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PERSONAL AUTHORS - ARIZA-NINO, E. J.
MANLY, D. W.
SHAPIRO, K. H.

CORPORATE AUTHORS - MICH. UNIV. CTR. FOR RESEARCH ON ECONOMIC DEVELOPMENT

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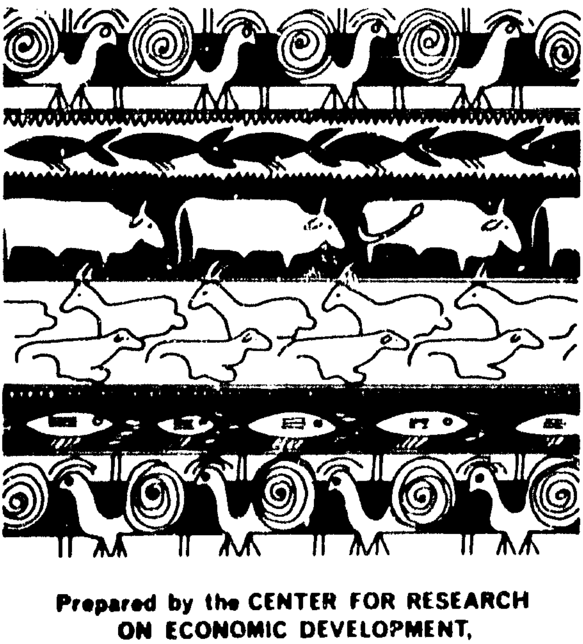
LIVESTOCK AND MEAT MARKETING IN WEST AFRICA

VOLUME V

The World Meat Economy
Other Supplier and Consumer Countries

Edgar J. Ariza-Niño
D.W. Manly
Kenneth H. Shapiro



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IN WEST AFRICA

VOLUME V

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prepared by
Center for Research on Economic Development
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Regional Economic Development Services Office, West Africa
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LIVESTOCK AND MEAT MARKETING
IN WEST AFRICA
VOLUME V

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PREFACE

This is the fifth volume of a study of livestock and meat marketing in Central West Africa conducted by the Center for Research on Economic Development of the University of Michigan under contract to the REDSO/WA office of the United States Agency for International Development.

The subject of the study has been the marketing of red meat and livestock in five West African coastal countries -- Liberia, Ivory Coast, Ghana, Togo and Benin. Until recently the principal sources of these products have been two Sahelian countries -- Mali and Upper Volta. Together the seven countries constitute a Central West African "corridor" along which there has long been an active trade in live animals from states in the interior to the centers of consumption near the coast.

Prolonged, severe drought in the Sahel in the early 1970s disrupted the customary trade pattern. By 1975 coastal consumers began to turn to non-African suppliers to an unexpected degree, and the countries of the Gulf of Guinea became part of the world meat market. It was soon clear that this change might have important implications in the Sahelian countries for livestock production policies which were predicated on virtually exclusive access to the coastal markets. The desirability of studying this development and its implications provides the main rationale for this study.

Volume V is divided into four parts. The first examines developments in the world meat economy over the last decade, explaining the oversupply conditions which brought non-African exporters into the West African coastal market in the mid-1970s. It then looks into the implications for the West African trade of the recent changes in the world beef economy. The second part of the volume is a report on Uruguay, a major South American supplier.

The authors have played important roles in other Center studies of the livestock sector in West Africa. Kenneth H. Shapiro served as project director and editor of the study entitled Livestock Production and Marketing in the Entente States of West Africa (1979). Edgar J. Ariza-Niño is project director for three field surveys on livestock and meat marketing issues currently being conducted in Ivory Coast, Niger and Nigeria. As we go to press he is carrying out the Nigeria survey from a base in Kano.

The last two parts of this volume have been graciously contributed by the International Trade Centre UNCTAD/GATT, Geneva. They contain abridged versions of reports authored by D.W. Manly, ITC's meat marketing advisor. As is indicated at the beginning of each report, his work was financed by the Government of Norway and the project implemented by the International Trade Centre. Readers interested in the full text of either report should address their inquiry to the International Trade Centre UNCTAD/GATT, Case Postale 30, CH-1211 Geneva 21, Switzerland. We wish to express here our deep gratitude to ITC and particularly to Alexander H. Rotival, Deputy Director, and S. Skuncke, Director of the Technical Division, for their unstinting assistance in this project.

Part III deals with Denmark and France as exporters of meat to the coastal West African countries that are the subject of this study. This brings to six the number of non-African supplier countries that have been covered: Argentina, Australia and New Zealand in Volume IV; Denmark, France and Uruguay in this volume.

Part IV explores the potential for finding new export markets for Sahelian livestock and meat. It concentrates particularly on three North African countries -- Algeria, Libya and Egypt -- but also looks at the market situation in Kuwait, Saudi Arabia and the United Arab Emirates. Readers interested in further exploration of these possibilities should note that ITC's full text carries names and addresses of import firms in each country.

We wish to record our appreciation for the fine work and professional dedication of Center staff in the preparation of these volumes. Beth Fredrickson ably coordinated the project's far-flung and numerous activities. Under the direction of Jayne Owen, the secretarial staff of Tony Nuismer, Lori Roy and Jeane Walkowski worked overtime with great skill and patience to prepare the reports for the printer. Jane McCormick designed the cover, prepared the graphics and added numerous small touches with her usual flair.

Ann Arbor, Michigan
March, 1980

Charles Steedman

Inquiries about additional copies of this and other volumes of <u>Livestock and Meat Marketing in West Africa</u> should be addressed to:

Publication Coordinator
CRED
Lorch Hall
Ann Arbor, MI 48109 (U.S.A.)

The other four volumes are entitled:

I. Synthesis and Upper Volta
II. Benin, Ghana, Liberia, Togo
III. Ivory Coast and Mali
IV. Argentina, Australia, New Zealand

PART I

THE WORLD MEAT ECONOMY: RECENT CHANGES AND THEIR IMPLICATIONS FOR WEST AFRICA

Kenneth H. Shapiro

THE WORLD MEAT ECONOMY

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INTRODUCTION

Between 1974 and 1976 non-African suppliers established a strong position in the West African meat market. During that period Ivory Coast imports of chilled and frozen beef, almost entirely from non-African sources, jumped from 1,243 tons to 16,611 tons, while beef from imported Sahelian animals dropped from 33,885 tons to 20,076 tons (Staatz, 1980).[1*] Thus in three years the non-African share of Ivorian beef imports went from about 3.5 percent to 45 percent. The sudden shift of market shares in one of West Africa's major beef importers gave rise to fears that Sahelian producers might start losing their coastal customers.

The causes of this shift are not hard to identify. The Sahelian herds had been decimated in the drought of the late 1960s and early 1970s, and following that, producers were holding back their few remaining animals in order to rebuild the herds. At the same time all the world's major cattle producers had serious surplus problems, causing the leading importers virtually to close their borders in an effort to protect domestic producers and forcing exporters to search for new markets while selling at very low prices. Thus at the very time when Ivory Coast's traditional sources of beef imports were drying up, Argentina was eager to fill the gap at competitive prices.

This paper examines recent changes in the world meat economy and in particular its cyclical nature. The major objectives are first to explain the underlying causes of supply and price fluctuations in the world's major producing countries, second to identify and explain those particular fluctuations that led to the situation in 1976, and third to assess the new nature of the world beef economy and its implications for the future of West African livestock trade.

The first part of the paper presents a simple economic model of the behavior of animal producers. This provides a rationale for the negative short-run supply response to price changes, which tends to exaggerate price movements and gives rise to cycles. The model also indicates the likely (opposite) reactions to changes in the costs of inputs and transport. In addition, Section I considers other contributions to meat cycles, namely protectionist policies and the relatively small contribution that imports make to consumption in most major importing nations. Section II reviews the history of beef cycles from 1960 to 1978. At the start of this period, from 1960 to 1967, Argentina and its major customer, the Common Market, followed one pattern while Australia and its major customer, the United States, followed another. In contrast, after 1972 the cycles in all four major producing areas came into alignment and led to a massive oversupply problem.

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*Footnotes are found on page 29.

The resultant new shape of the world beef economy is discussed in Section III, and implications are drawn for the West African trade. Basically, non-African sources are unlikely to displace Sahelian exports in a major way in the long run. New, expanded trade channels with Argentina will probably continue to handle volumes considerably larger than those of 1973 but smaller in relative terms than those of 1976. For example, by 1978, Sahelian live animal imports to Ivory Coast had risen by about 38 percent over 1976 levels to the equivalent of 27,644 tons while frozen and chilled meat imports had risen by about 8 percent over 1976 after falling off by 25 percent the previous year (Staatz, 1980). Non-African supplies will probably shrink during the coming world beef shortage of the early 1980s. The volume can in any case be expected to fluctuate as the world market continues to display a cyclical pattern which may become more extreme now that all major producing areas are in alignment.

I. Causes of World Meat Cycles

World meat production displays a strong cyclical pattern that arises from the economic behavior of producers, from the small percentage of total consumption dependent on imports, and from strong, widespread protectionist policies. These factors are discussed below.

A. - The Economic Behavior of Meat Producers

Cattle ranchers, feedlot operators, and other meat producers react to economic signals just as we would expect most firms to react. However, the nature of the product makes their rational reactions appear perverse in the short run and causes these reactions to exaggerate price fluctuations. When the price of beef rises, the producer finds it more profitable to increase the amount of beef produced per animal. That is, each steer represents a beef-producing machine and when prices rise it pays to produce more with that machine. More beef can be produced by increasing feed and by increasing the length of time the animal is fed or grazed. The latter means increasing the age of slaughter. Thus some animals that would have been slaughtered near the time of the price increase will be held back to produce more beef later. Therefore a rise in beef prices leads to a short-run fall in slaughter and production. This contributes to a further rise in prices, which leads to still further declines in production and so on.

Of greater long-term importance, the producer usually chooses to have more of these beef-producing machines since the price of their output, beef, has risen. In other words, he wishes to increase the size of his herd. Thus the producer delays the slaughter of females so that they can bear calves. This decline of female slaughter further reduces supply and contributes to still higher prices.

The rise of prices and fall of production eventually comes to an end for several reasons. First, consumers purchase less beef at higher prices. Negative price elasticity gives rise to what is popularly called "consumer resistance" so that quantities purchased fall and the price rise moderates. Second, as cattle are held to older and older ages they become less efficient beef-producing machines. That is, their rate of weight gain declines. A point is eventually reached when, even with higher beef prices, it takes too long and/or calls for too much feed to make it profitable to try to increase production. Third, grazing lands and feedlots tend to reach their capacity load of animals. Fourth, females eventually bear their calves and so are again available for slaughter provided that prices are not high enough to justify holding them back for additional breeding.

Thus at some point producers stop holding back steers and start to increase slaughter. The greater supply of beef stops the increase of prices and leads to their decline. Furthermore, females that have calved are available for slaughter, and the decision to slaughter rather than breed again is made more likely by the moderation or decline of prices. At lower prices it no longer pays to produce quite so much from each beef machine. The beef output of a steer is reduced by slaughtering it at an earlier age. Thus, as prices fall, many steers are slaughtered earlier than anticipated. This produces supplies of beef greater than the increment generated as a result of herders delaying slaughter when prices rose in an earlier period. That delayed production increase from an earlier price rise is therefore augmented by the immediate production increase due to a price decline. The cumulative result is a further decline in price and further increases in slaughter and so on.

As in the earlier case, this side of the cycle also reaches its limit and stops. Eventually the greater rate of slaughter reduces herds so much that slaughters must decline. As the older animals are removed first, the age structure of the herd declines. Younger animals gain weight more quickly and so are more efficient beef producers. At some age the animals produce beef so efficiently that even at low prices it pays to continue producing more rather than to slaughter. Thus the fall in prices eventually slows and is reversed, herds start to be rebuilt, production declines, price increases give rise to still further declines in production, and the next phase of the cycle begins.

The major production costs, other than for the purchase of animals, are usually those for feed (either for grain or land for grazing), for transporting animals to market, and in the form of interest earnings forgone on the value of animals not sold but retained until an older age. The producer retains animals as long as the expected revenue from weight gained in an additional period (day, week or month) is greater than the cost of retaining and feeding the animal for that period. Young animals have high rates of gain and so are retained. As the animal ages its rate of gain falls and thus eventually the expected increased revenues fall to the level of added costs for the period, and then the animal is slaughtered.

If costs of feed and forgone interest increase, expected increased earnings fall sooner to the new, higher level of costs. Thus an increase in these two time-dependent costs leads to earlier slaughtering of animals, and vice versa. Transport costs are not time-dependent but often are fixed on a per-animal basis. Higher transport costs tend to increase the age of slaughter as producers tend to spread marketing costs over greater weight. Delayed marketing also means a lower present value of these costs.

These relationships between age of slaughter, price of beef, and cost of inputs can be seen succinctly in a simple model in which cattle are characterized as capital goods.[2] Following Jarvis (1974), a producer's profit can be specified as the difference between the discounted present value of returns from sale of an animal and the discounted present value of all feeding costs. For simplicity, this ignores other costs and also assumes that weight gain is the only variable dependent on time. Thus the daily feed ration, the cost of feed, and the price of beef are not affected by the age of slaughter. Of course this assumption does not hold in reality, but taking these variables into consideration would not change the model's results and would complicate the mathematics unnecessarily. Also for simplicity, the model is for a steer, not for a female.

Producer's profit may be written as:

$$\Pi(\theta) = pw(i,\theta)e^{-r\theta} - ci\int_0^{\theta} e^{-rt}dt$$

Where: Π = profit from an animal, a function of
θ = age of slaughter
p = price of beef
w = weight of the animal, a function of i and θ
i = daily feed input
r = interest rate
c = cost of daily feed input
t = time

The first term on the right is the discounted present value of returns from sale of the animal and the second term is the cost of feeding the animal throughout its life.

At the profit-maximizing age of slaughter the following first order conditions must prevail:

$$\frac{\partial \Pi}{\partial \theta} = p\frac{\partial w}{\partial \theta}e^{-r\theta} - rpwe^{-r\theta} - cie^{-r\theta} = 0$$

This may be rewritten as:

$$p\frac{\partial w}{\partial \theta} = rpw + ci$$

which states that at profit maximization the rate of increase of the value of beef produced by a steer ($p\frac{\partial w}{\partial \theta}$) has fallen to equal the sum of interest earnings forgone by not slaughtering the animal (rpw) and the cost of feed (ci).

The impact of a rise in the price of beef (p) can be seen by totally differentiating $\frac{\partial \Pi}{\partial \theta}$ but forcing the total differential to equal zero since we still want the profit-maximizing solution.[3]

Let: $\frac{\partial \Pi}{\partial \theta} = \text{ä} = \frac{\partial w}{\partial \theta} - rw - \frac{ci}{p}$

Then: $\partial \text{ä} = \frac{\partial^2 w}{\partial \theta^2} \partial \theta - r \frac{\partial w}{\partial \theta} \partial \theta + \frac{ci}{p^2} \partial p = 0$

or $\left(\frac{\partial^2 w}{\partial \theta^2} - \frac{r \partial w}{\partial \theta} \right) \partial \theta = \frac{-ci}{p^2} \partial p$

or $\frac{\partial \theta}{\partial p} = \dfrac{\frac{-ci}{p^2}}{\frac{\partial^2 w}{\partial \theta^2} - \frac{\partial w}{\partial \theta} r}$

Now c, i and p are all positive, so $\frac{-ci}{p^2}$ must be negative. In the denominator $\frac{\partial^2 w}{\partial \theta^2}$ is negative by the assumption that the rate of weight gain slows as age increases, and r and $\frac{\partial w}{\partial \theta}$ are both positive. Hence the denominator is negative. Thus the whole term is positive. That is, $\frac{\partial \theta}{\partial p} > 0$ which means that an increase of price leads profit-maximizing producers to increase the age of slaughter. Thus there is a short-run negative supply response to an increase in price. A similar procedure could be followed to indicate the impact of changes in costs and interest rates.

B. - Conditions Facing Meat Exporters

The natural tendency toward meat cycles is exacerbated by two conditions facing meat exporters -- the small percentage of consumption dependent on imported meat and the strength and pervasiveness of protectionist policies. As Table 1 shows, for the two largest meat importers, the United States and the European Community, imports constitute only about 7 percent of total beef domestic consumption. Thus, if consumption from domestic sources varies just a little bit and total consumption stays constant, there may be very large percentage variations in imports. For example, if 1978 consumption from domestic sources in the United States rose by 5 percent and if total consumption stayed constant, this would imply a 54 percent fall in beef imports. Since U.S. trade represents over a third of all Australian beef exports, an even distribution of the U.S. import decline among suppliers would mean that the small change in U.S. consumption might cause almost a 20 percent decline in Australian exports. Thus variations in domestic production by importing countries may be magnified into much larger percentage variations in demand for meat from exporting countries.

TABLE 1

COMPOSITION OF BEEF CONSUMPTION IN MAJOR IMPORTING NATIONS, 1974-78

United States	1974	1975	1976	1977	1978
Consumption ('000 MT)	11,454	12,080	13,028	12,751	12,223
Imports ('000 MT)	747	808	953	890	1,053
Imports (% of consumption)	07	07	07	07	09
European Community	**1974**	**1975**	**1976**	**1977**	**1978**
Consumption ('000 MT)	6,432	6,473	6,570	6,679	6,836
Imports ('000 MT)[a,b]	429	286	464	457	430
Imports (% of consumption)	07	07	07	07	06
Japan	**1974**	**1975**	**1976**	**1977**	**1978**
Consumption ('000 MT)	381	411	436	478	536
Imports ('000 MT)	77	64	130	121	143
Imports (% of consumption)	20	16	30	25	27

SOURCE: USDA, FAS, Foreign Agriculture Circular: Livestock and Meat, FLM 9-78 and 10-78, September 1980; and FLM 2-80, February 1980.

[a]From Schnittker Associates, "Multilateral Trade Negotiations: Results for U.S. Agriculture." Report to the Committee on Finance, U.S. Senate Committee Print CP 96-11, 1979.

[b]Excludes intra-Community trade.

This would probably not be the case if exporters could compete evenly with domestic producers. However, this usually is not true because the major importers all protect their domestic industry and force the burden of adjustment onto the exporters. Thus when domestic production increases more rapidly than does demand, the major importers invoke policies that will protect their producers from major price declines. One such measure is to restrict imports so that domestic producers get a larger share of the market, as in the above example. Similarly, if demand falls, imports would also be restricted to give domestic producers a greater share of the reduced market.

The European Community uses a combination of customs duties, variable levies, licensing and "safeguard" license elimination to protect its domestic meat producers.[4] For beef and veal, all imports from outside the EEC are subject to relatively stable customs duties. In addition, these commodities are also subject to variable import levies. These are called variable because their level is set in response to the difference between the free market price (called the Reference Price) within the Community and the Guide Price, which is the price that government considers desirable for producers to receive. The base for calculating the variable levy is the difference between the Guide Price and the duty-paid import price of the meat (i.e., the price the importer pays plus the customs duty).

When the Reference Price is well above the Guide Price, no variable levy is imposed. When the Reference Price is down to 106 percent of the Guide Price, then 25 percent of the full levy (the difference between the Guide Price and the duty-paid import price) is imposed. The variable levy is at 100 percent when the Reference Price is between 98 and 100 percent of the Guide Price. It rises to 114 percent when the Reference Price has fallen to less than 90 percent of the Guide Price.

When the market is severely depressed, the Safeguard Clause may be invoked to suspend licenses to import beef. Between July 1974 and March 1977, this clause was operative and licenses were suspended for imports of most categories of cattle, calves, beef, and veal.

The United States protects its meat producers with a system of import quotas authorized under the Meat Import Law (PL 88-482) of August 1964.[5,6] Each year the permissible levels of imports (called the quota quantities) are set as a fixed percentage of domestic production of beef, veal, goat meat, and mutton. When actual imports exceed these quantities by 10 percent (the trigger level), the import quotas are invoked. However, this rarely occurs because the United States negotiates voluntary restraints by its main suppliers. Thus the level of imports usually is between the quota quantities and the trigger level. When conditions warrant, the quotas may be suspended or increased. For example, they were suspended in mid-1974 to help fight inflation.

Japan attempts to maintain domestic beef producer prices within a range called the "stabilization zone."[7] This is done primarily through import quotas along with an ad valorem tariff and import levy. The ad valorem tariff is 25 percent of the CIF price, and the import levy was raised from 350 yen to 600 yen per kilogram in October 1977. Even with the tariff and levy, the price of imported beef would undercut domestic beef. Quotas are therefore applied through an import monopoly given to the Livestock Industries Promotion Corporation. At times there may be a complete ban on imports, as there was in 1974.

Governments vary the level of protection afforded by these policies according to domestic conditions of supply and demand. This flexibility is required because of the cyclical nature of meat supply. Major problems arise when cycles in exporting countries align with those in importing countries. In such cases, excess supply in the latter leads to greater protectionism and lower imports just at the time when exporters need to dispose of very large supplies.

In addition to these variable trade barriers erected to protect domestic producers, the world meat economy is also faced with major non-tariff barriers based primarily on health considerations. The most important of these are restricitions on meat from countries where hoof-and-mouth disease exists. The United States and Japan allow only processed meat from these countries, while the European Community, which had been much more lenient, now allows only processed meat plus deboned unprocessed meat. Previously it also allowed meat with bones. The result of these health measures is that Argentina is largely excluded from the United States and Japanese markets, which are primarily supplied by Australia and New Zealand. The European Community has thus been Argentina's major customer.

II. - An Overview of World Beef Production and Trade, 1960-1978

The world cattle herd and world beef production and trade began a long, steady expansion after World War II. This continued into the period from 1960 to 1978. However, toward the end of that period several changes occurred that resulted in a major decline of world herd size, the first drop in beef production by the four major producing and trading areas (USA, EEC, Australia, Argentina) since World War II in either absolute or percentage terms, and major shifts in trade patterns. This section examines the world beef economy since 1960 and highlights the major changes in the last few years. The focus is on the United States, the European Community, Australia, and Argentina since they dominate world production and trade.

At the start of the 1960s, cattle herds were growing modestly in all four areas concerned as shown in Figure 1. In Europe there was continuation of a long, gradually increasing trend that started at least in 1950. Argentine herds were growing larger following a fall in 1958. United States cattle herds were in the midst of the upward part of a cycle that started in 1958. Increases were smallest in Australia, which was still struggling with a protracted drought that started in 1956/57. Beef production was also growing in these areas at the start of the 1960s.

In 1961 and 1962, Argentina experienced severe drought, forcing the highest slaughters since 1958 and a decline in herd size. At about the same time, a fodder shortage and high consumer demand in Europe led to increased slaughter and a downturn in herd size there after 1962. Both the Argentine and European herds bottomed out in 1964 and then started a period of rebuilding. Thus Europe and its major supplier, Argentina, were moving on a similarly timed cycle.

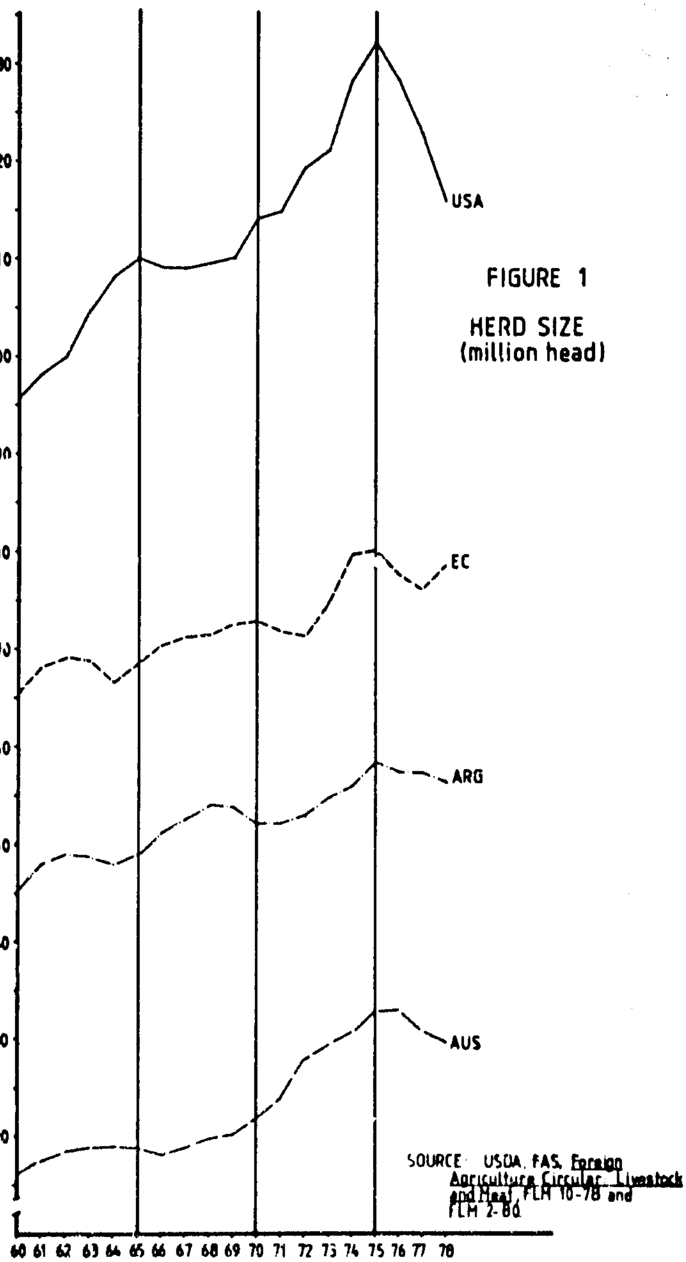


FIGURE 1

HERD SIZE
(million head)

In contrast, Australia and the United States did not experience a similar downturn in herd size nor a sharp production increase so early in the 1960s. Their herds continued to grow. Whereas herd numbers in Europe and Argentina hit bottom in 1964, Australia's herd size hit the top of its cycle in that year and had major reductions in 1965 and 1966 because of severe drought. The top of the U.S. cycle was reached in 1965, with reductions in 1966 and no major change in 1967.

In the second half of the 1960s, while the U.S. and Australian herds were at the bottom of their cycle or starting to be rebuilt, the Argentine and European herds were at the top of their cycles and were starting to be drawn down. Argentina's peaked in 1968 and fell to a low in 1972, while Europe's reached a plateau in 1967 and experienced only minor increases to 1970 and then a small decline to 1972.

The European situation seems to have stemmed from policies adopted in the late 1960s to cut dairy surpluses. Regier (1973, p. 36) explains the changes as follows:

> Most of Europe's beef comes from small multiproduct dairy farms producing pork as well as beef. The fact that Europe's beef comes principally from dairy cattle has an important bearing on the current high beef prices. Europe has a surplus of dairy products. In the surplus situation of the late 1960's, measures were taken to get farmers to trim herds. Not only did this reduce dairy herds, it had at first the deceptive charm of increasing the beef supply. Eventually, however, beef supplies contracted and imports grew. Controlling dairy surpluses helped bring about the beef shortage of the early 1970's and sent Europe searching for import supplies. Herds are now growing again and greater beef production should follow. However, milk output is also rising and dairy surpluses are growing again.

The European policies led in 1972 to the largest one-year drop in beef and veal production in the period considered. Output in 1972 fell by more than 500,000 metric tons, or almost 10 percent from approximately 6 million mt in 1971, and it stayed at that low level in 1973. Unfortunately Argentina could not profit fully from that decline because its herd was at a very low level and production in 1972 and 1973 was at only 75 percent of the 1969 level of 2.9 mmt.

While the early 1970s saw smaller herds and depressed production in Argentina and Europe, both the United States and Australia experienced steady herd growth and, with minor exceptions, rising production. However, unlike the preceding cycle in these countries, which started to peak out and turn down at the same time that Europe and Argentina started their rebuilding phase, this time the U.S. and Australian herds continued to grow while the other two major producers started to rebuild. Thus, following 1972 all four major producers were moving together on the herd growth part of their cycles. This is in marked contrast to the 1960s and early 1970s, when the two pairs counterbalanced each other so that the world beef economy was relatively sheltered from severe shocks.

Unfortunately, the simultaneous expansion of cattle herds in all four major producing areas occurred just as conditions started turning against cattle producers. Two major factors precipitated an unprecedented spurt in beef production as producers rushed to sell animals and decrease herd size. First, following 1972 there were declines in world grain and fishmeal output leading to spectacular price increases for these commodities, which meant that cattle feed became very much more expensive. Table 2 shows an approximate doubling in the prices of fishmeal, maize, sorghum, soybean meal, and wheat between 1972 and 1973.

TABLE 2

PRICES OF GRAIN AND FISHMEAL, 1972 AND 1973
(U.S. $ per unit indicated)

	1972	1973
Fishmeal (metric tons, all origins, Hamburg)	238.60	542.00
Maize (bushel, U.S., Chicago)	1.31	2.30
Sorghum (metric ton, U.S., Rotterdam)	62.75	109.68
Soybean Meal (metric ton, U.S., Rotterdam)	130.00	302.00
Wheat (bushel, U.S. Gulf Ports)	1.90	3.81

SOURCE: International Monetary Fund, International Financial Statistics, May 1978, pp. 53,55.

The impact of higher feed prices was exacerbated by the moderation of demand for beef as consumer incomes rose more slowly or actually declined. For example, following periods of rapid growth, the per capita GNP in Japan actually fell from 1973 to 1974 and in 1975 was still below the 1973 level; in Germany GNP per capita fell in 1975; and in the United States and Great Britain it fell in both 1974 and 1975.

The increase in feed prices and the decline in consumer purchasing power along with the unusual length of the U.S. herd buildup led after 1973 to very large increases in slaughter and production combined with sharp price declines. In short, the world beef situation rapidly turned from shortage and herd expansion to surplus and herd reduction. Table 3 shows the unprecedented increases in beef production in the four areas concerned in 1974, 1975, and 1976. The large production increases were delayed one year in Australia and Argentina because good weather in 1974 allowed them to hold herds on pasture one year longer in hopes of future market improvements, which did not materialize. Table 4 shows beef prices reflecting the earlier 1973 shortage and the subsequent slackening of demand followed by the large production increases.

TABLE 3

BEEF AND VEAL PRODUCTION
('000 metric tons)

Year	Total	USA	EEC	Australia	Argentina
1960	14,193.6	7,195.0	4,421.0	684.8	1,892.8
1961	15,154.8	7,425.0	4,854.4	729.5	2,145.1
1962	15,756.6	7,411.3	5,086.6	878.9	2,379.8
1963	16,606.9	7,885.8	5,159.7	956.1	2,605.3
1964	16,647.7	8,831.1	4,799.6	997.8	2,019.2
1965	16,691.2	8,957.2	4,774.7	964.2	1,995.1
1966	17,802.8	9,360.4	5,172.5	949.0	2,320.9
1967	18,500.7	9,530.5	5,552.0	896.2	2,522.0
1968	18,936.5	9,804.0	5,675.0	896.2	2,561.3
1969	19,417.2	9,902.5	5,652.3	979.5	2,882.9
1970	19,680.6	10,103.0	5,950.8	1,002.8	2,624.0
1971	19,263.7	10,102.3	6,058.1	1,102.4	2,000.9
1972	19,395.7	10,377.4	5,527.5	1,299.7	2,191.1
1973	19,041.9	9,813.1	5,586.8	1,493.4	2,148.6
1974	20,741.2	10,715.8	6,594.6	1,267.8	2,163.0
1975	22,007.1	11,271.6	6,600.4	1,696.5	2,438.6
1976	23,417.1	12,166.4	6,540.3	1,899.0	2,811.4
1977	23,306.1	11,844.8	6,398.4	2,149.1	2,913.8
1978	23,030.0	11,282.8	6,420.2	2,133.8	3,193.2
1979[a]	21,357.4	9,932.0	6,641.6	1,793.8	2,990.0

SOURCE: USDA, FAS, Foreign Agriculture Circular: Livestock and Meat, FLM 10-78, September 1978, and FLM 2-80, February 1980.

[a]Preliminary.

TABLE 4

INDEX OF WHOLESALE BEEF PRICES
1975 = 100

	1971	1972	1973	1974	1975	1976
All Origins (U.S. Ports)	101	112	152	119	100	120
United States (New York)	94	111	142	118	100	116
Ireland (London)	59	71	89	91	100	103
Argentina (frozen)	103	133	183	216	100	106
Argentina (corned)	83	88	110	151	100	99

SOURCE: International Monetary Fund, International Financial Statistics, May 1978, p. 57.

The position of the exporters, Argentina and Australia, was made even worse by the imposition of import restrictions by the United States, the European Community, and Japan. In July 1974, the EEC placed a ban on imports of beef, veal, and live cattle. In February 1974, Japan suspended foreign purchases of beef. The United States negotiated voluntary restraints by its suppliers under the Meat Import Law (PL 88-482).

The glut of beef on world markets happened to coincide with a scarcity of beef in coastal West Africa because of the Sahelian drought. For example, the estimated tonnage of beef imported into Ivory Coast on the hoof started dropping from a high of about 31,000 tons in 1973 to approximately 27,000, 19,000 and 16,000 tons in 1974, 1975 and 1976, respectively (Staatz, 1979, p. 31). This gap was filled by imports from outside Africa, largely from Argentina, which increased from about 1,000 tons in 1973 to 1,200 tons, 6,000 tons and 16,600 tons in the next three years (Staatz, 1979, p. 36).

The record world slaughters of 1974, 1975, and 1976 ended the expansionary phase of all four producers' cycles. Herd size peaked in 1975 for all but Australia, whose peak occurred in 1976. The European Community had a relatively short, moderate liquidation phase and started expanding in 1977. Liquidation continued into 1979 for the others. Expansion was expected to start again for these three in 1979 or 1980. In the U.S., heifers were being held back in 1979, and in Australia slaughter was down in mid-1979.

The much shorter, more moderate liquidation phase in the EEC reflects the influence of policies to support meat prices and maintain a nearly self-sufficient beef economy. These relatively recent developments and the expansion of the Community have been among the major forces reshaping the world beef economy. The nature and implications of these changes are discussed in the next section.

III. - A New World Beef Economy?

Since 1960 the world beef economy has undergone rapid growth and significant structural change. The result is that beef is now one of the most important items in international trade. Along with this growth there has been a spread of the trade network into new markets, but there also may be a greater tendency toward instability.

The general growth and shifts in the world beef economy are shown clearly in Table 5. Since 1961 the production and consumption of beef have grown at an annual average rate of four percent, based in part on increased herd sizes and in part on increased rates of offtake. International trade in beef has grown much more rapidly (exports have increased 11 percent per year), so that now a larger percentage of production is exported and a larger percentage of consumption is imported. This growth in international trade did not come evenly from all major sources. Argentina experienced only a slight increase in exports (up 87 percent in 17 years) while Australian exports quadrupled. Thus Argentina's share of total exports[8] dropped from 26 percent to 15 percent while Australia's jumped from 18 percent to 24 percent, making her the world's leading exporter (except for some EEC nations whose main markets are within the Community).

