Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Scheduled Report - public distribution

Date: 2/3/2000

GAIN Report #FR0013

France

Livestock

Livestock Semi-Annual Report

2000

Prepared by:
Frank J. Piason
U.S. Embassy
Drafted by:
Marie-Cecile Henard

Report Highlights:
In 1999, the French beef sector fully recovered from the BSE crisis of 1996, because the cattle herd stabilized at 20.1 million head, and French consumption was at the level of 1995. French beef benefitted from the EU food aid program for Russia in 1999, which resulted in higher shipments of beef to this destination. France continues to protect its beef market, maintaining the ban on beef produced with hormones from the United States and Canada, and the ban on British beef, despite the EU Commission's decision to lift the ban. For pork, French producers continue to be hurt by the EU oversupply of pork and depressed prices. In 1999, French pork exports to Russia were supported by high EU restitutions, but exporters did not take advantage of the EU food aid program, as French operators are not familiar with the restitution system. Only 8,300 MT pork was from France out of the total 48,500 MT pork shipped by the EU under the food aid program. Total French pork exports to Russia are estimated at 100,000 MT in 1999.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Paris [FR1], FR

Executive Summary

While the French beef sector recovered in 1999 from the BSE crisis in terms of domestic supply and demand, the French pork sector is still in the middle of the crisis caused by the EU oversupply of pork meat which depressed prices significantly. In 1999, French beef exports to Russia benefitted from the EU food aid program, while pork exporters preferred high EU export restitutions for shipping pork to Russia. France shipped 19,000 MT beef and 8,300 MT pork to Russia under the EU food aid program, out of the total 41,000 MT beef and 100,000 MT pork exported by France to Russia in 1999. France continues to protect its beef market, maintaining the ban on beef produced with hormones from the United States and Canada, and the ban on British beef, despite the EU Commission's decision to lift the EU ban.

SECTION I: SITUATION AND OUTLOOK

In 1999, the French beef sector fully recovered from the BSE crisis of 1996, because the cattle herd stabilized at 20.1 million head, and French consumption was at the level of 1995. French beef benefitted from the EU food aid program for Russia in 1999, which resulted in higher shipments of beef to this destination. France sent 19,000 MT beef to Russia under this program in 1999, out of the 150,000 MT sent by the EU. French exports of frozen beef to Russia were estimated at 41,000 MT in 1999. However, the Russian economic crisis pressured beef prices down in late 1998 and these prices were still low in 1999.

BSE continues to be an important public health issue in the EU, and although the EU Commission decided to lift the EU ban on British beef in 1999, France continues to ban British beef on its market, in the name of the principle of precaution. U.S. beef produced with hormones also continues to be banned from the EU and French market. Several French products such as roquefort cheese, foie gras and mustard face high import duties in the U.S. market under the U.S. retaliation permitted by the WTO.

French and EU oversupply of pork have depressed prices significantly in 1998 and 1999, while French pork production continued to increase. In 1999, French pork exports to Russia were supported by high EU restitutions, but exporters did not take advantage of the EU food aid program, as French operators are not familiar with this system. Only 8,300 MT pork was from France out of the total 48,500 MT pork shipped by the EU under the food aid program. Total French pork exports to Russia are estimated at 100,000 MT in 1999. In addition, France benefitted from the EU subsidized private storage scheme for pork, and 13 percent (54,700 MT) of the total volume involved was stored in France. This program is now terminated. The GOF also took a series of emergency measures to support those French pork producers in the greatest difficulty. In 2000, the French pork supply is expected to decline but domestic consumption is likely to decrease too, and prices are therefore not expected to be much higher than in 1999.

SECTION II: STATISTICAL TABLES

Cattle

Production, Supply and Demand Tables

PS&D for live animals is the following:

PSD Table						
Country	France					
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	20154	20154	20097	20097	19800	20194
Dairy Cows Beg. Stocks	4476	4476	4436	4433	4390	4421
Beef Cows Beg. Stocks	4098	4098	4058	4049	4000	4066
Production (Calf Crop)	7171	7151	6703	7050	6705	7100
Intra EC Imports	263	263	269	291	269	259
Other Imports	1	1	1	1	1	1
TOTAL Imports	264	264	270	292	270	260
TOTAL SUPPLY	27589	27569	27070	27439	26775	27544
Intra EC Exports	1561	1564	1480	1415	1480	1560
Other Exports	47	47	50	39	50	40
TOTAL Exports	1608	1611	1530	1454	1530	1600
Cow Slaughter	2578	2585	2450	2481	2495	2480
Calf Slaughter	1937	1931	1900	1896	1880	1960
Other Slaughter	1244	1244	1290	1265	1320	1294
Total Slaughter	5759	5760	5640	5642	5695	5734
Loss	125	125	100	125	50	0
Ending Inventories	20097	20073	19800	20194	19500	20210
TOTAL DISTRIBUTION	27589	27569	27070	27415	26775	27544
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Sources: OFIVAL, SCEES, French Customs

