rates.

The MLA forecasts that the herd will reach 28.4 million head by the start of CY 2003.

The latest national feedlot survey from the Australian Lotfeeders Association (ALFA) and the MLA, completed for the March 1999 quarter, estimates that Australian feedlot capacity as of March 1999 was 892,359 head, one percent higher than the estimate for March 1998. The actual number of cattle on feed in March 1999 was 550,703 head, nine percent higher than during the December 1998 quarter.

The rise in cattle on feed reflects: continued lower grain prices; stronger demand from the Japanese market; and a 20 percent increase in numbers of short-fed cattle destined for the domestic market. Feeder cattle prices have increased during the first quarter of 1999 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 . Part of the recent recovery is due to the usual seasonal lift in placements during winter. The survey found that the number of cattle on feed mainly increased in feedlots with between 500-1,000 head during the March quarter.

The latest survey estimates that as of March 1999, 39 percent (35 percent in December 1998) of cattle were being fed for the domestic market, 58 percent (60 percent in December 1998) are being fed for the Japanese market and 1.0 percent (the same as in December 1998) were being fed for the Korean market.

Numbers of cattle on feed were expected to increase by around six percent during the June quarter due to a continued strong demand for grainfed beef in the Japanese and domestic markets and continued low feedgrain prices.

The Australian dairy industry has enjoyed favorable returns in recent years which has resulted in dairy cow numbers increasing.

Slaughter Rate

The slaughter figure for CY 1999 is forecast to decrease by around six percent to 8.8 million head due to the retention of stock for herd rebuilding and a forecast recovery in the live cattle export trade.

The MLA forecasts that slaughterings will fall to 8.6 million head during CY 2000. Slaughterings are forecast to reach 9.3 million head during CY 2003.

The proportion of female cattle in the kill has increased during CY 1997 and 1998 , reaching 52 percent of the adult kill in CY 1998, compared to 43 percent in 1996, and a 10 year average of 43 percent. The growth in live cattle exports, which are predominantly male animals, increased the female percentage of the kill. However live cattle exports fell sharply during 1998. The increase in the female kill reflects producers reducing their herd size; improved productivity ; cash flow problems; and attractive export manufactured beef prices, particularly in relative to export steer and bullock prices.

The reduction in live exports during 1998 resulted in producers in central and southern Queensland, parts of the Northern Territory and Western Australia, retaining steers to grow out to export weights instead of turning them off at a younger age for the live export trade. This increased the need to cull more breeding cows for both management and cash flow purposes.

Normally such high female slaughter rates would indicate herd liquidation however the elevated level of females in the herd due to the growth in the live cattle trade, and underlying productivity gains, has resulted in herd numbers being relatively stable.

Forage and Feed Supplies

The 1998-99 season enjoyed large coarse grain and wheat crops. This follows large crops during the two previous seasons. The 1998-99 wheat crop included a larger than usual proportion of downgraded grain which combined with large feed crops, and depressed world prices, has led to abundant supplies of lower priced grain. Grain prices are forecast by ABARE to remain depressed during 1999-2000 which will reduce input costs for feedlot operators.

Pasture Conditions

Pasture conditions improved sharply in spring 1998 and have remained favorable in the majority of grazing areas. The Autumn (fall) remains one of the best on record with N.S.W. the best placed with good pastures throughout the state. This will increase upward pressure on cattle prices as graziers and lot feeders compete for stock to utilize pasture and cheap grain.

Cross Commodity Developments

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

The suspension of the grower funded wool floor price scheme in mid-1991, following the accumulation of a 4.7 million bale stockpile was followed by a period of falling wool prices and thus growers incomes fell substantially. The downsizing of the Australian sheep flock seems to be now largely complete.

Slow retail demand for textiles led to a buildup in stocks of processed and semiprocessed wool. This combined with low economic growth in Asia and western Europe resulted in the demand for wool remaining weak and prices falling during the 1998-99 FY.

A forecast improvement in demand in response to stronger economic growth in some major European markets, South Korea and Chinese Taipei should see prices improve modestly. ABARE forecasts that wool prices will increase by three percent during the 1999-2000 FY when compared to the 1998-99 level. While this is positive prices remain at historically low levels.

The continued depressed outlook for the wool industry, and the static outlook for the lamb industry, is unlikely to encourage anything but very marginal transfer of resources between the wool and lamb industries and the beef industry.

The large amount of capital involved in transferring from a sheep enterprise to cattle production, and the memory of the previous cattle market crash in mid-1970, has also limited movement from sheep to cattle.

The relatively favorable outlook for grain growing in Australia in recent years has led to producers increasing the ratio of farm resources dedicated to grain growing. With grain returns for 1999-2000 FY forecast to be depressed the comparative improvement in the cattle industry may see a limited transfer of resources to the cattle industry.

Production Problems

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

While more of the older and outdated plants are closing down, new and refurbished plants have been established. These plants include new technology and have often negotiated improved labor agreements which combine to increase productivity and reduce costs.

The processing sector has been hindered by a long-running history of industrial disruption. The meat processing industry has undergone a number of Government and industry sponsored inquiries in recent years which aimed to facilitate improved industrial relations, efficiency and productivity in the industry. All reports concluded that the industry has been hindered from reaching international competitiveness by lack of industrial reform.

The inquiries have recommended simplification of Australia's meat industry employment conditions and a focus on consultation, flexibility and productivity. The Cattle Council of Australia (CCA) states that productivity based plant specific (as opposed to industry wide) agreements should be developed. It goes on to state that a cultural change within the processing sector must occur to reach a commonality of purpose between employees and employers.

The above inquiries included the following findings:

- A$1,000 million lost per year due to restrictive work practices which reduce Australia's competitiveness;
- labor productivity in Australia was 1.4(cattle processed/employee/day) compared to 2.9 in the US and 3.4 in New Zealand; and
- Australian processing costs were over A$100 dollars per carcass higher than in the US. This was balanced to some degree as Australian processors pay an average of 112Acents/kg less than their US counterparts;

Some processors have initiated major reforms. For example Australian Meat Holdings (AMH) after a costly strike (which is estimated to have cost A$16 million), introduced reforms that the National Farmers Federation (NFF) estimates resulted in a four percent increase in productivity .

One of the major sticking points in improving labor productivity is the tally system. This system is based on workers being paid a set amount for a set number of carcasses per day, known as the minimum tally, for each additional carcase a rate is paid until the tally is reached. From then on each carcase is paid for at one and a half or twice the minimum rate. Thus new technology that speeds up processing is penalized with higher labor costs. The GOA is currently trying to get the "Workplace Relations Amendment" Bill through parliament which would outlaw the tally system. Industry sources indicate that this bill may not have the to pass the senate. The Industrial Relations Commission is also investigating the tally system and was due to make a decision on the future of the tally system in the Federal Meat Processing Award over six months ago.

The CCA has stated that reducing the number of abattoirs and increasing the number of high technology, semi-automated operations would help reduce processing costs. The CCA stated that the capacity at which processing plants operated should be increased from the current 65-70 percent to 90-95 percent.

Industry rationalization over the past decade has resulted in the closure of about 20 processing plants across Australia.