Some of these changes as well as others may have created greater instability in the world beef economy. One destabilizing factor shown in Table 5 is the increasing role of exports as a means of disposing of production. In the fifty-four selected countries, exports as a percentage of production rose from about 6 percent to 10 percent. Most striking is the situation in Australia, where the change is from about 38 to 53 percent. As discussed above, beef exports are vulnerable to major, rapid changes in demand because they account for such a small percentage of most major importers' consumption (the residual not covered by domestic production) and because importers strongly protect their domestic producers in times of falling demand. Such risks now apply to considerably more beef than was the case in the 1960s, both absolutely and relative to total production.

A second destabilizing factor, which was discussed in Section II, is the current alignment of the beef cycles in all four major producing areas, USA, EEC, Argentina, and Australia. All four have just been through a sharp liquidation phase and have started or will shortly start their herd expansion phase. This will mean a simultaneous contraction of production by all major producers with resultant shortages and price increases much sharper than those of the 1960s, when all the cycles were not aligned. Should this alignment continue, the world beef economy may experience stronger swings from scarcity to surplus than in the past.

A third destabilizing force is the entrance of the USSR into the world market in a major way. The Soviet Union's commitment to increase meat availability for her consumers has in the past led to massive international purchases of grain for livestock feed and now

TABLE 5

CHANGES IN THE WORLD BEEF AND VEAL ECONOMY, 1961-1978

	Fifty-Four Countries[a]									
	Numbers[b]	Slaughter[b]	Production[c]	Exports[c]	Imports[c]	Consumption	Slaughter / Numbers[d]	Exports / Production[d]	Imports / Consumption[d]	Imports / Exports[d]
1961	754,670	118,731	24,470	1,522	1,435	24,363	15.7	6.2	5.9	94
1978	950,990	199,492	41,508	4,393	3,680	40,861	21.0	10.6	9.0	84
% Increase	26	68	70	189	156	68				

	Argentina				Australia			
	Numbers[b]	Production[c]	Exports[c]	Exports / Production[d]	Numbers[b]	Production[c]	Exports[c]	Exports / Production[d]
1961	47,494	2,145	396	18.5	17,332	729	275	37.7
1978	61,825	3,193	740	23.2	29,379	2,134	1,131	53.0
% Increase	30	49	87		70	193	311	

	European Community		% of Total World Exports			
	Exports[c]	Imports[c]	Argentina	Australia	New Zealand	European Community
1961	336	695	26	18	9	22
1978	1,303	1,627	15	24	9	30

SOURCE: USDA, FAS, Foreign Agriculture Circular: Livestock and Meat, FLM 10-78 and FLM 2-80.

[a]The countries include all major consumers and producers except the People's Republic of China.

[b]'000 head, cattle and buffalo.

[c]'000 metric tons.

[d]In percent.

seems to be resulting in large international beef purchases as shown in Table 6. If the Soviet meat economy proves as unstable as her grain economy because of recurring drought over large areas, this may lead to a significant but highly variable pattern of international beef demand from that source.

TABLE 6

USSR BEEF AND VEAL IMPORTS[a]
('000 Metric tons)

Year	Quantity	Year	Quantity
		1970	60.3
1961	21.9	1971	43.5
1962	89.4	1972	32.1
1963	23.1	1973	15.9
1964	25.7	1974	292.8
1965	49.9	1975	330.9
1966	87.0	1976	148.9
1967	20.3	1977	342.0
1968	13.7	1978	56.0
1969	30.2	1979[b]	145.0

SOURCE: USDA, FAS, Foreign Agriculture Circular: Livestock and Meat, FLM 10-78 and FLM 2-80.

[a]Estimate based on USSR statistics and on trading partner data.

[b]Preliminary.

A possible countervailing source of greater stability in the world meat economy may be the expansion by major exporters into several new markets, with a resultant decreased reliance on a few major customers. This diversification may cushion the shocks caused by changing demand from the large customers.

One result of the shift in trade patterns may be an increased ability by exporters to be opportunistic in finding and supplying new markets when there are large surpluses or when traditional customers have lower demands. This development may mean that Sahelian exporters of meat to the West African coast now face a world market that is more competitive whenever either of the above conditions arise.

The expansion of the world meat economy into new markets is reflected in Table 7. In 1961, the fifty-four major meat producing and consuming nations covered in USDA statistical publications were largely a self-contained set. From 1961 through 1974, between 92 and 98 percent of all exports from the group went to importers in the group. However, starting in 1975, this percentage began declining, so that by 1978 only 83.8 percent of exports stayed within the group. New markets accounted for one-sixth of exports from the set of 54.

TABLE 7

BEEF AND VEAL EXPORTS AND IMPORTS OF FIFTY-FOUR SELECTED COUNTRIES
(Percentage of Exports Remaining within the Group)

1961	94.3
1965	92.4
1970	92.5
1972	93.0
1973	98.3
1974	96.3
1975	86.5
1976	82.4
1977	87.7
1978	83.8
1979[a]	86.2

SOURCE: USDA, FAS, Foreign Agriculture Circular: Livestock and Meat, FLM 9-78, 10-78 and FLM 2-80.

[a]Based on preliminary data.

Most of this diversification was undertaken by Argentina and Australia. Tables 8 and 9 show the destinations of their exports. Prior to 1975 most of Argentina's exports of fresh and frozen beef went to the European Community, as shown in Table 8. Only once in the ten years before 1975 did the EEC percentage drop below 50 percent, and in most years it was between 60 and 75 percent. However, in 1975 and 1976 it dropped to about 36 and 33 percent, respectively. Although Australia never relied so heavily on the EEC, the share of her beef exports going there also dropped from between roughly 8 and 15 percent to less than 4 percent in 1976.

TABLE 8

SELECTED BEEF AND VEAL EXPORTS TO THE EUROPEAN COMMUNITY[a,b]

Year	Argentina '000 MT	Argentina % Total Exports	Australia '000 MT	Australia % Total Exports
1965	250.2	71.1	n.a.	n.a.
1966	254.4	63.4	n.a.	n.a.
1967	245.5	64.6	22.8	14.7
1968	139.2	54.6	2.3	9.1
1969	254.6	62.9	20.1	8.1
1970	161.5	45.9	29.2	8.6
1971	149.9	65.0	1.3	0.0
1972	284.1	73.7	3.6	0.1
1973	213.7	74.2	95.5	15.3
1974	62.7	59.6	24.1	7.2
1975	27.1	35.9	18.3	3.5
1976	74.3	32.9	18.3	3.6

SOURCE: UN, Commodity Trade Statistics, various years.

[a]The expanded EEC.

[b]Bovine meat, fresh and frozen, SITC code 011.1.

[c]Except for 1970, the Argentina figures above are close to, but not identical with, those found in the Argentina report, Volume IV of this study, page 8.

Australia's major market has been the United States. Table 9 shows Australian and Argentine exports of all meat to both the U.S. and the EEC. For both exporters the percentage of meat going to these two major markets has fallen from about three-quarters in the mid-1960s to only one half in the mid-1970s. Thus both are looking increasingly outside their traditional markets. Of particular significance for Sahelian exporters are Argentina's trade with Ivory Coast and Australia's trade with Nigeria. Establishment and strengthening of these trade links probably means increased competition for Sahelian beef, though perhaps not at the same levels as in 1976 when there was an extreme oversupply of beef on the world market.

Expansion of the world meat economy into new markets seems to have been caused by two major factors: the near closure of the European Community to external meat trade and the explosive increase of Australian production. The European Community situation can be

TABLE 9

ARGENTINE AND AUSTRALIAN MEAT EXPORTS TO THE EEC AND USA, SELECTED YEARS[a]

Year	Argentine Meat Exports				Australian Meat Exports			
	To World ('000 MT)	To EEC ('000 MT)	To USA ('000 MT)	EEC+USA / World (%)	To World ('000 MT)	To EEC ('000 MT)	To USA ('000 MT)	EEC+USA / World (%)
1963	773.9	523.7	42.2	73.1				
1966	637.2	371.2	42.1	64.9	458.3	117.4	219.1	73.4
1969	435.1	313.3	62.5	86.4	396.2	54.9	220.3	69.5
1972	610.2	415.3	47.9	75.9	759.9	124.1	344.0	61.6
1975	238.9				733.0	57.1	311.9	50.3
1976	475.7	211.4	41.1	53.1				

SOURCE: United Nations, Commodity Trade Statistics.

[a]Meat and Preparations, SITC codes 011, 012 and 013.

appreciated by noting that the four major beef importers in the EEC (Italy, Germany, U.K. and France) received only 29 percent of their beef imports from EEC sources in 1965 but by 1976 were receiving 85 percent from within the Community. Table 10 shows this shift in detail for the four countries, which account for about 90 percent of all EEC beef imports.

TABLE 10

PERCENTAGE OF TOTAL BEEF[a] IMPORTS PROVIDED BY OTHER EEC NATIONS[b]

	Germany	France	Italy	United Kingdom
1976	83.6	89.4	81.2	77.6
1975	94.6	95.5	90.0	84.5
1974	83.1	89.6	73.5	73.2
1973	51.5	69.1	51.5	24.9
1972	50.4	55.1	31.1	33.2
1971	69.3	55.5	46.7	53.7
1970	64.2	59.4	43.9	44.9
1969	67.0	60.7	43.3	36.1
1968	85.4	52.8	46.6	43.5
1967	73.8	50.1	32.0	41.4
1966	57.2	40.9	34.4	14.0
1965	50.8	41.1	36.8	10.9

SOURCE: United Nations, Commodity Trade Statistics, various years.

[a]Bovine meat, fresh, frozen. SITC code 011.1.

[b]The expanded EEC.

The big question, of course, is whether the EEC will maintain this relatively high level of self-sufficiency. While no firm answers can yet be offered rough indications may be obtained by examining data on production, trade and consumption, as well as trade restriction and internal price support policies. Table 11 shows that since 1974 the European Community has steadily been producing enough beef and veal to cover consumption. This is

TABLE 11

EEC BEEF AND VEAL PRODUCTION, CONSUMPTION AND OFFTAKE[a]

Year	Cattle Numbers ('000 head)	Slaughter ('000 head)	Offtake (%)	Production ('000 MT)	Average Carcass Weight (kg)	Consumption ('000 MT)	Production / Consumption (percent)
1960	65,586	24,392	37.2	4,421	181		
1961	67,557	26,170	38.7	4,854	185	5,219	93.0
1962	68,967	27,475	39.8	5,087	185	5,496	92.6
1963	68,533	27,991	40.8	5,160	184	5,690	91.2
1964	66,635	24,888	37.3	4,800	193	5,490	87.4
1965	68,036	24,139	35.5	4,775	198	5,411	88.2
1966	70,295	25,987	37.0	5,173	199	5,797	89.2
1967	71,667	27,586	38.5	5,552	201	5,031	110.4
1968	71,853	27,706	38.6	5,675	210	5,131	110.6
1969	72,514	27,217	37.5	5,652	208	6,263	90.2
1970	72,898	28,049	38.5	5,950	212	6,486	91.7
1971	71,902	27,927	38.8	6,058	217	6,510	93.6
1972	71,734	24,700	34.4	5,528	224	6,345	87.1
1973	74,841	24,303	32.5	5,587	230	6,422	87.0
1974	78,973	28,633	36.3	6,595	230	6,437	102.5
1975	79,307	29,121	36.7	6,600	230	6,474	101.9
1976	77,464	28,123	36.3	6,540	233	6,570	99.8
1977	77,134	27,359	35.5	6,398	234	6,679	97.1
1978	77,218	26,968	34.9	6,420	238	6,836	98.4
1979	77,811	27,750[b]	35.7	6,642[b]	239	6,806[b]	97.6
% change 1961-79	+15%	+6%	-	+37%	+29%	+30%	-

SOURCE: USDA, FAS, Foreign Agriculture Circular: Livestock and Meat, FLM 10-78, September 1978, and FLM 2-80, February 1980.

[a]The expanded EEC.

[b]Preliminary.

in contrast with the period 1961 to 1973, when production hovered at around 90 percent of consumption for all but two years. The recent maintenance of approximate self-sufficiency for at least five years bespeaks two important changes: first, obviously, rapid increases of production; second, policies that seem to be succeeding in smoothing the EEC beef cycle.

More light may be shed on the production increases by examining in more detail the major net beef exporters: Denmark, Ireland and the Netherlands. Between 1961 and 1979 these countries experienced production increases of 74 percent, 161 percent, and 47 percent, respectively. The overall EEC increase was 37 percent. As Table 12 shows, virtually all the increased output from these three countries went into exports. Their beef industries, which were already export-oriented, are now even more so. This greater production and export supplement increased output by the other EEC nations to bring the Community very close to self-sufficiency.

In the community as a whole the main source of increased production seems to be increased carcass weight. As Table 11 shows, between 1961 and 1979, the cattle herd increased by 15 percent and slaughter by only 6 percent, but carcass weight rose by 29 percent. This led to a 37 percent increase in production while consumption increased only 30 percent

Among the three major net exporters, the situation varied. Danish production increases from 1961 to 1979 came primarily from greater carcass weight (up from 152 kg to 223 kg in the period) and also from increased offtake (28 percent to 36 percent) on a slightly smaller herd. Irish increases were from a combination of increased offtake (up from 15 to 23 percent) on a much larger herd (up 43 percent) with greater carcass weight (224 kg to 264 kg). The Dutch increases were primarily from a larger herd (up 45 percent) with the same offtake (40 percent) and little change in carcass weight (up from 176 kg to 180 kg).

These details tend to indicate self-sufficiency continuing in the near- to medium-term followed by a renewal of greater imports from outside the Community. The scope for greater carcass weights may now be small. Figure 2 shows the evolution of carcass weights since 1960. Since 1973 the rate of increase has slowed from about 2 percent annually to less than 0.7 percent per year. The increases in average carcass weight may soon have run their course or at least will not be nearly so rapid in the future. To the extent that greater carcass weights were a major source of increases in production, those increases will also be slower in the future.

With regard to offtake, the picture is mixed. The overall EEC rate seems to have been about 36 percent in 1979 as shown in Table 11. This is almost [illegible] percent above the U.S. and Canadian rate in that year. However, one of the major exporters, Ireland, is still operating with a relatively low offtake of only 23 percent in 1978, up from 15 percent in 1961. Thus there may be some scope for increases. Finally, the prospects for future expansion in herd size are uncertain. Two of the major net exporters have had large increases in herd size.

TABLE 12

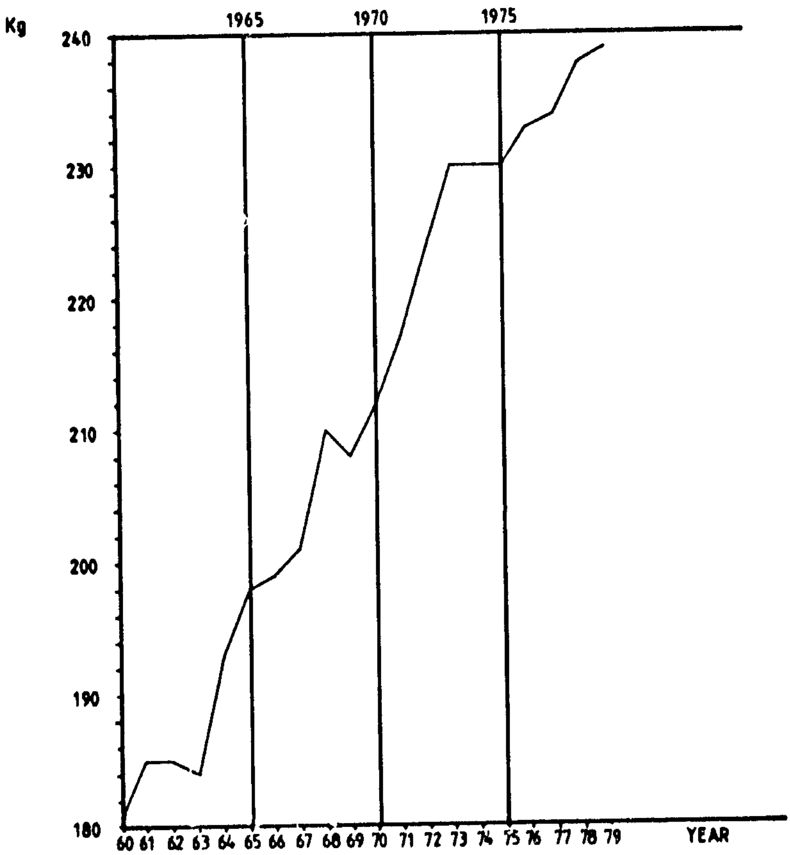
BEEF AND VEAL PRODUCTION, CONSUMPTION AND TRADE BY MAJOR EEC EXPORTERS, 1961 and 1979[a]

	Production ('000 MT)	Consumption ('000 MT)	Production / Consumption (percent)	Exports ('000 MT)	Exports / Production (percent)	Imports ('000 MT)
Denmark						
1961	140.6	78.0	180	62.7	45	.2
1979	245.0	83.5	293	182.1	74	1.5
% Change	+74%					
France						
1961	1,448.0	1,339.1	108	121.7	8	12.9
1979	1,791.0	1,734.1	103	250.0	14	242.0
% Change	+24%					
Germany						
1961	1,090.9	1,163.8	94	10.7	1	83.7
1979	1,520.0	1,470.0	103	310.0	20	240.0
% Change	+39%					
Ireland						
1961	144.9	45.8	316	99.1	68	0
1979	378.0	78.0	485	299.3	79	1.8
% Change	+161%					
Netherlands						
1961	231.9	220.4	105	34.8	15	23.4
1979	342.0	275.0	124	170.0	50	100.0
% Change	+47%					
United Kingdom						
1961	916.2	1,396.0	66	0	0	471.8
1979	1,010.0	1,470.0	69	110.0	11	565.0
% Change	+10%					

SOURCE: USDA, FAS, Foreign Agriculture Circular: Livestock and Meat, FLM 10-78, September 1978, and FLM 2-80, February 1980.

[a]Preliminary figures for 1979.

FIGURE 2 Cattle Carcass Weight
in the European Community



SOURCE. USDA, FAS, Foreign Agriculture Circular: Livestock and Meat, FLM 10-78 and FLM 2-80.

Ireland is up about 43 percent since 1961 and the Netherlands about 45 percent. To what extent these increases can be continued in the future is unknown.

The European Community's policies to protect and support its beef industry are outlined above in Section I. The higher prices resulting from these policies undoubtedly were an incentive to increased EEC production. In addition, the policies seem to have a stabilizing effect. This was evident following the 1975/76 world beef glut when other major producers entered a sharp herd liquidation phase but the EEC experienced only a moderate one. These policies will probably continue to stimulate the European Community beef industry.

As mentioned earlier, another significant change in the world beef economy is the major expansion of the Australian herd and the emergence of Australia as the world's dominant beef exporter (except for EEC internal trade). Between 1961 and 1979 the Australian herd increased by 56 percent from 17.3 million head to 27.1 million. This may be compared to a 13 percent increase in the United States and a 27 percent increase in Argentina in that period. Australian exports expanded even more rapidly from 275,000 metric tons in 1961 to 1,050,000 in 1979, an increase of 282 percent. In contrast, Argentina, which had been the largest exporter with 396,000 mt in 1961, experienced an increase of only 69 percent to 670,000 mt in 1979. Total exports for all USDA-selected countries expanded during the period from 1.5 million mt to 4.3 million mt.

During the 1960s the Australian government enacted policies designed to increase the beef herd. The USDA makes general reference to Australia's "1960-61 policies of building up herds..." (USDA, World Agricultural Situation, 1962, p. 49). Such policies were also in existence at the end of the decade. By 1969 a road construction program was completed in the Northern Territory to facilitate marketing beef cattle, and further funds had been allocated for new road construction. In addition, low interest loans were granted in 1968 for restocking herds and drought relief. Furthermore, land tax rebates were given to stockmen in New South Wales for 1968/69 through 1971/72, and thereafter taxes were to be eliminated on grazing land (USDA, 1969, p. 5).

Expanded production of beef and veal in Australia and protectionist policies in her major customers have forced a diversification of Australian export markets. In 1971 the United States took 63 percent of all Australian beef and veal exports, but by 1977 she took only 44 percent. Major export increases were registered to the Soviet Union, Asia (Hong Kong, Malaysia, Philippines), Egypt, and other Middle East nations (Longworth, 1979, Table 11). The Middle East is not expected to expand imports much further, unless low prices in the mid-1980s attract more Egyptian purchases. Africa is not a major market nor is it expected to become one, but Nigeria may expand its imports from Australia (Griffith, 1979, pp. 53-55).

IV. - Conclusions: Implications for West Africa

Recent changes in the world meat economy have implications for the West African trade in the short, medium, and long run. The short run will be dominated by the current phase of the beef cycle. Continuing over a somewhat longer period, through ups and downs of the cycle, will be the impact of Australian expansion and EEC closure. In the long run, the main predictable effect is that major exporters will be familiar with the West African market.

For the next few years it is clear that the world meat economy will be dominated by a growing shortage of beef. Argentina, Australia, and the United States will all be in the herd rebuilding phase of the beef cycle.[9] During this period, world meat prices will rise; Sahelian exports will thus be more competitive with non-African exports to the coast. Furthermore, non-African supplies to West Africa may shrink as Argentina and Australia concentrate more on their traditional markets during this period.

Following the short-run world beef shortage, there will likely be greater supplies and lower prices as the next part of the cycle evolves. The sharpness of this change will depend on how and when producers handle the shift between cycle phases. If the major producers remain roughly synchronized, there may be a very severe shortage followed by a very large surplus. Thus the Sahel may first enjoy a very good competitive position and then be severely challenged by sales of non-African meat on the West African coast.

As background to the ups and downs of the beef cycle over the coming decade, there will probably be a world-wide tendency toward greater export availability and lower import demand. The two main causes of this tendency are the growth of Australian production and the movement toward self-sufficiency by the EEC. While the duration of both phenomena cannot be accurately predicted, their effects are likely to be felt through the 1980s. This means that Sahelian exporters will compete in a world market that is more likely to turn to the West African coast as one of several nontraditional markets.

Long-run predictions are, of course, notoriously difficult to make and of dubious value. However, it probably is safe to expect that West Africa will be increasingly integrated into the world meat economy. This implies that Sahelian producers should expect keener competition from the rest of the world. Events of the mid-1970s, and expected trade patterns in the mid- to late-1980s should lead to improved commercial channels between coastal importers and non-African exporters. These will make it easier for Argentina, Australia and perhaps others to compete with the Sahel for a share of the growing markets in Ivory Coast, Nigeria, and other coastal countries of West Africa.

FOOTNOTES

[1]Staatz, 1980, in volume III of this study, Tables 2.6 and 2.7.

[2]This section may be skipped by those less interested in the mathematics of comparative statics analysis.

[3]That is, at profit maximization $\frac{\partial \Pi}{\partial \theta} = Z = 0$, both before and after a change of p. Thus Z must not change from 0, so ∂Z must equal 0.

[4]This discussion is drawn primarily from Meat and Livestock Commission (November 1978).

[5]This discussion draws on USDA, ERS (December 1974).

[6]The countercyclical nature of this law was strengthened by PL 96-177, signed December 31, 1979.

[7]This discussion draws on Hayami (May 1979).

[8]Total exports of fifty-four selected countries whose statistics are published by USDA, FAS.

[9]This phase of the cycle may be shortened as sharply rising interest rates diminish the optimal length of the investment in growing beef animals.

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PART II

URUGUAYAN MEAT EXPORTS TO WEST AFRICAN MARKETS

Edgar J. Ariza-Niño

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URUGUAY

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CHAPTER ONE

AGRICULTURE AND LIVESTOCK IN THE URUGUAYAN ECONOMY

I. Basic Facts

Uruguay, wedged between Argentina and Brazil at the entrance of the River Plate, occupies an area roughly four fifths the size of Ghana or two thirds that of Ivory Coast. Its population of 2.8 million is less than that of Benin (3.2 million) and only two fifths that of Ivory Coast (7.0 million). The territory of Uruguay, an extension of the Argentine pampa, consists largely of gently rolling grasslands, well suited for livestock production and for agriculture.

The climate is mild. Rainfall is seasonal but abundant in the autumn, ranging from 900 mm on the coast to 1300 mm in the north. The soil is fertile, but the absence of trees and major topographical features, coupled with high winds from the ocean, causes erosion on cultivated land.

The small population is fairly homogeneous, mostly of southern European stock. Although agriculture remains the mainstay of Uruguay's economy, only one sixth of its population is classified as rural. A history of generous social welfare services has resulted, among other things, in a high level of literacy (94 percent among adults), a fairly even distribution of income, and good public health. Living standards in the early 1950's approached those of European countries but have not grown much since. Population growth has been extremely low, barely reaching 0.5 percent per year.

Despite these advantages and a relative abundance of agricultural resources, Uruguay has been among the more disappointing cases of economic development in the world. Real income per capita remained virtually stagnant over the twenty years between 1954 and 1974. There are indications that a mild economic recovery has taken place since 1974 in response to more favorable economic policies adopted by the current government. The slight improvement in the rate of growth (2.6 percent between 1973 and 1977) is all the more remarkable since it took place despite the unfavorable impact of world oil price increases and despite the closing of the European Community market to Uruguay's main export item, meats. Gross National Product (GNP) per capita was estimated in 1976 at US $1,390. (World Bank, 1979).

A. - Agriculture

Agriculture constitutes the foundation of the Uruguayan economy. In the first half of this century a productive and expanding sector gave Uruguay one of the highest standards of living in Latin America. Post-war economic policies, however, emphasizing income distribution and industrialization, have resulted in the virtual stagnation of the sector. In the 1966-76 decade the value of agricultural output increased by only 0.4 percent annually, and its share of Gross Domestic Product (GDP) declined from 17 to 15 percent. Moreover, agricultural production actually contracted by 1.3 percent in 1977 and 6.5 percent in 1978 (Banco Central del Uruguay and World Bank, 1979).

The importance of agriculture goes beyond the direct contribution it makes to the GDP. Traditional Uruguayan industry is heavily oriented toward the processing of agricultural products, meats in particular. Even non-traditional industries such as leather and woolen goods manufacturing depend on the sector for raw materials. Perhaps the most eloquent index of the role of agriculture in Uruguay's development is provided by its contribution to the country's exports: close to ninety percent of merchandise exports in 1977 consisted of agricultural products in raw or processed form (Banco Central del Uruguay, June 1978).

Nine tenths of Uruguay's land area is suitable for agricultural purposes, and 91 percent of that area is used for livestock raising activities. Merely 10percent is devoted to crop production. This land use pattern has not changed appreciably since the census of 1956 (Coirolo, 1979). Wheat accounted for about half of the crop acreage in the 1976/77 season; corn and sunflower for about half as much. Other important crops are rice, oats, barley, flax seed and sugar beet (World Bank, 1979).

The Green Revolution of the past two decades has apparently by-passed Uruguayan agriculture. Wheat yields in Uruguay have remained at about the 1961-65 level of 950 kilograms/hectare, compared to over 3,000 kg/ha in other developed countries. Similar comparisons can be made for corn, rice, sunflower and other crops. Introduction of machinery and other technological improvements has been hampered by the depressed profit picture for primary producers in both the crop and livestock subsectors. Over one third of farm tractors, for example, are reportedly 15 years or older; fertilizers are used in less than one tenth of the area under pasture.

Livestock raising overshadows crop farming in both land area and value of output. In 1976 livestock products were valued at 1.9 million new Uruguayan pesos (US $1.00 = NUr$5.76), compared to 1.3 million for crop production. Traditionally, two thirds of the gross value of agricultural production originates in livestock activities. Meats provide 50 percent of livestock revenue; milk and wool contribute 24 and 19 percent, respectively (see Table 1.1). Production of beef cattle and, to a lesser extent, dairy cattle are the predominant activities, while sheep production has markedly declined in value and importance in the past ten years.

Taken as a whole, the value of livestock production declined in constant terms by 12 percent from 1966 to 1976 (see Table 1.1). Much of this decline can be traced to the 31 and 44 percent declines in the values of wool and mutton, respectively, but beef production also suffered a slight drop over the decade.

TABLE 1.1

Uruguay: Gross Output of the Livestock Sector, 1965–76
('000 new Uruguayan Pesos)

Year	Meats				Wool	Milk	Poultry Products	Total
	Beef	Mutton	Pork	Total				
1965	754	118	103	975	471	428	120	1,994
1966	829	112	110	1,051	525	431	127	2,134
1967	744	87	103	934	483	361	120	1,897
1968	853	85	102	1,040	507	395	103	2,045
1969	857	75	108	1,040	483	443	117	2,083
1970	1,024	69	117	1,210	481	443	131	2,265
1971	960	61	122	1,143	474	410	169	2,196
1972	898	55	128	1,081	340	422	188	2,031
1973	1,017	60	125	1,202	342	392	160	2,096
1974	954	58	125	1,137	318	413	139	2,007
1975	941	60	125	1,126	333	433	121	2,013
1976	760	63	128	951	362	445	125	1,883

SOURCE: World Bank, Economic Memorandum, 1979, Table 7.3, from Ministry of Agriculture and Fisheries.

B. Government Policies

The deteriorating nature of Uruguayan agriculture and of the livestock subsector in particular provides a serious indictment of the economic policies pursued over the past two decades. To be sure, unfavorable developments in the international markets for beef and wool also contributed. Nevertheless, the primary cause for the chronic stagnation of the livestock subsector was policy that, in attempting to promote industrialization and price stability for consumers, resulted in massive transfers of resources from the rural to the urban sector (World Bank, 1979).

Several examples may be cited: (a) Strict price controls for beef and cattle are effectively imposed by the Government. In June 1977, for example, the official domestic price of cattle was set at US $408/ton while the export price was US $850/ton. Even after allowing for processing costs of US $150/ton, this still represents a loss of over 40 percent of potential revenue to producers. (b) Large subsidies are necessary to operate the big but obsolete state-owned meat packing plants that supply Montevideo. (c) The Government exercises complete control over the finances of all packing plants, receiving all revenues from exports and sales. Plant managers have little incentive to make their operations more efficient. (d) Half of the national market in beef, around the capital city of Montevideo, is supplied by a state-operated monopoly to prevent individuals from taking advantage of the price differential between the capital and rural areas. (e) Rationing of beef, including total bans on beef consumption on occasion, prevents producers from receiving the price inducements needed to stimulate investment and further production. (f) Finally, an over valued currency unfavorably affects exports, two thirds of which, in the case of Uruguay, originate in the livestock subsector.

In August 1978, at the time of the author's visit to Uruguay, the Government announced a series of decrees which, if carried out, would constitute a drastic reversal of the policies mentioned above. The major thrust of the new policy was to remove state intervention in the marketing of livestock and meats. State-owned packing plants, for example, were to be sold to private interests or to be closed. Controls over beef prices and cattle prices were to be gradually removed. Financial controls over the meat packing industry were to be eliminated, and the artificial separation of the capital and the rural meat markets would be removed. Despite the anticipated short-term negative impact of the new measures on consumer living standards, it is apparent that they have been put into effect. The predictable increases in beef and cattle prices have been reported. From January to July 1979 cattle prices jumped from 58 to 78 US cents per live kilogram, and beef prices had doubled from a year earlier. Producers are responding by reducing cattle sales in attempting to rebuild their herds. Slaughter in the first half of 1979 had dropped by one third, and exports for 1979 were expected to reach only 50 thousand metric tons, a 46 percent drop from the 1978 level (USDA, Oct. 1979).

CHAPTER TWO

LIVESTOCK AND MEAT PRODUCTION IN URUGUAY

I. - Livestock Numbers and Breeds

There are four head of cattle for every person in Uruguay. In 1977 there were 10.8 million head of cattle for 2.8 million people. In addition there were an estimated 18.8 million sheep in 1978, or seven per person, and about half a million each of horses and pigs (See Table 2.1). Needless to say, this makes Uruguay one of the countries with the highest livestock resources per capita.

Cattle numbers remained fairly stable through the 1960s and early 1970s but showed a fast increase beginning in 1973, probably in response to the exceptionally high international prices for beef that existed between 1971 and 1973. Beginning in 1976 and continuing through 1978, the cattle stock dropped sharply as a result of heavy slaughter brought about by a combination of the collapse of international beef prices in 1975-77 and low domestic beef prices maintianed by the Uruguayan government. Cattlemen are currently reported in the process of rebuilding their cattle herds, induced by the more favorable prices in effect since 1979.

Sheep numbers, on the other hand, show a marked downward tendency since 1968, when they stood at 21.5 million head (see Figure 2.1). In 1975 only 15 million head were recorded, but since then some recovery has occurred and in 1978 the sheep stock was estimated at 18.8 million head. Before 1968 sheep numbers had fluctuated only slightly around 21 million head. The opposite tendencies of cattle and sheep numbers in the 1968-1977 period reflect the high level of competition between cattle and sheep for the same grazing land.

Until the turn of the century cattle in Uruguay were mainly descendants from the original cattle introduced by Spain in colonial times. With the development of beef exports to the United Kingdom, British breeds were introduced to upgrade Criollo cattle. At present, little trace of the original stock remain. As a beef breed Hereford predominates with over half of the cattle population, but Shorthorn and Aberdeen Angus are also present as pure breeds in significant numbers. Crossbreeds account for one third of beef cattle; dairy cattle constitute about 8 percent of the cattle population and are mostly of Holstein or Brown Swiss blood (Coirolo, 1979).

A. - Management

Cattle and sheep are raised predominantely on natural grasslands. Few improvements have been made in livestock production methods over the last quarter of a century. The

Table 2.1

Uruguay: Livestock Numbers, 1960-1980
('000 head)

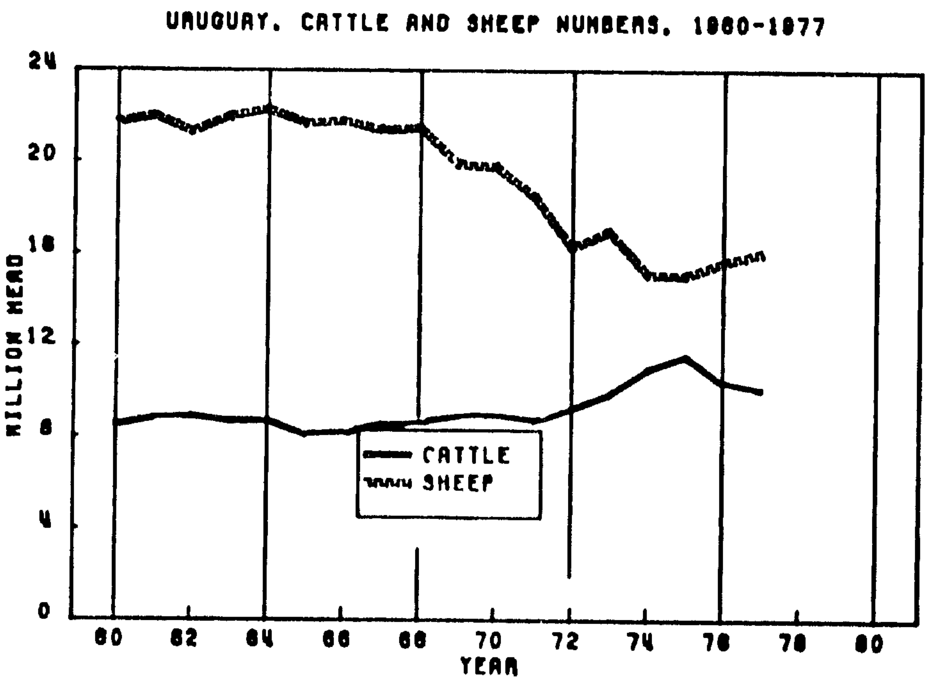
Year	Cattle	Hogs	Sheep	Goats	Horses
1960	8,532	405	21,700	13	507
1961	8,792	406	22,000	12	503
1962	8,900	406	21,300	12	499
1963	8,682	407	22,000	11	496
1964	8,698	408	22,300	11	495
1965	8,100	390	21,700	10	495
1966	8,188	296	21,800	10	494
1967	8,570	375	21,400	10	493
1968	8,622	380	21,500	9	493
1969	8,601	380	19,900	9	493
1970	8,564	380	19,800	9	492
1971	8,727	400	18,500	8	490
1972	9,273	420	16,300	8	490
1973	9,560	410	15,902	8	490
1974	10,961	415	15,120	8	492
1975	11,536	418	15,062	8	507
1976	10,398	229	15,665	8	509
1977	9,843	346	16,636	8	511
1978	9,424	445	18,854	8	520
1979	9,613	400	20,690	n.a.	525
1980[a]	10,480	450	23,262	n.a.	530

SOURCE: USDA, Foreign Agriculture Circular: Livestock and Meat, February 1980 and previous.
INAC, Anuario Estadístico de Faena y Exportación, 1977.