PS&D for beef and veal meat is the following:

PSD Table						
Country	France					
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)	5759	5759	5640	5642	5695	5734
Beginning Stocks	104	104	75	72	35	20
Production	1586	1593	1560	1567	1580	1590
Intra EC Imports	287	283	300	309	300	305
Other Imports	15	15	15	15	15	15
TOTAL Imports	302	298	315	324	315	320
TOTAL SUPPLY	1992	1995	1950	1963	1930	1930
Intra EC Exports	293	293	275	283	248	285
Other Exports	63	63	60	81	87	55
TOTAL Exports	356	356	335	364	335	340
Human Dom. Consumption	1561	1567	1580	1579	1590	1585
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	1561	1567	1580	1579	1590	1585
Ending Stocks	75	72	35	20	5	5
TOTAL DISTRIBUTION	1992	1995	1950	1963	1930	1930
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Sources: OFIVAL, SCEES, French Customs

Trade Matrices

Trade matrices for live cattle are the following:

Export Trade Matrix				
Country	France		Units:	1000 head
Commodity	Animal Numbers, Cattle		Partial Begin	January
			Partial End	September
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Italy	1022	1028	743	736
Spain	533	430	305	243
Lebanon	64	43	33	28
Netherlands	50	39	27	20
Greece	24	19	14	18
Belg/Lux.	67	61	46	16
Germany	29	21	15	14
Portugal	15	8	6	5
Morocco	0	6	6	5
Switzerland	4	3	2	3
Total for Others	1808	1658	1197	1088
Others not Listed	14	8	4	1
Grand Total	1822	1666	1201	1089

Sources: French Customs, CFCE

Import Trade Matrix				
Country	France		Units:	1000 head
Commodity	Animal Numbers, Cattle		Partial Begin	January
			Partial End	September
Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Italy	42	59	50	58
Germany	95	68	54	58
Spain	42	41	35	43
Belg/Lux.	72	59	43	37
Netherlands	65	40	31	33
Austria	6	7	5	8
Ireland	0	2	1	5
Poland	2	1	0	2
Total for Others	324	277	219	244
Others not Listed	3	1	0	1
Grand Total	327	278	219	245

Sources: French Customs, CFCE

Trade matrices for fresh, chilled and frozen beef and veal meat are the following:

Export Trade Matrix				
Country	France		Units:	1000 MT PWE
Commodity	Meat, Beef and Veal		Partial Begin	January
			Partial End	September
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Italy	86	94	69	63
Greece	70	75	54	53
Russia	38	24	22	40
Germany	53	53	39	35
Portugal	14	14	10	14
Spain	8	9	7	8
Belg/Lux.	12	8	6	8
Netherlands	11	9	7	8
UK	9	4	3	3
Morocco	0	5	4	2
Total for Others	301	295	221	234
Others not Listed	63	18	13	12
Grand Total	364	313	234	246

Sources: French Customs, CFCE

Import Trade Matrix				
Country	France		Units:	1000 MT PWE
Commodity	Meat, Beef and Veal		Partial Begin	January
			Partial End	September
Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Netherlands	61	65	47	52
Germany	61	57	42	48
Ireland	27	41	29	36
Italy	25	30	21	27
Spain	27	28	21	23
Belg/Lux.	29	26	19	16
Austria	4	5	3	4
Denmark	3	6	4	3
Argentina	5	3	2	2
Hungary	0	0	0	1
Total for Others	242	261	188	212
Others not Listed	4	3	3	4
Grand Total	246	264	191	216

Sources: French Customs, CFCE

Swine

Production, Supply and Demand Tables

PS&D table for live animals is the following:

PSD Table						
Country	France					
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	15443	15473	15864	15864	15550	15990
Sow Beginning Stocks	1515	1520	1520	1518	1470	1470
Production (Pig Crop)	27027	27262	26971	27228	26850	24635
Intra EC Imports	393	387	425	419	420	400
Other Imports	0	0	0	0	0	0
TOTAL Imports	393	387	425	419	420	400
TOTAL SUPPLY	42863	43122	43260	43511	42820	42495
Intra EC Exports	516	516	480	271	460	285
Other Exports	0	2	0	0	0	0
TOTAL Exports	516	518	480	271	460	285
Sow Slaughter	660	605	655	610	615	615
OTHER SLAUGHTER	25808	26135	26575	26640	26305	26085
Total Slaughter	26468	26740	27230	27250	26920	26700
Loss	15	0	0	0	0	0
Ending Inventories	15864	15864	15550	15990	15440	15510
TOTAL DISTRIBUTION	42863	43122	43260	43511	42820	42495
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Sources: OFIVAL, SCEES, French Customs