Consumption

Prices

Prices Table			
Country	Australia		
Commodity	Cattle - Saleyard Prices		
Prices in	Aus cents	per uom	KG
Year	1998	1999	% Change
Jan	163.1	189.5	16.19%
Feb	170.6	194.9	14.24%
Mar	165.4	202.1	22.19%
Apr	156.9	201.9	28.68%
May	174.9	196.8	12.52%
Jun	182.1	197.6	8.51%
Jul	190.7		-100.00%
Aug	198.5		-100.00%
Sep	200.5		-100.00%
Oct	192.4		-100.00%
Nov	189.9		-100.00%
Dec	187.1		-100.00%
Exchange Rate	1.53	Local currency/US $	

Source: ABARE

Saleyard prices during the 1998-99 FY were estimated by ABARE to have increased by around 13 percent to Ac195/kg reflecting stronger export demand and also increased interest from restockers. ABARE forecasts that average yearly prices during 1999-2000 FY will increase to Ac200/kg due to herd building in Australia and forecast continued strong export demand.

Grain prices during 1999-2000 FY are forecast by ABARE to remain low which will result in increased profitability of feedlots and will improve export margins for grain fed cattle, and thus increase saleyard demand for feeder cattle.

Export demand for live cattle fell dramatically during CY 1998 due the sharp fall in the demand from Asian markets. This fall was somewhat offset by continued growth in north African markets. Some of the cattle that have been displaced from the live export trade were retained and grown out into heavier bullocks for the Japanese trade while the balance were sent south for slaughter.

The following table lists indicative wholesale feeder cattle prices per kilogram for New South Wales between January 1993 and May 1999 (the price is for young cattle dressed weight 160- 210 kg, dressed weight)

Month	1993	1994	1995	1996	1997	1998	1999
January	229.0	253.0	237.0	208.0	155.0	286.0	235.0
February	226.0	259.0	227.0	186.0	200.0	220.0	235.0
March	223.0	268.0	216.0	172.0	203.0	218.0	235.0
April	206.0	266.0	233.0	163.0	215.0	210.0	254.0
May	209.0	246.0	233.0	155.0	212.0	214.0	259.0
June	215.0	243.0	252.0	163.4	230.0	225.0	
July	235.0	254.0	246.0	176.0	235.0	227.0	
August	257.0	230.0	237.0	182.0	232.0	236.0	
September	257.0	225.0	220.0	172.0	220.0	235.0	
October	251.0	220.0	203.0	169.0	235.0	235.0	
November	249.0	232.0	205.0	167.0	240.0	239.0	
December	252.0	231.0	213.0	157.0	255.0	235.0	

Source - Meat & Livestock Australia

Trade

Export Trade Table

Export Trade Matrix				
Country	Australia		Units:	HEAD
Commodity	Animal Numbers, Cattle		Partial Begin	Jan
			Partial End	May
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	4	22	11	0
Others				
The Philippines	259702	215961	68802	115828
Libya	105257	120723	69832	6992
Egypt	37540	116624	28494	105296
Malaysia	73752	43589	19821	25751
Indonesia	428381	41174	2200	47768
Mexico	6960	21106	11743	150
Jordan	2451	18128	7956	14119
Japan	19857	17148	8049	5777
Israel	0	8719	275	4987
Brunei	6528	7655	3420	7229
Total for Others	940428	610827	220592	333897
Others not Listed	7937	7325	3665	1867
Grand Total	948369	618174	224268	335764

Import Trade Table

Import Trade Matrix				
Country	Australia		Units:	HEAD
Commodity	Animal Numbers, Cattle		Partial Begin	Jan
			Partial End	May
Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	13	102	102	66
Others				
Total for Others	0	0	0	0
Others not Listed	0	0	0	0
Grand Total	13	102	102	66

General

Exports of feeder and slaughter cattle increased strongly during the1990'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.

Exports have recovered during the first five months of CY 1999 and are currently running 50 percent above the same period in 1998. Exports are expected to slow for the remainder of the year. The export volume for the CY 1999 is forecast to reach around 715,000 head with substantial increases to the Philippines, Indonesia, and Egypt.

The Philippines, Libya and Egypt were the largest markets in CY 1998 with exports to Egypt more than doubling and exports to Libya increasing by 15 percent. Conversely exports to Indonesia fell by 90 percent and exports to the Philippines and Malaysia fell by 17 and 41 percent respectively.

In the medium term exports are expected to show modest growth due to the recovery in the feeder cattle trade to Indonesia and the Philippines and the continuation of strong sales to Egypt and Libya.

Sales to Indonesia are forecast to more than double during the CY 1999 due to a stronger rupiah and improved economic growth in the second half of the year. One of the largest impediments is reported to be the lack of credit due to the risk averse attitude of the banking sector in Indonesia.

The Philippines is likely to remain Australia’s largest export market in the short to medium term. With demand forecast to improve, the Peso strengthening and credit reported to be freeing up, exports of live cattle are expected to increase during CY 1999. While the Monetary Board of the Philippines is reported to be increasing the availability of credit to small and medium scale businesses, priority has been given to exporters which will continue to limit the increase in imports.

European Union (EU) exporters have traditionally supplied live cattle to the Middle Eastern and north African markets. In recent years EU exports have faced increasing pressure due to reductions in export subsidies, BSE problems, and pressure from animal welfare groups. This has seen EU exports fall sharply. In the past these markets took predominantly British and European breed cattle for immediate slaughter, however they have recently taken more bos indicus cattle from northern Australia. Excess shipping capacity and low shipping rates has also assisted this trade.

While the Egyptian market displays unexpected swings in demand, exports for the first five months of CY1999. point toward growth in this market. Early indications point towards a decrease in exports to Libya during CY 1999.

Exports of live cattle to Middle East markets such as Jordan and Israel are expected to remain strong during CY 1999. The future performance of these markets depends on the economic and political climates in the Gulf region.

Mexico emerged as a market for breeder cattle in CY 1996. Health protocols for feeder cattle limit the supply of cattle to southern areas of Australia. Current regulations make exporting to Mexico relatively expensive however if protocols are negotiated for northern areas then trade should expand. Excess shipping capacity and low domestic prices resulted in sizeable shipments of cattle to Mexico during CY 1998.

China and Vietnam are regarded as markets with good potential for export growth. The MLA reports that the development of privately owned feedlots in southern China is vital in the development of the Chinese feeder cattle trade. Recently negotiated health protocols should also assist this trade. Vietnam took its first shipment of around 1,000 head of northern cattle in early CY 1999 with reports that this market could take up to 40,000 head annually.

In the long-term, shipments to Asia are forecast to again increase as economic growth rates improve. However governments are unlikely to provide the same level of assistance as was provided before the crisis. Reductions in beef import tariffs will lead to increased competition from beef. The forecast recovery of Australian and world beef prices in the short to medium term will lead to increased competition for cattle from meat processors in Australia. Industry sources feel that is unlikely that shipments will reach the levels attained in CY 1997 in the medium term.

Policy

Production and Consumption Policy

The GOA has recently 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 the Government will legislate to make sure that they do in the future.

Non-Tariff Barriers

Australia achieved "Impending Free" status for bovine tuberculosis (TB) under the Brucellosis and Tuberculosis Eradication Campaign (BTEC) on 1 January 1993. This followed the successful brucellosis eradication campaign which was completed in July 1989. The Brucellosis and TB eradication campaigns commenced in 1970 and cost at least A$750 million.