[a]Preliminary.

NOTE: n.a. = not available

FIGURE 2.1


URUGUAY, CATTLE AND SHEEP NUMBERS, 1960-1977
MILLION HEAD
24
20
16
12
8
4
0
60
62
64
66
68
70
72
74
76
78
80
YEAR
CATTLE
SHEEP

system remains an extensive one, with low productivity per hectare and hardly any investment in equipment, land or managerial improvements. A few large ranches (estancias) raise 60 percent of the cattle while 73 percent of the cattle units raise only 8 percent of the national herd. Despite such a disparity, studies have found no significant differences in productivity between cattle enterprises of different size (Coirolo, 1979).

Despite favorable natural conditions for cattle and sheep raising, the stagnation of production techniques has resulted in Uruguay having low productivity indices compared to similar livestock-producing countries. Average carrying capacity, for example, remains below one head per hectare. In terms of quantity of beef produced per hectare, Argentina produces twice and New Zealand three times as much as Uruguay. To a lesser extent the same can be said about wool production (World Bank, 1979). Average annual cattle slaughter in Uruguay amounts to 16 percent of cattle stock, compared to 33 percent in New Zealand and 19 percent in Argentina.

In the late 1960s there were great expectations that improved pastureland could generate substantial gains in livestock production. It has been estimated that planting improved pasture accompanied by fertilization and better management practices can raise beef output in deep soils from 87 to 350 kilograms per hectare. A World Bank loan to promote the introduction of improved pasture had some initial, though minor, impact in the early 1970s, but deteriorating beef prices in the mid 70s reversed those gains; in 1977 only 8.5 percent of pasture area was considered improved.

B. - Slaughter

In contrast to the relative stability of cattle numbers, two remarkable features of cattle slaughter since 1960 are its cyclical behavior and its slight upward trend. In 1978 a total of 1.7 million head of cattle were slaughtered, well below the all time peak of 2 million head in 1976. By comparison, only 1.25 million were slaughtered in 1960, and the lowest number was 1.1 million in 1955. Substantially reduced slaughter appears to have occurred in 1979, only 1.3 million head, compared to 1.7 million in 1978. (USDA, Feb. 1980). In the 1975-78 four-year period the slaughter/stock ratio for cattle averaged 16.7 percent.

The behavior that gives rise to cyclical fluctuations has been explained in the author's report on Argentina (volume IV of this study). In the particular case of Uruguay, the cyclical pattern has been the subject of a study by an Uruguayan agricultural economist at Michigan State University (Coirolo, 1979). In essence, cattlemen respond to high prices in the short run by reducing slaughter so as to increase their breeding stock, but eventually this rebounds in higher slaughter from the third year onwards. The reduced meat supply resulting from the liberalization of beef prices was well anticipated by Coirolo; in keeping with his model, 1980 will also experience low slaughter levels, but in 1981 they will begin to increase and eventually will more than compensate for the initial reductions

Slaughter of sheep since 1960 shows a degree of variability far greater than that of cattle (see Figure 2.2). Abrupt changes were particularly evident during the 1970s. Sheep slaughter dropped from 4.6 million head in 1971 to 1.9 million in 1973, only to increase back to 4.6 million head in 1975 and drop again to 2.0 million in 1977. By contrast, during the 5-year period between 1960 and 1964, sheep slaughter ranged only between 2.8 and 2.6 million head. The high level of slaughter prevailing from 1967 until 1971 corresponds to the period of declining sheep stock and parallels a similar high slaughter rate in Argentina. These drastic fluctuations reflect in great part the volatility of the world wool market in the 1970s but also the indirect effects of the beef situation in the Uruguayan and world markets.

Average carcass weight for slaughtered cattle fluctuates between 200 and 230 kilograms and has not shown any secular tendency to increase since 1960. As should be expected, average carcass weight decreases when slaughter rates increase and vice versa. The main reason for the contrary movement is the variation in sex compostion of slaughter. In years of herd liquidation, a larger proportion of females is slaughtered, which tends to lower the average carcass weight (see Figure 2.3). Conversely, when herd rebuilding is taking place in response to high prices, steers may be slaughtered at a higher-than-average weight.

C. - Meat Production

The mild variations in carcass weight do not compensate, however, for the stronger fluctuations in the number of cattle slaughtered. Beef production therefore reflects the overall cyclical behavior and slightly upwards trend of slaughter numbers (see Figure 2.4 and Table 2.2). Preliminary figures for 1979 by USDA analysts predicted the lowest level of beef production in twelve years, 268 kilotons. This is little more than [illegible] of the level of 1978, 354 kilotons, or the all-time high of 405 kilotons in 1976. The extraordinary drop in 1979 production reflects, of course, the heavy slaughter that occurred in 1976-78 when cattlemen were liquidating their herds, but it also shows producers' desire to rebuild their herds rapidly in response to the price liberalization policies introduced by the government in late 1978.

The underlying beef cycle in Uruguay is visually apparent. Peak production occurred in 1965, 1970 and 1976 while the lowest levels were recorded in 1967, 1972 and 1979. An upturn is expected in 1980 and a new peak would be likely to occur again in 1982 or 1983. Beef production has undoubtedly increased over the past twenty years. In the 1974-79 period annual production averaged 338 kilotons or 18 percent above the average of 287 kilotons for the 1960-65 period.

Beef provided 84 percent of total red meat production in 1978. This exceeds the 80 percent share prevailing in earlier years. Mutton and pork contributed 10 and 6 percent of total red meat produced in 1978 (USDA, Foreign Agriculture Circular). Pork production showed remarkable stability from 1960 to 1975, fluctuating narrowly between 22 and 25

FIGURE 2.2

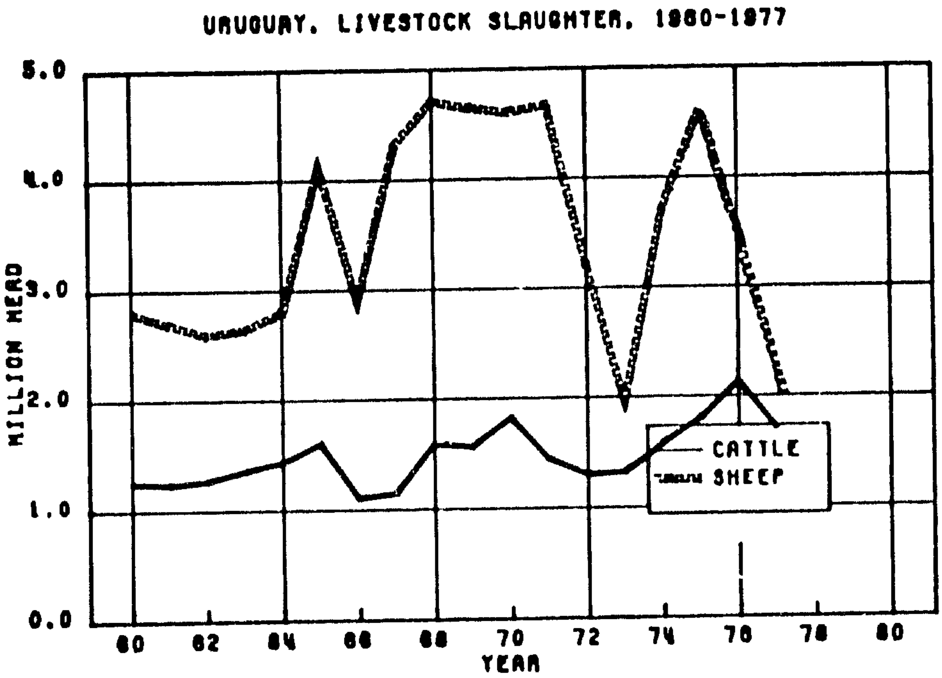

URUGUAY, LIVESTOCK SLAUGHTER, 1960-1977
5.0
4.0
3.0
2.0
1.0
0.0
MILLION HEAD
60
62
64
66
68
70
72
74
76
78
80
YEAR
CATTLE
SHEEP

FIGURE 2.3

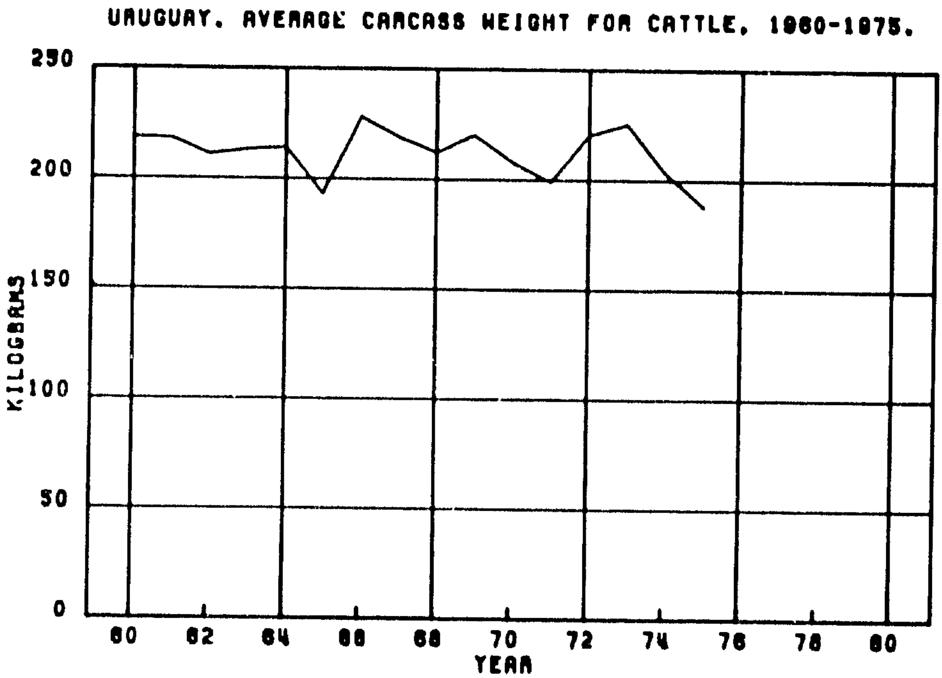

URUGUAY. AVERAGE CARCASS WEIGHT FOR CATTLE, 1960-1975.
KILOGRAMS
250
200
150
100
50
0
60
62
64
66
68
70
72
74
76
78
80
YEAR

FIGURE 2.4

URUGUAY. MEAT PRODUCTION, 1960-1979.

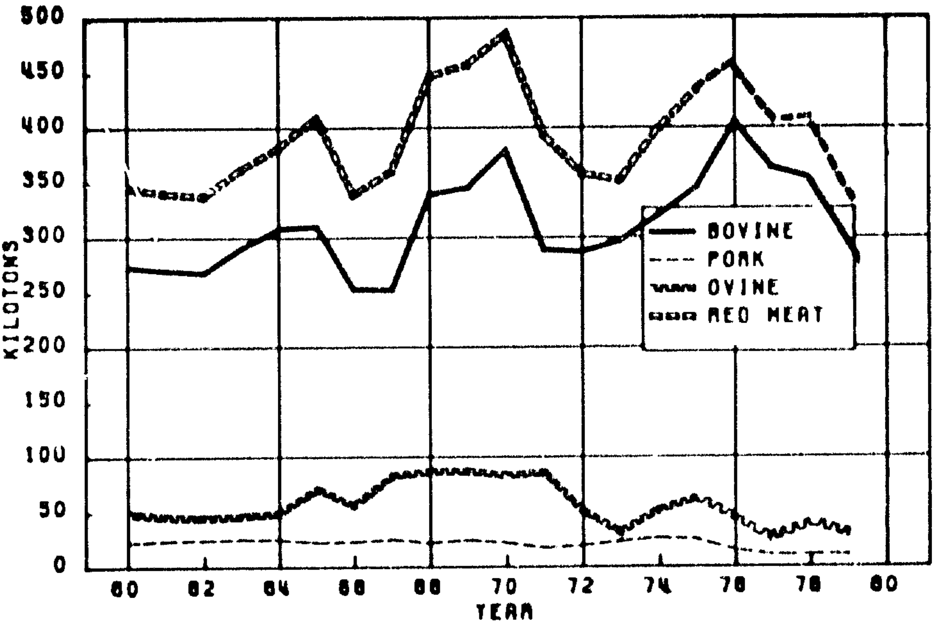


Table 2.2

Uruguay: Livestock Slaughter, 1960-1979
('000 head)

Year	Cattle	Hogs	Sheep & Goats	Horses
1960	1,253	291	2,801	--
1961	1,239	298	2,692	--
1962	1,271	306	2,597	--
1963	1,361	307	2,646	--
1964	1,438	303	2,795	--
1965	1,604	265	4,120	26
1966	1,107	286	2,891	38
1967	1,151	317	4,317	3
1968	1,536	270	4,704	--
1969	1,568	297	4,645	5
1970	1,821	268	4,605	6
1971	1,450	211	4,666	7
1972	1,302	237	3,192	6
1973	1,316	285	1,964	6
1974	1,573	315	3,700	6
1975	1,834	315	4,600	10
1976	2,050	155	3,012	10
1977	1,730	170	1,960	7
1978	1,685	190	2,628	7
1979[a]	1,315	180	1,988	7

SOURCES: USDA, Foreign Agriculture Circular: Livestock and Meat, February 1980 and previous.
World Bank, Uruguay: Economic Memorandum.

[a]Preliminary

kilotons a year. In 1976 it dropped to 13 kilotons from 25 kilotons and rose only to 16 kilotons in 1978. This reduction can be partly attributed to the substitution effect between pork and beef since the 1976 low occurred at the time beef production was having its record high.

Mutton and lamb production for 1978 reached 36 kilotons, a 34 percent jump over 1977, but still far short of the 85 kilotons average attained during the 1967-71 period. In general, mutton production parallels the variations in slaughtered sheep numbers that were discussed above. Average carcass weight for 1977 and 1978 was 14 kg, but in years of exceptionally high slaughter, such as 1975, it may drop close to 13 kg because of the greater proportion of lambs

Given the dominance of beef over other species in terms of meat yield, total red meat production varies with beef production. This can be appreciated in Figure 2.4. Total red meat production in 1978 was estimated at 406 kilotons, but preliminary figures for 1979 indicate a drastic reduction to 311 kilotons as a result of the 50 percent drop in beef output. It is expected that mutton and particularly pork output will increase substantially in 1979 to balance part of the lower supply of beef in the domestic market.

CHAPTER THREE

LIVESTOCK AND MEAT MARKETING

I. - Cattle Marketing

A. - Seasonality

Two notable features of the Uruguayan livestock and meat marketing system are the marked seasonality of slaughter and the pervasive role of the government.

Cattle slaughter shows great variation within each year. In August 1978, when the author visited Montevideo, the packing plants were closed for the season, and the city was being supplied with frozen beef stocks accumulated by the government during previous months. Table 3.1 gives a monthly breakdown of cattle slaughter in the 1970-74 period. Over half the annual slaughter took place in the four months from March through June (zafra season). Slaughter is higher in these autumn months when plentiful rainfall and abundant pasture insure animals are at their highest weight. By contrast, only 17 percent of the annual slaughter is done in the following four months, corresponding to the onset of winter, when forage growth stops. There is no tradition in Uruguay of forage harvest and storage for the winter months. Cattle are raised on natural grass throughout the year. Winter fattening (invernada) under improved pastures is hardly practiced in Uruguay, although it is widely found farther south in Argentina.

The extreme seasonality of slaughter is also explained by price policies for beef. Under freer market conditions, the price system helps to stabilize the flow of supply between seasons. Prices of agricultural commodities are lowest at harvest time and increase thereafter to compensate for the costs and risks of storage. In the absence of government constraints, cattle and beef prices would likely increase during winter sufficiently to induce cattlemen to fatten and sell animals in the off-season. Conversely, prices in the peak slaughter season would decline. This mechanism does not have the chance to operate in Uruguay. Cattle and beef prices are largely determined by government decree. Steer prices are derived by subtracting processing costs from the prevailing export price; prices thus reflect international market conditions rather than domestic supply and demand forces. As a result, cattlemen find it most advantageous to sell before winter, when animals are at peak weight; a later sale would mean additional costs, lower weights, and no gain in price. The current policy of freeing the pricing mechanism from government intervention should serve to distribute cattle slaughter more evenly through the year. This effect can already be observed in slaughter in the interior of the country, where prices for live cattle are allowed to fluctuate in response to market forces. During the 1975-77 period, average cattle slaughter in the interior provinces only fluctuated from a low of 7.5 percent in February to 9.3 percent in November (Facultad de Agronomía, 1978).

Table 3.1

Uruguay: Average Cattle Slaughter by Month, 1970-1974

Month	Head	Percent
January	70,378	8.2
February	73,622	8.6
March	91,273	10.6
April	114,013	13.2
May	139,052	16.2
June	94,662	11.0
July	40,195	4.7
August	35,432	4.1
September	31,890	3.7
October	38,154	4.5
November	49,464	5.8
December	79,350	9.3
TOTAL	857,485	100.0

SOURCES: Instituto Nacional de Carnes.
Coirolo, Luis O., op. cit.

B. - Marketing Channels

We are primarily concerned here with those market circuits followed by cattle destined for immediate slaughter. There is also a circuit for cattle sold for fattening (engorde), but this circuit plays a smaller role in Uruguay than in Argentina. Cattlemen have four basic options in selling their cattle, namely:

(a) to the large industrial abattoirs and packing plants,

(b) to wholesale butchers,

(c) through consignment agents, or

(d) in regional auction sales.

Only a small volume of animals is sold directly by producers to packing plants (frigorificos) and industrial abattoirs. These large enterprises are concentrated in the Montevideo-Canelones area and obtain two thirds of their supplies through consignment agents. Cattlemen entrust fat steers to these intermediaries, who sell them later to the large abattoirs on a commission basis. Wholesale butchers (abastecedores) play an important role in the interior provinces, but they are not allowed to operate in the capital (Montevideo-Canelones) market. The capital area, which accounts for half of the domestic market, is supplied by a state monopoly, CADA (Supplies Administration Commision). Regional auction sales are particularly important in supplying fattened cows for consumption in the provinces. Steers are not permitted in the regional auctions in order to insure their availability for consumption in the capital and for export. Meat processing plants also acquire their raw material -- culled cows for the most part -- at the regional auction sales.

Marketing costs vary of course from one channel to another. Taxes claim a high proportion of those costs. Auction sales charge a 10 percent commission paid in the ratio of 45:55 by seller and buyer respectively. In addition, there is a value-added tax of 18 percent on that commision, a 3 percent ad valorem municipal tax, and a small tax for better housing. This adds up to 15 percent of auction value, not including transport to and from the auction site.

Wholesale butchers pay additional charges at the time animals are slaughtered: 7 percent contribution toward unemployment compensation in the meat packing industry, and 4 percent sales tax on all agricultural transactions. These amount to 14 percent of purchase price, not counting transport cost, anti-tick bath, and the slaughter fee charged by the municipal abattoir (Facultad de Agronomía, 1978). From the sale price consignment agents deduct a standard 2 percent commission as well as transport and all other costs incurred in getting animals from the producer to the large abattoirs.

Slaughter takes place in three official categories of establishments: (a) packing plants or frigoríficos, (b) industrial abattoirs, and (c) municipal abattoirs. There is in addition a large but unknown number of small clandestine abattoirs, especially in the rural areas.

C. - The Meat Industry

The packing plants of frigoríficos are the more visible enterprises in the meat production and marketing business. Their strength and importance emanates from their capacity to process, refrigerate, store and market large volumes of meat. English and American enterprises created and dominated the Uruguayan meat industry in the early decades of the century but have long since departed. At present the industry is in the hands of nationals, but the Government also has a strong participation. In 1978 there were a total of 16 frigoríficos, five of which were state-owned, among them the two largest ones, Nacional and EFCSA. In 1977 the five state-run units slaughtered 487 thousand head of cattle or 49 percent of the total slaughtered by all packing houses.

In addition to the frigoríficos, 26 industrial abattoirs slaughtered 180 thousand head of cattle in 1977 for the manufacture of corned beef, sausage and other meat preparations. While 85 percent of the slaughter in frigoríficos is made up of steers, they constitute a negligible part of slaughter by industrial abbattoirs. In contrast, 57 percent of the latter consist of cows, and most of the rest are calves.

Municipal abattoirs in the rest of the country (outside the Montevideo-Canelones states) slaughtered 467 thousand head of cattle, 87 percent of which were cows, in 1977. The slaughter of steers in local abattoirs is not legally permitted; moreover, weekly volume of slaughter is controlled by the central authorities, even though these abattoirs are operated or regulated by local and state governments. The latter allocate ;the allowed weekly output among individual abattoirs and butcher shops.

The prices paid by the frigoríficos for steers and other fat cattle are set by the government. Prices paid for cows in the interior are not directly controlled but are very much influenced by the prices set for the frigoríficos and by the restrictions on slaughter volume in each state. The Central government also controls all financial aspects of the frigoríficos, through the Bank of the Republic. Such controls go as far as paying cattlemen directly for animals delivered to the packing plants.

Cattle are brought to the packing plants and abattoirs by rail as well as by truck. A good network of railroad lines connects Montevideo with the rest of the country, and cattle transport receives special attention from the railroad company. Cattle trains, for example, get priority passage. Rail transport results in less shrinkage and fewer injuries to animals than shipment by truck. Railway freight rates for cattle are also lower: for 100 kilometers the 1978 cost was 9.2 Uruguayan pesos per head (US $1.60). By comparison, road transport rates ranged from 14.7 to 22 Uruguayan pesos (US $2.56 to US $3.80), depending on the route (Facultad de Agronomia, 1978). Truck transport is therefore advantageous mostly for short distances, or when livestock are not close to a railhead.

Despite the system of controlled cattle prices, the frigoríficos require large direct and indirect subsidies to keep operating. This is particularly the case with state-owned plants, which for the most part are large, old and technologically backward. These plants are artifically kept operating on the grounds that they provide employment to 8,000 persons. The newer, smaller plants built by private interests meet international standards of sanitation and processing technology; they are also more efficient than the state-run plants.

The high operating and marketing costs of the state-run packing plants translate into lower prices for livestock producers since the government sets prices for cattle delivered to frigoríficos, after deducting average processing and marketing costs in the state-run plants from the price established for consumers in Montevideo. The latter is set substantially below the international price. The resulting producer prices for live cattle in Uruguay were among the lowest in the work in the spring of 1978, merely 1.45 Uruguayan pesos (US $0.20) per live kilogram. "Taking into account the international price of Uruguayan beef during the period July 1976 - June 1977, and assuming a level of US $150/ton as an efficient level of local processing costs, a study commissioned by the producers' association estimated that the Government's beef price policy represented US $64 millio. 1 subsidies from producers to consumers and to the meat packing industry during these twelve months" (World Bank, 1979, p. 47). One of the first priorities of the new measures adopted in mid-1978 was the sale or closing of the state-operated packing houses.

II. - Meat Marketing

It is necessary at the outset to distinguish three separate segments of the meat marketing system in Uruguay, namely the export market, the market in the Montevideo-Canelones area, and the market in the interior of the country. This section will deal with the two domestic markets; meat exports will be treated in the next chapter.

The artificial but nevertheless strict separation of the capital from the rest of the country when it comes to marketing of beef is a paradoxical feature for a country with one of the highest rates of beef consumption. A basic tenent of government economic policy is to maintain a cheap and abundant supply of beef for the urban population concentrated in Montevideo and the surrounding state of Canelones.

Montevideo and its metropolitan area, which account for half of the domestic market, are solely supplied by the state monopoly CADA (Comision Administradora de Abastecimientos) which in turn obtains almost all of its supplies from the five state-run packing houses: Nacional, EFCSA, Fray Bentos, Melilla and Comargen. A small percentage (14 in 1977) of CADA's volume is beef originally intended for export by private frigoríficos that for some reason did not find a market abroad. CADA's beef requirements are allocated among the five state frigoríficos in accordance with their slaughter and storage capacity. The allocation is done not by CADA itself but by INAC (Instituto Nacional de Carnes) the organization that acts as the national meat marketing board.

Given the extreme seasonality of slaughter in the frigoríficos, it becomes necessary to freeze and store a large percentage of the beef produced during the few zafra months. The frozen stocks are then released gradually through CADA during the off-season. The storage capacity required to maintain a smooth flow of supply exceeds the available capacity in the five state frigoríficos; CADA often rents storage space from the private packing plants but a shortage of cold storage capacity still persists. The net result is that the capital city ends up being supplied mostly with frozen beef during the post-zafra period.

When the frozen stocks of the state-run packing plants become insufficient, the government has in the past decreed that private packing plants must share theirs with CADA at the same price established for Montevideo, rather than at the more advantageous meat export price. To alleviate the problem of meat shortages in the off-season, CADA has been authorized to engage in a program to create a large stock of frozen meat to insure smooth supplies to Montevideo throughout the year. The opposite problem also sometimes occurs. When the frozen stocks on hand are too high at the time the new zafra begins, the government may decree a temporary ban on slaughter until the frozen stocks are depleted.

The consumers in Montevideo are the supposed beneficiaries of all these adjustment mechanisms. It is therefore ironic that these consumers have a strong preference for fresh beef over frozen and often go to great lengths to obtain cheaper fresh beef available from clandestine abattoirs in the countryside around Montevideo.

CADA's operations are limited to the wholesale level and to the Montevideo-Canelones area. Beef retail distribution is in the hands of close to fifteen hundred neighborhood butcher shops (carnicerías) but also includes supermarkets and market stalls. Each of these retail outlets is assigned a weekly quota by CADA and is permitted to sell at a 12 percent mark-up. In 1978 an average of 2,600 metric tons were distributed weekly in the metropolitan area, of which 600 tons were for Canelones and the remainder for Montevideo. Prices charged to consuemrs are closely monitored by CADA controllers. Butcher shops are not permitted to sell beef from sources other than CADA. Special codes and labels are used to enforce this prohibition (Facultad de Agronomia, 1978).

CADA pays for carcasses by crediting the packing plant accounts at the Bank of the Republic, for the price it charges the butcher shops less the following:

CADA's commission	1.5% of invoice value,
Value-added tax	7.2% of invoice value,
Veterinary Inspection	1.0% of invoice value,
Transport and other costs	6.00 Uruguayan pesos per hundred kilograms

Institutional customers such as hospitals, schools and the armed forces have a separate outlet from CADA, known as the Little Chamber (Camarita) which receives its supplies from the Nacional packing plant.

Central government control over meat marketing in the interior of the country is limited to prohibition of slaughter of steers and the imposition of maximum state slaughter volumes. Municipal governments administer most of the public abattoirs in rural areas and have authority to license butchers and meat outlets, as well as to allocate slaughter quotas among them.

III. - Meat Consumption

Uruguayans have one of the highest rates of per capita beef consumption in the world, although it varies widely from one year to another. During the 1972-77 period it averaged 71 kg per person, compared to 56 for the United States, 50 for Australia and 77 for Argentina. The European Community, by comparison, maintained a stable 25 kg/capita during those six years (USDA, 1978). If mutton, lamb, and pork are included, however, Australians and New Zealanders are the world's heaviest meat eaters, with levels exceeding 100 kg per person. Mutton accounts for only a small and declining share of Uruguayan red meat consumption as is evident from Figure 3.1 and Tables 3.2 and 3.3. The decline in mutton consumption was particularly drastic in 1976 when it fell from 19.1 kg to merely 8.7 kg per person, as sheep producers reduced slaughter in response to higher international prices for wool.

Beef normally accounts for seventy to eighty percent of red meat consumption and exhibits large fluctuations; it increased for example, from a low of 63 kg in 1972 to nearly 84 kg in 1975 and fell again to 67.7 kg in 1979. Pork consumption contributes a minor but stable share of red meat in Uruguay. The large fluctuations in total red meat consumption can be largely attributed to the changes in beef consumption; the latter moves in accordance with cyclical changes in production and with conditions prevailing in the international market.

Until August 1978 the principal concern of Uruguay's government with regard to livestock was to insure cheap and abundant supplies of beef for urban consumers in Montevideo. Since beef represents 11 percent of the consumer market basket, such preoccupation was understandable. The series of decrees issued in August 1978, however, represents a radical departure from that objective. The new measures promise to reduce the complexity of the livestock and meat marketing system that was described above by removing state intervention. The overall direction of the new policies is to allow a free market to develop, function and replace the ineffective structure of state controls and regulations. Prices were allowed to change to reflect market conditions; by August 1979 live prices for steers are reported to have quadrupled over the previous year, and cattle slaughter for 1979 is estimated to have dropped 18 percent from 1978 as producers rebuild breeding herds (USDA, Foreign Agriculture Circular, Jan. 1980). The prospects for the early 1980s are for higher levels of production.

In addition to the elimination of price controls, other components of the new policy aim to lift the administrative separation of the Montevideo-Canelones market from the rest of the country and to dismantle the large state infrastructure in the meat marketing business. State-owned packing plants, for example, were scheduled to be sold to private interests or closed if necessary; financial controls over the private meat packing industry were also to be removed.

FIGURE 3.1

URUGUAY. PER CAPITA MEAT CONSUMPTION. 1961-1977.

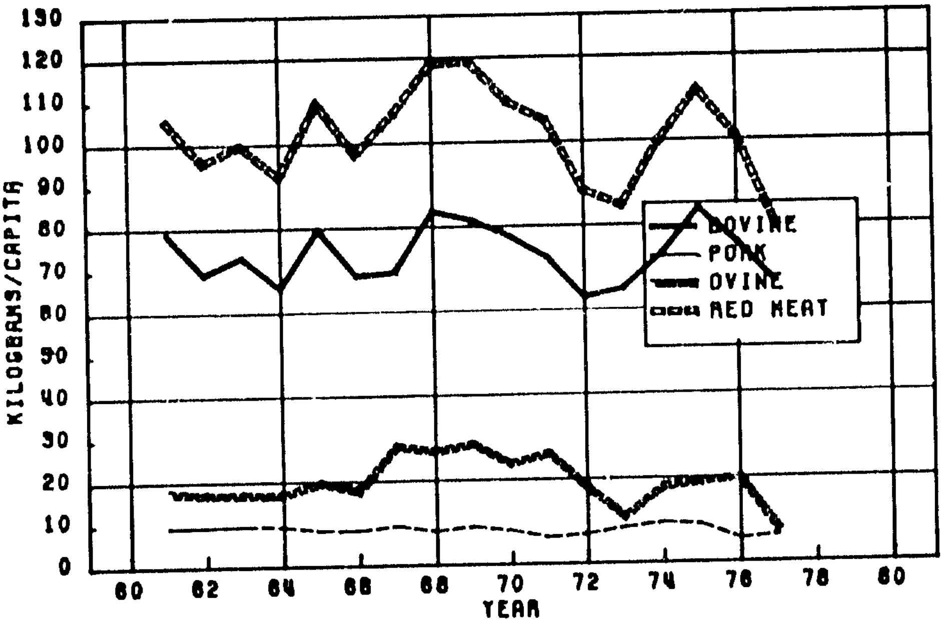


TABLE 3.2

Uruguay: Per Capita Meat Consumption, 1961-1979
(kilograms)[a]

Year	Beef and Veal	Pork	Lamb, Mutton and Goatmeat	Total Red Meat
1961	79.0	9.3	17.7	105.9
1962	69.2	9.4	17.1	95.6
1963	73.2	9.6	17.0	99.8
1964	65.9	9.4	16.9	92.2
1965	79.6	8.4	19.7	109.6
1966	68.7	8.3	17.6	97.4
1967	69.4	9.3	28.2	106.9
1968	83.7	8.0	26.9	118.6
1969	81.6	9.0	28.5	119.1
1970	77.8	8.0	23.8	109.6
1971	72.6	6.3	26.1	105.0
1972	63.1	7.0	18.0	88.4
1973	64.9	8.4	10.9	84.6
1974	72.6	9.5	17.9	100.0
1975	83.7	9.0	19.1	111.9
1976	75.1	4.6	8.7	88.4
1977	83.3	5.0	7.7	96.0
1978	85.5	5.6	10.6	101.7
1979[b]	67.7	5.3	8.4	81.4

SOURCE: USDA, FAS, Foreign Agriculture Circular: Livestock and Meat, February 1980 and previous.

[a]Carcass-weight basis.

[b]Preliminary.

TABLE 3.3

URUGUAY: RED MEAT CONSUMPTION, 1961-1979
(kilotons, carcass weight basis)

Year	Beef and Veal	Pork	Lamb, Mutton and Goatmeat	Total Red Meat[a]
1961	203.7	23.9	45.7	273.3
1962	181.2	24.6	44.7	250.5
1963	194.1	25.5	45.0	264.6
1964	176.5	25.1	45.4	247.1
1965	212.5	22.4	52.6	292.6
1966	184.1	22.2	47.2	261.0
1967	186.8	24.9	75.8	287.5
1968	226.0	21.6	72.6	320.3
1969	221.1	24.3	77.2	322.8
1970	211.7	21.8	64.6	298.2
1971	198.1	17.2	71.3	286.6
1972	172.9	19.1	49.3	242.4
1973	178.5	23.2	29.8	232.7
1974	200.3	26.3	49.5	276.1
1975	232.0	25.0	52.9	309.9
1976	210.2	12.9	24.3	247.4
1977	234.3	14.2	21.7	270.2
1978	241.9	15.9	29.9	287.6
1979[b]	192.3	15.0	23.8	231.2

SOURCES: USDA, Foreign Agriculture Circular: Livestock and Meat, February 1980 and previous.

[a]Includes small quantities of horsemeat in certain years prior to 1974.

[b]Preliminary.

CHAPTER IV

MEAT EXPORTS

I. - Livestock Related Exports

Uruguay's meat and meat product exports earned US $122.6 million in 1977, equivalent to twenty percent of the value of all Uruguayan exports. The contribution of meat and meat products was somewhat larger in 1976, when it earned US $135 million or 25 percent of total exports; nevertheless, this was still far short of the 48 percent contribution made in 1972.