PS&D table for pork meat is the following

PSD Table						
Country	France					
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)	26468	26740	0	27250	0	26700
Beginning Stocks	0	0	109	9	83	0
Production	2300	2328	2350	2386	2335	2338
Intra EC Imports	445	444	438	450	435	474
Other Imports	14	1	5	1	0	1
TOTAL Imports	459	445	443	451	435	475
TOTAL SUPPLY	2759	2773	2902	2846	2853	2813
Intra EC Exports	375	376	365	345	370	355
Other Exports	160	150	210	239	223	200
TOTAL Exports	535	526	575	584	593	555
Human Dom. Consumption	2115	2238	2244	2262	2260	2258
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	2115	2238	2244	2262	2260	2258
Ending Stocks	109	9	83	0	0	0
TOTAL DISTRIBUTION	2759	2773	2902	2846	2853	2813
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Sources: OFIVAL, SCEES, French Customs

Trade Matrices

Trade matrices for live swine are the following:

Export Trade Matrix				
Country	France		Units:	1000 head
Commodity	Animal Numbers, Swine		Partial Begin	January
			Partial End	September
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Spain	108	280	229	111
Belg/Lux.	181	111	90	48
Italy	85	104	86	34
Netherlands	26	26	18	33
Portugal	0	7	0	2
Total for Others	400	528	423	228
Others not Listed	3	3	5	2
Grand Total	403	531	428	230

Sources: French Customs, CFCE

Import Trade Matrix				
Country	France		Units:	1000 head
Commodity	Animal Numbers, Swine		Partial Begin	January
			Partial End	September
Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Netherlands	76	138	68	173
Germany	167	121	94	80
Spain	42	47	32	38
Belg/Lux.	28	68	44	36
Portugal	0	0	0	4
UK	17	7	6	4
Italy	1	6	6	1
Total for Others	331	387	250	336
Others not Listed	46	6	3	1
Grand Total	377	393	253	337

Sources: French Customs, CFCE

Trade matrices for fresh, chilled and frozen pork are the following:

Export Trade Matrix				
Country	France		Units:	1000 MT, PWE
Commodity	Meat, Swine		Partial Begin	January
			Partial End	September
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Italy	135	144	105	89
Russia	12	20	14	81
UK	33	34	25	25
Germany	46	27	22	17
Greece	30	19	15	14
Denmark	10	10	8	11
Korea	0	6	4	10
Japan	6	9	7	8
Netherlands	11	11	8	7
Belg/Lux.	12	11	8	5
Total for Others	295	291	216	267
Others not Listed	46	55	43	40
Grand Total	341	346	259	307

Sources: French Customs, CFCE

Import Trade Matrix				
Country	France		Units:	1000 MT PWE
Commodity	Meat, Swine		Partial Begin	January
			Partial End	September
Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Netherlands	55	82	62	64
Denmark	97	78	64	54
Spain	40	53	39	53
Belg/Lux.	44	52	38	32
UK	16	19	13	14
Germany	6	8	6	9
Ireland	6	8	7	4
Hungary	4	4	3	3
Sweden	6	4	3	3
Italy	2	1	1	1
Total for Others	276	309	236	237
Others not Listed	3	5	1	3
Grand Total	279	314	237	240

Sources: French Customs, CFCE

France is a major exporter of processed pork meat products, which are on a different market segment than fresh/chilled/frozen pork products. Trade matrices for processed pork meat are the following:

Export matrix	1000 CWE	1997 (Full)	1998 (Full)	1998 (Jan-Sept)	1999 (Jan-Sept)
U.S.		0	0	0	0
Other	Russia	63	49	46	32
	Belg/Lux.	19	22	16	17
	Germany	24	21	16	16
	UK	16	17	13	14
	Italy	11	10	8	8
	Cuba	0	0	0	4
	Spain	4	5	4	3
Total of Others		137	124	103	94
Other not Listed		32	32	23	19
Grand Total		169	156	126	113

Sources: French Customs, CFCE

Import matrix	1000 CWE	1997 (Full)	1998 (Full)	1998 (Jan-Sept)	1999 (Jan-Sept)
U.S.		0	0	0	0
Other	Germany	19	25	18	18
	Italy	22	20	15	16
	Belg/Lux	23	22	16	12
	Denmark	21	16	12	12
	Spain	13	15	12	11
Total of Others		98	98	73	69
Other not Listed		6	7	6	5
Grand Total		104	105	79	74