The Australian cattle industry and Australian Government 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 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	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Slaughter (Reference)	9356	9330	8864	8750	0	8550
Beginning Stocks	52	43	68	60	0	62
Production	1996	1987	1900	1910	0	1900
Intra EC Imports	0	0	0	0	0	0
Other Imports	3	2	3	3	0	3
TOTAL Imports	3	2	3	3	0	3
TOTAL SUPPLY	2051	2032	1971	1973	0	1965
Intra EC Exports	0	0	0	0	0	0
Other Exports	1223	1262	1160	1236	0	1250
TOTAL Exports	1223	1262	1160	1236	0	1250
Human Dom. Consumption	760	700	750	665	0	645
Other Use, Losses	0	10	0	10	0	10
TOTAL Dom. Consumption	760	710	750	675	0	655
Ending Stocks	68	60	61	62	0	60
TOTAL DISTRIBUTION	2051	2032	1971	1973	0	1965
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	291	0	300	0	310

(NB. Conversion factor for CWE - 1.43)

Production

General

Cattle and calf slaughterings during CY 1999 are forecast to decrease by six percent to 8.8 million head due to the retention of stock for herd rebuilding, a decline in cow numbers in 1998 which reduces the calf crop, and a forecast recovery in the live cattle export trade. Herd rebuilding has been enhanced by improved pasture conditions and improved prices. Increased numbers of cattle on feed means that turnoff for some cattle will be delayed to later in 1999.

The MLA forecasts that slaughterings will fall to 8.6 million head during CY 2000. This is based on herd building and

the MLA forecast that future prices will improve due to export prospects remaining strong, reflecting decreasing cattle numbers in many major producing countries.

Beef and veal production increased by two percent to 1,987,000 MT during CY 1998 the third highest production level on record (this figure is carcass weight equivalent, while the trade matrix contains shipped weight data). Production is forecast to decrease by four percent to 1,910,000 MT during CY 1999 due to decreased slaughter levels which reflect modest herd building due to improved seasonal conditions, brighter prospects for the beef industry, and an increase in live cattle exports. Increased slaughter weights due to improved pasture conditions and increased feedlot activity will limit the fall in production. Beef and veal production is forecast to decrease to 1,900,000 MT in 2000 due to reduced slaughter levels resulting from continued herd rebuilding activity reflecting forecast favorable seasonal conditions and an encouraging trade outlook for beef and veal. Higher slaughter weights due to a low ratio of cows and calves in the kill, favorable seasonal conditions, high feedlot placements and underlying productivity gains will limit the fall in production.

The Australian cattle industry is becoming more market driven with a majority of those surveyed stating that they are producing for a particular target market. This trend also includes an increase in backgrounding of cattle for future feedlotting. Many feedlots are now contracting growers to provide the type of cattle that they require for their operation. This bypasses sale by auction and gives producers more feedback on their production system.

Consumption

General

ABARE estimates that per capita consumption of beef and veal increased from 37.6 kg/person in 1993-94 to 40.4 kg/person in 1996-97 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. Beef and veal consumption fell to 39.6 kg/person in 1997-98, and is forecast to fall to 35.5 kg/person in 1998-99, and 34.6 kg/person in 1999-2000. The decreases in consumption reflects higher relative beef prices and increased competition from pork and poultry.

ABARE forecasts that lamb consumption will remain at 10.9 kg/person, mutton consumption will increase six percent to 5.7 kg/person, pork consumption will fall by one percent to 18.9 kg/person, and poultry consumption will increase by four percent to 32.2 kg/person.

Prices

Beef and veal retail prices for the 1998-99 FY are forecast by ABARE to have increased by 0.3 percent when compared to 1997-98. Prices in 1999-2000 are forecast to be two percent higher than during 1998-99 due to expected increases in saleyard prices reflecting the retention of stock for herd rebuilding. This compares with a forecast retail price rise of less than one percent for lamb and poultry meat and two percent for pork.

Price Table

Prices Table			
Country	Australia		
Commodity	Meat, Beef and Veal		
Prices in	Aus cents	per uom	KG
Year	1998	1999	% Change
Jan	986	984.2	-0.18%
Feb	986	984.2	-0.18%
Mar	986	984.2	-0.18%
Apr	984.2		-100.00%
May	984.2		-100.00%
Jun	984.2		-100.00%
Jul	983.2		-100.00%
Aug	983.2		-100.00%
Sep	983.2		-100.00%
Oct	975.7		-100.00%
Nov	975.7		-100.00%
Dec	975.7		-100.00%
Exchange Rate	1.53	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	Jan
			Partial End	May
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	224209	290848	105544	112135
Others				
Japan	321942	327749	129795	126196
Canada	32992	40922	16081	18985
Rep. of Korea	60319	36286	3570	36368
Taiwan	35241	34255	12256	14278
Russia	12742	22348	16557	466
The Philippines	28063	20930	6159	8478
United Kingdom	9827	9614	4146	2897
Bulgaria	3735	9528	3081	457
Hong Kong	3863	7242	2998	1591
Malaysia	7754	6970	2371	3080
Total for Others	516478	515844	197014	212796
Others not Listed	82844	75489	30790	33690
Grand Total	823531	882181	333348	358621

Import Trade Table

Import Trade Matrix				
Country	Australia		Units:	MT
Commodity	Meat, Beef and Veal		Partial Begin	Jan
			Partial End	May
Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	106	0	0	0
Others				
New Zealand	2574	1384	809	437
Australia	88	170	136	0
Indonesia	0	73	73	0
Total for Others	2662	1627	1018	437
Others not Listed	0	0	0	0
Grand Total	2768	1627	1018	437

Overall Trade Trends

Total exports of beef and veal are forecast to decrease marginally during CY 1999 and CY 2000 reflecting a decrease in slaughter levels.

Sales of manufacturing beef to the U.S. during the 1998 CY increased to 290,848 MT, 30 percent higher than in CY 1997. This increase reflected sharp falls in Asian demand and comparatively favorable returns in the US which were boosted by the sharp devaluation of the Australian dollar.

Exports of Australian beef to the U.S. during CY 1999 are forecast to increase to 300,000 MT due to higher prices in the US reflecting falls in US cow beef, lower grade fed and nonfed steer beef, and pork production. The price rise will however be limited by a forecast appreciation of the Australian dollar.

Exports of Australian beef to Japan have plateaued in recent years following a period of strong growth. Exports to Japan during CY 1998 increased by around two percent to 327,749 MT due mainly to a depreciation of the Australian dollar against the US$. There was a significant shift in the composition of exports with chilled grassfed beef exports declining by approximately six percent while frozen grassfed beef exports increased by 11 percent. The shift towards frozen beef is forecast to continue during CY 1999. Frozen grassfed beef is used in the growing fast food and food service sectors. Beef exports to Japan are forecast to increase by three percent during CY 1999 due to a forecast modest increase in Japanese beef consumption and a reduction in Japanese beef production.

The Korean market experienced severe problems in CY 1998 due to economic difficulties which were exacerbated by a depressed domestic beef market. The domestic Korean herd had experienced years of rapid growth as a result of government programs. During 1998 large domestic supplies and high prices existed when the won devalued sharply and the financial sector collapsed. This resulted in a sharp reduction in demand and a doubling in the price of imported feed grains. The Korean Government reacted by suspending import tenders from the beginning of the 1998 quota year. Cattle were then purchased by the Government under a minimum price scheme and processed and stored for distribution to the military and for discounted retail sales. This scheme continued until the end of July 1998 after which prices began to improve.