Meats, however, are only a part of the range of export products that originate in the livestock sector. Wool, for example, earned US $121 million in 1977, almost as much as earnings from meat products. Cattle and sheep hides earned an additional US $29.4 million, or five percent of total exports. A major new development in the export picture since 1973 has been the rapid growth of exports of leather goods; in 1977 these exports made up 17 percent of total exports, a substantial increase from 1972 when they only amounted to one percent of total exports. A similar leap has occurred in the exports of woolen articles. The total value of all the exports mentioned above reached US $421 million or 69 percent of all Uruguay's merchandise exports during 1977 (INAC, Datos Basicos, 1978).

Live cattle exports play a negligible part in Uruguay's international trade. In the early 1970s, however, significant numbers of cattle were being smuggled across the border to take advantage of higher slaughter prices in Brazil. This illicit trade was effectively stopped by strict controls over the movement of animals, by required reports on herd numbers, and by regulating that the transport cost of slaughter animals be paid by the frigorificos rather than the producers. The last measure was dropped in 1977 but by then Brazilian authorities were cooperating in stopping the illegal flow as part of a long term government-to-government contract to import large volumes of meat from Uruguay.

II. - Recent Evolution of Meat Exports

The evolution of meat exports during the past two decades is presented in Table 4.1 and Figure 4.1. Red meat exports consist almost totally of beef. Even at their highest level of 18.1 kilotons in 1970, lamb and mutton exports only represented 9.4 percent of all red meats. In view of the declining trend of sheep stock numbers, the volume of mutton and lamb exports is likely to remain low in the early 1980s. As for other species, there are no pork exports at all, but horsemeat does contribute a small percentage - 1.2 percent in 1978 - of red meat exports from Uruguay.

TABLE 4.1

URUGUAY: RED MEAT EXPORTS, 1961-1979
(kilotons, carcass-weight equivalent basis)[a]

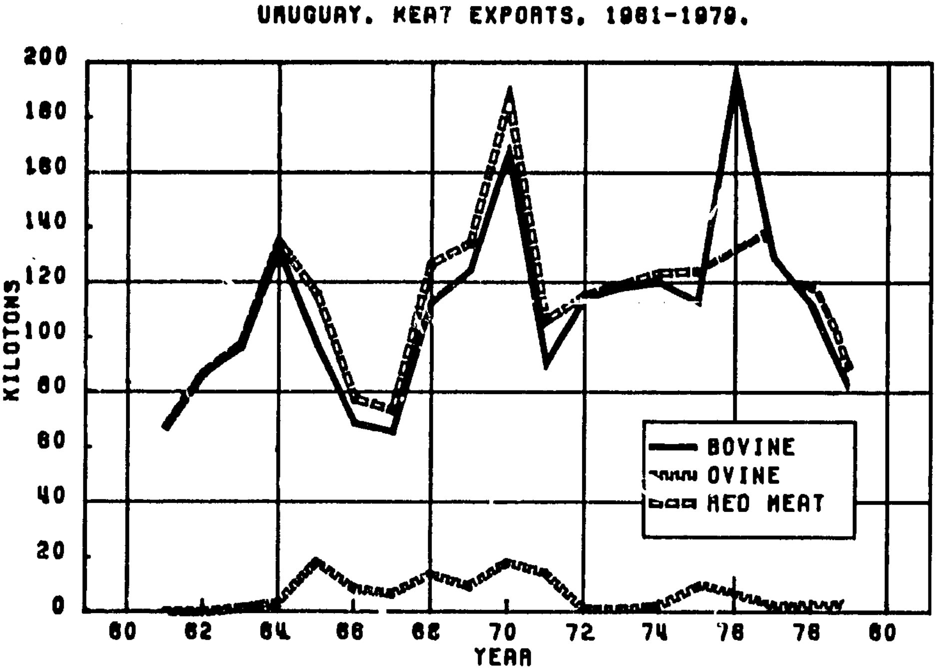
Year	Beef & Veal	Lamb, Mutton & Goatmeat	Horsemeat	Total Red Meat
1961	66.8	.1	0	66.9
1962	86.9	0	0	86.9
1963	96.1	1.3	0	97.4
1964	131.5	3.2	0	134.7
1965	97.4	18.1	0	115.6
1966	68.7	8.5	0	77.7
1967	65.6	6.6	1.1	73.5
1968	112.7	13.7	.5	126.8
1969	124.2	9.4	.7	134.3
1970	167.1	18.1	1.2	186.4
1971	90.5	14.2	1.4	106.1
1972	114.1	1.2	0	115.3
1973	118.1	1.1	0	119.2
1974	119.9	2.3	1.2	123.4
1975	113.0	9.2	1.9	124.1
1976	194.9	5.0	1.9	201.8
1977	129.0	4.7	.9	134.6
1978	112.0	5.6	1.2	118.8
1979[b]	80.0	3.0	1.0	84.0

SOURCE: USDA, Foreign Agriculture Circular: Livestock and Meat, February 1980 and previous.

[a]Excludes fat, offals and live animals.

[b]Preliminary.

FIGURE 4.1


URUGUAY. MEAT EXPORTS, 1961-1979.
200
180
160
140
120
100
80
60
40
20
0
KILOTONS
60
62
64
66
68
70
72
74
76
78
80
YEAR
BOVINE
OVINE
RED MEAT

Beef exports exhibited considerable variation during the past twenty years. In addition to the seasonal fluctuations discussed elsewhere in this report, beef exports show a marked cyclical behavior. Figure 4.1 shows three clearly defined cycles from 1961 to 1979. The peak years occurred in 1964 with 131.5 kilotons, in 1970 with 167.1 kilotons, and in 1976 with 194.9 kilotons. The low points occurred in 1961, 1967, 1971 and 1979, with exports of 66.8, 65.6, 90.5, and 80 kilotons respectively. The cycle that started in 1971 reflects the disturbances of the critical 1974 year.

Despite the precipitous drop in exports from 1976 to 1979, the overall trend of beef exports during the past two decades has been slightly upwards, equivalent to about 3 kilotons per year. This trend is obscured by the pronounced variations of the cycles. Moreover, the magnitude of the cyclical movements appears to have increased since the early 1960s; while the drop in exports between 1964 and 1967 was 50 percent, the one between 1976 and 1979 is estimated at close to 60 percent. The magnified instability is to a large extent the outcome of the peculiar developments in the world beef market in the 1970s. The sharp cutback in exports in 1979, however, is largely in response to a jump in internal beef prices, resulting from economic liberalization policies. Conditions in the 1980s should be less traumatic, both domestically and in the international market.

The movement of export prices during the 1970s is shown in Figure 4.2. The pattern of export prices bears a rough inverse relationship to that of export volume. The match is not too close, however, since export volumes reflect variations in domestic supplies as well as fluctuations in international prices. Of particular note is the abrupt fall of prices in 1974 and 1975, from an all-time high average of US $1,786 per ton in the first quarter of 1974 to the record low US $684 in the fourth quarter of 1975, a drop of 62 percent in 20 months. Export volume on the other hand, increased by 48 percent from 1973 to 1976 (see Table 4.2). The slow recovery of export prices since 1976 is expected to continue through 1980.

A. - Exporters

Only a few packing plants are authorized to export meat from Uruguay. The Ministry of Agriculture grants such authorizations after strict application of sanitary codes to comply with requirements of importing countries. There were sixteen authorized exporting plants in 1977, of which eleven were private and five were state-run. The private plants are Canelones, Colonia, Carrasco, Codadesa, Cruz del Sur, La Caballada, San Jacinto, Santos Lugares, Tacuarembo, Cerro Largo and Clay. The state-run exporting plants are the same ones responsible for supplying meat to the metropolitan area, namely Nacional, EFCSA, Fray Bentos, Melilla and Comargen. All these plants are located in Montevideo or the surrounding area in order to be close to the port and to the commercial facilities of the capital.

FIGURE 4.2

URUGUAY. AVERAGE EXPORT PRICE OF BEEF, 1971-1978.

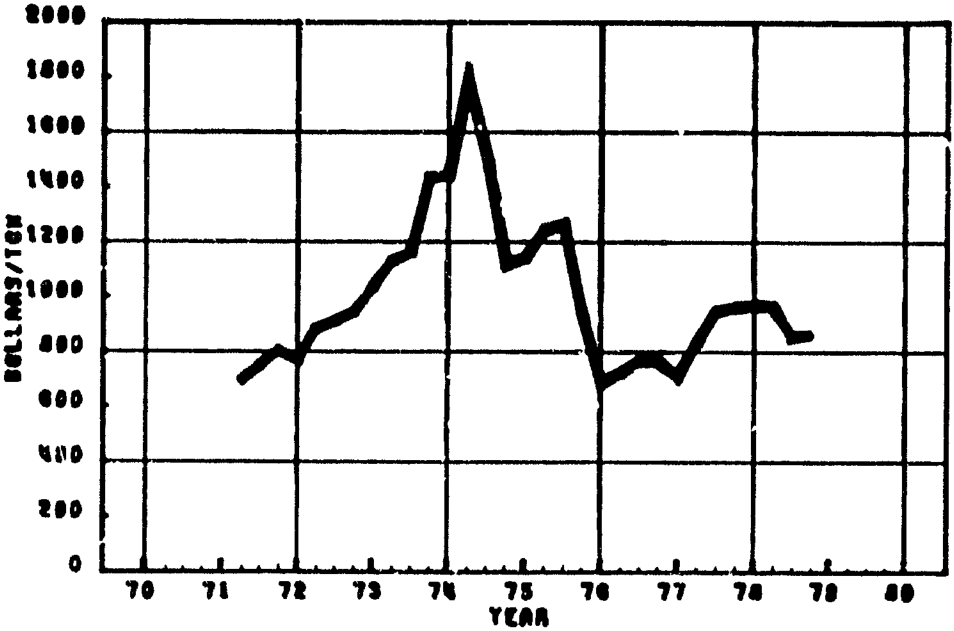


TABLE 4.2

Uruguay: Exports of Refrigerated Bovine Meat, Quantity, Value, and Average Price by Quarters, 1971-1978

Year - Quarter	Metric Tons	FOB Value US $'000	Av. Price US $/ton	Year Quarter	Metric Tons	FOB Value US $'000	Av. Price US $/ton
1971 - I	29,337	20,531	690	1975 - I	11,229	13,943	1,242
1971 - II	35,960	26,885	748	1975 - II	9,202	11,635	1,264
1971 - III	9,200	7,393	804	1975 - III	14,407	13,431	932
1971 - IV	4,995	3,832	767	1975 - IV	42,612	29,138	684
1971 Total	79,492	58,641	738	1975 Total	77,450	68,147	880
1972 - I	15,598	13,758	882	1976 - I	34,728	25,033	721
1972 - II	40,629	36,945	909	1976 - II	45,982	35,353	769
1972 - III	24,603	23,168	942	1976 - III	42,824	32,690	763
1972 - IV	22,738	23,445	1,031	1976 - IV	22,211	15,738	709
1972 Total	103,568	97,316	940	1976 Total	145,745	108,814	747
1973 - I	40,200	45,305	1,127	1977 - I	26,089	21,696	832
1973 - II	34,978	40,513	1,158	1977 - II	45,617	43,175	946
1973 - III	7,558	10,832	1,433	1977 - III	13,543	13,048	963
1973 - IV	15,656	22,519	1,438	1977 - IV	23,253	22,525	969
1973 Total	98,392	119,169	1,211	1977 Total	108,501	100,443	926
1974 - I	25,379	45,339	1,786	1978 - I	12,316	11,886	966
1974 - II	15,164	22,766	1,501	1978 - II	58,869	50,323	855
1974 - III	44,634	49,755	1,115	1978 - III	13,873	11,975	863
1974 - IV	17,399	19,825	1,139	1978 - IV			
1974 Total	102,576	137,685	1,342	1978 Total			

SOURCES: INAC, Anuario Estadístico de Faena y Exportación, 1973-1977.
INAC, Boletín Estadístico, Sept. 1978.

Export contracts may be negotiated directly by the packing plants, but more often the plants simply fill orders placed either through export agents in Montevideo or through the National Meat Institute, INAC. Since 1973, when a special marketing unit was created by the government within INAC, the latter has become the main instrument for obtaining contracts abroad. Close to three quarters of beef exports in 1974 were contracted through INAC, and a similar proportion is estimated for later years. INAC is particularly effective in bidding for government-to-government contracts. The large shipments negotiated with Spain, Brazil, Egypt and Portugal have been the fruit of initiatives taken by INAC. Their government unit has also gone aggressively in search of new markets in Africa, the Near East and the Caribbean.

Contracts obtained through INAC are spread among qualified export frigoríficos, both public and private, according to pre-established quotas that are revised periodically. Although the state plants have larger production capacities, much of their output goes for consumption in Montevideo and Canelones; exports therefore are comparatively more important for private packing plants. The largest exporters in 1977 were EFSCA (20 kilotons), Tacuarembo (14 kilotons), San Jacinto (10 kilotons), Canelones, Carrasco, Fray Bentos and La Caballada (9 kilotons each).

Independent export agents also play an important role in arranging for export sales. These are sometimes representatives of large international concerns specializing in the meat trade. Through their worldwide network of commercial contacts these concerns have been instrumental in spotting export opportunities in non-traditional markets. Their orders are made up of products from several frigoríficos. On occasion, however, some packing plants have been unable to deliver orders on time, obliging the export agents to turn to packers across the River Plate in Buenos Aires to complete their shipments.

Finally, several private export plants have organized a marketing unit of their own, Comite Empresarial de Frigorificos Exportadores, to act as their export sales agent, among other things.

B. - Major Destinations

Uruguay's reliance on beef as its principal export made it very vulnerable to the dramatic changes that occurred in the world beef market in the 1970s. The nature of those changes has been discussed in Part I of this volume. Suffice it here to recall three developments: (a) the economic recession in the industrial nations of Europe that followed the 1973 rise in oil prices; (b) the adoption in 1974 of restrictive meat import policies by the European Community as part of their Common Agricultural Program; and (c) a worldwide peak in beef production.

One reault of these developments was the sudden contraction of the traditional European market for Uruguayan beef. European countries had accounted for an overwhelming portion of meat exports in 1972 and 1973 (see Figure 4.3 and Tables 4.3 and 4.4). Meat exports to Europe reached 101 kilotons out of a total of 109 kilotons in 1973. The percentage was slightly lower in 1972, when the volume of exports to Europe was 96 kilotons or 87 percent of total exports of 113 kilotons. The Common Market was of course the main group of European customers, accounting for 43 and 45 percent of total exports in 1972 and 1973, respectively. Within the EEC most of these exports went to France, Italy and West Germany. The United Kingdom banned beef imports from Uruguay from 1969 to 1975 following an outbreak of hoof and mouth disease (see Table 4.4).

Other European countries outside the EEC were also important buyers of Uruguayan meats. Spain alone imported 32 kilotons of beef in 1973, almost as much as the 37 kilotons that went to the nine EEC countries combined. Other important West European buyers in 1972 and 1973 were Portugal and Greece. Eastern Europe was also developing into a significant meat customer for Uruguay in the early 1970s.

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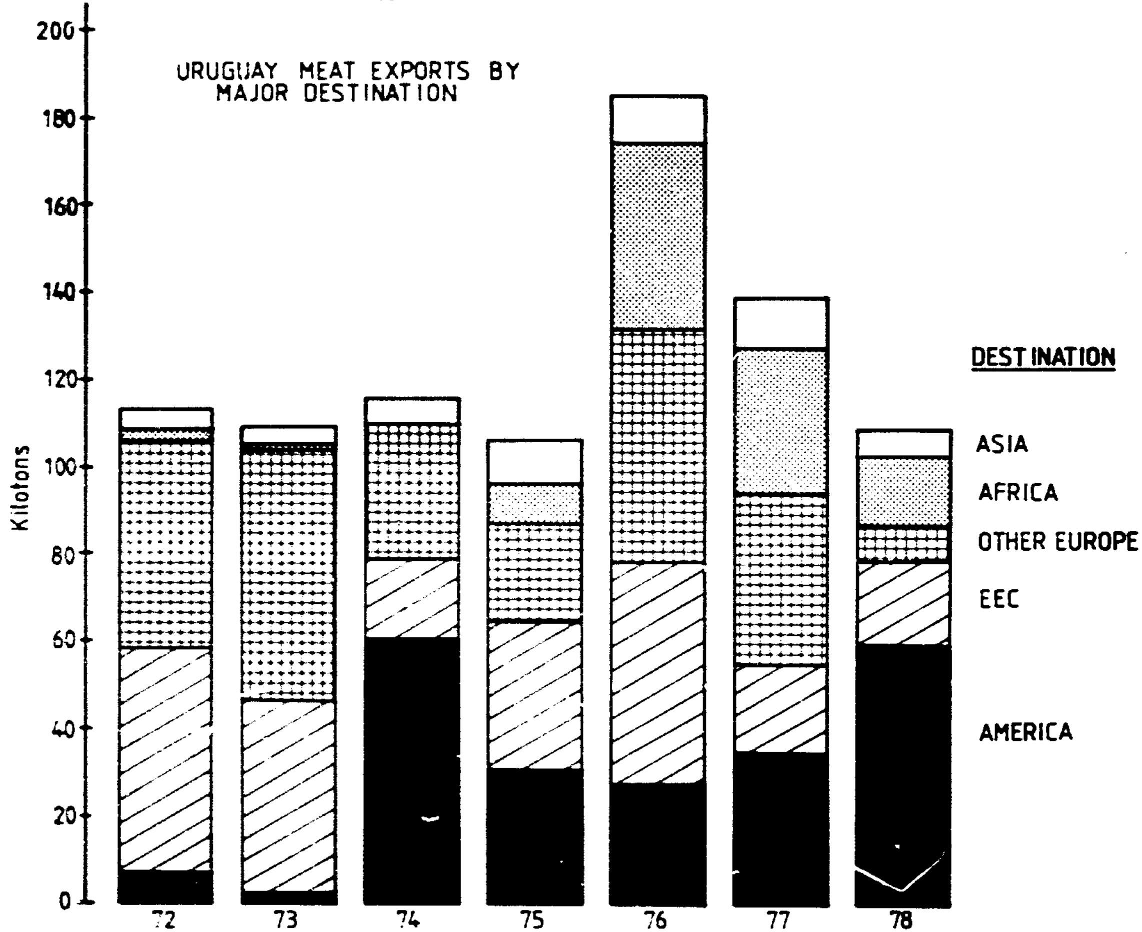
The above pattern of exports came to an abrupt end in 1974. Beef exports to the EEC dropped 77 percent to merely 8.6 kilotons in that year (see Table 4.4). The decrease was less dramatic for all meat products but still amounted to a drop of 49 percent, from 43.9 kilotons to 17.9 in 1974 (see Table 4.3). Although there was a recovery of meat exports to the EEC in 1975 and 1976, the Community is no longer the dominant market for Uruguayan meats. In 1977 the EEC's share was a mere 15 percent and a similar percentage was expected in 1978.

Eastern Europe has practically disappeared since 1973 as a market, except for 6.2 kilotons purchased in 1977 by East Germany. Meat exports to West European countries outside the EEC on the other hand have been affected less by the 1974 beef crisis. Portugal has become the major customer in that group, with 19.9 kilotons in 1977, while Spain received 7.4 kilotons in the same year. The possibility that Spain and Portugal, as well as Greece, may join the Common Market in the next few years is viewed with some concern by meat exporters in Uruguay, since these countries have become their principal European customers.

In contrast to the overall decline of Europe as a market, Africa, Asia and especially Latin America have become large buyers of Uruguayan beef. The most dramatic change has been the appearance of Brazil as the main export outlet. Latin American countries absorbed 54.3 percent of all meat exports in the first nine months of 1978; Brazil alone accounted for

FIGURE 4.3



URUGUAY MEAT EXPORTS BY MAJOR DESTINATION
Kilotons
200
180
160
140
120
100
80
60
40
20
0
72
73
74
75
76
77
78
DESTINATION
ASIA
AFRICA
OTHER EUROPE
EEC
AMERICA

TABLE 4.3

URUGUAY: EXPORTS OF MEATS (BOVINE, SHEEP, AND HORSE), OFFALS AND BY-PRODUCTS BY MAJOR DESTINATION, 1971-1978
(metric tons)

	1978		1977		1976		1975		1974		1973		1972		1971	
Destination	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons
LAFTA countries	51.5	56,126	23.7	32,991	13.7	25,420	28.9	30,797	52.2	60,400	2.2	2,388	6.2	6,948	18.2	19,336
Other America	2.8	3,001	1.1	1,574	1.1	2,122	.1	194	.1	150	.1	124	b	164	b	224
EEC	17.8	19,398	14.5	20,206	27.4	50,650	31.5	33,504	15.5	17,908	40.3	43,921	45.2	51,129	42.6	45,357
Eastern Europe	-	-	4.5	6,207	b	20	-	-	.5	561	14.7	15,970	7.4	8,397	1.9	2,036
Other Europe	7.7	8,339	24.0	33,289	29.0	53,719	21.3	22,543	26.6	30,829	37.9	41,462	34.5	39,057	24.1	25,644
Africa	14.5	15,762	23.8	33,125	22.9	42,303	8.6	9,178	b	b	1.2	1,300	2.4	2,720	5.2	5,502
Asia	5.8	6,319	8.4	11,606	5.9	10,895	9.6	10,165	5.1	5,882	3.6	3,943	4.1	4,663	7.8	8,268
Total World	100	108,946	100	138,988	100	185,113	100	106,381	100	115,730	100	109,108	100	113,062	100	106,372

SOURCE: INAC, Anuario Estadístico de Faena y Exportación, 1973-1978.

[a] First nine months of 1978 only.

[b] Negligible amounts.

TABLE 4.4

URUGUAY: BEEF EXPORTS BY COUNTRY OF DESTINATION, 1970-77
(metric tons)

	1977	1976	1975	1974	1973	1972	1971	1970
EEC	7,598	32,384	18,781	8,591	37,044	44,520	37,980	45,804
United Kingdom	266	704	495	-	-	-	-	-
West Germany	1,674	7,983	5,058	2,774	9,543	10,884	6,760	14,994
Italy	2,188	10,468	7,761	3,137	13,163	11,088	19,760	18,249
Netherlands	554	2,366	1,664	584	2,850	2,478	5,135	8,899
France	2,816	10,727	3,568	1,350	8,592	18,533	4,276	2,138
Belgium	100	136	235	746	2,896	1,537	2,049	1,524
Rest of the World	100,845	113,358	58,669	93,986	61,348	59,037	41,763	85,668
Spain	7,409	21,097	4,184	15,888	31,991	23,142	5,958	12,082
Switzerland	-	151	1,700	2,409	295	1,123	356	245
Greece	3,033	16,040	8,963	7,608	2,108	5,210	11,045	12,889
Israel	5,579	2,768	6,759	4,351	3,485	3,658	3,912	7,751
East Germany	6,011	-	-	310	3,240	5,467	1,417	26,656
Czechoslovakia	-	-	-	-	-	-	410	15,397
Brazil	26,380	20,438	23,658	48,567	-	1,002	7,851	2,397
Egypt	24,507	29,162	5,416	-	1,000	2,986	3,546	3,887
Peru	1,488	1,994	2,803	473	622	102	388	300
Bulgaria	-	-	-	-	-	-	-	1,474
Hungary	-	-	-	-	1,942	2,929	209	1,004
Portugal	19,890	8,230	1,160	2,537	4,825	7,577	2,519	500
Chile	-	-	-	59	-	5,097	3,903	502
Poland	-	-	-	241	10,753	-	-	159
Austria	208	1,816	366	-	787	744	33	-
Tunisia	-	1,471	-	-	300	-	-	-
Argentina	-	-	-	10,536	-	-	-	-
Iraq	-	-	-	1,007	-	-	-	-
Zaire	106	1,904	1,211	-	-	-	-	-
Ghana	4,272	3,702	2,428	-	-	-	-	-
Morocco	738	3,073	-	-	-	-	-	-
Ivory Coast	666	847	-	-	-	-	-	-
Other Countries	558	665	21	-	-	-	216	425
Total	108,443	145,742	77,450	102,577	98,392	103,557	79,743	131,472

SOURCE: World Bank (1979) from data supplied by the Instituto Nacional de Carnes.

55.4 kilotons or 51 percent of the 108.9 kilotons shipped to all destinations. Given the rapid growth of the Brazilian economy and the inability of its own livestock sector to keep pace with rising domestic demand for meat, Uruguay may count on its northern neighbor as a ready customer for its meat exports for the forseeable future.

Ironically, Brazil is also competing with Uruguay and Argentina in exporting meats to some of the new markets in Africa, particularly to Nigeria. Brazilian export statistics for 1977 show shipments of 10.8 kilotons of beef worth US $14.3 million FOB to Nigeria alone. Uruguay itself only recorded 555 tons shipped to Nigeria in the same year, valued at US $830,000. Evidently, Brazil has found it advantageous to export its own meat to Nigeria while importing Uruguayan beef for its domestic market.

A possible rationale for this triangular relationship might be found in the different types of beef produced in Brazil and in Uruguay. While cattle in the latter are of European breeds and are raised in fairly favorable conditions, Brazilian cattle consist largely of Indian or zebu-related breeds and are raised on tropical or semi-tropical pastures. As a result beef from Brazilian cattle is leaner and more closely matches the characteristics of beef from zebu cattle slaughtered in West Africa. In Ivory Coast, for example, it has been reported that the fattier beef originating from Argentina encounters problems of acceptance among consumers. This is merely a tentative explanation, however; on-going research in Nigeria and Ivory Coast may throw some light on the issue in the near future.

Africa and Asia have also become significant markets for Uruguayan beef since 1973. Their appearance was sudden and their importance has grown rapidly. From a negligible market taking only 1.2 percent of Uruguay's meat exports in 1973, Africa emerged in 1977 to receive nearly 24 percent in volume terms and a slightly lower percentage in value terms. The rise of exports to Asia was less spectacular, going from 3.6 to 8.3 percent between 1973 and 1977. In terms of tonnage, Africa accounted for 33.1 kilotons and Asia for 11.6 kilotons, out of the 139 kilotons of meat products exported by Uruguay in 1977. The number of customer countries in Africa and Asia has also grown rapidly. While only Tunisia and Egypt bought Uruguayan beef in 1973, four years later a dozen African countries were importing.

To summarize, since 1973 Uruguayan meat exports have undergone a major reorientation in destination. While Europe has lost its overwhelming importance, numerous new markets have emerged in Latin America, Africa, and Asia. Brazil has become the main customer of Uruguay's beef.

III. - Meat Exports to Africa

In the early 1970s Egypt was already a significant consumer of Uruguayan beef. In 1971, for example, 5.5 kilotons of beef and other meat products were shipped to Egypt. That represented 5.2 percent of Uruguay's tonnage that year. As beef prices rose the volume purchased by Egypt declined. Tunisia also made a brief appearance in 1973 with 300 tons.

The year 1975 saw not only the reappearance of Egypt as a major customer with 5.4 kilotons but also the entry of three other African countries that since then have become regular customers: Ghana, Zaire, and Nigeria. These four African nations received 9.2 kilotons of meats out of a total 106.4 kilotons sold worldwide (see Table 4.5).

Total tonnage of exports to Africa jumped in 1976 to a record 42.3 kilotons but declined to 33.1 kilotons in 1977; for 1978 a lower volume was expected. In addition to the five already mentioned, eight African nations have bought Uruguayan meats: Ivory Coast, Morocco, Congo, South Africa, Liberia, Gabon, Algeria and the Seychelles. Taken as a whole, African countries accounted for 14.5 percent of Uruguay's meat exports in 1978, a substantially lower share than the 23.8 percent recorded in 1977 and 22.9 percent in 1976. It should be kept in mind that the figures for 1978 given in this chapter cover only the first nine months of that year.

Egypt remains the principal African client by a wide margin; in fact about three fourths of meat shipments to Africa are going to a single country, Egypt. Ghana has been second in importance since 1975, when it purchased 2.4 kilotons of meat, or 26 percent of the African volume. Ghana's relative share has diminished, and in 1978 it represented only 18 percent of the African total.

Apart from Egypt and Ghana, other African markets that remain important for Uruguay are Nigeria, Ivory Coast, Zaire, and Morocco. Nigeria could become a major customer since its import requirements are large; it is currently being supplied by Brazil and Argentina. In the first nine months of 1978 1.5 kilotons of meat products had been exported to Nigeria, a definite increase from the 555 tons shipped in 1977. Ivory Coast entered into the export statistics in 1976 with 847 tons, but it has not grown much since then. Zaire has been a regular customer since 1975, but its volume has declined from 2.6 kilotons in 1976 to less than one in 1978.

Since 1971, Africa's imports have represented a lower percentage of value than of volume. For example, in 1976 Africa received 22.9 percent of Uruguay's export tonnage but that amount represented only 19.2 percent of FOB value. The average price for Africa was US $837 per ton while for the world as a whole it was US $882. The gap reflects differences in product composition as well as in quality of product. Uruguay gives no special price concessions to African countries as does Argentina.

Tables 4.6 through 4.13 break down meat exports to African countries by type of product. Bovine meat, the major category, is in turn broken down into chilled, frozen and processed beef. In addition, separate entries for bovine offals and bovine by-products are shown. Under chilled beef the statistics distinguish between cuts and quarters. Importers may specify a large variety of cuts, each one very specific in anatomical requirements. Each individual piece is wrapped separately in either cellophane or polyethylene bags and

TABLE 4.5-a

URUGUAY: QUANTITY OF MEAT AND MEAT PRODUCTS EXPORTS TO AFRICAN COUNTRIES, 1971-1978
(tons)

Country	1978[a]	1977	1976	1975	1974	1973	1972	1971
Algeria	-	-	-	1	-	-	-	-
Congo	34	558	-	-	-	-	-	-
Egypt	9,533	24,507	29,679	5,416	-	1,000	2,720	5,502
Gabon	10	-	-	-	-	-	-	-
Ghana	2,880	4,273	3,702	2,428	-	-	-	-
Ivory Coast	958	666	847	-	-	-	-	-
Liberia	-	-	100	-	-	-	-	-
Morocco	-	1,368	3,073	-	-	-	-	-
Nigeria	1,518	555	335	122	-	-	-	-
Seychelles	-	-	8	-	-	-	-	-
South Africa	20	193	70	-	b	-	-	-
Tunisia	202	-	1,886	-	-	300	-	-
Zaire	608	1,005	2,603	1,211	-	-	-	-
Africa, total	15,763	33,125	42,303	9,178	b	1,300	2,720	5,502
World, total	108,946	138,998	185,113	106,381	115,730	109,108	113,068	106,372
Africa/World	14.5%	23.8%	22.9%	8.6%	b	1.2%	2.4%	5.2%

SOURCE: INAC, Anuario Estadístico.

[a]First nine months only.

[b]Negligible amount.

TABLE 4.5-b

URUGUAY: VALUE OF MEAT AND MEAT PRODUCTS EXPORTS TO AFRICAN COUNTRIES, 1971-1978
(US $'000)

Country	1978[a]	1977	1976	1975	1974	1973	1972	1971
Algeria		-	-	b	-	-	-	-
Congo		431	-	-	-	-	-	-
Egypt		21,836	18,446	3,548	-	940	1,885	2,967
Gabon		-	-	-	-	-	-	-
Ghana		2,602	1,884	1,257	-	-	-	-
Ivory Coast		455	421	-	-	-	-	-
Liberia		-	72	-	-	-	-	-
Morocco		966	1,748	-	-	-	-	-
Nigeria		833	401	172	-	-	-	-
Seychelles		-	12	-	-	-	-	-
South Africa		58	40	-	b	-	-	-
Tunisia		-	1,181	-	-	427	-	-
Zaire		544	1,777	811	-	-	-	-
Africa, total		27,725	25,982	5,788	b	1,367	1,885	2,967
World, total		122,562	135,352	88,621	148,218	127,055	102,601	69,677
Africa/World		22.6%	9.2%	6.6%	b	1.1%	1.8%	4.3%

SOURCE: INAC, *Anuario Estadístico*.

[a]First nine months only.

[b]Negligible amount.

packed in cartons. Quarters on the other hand are doubly wrapped, first in a thick polyethylene bag and then in a canvas bag. Within the frozen beef category, in addition to cuts and quarters there appear boneless manufacturing beef and bone-in manufacturing beef. The latter two classifications refer to beef from culled cows and bulls, as opposed to the fat steers and heifers than normally go into the export market. Frozen quarters normally mean compensated quarters, or two front quarters for every hind quarter. Importers may specify other proportions, however. Processed beef refers to corned beef in tin cans. Needless to say, cuts carry a higher average price than quarters and manufacturing beef a lower one.

In addition to beef products, other meat items have been included in the tables for the sake of completeness. Mutton and lamb are included in a single entry; horsemeat is also included although it is exported to Europe and not to Africa. Poultry meat is included because it is exported to several African countries. Offals and by-products are also listed separately, with sub-entries for those of bovines.

Frozen beef is the principal meat item exported to Africa. The only major exception occurs in the case of Nigeria, whose shipments in 1978 consisted of 500 tons of poultry meat and 1,018 tons of unspecified "other meat products." The latter generally means prepared meats such as sausages or bologna. Similarly, in 1977 Nigeria purchased 545 tons of corned beef and 10 tons of prepared meats. Earlier shipments to Nigeria in 1976 and 1975 also consisted largely of corned beef. The absence of frozen beef exports to Nigeria from Uruguay is worth noticing, especially since Brazil and Argentina are exporting to that country. See Table 4.12 for quarterly data on the volume of meat product exports to Nigeria and Table 4.14 for their value.

Egypt, on the other hand, imports almost nothing but frozen beef (see Table 4.6). In 1978 frozen beef went in about equal volumes of boneless cuts and frozen quarters, some 5 kilotons each. In all previous years, shipments to Egypt had consisted almost entirely of frozen quarters (see also Table 4.13). This upgrading of Egyptian orders to include boneless cuts was welcomed in Uruguay as evidence that the market is maturing into higher priced and higher quality product lines.

Ghana imports predominantly manufacturing quality beef quarters. Apart from two small orders of boneless frozen beef cuts in the second quarters of 1976 and 1977, the 4.3 kilotons shipped by Uruguay since 1975 have all been manufacturing beef (see Table 4.6 for quantity and Table 4.14 for FOB values). Initially, some of that beef went into producing corned beef in Ghana, but currently it is being sold for direct consumption. Tables 4.9a and 4.9b provide quarterly data on meat exports to Ghana. With the single exception of the third quarter of 1976, there have been regular shipments every quarter since mid-1975. Most quarterly shipments consist of about 1,500 tons each, but there is a definite drop in the last quarter of each year, when the slaughter of domestic Ghanaian cattle is at its peak but also, and probably more importantly, when annual import licenses have been exhausted (see the Ghana report by Sullivan in volume II of this study).