Sources: French Customs, CFCE

Sheep and Goat

Production, Supply and Demand Tables

PS&D table for live animals is the following:

PSD Table						
Country	France					
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	10929	10931	10670	10640	10560	10567
Ewes, Beginning Stocks	8541	8541	8471	8440	8390	8300
Production (Lamb Crop)	8526	8596	8515	8627	8500	8543
Intra EC Imports	696	696	700	720	700	720
Other Imports	0	0	0	0	0	0
TOTAL Imports	696	696	700	720	700	720
TOTAL SUPPLY	20151	20223	19885	19987	19760	19830
Intra EC Exports	927	929	905	970	905	970
Other Exports	4	4	0	10	0	10
TOTAL Exports	931	933	905	980	905	980
Ewe Slaughter	825	825	840	780	815	760
Lamb Slaughter	6600	6600	6480	6500	6410	6440
Other Slaughter	1125	1225	1100	1160	1090	1150
TOTAL Slaughter	8550	8650	8420	8440	8315	8350
Loss	0	0	0	0	0	0
Ending Inventories	10670	10640	10560	10567	10540	10500
TOTAL DISTRIBUTION	20151	20223	19885	19987	19760	19830
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Sources: OFIVAL, SCEES, French Customs

PS&D table for lamb, mutton and goat meat is the following:

PSD Table						
Country	France					
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)	1125	8650	1100	8440	1090	8350
Beginning Stocks	0	0	0	0	0	0
Production	144	144	143	140	142	139
Intra EC Imports	132	132	131	136	130	137
Other Imports	29	29	30	32	31	33
TOTAL Imports	161	161	161	168	161	170
TOTAL SUPPLY	305	305	304	308	303	309
Intra EC Exports	8	8	8	10	8	10
Other Exports	1	1	1	1	1	1
TOTAL Exports	9	9	9	11	9	11
Human Dom. Consumption	296	296	295	297	294	298
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	296	296	295	297	294	298
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	305	305	304	308	303	309
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Sources: OFIVAL, SCEES, French Customs

Note: the "Old" columns for "Slaughter: reference" are protected cells and therefore cannot be changed, although there is an error in the formulas they contain. Figures should be 8550, 8420, and 8315 for 1998, 1999, and 2000, respectively.

Trade Matrices

Trade matrices for live sheep and goats are the following:

Export Trade Matrix				
Country	France		Units:	1000 head
Commodity	Animal Numbers, Sheep		Partial Begin	January
			Partial End	September
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Italy	284	420	280	293
Spain	489	388	164	155
Netherlands	88	88	76	55
Greece	20	15	9	20
Portugal	0	1	1	3
Belg/Lux.	4	6	4	3
UK	2	4	4	2
Total for Others	887	922	538	531
Others not Listed	3	13	13	8
Grand Total	890	935	551	539

Sources: French Customs, CFCE

Import Trade Matrix				
Country	France		Units:	1000 head
Commodity	Animal Numbers, Sheep		Partial Begin	January
			Partial End	September
Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Netherlands	330	273	192	224
UK	205	240	136	120
Spain	109	116	92	95
Ireland	6	31	24	17
Germany	6	23	19	16
Belg/Lux.	31	16	14	5
Total for Others	687	699	477	477
Others not Listed	4	0	0	6
Grand Total	691	699	477	483

Sources: French Customs, CFCE

Trade matrices for fresh, chilled and frozen lamb, mutton and goat meat are the following:

Export Trade Matrix				
Country	France		Units:	1000 MT, PWE
Commodity	Meat, Lamb, Mutton and Goat		Partial Begin	January
			Partial End	September
Exports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Italy	3	4	3	3
Belg/Lux.	2	2	1	2
UK	1	1	1	1
Total for Others	6	7	5	6
Others not Listed	2	2	2	2
Grand Total	8	9	7	8

Sources: French Customs, CFCE

Import Trade Matrix				
Country	France		Units:	1000 MT, PWE
Commodity	Meat, Lamb, Mutton and Goat		Partial Begin	January
			Partial End	September
Imports for:	1997	1998	1998	1999
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
UK	79	79	55	60
Ireland	39	42	33	34
New Zealand	23	24	17	20
Spain	6	7	6	4
Belg/Lux	1	2	1	2
Australia	3	2	2	1
Netherlands	2	1	1	1
Total for Others	153	157	115	122
Others not Listed	2	1	2	2
Grand Total	155	158	117	124