Australian exports to Korea during CY 1998 fell by 40 percent due to tenders being delayed and delivery for the 1998 quota year being put back as far as May 1999. Australia's export mix continued to diversify during 1998 with significant growth in frozen vacuum packed grassfed fullsets and grassfed and grainfed cuts and manufacturing beef. Late in the year two shipments of chilled grainfed and grassfed beef were successfully supplied to the Korea Super Chainstores Association (KOSCA).

Australian exports to Korea during CY 1999 are forecast by MLA to reach 70,000 MT consisting of 25,000 MT of delayed deliveries against the 1998 quota with the remainder to consist of 1999 quota beef. MLA indicate that Australia's dominance of grassfed beef imports is expected to result in Australia enjoying a market share of 48 percent in CY 1999.

Australian exports to South East Asia halved during CY 1998 due to a general recession in the region. Much of fall was concentrated in exports to Indonesia where trade all but ceased for most of CY 1998. The continued problems in the region and the relative attractiveness of the US market for manufacturing beef are forecast to result in exports to South East Asia increasing by a modest six percent during CY 1999. Exports to Indonesia are forecast to remain at low levels during CY 1999.

Taiwan was less affected by the wider Asian economic crisis and as such exports of beef and veal to Taiwan decreased only marginally during CY 1999. Exports during CY 1999 are expected to again marginally decrease due to increased competition from the US.

Taiwan reduced import tariffs for Australian beef from NTD$30/kg to NTD$27/kg in July 1997. Taiwan is an important market, especially as an outlet for specialized cuts of shin, shanks, intercostals, briskets and thin flanks.

Shipments of beef and veal to Canada increased by around 8,000 MT during CY 1998 to 40,922 MT due to reduced Canadian supplies and a recent increase in export sales of grassfed fullsets for the hospitality sector. A further tightening of Canadian cattle numbers will increase prices and is forecast to result in imports being slightly higher during CY 1999. Australia's country specific quota is currently set at 35,000 MT however additional product can be imported under the supplementary import permit scheme, or, under the non-country specific portion of the Canadian global quota.

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	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
TOTAL Beginning Stocks	119579	119600	118000	117800	0	116900
Ewes, Beginning Stocks	56808	57500	56000	56600	0	56250
Production (Lamb Crop)	42606	46000	44800	45300	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	162185	165600	162800	163100	0	161900
Intra EC Exports	0	0	0	0	0	0
Other Exports	5163	5050	5000	5100	0	5150
TOTAL Exports	5163	5050	5000	5100	0	5150
Ewe Slaughter	0	0	0	0	0	0
Lamb Slaughter	15480	15491	15700	16000	0	16300
Other Slaughter	15697	15336	15500	15600	0	15500
TOTAL Slaughter	31177	30827	31200	31600	0	31800
Loss	7845	11923	9600	9500	0	7850
Ending Inventories	118000	117800	117000	116900	0	117100
TOTAL DISTRIBUTION	162185	165600	162800	163100	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. This expansion mirrored strong flock expansion during the 1980's which was prompted by high wool prices and favorable seasonal conditions. The wool stockpile reached 4.7 million bales during 1991which resulted in the suspension of the grower funded Reserve Price Scheme (RPS) in early 1991. Following the suspension of the RPS Australian wool prices have fluctuated widely, but in general have trended downwards.

Since the peak in CY 1990, sheep numbers have continued to fall reaching an estimated 117.8 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.

While flock numbers have decreased sharply the composition of the flock has also changed. The latest MLA lamb survey (released August 1998) indicated that production of second cross lambs is trending upwards. The survey indicated that producers planned to sell a higher proportion of first and second cross lambs during 1998-99 (Jul-Jun) financial year than during the previous year. The increase in second cross lamb production means that growers will produce an increased number of heavier lambs aimed primarily at the export market. Lighter first cross lambs have in the past been produced as a by product of wool production.

MLA forecasts that sheep numbers will continue to marginally decrease during CY 1999 before recovering slightly during CY 2000 and beyond due to a modest recovery in wool prices. The fall in sheep numbers has been limited by attractive lamb returns, the recent downturn in grain prices and only modest returns from beef production. The majority of the movement out of wool production has already occurred.

The market indicator price for wool in the 1998-99 FY is forecast to average Ac525/kg, a 26 percent decrease on the previous year due to depressed levels of economic growth, especially in Japan, and high stock levels of processed and semi-processed wool at most points in the textile processing and marketing chain. ABARE forecasts that the market indicator for the 1999-2000 FY is estimated to average Ac540/kg due to stronger economic growth in some major European markets, South Korea and Chinese Taipei and the continued reduction in wool supply.

The following table demonstrates the dramatic fall in wool prices faced by most Australian wool growers following the peak achieved in 1987/88. (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 (s)	525	(26)
1999/2000 (f)	540	3

(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

Poor wool prices during CY 1998 were in contrast to stronger lamb prices. Returns from lamb production are forecast by ABARE to continue to be more favorable than wool production. Satisfactory sheepmeat prices and continued modest prospects for the beef industry should limit any transfer of resources from sheep to beef production.

The low salvage value of sheep and the comparatively high capital cost of cattle also helps reduce the transfer of resources from sheep to cattle.

The Australian grain industry has enjoyed a favorable start to the 1999-2000 production year however low global prices will limit any further transfer of resources between wheat and sheep production. Post believes that the majority of the transfer of resources between wool and grain production has occurred in recent years.

Consumption

Prices

Prices Table			
Country	Australia		
Commodity	Sheep - Saleyard Prices		
Prices in	Aus cents	per uom	KG
Year	1998	1999	% Change
Jan	178	223	25.28%
Feb	183	231	26.23%
Mar	175	228	30.29%
Apr	181	228	25.97%
May	203	219	7.88%
Jun	200		-100.00%
Jul	186		-100.00%
Aug	149		-100.00%
Sep	158		-100.00%
Oct	162		-100.00%
Nov	178		-100.00%
Dec	188		-100.00%
Exchange Rate	1.53	Local currency/US $	

Source: ABARE

The returns for prime lambs are forecast by ABARE to increase by two percent during 1999-2000 after increasing by three percent during the previous year. The price increase reflects strong demand for lamb on both domestic and export markets.

Post believes that the majority of the reduction in the sheep flock has already occurred and forecasts that the expansion in second cross lamb production and exports will continue due to relatively better price prospects.

MLA forecasts that lamb production increased by two percent during CY 1999 ,and will increase by a further three percent during CY 2000. Thus they forecast that exports will continue to marginally increase due to the relative profitability of lamb production compared to wool production.

ABARE forecasts that lamb exports will decrease in the medium term due to falling lamb production which reflects a forecast continued decrease in the Australian flock in the medium term. ABARE feels that the erosion of sheep numbers in the wheat/sheep zone, which can produce prime lambs, will reduce the production base for prime lambs.

In contrast MLA forecast that lamb production will be steady in the medium term with MLA feel that the sheep flock will bottom out in CY 1999 and gradually increase in the medium term.

Saleyard prices for mutton sheep are forecast by ABARE to decrease by around three percent during FY 1999-2000 due to increased sales of mutton. The relative attractiveness of mutton returns and improved seasonal conditions have encouraged producers to increase the turnoff of adult sheep.

The MLA forecasts that sheep slaughter levels will reach 15.6 million head during CY 1999, up marginally from the previous year, and will fall by around one percent in CY 2000 due to an increase in live sheep exports and a modest start to flock building .