Table 4.10 gives an interesting comparison of beef import or export quarterly statistics as reported by Ghana, Argentina, and Uruguay. Import data for Ghana is taken from Sullivan. Argentine export data come from the author's report on that country in Volume IV. The entry of Ghana into South America's export market is clearly dated in the third quarter of 1975, since no previous trade was reported. Uruguay's initial shipment of 1,399 tons in that quarter is reflected perfectly in Ghana's statistics, which sh receipt of 1,397.3 tons in the same period. In subsequent quarters, however, there is seldom a match between corresponding pairs of entries. There are at least two factors that cause noise in the statistics; first there is a lag of as much as ninety days between a ship's departure from Montevideo or Buenos Aires and the time it unloads in Tema. Second, the origin of the meat might not be accurately recorded.

Evidence of the lag factor may be seen in the compensating differences between consecutive entries; a positive difference in one quarter is partly balanced by a negative difference in the following and vice versa. There are unexplained discrepancies, however, as when Ghana reports receiving 1,028 tons in 1975-IV while only 547 tons have been reported leaving South America. It is possible that supplies from a third exporting country, say Brazil, may have reached Ghana. Over the entire period of three years, Ghana reports importing 13,246 tons while Argentina and Uruguay report shipping 12,235 tons; the difference is a small one, 8.3 percent of exports, but it goes in the wrong direction.

Another discrepancy arises in the origin of shipments. In each of the first three quarters of 1977, for example, Argentina reports exports to Ghana, but Ghana records none. A clue may be found in the first quarter of 1977 when Uruguay reported 414 tons shipped and Argentina 5 tons; Ghanaian statistics show receipt of 419 tons from Uruguay. Apparently, meat from Argentina was incorporated into shipments that Ghana recorded as originating in Uruguay. This is likely the case and is readily understandable. First, Ghanaian purchases of frozen beef have been arranged by one trading company based in Geneva, Infoodco, which has a local representative in Montevideo, Foodex. Second, the refrigerated vessel that takes frozen meat to the West African coast from Montevideo may have been partially loaded in Buenos Aires. It would therefore be easy to complete a given order with products from both countries. Third, independent agents occasionally complete shipments with Argentine meat either if the price is better or if delivery problems arise with Uruguayan packers. It follows that the combined Uruguay-Argentina export statistics compare better than those for each country. Table 4.10 provides subtotal columns for both imports and exports.

Beef exports to Ivory Coast in 1978 consisted of 817 tons of frozen bone-in cuts and 151 tons of chilled quarters. These are higher priced products than the 666 tons of frozen quarters valued at US $455,000 dollars FOB that Uruguay shipped in 1977. A look at quarterly meat exports to Ivory Coast in Table 4.11 reveals that shipments to that country began in the first quarter of 1976 with 341 tons of frozen quarters. Table 4.14 gives FOB values for those exports. Most shipments are concentrated in the second and third quarters, and volumes remain modest, below 500 tons per quarter. No exports were registered in the last quarters of 1976 and 1977, and none were expected in 1978. Exports to Ivory Coast in the first quarter have been very small as well. This pattern may be explained by the increased slaughter of cattle at the end of the year and in the early part of the dry season in West Africa. Exports to Ivory Coast are arranged by an independent agent, as they are for Ghana; the Societe de Gestion Evge in Geneva was mentioned in this connection but no confirmation was possible.

Zaire has the most variety of meat products in its imports from Uruguay. Out of a total 608 tons shipped in 1978, 355 tons were bovine offals and 217 tons frozen beef quarters and cuts. A larger proportion of bovine offals was sent in 1977: 842 tons out of 1,005 in total meat products. The future of the Zairian market is uncertain given the chronic economic difficulties in that country.

TABLE 4.6

Uruguay: Meat Exports to African Countries by Country and Product, 1978 (Jan.-Sept.)
(metric tons)

Product	Egypt	Nigeria	Ghana	Ivory Coast	Zaire	Tunisia	Congo	South Africa	Gabon
Bovine Meat, total	9,507	-	2,880	958	217	202	-	-	-
Chilled, Subtotal	-	-	-	141	-	-	-	-	-
Cuts	-	-	-	-	-	-	-	-	-
Quarters	-	-	-	141	-	-	-	-	-
Frozen, Subtotal	9,507	-	2,880	817	217	202	-	-	-
Cuts, boneless	4,496	-	-	-	15	-	-	-	-
Cuts, bone-in	-	-	-	817	53	202	-	-	-
Quarters	5,010	-	-	-	150	-	-	-	-
Manufacture, boneless	.4	-	-	-	-	-	-	-	-
Manufacture, bone-in	-	-	2,880	-	-	-	-	-	-
Processed, total	-	-	-	-	-	-	-	-	-
Ovine Meat, total	-	-	-	-	11	-	10	-	-
Horsemeat, total	-	-	-	-	-	-	-	-	-
Offals, total	-	-	-	-	355	-	14	-	10
Bovine offals	-	-	-	-	355	-	14	-	10
By-products, total	-	-	-	-	-	-	-	20	-
Bovine by-products	-	-	-	-	-	-	-	20	-
Poultry Meat, total	-	500	-	-	25	-	10	-	-
Other Meat products, total	26	1,018	-	-	-	-	-	-	-
All Meats	9,533	1,518	2,880	958	608	202	34	20	10

SOURCE: INAC, Estadísticas Mensuales, Sept. 1978.

TABLE 4.7

URUGUAY: MEAT EXPORTS TO AFRICA, BY COUNTRY AND TYPE OF PRODUCT, 1977
(metric tons)

Product	Egypt	Ghana	Morocco	Nigeria	Zaire	Ivory Coast	Congo
Bovine meat, total	24,507	4,273	738	545	106	666	558
Chilled, subtotal	-	-	-	-	-	-	-
Cuts	-	-	-	-	-	-	-
Quarters	-	-	-	-	-	-	-
Frozen, subtotal	24,507	4,272	738	-	106	666	558
Cuts, boneless	-	101	2	-	13	-	-
Cuts, bone in	-	-	-	-	-	-	-
Quarters	24,487	-	736	-	43	666	558
Manufacture, boneless	20	198	-	-	-	-	-
Manufacture, bone in	-	3,973	-	-	50	-	-
Processed, subtotal[b]	-	.8	-	545	-	-	-
Ovine meat, total	-	-	118	-	30	-	-
Horsemeat	-	-	-	-	-	-	-
Offals, total	-	-	-	-	864[a]	-	-
Bovine offals	-	-	-	-	842	-	-
By-products, total	-	-	512	-	-	-	-
Bovine by-products	-	-	512	-	-	-	-
Poultry meat, total	-	-	-	-	-	-	-
Other meat products, total	-	-	-	10	5	-	-
All Meats, Total	24,507	4,273	1,368	555	1,005	666	558

SOURCE: INAC. Anuario Estadístico de Faena y Exportación, 1977.

[a]Includes 22 tons of ovine offals.

[b]Corned beef, canned.

TABLE 4.8

URUGUAY: MEAT EXPORTS TO AFRICA, BY COUNTRY AND TYPE OF PRODUCT, 1977
(Value in US $'000)

Product	Egypt	Ghana	Morocco	Nigeria	Zaire	Ivory Coast	Congo
Bovine Meat, total	21,836	2,602	633	808	84	455	431
Chilled, subtotal	-	-	-	-	-	-	-
Cuts	-	-	-	-	-	-	-
Quarters	-	-	-	-	-	-	-
Frozen, subtotal	21,836	2,601	633	-	84	455	431
Cuts, boneless	-	83	3	-	15	-	-
Cuts, bone in	-	-	-	-	-	-	-
Quarters	21,818	-	631	-	31	455	431
Manufacture, boneless	18	162	-	-	-	-	-
Manufacture, bone in	-	2,357	-	-	38	-	-
Processed, subtotal[a]	-	1.3	-	808	-	-	-
Ovine meat, total	-	-	105	-	36	-	-
Horsemeat, total	-	-	-	-	-	-	-
Offals, total	-	-	-	-	418	-	-
Bovine offals	-	-	-	-	406	-	-
Ovine offals	-	-	-	-	12	-	-
By-products, total	-	-	228	-	-	-	-
Bovine by-products	-	-	228	-	-	-	-
Poultry meat, total	-	-	-	-	-	-	-
Other meat products, total	-	-	-	24	6.5	-	-
All Meats, Total	21,836	2,602	966	832	544	455	431

SOURCE: INAC. Anuario Estadístico.

[a]Corned beef, canned.

TABLE 4.9-a

URUGUAY: MEAT EXPORTS TO GHANA, ACCUMULATED BY QUARTERS AND TYPE OF PRODUCT, 1977 and 1978
(metric tons)

Product	1978 - Cumulative				1977 - Cumulative			
	1-3	1-6	1-9	1-12[a]	1-3	1-6	1-9	1-12
Bovine meat total	1,563	2,134	2,880		414	2,150	3,525	4,273
Chilled, subtotal	-	-	-		-	-	-	-
Cuts	-	-	-		-	-	-	-
Quarters	-	-	-		-	-	-	-
Frozen, subtotal	1,563	2,134	2,880		414	2,150	3,525	4,273
Cuts, boneless	-	-	-		-	101	101	101
Cuts, bone in	-	-	-		-	-	-	-
Quarters	-	-	-		-	-	-	-
Manufacture, boneless	-	-	-		-	198	198	198
Manufacture, bone in	1,563	2,134	2,880		414	1,851	3,227	3,973
Processed, subtotal	-	-	-		-	-	-	.8
Sheepmeat, total	-	-	-		-	-	-	-
Horsemeat, total	-	-	-		-	-	-	-
Offals, total	-	-	-		-	-	-	-
Bovine offals	-	-	-		-	-	-	-
By-products, total	-	-	-		-	-	-	-
Bovine by-products	-	-	-		-	-	-	-
All Meats, Total	1,563	2,134	2,880		414	2,150	3,525	4,273

SOURCE: INAC. Estadísticas Mensuales de Faena, Abasto, y Exportación de Carnes. Various issues, 1978.

[a]Not available.

TABLE 4.9-b

Uruguay: Meat Exports to Ghana Accumulated by Quarter and Type of Product, 1971-1976
(metric tons)

Product	1976 - Cumulative				1975 - Cumulative		1971-1974
	1-3	1-6	1-9	1-12	Jan.-Sept.	Jan.-Dec.	
Bovine Meat, Total	1,581	2,937	2,937	3,702	1,399	1,946	-
Chilled, subtotal	-	-	-	-	-	-	-
Cuts	-	-	-	-	-	-	-
Quarters	-	-	-	-	-	-	-
Frozen, subtotal	1,581	2,937	2,937	3,702	1,399	1,946	-
Cuts, boneless	-	183	183	183	-	-	-
Cuts, bone in	-	-	-	-	-	-	-
Quarters	-	-	-	-	-	-	-
Manufacture, boneless	-	-	-	-	-	-	-
Manufacture, bone in	1,581	2,754	2,754	3,519	1,399	1,946	-
Processed, subtotal	-	-	-	-	-	-	-
Ovine Meat, total	-	-	-	-	-	-	-
Horsemeat, total	-	-	-	-	-	-	-
Offals, total	-	-	-	-	-	-	-
Bovine offals	-	-	-	-	-	-	-
By-products, total	-	-	-	-	-	-	-
Bovine by-products	-	-	-	-	-	-	-
All Meats, total	1,581	2,937	2,937	3,702	1,399	1,946	-

SOURCES: INAC, *Anuario Estadístico de Faena y Exportación*, 1976.

INAC, *Estadísticas Mensuales*, various issues.

TABLE 4.10

GHANA: COMPARATIVE IMPORT-EXPORT STATISTICS FOR BEEF FROM URUGUAY AND ARGENTINA
(metric tons)

Year and Quarter	Ghana's Imports from:			Exports to Ghana from:		
	Uruguay	Argentina	Both	Uruguay	Argentina	Both
1975-I	-	-	-	-	-	-
1975-II	-	-	-	-	-	-
1975-III	1,397.3	-	1,397.3	1,399	-	1,399
1975-IV	1,028.6	-	1,028.6	547	-	547
1975	2,425.9	-	2,425.9	1,946	-	1,946
1976-I	789.1	-	789.1	1,561	-	1,581
1976-II	620.2	-	620.2	1,356	-	1,356
1976-III	522.7	887.4	1,410.1	0	905	905
1976-IV	-	599.0	599.0	765	791	791
1976	1,932.0	1,486.4	3,418.4	3,702	1,696	5,398
1977-I	419.0	-	419.0	414	5	419
1977-II	1,449.9	-	1,449.9	1,736	304	2,040
1977-III	2,814.7	-	2,814.7	1,375	309	1,684
1977-IV	2,718.2	-	2,718.2	748	-	748
1977	7,401.8	-	7,401.8	4,273	618	4,891
TOTAL 1975 - 1977:			11,246.1			12,235

SOURCES: INAC. Estadísticas Mensuales; JNC. Síntesis Estadística Trimestral; Meat Marketing Board, Ghana, as reported in Volume II, pp. 148 and 229-232.

TABLE 4.11-a

URUGUAY: MEAT EXPORTS TO IVORY COAST, ACCUMULATED BY QUARTER AND TYPE OF PRODUCT, 1977-1978
(metric tons)

	1978-Cumulative				1977-Cumulative			
	1-3	1-6	1-9	1-12[a]	1-3	1-6	1-9	1-12
Bovine meat, total	-	419	958		73	160	666	666
Chilled, subtotal	-	107	141		-	-	-	-
Cuts	-	-	-		-	-	-	-
Quarters	-	107	141		-	-	-	-
Frozen, subtotal	-	312	817		73	160	666	666
Cuts, boneless	-	-	-		-	-	-	-
Cuts, bone-in	-	-	817[b]		-	-	-	-
Quarters	-	312	-[b]		73	160	666	666
Manufacture, boneless	-	-	-		-	-	-	-
Manufacture, bone-in	-	-	-		-	-	-	-
Processed, subtotal	-	-	-		-	-	-	-
Bovine meat, total	-	-	-		-	-	-	-
Horsemeat, total	-	-	-		-	-	-	-
Offals, total	-	-	-		-	-	-	-
Bovine offals	-	-	-		-	-	-	-
By-products, total	-	-	-		-	-	-	-
Bovine by-products	-	-	-		-	-	-	-
All Meats, total	-	419	958		73	160	666	666

SOURCES: INAC, Estadísticas Mensuales. Various issues.
INAC, Anuario Estadístico de Faena y Exportación, 1977, 1978

[a] Not available

[b] Inconsistent with previous quarter; it probably refers to frozen quarters.

TABLE 4.11-b

URUGUAY: MEAT EXPORTS TO IVORY COAST, ACCUMULATED BY QUARTER AND TYPE OF PRODUCT, 1971-1976
(metric tons)

Product	1976 - Cumulative 1-3	1-6	1-9	1-12	1971-1975
Bovine meat, total	341	341	847	847	-
Chilled, subtotal	-	-	-	-	-
Cuts	-	-	-	-	-
Quarters	-	-	-	-	-
Frozen, subtotal	341	341	847	847	-
Cuts, boneless	-	-	-	-	-
Cuts, bone in	-	-	-	-	-
Quarters	341	341	847	847	-
Manufacture, boneless	-	-	-	-	-
Manufacture, bone in	-	-	-	-	-
Processed, subtotal	-	-	-	-	-
Ovine meat, total	-	-	-	-	-
Horsemeat, total	-	-	-	-	-
Offals, total	-	-	-	-	-
Bovine offals	-	-	-	-	-
By-products, total	-	-	-	-	-
Bovine by-products	-	-	-	-	-
All Meats, Total	341	341	847	847	-

SOURCES: INAC, Anuario Estadístico de Faeno y Exportación, 1973-1976; INAC, Estadísticas Mensuales, various issues, 1976.

TABLE 4.12-a

URUGUAY: MEAT EXPORTS TO NIGERIA, BY QUARTERS AND TYPE OF PRODUCT, 1977-1978
(metric tons)

Product	1978 - Cumulative				1977 - Cumulative			
	1-3	1-6	1-9	1-12[a]	1-3	1-6	1-9	1-12
Bovine meat, total	-	-	-		-	-	-	-
Chilled, subtotal	-	-	-		-	-	-	-
Cuts	-	-	-		-	-	-	-
Quarters	-	-	-		-	-	-	-
Frozen, subtotal	-	-	-		-	-	-	-
Cuts, boneless	-	-	-		-	-	-	-
Cuts, bone in	-	-	-		-	-	-	-
Quarters	-	-	-		-	-	-	-
Manufacture, boneless	-	-	-		-	-	-	-
Manufacture, bone in	-	-	-		-	-	-	-
Processed, subtotal[b]	-	-	-		-	418	545	545
Ovine meat, total	-	-	-		-	-	-	-
Horsemeat, total	-	-	-		-	-	-	-
Offals, total	-	-	-		-	-	-	-
Bovine offals	-	-	-		-	-	-	-
By-products	-	-	-		-	-	-	-
Bovine by-products	-	-	-		-	-	-	-
Poultry meat, total	500	500	500		-	-	-	-
Other meat products, total	1,018	1,018	1,018		-	-	10	10
All Meat, Total	1,518	1,518	1,518		-	418	555	555

SOURCES: INAC. Estadísticas Mensuales. Various issues, 1977-1978
INAC. Anuario Estadístico de Faena y Exportación. 1977.

[a]Data for the last quarter of 1978 not available.

[b]Corned beef.

TABLE 4.12-b

URUGUAY: MEAT EXPORTS TO NIGERIA BY TYPE OF PRODUCT, 1971-1976
(metric tons)

Product	1976 - Cumulative				1975	1974	1973	1972	1971
	1-3	1-6	1-9	1-12					
Bovine meat, total	122	163	281	281	122	-	-	-	-
Chilled, subtotal	-	-	-	-	-	-	-	-	-
Cuts	-	-	-	-	-	-	-	-	-
Quarters	-	-	-	-	-	-	-	-	-
Frozen, subtotal	-	-	-	36	-	-	-	-	-
Cuts, boneless	-	-	-	-	-	-	-	-	-
Cuts, bone in	-	-	-	-	-	-	-	-	-
Quarters	-	-	-	-	-	-	-	-	-
Manufacture, boneless	-	-	36	36	-	-	-	-	-
Manufacture, bone in	-	-	-	-	-	-	-	-	-
Processed, subtotal[a]	122	163	245	245	122	-	-	-	-
Ovine meat, total	-	-	-	-	-	-	-	-	-
Horsemeat, total	-	-	-	-	-	-	-	-	-
Offals, total	-	-	54	54	-	-	-	-	-
Bovine offals	-	-	43	43	-	-	-	-	-
Sheep offals	-	-	11	11	-	-	-	-	-
By-products, total	-	-	-	-	-	-	-	-	-
Bovine by-products	-	-	-	-	-	-	-	-	-
All Meats, Total	122	163	335	335	122	-	-	-	-

SOURCES: INAC. Anuario Estadístico de Faena y Exportación, 1975-1976. INAC. Estadísticas Mensuales, various issues, 1976.

[a]Corned beef.

TABLE 4.13

URUGUAY: QUANTITY AND VALUE OF MEAT EXPORTS TO EGYPT BY TYPE OF PRODUCT, 1972-1978

Product	1978[a]	1977		1976		1975		1974		1973		1972[b]	
	tons	tons	US $'000	tons	US $'000	tons	US $'000	tons	US $'000	tons	US $'000	tons	US $'000
Bovine meat, total	9,507	24,507	21,836	29,162	18,071	5,416	3,548	-	-	1,000	940		
Chilled, subtotal	-	-	-	-	-	-	-	-	-	-	-		
Cuts	-	-	-	-	-	-	-	-	-	-	-		
Quarters	-	-	-	-	-	-	-	-	-	-	-		
Frozen, subtotal	9,507	24,507	21,836	29,162	18,071	5,416	3,548	-	-	1,000	940		
Cuts, boneless	4,496	-	-	.4	.6	-	-	-	-	-	-		
Cuts, bone-in	-	-	-	-	-	-	-	-	-	-	-		
Quarters	5,010	24,487	21,818	29,162	18,070	5,416	3,548	-	-	1,000	940		
Manufacture, boneless	.433	20	18	-	-	-	-	-	-	-	-		
Manufacture, bone-in	-	-	-	-	-	-	-	-	-	-	-		
Processed, subtotal	-	-	-	-	-	-	-	-	-	-	-		
Ovine meat, total	-	-	-	517	375	-	-	-	-	-	-		
Horsemeat, total	-	-	-	-	-	-	-	-	-	-	-		
Offals, total	-	-	-	-	-	-	-	-	-	-	-		
Bovine offals	-	-	-	-	-	-	-	-	-	-	-		
By-products, total	-	-	-	-	-	-	-	-	-	-	-		
Bovine by-products	-	-	-	-	-	-	-	-	-	-	-		
Poultry meat, total	-	-	-	-	-	-	-	-	-	-	-		
Other Meat Products, total	26	-	-	-	-	-	-	-	-	-	-		
All Meats, total	9,533	24,507	21,836	29,679	18,446	5,416	3,548	-	-	1,000	940	2,720	1,885

SOURCES: INAC, Anuario Estadístico de Faena y Exportación, 1973-1977.
INAC, Estadísticas Mensuales, September 1978.

[a] Only quantity for first nine months of 1978 is available.

[b] Only total for all meat available for 1972.

TABLE 4.14

Uruguay: Value of Meat Exports to Ghana, Ivory Coast and Nigeria, by Type of Product, 1975-1977
('000 US$ FOB)

Product	Ghana 1975	Ghana 1976	Ghana 1977	Ivory Coast 1975	Ivory Coast 1976	Ivory Coast 1977	Nigeria 1975	Nigeria 1976	Nigeria 1977
Bovine Meat, Total	1,257	1,884	2,602	-	421	455	173	375	808
Chilled, Subtotal	-	-	-	-	-	-	-	-	-
Cuts	-	-	-	-	-	-	-	-	-
Quarters	-	-	-	-	-	-	-	-	-
Frozen, Subtotal	1,257	1,884	2,601	-	421	455	-	27	-
Cuts, boneless	-	68	-	-	-	-	-	-	-
Cuts, bone-in	-	-	-	-	-	-	-	-	-
Quarters	-	-	-	-	421	455	-	-	-
Manufacture, boneless	-	-	-	-	-	-	-	-	-
Manufacture, bone-in	1,257	1,816	-	-	-	-	-	27	-
Processed, Subtotal	-	-	1.3	-	-	-	173	348	808
Ovine meat, total	-	-	-	-	-	-	-	-	-
Horsemeat, total	-	-	-	-	-	-	-	-	-
Offals, total	-	-	-	-	-	-	-	26	-
Bovine offals	-	-	-	-	-	-	-	24	-
By-products, total	-	-	-	-	-	-	-	-	-
Bovine by-products	-	-	-	-	-	-	-	-	-
Other Meat Products	-	-	-	-	-	-	-	-	24
All Meats, total	1,257	1,884	2,602	-	421	455	173	401	833

SOURCE: INAC, *Anuario Estadístico*.

APPENDIX A

URUGUAY: MEAT PRODUCTION, 1960-1979
(kilotons, carcass-weight basis)

Year	Beef and Veal	Pork	Lamb, Mutton Goatmeat	Horsemeat	Total Red Meat
1960	273.8	22.4	48.9	--	345.2
1961	270.5	23.9	45.8	--	340.2
1962	268.1	24.6	44.7	--	337.4
1963	290.2	25.5	46.2	--	361.9
1964	308.0	25.1	48.6	--	381.6
1965	309.9	22.4	70.7	5.1	406.2
1966	252.8	22.8	55.7	7.5	338.7
1967	252.4	25.1	82.5	.6	360.5
1968	338.7	21.6	86.3		446.6
1969	345.3	24.3	86.6	.9	457.1
1970	378.8	21.8	82.8	1.3	484.7
1971	288.6	17.2	85.4	1.5	392.7
1972	287.0	19.1	50.4	1.1	357.6
1973	296.6	23.2	31.0	1.2	351.9
1974	320.2	26.3	51.8	1.2	399.5
1975	345.0	25.0	62.1	1.9	434.0
1976	405.1	12.9	40.7	1.2	459.9
1977	363.3	14.2	26.5	.9	404.8
1978	353.9	15.9	35.5	1.2	406.3
1979[a]	268.3	15.0	26.8	1.0	311.1

SOURCE: USDA, Foreign Agriculture Circular: Livestock and Meat, February 1980 and previous.

[a]Preliminary

APPENDIX B

URUGUAY: VALUE OF AGRICULTURAL PRODUCTION IN THE URUGUAYAN ECONOMY, 1965-1977
(million new Uruguayan pesos)

Year	GDP[a]	Agricultural Sector[b]	Manufacturing Sector	Crop Production[c]	Livestock Production[c]
1965	15.644	2.501	3.577	1.067	1.955
1966	16.177	2.738	3.635	1.176	2.136
1967	15.507	2.348	3.486	.924	1.889
1968	15.753	2.310	3.658	.674	2.047
1969	16.715	2.643	3.871	1.078	2.085
1970	17.498	2.872	4.030	1.126	2.267
1971	17.327	2.839	3.956	1.083	2.198
1972	16.723	2.560	3.942	.962	2.033
1973	16.851	2.659	3.933	1.016	2.098
1974	17.382	2.669	4.077	1.093	2.009
1975	18.156	2.758	4.351	1.253	2.015
1976	18.632	2.857	4.524	1.349	1.885
1977[d]	19.257	2.819	4.809	1.261	n.a.

SOURCES: Central Bank of Uruguay
Ministry of Agriculture and Fisheries
World Bank.

[a]At factor cost.

[b]Includes fisheries.

[c]Value of gross output.

[d]Preliminary.

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PART III

ANALYSIS OF DENMARK AND FRANCE AS SUPPLIERS OF MEAT AND MEAT PRODUCTS TO SELECTED WEST AFRICAN MARKETS

Abridged Version of a report by
D.W. Manly
Meat Marketing Adviser
International Trade Centre UNCTAD/GATT
October 1979

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The mission described in this report has been carried out by Mr. David W. Manly, Meat Marketing Advisor, from 1 June to 7 August 1979, as part of an integrated program of technical co-operation, Project No. RAF/15/53 - "Assistance to the Sahelian countries on Export Marketing of Meat and Meat Products." This project has been financed by the Government of Norway and implemented by the International Trade Centre UNCTAD/GATT (ITC).

This report has not been formally edited by the International Trade Centre UNCTAD/GATT. The survey's findings are the sole responsibility of the author.

The designations employed and the presentation of material in this survey do not imply the expression of any opinion whatsoever on the part of the International Trade Centre UNCTAD/GATT concerning the legal status of any country, territory, city of area or of its authorities, or concerning the delimitation of its frontiers or boundaries. Where the designation "country or area" appears in the text and in the headings of lists or tables, it covers countries, territories, cities or areas

The designations "industrialized", "developed" and "developing", as applied to economies and countries or areas, are used for the sake of brevity and statistical convenience; they do not necessarily express a judgement about the stage reached by a particular country or area in the development process.

ANALYSIS OF DENMARK AND FRANCE AS SUPPLIERS

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NOTE ON TERMINOLOGY

All references to tons are to metric tons. A list of terms commonly used in connection with EEC agricultural policies is as follows, with abbreviations where applicable:

European Economic Community (EEC)

Common Agricultural Policy (CAP)

Third Countries

All countries outside the EEC.

European Currency Unit (ECU)

All common EEC prices and amounts are now expressed in terms of the ECU, which replaced the Unit of Account in March 1979.

Customs Duty (Beef and veal, Mutton and lamb)

This is normally a fixed percentage charge made on specific products imported into Community countries.

Export Refund (Beef and veal, Pigmeat)

A payment made to an EEC exporter to enable him to compete on world export markets where prices are at lower levels.

Guide Price (Beef and veal)

Fixed annually for cattle and calves to apply throughout a 12-month period normally commencing on the first Monday in April. Guide Prices are set at a level which is considered desirable for producers to obtain under normal market conditions. The guide prices are used as a basis for determining variable levies and support prices.

Intervention Storage

Under the CAP system of guaranteeing prices to the producer, it has been necessary for the EEC to withdraw from the market and store vast quantities of agricultural products. As far as meat is concerned, "intervention" has applied principally to beef. The amount of beef in intervention storage fell to 220,000 tons toward the end of 1978.

Threshold Price (Sheep)

The price level which determines whether or not licenses will be issued for imports of sheepmeat or sheep into France from countries outside the original Community. When the

French market price is above the threshold price, import licenses are issued subject to payment of variable duty. When the market price is below the threshold price, no licenses are issued.

Unit of Account (UA)

Until March 1979, the monetary unit of the EEC. Each member state's currency has a fixed relationship with the unit of account.

Variable Levy (Beef and veal, Pigmeat)

A charge on imports from non-Community countries which may be varied depending on price relationships inside or outside the Community.

Jumelage/Exim

Schemes employed by EEC to dispense of intervention stocks, or as linked-sale procedures, whereby third country beef may be imported on condition that quantities of beef are purchased out of intervention stocks or exported to third countries.

Tables

Figures in tables do not necessarily add up due to rounding. A dash (-) indicates that the amount is nil or negligible.

INTRODUCTION

This study of meat exports from Denmark and France to five selected West African coastal markets -- Benin, Ghana, Ivory Coast, Liberia and Togo -- forms part of the International Trade Centre UNCTAD/GATT program of assistance to the Sahelian countries. The project, involving desk research and field missions to Brussels, Copenhagen, Geneva, Paris and Rome, was financed by the Government of Norway and carried out by D.W. Manly, Marketing Advisor to the ITC.

The principal objectives of the study were to:

- consider the effects of the agricultural policies of the European Economic Community, with special reference to export meat trading practices in Denmark and France during the period 1968-1977
- analyze the volume and types of meat and meat products exported to the West African coastal markets by Denmark and France;
- analyze distribution and cost data for shipments of meat and meat products from the two EEC exporters to the target markets;
- consider likely trends in meat exports from Denmark and France to the five selected West African markets.

What follows is an abridged version of Mr. Manly's report. His discussion of EEC agricultural policies has been omitted. Readers interested in that aspect of the report should inquire of the International Trade Centre, referring to report no. ITC/DTC/172, October 1979.

SUMMARY

In 1973 the six founder members of the European Economic Community, the signatories of the Treaty of Rome in 1957, were joined by Denmark, the Irish Republic and the United Kingdom. Intra-regional EEC meat trading was to undergo radical changes, with eventual world-wide repercussions, linked with economic and cyclical factors in the case of beef production. For Denmark, as a net exporter of beef, pigmeat and poultry, wider opportunities opened up again in neighboring markets. For countries like France, the entry of the United Kingdom led to a two-way development in trade, especially fresh/chilled beef carcass meat.

Possibly by 1985 the enlarged Community of nine will have been expanded to twelve, with the addition of Greece, Portugal and Spain. As far as the EEC's Common Agricultural Policy (CAP) is concerned, this expansion will have a number of major implications. The question of fruit, vegetables and wine is already posing problems, while the meat trade, especially beef, sees increased opportunities for exporters in the "Nine". This will be at the possible expense of current international suppliers such as Argentina, forced once again to seek other markets, as in the 1970s when imports of beef into the EEC were suspended.

Denmark and France continue to supply West African coastal countries with a variety of meat and meat products. However, with the possible exception of the Ivory Coast, none is considered as a major market. Interest is centered upon the potential offered by Nigeria, despite the erratic fluctuation and frequent, abrupt, arbitrary curtailment of imports during recent years. A number of Danish exporters also admitted that African sales missions usually omitted countries such as Benin and Togo and more recently Ghana due to their current economic situation.

Peak exports from France to the Ivory Coast of fresh/chilled and frozen meat achieved a level of 6,075 tons in 1975 (of which almost all consisted of frozen beef from intervention), compared with 98 tons in 1968.* By 1977, however, these had fallen again to 1,703 tons. In terms of quantity, canned meat and other meat preparations were the only products to sustain a level of continuity and volume for either Denmark or France. Canned products are better able to sustain the frequently inadequate transportation/distribution facilities encountered, although chilled open-pack products are also shipped. Quantities of canned and other prepared meat from France to the Ivory Coast have ranged annually between 300 and 701 tons during the period 1968-1977. For the same period, Denmark shows a similar pattern

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*Editor's Note: The Eurostat/EEC figures for French exports to Ivory Coast cited in this report are significantly higher than the imports from France recorded by the Ivory Coast and cited in the Staatz report in Volume III. Part of the discrepancy may be explained by partial offloading in ports of call prior to Abidjan, and part may be explained by the consistent underestimation of Ivory Coast meat imports. See Staatz, Appendix A.

to that provided by France. Quantities of fresh/frozen beef to any one market from Denmark have never exceeded 242 tons (1970), exported to Liberia, its major customer also for pigmeat preparations and other processed products.

Although traditional economic ties continue between France and francophone West Africa, enabling it to continue its role as major trading partner with these countries, meat and meat preparations would appear to be low priority commodities in the foreseeable future, with little or no growth expected. Traditional French and Danish exporters may maintain their market share of the fragmented processed meat sector, appealing to the expatriate and higher income groups.

Specialist international meat trading companies are less interested in the West African markets, although the Ivory Coast is expected to continue its links with France. Most of this trade is expected to be in high value cuts of beef and veal, but in relatively small quantities. Bulk supplies are expected to continue from South America, initiated, according to French sources, after 1974 when the EEC invoked its right of safeguarding EEC producers. French importers were then forced to find alternative outlets for third country beef, especially from Argentina.

Despite forecasts that EEC production should be in a surplus situation by 1982, as far as beef is concerned, prices will need to compete with those of producers from the extensive production systems, such as Argentina and Australia. Nor will distribution and transportation costs, plus the small size of the majority of target markets and other considerations, be likely to attract major exports of poultry and pigmeat products. In the case of mutton/lamb, France is expected to continue as a major importer, while Denmark is neither a major producer nor consumer.

In conclusion, the five West African markets, with the exception of the Ivory Coast, are mainly of marginal interest to international meat traders. Supplies of a variety of prepared meat products may be expected from both Denmark and France, but the record of past trading practices suggests that neither national nor EEC policy changes will radically transform the present situation. Obviously, a vast accumulation of surplus stocks of beef, if subsidized sufficiently to make CIF prices competitive, could effect some changes, and further markets will be sought for poultry and pigmeat products. However, escalating prices for fuel, with corresponding rises in freight charges, will make smaller consignments increasingly unattractive unless warranted by high unit value sales.

CHAPTER ONE

TRADE DENMARK/FRANCE TO WEST AFRICAN COASTAL MARKETS: BENIN, GHANA, IVORY COAST, LIBERIA AND TOGO

I. - Major Findings

A most complete statistical documentation of EEC export trade in meat exists from 1968, the year of full implementation of the full Common Beef Regime. Available data suggests an erratic pattern of exports to Ghana and a comparatively insignificant volume of trade with Benin and Togo, especially from Denmark. For the latter, only Liberia has continued to attract any real sales effort, while the Ivory Coast has remained the major West African market for France.

Statistics included below indicate a negative growth rate in exports from the EEC countries for the years 1975-1977, after a period of modest growth between 1968 and 1973. Trade sources in both Denmark and France currently indicate a moderate interest in these markets, which concern mainly canned and prepared meat products. The volume is generally not significant, and some suppliers no longer supply the smaller markets directly.