Sources: French Customs, CFCE

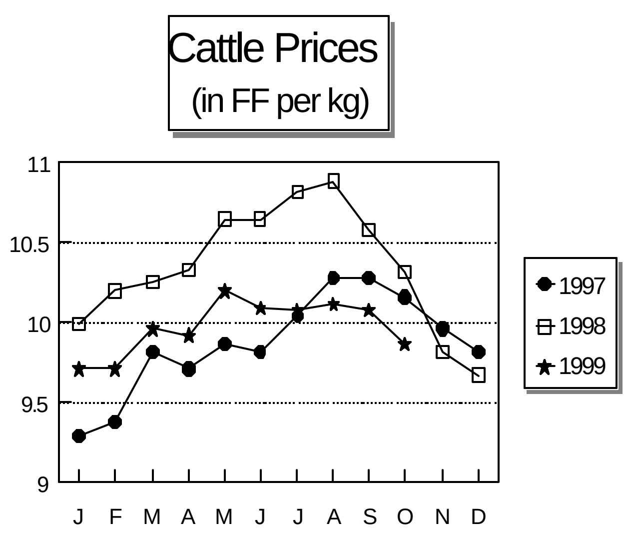
SECTION III: NARRATIVE ON SUPPLY, DEMAND, POLICY AND MARKETING

Production

Cattle

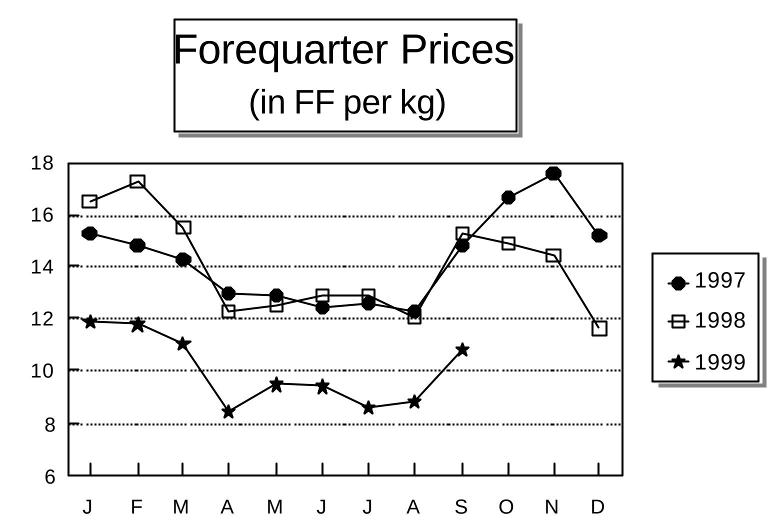
After shrinking for the last several years, the French cattle herd stabilized at around 20.1 million head. Between 1998 and 1999, lower rates of calf and cow slaughter led to lower total cattle slaughter. Since the BSE outbreak in 1996, during which time cow slaughter reached unusually high rates and continued to do so until 1998, the French dairy cow herd has been replaced with new cows. Cow slaughter resumed normal levels in 1999. From 1998 to 1999, lower calf crops led to lower rates of calf slaughter. Experts believe that in 2000 cattle slaughter will rise as a result of the European calf slaughter scheme and will lead to higher beef and veal production.

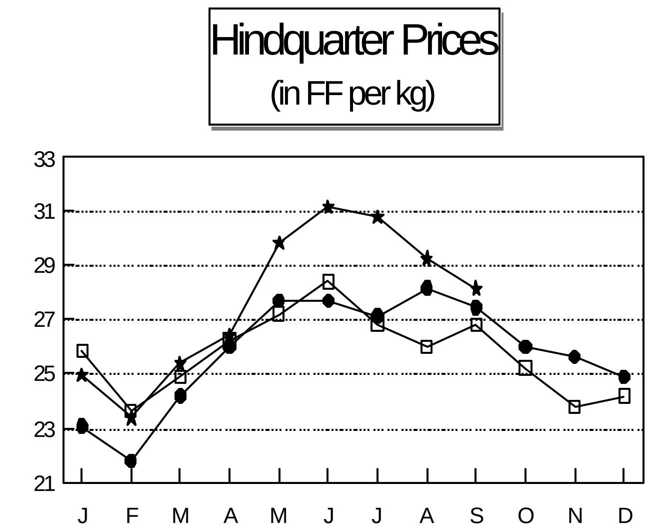
Calves slaughtered under the European calf slaughter scheme appear under the "Loss" category in the PS&D table. This scheme was in operation from 1996, soon after the BSE outbreak, until December 31, 1999. Producers received EU subsidies amounting to 115 Euros for every slaughtered calf younger than 20 days. The 125,000 calves slaughtered in France in 1999 included 42,500 domestically-produced calves and 72,500 calves imported from EU member states (mainly Italy and the Netherlands) where the scheme did not apply. Since 1996, 605,670 calves (22 percent of all animals that were slaughtered in the EU) were slaughtered in France under the EU scheme. The United Kingdom, Portugal, and Ireland also benefitted from the scheme.