Trade

Export Trade Table

Export Trade Matrix				
Country	Australia		Units:	HEAD
Commodity	Animal Numbers, Sheep		Partial Begin	Jan
			Partial End	May
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	10	0	0	0
Others				
Kuwait	1037248	1433996	565458	536927
UAE	1710746	1288508	614936	428728
Jordan	658179	836964	286640	565629
Oman	653675	476445	218945	175000
Bahrain	381200	399740	135500	175110
Qatar	363696	361538	149107	93572
Mexico	166868	83579	40816	54100
Lebanon	51752	51211	16269	37486
Egypt	55209	38031	33031	108770
Singapore	25726	27490	13160	16461
Total for Others	5104299	4997502	2073862	2191783
Others not Listed	117524	52719	29246	81590
Grand Total	5221833	5050221	2103108	2273373

Import Trade Table

Import Trade Matrix				
Country	Australia		Units:	HEAD
Commodity	Animal Numbers, Sheep		Partial Begin	Jan
			Partial End	May
Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
New Zealand	90	0	0	12
Total for Others	90	0	0	12
Others not Listed	0	0	0	0
Grand Total	90	0	0	12

Overall Trade Trends

Australian live sheep exports are estimated to have decreased by three percent during CY 1998 due to decreases in exports to the U.A.E. and Oman. The continued tight supply situation in Australia due to a change in composition of the flock and strong mutton prices, and shipping constraints have also helped push exports down.

Exports are forecast to increase by around four percent to 5.2 million head during CY 1999 due to an easing of shipping constraints.

Exports to Kuwait increased sharply during CY 1998 which resulted in it becoming the largest export market for live sheep. The increase in exports has resulted from the continued rebuilding of infrastructure an the economy since the Gulf War.

Exports to the U.A.E. fell sharply during CY 1998 due to the closure of the cross border carcase trade between the U.A.E. and Saudi Arabia. The U.A.E. traditionally buys heavy wethers but recently a strong trend toward lambs has developed.

The Jordanian lamb market improved during CY 1998, however, the market continues to be highly regulated which restricts trade. Issues relating to livestock imports are being negotiated with some success. Recently a ban on sheep of over 40 kilograms was relaxed. Other areas of concern are high import fees and charges and various shipping regulations and restrictions. The introduction of a new Jordanian shipping vessel in 1998 has alleviated a previous shortage of shipping capacity.

Better access to shipping an increasing preference for younger sheep and strong domestic demand are expected to result in exports to Jordan increasing to around one million head during CY 1999.

Oman, Bahrain and Qatar remain significant customers taking 476,455, 399,740 and 361,538 head respectively during CY 1998.

Mexican imports increased from 75,000 head during CY 1996 to 167,000 head during CY 1997, however imports fell to 83,579 head during CY 1998. Mexico's imports have been driven by local flock rebuilding, following drought and economic problems which resulted in a downsizing in the Mexican flock. The MLA forecasts that tight monetary policy is likely to squeeze credit availability for importers, although the continued appreciation in the Mexican Peso will make help make imports cheaper. Mexican imports for CY 1999 are forecast to remain close to the level achieved during CY 1998.

Meat, Lamb, Mutton and Goat

PSD Table						
Country	Australia					
Commodity	Meat, Lamb, Mutton and Goat				(1000 MT CWE)(1000 HEAD)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Slaughter (Reference)	15697	30827	15500	31600	0	31800
Beginning Stocks	4	4	4	4	0	4
Production	641	643	650	667	0	665
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	645	647	654	671	0	669
Intra EC Exports	0	0	0	0	0	0
Other Exports	323	337	335	336	0	332
TOTAL Exports	323	337	335	336	0	332
Human Dom. Consumption	318	306	315	331	0	333
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	318	306	315	331	0	333
Ending Stocks	4	4	4	4	0	4
TOTAL DISTRIBUTION	645	647	654	671	0	669
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	36	0	34	0	33

(NB. Conversion factor for CWE = 1.47)

Production

General

Total sheep and goat meat production is expected to increase by four percent during CY 1999 to 667,000 MT. This increase results from increased slaughter levels which reflect more favorable seasonal conditions and thus higher slaughter weights, and favorable returns. Higher slaughter weights are also supported by the trend towards producing heavier lambs for the export trade. Modest flock building and reduced sheep numbers are forecast to result in total production decreasing marginally during CY 2000. This decrease will be concentrated in the mutton sector as lamb production will continue to increase. The effect of the US decision to introduce a tariff rate quota on Australian and New Zealand lamb imports may result in the growth in Australian lamb exports stalling. Australian lamb producers have tailored the production of larger lambs to this market due it's relative profitability compared to other markets.

Lamb production is forecast to increase by two percent during CY 1999 due to improved seasonal conditions, and an increase in slaughterings and slaughter weights. Underpinning this increase is an increase in the number of specialist lamb producing flocks i.e. these flocks are made up of first cross ewes, and an increase in the number of ewes mated to non-merino sires.

Consumption

Prices

The returns for prime lambs are forecast by ABARE to marginally increase during 1999-2000 after increasing by a similar amount during the previous year. The price increase is due to strong demand for lamb on both domestic and export markets. Price competition from beef and pork is expected to ease on the domestic market during the 1999-2000 FY.

Price Table

Prices Table			
Country	Australia		
Commodity	Meat, Lamb, Mutton and Goat		
Prices in	Aus cents	per uom	KG
Year	1998	1999	% Change
Jan	692	710	2.60%
Feb	692	710	2.60%
Mar	692	710	2.60%
Apr	703	727	3.41%
May	703	727	3.41%
Jun	703	727	3.41%
Jul	699		-100.00%
Aug	699		-100.00%
Sep	699		-100.00%
Oct	691		-100.00%
Nov	691		-100.00%
Dec	691		-100.00%
Exchange Rate	1.53	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	Jan
			Partial End	May
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	27335	36039	16069	13378
Others				
South Africa	30699	32945	15239	17802
Saudi Arabia	21331	20031	8231	8674
Papua New Guinea	19406	17573	5929	8543
Japan	20885	17062	7715	6899
Mexico	12139	16916	6748	7429
Taiwan	18175	16631	5395	5556
United Kingdom	11158	12894	4826	5571
UAE	9773	12298	5417	5287
Singapore	8542	8297	3159	3421
Malaysia	7753	7563	3225	3373
Total for Others	159861	162210	65884	72555
Others not Listed	46545	49714	22810	22693
Grand Total	233741	247963	104763	108626

Import Trade Table

Import Trade Matrix				
Country	Australia		Units:	MT
Commodity	Meat, Lamb, Mutton and Goat		Partial Begin	Jan
			Partial End	May
Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Australia	13	74	46	0
New Zealand	8	11	11	184
Taiwan	0	8	8	0
Total for Others	21	93	65	184
Others not Listed	0	0	0	0
Grand Total	21	93	65	184

Overall Trade Trends

Demand for mutton on the export market is largely determined by its price relative to other low price bulk protein sources such as beef, chicken and buffalo. Australian exports of mutton increased by four percent during CY 1998 due mainly to a sharp fall in the Australian dollar. Normally a fall of this magnitude would result in a larger increase in export volumes however the increase was limited by the fall in available mutton supplies, an increase in sheep prices and strong global competition from low priced beef and pork. Exports of mutton are forecast to increase by two percent in CY 1999 due to increased mutton supply reflecting favorable seasonal conditions and favorable prices due to strong export demand. Mutton exports are forecast to decrease by three percent during CY 2000 due to reduced sheep slaughter reflecting modest flock building and increased live sheep exports.