For reasons discussed below, these markets, especially countries other than the Ivory Coast, are given comparatively low priority, especially by Denmark. Opportunities offered by EEC intra-regional markets, lack of growth, economic instability, fluctuating intervention stock levels, alternative larger volume third country markets and rising freight charges have all militated against continuous trade, as far as many French and Danish suppliers to West Africa are concerned.

Despite EEC's system of export refunds, albeit fluctuating and uncertain, no major conclusions may be drawn from examination of shipments to West African markets, except possibly in the case of peak supplies from France to the Ivory Coast in 1975 and 1976. The only significant trend is to be seen in the supply of prepared/canned meat products although the range is extensive and the volume small compared with total exports from Denmark and France. Both countries have also become major suppliers of poultry, although the volume to these markets is again comparatively insignificant, except in a few isolated years. Otherwise, Denmark has sought markets mainly for its pigmeat products in Liberia, while France has supplied the francophone markets with a variety of products but in comparatively small quantities. Quantities of exported mutton/lamb are small in the case of both countries.

II. - Danish Exports to Benin, Ghana, Ivory Coast, Liberia and Togo, 1968-1977

A. - Overview

Total exports of livestock, meat and meat products have never exceeded the 1971 total of 1,304 tons to the combined markets in one year. With the exception of some live poultry exported to Ghana during the years 1969-1971, no livestock has been exported to these markets. Liberia is the biggest market for Danish products, followed by Ghana, although quantities are by no means large. Since Denmark's accession to the EEC, exports to these markets have decreased overall, despite a low level growth rate since 1973 for a small number of product categories.

Total meat exports from Denmark to the five selected West African countries may be seen in Table 1.1. The years 1969-1971 saw larger quantities being exported to these markets with gradually declining quantities in the following years.

TABLE 1.1

DENMARK: TOTAL EXPORTS MEAT AND MEAT PRODUCTS TO SELECTED WEST AFRICAN MARKETS, 1968-1977
(tons)

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Liberia	683	726	728	743	543	462	383	437	260	305
Ghana	128	217	235	185	50	222	223	69	37	89
Togo	23	38	70	48	27	47	10	5	1	45
Ivory Coast	20	122	42	132	37	41	23	15	11	16
Benin	1	1	78	196	130	2	65	42	50	1
	860	1,104	1,153	1,304	887	774	704	568	359	456

SOURCE: 1968/72 Denmark's Vareindførsel og udførsel.
1973/77 Eurostat.

B. - Analysis of Danish Exports by Product and Destination

1) - Product

Data supplied by the EEC Commision in Brussels (Table 1.2) provide a detailed breakdown of the meat/product categories into which Danish exports to the selected

TABLE 1.2

DENMARK: EXPORTS OF MEAT AND MEAT PRODUCTS TO SELECTED WEST AFRICAN MARKETS, 1968-1977
(tons)

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
BENIN										
Beef) chilled/	-	-	-	2	2	-	-	-	-	-
Mutton) fresh/	-	-	-	-	-	-	-	-	-	-
Pigmeat) frozen	-	-	-	-	-	-	-	-	-	-
Poultry)	-	-	-	-	-	-	-	1	-	-
Pigmeat (dried/salted/smoked)	-	-	-	-	-	-	-	-	-	1
Sausages, etc.	1	1	-	1	1	1	1	-	-	-
Canned/prepared	-	-	78	194	128	1	64	41	50	-
Total	1	1	78	196	130	2	65	42	50	1
GHANA										
Beef) chilled/	26	18	16	24	13	10	3	23	9	3
Mutton) fresh/	1	-	-	-	-	-	1	3	-	-
Pigmeat) frozen	7	1	2	1	-	-	1	-	-	-
Poultry)	28	27	19	24	12	11	5	9	3	58
Pigmeat (dried/salted/smoked)	3	9	46	11	-	40	1	27	-	-
Sausages, etc.	34	44	71	33	11	55	82	4	-	1
Canned/prepared	29	118	81	92	14	106	130	5	25	27
Total	128	217	235	185	50	222	223	69	37	89
IVORY COAST										
Beef) chilled/	1	7	3	1	2	-	-	-	-	-
Mutton) fresh/	-	3	3	4	3	5	3	5	1	-
Pigmeat) frozen	1	1	1	1	1	1	3	3	-	-
Poultry)	4	10	9	7	2	1	-	-	2	3
Pigmeat (dried/salted/smoked)	2	2	1	7	2	2	7	2	1	2
Sausages	9	8	16	14	10	9	6	4	3	5
Canned/prepared	3	91	9	98	17	33	4	1	4	6
Total	20	122	42	132	37	41	23	15	11	16

TABLE 1.2 (Continued)

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
LIBERIA										
Beef) chilled/	217	194	242	222	144	43	75	110	68	92
Mutton) fresh/	2	2	4	2	7	3	4	4	-	1
Pigmeat) frozen	36	46	43	35	86	19	8	7	-	13
Poultry)	66	100	126	82	134	97	110	61	-	6
Pigmeat (dried/salted/smoked)	239	245	155	209	170	168	96	158	118	123
Sausages	38	52	62	68	45	61	25	28	22	23
Canned/prepared	90	87	96	125	57	71	65	69	52	47
Total	688	726	728	743	643	462	383	437	260	305
TOGO										
Beef) chilled/	-	2	3	2	1	-	-	-	-	-
Mutton) fresh/	-	-	-	-	-	-	-	-	-	-
Pigmeat) frozen	-	-	-	-	-	-	-	-	-	-
Poultry)	-	1	1	2	1	2	2	2	-	1
Pigmeat (dried/salted/smoked)	-	1	-	1	-	-	-	-	-	-
Sausages	2	1	3	4	1	3	4	1	-	1
Canned/prepared	21	33	63	39	24	42	4	22	1	43
Total	23	38	70	48	27	47	10	25	1	45

SOURCES: 1968-1972 Denmark's Vareindförsel og udförsel.
1973-1977 Eurostat.

markets fall. Further comments upon these products are to be found below in the analyses of individual West African destinations.

2) - Destination

(a.) - Liberia. Of the five coastal markets, Liberia is the largest for Danish meat exports, reaching a peak of 743 tons in 1971, but falling to less than 50 percent of this quantity by 1977. Combined quantities of fresh, chilled and frozen meat have likewise declined from 300-400 tons per annum (1968-1972) to less than 120 tons in 1977. Only processed meat products have maintained a reasonable level of continuity. These, too, have declined from the pre-1972 peak, exceeding annual quantities of 300 tons, to under 200 tons in 1976 and 1977.

(b.) - Ghana. In terms of volume, Ghana has been the second largest market among the five West African countries during the years 1968-1977. Only in 1974 did it approach the volume exported to Liberia, i.e. 223 tons against 383 tons. Even in its peak year, 1970, however, total exports amounted to only 235 tons, falling to a low of 37 tons in 1976. In view of the current economic situation in Ghana, quantities are not expected to increase in the foreseeable future.

(c.) - Benin, Ivory Coast and Togo. Of these three francophone markets, only the Ivory Coast is seen as a potential growth area, although probably not at the expense of competing French products. Exports of fresh, chilled and frozen meats have been minimal to all three markets and have not exceeded the annual figure of 122 tons of beef, mutton, pigmeat and poultry supplied to the Ivory Coast in 1969.

It has again been in the prepared meat sector that the greatest volume of trading has been apparent, although by 1977 the total volume to these countries from the three categories (dried/salted/smoked pigmeat, sausages, canned and prepared meat) amounted to only 62 tons of product. This compares with a peak of 358 tons in 1971.

C. - Conclusions

Based on import data, trade has shown a steady decline since 1972, the year of Denmark's accession to the EEC. Transhipment to these destinations is also frequently necessary for Danish products, usually via German ports, providing little incentive for the smaller volume refrigerated products.

However, trade in prepared meat products is expected to continue at its present level. These are mainly canned sausages, ham and other beef and pork preparations. They have the advantage of ease of transportation and longer shelf-life, as well as high unit value. Because of the higher prices, frequently increased further by high-import duties, they tend to appeal to expatriate and high-income groups of consumers, but a high growth-rate is not expected. Religious considerations also limit the growth potential of pigmeat-based products in some of these markets.

Denmark will continue to be an insignificant supplier of lamb/mutton, except as an indirect offshoot of other trading activities. With EEC production of poultry, as well as pigmeat, expected to increase, trade sources indicate that some promotional activity is possible in West African markets in the future, especially if the Nigerian market opens up.

III. - French Exports to Benin, Ghana, Ivory Coast, Liberia and Togo, 1968-1977

A. - Overview

With the exception of one experimental cattle shipment and consignments of live poultry from France to the Ivory Coast, there has been no livestock trade with these countries. Export data for the period 1968-1977 show the relatively insignificant level of trade with these West African markets, with the exception of the Ivory Coast and Ghana. The latter country received substantial quantities of canned products in 1974 (597 tons) and 1977 (456 tons).

The Ivory Coast is the major market in the group, with a peak total meat figure of 6,663 tons in 1975, boosted by 6,075 tons of beef (see Table I.3 below). However, the quantity is now declining, having reached only 2,474 tons in 1977. Canned and other prepared meat products have maintained a relatively high level, ranging from 300 tons in 1969 to 701 tons in 1973, and maintaining a level of over 500 tons for 1976-1977.

B. - Analysis of French Exports by Product and Destination

1) - Product

Eurostat statistics supplied by the EEC reveal a similar pattern of exports from France to the West African markets as seen in the preceding section on Denmark. However, Table I.4 also indicates that in the case of France the Ivory Coast is by far the most important West African country, as will be discussed in the individual country analyses below.

Of the peak total beef exports (over 6,000 tons) dispatched to the Ivory Coast in 1975, 5,810 tons were exported in the form of frozen forequarters, 60 tons as carcasses, and 27 tons as hindquarters. Only 86 tons were supplied in the form of boxed boneless beef. A similar pattern was also observed in 1976, with 2,218 tons exported as frozen bone-in forequarters, and 158 tons as frozen hindquarters. Again, only 31 tons comprised frozen boneless beef.

TABLE 1.3

FRANCE: TOTAL EXPORTS MEAT AND MEAT PRODUCTS TO SELECTED WEST AFRICAN MARKETS, 1968-1977
(tons)

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Benin	43	58	54	38	61	71	57	40	42	30
Ghana	2	90	8	26	-	-	597	-	-	456
Ivory Coast[a]	602	581	704	656	923	1,030	1,054	6,663	3,382	2,474
Liberia	29	10	11	38	31	10	11	11	7	17
Togo	36	40	55	54	63	92	71	68	52	113
Total	712	779	832	812	1,078	1,203	1,290	6,781	3,484	3,090

SOURCE: Eurostat/EEC.

[a]See footnote on page 103.

2) - Destination

(a.) - Ivory Coast. The extent of the Ivory Coast's dominant position as a meat importer, vis-a-vis its four neighbors, is clearly demonstrated by the comparison of the relative totals. Only in the two isolated examples of Ghana, in 1974 and 1977, do total annual meat exports to the other markets even surpass 100 tons.

The most continuous trade at a consistent level, averaging over 600 tons per annum between 1968 and 1977, may be seen in the exports of canned/prepared products and sausages. These categories accounted for more than 50 percent of trade in the years 1968-1974. However the high level of beef exports in 1975, 6,075 tons has not been maintained, falling to 2,624 tons and 1,703 tons in the two following years, and only averaging about 100 tons per annum prior to 1975.

Of the other fresh, chilled and frozen meats, only poultry has been exported on a regular basis, averaging about 100 tons per annum from 1968 to 1977 and ranging from 70 tons (1968) to 164 tons (1974). Likewise, small amounts of lamb/mutton have been exported, from 7 tons to 19 tons per annum, while pigmeat has been supplied only between 1972 and 1975, in quantities ranging from 7 tons to 26 tons per annum.

(b.) - Ghana. No exports are recorded for fresh/chilled/frozen meat of any type from France to Ghana. Only processed, mainly canned, meats have been supplied, albeit on a very erratic basis. The only substantial quantities were exported in 1974 and 1977 (597 tons and

TABLE 1.4

FRANCE: EXPORTS OF MEAT AND MEAT PRODUCTS TO SELECTED WEST AFRICAN MARKETS, 1968-1977
(tons)

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
BENIN										
Beef) chilled/	-	4	6	7	7	5	3	3	-	1
Mutton) fresh/	-	-	-	-	-	-	-	-	-	-
Pigmeat) frozen	-	-	-	-	-	-	-	-	-	-
Poultry)	-	-	-	-	-	-	3	-	-	2
Pigmeat (dried/salted/smoked)	-	-	-	-	-	2	1	1	-	-
Sausages, etc.	9	11	6	6	7	7	5	2	-	5
Canned/prepared	34	43	42	25	47	57	45	34	42	22
Total	43	58	54	38	61	71	57	40	42	30
GHANA										
Beef) chilled/	-	-	-	-	-	-	-	-	-	-
Mutton) fresh/	-	-	-	-	-	-	-	-	-	-
Pigmeat) frozen	-	-	-	-	-	-	-	-	-	-
Poultry)	-	-	-	-	-	-	-	-	-	-
Pigmeat (dried/salted/smoked)	-	-	-	-	-	-	-	-	-	-
Sausages, etc.	-	-	-	3	-	-	-	-	-	-
Canned/prepared	2	90	8	23	-	-	597	-	-	456
Total	2	90	8	26	-	-	597	-	-	456
IVORY COAST										
Beef) chilled/	98	106	95	82	94	93	150	6,075	2,624	1,703
Mutton) fresh/	18	7	8	8	8	10	7	5	19	16
Pigmeat) frozen	-	-	-	-	18	17	7	26	-	-
Poultry)	70	77	93	88	97	117	164	116	103	81
Pigmeat (dried/salted/smoked)	9	10	12	14	20	18	20	19	38	32
Sausages, etc.	69	81	72	75	81	74	79	66	77	78
Canned/prepared	338	300	424	389	605	701	627	356	521	564
Total	602	581	704	656	923	1,030	1,054	6,663	3,382	2,474

TABLE 1.4 (Continued)

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
<u>LIBERIA</u>										
Beef) chilled/	-	-	-	-	-	1	1	-	1	1
Mutton) fresh/	-	-	-	-	-	-	-	-	-	-
Pigmeat) frozen	-	-	-	-	-	-	-	-	-	-
Poultry)	-	-	-	-	2	-	-	-	-	-
Pigmeat (dried/salted/smoked)	-	1	1	1	1	1	1	1	-	1
Sausages, etc.	3	1	2	1	3	3	2	2	2	5
Canned/prepared	26	8	8	36	25	5	7	8	4	10
Total	29	10	11	38	31	10	11	11	7	17
<u>TOGO</u>										
Beef) chilled/	4	-	5	5	4	3	3	4	-	6
Mutton) fresh/	-	-	-	-	-	-	-	-	-	-
Pigmeat) frozen	-	-	-	-	-	-	-	-	-	-
Poultry)	-	-	-	-	-	13	4	5	-	7
Pigmeat (dried/salted/smoked)	-	1	-	2	-	2	1	2	-	1
Sausages	10	10	9	11	10	7	7	6	-	6
Canned/prepared	22	29	41	36	49	67	56	51	52	93
Total	36	40	55	54	63	92	71	68	52	113

SOURCE: Eurostat.

456 tons respectively). Trade sources estimate that the bulk of these supplies probably comprised corned beef type products. In the years 1972, 1973, 1975 and 1976, there were no recorded exports to Ghana. According to French sources (Ministère du Budget, Direction Générale des Douanes et Droits Indirects), 1978 exports of meat and edible offals totalled 25 tons. Combined figures for meat/fish preparations, undivided into separate categories, amounted to 1,572 tons.

(c.) - Benin, Liberia and Togo. None of these three countries is a significant importer of French meat, although processed and canned products have been supplied on a regular basis. Quantities of the latter have nevertheless not been substantial, averaging 50-60 tons per annum for Togo, with some growth during the period 1975 to 1977. Benin's pattern of imports is similar to that of Togo, with small (1-7 metric tons) annual supplies by France of beef, and an average of 40-50 tons of processed meat products. In total quantities, Liberia appears to have been the least important French market of the group, although annual supplies of canned and processed product, ranging between 6 tons and 38 tons, are more regular than those for Ghana.

With total annual meat exports failing to reach even 100 tons, with the exception of Togo in 1977 (113 tons), little importance is attached to this segment of the African market by most French suppliers, nor do trade sources expect any substantial change in the low level of trade in the foreseeable future.

IV. - Trading and Distribution: Denmark and France to West African Markets

A. - Overview

Most of the meat export organizations interviewed in the course of visits to Denmark and France admitted that the volume of the market did not warrant major sales visits to these countries. The sales initiative came principally from the importers, especially as far as processed meat products were concerned.

The majority of the importing organizations are concerned with a wide range of commodities, principally to supply the increasing number of supermarkets in West Africa. A number are represented in different West African countries, and employ a central buying agency in one of the EEC countries to co-ordinate their purchases. Organizations such as the French CFAO (Compagnie Française de l'Afrique Occidentale) are represented throughout the area, including some of the anglophone markets. Others, such as the Chellaram chain, are likewise represented throughout West Africa. These maintain a direct link with their buying agents in Europe.

In the case of bulk supplies of frozen meat as in the Ivory Coast, or canned meat products in Ghana, the buying agency is predominantly government controlled or licensed to act on the government's behalf.

Few companies interviewed regarded the markets sufficiently large to warrant the establishment of sole agencies unless requested by government legislation to do so. Indeed, one of the major Danish meat processing establishments did not list a single sole-agency on the African continent.

Concerning tenders for substantial quantities of frozen meat, international exporters rely principally upon information from their national trade organizations such as the "Kødbranchens Foellesrad" in Denmark, ONIBEF (Office National Interprofessionnel du Bétail et des Viandes) in France, Chambers of Commerce, or consular services. However, comparatively few inquiries had arisen in the five selected markets in recent years as far as most trading organizations were concerned.

B. - Freight: Denmark/France

In the absence of a substantial volume of trade, little general information is available concerning regular freight rates for chilled and frozen meat from Denmark and France. In the case of the former, transhipment is often necessary in a German port for onward shipment to West African destinations. As far as France is concerned, there has been a general reluctance to give detailed freight charges on the part of a number of shipping agencies, despite assurances concerning the inquiry. Generalized comments suggest that special, unofficial shipping rates may apply to individual West African coastal markets, depending on volume and continuity of deliveries. Details below are the result of a few positive responses to questionnaires itemizing product and destination. It has also been suggested by shipping agents in both Denmark and France that rising fuel charges and surcharges, in any case, imply that such information has comparatively little value, given the small quantities of meat exports for the sample markets.

1) - Air

Since exports by air from Denmark to the selected West African markets are negligible, and regular air links non-existent, air freight rates refer to France alone. Indications of monthly quantities of meat and current (June 1979) rates, quoted by a major airline company, are as follows, with lower/higher rates depending upon volume and continuity:

Destination		Quantity (p.m.)
Benin	FF 7.65 to 8.40 per kg	2-3 tons
Ghana	FF 9.00 per kg	negligible
Ivory Coast	FF 6.25 per kg	30 tons
Liberia	FF 8.75 to 9.75 per kg	negligible
Togo	FF 8.40 per kg	3 tons

2) - Sea

(a.) - German Ports. Shipments usually involve transhipment in German ports, and the following prices are quoted in Deutschmarks (DM) per weight/measure (ton/cubic meter to the ship's advantage) as of July 1979:

Ordinary stowage (non-perishable/canned)

Ivory Coast
Liberia
DM 266 + 13.5% bunker surcharge + harbor dues DM 3.10

Benin
Togo
Ghana
DM 304 + 13.5% bunker surcharge + harbor dues DM 3.30

(Note: harbor dues payable by consignee)

Reefer cargo

All countries: carcass meat DM 1.20 per kg plus bunker surcharge plus harbor dues; boxed meat DM 621 (weight/measure) plus bunker surcharge plus harbor dues.

(b.) - French Ports. On board Dunkirk/Rouen/Le Havre/Bordeaux to "under tackle" Abidjan/Lomé/Cotonou/Takoradi/Monrovia as of July 1979:

Ordinary stowage

a) Abidjan or Monrovia: FF 469 weight/measure

b) Lomé/Cotonou/Takoradi: FF 561 weight/measure plus bunker surcharge 15.2%

Usual rebate granted: between 25% and 35%.

Reefer cargo

carcass/boxed meat

a) over -15°c = FF 1.174 weight/measure

b) under -15°c = FF 1.401

Plus bunker surcharge: 15.2%

Usual rebate granted: approximately 15%

CHAPTER TWO

FUTURE POLICY: NATIONAL/EEC

I. - Denmark

For Denmark certain trends are to be seen in direction of trade as well as in the pattern of livestock production. Beef production in Denmark has continued to be secondary to that of the dairy sector, and the problems of decreasing profits and increasing EEC surpluses of the latter have made changes inevitable. From OECD forecasts for 1982 (Table 2.1), it may be seen how dairy cow numbers are falling, although beef production is expected to maintain its 1979 level of 237,000 tons. Trade and other sources indicate that cattle numbers could fall even more rapidly, as farmers turn more towards the better returns currently offered by cereal and pigmeat production.

A major deterioration in Italy's economic situation could also have an important effect upon Denmark's policies. Over 55 percent of beef is exported, with better quality younger animals going to its biggest market, Italy. West Germany and the United Kingdom both take a major share of its export surplus of manufacturing grade beef, which continues to be in short supply in the EEC. An alternative market would not be easy to find for its higher quality beef, but even with the new beef export organization, it is doubtful whether the West African markets would become major targets, in view of the quantities involved.

Although Denmark is expected to maintain its high level of pigmeat, processed meat and poultry production, the trend is expected to continue towards Near Eastern and South-east Asian markets for quantities surplus to the requirements for EEC intra-regional trade. Only discriminating increased special rates of refunds for selected West African destinations are expected to have any effect upon current trade patterns. However, the size of the markets, plus other constraints outlined elsewhere, are not expected to change the decreasing interest in this area in the foreseeable future.

II. - France

Indications suggest a continuous fall in quantities of meat and meat products exported to West African markets. Policy changes envisaged, such as the possible implementation of a Common Sheepmeat Regime, are unlikely to affect trade practices with the area concerned, especially as France will remain a net importer of sheepmeat. Traditional levels of trade with the Ivory Coast, Togo and Benin will be maintained, aided by in situ French-based trading organizations and regular freight services by sea and air, often at preferential rates.

TABLE 2.1

DENMARK: CATTLE NUMBERS[a]
(Million head)

	1974	1975	1976	1979	1982
Total cattle	2.96	3.15	3.06	3.04	3.00
Breeding cows of which:	1.20	1.23	1.20	1.16	1.13
Dairy cows	1.15	1.13	1.10	1.06	1.03
Beef cows	0.05	0.10	0.09	0.10	0.10

BEEF AND VEAL
('000 tons-dressed carcass weight)

	1974	1975	1976	1979	1982
Indigenous production					
Beef	241	239	242	237	237
Veal	4	4	4	3	3
Total	245	243	246	240	240
Domestic consumption					
Beef	73	79	81	85	90
Veal	-	-	-	-	-
Total	73	79	81	85	90
Balance	+172	+164	+165	+155	+150

SOURCE: OECD.

[a]As of December of previous year.

Recent events suggest increased economic ties between France and a number of African countries. Obviously, these could extend to agricultural products, with its role as major trading partner for imports and exports being increased still further. However, indications from French fresh/frozen meat trading organizations suggest little major interest in these West African markets, except the Ivory Coast. Spot purchases and sales of substantial quantities are possible but increased trading on a continuous basis is not envisaged, except possibly in high price quality cuts for the tourist trade and expatriate sectors.

As a supplier of specialized French charcuterie and other processed meat products, France is expected to maintain her dominant role. This market is highly fragmented covering a wide variety of products but continues to be of interest to the West African importers.

The size of France's dairy herd is expected to show a decline (Table 2.2), as in Denmark, although this is expected to be off-set by an increase in beef cattle. According to OECD forecasts, indigenous production could rise to 1,950,000 tons by 1982. Despite increased domestic consumption, there could be a surplus of 275,000 tons compared with 225,000 tons in 1979, but one that is still below the peak surplus situation of 1975. Calf slaughter is also expected to decline. Increases in surplus could obviously result in increased export to the Ivory Coast, as happened in 1976, but prices would have to compete with those of African and South American suppliers.

III. - Implications of the Future Accession to the EEC of Greece, Spain and Portugal

Although the level of trade, especially in beef, has continued to increase between the EEC and the three prospective members, formal accession is expected to open up further opportunities for both Denmark and France. As may be noted in Table 2.3, consumption of beef/veal has increased dramatically in these countries between 1960 and 1977, although it is expected to slow down or even stabilize by 1985. However, a deficit situation is expected in each.

Denmark and France are expected to continue their role as net exporters of beef/veal, although the surplus is expected to decline between 1979 and 1985. Greece is estimated to be the largest importer; it already looks to the EEC as a major supplier, especially to France as a supplier of frozen boneless beef. Spain, however, is expected to provide the greatest opportunities for other EEC exporters. It is estimated that some 80 percent of Spain's beef imports (46,000 tons) originated from South America. Greece has also obtained major quantities from South America in the past. Accession to the EEC and CAP restrictions on third country imports could see a repetition, although on a smaller scale, of the search for alternative markets by South American exporters.

TABLE 2.2

FRANCE: CATTLE NUMBERS
(Million head)

January 1st	1974	1975	1976	1979	1982
Total cattle	23.95	24.30	23.64	24.00	24.50
Breeding cows of which:	10.16	10.71	10.23	10.30	10.30
Dairy cows	7.68	7.75	7.55	7.60	7.50
Beef cows	2.48	2.46	2.68	2.70	2.80

BEEF AND VEAL
('000 tons-dressed carcass weight)

	1974	1975	1976	1979	1982
Indigenous production					
Beef	1,518	1,502	1,535	1,450	1,600
Veal	368	366	386	380	350
Total	1,886	1,868	1,921	1,830	1,950
Domestic consumption					
Beef	1,208	1,257	1,281	1,280	1,360
Veal	343	338	350	325	315
Total	1,551	1,595	1,631	1,605	1,675
Balance	+335	+273	+290	+225	+275

SOURCE: OECD.

TABLE 2.3

BEEF AND VEAL CONSUMPTION AND PRODUCTION IN
EEC AND 3 CANDIDATE COUNTRIES

	1960	1972/74	1977	1985[a]
Per capita (kg)				
Greece	4.9	15.5	21.4	18.6
Portugal	5.8	13.2	15.5	13.9
Spain	5.6	11.8	13.4	13.5
EEC of Nine	21.0	24.7	25.2	26.0
Index				
Greece	100	334	386	424
Portugal	100	207	195	271
Spain	100	224	266	288
EEC of Nine	100	127	142	150

SOURCE: FAO, OECD, MLC estimates.

[a]FAO projections.

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PART IV

MARKET OPPORTUNITIES IN THE NEAR EAST AND NORTH AFRICA FOR MEAT FROM SAHELIAN COUNTRIES

Abridged Version of a report by
D.W. Manly
Meat Marketing Adviser
International Trade Centre UNCTAD/GATT
October 1979

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The mission described in this report has been carried out by Mr. David W. Manly, Meat Marketing Advisor, from 1 April to 31 May 1979, as part of an integrated program of technical co-operation, Project No. RAF/15/53 - "Assistance to the Sahelian Countries on Export Marketing of Meat and Meat Products." This project has been financed by the Government of Norway and implemented by the International Trade Centre UNCTAD/GATT (ITC).

This report has not been formally edited by the International Trade Centre UNCTAD/GATT. The survey's findings are the sole responsibility of the author.

The designations employed and the presentation of material in this survey do not imply the expression of any opinion whatsoever on the part of the International Trade Centre UNCTAD/GATT concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitiation of its frontiers or boundaries. Where the designation "country or area" appears in the text and in the headings of lists or tables, it covers countries, territories, cities or areas.

The designations "industrialized", "developed" and "developing", as applied to economies and countries or areas, are used for the sake of brevity and statistical convenience; they do not necessarily express a judgement about the stage reached by a particular country or area in the development process.

MARKET OPPORTUNITIES IN THE NEAR EAST AND NORTH AFRICA

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NOTE ON EXCHANGE RATES AND TERMINOLOGY

Unless otherwise specified, all references to dollars ($) are to United States dollars and all references to tons are to metric tons.

	Currencies (=$1 1978)	
Algeria	Dinar (DA)	3.96
Egypt	Pound (LE)	2.55
Kuwait	Dinar (KD)	3.63
Libya	Dinar (LD)	3.37
Saudi Arabia	Rial (SR)	3.39
United Arab Emirates	Dirham	3.87

SOURCE: International Monetary Fund, International Financial Statistics, July 1979.

Tables

Figures in tables do not necessarily add up due to rounding.

In view of scarcity of accurate up-to-date information from national sources, much of the data has been extracted from annual FAO publications and more recent unpublished FAO statistics. It should be noted, however, that much of this data is based on provisional estimates or forecasts.

A dash (-) indicates that the amount is nil or negligible.

The letters 'n.a.' indicate that data are not available or not separately recorded.

INTRODUCTION

This study of market opportunities in the Near East and North Africa for meat and meat products forms part of the International Trade Centre UNCTAD/GATT program of assistance to the Sahelian countries, and is financed by the Government of Norway. Desk research on the selected markets was conducted in Geneva and Rome, with field visits to Algeria and Egypt. Other countries included in this study were: Iran, Iraq, Kuwait, Libya, Saudi Arabia, and the United Arab Emirates.

The principal objectives of the study have been to examine:

- the supply and demand situation for livestock products;
- tariffs, quotas, health regulations and the impact of sociological factors;
- the import structure;
- distribution and pricing structures.

The general purpose of the study has been to identify potential markets for meat from the Sahel. Major markets in the Near East and in North Africa are reviewed, with information provided upon the market situation, market opportunities, market requirements, and trade practices in these countries.

I. - Summary of Findings and Recommendations

A. - Demand

Quantitatively, the eight markets selected for this survey, combining desk and field research, offer enormous scope for potential suppliers of both beef and mutton. Total imports of meat for 1977 amounted to 398,000 tons, valued at $701 million, and have continued to rise in 1978 and 1979.

Medium and short term it is unlikely that any of the countries will be able to satisfy demand from domestic production, except possibly in the poultry sector in certain countries. Qualitatively, there is a demand and market for African meat, especially lamb/mutton. The majority of the selected markets import meat in a variety of forms: bone-in and boneless, fresh, chilled and frozen, as well as livestock for local slaughter. There is also a more limited market for processed meat products, including corned beef, corned mutton and beef luncheon meat.

The taste and lean qualities of African meat, especially lamb/mutton, are widely appreciated in Near East markets, and it is often able to attract premium prices. There is also still a marked preference for meat from freshly killed animals, although imports of frozen meat continue to increase. Moslem traditions, and their application to ritual slaughter practice, are to be found in most of the Sahelian exporting countries, and this is considered as a major plus factor by the potential importers.

B. - Constraints

The major constraints posed on the establishment of effective trade links with the majority of these markets are:

1) the poor distribution chain between the exporting countries, which are generally land-locked, and the markets under review;

2) rapidly increasing freight charges as a direct consequence of the current energy problem;

3) large-scale international competition and promotional activities of Australasia and South America;

4) the generally poor reputation of African suppliers on the grounds of unreliability in the areas of price, quality control, continuity of delivery and general contractual obligations;

5) increasing demand for international health/hygiene standards as observed by traditional international meat and livestock suppliers;

6) demand for extended credit terms, as offered by many major competitors;

7) the lack of updated market information, promotional organization and trade links with target markets.

C. - Recommendations

Despite obvious market opportunities offered by Iran, Iraq, Kuwait, Saudi Arabia and the United Arab Emirates, the liberal, often fragmented nature of trading operations in most of these countries suggests the possibility of irregular rather than continuous trade. Iran and Iraq, however, are both organized centrally, as far as meat imports are concerned, and they may offer greater facility of communications. However, while approaches may elicit some positive response, the geographical and transportation difficulties, in addition to economic and other factors, outlined in individual country surveys, suggest major obstacles vis-a-vis current competition.

Closer geographical proximity, plus a rapidly growing market, appear to make Egypt a more attractive possibility. However, many of the constraints indicated above also apply to this country. Increasing economic problems, forecast in the wake of recent events in the region, suggest the necessity for even greater emphasis on critical price and credit considerations, unless some form of two-way trade were possible.

The greatest market potential is probably offered by Algeria and Libya, despite occasional breakdowns in communications between possible Sahelian suppliers and these two countries. Both also have government controlled, centralized buying agencies, and certain official and unofficial trade links already exist or have existed, and it is strongly recommended that these be renewed, or extended, to cover further trade in both meat and livestock. Increasing freight/transportation charges make it imperative that the possibility of full utilization of return-loads is explored, although seasonal trade for the religious festivals could be less affected on account of the traditionally higher prices paid during this period.

With the preference for livestock or fresh/chilled meat, priority should be given to trade with neighboring countries, providing that there is some guarantee of competitive prices, quality control and continuity of supplies. Although they are by no means the largest importers from the selected markets, Algeria and Libya appear to offer realistic opportunities, especially for the initiation of regular smaller-scale operations in meat and livestock.*

*Editor's note: Mali made an experimental shipment of chilled beef carcasses to Algeria in 1978 and has a joint operation with Libya to ship beef from Gao to that country. Mali also exports a quantity of live animals to Algeria: 17,200 small ruminants in 1977. See the Delgado report on Mali in Volume III of this study, pp. 356-8, 383.

CHAPTER ONE

MARKET OPPORTUNITIES IN ALGERIA

I. - Supply and Demand

A. - Introduction

Despite its booming economy and expanding reserves from increased oil revenue, Algeria continues to have problems in the agricultural sector. With a population currently in excess of 18 million, and rising at an annual rate of 3.6 percent, it is unlikely that Algeria's meat requirements can be satisfied in the short or medium term from her own resources.

Short-term goals include industrial and agricultural self-sufficiency, but food imports are said to be absorbing 30 percent of oil revenue. It is further estimated that this figure could rise as high as 50 percent, unless more efficient and extensive use is made of available land. Irrigation should embrace some 500,000 hectares by 1980, but higher expenditure will be essential in the agricultural sector if a rapid improvement is to be achieved in the domestic supply situation.

There is an increasing tendency to move from agriculture towards the booming industrial complexes. Production and agricultural development are further complicated by the different systems operating in the country: the public, co-operative and private sectors. Over 90 percent of the national herd is in the hands of private farmers. Most of these have holdings of less than 12 hectares, possessing a few animals for draft and dairy purposes. They employ traditional stock-raising techniques, and it is difficult to foresee government policies being able to make a serious impact in the short term. The Government has, however, succeeded in introducing some controls in the socialist sector, and these have been coupled with import strategies aimed at lowering and stabilising retail meat prices.

B. - Livestock

Cattle numbers have risen from 985,000 in 1968 to an estimated 1,166,000 by 1978. Of this number some 705,000 are cows, and 605,000 comprise local, low-yielding breeds, owned by the traditional sector farmers. Over-grazing and successive years of excessively dry weather are considered to have prevented higher growth rates in the herd, including sheep. The latter are estimated to have grown to almost 11 million head in 1978, and more rapid improvements are expected following the heavy rainfalls of 1978/79.