The opposite graph represents fluctuations of producer prices for cattle (except calves) in 1997, 1998 and 1999. Prices dropped significantly from September 1998, due to the rouble's devaluation and the Russian economic crisis that followed. Export opportunities dropped off for French and EU beef to Russia, formerly a major market. In 1999, French beef prices remained at low levels, as shipments to Russia went to the EU Food Aid program and were therefore not considered as regular exports.

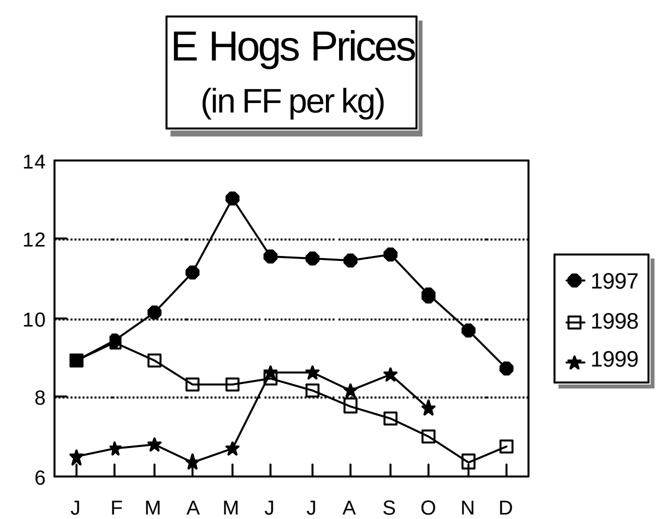
The graphs below show wholesale prices for R beef on the Paris wholesale market (Rungis). French consumers boil beef forequarter cuts in the winter and grill hindquarter cuts, whose quality and prices tend to be higher, in the summer. These seasonal preferences explain why forequarters cost less in the spring or summer and more in the fall and winter, while hindquarter prices have the opposite seasonal fluctuation.





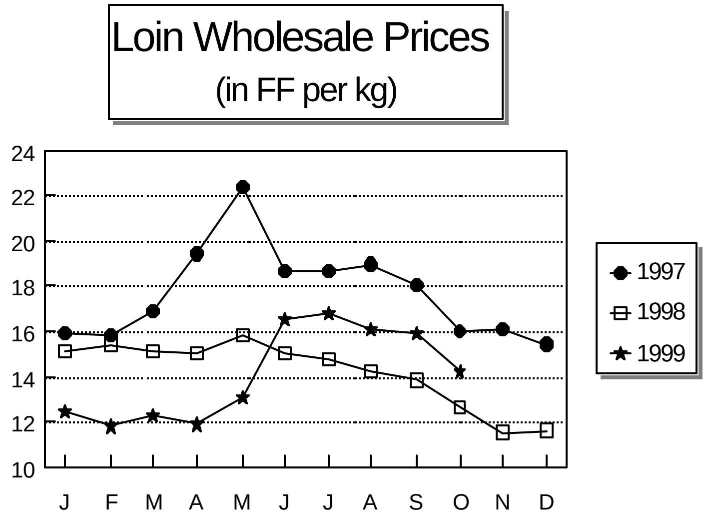
Swine:

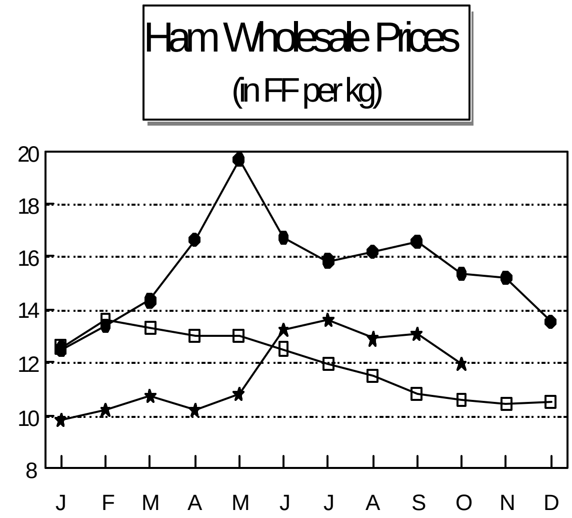
In 1999, France had 12 percent of the EU's swine herd; Germany, 21 percent; and Spain, 18 percent.