Mutton exports to north Asia decreased during CY 1998 due mainly to the Asian export crisis. Surprisingly other Asian destinations maintained purchases. While Japan remains the major regional export destination, exports have been falling since the early 1990's due to an increase in the supply of lower priced meat substitutes. This trend is likely to continue while mutton remains at relatively high prices.

The majority of mutton exported to North Asia is frozen boneless meat used for further processing, typically used in inexpensive meals such as burgers, sausages, mince and meat balls.

Taiwan is one of the largest markets for Australian mutton accounting for nearly 13,000 MT during CY 1998, down slightly on the level achieved during CY 1997. The decrease in exports was due to economic problems during the year. The FMD problems in Taiwan assisted mutton exports which directly compete with pork in the processing industry.

Exports are expected to display modest growth during CY 1999.

Australian mutton has established a strong position in the South African market since trade sanctions were lifted in the late 1980's. While exports have displayed dramatic volume fluctuations, South Africa remains a very important market. Continued income growth increased demand for meat products among lower income groups. Any reduction in the current 40 percent import tariff will significantly increase exports to this market.

The Middle East is an important market for mutton with price being the major limiting factor. Importers will quickly substitute mutton for chicken or beef if the price dictates. Export conditions during CY 1997 and 1998 have improved due to the devaluation of the Australian dollar. Export levels are expected to remain around current levels during CY 1999 due to a competitive Australian dollar, reduced EU beef subsidies and rising world beef prices. Saudi Arabia remains the major regional export market.

Mutton exports to North America have increased in recent years. Exports to the US increased by sharply during CY 1998 due to the depreciation in the Australian dollar and a reduction in domestic supplies. Increased imports of mutton into the US in recent years is judged by MLA to have also been affected by the abolition of the US Meat Import Law and the lowering of US duties on mutton. While exports for the first five months of CY 1999 are well down on the previous year the recent imposition of a tariff rate quota on Australian and New Zealand lamb imports may see some substitution between lamb and mutton due to the relative price advantage. Demand from Mexico has been improving in recent years with imports increasing by over 20 percent during CY 1998 due to improved economic conditions.

Exports of Lamb increased during CY 1998 by 13 percent due to strong export demand, which was assisted by a weaker A$, and an increase in supply. Flock numbers have decreased sharply since CY 1990 and the composition of the flock has also changed. The production of second cross lambs has increased. A recent survey indicates that producers planned to sell a higher proportion of first and second cross lambs. Increase second cross lamb production will increase the number of heavier lambs aimed primarily at the export market. Lighter first cross lambs have in the past been produced as a by-product of wool production.

Lamb exports are forecast to increase marginally during CY 1999 however the effect of the US decision to introduce a TRQ on Australian and New Zealand lamb imports may see the growth in lamb exports stall.

The export market for lamb has diversified in recent years with growth occurring in a wide variety of markets. The US market has however emerged as the major market for lamb exports in both volume and more importantly value terms. The Pacific Rim, South Africa, the Middle East, the UK and Mexico are also important markets. During CY 1998 exports to the U.S. increased by 30 percent in volume and 18 percent in value. Around 50 percent of Australian lamb sold on the North American market is chilled and sold through retail markets and the higher end of the food service industry. Australian lamb exports to the US for the first five months of CY 1999 are running slightly ahead of the comparable period for the previous year thus total exports to the US are forecast to be slightly higher during CY 1999. Exports from July 22, 1999 will be subject to the recently implemented import tariff rate quota. While it is unclear how the nine percent tariff will affect Australian exports to the US it seems likely current US prices will see the quota filled. It appears that exports to the high price end of the market have potential to increase at the expense of lower priced product. The distribution of the quota among processors will affect the future export mix.

Papua New Guinea is the second largest market for Australian lamb taking 10,159 MT during CY 1998. The majority of trade to this market is low value brisket and flap product.

Exports to South Africa increased by four percent during CY 1998 and have more than doubled since CY 1995. This reflects a shortage of domestic stock, due to flock rebuilding, and growth in local consumption due to increasing incomes and living standards in poor areas. While exports have increased it has been at the lower end of the scale. The 40 percent tariff on all red meat imports is a major limiting factor in regard to increased sales to this market.

Exports to the UK increased modestly from 5,709 MT in CY 1997 to 6,873 MT in CY 1998. Exports to the EU are constrained by the annual sheepmeat quota of 18,650 MT. The proportion of lamb in this quota has increased from 34 percent in CY 1995 to 47 percent in CY 1998. This trend is expected to continue. MLA indicates that the development of a chilled lamb market would help maximize the EU quota. Currently the vast majority of exports to the UK are frozen product.

Lamb is not commonly used in Asian cuisine and lamb production in these countries is virtually non-existent. Thus Asian countries rely heavily on imports for their lamb supplies.

Exports to Japan have displayed a downward trend in recent years. Exports decreased by six percent during 1998 to 3,951 MT due mainly to a decline in sales to the high end of the food service sector. Very little lamb is sold through the retail sector in Japan with the majority going to the food service sector.

Exports to Mexico increased by 88 percent during CY 1998 due to a fall in local production reflecting flock rebuilding. Growth in the Mexican economy has also helped increase demand for exports. Exports to Mexico are expected to continue to increase during CY 1999.

Trade matrix figures do not match PS&D figures as PS&D figures are recorded in carcass weight while trade matrix figures are recorded in shipped weight. The conversion factors used to convert mutton and lamb from shipped weight (product weight) to carcass weight (CWE) are 1.47 and 1.12 respectively.

Marketing

General

The US lamb industry filed a petition for import relief under section 201 with the US International Trade Commission on September 30, 1998. Subsequently the US ITC found that the surge of lamb imports from Australia and New Zealand are a substantial cause of threat of serious injury to the US industry.

This finding was followed by a decision by President Clinton to provide import relief and domestic assistance for the US lamb industry from the July 22, 1999. The import relief is in the form of a Tariff Rate Quota (TRQ) which will last for three years. The quota, within quota tariff and the above quota tariff appear in the table below.

(MT)	TRQ Allocated Quantity	In-Quote Tariff	Above Quota Tariff
Year 1, Australia	17,140	9%	40%
Year 2, Australia	17,601	6%	32%
Year 3, Australia	18,062	3%	24%
Year 1, New Zealand	14,482	9%	40%
Year 2, New Zealand	14,871	6%	32%
Year 3, New Zealand	15,261	3%	24%
Year 1, Other	230	9%	40%
Year 2, Other	236	6%	32%
Year 3, Other	242	3%	24%

The President further directed the Administration to develop an effective assistance package for the domestic lamb industry. It will include funding for productivity improvements, market promotion, animal health, and domestic purchases.

The US ITC will conduct a review after 18 months at which time specific benchmarks must be achieved by the industry regarding improved competitiveness.

The Australian Government recently 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	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
TOTAL Beginning Stocks	2600	2600	2600	2600	0	2600
Sow Beginning Stocks	306	306	303	303	0	306
Production (Pig Crop)	5049	5060	4956	4986	0	5001
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	7649	7660	7556	7586	0	7601
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	5048	5059	4955	4985	0	5000
Total Slaughter	5048	5059	4955	4985	0	5000
Loss	0	0	0	0	0	0
Ending Inventories	2600	2600	2600	2600	0	2600
TOTAL DISTRIBUTION	7649	7660	7556	7586	0	7601
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 less than 3,150 at present.