A deliberate policy of culling goat numbers to protect the overtaxed pasture has now been relaxed, and numbers have now reached their former level of 2.5 million, as may be seen in Table 1.1.

TABLE 1.1

ALGERIA: LIVESTOCK POPULATION, 1968-1978
('000 head)

	1968	1975	1976	1977	1978
Cattle	985	1,002	1,015	1,130	1,166
Buffalo	nil	nil	nil	nil	nil
Sheep	7,534	9,773	9,337	10,299	10,535
Goats	2,515	2,269	2,242	2,422	2,519
Pigs	2	4	4	4	4
Camels	173	155	141	145	147
Chickens	12,600	16,000	16,500	16,900	17,572

SOURCE: FAO Production Yearbooks and unpublished data.

As will be seen below, these numbers are insufficient to satisfy domestic demand. Even the projected increased numbers and carcass weights forecast by the FAO in their meat demand projections for 1985 will still leave a deficit of between 30,000 and 50,000 tons for a population estimated to reach 21.7 million by then.

Cattle numbers are expected to rise to between 1.58 million head and 1.64 million by 1985, although numbers of sheep/goats are not expected to grow so rapidly. Projections for these forecast increases to between 11.85 million head and 13.57 million.

Only poultry production is expected to keep abreast of demand, while other animal products will need to be supplemented by imports. The cost of these will certainly be borne by increasing oil revenue, possibly beyond the end of this century, at least.

C.- Meat Production

A major constraint upon a more rapid increase in domestic red meat production is that animals are frequently slaughtered with insufficient carcass weight, either because they are too young or too old. The state is also only slowly developing a system of feedlots for additional fattening. Resistance is also evident in the socialist sector where there is greater interest in cereals and other crops, for which the return is higher. It has been recognized, however, that there is a need for greater incentives for the livestock producers in the form of higher prices from the state purchasing organizations.

Beef production is to be found mainly in the northern coastal strip. Goats, sheep and camels tend to be found further inland, raised mainly according to the traditional nomadic methods, suited to the arid terrain. They are used, also, to supply the main northern urban areas and the increasing demand for lamb/mutton.

As is illustrated by the figures in Table 1.2, between 1975 and 1978 production has shown only a comparatively slow growth rate, except possibly in the case of poultry. However, French sources (Services Commerciaux en Algérie) suggest a much higher figure than the FAO estimates for domestic production. They have suggested that 400,000 head of cattle were slaughtered in 1978 producing some 40,000 tons of beef; and a further 6 million lambs/sheep (1.8 million for the major religious festival), producing approximately 120,000 tons of meat. However, despite the apparently wide discrepancy between these figures, French sources also confirm the necessity of supplementing home production through imports (15,000 tons of beef, and 1,500 tons of mutton in 1978).

TABLE 1.2

ALGERIA: MEAT PRODUCTION, 1968-1978
('000 tons)

	1968	1975	1976	1977	1978
Total meat	95	126	134	134	137
of which:					
Beef/buffalo	21	28	29	29	29
Mutton/goat	42	55	60	57	58
Pigmeat	n.a.				
Poultry meat	27	36	38	40	42

SOURCE: FAO Production Yearbooks and unpublished data.

D. - Imports

Latest available official figures from Algerian sources are for the year 1977, as is the case for the FAO. However, trade and other sources suggest a 100 percent increase in imports (to 15,000 tons) for beef, and nearly 300 percent (to 1,500 tons) for sheep for 1978. Some of these figures are thought to include imported livestock slaughtered in Algeria. FAO data for the period 1968-1977 (Table 1.3) indicate the extent of the changing pattern of imports.

Although this pattern has been somewhat erratic, the years 1975 to 1977 have seen increases in fresh/chilled/frozen meat, especially beef (from 97 tons to 7,000 tons). During this period there was also an increase in the imports of canned meat, although live cattle imports have decreased from 5,755 head to 4,600, with no recorded imports of live sheep after 1975.

TABLE 1.3

ALGERIA: IMPORTS OF MEAT/LIVESTOCK, 1968-1977
Quantity (Q): tons
Value (V): $'000

	SITC	1968		1973	1974	1975	1976	1977	
		Q	V	Q	Q	Q	Q	Q	V
Total meat: fresh/chilled/frozen	011	1,128	1,162	-	-	97	3,564	7,400	14,860
of which:									
Bovine, fresh	011.1	1,000	1,000	-	-	97	3,207	7,000	14,000
Sheep, fresh	011.2	-	-	-	-	-	357	400	860
Poultry, fresh	011.4	-	-	-	-	-	-	-	-
Canned, n.e.s.	013	556	572	1	466	47	1,243	1,800	2,400
Bovine Cattle (head)	001.1	7,092	3,931	3,203	937	5,755	4,567	4,600	5,500
Sheep/goats (head)	001.2	4,362	103	16,142	18,839	181	-	-	-

SOURCE: FAO Trade Yearbooks and unpublished data.

France has been, and continues to be, a major supplier of meat, meat products and livestock. French sources also reveal a more detailed breakdown of the type of meat imported by Algeria, which is not available from the official Algerian statistics. In the past comparatively little of the meat has been imported in boneless form, since the consumers still prefer meat cut fresh from the carcass. Likewise, a smaller quantity of meat has generally been imported in the past in frozen form for reasons of:

(i) inadequate cold storage facilities;

(ii) dislike by the consumers;

(iii) suspicion about slaughter not being according to Islamic rites.

However, frozen beef has been and is being imported. Price lists for different types/cuts are displayed in Algerian shops, illustrating the lower prices which this frozen commodity attracts. At times, however, only fresh meat appears to be on sale. It is thought that the main consumer for imported frozen beef (and canned) is the Army, although no official figures are available.

Imports from France arrive mainly fresh or chilled in the form of whole sides or compensated quarters, and with an estimated split of 50 percent from category "A" animals and 50 percent category "N" (according to the French classification system) generally from steers of carcass weight 280-320 kg, or from heifers (in summer especially) of 260 to 290 kg, although 1977 figures indicate mainly cows. Algeria also imports lower quality meat, mainly for industrial/institutional catering, where price is generally the main consideration.

It is not surprising that the bulk of the import trade is effected with France, considering the excellent communication facilities which exist, especially between Algiers and Marseilles. The regular shipping service, enabling an effective roll-on/roll-off system of refrigerated trucks to be operated, ensures swift and comparatively cheap transportation with a minimum of handling. In addition some French abattoirs are orientated specifically towards the Algerian market, having an Algerian slaughterer on site to conduct the ritual killing in the approved manner.

It should be noted that imports, rising at their rapid rate, are always subject to close price scrutiny, and liable to high duties if they are considered non-essential. Although detailed data of alternative offers are not generally available, 1976 saw imports of 266 tons of beef from Romania, at a price of 7.10 DA per kg as against 8.00 DA for French product, and Eastern Europe continued to be a major supplier in 1977.

Currently, sheepmeat imports are not very high (although an unrecorded number of live animals are probably being imported from neighboring countries) in spite of consumer preference for this type of meat. Reasons suggested for this include the desire to keep down the total quantity of imported meat, as well as the preference for the taste and lean qualities of indigenous animals.

E. - Exports

Although in the years prior to 1971 there were appreciable quantities of meat exported, especially sheepmeat, only pigmeat has been exported during the years 1974-1976, plus quantities of horsemeat primarily for the French market.

F. - Apparent Consumption

Although data for the period 1968-1977 indicate a continued preference for mutton/lamb, the bulk of which comes from the local flock, official figures for imported meat/livestock are predominantly for beef. Consumption figures for this period, however, include a rapid growth in the availability and demand for poultry, included in the 50 percent increase in total meat consumption between 1968 and 1977:

TABLE 1.4

ALGERIA: APPARENT CONSUMPTION BEEF/MUTTON/POULTRY,[a] 1968-1977
(tons)

	1968	1975	1976	1977
Beef/buffalo	22,000	28,097	32,207	36,000
Mutton/goat	42,000	55,000	60,357	57,400
Poultry	27,000	36,000	38,000	40,000
TOTAL	91,000	119,097	130,554	133,400

SOURCE: FAO Trade and Production Yearbooks and unpublished data.

[a]Excluding edible offals and imported processed products.

Projections for demand in 1985 from the FAO suggest total demand could reach 289,000 tons. This figure comprises 58,000 tons for beef/veal, 108,000 for mutton/lamb and 123,000 for poultry. Self-sufficiency is expected only in poultry production, while there could be a crude gap of 17,000 tons for beef, and 35,000 tons for mutton.

Increased consumption, especially of poultry, is demonstrated more clearly by comparing average annual per capita consumption for 1972-74 with the FAO projections for 1985.

TABLE 1.5

ALGERIA: ANNUAL PER CAPITA MEAT CONSUMPTION

	1972-74	1985 (basic projection)	1985 (assumes faster economic growth)
Beef/veal	1.8 kg	2.1 kg	2.7 kg
Mutton/lamb	3.5 kg	4.0 kg	5.0 kg
Poultry	2.2 kg	4.4 kg	5.6 kg
TOTAL	7.5 kg	10.6 kg	13.3 kg

Although these FAO projections for 1985 show only a modest increase in the level of annual per capita consumption of both mutton and beef (from 3.5 kg per capita to 4-5 kg for mutton, and 1.8 to 2.1-2.7 kg for beef), a recent French survey of beef demand suggests that taste for beef is increasing more rapidly. However, poultry consumption is expected to more than double during this period.

II. - Market Characteristics

A. - Consumer Preferences

There remains a marked preference for all forms of lamb/mutton, although consumption of beef and poultry is increasing, especially in the major urban areas, where eating habits are becoming even more sophisticated, and steak for grilling and frying is offered at prices similar to those for the traditional gigot of lamb, previously more expensive. However, other than the choice beef cuts, lamb/mutton is still generally more in demand, and more expensive than the former. Institutional catering is also having some effect upon consumption patterns and quantitities, since beef and chicken offer cheaper alternatives. One further important consideration is the imbalance of consumption, caused by the traditional Moslem religious festivals, when it is estimated that 25 percent to 30 percent of the annual consumption of many families occurs.

While meat for traditional dishes has tended to be cooked in a similar way, i.e. slow braising, to be incorporated with cereals and vegetables, grilling and frying is becoming more widespread, as can be seen from the number of butchers selling specific cuts for these purposes. Meat is also used for kebabs, butcher-produced sausages, and in the form of mince. In major cities such as Algiers, more modern convenience food such as "take-away" barbecued chicken are also to be found.

Although shops controlled by the Société Nationale des Nouvelles Galéries Algériennes (S.N.N.G.A.) sell imported chilled meat cuts, as well as cuts from the carcass on the hook, at prices often lower than elsewhere, the small private butcher tends to retain his own clientele, and often has greater variety of cuts on display. Mutton is generally cut from the whole carcass on the hook, while beef is cut from the suspended quarter. Excessive fat is usually trimmed off, and offals, head and feet are all offered.

B. - Market Requirements

Quality requirements have been discussed earlier and are dictated by the state-controlled import agencies, but it should be added that increased disposable income could cause a rise in demand for even more specialized beef cuts. With imports completely controlled by state organizations, it is difficult to predict long-term changes in the present procedures.

Standards applied to imported meat and meat products are those generally accepted by the international meat trade, with frozen meat/poultry packed in standard poly-lined cartons, and carcass meat protected by stockinette when delivered in fresh/chilled/frozen form. Specifications contained in individual contracts usually stipulate the age of the steers/heifers and sheep/lambs to be imported, and carcass beef is specified usually along the lines of the basic French categories. A low cover of fat is required for all imports, and yield from carcass meat is subject to rigorous examination in the case of new suppliers.

C. - Pricing

The major aim of the government organization Office National des Aliments du Bétail (O.N.A.B.) has been to stabilize meat prices. This appears to have been achieved to a considerable degree over the last three to four years, although sometimes at the cost of prices acceptable to the producer. The stabilizing role of the organization has been seen in its ability to enter the national market when intervention has been necessary. It can control the flow of animals for slaughter, if necessary, by increasing supplies to the market when private butchers' prices have risen too high. However, an effect of the system has been one of inhibiting the producer, who sees little incentive in stock-raising for the low level of return generally practiced at the present time.

Prices, whether in private or state outlets, are usually prominently displayed, differentiating between local and imported meat. Seldom are both available at the same time, and there are frequently separate price-lists for meat: (i) local; (ii) French; and (iii) frozen meat. Private poultry butchers also tend to display a prix du jour, which often shows some difference from one shop to another. Many items, such as rabbit and duck, are not always available.

Information on mark-up and margins was not available from the private livestock sector, and the majority of animals are purchased privately by livestock merchants directly from the producer, unweighed on a "per animal" basis. They are also bought from the many local livestock markets, where pricing procedure is determined by competition and consumer acceptance at the retail level. It is also theoretically possible for the state-controlled organization O.N.A.B. to negotiate a change in customs duties and quantities of imported meat to bring about a further decrease in prices. Subsidies could also be used more widely, should world prices increase too rapidly.

D. - Retail Prices

The relatively stable situation in price levels may be seen if one compares the average retail prices for 1976, for the area "Grand-Alger", published by the Bulletin trimestriel de statistique, with retail prices displayed in shops in April 1979:

TABLE 1.6

ALGERIA: RETAIL PRICES FOR MEAT IN GRAND-ALGER
(DA per kg)

		1976	1977	1979	Frozen
Beef:	steak	31.7	37.11	30 - 34	28
	rib	24.85	27.12	18 - 22	16
Mutton:	leg	31.18	33.94	30 - 34	26
	shoulder	28.47	33.94	24 - 28	20
Chicken		11.11	10.86	11.5-13	n/a

An increasing number of butchers in Algiers, estimated at over 700, add value by offering some choice cuts at high prices, for example filet and gigot at 40 DA per kg, although elsewhere it might be available at 30 DA. Red offals sell at up to 45 DA per kg, while minced beef may be purchased at 22 DA per kg, ducks at 20 DA and rabbits at 25 to 30 DA per kg. More frequently the differentiation is merely:

(i) choice cuts;

(ii) boneless meat;

(iii) bone-in meat.

Shops controlled by the O.N.A.B. currently display a notice of new prices, dated 17 October 1978, with wholesale prices quoted at 32 DA per kg, followed by a detailed list of cuts/prices:

TABLE 1.7

ALGERIA: RETAIL MEAT PRICES, 1978-1979
(DA per kg)

	Fresh	Frozen
Beef		
Rump	32	28
Sirloin	32	28
Roast	26	24
Braising	26	20
Fillet	[illegible]	36
Rib	22	16
Mince	22	-
Chicken	11.50	-
Mutton		
leg/cutlet	34	26
shoulder	34	25
breast/neck	32	20

SOURCE: O.N.A.B., Algiers.

The proliferation of butcher's shops suggests that margins are at an acceptable level. It is thought, however, that O.N.A.B. wishes to control all aspects of marketing and distribution, from producer to retailer, in an attempt to reduce the role and profits of the "middleman" on the part of the Algerian authorities.

E. - Competition

Import data for recent years show a willingness on the part of Algeria to buy from most supplying countries, in large or small quantities, from the EEC, South America and Eastern Europe, and only rarely from African neighbors, depending upon the most competitive offers. France has had a major part of the import trade in live cattle and fresh/chilled beef, although their market share has fluctuated from year to year. However, through recent negotiations with the EEC for larger quotas of Algerian agricultural produce exports, plus an improving political climate between Algeria and France, even stronger trading links may be forged in the future. Nonetheless, it is expected that trade in beef could be affected by increased demand and decreased production in the EEC during the next two years, when refunds on Third Country trade could be cut or curtailed.

After France, Argentina and Romania were the largest exporters to Algeria in 1977:

TABLE 1.8

ALGERIA: MEAT IMPORTS,[a] 1977
(tons)

	Beef	Mutton
Argentina	2,272	486
France	5,108	-
Hungary	791	78
Romania	2,471	23
United Kingdom	127	1,041

[a] fresh/chilled/frozen

Algeria has also imported much smaller lots of both beef and mutton from countries such as Iceland, Ireland and Spain.

F. - Substitutes

Competition to red meat imports will be from poultry, in the production of which Algeria is expected to be fully self-sufficient by 1985. Increased world prices of red meat could mean an even greater swing to this alternative source of animal protein with its higher feed convertibility factor. Separate figures for rabbit meat consumption, another highly acceptable alternative to the Algerian consumer, are unobtainable sinc figures for poultry generally include rabbits, in both France and Algeria. Other minor consumption areas include camel, mainly in more rural, southern areas, and horse-meat, prized by the French expatriate community and some sections of the Algerian community itself, although neither of these meats can provide any real competition for beef and mutton.

Another major source of competition still to achieve its full potential is that offered by fish from domestic waters. Problems with the national fishing fleet, of over 700 boats, despite new additions, has meant catches have not increased at the level anticipated:

TABLE 1.9

ALGERIA: FISH PRODUCTION

	1972	1973	1974	1975	1976
Production (tons)	28,338	31,205	35,709	37,693	35,122
Value (1000 DA)	48,975	64,795	89,906	104,505	133,289

G. - Promotion

There is little evidence of promotional activity at any level in the Algerian meat trade, mainly because the greatest demand is for locally produced fresh meat. Queues outside controlled-price government stores appear to be sufficiently promotional in themselves. Charts or other forms of advertisement were not generally displayed either in small butchers' shops or stores.

III. - Import Trade Channels

Under the auspices of the Ministry of Agriculture, the Office National des Aliments du Bétail (O.N.A.B.) commenced its meat importing activities in 1975. Its importance has been considerably increased since that time in an effort to control and, in effect, nationalize red meat production and the market chain in Algeria. By 1977 it already provided over 75 percent of the requirements of major industrial concerns, as well as supplying experimental butchers' shops and a number of private butchers, in an attempt to eliminate the wholesale activities of the private sector.

A major role in the activities of O.N.A.B. has been played by the major retail store chain Société Nationale des Nouvelles Galéries Algériennes (S.N.N.G.A.). This organisation also commenced its major meat operation in 1975 in an attempt to bring down rising meat prices. By 1977 it effectively controlled some 80 percent of beef imports into Algeria, supplying some thirty of its 47 shops in Algeria, but also private butchers, and much of the army's requirements.

The system of government controlled imports of livestock and meat/meat products has greatly facilitated the procedures which need to be followed by prospective exporters to Algeria. Initial contact is suggested via O.N.A.B., directly from government or production/manufacturing organisations. Law No. 78-02 (11 February 1978) prohibits the use of agents by exporters, and this law is strictly enforced. Offers in response to tenders are always followed up by the government organisation following samples and yields/specification trials, if the product and price appear sufficiently attractive.

IV. - Distribution

A. - Port Facilities, Storage Facilities and Internal Distribution

Port facilities are constantly being expanded, and despite the occasional bottleneck, food imports generally receive preferential treatment. With attempts to control 50 percent of its imports and exports through utilization of its own expanding fleet of modern ships, Algeria offers a number of alternatives. With major regular links for passengers and freight with France, the latter is especially well placed for the supply of meat in any form. Generally trailers of 15-20 tons capacity are loaded with chilled cargo in Marseilles, and are delivered within 24 hours direct or into the coldstores incorporated into abattoir facilities, mainly in the Algiers area. The cost of this modern RO/RO transportation is approximately 17,000 French francs per trailer (1979). Although not extensive, cold storage is considered generally adequate for the level of imports practiced at the present time, and total capacity is estimated at some 34,000 metric tons.

By no means all of the 250 abatttoirs have such storage facilities, but the potential exists for expansion in many of them. The O.N.A.B./S.N.N.G.A. distributes imported meat to most retail and other outlets, although some co-operative transport is also used. The O.N.A.B. also operates its own butchery teams in the municipal abattoirs.

Private butchers depend upon their own transport, O.N.A.B. distribution, or upon the wholesalers for locally produced supplies. Major consumption areas are situated in the North where there is a good road network linking all major ports, especially Algiers and Oran, and few problems are posed as far as internal distribution to most major consuming areas is concerned.

B. - Communication Facilities With Sahelian Countries

The Sahelian countries already use West African ports for most import/export trade, and although Algeria's shipping is more fully utilised with regular two-way traffic with Europe, there is also the possibility of meat/livestock transportation via the increasingly efficient service offered by the Companie Nationale Algérienne de Navigation (C.N.N.A.N.). This company already has regular links with African ports, where a service similar to that offered, for example, between the Gulf and Australia, incorporating livestock/chilled/frozen meat sea freight, should perhaps not be impossible to imitate.

Air Algérie has also continued to expand in freight and passenger transport, including regular flights across Africa. It is, however, the trans-Saharan highway, with its links as far as Lagos on the West African coast, plus further extensions, which offers the greatest trade opportunities. Road transportation poses certain problems due to the distance and climatic conditions involved. The establishment of regular refrigerated transport is, however, difficult to foresee short-term, unless excellent technical back-up services are also available.

The operation of this route offers real possibilities to major truck links between the two areas, and unofficial sources consider that there is already an active trade in livestock transportation, ensuring cheaper freight by utilising lorries returning from Nigeria, for example, to Algeria. This trade could involve large quantities of livestock, but official data is not currently available to substantiate this. Nor is it known in what condition animals arrive at their destination.

V. - Market Access

A. - Commercial Practices/Import Regulations

New laws forbidding the use of agents and other intermediaries, the necessity of setting up a permanent representation in Algeria, and the need to work within public tenders have dissuaded a number of potential exporters from initiating or renewing trade ties with Algeria. However, successful exporters with thorough knowledge of the market have found conditions strict, but fair. Bilateral trade agreements could ensure that tenders for specific commodities are relayed to respective exporting countries.

Conditions for delivery are contained within the tender document, along with other specifications, but a major obstacle to trade is the irregular nature of imports, especially when an exporter is attempting to ensure regular deliveries. However, Algeria often works on a spot basis. It buys at the most advantageous market price to conserve foreign currency. It is also prepared to buy smaller quantitites from individual suppliers. Likewise, it is interested in the best possible credit terms, which is another reason why France remains a valuable trading partner.

The commercial invoice, certificate of origin and bill of lading (or airway bill) constitute the minimum amount of documentation required by Algerian Customs. The commercial invoice (in duplicate) should contain a detailed description of the goods, any identificiation marks, sizes, metric weights, quantities and prices. Both the factory price and the CIF value should be included, if applicable.

Invoices should preferably be written in French, and prices indicated in original currency and Algerian Dinars. The country of origin should be noted on the invoice and signed by the shipper. Other than for goods for the EEC, all shipments to Algeria must be accompanied by certificates of origin, although this may be incorporated in the commercial invoice.

Health certificates, authenticated by the relevant Ministry of Agriculture authorities of the exporting countries, plus veterinary inspection certificates and a document certifying that meat and meat products are derived only from animals slaughtered according to Islamic rites, are also mandatory. Terms of payment are usually by confirmed letters of credit, and all necessary exchange formalities are undertaken by the state trading organisation. Credit terms required may be as high as 120 to 180 days, if possible.

Algerian imports are all subject to permits or licenses, issued by the Foreign Trade Department of the Ministry of Commerce, and endorsed by the Algerian Central Bank. Items on the contingency list, including foodstuffs and other consumer goods, require separate licenses. However, these procedures are all simplified when the state enterprise is the responsible body for imports such as meat.

B. - Quantitative Restrictions and Customs Duties

As such there are no quantitative restrictions on the import of meat and meat products, but quantities depend upon the requirements of O.N.A.B., and no official quota is published. Imports of meat appear to be about 1,000 tons per month at the present time (mid-1979), and it is estimated that such quantities will continue to be imported, subject to competitive prices and availability.

The Algerian Finance Act of 1973 (together with subsequent amendments which are freguently updated) has simplified the Algerian tariff structure. Now a basic standard tariff (tarif de droit commun) is levied on goods originating in all countries that accord Algeria "most-favored-nation" treatment. The new customs duties consist of seven rates, ranging from zero to 150 percent. Rates on many essential items, especially basic foodstuffs, have been lowered under the new tariff, and the new tariff law also provides for special lower tariffs to be levied for certain countries according similar advantages to Algerian goods. Details of these would need to be investigated by individual exporting countries with the Algerian Customs Authorities.

Latest information suggests an aggregate duty tax rate based on the ad valorem CIF price of 56.25 percent for beef slaughter animals; 25 percent for sheep; 25 percent, plus slaughter tax, for beef, mutton and pigmeat; 22.22 percent for poultry; 183.32 percent for poultry liver; and a number of other meat preparations such as liver sausage being taxed at a rate of 112.5 percent. Although the customs duty is only 25 percent, there is a further duty, taxe unique globale à la production (T.U.G.P.), on fresh, chilled or frozen beef of 25 percent; a special slaughter tax, plus supplement, adds a further 0.50 DA to the delivered cost; finally there is a special veterinary tax (droit de visite).

For example, a recent calculation from French trade sources shows the total effect of this aggregate system given a carcass weight of 300 kg: at 8 DA per kg delivered to Algiers, a price of 2,400 DA becomes 3,900.60 DA.

TABLE 1.10

ALGERIA: AGGREGATE DUTY/TAX SYSTEM APPLIED TO BEEF

Price Carcass	300 kg x 8 DA	=	2,400 DA
Customs Duty	2,400 x 25%	=	600 DA
Tax U.G.P.	(2,400 + 600) x 25%	=	750 DA
Slaughter tax	0.30 DA x 300 kg	=	90 DA
Supp. tax	0.20 DA x 300 kg	=	60 DA
Vet. tax	0.20 DA x 3	=	0.60 DA
	TOTAL		3,900.60 DA

Amendments introducing extra taxes are usually published as a law; for example. Law No. 77-02 of 31 December 1977 is aimed at maintaining price levels.

C. - Veterinary and Health Regulations

Requirements are generally those applied by major traditional exporting countries in an effort to protect the national herd. Officially authenticated certificates are required regarding the health of the animal from ante and post mortem inspection, and stating that the area of origin is free of contagious diseases. It is, however, advisable for individual countries to contact the Algerian Ministry of Agriculture/Animal Health for current regulations vis-a-vis specific regions.

D. - Marking/Labelling Requirements

Detailed specification of imported product is generally contained in the commercial invoices, and special marking of the product is not generally required, although a certificate of Moslem slaughter is essential for all meat and meat products. Labelling requirements, however, ensure that imported foodstuffs must clearly show, in French/Arabic, the origin of the product.

VI. - Market Prospects and Recommendations

With consumer preference predominantly orientated towards fresh meat cut from the carcass, demand is basically for this product, with a ready supply available from the Mediterranean area. However, quantitative considerations might be forced to take second place to qualitative criteria, with increasing disposable income being spent on more and higher quality meat. According to official statistics, comparatively little mutton or sheep are being imported at the present time, nor is the European breed well suited to Algerian taste despite continued imports from the U.K. and Eastern Europe. It is recommended that this area should be investigated by the Saheilan countries, especially for the peak seasonal demand for Ramadan. Even higher freight charges could possibly be borne by the final delivered price at this time, and the possibilities of return-load air-charter freight should be considered.

Demand for beef is expected to continue at its present level of approximately 1,000 tons per month, although long-term prospects are difficult to forecast. The organisation O.N.A.B. still possibly lacks expertise in the field of meat marketing, from grass-roots production to retailing. Imports are used at times as a weapon by which to control internal price fluctuations in a trade still very much in the hands of private producers and wholesale-distribution "middlemen". Greater national inputs, producer incentives and genetic improvements in stock breeding will be necessary if domestic production is to cope with increased demand. All are, of necessity, long-term prospects.

Transportation possibilities are being rapidly improved, especially with the extension of the trans-Sahelian highway. In the short-term, costs and risks could prove too high for regular consignments of meat by means of refrigerated road transport, although possibly less so in the case of livestock if adequate feeding and watering facilities were available. Freight charges, whether by air, road or sea will all pose serious financial obstacles to the initiation of regular, large-scale trade between the two regions. However, possibilities for bilateral trade agreements exist, especially if preferential treatment were to be extended to Sahelian products, enabling the Sahel to compete with current suppliers.

CHAPTER TWO

MARKET OPPORTUNITIES IN EGYPT

I. - Supply and Demand

A. - Introduction

Unlike the majority of countries in the Middle East and Africa, Egypt is fortunate in possessing a well-developed system of agricultural services and institutions, and under the aegis of the Ministry of Agriculture and Agrarian Reform it has the separate Departments of Animal Production and Veterinary Services. These all help to provide a basis for high-yielding intensive agriculture, despite serious environmental inadequacies, while agricultural development programs are further assisted by an educational system well geared to serving them.

With little productive rangeland, shortages of arable land and water, a rapidly expanding population and a delicate balance-of-payments position, it is, however, difficult to foresee rapid growth in productivity. Breeding stock must be raised within the confines of irrigated farm lands. The herd is kept primarily for milk, with red meat production directly linked to small dairy enterprises. It has been estimated that 80 percent of the milk animals are scattered over a million small holdings.

A further factor which seriously limits livestock development potential in Egypt is the chronic shortage of animal feed. With animal numbers estimated to be 20 percent higher than the existing crop area can support, increased feed availability can only be obtained at the expense of food and essential cash crops, which is difficult to justify on economic grounds, despite the necessity of increasing productivity.

Other constraints facing any major increase in home meat production are: the system of land tenure, with farms predominantly small in size; the move away from employment in the agricultural sector; the lack of mechanization, and the subsequent need to utilize animals for draft purposes; and the low genetic potential of the national herd, despite experimental cross-breeding with more exotic breeds, which will take time to evaluate; and also the tendency to slaughter calves too early, at comparatively low weights.

The proposal to establish an Egyptian Beef Industry Board to co-ordinate all the interests and activities in this area, including the setting up of an efficient livestock and meat marketing system, could provide the necessary incentive for the producer. This must, however, be seen in terms of medium to long-term planning, leaving imports to fill what is becoming an ever-widening gap between supply and demand.

B. - Livestock Population

Increases in livestock during the period 1968-1978 have been in the numbers of buffalo and goats, with a marginal rise in cattle (Table 2.1). Buffalo have increased from 1,943,000 head to 2,324,000, while goat numbers have risen from 1,125,000 head to an estimated 1,419,000.

TABLE 2.1

EGYPT: LIVESTOCK POPULATION, 1968-1978
('000 head)

	1968	1975	1976	1977	1978
Cattle	2,058	2,102	2,079	2,048	2,117
Buffalo	1,943	2,204	2,236	2,266	2,324
Sheep	1,935	1,926	1,878	1,821	1,881
Goats	1,125	1,321	1,349	1,375	1,419
Pigs	13	15	15	15	15
Camels	127	105	101	101	101
Chickens	23,930	26,069	26,375	26,680	26,986

SOURCE: FAO Production Yearbooks and unpublished data.

Although combined numbers of the sheep/goat flock are estimated to have increased during the period by 7.8 percent, the sheep population has decreased from 1,935,000 to 1,881,000 head. Numbers of camels have also fallen, from 127,000 head to 101,000 in 1978, but poultry have continued to increase.

C. - Meat Production

With a population estimated to reach 40-42 million in 1980, increasing at an annual rate of up to 2.8 percent or more than 1 million, it is difficult to foresee how Egypt can maintain its present level of domestic meat production in percentage terms, despite a number of development projects for both red meat and poultry production. Latest consumption and production figures were outlined at a symposium held in Alexandria in January 1979, "Workshop in Beef Industry Development in Egypt", organized by the United Nations Development Programme, under the auspices of the Ministry of Agriculture.

This meeting brought together government authorities, national experts and scientists as well as international expertise, to discuss means of developing the beef industry and catering for the needs of a rapidly increasing population, with a low per capita income (estimated at $310 per annum), and an inadequate level of animal protein intake. Ministry of Agriculture data presented at this symposium indicated the following production levels for 1977:

Local production (cattle/ovine/camels)	156,000 tons
Poultry	160,000 tons
Imported meat (cattle/ovine/camels)	69,000 tons

However, from the FAO data presented in Table 2.2, a higher level of domestic production is suggested. Beef/buffalo meat production is estimated to have risen from 221,000 tons in 1968 to 241,000 tons in 1978. The level of production of mutton/goat is much lower, but has risen during the same period by 6,000 tons from 43,000 tons to an estimated 49,000 tons. A higher rate of growth is to be found in the poultry sector, rising from 62,000 tons to 89,000 tons, although these figures appear to be at variance with official government data. The latter suggest 1977 poultry meat production to be almost twice the quantity of 88,000 tons estimated by the FAO.

TABLE 2.2

EGYPT: MEAT PRODUCTION, 1968-1978
('000 tons)

	1968	1975	1976	1977	1978
Total Meat	367	397	401	414	424
Beef/buffalo	221	230	229	235	241
Mutton/goat	43	45	45	47	49
Pigmeat	1	2	2	2	2
Poultry meat	62	78	82	88	89

SOURCE: FAO Production Yearbooks and unpublished data.

As has been indicated in the Joint FAO/World Bank study, "The Outlook for Meat Production and Trade in the Near East and East Africa" (December 1977), estimates of the stock numbers and production can only be regarded as a guide to the assessment of possibilities; due to the absence of certain accurate basic data, their projections, plus the most recent FAO figures, serve as a valuable indicator of production targets. This FAO/World Bank study also contains projections for 1980 and 1985 (Table 2.3), illustrating the comparatively low growth rate for all meats except poultry. These projections may also be compared with the latest FAO meat demand projections for 1985, included in Table 2.4, where details of the magnitude of the estimated deficit are enumerated.

TABLE 2.3

EGYPT: MEAT DEMAND TO 1980 AND 1985
('000 tons)

	Base Year 1970	1975	1980	1985	Average growth rates percent per annum 1970-1985
Red meat					
Buffalo	97.2	105.4	114.3	123.8	1.63
Cattle	93.7	106.1	120.2	136.2	2.52
Sheep	16.9	17.3	17.8	18.4	0.50
Goats	6.9	7.1	7.4	7.6	0.65
Others[a]	16.8	16.4	16.1	15.7	-0.45
Offals	43.7	47.8	52.2	57.0	1.79
Total Carcass Red meat	231.5	252.3	275.8	301.7	1.78
Total Carcass Red meat and offals	275.2	300.1	328.0	358.7	1.78
Poultry meat	76.0	113.0	168.1	250.0	8.26
Total meat	351.2	413.1	496.1	608.7	3.73

SOURCE: FAO/World Bank, "The Outlook for Meat Production and Trade in the Near East and East Africa."

[a]Camels, pigs, rabbits.