An oversupply of EU pork combined with the Russian economic crisis led to lower pork prices in 1998 and 1999. (See graph below). While French pork supply was expected to decline in 1999 to adjust supply to demand, French swine herd and pork meat production rose from 1998. The reduction in French swine herd and pork meat production is not expected until 2000.

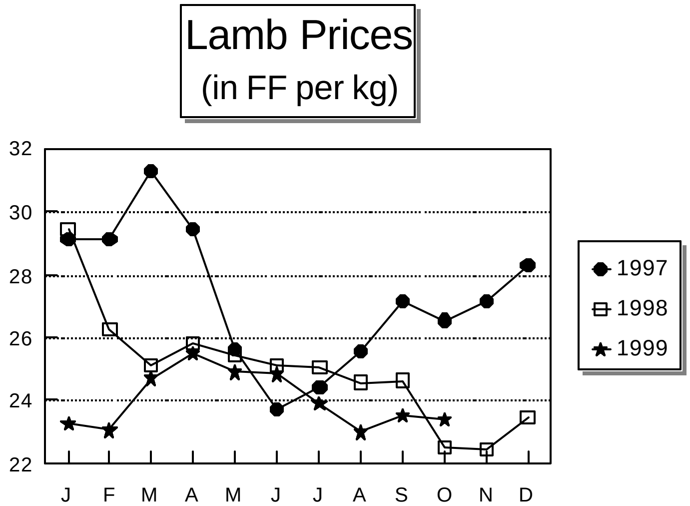
Hog price increase in June 1999 reflects the seasonal decline in EU production and a dramatic rise in shipments to Russia caused by high export restitution and EU Food Aid to Russia. The two graphs below show similar fluctuations in whole sale prices for loin and ham in the Paris wholesale market (Rungis).





Sheep and Goats:

French sheep and goat herds continue to decline as French lamb meat faces stiff price competition from imports from the UK, Ireland, and New Zealand.



The opposite graph shows fluctuations in producer prices of lamb from 1997 to 1999. While prices traditionally peak in Easter (as they did in 1997), they did not in 1998 or 1999. Producers kept their prices low in order to compete with imports from the UK, Ireland, and New Zealand.

Lamb prices began their downward trend in 1998 and remained low into 1999 as a direct result of the economic crisis in Russia, a major market for EU lambskin shipped through Turkey. (See #FR9005 and #FR9010). Although French sheep skin exports to Turkey grew in 1999, prices fell below their pre-Russian crisis levels.

Consumption

Beef and Veal: In 1999, French beef consumption recovered from the BSE "trauma" of 1996, even though BSE cases were growing in numbers in France. To date, 84 cases including four since the beginning of the year, have been found. French consumers seem to have found reassurance from traceability networks and government instituted labels showing French origin. France has maintained the embargo on British beef, which reassures consumers of the safety of beef products in France. In 2000, beef and veal consumption will likely increase further.

Pork: French pork consumption grew by 1 percent in 1999, following a dramatic increase in 1998. Pork consumption will likely decline in 2000. Although low retail prices boosted domestic demand for pork in 1998, these discount prices were not extended to supermarkets in 1999. French consumers may have grown tired of pork.

Trade

Cattle:

French exports of live cattle dropped off in 1998 and 1999 largely due to reduced shipments to Spain. This decline affected young, light-weight animals that are traditionally shipped to Spain for fattening. When prices for these animals rose in 1999, Spanish importers reduced their purchases from France. French producers tend to fatten animals to take advantage of the EU premium for male cattle. French calf exports to Spain also declined from 1998 to 1999 due to stiff price competition between French and Irish calves on the Spanish market.

French exports of beef shot up from 1998 to 1999, as the EU Food Aid program required greater shipments to Russia. In 1999, France sent 19,000 MT of a total of 150,000MT cwe (carcass weight equivalent) of frozen beef sent by the EU through this program.

Swine:

French exports of live swine fell from 1998 to 1999 as shipments to Spain fell and imports mostly from the Netherlands grew, largely due to better sanitary conditions after the outbreak of swine fever in 1997 and 1998.

In 1999, French exports of pork meat to Russia benefitted from the high export restitutions set by the EU on frozen pork. French shipments of processed pork did not rise despite additional export restitutions on these products; Russian importers earned larger profits from processing frozen pork than from importing French processed products.

French exporters preferred the EU restitution program to the EU Food Aid program for its familiar features and contacts. Of the EU's export of 48,500 MT of pork, France exported 8,300 MT under the food aid program. Total French exports of pork to Russia amounted to about 100,000 MT in 1999.