Pigmeat prices have increased markedly since the price slump during April through July 1998 due to increased exports and a decrease in domestic supply. Supply and demand are finely balanced with recent increases in exports sharply boosting prices. While exports have increased, imports have also increased at a similar rate. An increase in domestic consumption has resulted from the increase in the price of competing meats. Continued low feedgrain prices, which comprises the major input cost in pork production, has resulted in the level of production remaining high. Imports decreased during CY 1998 due to depressed domestic prices and the sharp devaluation in the Australian dollar during 1998.

The problems experienced by the pig industry during CY 1998 resulted from expanding production, due to favorable prices and low grain prices, and the opportunity to increase exports to Japan following the outbreak of FMD in Taiwan. The lag in the increase in production meant that increased production occurred as global prices were falling and imports were increasing. In December 1997 the prices that pig producers received fell, which was the reverse of usual trend around Christmas. This resulted in an overhang of supply in the market. Retail prices for pigmeat did not fall in response to falling saleyard prices for pigs.

The crisis in the industry has seen heated debate in the media which has focused on the role of pork imports in the downturn. The Australian Government responded with a package of assistance to the industry (See Trade section).

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.

Around 40 percent of pig meat is consumed in the fresh market with the remaining 60 percent being 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.

Latest ABARE estimates indicate that sow numbers decreased during 1998-99, but are forecast to increase by one percent during 1999-2000. This growth is due to continued low feed costs and higher saleyard returns. In the medium term slaughter weights are expected to increase due to improved feed conversion ratios, better genetics, and superior animal husbandry techniques, e.g. production per sow, management and production technology, and the production of larger leaner pigs. The production of leaner pigs is a reaction to consumer demand for a leaner, low fat product.

Saleyard prices are forecast by ABARE to increase by four percent in 1999-2000 due to higher world prices, enhanced export opportunities and continued low grain prices.

Trade

Export Trade Matrix

Export Trade Matrix				
Country	Australia		Units:	HEAD
Commodity	Animal Numbers, Swine		Partial Begin	Jan
			Partial End	May
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	20	18	0	0
Others				
The Philippines	2782	1236	482	0
Hong Kong	30	170	0	30
Papua New Guinea	0	17	17	0
Solomon Islands	0	6	6	0
Total for Others	2812	1429	505	30
Others not Listed	174	0	0	16
Grand Total	3006	1447	505	46

Import Trade Matrix

Import Trade Matrix				
Country	Australia		Units:	HEAD
Commodity	Animal Numbers, Swine		Partial Begin	Jan
			Partial End	May
Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Total for Others	0	0	0	0
Others not Listed	0	0	0	0
Grand Total	0	0	0	0

Meat, Swine

PSD Table						
Country	Australia					
Commodity	Meat, Swine				(1000 MT CWE)(1000 HEAD)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Slaughter (Reference)	5048	5059	0	4985	0	5000
Beginning Stocks	0	0	0	0	0	0
Production	357	356	353	353	0	360
Intra EC Imports	0	0	0	0	0	0
Other Imports	10	7	9	18	0	19
TOTAL Imports	10	7	9	18	0	19
TOTAL SUPPLY	367	363	362	371	0	379
Intra EC Exports	0	0	0	0	0	0
Other Exports	12	13	12	18	0	20
TOTAL Exports	12	13	12	18	0	20
Human Dom. Consumption	355	350	350	353	0	359
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	355	350	350	353	0	359
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	367	363	362	371	0	379
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 one percent during 1998-99 due to decreased slaughterings reflecting lower sow numbers and decreased profitability in the industry in CY 1998. Production is forecast to increase by two percent during 1999-2000. 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	1998	1999	% Change
Jan	795.48	778.08	-2.19%
Feb	795.48	778.08	-2.19%
Mar	795.48	778.08	-2.19%
Apr	765.55		-100.00%
May	765.55		-100.00%
Jun	765.55		-100.00%
Jul	770.42		-100.00%
Aug	770.42		-100.00%
Sep	770.42		-100.00%
Oct	763.46		-100.00%
Nov	763.46		-100.00%
Dec	763.46		-100.00%
Exchange Rate	1.53	Local currency/US $	

Source: ABS

Utilization

ABARE forecasts that Australian per capita consumption of pig meat increased by two percent to 19.1 kg/year during the 1998-99 FY due to it's relative price advantage compared to lamb and beef. An increase in the price of pork during the 1999-2000 FY and continued intense competition from chicken is forecast to result in a one percent decrease in pork consumption to 18.9 kg/year.

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	Jan
			Partial End	May
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	35	79	51	14
Others				
Japan	2956	4383	2039	2011
New Zealand	1090	2450	898	769
Russia	1427	1431	888	68
Germany	848	1067	287	437
France	937	855	89	405
Hong Kong	183	734	127	449
The Netherlands	269	569	217	211
Rep. of Korea	134	489	82	178
The Philippines	228	398	30	283
Taiwan	0	114	20	23
Total for Others	8072	12490	4677	4834
Others not Listed	972	851	234	2008
Grand Total	9079	13420	4962	6856

Import Trade Table

Import Trade Matrix				
Country	Australia		Units:	MT
Commodity	Meat, Swine		Partial Begin	Jan
			Partial End	May
Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	16	0	0	0
Others				
Canada	8784	7450	2151	7101
Australia	0	1	1	0
Denmark	0	0	0	400
Total for Others	8784	7451	2152	7501
Others not Listed	4	0	0	0
Grand Total	8804	7451	2152	7501

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 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 1998 were New Zealand, Hong Kong, the Netherlands, Korea. and the Philippines. Australian exports of pork are forecast to increase again during CY 1999 due to continued strong exports to Japan and the recent sharp increase in exports to Singapore (which are running at 1,592 MT for the first five months of CY 1999 compared to 55 MT for CY 1998) 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 recently experienced a sharp reduction in profitability which has resulted in heated debate in the Australian media focusing on the role of pork imports in the current downturn. The Australian Government responded with a A$19 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 8,804 MT during CY 1997. Imports during CY 1998 decreased by around 15 percent due to the sharp fall in the Australian dollar and the large decrease in domestic pig meat prices. Imports have rebounded during the first five months of CY 1999 a trend which is expected to continue for the remainder of the year. The increase in imports reflects a stronger Australian dollar, higher domestic prices, and an increase in exports which has reduced domestic supply.

The Productivity Commission report was released in November 1998 and included a number of options that the Government could use to assist the pork industry. The Commission decided against recommending any quantitative measures and instead suggested that a 10 percent ad valorem tariff (reduced to five percent after one year and zero after two years).

The Government considered this advice and decided not to introduce a tariff or a quota. Instead A$5 million was allocated to a Pork Producer Export Program (PEPP) which aims to assist unprofitable producers out of the industry. This brings the assistance package for the pork industry to A$24 million dollars.

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 covert 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.