Stocks

A subsidized private storage scheme for pork was introduced in September 1998 and abolished in September 1999 by the European Commission to reduce the EU oversupply of pork meat. Pork meat stored in France under this scheme appears in the "ending/beginning stocks" item in the PS&D table. In total, 54,700 MT, pwe (products weight equivalent) were stored in France under this scheme, accounting for 13 percent of the 428,200 MT, pwe, stored in all EU member states. In December 1999, all pork meat stored under this scheme was released on the market.

Policy

1. EU Embargo on Beef Produced with Hormones

The WTO decision to implement sanctions on various EU products has been effective since July 1999. It constitutes an increase in U.S. and Canadian import duties on these products in response to the continued ban on beef produced with hormones. French foie gras, roquefort cheese and mustard are on the list of targeted products. The EU is still at trying to prove scientific links between the consumption of beef produced with hormones and human health risks.

2. French Embargo on British Beef

Although the EU Commission has decided to lift the EU ban on British beef, which dates back to the BSE outbreak in 1996, the GOF maintains its own ban for consumer health reasons, claiming insufficient UK testing and incomplete EU rules on labeling and traceability. French consumers, political party representatives, and farmers' unions applaud the decision to maintain the embargo.

The GOF took the case to the European Court of Justice (ECJ), arguing that the EU Commission's decision failed to take into account the principle of precaution and to consider recent findings by the French Agency on Food Safety (AFSSA). The EU Commission has also taken France to the ECJ for ignoring the EU Commission's decision to lift the ban. The ECJ is unlikely to pronounce its verdict anytime soon, just as the GOF is unlikely to move away from its current position.

3. Beef Labeling

EU Ministers of Agriculture are working on a compulsory EU-wide system of labeling beef that will take effect in September 2000. At the January 24-25 Council of Ministers in Brussels, members agreed that labeling should specify the country in which an animal was slaughtered. France opposed an EU label which failed to indicate where animals were born, raised and slaughtered, and favored indicating all countries involved in the whole process. France also favored labeling animals according to breed as they are in the French labeling system detailed below.

In response to the BSE outbreak in Europe in 1996, the French beef sector applied the traceability practice for French beef from the farm to the retail outlet. Since 1997, traceability has included information on the country of origin (France), animal category (male or female) and breed (dairy or beef). (See FR8063) In 2000, a similar system will be applied to beef sold in hotels, restaurants and institutions (HRI). This step will have important repercussions for parents who at one point refused to have beef served in school cafeterias and hospitals in their cities, fearing that the beef might be infected with BSE. French beef traceability and labeling in HRI is expected to restore consumer confidence in beef.

4. EU and French Measures in the Pork Sector

In 1999, EU policy measures in the swine sector included raising export restitutions for frozen and processed pork to Russia and organizing subsidized private storage for pork.

Since the beginning of the pork crisis in 1998, France's Ministry of Agriculture and Fisheries has provided USD 75 million to reinstate the advance payment system STABIPORC and USD 45 million to support farmers in dire financial straits. In December, the MinAg announced that it would allocate USD 27 million to help pork and poultry farms. (See reports #FR9010 and #FR9046)

Marketing

1. Organic Meat

Today, organic meat production occupies a marginal position in overall meat production in France. However, a recent survey by OFIVAL shows that organic meat supply is growing to meet rising domestic demand and that its distribution to supermarket chains is well-established. The potential market in 2001 amounts to 1,000 to 1,500 MT meat cuts and a similar quantity of ground beef, roughly 2 percent of the French ground beef market. In terms of production, 0.4 percent of the cattle, 0.8 percent of the lamb, and 0.3 percent of the swine herds will likely be devoted to organic production in 2001. Higher percentages are expected in the poultry sector, especially for eggs.

2. Information on French Meat

Here are several French websites related to meat:
1. Http://www.ofival.fr
Site of the French Livestock and Poultry Board (OFIVAL). It contains information on economic indicators affecting the French and EU meat sector, and describes OFIVAL's activities. It will soon contain producer prices. Exclusively in French.
2. Http://www.centre-info-viande.asso.fr
Site of the French Meat Information Center (CIV), which promotes meat by providing recipes and information on its meat's health benefits. Exclusively in French.
3. Http://www.mhr-viandes.com
Private site where all French meat plants (slaughterhouses, cutting and processing plants) are listed by meat category. It also includes updates on the meat sector. In French and English.

4. Http://www.inst-elevage.asso.fr
Site of the French technical institute for dairy, beef and lamb. It includes news on French policy and the EU meat sector, as well as a comparison between French and EU herds. Exclusively in French.