Hides & Skins, Bovine

PSD Table						
Country	Australia					
Commodity	Hides & Skins, Bovine				(1000 MT)(1000 PCS)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Beginning Stocks	10	0	0	0	0	0
Production In MT	172	170	166	160	0	158
Production In Pieces	9356	9330	9000	8750	0	8550
Intra EC Imports	0	0	0	0	0	0
Other Imports	5	5	9	8	0	10
TOTAL Imports	5	5	9	8	0	10
TOTAL SUPPLY	187	175	175	168	0	168
Intra EC Exports	0	0	0	0	0	0
Other Exports	140	111	125	115	0	112
TOTAL Exports	140	111	125	115	0	112
Domestic Consumption	47	64	50	53	0	56
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	187	175	175	168	0	168
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. - MT piece conversion = 20.2)

Production

General

Australian cattle hide production ranges from 7 to 8 million hides annually of varying breeds, size and quality. At present approximately 80 percent are exported in a preserved (salted) condition prior to tanning. Japan, Italy, Hong Kong, Thailand and China are the major destinations.

The Australian tanning industry is expanding. Recent developments include the establishment of a hide improvement scheme which will help further expand the local industry. The hide improvement scheme should help alleviate the problem which has existed in the past where some Australian skins have been downgraded due to damage from horns, barbed wire, fire brands, ticks, damage during transport and careless abattoir removal. When producers begin to receive a premium for producing a superior product they will take more care and the overall quality of production will increase. Producers can currently expect to receive about 15 percent of the animals value from the hide.

Hides and skins are considered the most financially important by-products from the Australian livestock industry with Australian cattle hide exports amounting to approximately A$500 million annually.

Consumption

Price Table

Prices Table			
Country	Australia		
Commodity	Hides & Skins, Bovine		
Prices in	AUD	per uom	HIDE
Year	1998	1999	% Change
Jan	45	43	-4.44%
Feb	42	40.5	-3.57%
Mar	45	35	-22.22%
Apr	47	39	-17.02%
May	46.5	38	-18.28%
Jun	46		-100.00%
Jul	46.5		-100.00%
Aug	49		-100.00%
Sep	51		-100.00%
Oct	44		-100.00%
Nov	46		-100.00%
Dec	44.5		-100.00%
Exchange Rate	1.53	Local currency/US $	

Note: Prices are in Australian dollars per hide on the N.S.W. market in the weight range 201-240 kg.
Source: Meat & Livestock Australia

Trade

Export Trade Table

Export Trade Matrix			
Country	Australia		
Commodity	Hides & Skins, Bovine		
Time period	Jan - Dec	Units:	MT
Exports for:	1997		1998
U.S.	114	U.S.	25
Others		Others	
Japan	24640	Italy	14781
Italy	10698	Japan	12908
Hong Kong	6800	China	8345
Thailand	5434	Thailand	7536
Taiwan	5106	Hong Kong	7341
Indonesia	4131	South Africa	5486
China	2326	Taiwan	3033
South Africa	1818	Indonesia	1518
Rep. of Korea	1015	Brazil	554
France	540	France	499
Total for Others	62508		62001
Others not Listed	52078		49259
Grand Total	114700		111285

Import Trade Table

Import Trade Matrix			
Country	Australia		
Commodity	Hides & Skins, Bovine		
Time period	Jan - Dec	Units:	MT
Imports for:	1997		1998
U.S.	0	U.S.	13
Others		Others	
China	5703	China	4774
Thailand	1483	Papua New Guinea	249
New Zealand	680	New Zealand	90
Papua New Guinea	222	Australia	16
Australia	200	Fiji	2
South Africa	137	Ghana	0
Vanuatu	68	United Kingdom	0
New Caledonia	27		
Denmark	1		
Mexico	0		
Total for Others	8521		5131
Others not Listed	0		0
Grand Total	8521		5144

By-Products, Tallow & Grease

PSD Table						
Country	Australia					
Commodity	By-Products,Tallow & Grease				(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Beginning Stocks	48	0	54	0	0	0
Production	466	560	448	550	0	540
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	514	560	502	550	0	540
Intra EC Exports	0	0	0	0	0	0
Other Exports	360	357	350	350	0	340
TOTAL Exports	360	357	350	350	0	340
Domestic Consumption	100	203	105	200	0	200
Ending Stocks	54	0	47	0	0	0
TOTAL DISTRIBUTION	514	560	502	550	0	540
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	3	0	3	0	3

Production

General

The tallow fat group of by-products consists of the various fat components which remain after rendering (both liquid and solid) and amount to approximately five percent of the carcass weight.

Australian tallow production is generally around 550,000 MT per year although it varies with the slaughter rate. The quality of tallow will continue to be determined by the raw materials used in the rendering process. Raw materials vary according to changes in the ratio of mixed abattoir material to boning material and changes caused by the inclusion of other solid waste. There are two toll tallow processors. Tallow is priced on the US market and is sold by a tender system i.e. buyers tender for supply. Tallow competes with oils such as palm oil in various uses.

Around 350,000 MT of all tallow production is exported as raw product, the remaining 200,000 MT being directed into a wide range of domestic uses. The major domestic use (42 percent) is for edible tallow in the form of deep frying fats/oils, shallow frying fats/oils, salad oil and margarine. It is estimated that sales of fats and oils amounted to A$122 million in 1994/95 and frying oils (which are 100 percent tallow) accounted for 72 percent of these sales. The major end user is the fast food/take away industry while others include restaurants, hotel/motels and clubs. Total annual purchases of tallow for food usage are approximately 70,000 MT, 25,000 MT which are exported, as fat and oils, in a value added form.

Soap and oleo chemicals account for 27 percent of domestic usage, of which around 10,000 MT are used for soap production while oleo chemical production uses approximately 35,000 MT. Oleo chemicals, e.g. oleic acid, glycerine and distilled fatty acids, are made entirely of tallow. Australia has only one oleo chemical manufacturer which exports about 70 percent of the finished product, with Japan being the major destination.

The pig and poultry industries use around 40,000 MT of tallow each year in feed rations, accounting for 24 percent of domestic tallow usage. The remaining seven percent, or approximately 12,000 MT of domestic tallow is used in pet food production.

In export markets Australia is a significant supplier of tallow to Taiwan, Pakistan, China, South Africa, and Egypt. Consumption of tallow in China continues to grow at a rapid rate. Australia and New Zealand had previously dominated this market however increased demand for tallow has created an opportunity for the US to supply a large part of the Chinese market.

Trade

Export Trade Table

Export Trade Matrix			
Country	Australia		
Commodity	By-Products, Tallow & Grease		
Time period	Jan - Dec	Units:	MT
Exports for:	1997		1998
U.S.	0	U.S.	3023
Others		Others	
China	65654	Taiwan	53283
Taiwan	50343	Pakistan	49429
Pakistan	46996	China	48457
South Africa	28653	South Africa	48454
Iran	15960	Egypt	42042
Egypt	14889	Bangladesh	18666
Rep. of Korea	13110	Mozambique	17548
Bangladesh	11522	Sri Lanka	16300
Mozambique	11106	Kenya	13757
Sri Lanka	9808	The Philippines	8035
Total for Others	268041		315971
Others not Listed	44654		38613
Grand Total	312695		357607

Import Trade Table

Import Trade Matrix			
Country	Australia		
Commodity	By-Products, Tallow & Grease		
Time period	Jan - Dec	Units:	MT
Imports for:	1997		1998
U.S.	0	U.S.	0
Others		Others	
New Zealand	144	Australia	20
Australia	1		
Total for Others	145		20
Others not Listed	0		0
Grand Total	145		20