In the present inadequate marketing system, trade is conducted from the producer, via outdated abattoirs, to the predominantly private sector retailers. It still tends to be in the hands of small-scale operators. It is difficult for the government to continue its system of a minimum subsidized monthly meat ration per family without the substantial aid of low-priced (and often lower quality) imports. It is estimated that there are some 200 abattoirs in Egypt, with seven major municipal establishments in Cairo, but standards are not generally

TABLE 2.4

EGYPT: MEAT DEMAND PROJECTIONS TO 1985[a]

Population: 47,191,000

	Livestock				Meat			
	Stock ('000)	Take-off %	Slaught. ('000 head)	Carcass weight kg/head	Pro-duction	Crude gap ('000 tons)	Domestic demand	Demand (kg)
(a) Basic 1985								
Beef and veal	5038	36.0	1814	145	263	101	364	7.7
Mutton and lamb	4298	65.0	2794	22	61	-1	60	1.3
Pigmeat					3		3	0.1
Poultry meat					162	8	170	3.6
Total meat					489	108	597	12.6
(b) Supplementary 1985								
Beef and veal	5272	36.0	1898	147	279	158	437	9.3
Mutton and lamb	4281	65.0	2783	22	64	7	71	1.5
Pigmeat					3		3	0.1
Poultry meat					218	11	229	4.8
Total meat					564	176	740	15.7

SOURCE: FAO Commodity Projections reference file.

[a]For the FAO Commodity Projections 1985, two sets of projections have been made to reflect two different sets of possible development over the period to 1985. The basic projections assume that economic growth up to 1985 will be broadly in line with past trends, adjusted to take account of recent developments. The supplementary projections are based on assumptions of faster economic growth.

adequate, especially in areas such as utilization of by-products, and plans to install modern plants are said to be reaching an advanced stage. The poultry industry is better served by a number of joint-venture projects initiated in recent years, and reflected in higher production output.

Experiments are being carried out on the basis of private joint-venture companies to produce processed products such as beefburgers, including the incorporation of soya additives. As yet no locally produced canned meat products are being marketed, despite canning facilities in the fruit and vegetable sectors. However, national annual statistics have suggested some canned meat production in the past.

Although sheep breeding was concentrated on the development of an Egyptian Merino breed type, for both wool and meat, diseases such as blue tongue have handicapped progress. Locally-produced mutton and goat meat is generally available, augmented at times by fresh mutton from imported livestock from Somalia, Sudan and Australia, although price is the major factor inhibiting regular imports from the first two countries.

It should also be noted that there is not an insignificant amount of pork consumed in Egypt, although much more significant are the important reserves of fish in Egypt's waters. These offer a more plentiful and much cheaper protein source, and fish production for 1977 is almost identical in quantity with the figures for red meat and poultry for the same year.

D. - Imports

Rising demand for imported foodstuffs continues to put increasing pressure on Egypt's currency reserves. There has been a most dramatic rise in the imports of beef, from an estimated 1,776 tons in 1968 to 33,735 in 1977 (Table 2.5), valued at $42.44 million. Total imports for beef in 1978 are thought by trade sources to have possibly exceeded 80,000 tons, with demand continuing to rise. Although they have not achieved the same high levels as for beef, imports of live sheep, mutton and poultry have also continued to rise, as may also be observed in Table 2.5.

Major suppliers of beef have been Argentina, Uruguay and Australia, with sales sometimes arranged via European international trading organizations. Recent rises in the world prices have, however, limited the response to the latest tender (April 1979) to a small number of South American suppliers. Bone-in beef has been quoted in small quantities at approximately $1,600 per ton CIF Alexandria, while quotations of boneless beef at $2,500 per ton and higher have been unacceptable. Trade sources have also indicated that some contracts with Egypt have recently not been honored because of the international supply situation and rapidly rising prices.

While beef was expected to remain the major meat commodity to be imported in 1979, some 50,000 tons of poultry could be imported, with the bulk being supplied by the United States under the terms of a recent trade/aid agreement. Other major poultry suppliers have been Denmark, the Netherlands and Romania.

TABLE 2.5

EGYPT: IMPORTS OF MEAT/LIVESTOCK 1968–1977
Quantity (Q): tons
Value(V): $'000

	SITC	1968		1973	1974	1975	1976	1977	
		Q	V	Q	Q	Q	Q	Q	V
Total meat fresh/chilled/frozen	011	1,776	811	11,728	6,319	11,236	35,629	46,347	57,915
of which									
Bovine fresh	011.1	1,776	811	5,933	4,116	7,205	35,575	33,735	42,440
Sheep fresh	011.2	-	-	3,380	1,049	1,005	-	5,990	7,971
Poultry fresh	011.4	-		2,415	1,154	3,026	54	6,622	7,504
Canned n.e.s.	013	1,267	921	1,038	2,175	7,949	10,980	3,557	6,739
Bovine cattle (head)	001.1	-	-	45,250	9,177	-	4	2,500	2,511
Sheep/goats (head)	001.2	-	-	-	13,954	60,529	19,465	n.a.	

SOURCE: FAO Trade Yearbooks and unpublished data.

A trade agreement has also been made with the People's Republic of China for quantities of frozen mutton. Local trade sources quoted 1,000 tons per annum ($700 per ton CIF Alexandria), but also expressed doubts about quality and taste appeal to the Egyptian market.

Mutton has been imported on a less regular basis than beef, and there is insufficient official data available about private sector imports of lambs/sheep from Somalia and Sudan. However, an important joint venture has been initiated on a more regular basis with Australia. Specialized livestock transporters of the Clausen Steamship Company are currently supplying live animals weighing 30-40 kg at rates of $1,300 per ton CIF Alexandria (May 1979).

Imports of frozen meat are not stored for long periods, and it is estimated that only about one month's supply of meat is held in store, which could be substantiated by stock levels held in cold stores visited in Cairo, and by the need for frequent regular tenders. This is doubtlessly also affected by world prices and the foreign exchange situation, taking into account also the need to subsidize sales of imported meat in government-controlled shops.

E. - Apparent Consumption

Although national data for apparent consumption may show some variance from those of the FAO, both sources agree about the rise between 1968 and 1978, as illustrated in Table 2.6 below, with demand for beef/buffalo meat maintaining its dominant position, followed by poultry and mutton/goat.

TABLE 2.6

EGYPT: APPARENT CONSUMPTION BEEF/MUTTON/POULTRY[a], 1968-1977
(tons)

	1968	1975	1976	1977
Beef/buffalo	222,776	237,187	264,574	268,697
Mutton/goat	43,000	45,995	44,966	52,935
Poultry	62,000	81,026	82,045	94,613
Total	327,776	364,208	391,585	416,245

SOURCE: FAO Trade and Production Yearbooks and unpublished data.

a/ Excluding [illegible] offals and imported processed products.

FAO projections for 1985 reveal a similar pattern in demand for the three main types of meat, although with self-sufficiency in mutton production possible by that time, as may be seen in Table 2.4 above.

With an annual average consumption per capita for the period 1972-1974 estimated by the FAO at 10.2 kg, the Ministry of Agriculture figure of 10.1 for 1977 shows little real change, and it is difficult to foresee the meat consumption target for 1980 (31 kg) being achieved. The more cautious figures projected by the FAO for 1985, of 12.6 (basic) to 15.7 kg (supplementary), would appear much more realistic, especially in view of the possibly short-term difficulties presented by recent events in the Middle East and the pressures on foreign exchange availability.

II. - Market Characteristics

A. - Consumer Preferences

While there is a marked preference, especially for the higher income bracket consumer, for locally produced beef/buffalo, followed by mutton cut fresh on the hook, for most consumers the subsidized prices of frozen imported meat obviously outweigh other considerations. Separate data is not available differentiating beef/veal or mutton/lamb, but there is little doubt that there is a general preference for meat from the younger animal, irrespective of the dishes for which it is to be prepared. The majority of complaints about imported meat usually concern toughness and excess fat.

A special delicacy, in the preparation of traditional Egyptian dishes, is the tail fat of the fat-tailed sheep. As a general rule, locally produced animals, both for beef and mutton, are preferred to the imported meat on account of both taste and leanness. Camel meat is consumed mainly in the rural areas, although it is sometimes mixed with other meats (in kebabs or minced products). The only fresh processed meat products available in the butchers' shops are mince and shop-produced sausages.

Frozen retail packets of meat products have little widespread appeal at the present time due to comparatively small freezer ownership, and the limited life of the product. However, other preserved products are constantly being evaluated, especially smoked, and more recently vacuum packed salted/dehydrated beef from Brazil was being investigated by importers with great interest.

Meat is available at both the subsidized government stores (at LE 0.68 per kilo) or private shops (at between LE 1.50 and LE 2.00 per kilo) on only three days per week: Thursday, Friday and Saturday. Chill facilities are available in most shops, although fresh meat is usually displayed on the hook and often cut and defatted on a wooden block in front of the shop. As a substitute on other days, it is possible to purchase imported canned meats, although relatively high prices make these unattractive for the majority. Domestic chickens, eggs and fish are available.

B. - Market Requirements

Although price and credit terms are major factors in determining awards for tenders, especially where major consignments are concerned, specification for quality are explicit and rigorously enforced. Potential suppliers are asked to submit samples before any order is placed, and especial emphasis is placed on (i) the fat/lean ratio, minimum and maximum size and age of cuts/animals; and (ii) the fat and protein content of canned products. Bone-in and boneless beef is supplied in the form of compensated quarters, unless otherwise specified, and packaging for boneless meat should be cartons, poly-lined and strapped, of approximately 60 lbs in weight, with kind of quarter, net weight and date of packing all printed on individual cartons. Requirements for bone-in beef stipulate polythene bags and over-covered by a cotton bag, marked fore-/hind-quarter, net weight and date of slaughter. For all goods, especially canned/preserved, it is now necessary to list contents, manufacturer's name, country and place of origin in Arabic.

C. - Pricing, Mark-Ups, Subsidies

Egypt has made serious attempts to limit profit to 6 percent and hold down prices. In Ministerial Decree No. 119, an attempt has been made to stipulate margins for importers, distibutors and retailers, although it is said that the private sector generally considers the rates unattractive:

(i)	mark-ups for unpackaged products:	30 percent
	importer:	9 percent
	distributor:	6 percent
	retailer:	15 percent
(ii)	packaged food:	20 percent
	importer:	6 percent
	distributor:	4 percent
	retailer:	10 percent

For a major part of the population, government subsidization of a certain range of basic foodstuffs is an essential factor in the Egyptian economy. While chickens and red meat may be bought at a price of LE 0.68 per kilo, with a limit placed on the amount purchased per month by each family registered at an individual government shop, meat may be purchased at the private butcher's for prices ranging from LE 1.0 to LE 2.0 per kilo, depending on cut and whether bone-in or boneless.

It is also possible, subject to availability, to buy further quantities of imported red meat and poultry at the government shops at unsubsidized prices. A family may also substitute chicken for the red-meat ration, to a maximum of two chickens for 2 kg of red meat, a practice sometimes enforced if red meat is in short supply.

D. - Competition

As has been indicated above, Egypt has been prepared to import from all sources, although Australia, Argentina and Uruguay have remained major suppliers for a number of years. However, the substantial list includes the EEC, especially for poultry and processed meat products; Eastern Europe for beef, mutton and canned goods; India/Pakistan; and East Africa, especially meat and livestock from Somalia and the Sudan.

As far as alternative product competition is concerned, local supplies of fish provide the major source for substitution, with consumption estimated at 214,000 tons in 1977. Fish is generally available at far lower prices than meat, which, even at the lower government-subsidized prices, is often beyond the financial means of the poorest sector.

Fresh fish, at prices of LE 0.16 to LE 0.24, is an attractive alternative. However, despite government efforts to change consumer preferences, and a target for fish consumption of 760,000 tons by 1980, this does not provide a suitable substitute for those with the financial means to choose. Frozen fish is being imported from the USSR (20,000 tons per annum) and stocks of frozen fish from North Korea are held in cold storage in Cairo at the present time. Canned fish especially from Japan provides other alternative meat substitutes, as do eggs, mainly home-produced, as well as imported.

E. - Promotion

Although there is little evidence of retail trade promotion for foodstuffs in Egypt, attempts are made by major exporters to interest potential importing agencies and trade representatives. Early in 1979 for example, the Australian Meat Board arranged a reception in Cairo for one hundred representatives of government and the meat trade, at which they featured displays and tastings of Australian beef and lamb. In addition, a large number of charts of Australian meat cuts are prominently displayed in various importers' offices in Cairo.

Other international meat organizations have undertaken similar visits to the Egyptian markets, and it is thought essential for the suppliers to become known to the importers, even if only through representation at the major exhibitions and trade fairs.

Private sector importers are also interested in having samples, price lists, descriptions of cuts, and promotional literature which can be featured in their own permanent display of imported products, to which distributors and retailers are invited.

Another form of promotional activity undertaken at the present time is that of inviting a representative body from Egypt to visit the potential exporter(s) to examine products and facilities *in situ*. At the present time, South East Asia is promoting potential exports in this way, and visits are being made by representatives of key importing sectors.

III. - Import Trade Channels

A. - General

Since Egypt's Open Door Policy was proclaimed in 1974, the public and private sectors have existed alongside one another, and often together. It is estimated, however, that some 90 percent of business conducted in Egypt is operated under the auspices of the public sector, but this is expected to change over the next few years. Major food imports are still generally organized by state-controlled companies, via official invitations to tender, published in the Egyptian newspapers, but the mechanics of submitting a bid may be operated in three ways:

(i) the public sector may submit a bid on its own account;

(ii) a private sector agent may combine with a public sector agent to submit the bid directly to government;

(iii) private sector agent may submit his bid directly to government.

At present, it is probably method (ii) which is more frequently operated, although (iii) is increasing as expertise grows and greater specialization takes place.

Tenders for beef imports appear monthly in the Egyptian newspapers, and despite attempts to stipulate quality, the price factor and credit terms usually decide the success or failure of an individual bid. The world-wide list of suppliers during the last two to three years reveals the willingness of the Egyptian importers to look at all sources.

B. - Agents

All foreign companies/suppliers are required to work through an official Egyptian commercial agent, although most of the major importing companies, in both private and public sectors, act as importers and agents.

Most of these importing companies are interested in a wide range of commodities but a number specialize in foodstuffs, machinery, construction equipment, or have in-house experts dealing in their own field of specialization.

Once samples have been accepted by the importing agencies, potential exporters usually receive details of tenders via telex or cable. Bids, accompanied by a 2 percent returnable bond, usually contain FOB and CIF prices in US$, and as a separate document, details of the agent's commission, usually between 2 percent and 5 percent, which has to be paid in Egypt.

IV. - Distribution

A. - Ports

Alexandria is Egypt's main port, where warehouse and cold storage facilities exist. Free storage for a period of eight days is granted at all ports, although major public sector companies such as Misr Import and Export Company have their own stores, including a 4,000 ton modern cold store, in the port area. At times congestion has necessitated heavy demurrage charges from delay in discharge, but major imports of foodstuffs are seldom subject to this type of problem. Other facilities are to be found at Port Said and Port Suez, although these are not as extensive as those offered by Alexandria.

B. - Storage Facilities

Although facilities still need expansion and modernization, with a number of joint-venture projects already being undertaken, there are few signs that storage facilities are over-stretched at the present time, but, as has been illustrated elsewhere, stock levels are not generally high. However, storage facilities outside the major urban areas are not always adequate, necessitating long journeys in insulated or even open trucks, from store to distribution point, although some refrigerated transport is available. Most major importing companies own their own storage facilities, for which a rental is charged in the case of government supplies.

C. - Internal Distribution

With good road, rail and inland waterway connections along the Nile and throughout the Delta, transportation from port to major consumption area provides few problems. Government supplies are usually held in a centrally situated cold store, and co-operative transport delivers frozen meat to the government-designated shops. Modern cold stores, although still relatively few in number, are well equipped with fork lifts, pallets, loading-bays and weigh-bridges, to ensure good loading and unloading procedures. In the private sector, animals are usually bought by the individual retailer at the local market, transported privately to the abattoir, and likewise to his shop. Imported frozen meat usually arrives in the shop two days before sale, with the thawing process often already begun en route from cold store to shop.

D. - Communication Facilities with Sahelian Countries

Despite the existence of a number of bilateral agreements with Sahelian countries, physical communications are seen as a major obstacle to the initiation of regular trade between Egypt and these countries. Although a small amount of trading does exist, and a number of attempts have been made, including charter flights, no regular links by road, rail, air or sea exist at the present time.

Consignments of meat have been air-freighted into Egypt, but these are generally higher priced cuts for the hotel/tourist trade. The viability of such an operation depends very much upon the price of the raw material, the cost of freight, and the possibility of return loads. In the past, it has been reported that interest has been shown by at least one major international airline in the possibility of airfreighting meat from Niger to Egypt, although no cost data are available. If the tourist boom continues to increase, demand for high quality meat/cuts will rise, although this trade tends to be fragmented as hotels/chains are able to make individual arrangements. Premium prices may continue for products such as the fat-tailed sheep, although continuity of price and supply will be sought before regular trade links can be established.

V. - Market Access

A. - Commercial Practices/Import Regulations

As has been seen elsewhere in this study, the bulk of meat is imported under the auspices of the government-controlled "General Authority for Supply Commodities" on the basis of an official tender. In the case of government tenders, foreign exchange is guaranteed from government sources, while private sector deals sometimes have to finance imports from "own exchange" or currency bought at higher rates and subject to availability. Payment is normally effected through a letter of credit.

A variable tender fee must be paid by the Egyptian agent, while the supplier must lodge a 2 percent "bid bond," or an unconditional provisional guarantee via an acceptable bank. This is usually valid for 15 days, then replaced by a final guarantee of 10 percent of total value, if bid acceptable, valid until 45 days after delivery of final consignment. However, the tender price may still be subject to negotiation in an attempt to secure delivery at the best possible price, and with the most attractive credit terms, on which great emphasis is placed by the tender-awarding committee.

Delivery terms, dates and number of shipments are stipulated in the tender documents, and failure to deliver will be heavily penalized. Both FOB and CIF prices Alexandria, Port Suez or Port Said are usually required. A commission is payable in the case of both public and private sector companies.

Trade documents expected with most imported goods include: certificate of origin, showing name of manufacturer and country of origin of the raw material used, legalized by the Consulate; health certificates in the case of meat and livestock; and a document certifying death according to Islamic rites and fitness for human consumption. Meat products should also bear the declaration that no pigmeat has been incorporated in the manufacture of other meat products. Although commercial documents need not be in any prescribed form, details must include net and gross weights (metric), freight, packing, and all other charges and discounts. The original invoice plus two copies must be certified by the appropriate Egyptian authorities in the exporting country.

Manufactured goods must be labelled in Arabic, or, if this is impossible, details must be marked on the external packaging with name of manufacturer, place and country of origin. Individual products often need further special requirements, details of which can be forwarded by the importer/agent, and certain packing material is forbidden. Specific packaging requirements for meat and meat products follow general internationally accepted standards. Agents tend to seek exclusivity agreements for fixed minimum periods with potential exporters.

B. - Quantitative Restrictions and Customs Duties

At the present time, there are quantitative restrictions on imports, although target import figures for 80,000 tons of beef, 20,000 tons of poultry and 10,000 tons of mutton for 1979 have been quoted by trade sources. The only restrictions are those imposed by the lack of foreign exchange, especially for private sector imports.

Although a number of different taxes are levied on a wide range of goods, livestock, frozen meat and meat products are exempt from levies and duties, other than the present 65 percent duty for canned sausages. However, the duty situation is subject to frequent change, and exporters are expected to consult the current customs tariff list at frequent intervals.

C. - Veterinary and Health Regulations

In order to protect its own livestock, Egypt enforces strict regulations about the importation of animals and meat, a number of which may be seen in the tender documents. For this reason, meat and livestock from India are currently prohibited access to the Egyptian market because of the incidence of foot and mouth and rinderpest. Tenders usually declare that meat should be "free from contagious diseases", and derived from animals from districts "free from foot and mouth diseases and rinderpest for a period not less than 6 months before shipment". Animals should have been vaccinated against foot and mouth disease, not less than 15 days and not more than three months before slaughter, and examined ante- and post-mortem.

D. - Other Requirements

Slaughtering must be undertaken according to Islamic rites, for meat and meat products, and certified to this effect. No preservatives or coloring matter should be used. Quarters should be marked fore- or hindquarter, with net weight and date of slaughtering.

VI. - Market Prospects and Recommendations

Ministry of Agriculture officials believe that there could be an interest in Sahelian meat, both beef and mutton, for its qualities of taste and leanness, although they would wish to examine samples of all types of meat and meat products. Imports were expected to reach at least 80,000 tons for beef and 10,000 tons for mutton in 1979, and are expected to maintain or surpass this level in the foreseeable future.

Demand for meat is expected by the FAO to double in the next 17 to 20 years, and the Government is actively engaged upon a program designed to increase the animal protein intake of the Egyptian population. Some of the increase will come from increased domestic production of poultry, eggs and fish. However, with continued growth in tourism, revenue from oil and the Suez Canal and remittances from Egyptian workers abroad (about which some doubt is now expressed), demand for red meat will continue.

Nevertheless, imports will possibly be subject to greater discrimination in quality with stricter grading procedures employed, especially if the system of subsidization is to continue. Higher quality cuts destined for the hotels and higher-income indigenous population, which at the present time attract little or no premium at retail level, could bear greater price differentials, and help maintain lower prices for the lower paid. Such moves, currently under examination specifically for the beef industry, could offer opportunities for the export of the higher priced beef cuts, mutton and lamb, able to bear the high freight costs from the Sahel region to Egypt.

Exporting countries will need to be in a position to comply with Egypt's requirements on animal health, quality, quantity, packaging, delivery, and credit or compensation trade possibilities. Although tenders are often fulfilled by a number of suppliers at any one time, interest is generally shown in suppliers able to furnish minimum lots of 500 tons, especially for boneless and bone-in beef. Minimum and maximum quantities may be subject to modification, depending upon individual tender requirements and the world market supply and price situations.

Price/credit considerations are critical to the present Egyptian system of minimum subsidized monthly meat quotas for individual families. With production unable to match demand in the foreseeable future, price will probably dictate quality for the bulk of all imports. Samples should be made available to interested Egyptian importers, or visits arranged to the major potential exporters in the Sahel to discuss requirements and facilities in situ in order that discussions might be initiated regarding further trade agreements and the possibilities of two-way trade, both by air and by sea. In the past, interest has been shown in such trade by shipping and airline companies, if the volume, continuity and dependability of movement can be controlled.

It is also suggested that a number of small-scale airfreight trials of high quality beef/mutton could be initiated at an early date to see whether the expansion of such a service could prove cost-effective, subject to initial agreement on price and product acceptability, in principle, by the Egyptian importers. The market potential is already large, and can only increase. Foreign exchange considerations are of paramount importance and the competition offered by South American and Australian beef and mutton, with an assured, specialized delivery service for both livestock and meat, has to be matched, enabling the lack of established trade routes to be overcome.

CHAPTER THREE

LIBYA

I. - Supply and Demand

A. - Introduction

In a vast country, comprising an area of 1.76 million square kilometers, only 2 percent of which are arable, special emphasis is placed on the needs of agriculture. Annually, a substantial part of the national budget is allocated to agricultural development. This aims at reaching a level of food self-sufficiency as soon as possible. Its population is relatively small, although over 3 million, and is increasing at a high rate of 3.7 percent per annum. However, rising revenue, especially from exports of petroleum, have also led to greater consumer spending and demand, and rises in the imports of foodstuffs and livestock.

With a total allocation for agriculture of 4,988 million, out of a total for the Development Plan 1976-80 of $ 31,265 million, the reality of the nation's quest for successful agricultural development is undeniable. However, environmental factors, including the major shortage of water inland, make the expansion of land a costly affair. Attempts have been made to exploit internal areas such as the Kufra Oasis, in southern Libya. Here an ambitious plan to reclaim 10,000 hectares and breed 260,000 head of sheep was initiated some time ago. In general, however, the success of agricultural projects has not been uniform. Eggs and vegetables have continued to be produced at increasingly high growth rates. Meat production has risen from an annual average of 25,300 tons, for the period of 1966-69, to 43,900 tons average for the period 1975-78, but imports have been increasingly necessary to supplement animal protein intake.

B. - Livestock Population

The national herd is increasing, helped by experiments with imported exotic breeds for the dairy herd. Numbers have doubled in the years 1968-1978, as can be seen from the following table. Numbers have increased in all sectors, but most impressively in the poultry industry. Only camels have decreased in numbers, from 232.000 in 1968 to 75,000 in 1978.

C. - Meat Production

Currently, however, the gap remains between consumption and production for both red meat and poultry, the production of which is shared between the public and private sectors, although production increased by 110 percent between 1968 and 1978. Compared with many of its Near East neighbors, the growth in meat production is impressive in all sectors, with

TABLE 3.1

LIBYA: LIVESTOCK POPULATION, 1968-1978
('000 head)

	1968	1975	1976	1977	1978
Cattle	119	189	191	195	200
Buffalo	NIL	-	-	-	-
Sheep	1,667	4,183	4,497	4,600	4,680
Goats	1,336	1,650	1,857	1,950	2,100
Pigs	NIL	-	-	-	-
Camels	232	71	75	75	75
Chickens	1,135	4,638	4,895	5,200	5,500

SOURCE: FAO Production Yearbooks and unpublished data.

mutton/goat jumping from 16,000 tons in 1968 to an estimated 40,000 tons by 1978. Self-sufficiency has already been achieved in egg production and it is hoped to do the same for poultry meat

TABLE 3.2

LIBYA: MEAT PRODUCTION, 1968-1978
('000 tons)

	1968	1975	1976	1977	1978
Total meat	33	55	55	58	60
of which:					
Beef/buffalo	5	8	9	11	11
Mutton/goat	16	38	38	39	40
Pigmeat	-	-	-	-	-
Poultrymeat	2	6	6	6	7

SOURCE: FAO Production Yearbooks and unpublished data.

D. - Imports

With an increasing shortage of red meat, imported livestock and meat must make up the shortfall. Total imports of fresh/chilled/frozen were 3,435 tons in 1968 and reached a peak of 15,342 tons in 1975. There have been correspondingly high increases for imported livestock, as detailed in Table 3.3. Only canned processed meat products have decreased in terms of imports.

TABLE 3.3

LIBYA: IMPORTS OF MEAT/LIVESTOCK, 1968–1977
Quantity (Q): tons
Value (V): $'000

	SITC	1968		1973	1974	1975	1976	1977	
		Q	V	Q	Q	Q	Q	Q	V
Total meat fresh/chilled/frozen	011	3,433	3,596	7,306	7,688	15,342	12,266	12,400	21,600
of which:									
Bovine fresh	011.1	817	857	5,544	6,939	14,022	9,621	11,100	19,000
Sheep fresh	011.2	7,395	5,505	1,033	577	1,320	2,645	10,000	17,000
Poultry fresh	011.4	751	537	728	172	-	-	-	-
Canned n.e.s.	013	1,019	1,178	432	231	6	45	84	130
Bovine cattle (head)	001.1	18,591	3,527	6,360	23,813	37,517	39,100	40,700	17,500
Sheep/goats (head)	001.2	450,705	9,487	950,336	896,361	670,363	747,600	824,900	29,500

SOURCE: FAO Trade Yearbooks and unpublished data and foreign trade statistics, Libya 1973–1976.

Of the most recent statistics available for live sheep, Australia is known to have sold 13,900 head to Libya in 1977 and 12,000 in 1978. It was also to provide a vastly increased number (300,000 lightweight hoggets) as part of a total order for 650,000 sheep/lambs for delivery before the end of July 1979. Australian sources consider this to be a major breakthrough in what had been a relatively small market for them.

With a large expatriate population at present needed for industrial projects in Libya, it is thought that the varied range of imports will continue, with some destined for the institutional market (the army and industrial complexes). The majority of imports will continue to be in the form of live sheep to satisfy both taste and religious requirements.

Recent moves to nationalize many private concerns have also affected food importers and manufacturers, and the results of these developments remain to be seen as far as meat/meat products are concerned. Likewise, political relations with some of Libya's neighbors need to be taken into account.

Latest annual import (1978/79) requirements are estimated by trade sources at:

1 million	-	sheep
160,000	-	cattle
10,000 tons	-	beef
3,000 tons	-	lamb

An apparently low level of trade is conducted with neighboring Tunisia, Algeria and Chad, from whom a small number of camels are imported. It is suggested, however, that unofficial trade with these countries, and also with Sudan, could account for far greater quantities than are officially recorded.

E. - Apparent Consumption

Between 1968 and 1977 apparent consumption more than doubled, rising from 32,163 tons to 66,100 tons of beef, mutton and poultry (Table 3.4). This increase has been evenly spread across the three types of meat, although mutton consumption is far higher than that of the other two, and has risen from 23,395 tons to an estimated 49,000 tons. Fluctuating levels of consumption reflect the quantities permitted as imports.

Latest FAO forecasts for 1985 (Table 3.3) reveal a widening of the crude gap, with continued growth in demand for all types of meat, for a population estimated to reach 3.33 million (and 4.45 million by 1990, according to the Libyan Statistics Office).

By 1988 the crude gap between production and demand could widen to 50,000 tons (basic projection) or 59,000 (supplementary). Of this total quantity, beef could account for between 17,000 and 21,000 tons, and mutton/lamb for between 27,000 and 30,000 tons. Even poultry production is expected by the FAO to fall far short of demand.

TABLE 3.4

LIBYA: APPARENT CONSUMPTION BEEF/MUTTON/POULTRY[a], 1968-1977
(tons)

	1968	1975	1976	1977
Beef/buffalo	5,817	19,147	20,100	11,100
Mutton/goat	23,395	55,214	48,000	49,000
Poultry	2,751	6,000	6,000	6,000
Total	32,163	80,361	74,100	66,100

SOURCE: FAO Trade and Production Yearbooks and unpublished data.

[a]Excluding imported edible offals and processed products.

TABLE 3.5

LIBYA: MEAT DEMAND PROJECTIONS, 1985
(Population: 3,339,000)

	Production ('000 tons)	Crude Gap	Domestic Consumption	Per Capita Demand (kg)
(a) Basic				
Beef/veal	4	17	21	6.2
Mutton/lamb	23	27	50	15.0
Poultry	2	7	9	2.6
Total	29	51	80	23.8
(b) Supplementary				
Beef/veal	4	21	25	7.5
Mutton/lamb	27	30	57	17.3
Poultry	3	8	11	3.1
Total	34	59	93	27.7

SOURCE: FAO Commodity Projections reference file.

II. - Market Characteristics

Small, younger, leaner sheep are preferred by most Libyans, for cooking in traditional national dishes. The addition to the diet of more poultry and beef, while influenced by a large recruited expatriate labor force, is also the product of higher national income and a desire for variety. Camel remains the third-choice meat in most major urban areas, except Tripoli, where it appears to be preferable to beef, after lamb/mutton. It should be noted that consumption of rabbit is increasing, although the level is still low. The major competitor to the consumption of red meat is poultry/eggs. Self-sufficiency has been achieved in the latter, and domestic production is expected to grow rapidly in the broiler industry.

Until recently there has been little promotional activity at any level, and the present level of imports of frozen meat suggests that promotion will not be seen at retail level in Libya in the short-term. No encouragement is needed for the purchase of meat, and the Australians, despite the latest order for livestock, have been less active than in other neighboring areas, at least in the frozen meat sector.

In the past major suppliers of sheep have been Romania, with up to 50 percent of the livestock trade, and Bulgaria with 30 percent, while 60 percent of the lamb trade has been supplied by Ireland and Scotland. Recently, promotional activity suggests that a major part of the lamb/sheep trade is being taken over by Australasia, although South America remains a potential supplier of frozen beef and mutton, when in demand.

Total annual meat consumption is in the order of 60,000 tons. With annual average consumption possibly having reached 27 kg per capita, there is an attractive market for neighboring exporting countries. This is further enhanced by Libyan projections aiming at consumption figures of 85,000 tons by 1980, and 103,000 tons by 1985.

Demand is for steers/beef from animals of up to 2 years of age, liveweight 400-600 kg; sheep up to 12 months from Eastern Europe of 27 kg liveweight and up to 36 months and 40 kg liveweight from Australasia and South America; beef usually as bone-in quarters, sometimes compensated fores and hinds; and lamb to 15 kg per carcass with low fat cover.

Average 1978 prices:

Live sheep	$1,200 - 1,400	per ton CIF
Live cattle	$1,200 - 1,300	per ton CIF
Chilled sheep meat	$3,000	per ton CIF Tripoli airport
Chilled beef	$2,200	per ton CIF Tripoli airport

Local prices for early 1979, including subsidy, were:

Wholesale:	Lamb	LD	0.65/kg
	Beef	LD	0.47/kg
Retail:	Lamb	LD	0.75/kg
	Beef	LD	0.75/kg

III. - Import Trade Channels

Goods imported into Libya fall under two major category headings; those requiring a specific/individual license, and those requiring an open general license. A number of food products are subject to individual import licenses, but others, including livestock, are controlled by a government monopoly, requiring ministerial approval from the Ministry of Agriculture and Agrarian Reform, prior to import. The Ministry then undertakes all the necessary arrangements for delivery and distribution. All imports of livestock and meat are undertaken by the Livestock and Meat National Company (LMNC) which is also responsible for the distribution of meat via its own refrigerated transport, although locally produced meat is generally collected from the slaughter-houses by butchers themselves. Meat is also distributed via major distribution centers, of which there are 8 in the Tripoli region and 6 in Benghazi. The total number of butchers is estimated at 3,000, mostly running small shops, although an increasing amount of meat trading is carried out by co-operatives, it being the plan of the government eventually to control production, distribution and sale of all meat through the Livestock and Meat National Company.

Port facilities are good and numerous in Libya, and include Tripoli, Benghazi, Derna, Tobruk, plus others. Tripoli, especially, has been considerably modernized and enlarged, and new ports, mainly for the petroleum industry, are also under construction. Libya is also served by two excellent airports at Tripoli and Benghazi, while roads and rail continue to be extended. A major road link runs along the coast, from the Tunisian to the Egyptian border, thus linking all the main urban areas. There is also a major route from Sebha in the interior to the main coastal road. Railway links are much more limited, but a number of new developments, improvements and extensions are planned. Storage facilities are still in short supply, which is another factor limiting imports of chilled/frozen meat and favoring the import of livestock. However, cold storage facilities are are adequate for present levels of imports.

With its southern borders shared with Niger and Chad, with whom a number of commercial links have been discussed and initiated in the past, communications are obviously easier than with a number of other supplying countries. Freight charges by whatever means of transport will pose problems, especially when competing with the facilities offered by the specialized transport ships used to deliver meat/livestock from other suppliers.

IV. - Market Access

Government import licenses are valid for 3 months for goods from neighboring countries, and 6 months from other countries of origin. Licensing policy is established by an Import and Export Council, under the auspices of the Ministry of the Economy, and licenses are issued by the controller of Trade and Supplies.

Duties are levied on most goods, ad valorem on the CIF price, but certain goods are exempt, as decided by the Ministry of Treasury. Currently there are no duties for fresh/frozen meat or livestock imports.

Goods must be accompanied by a bill of lading, certificate of origin, and a health and veterinary certificate, where appropriate. All documents must also be legalized by the consular section of the Embassy of the Libyan Arab Republic, and also authenticated by the official relevant department of the government of the country of origin. The certificate of origin needs authentication at a series of levels, including the exporter's notary public and an acceptable Chamber of Commerce.

Procedures on health certificates are strictly enforced, and must be closely investigated before export of livestock, meat or meat products is undertaken. Meat/meat products also require a certificate attesting that slaughter has been carried out according to Islamic religious tradition. Documents should all state the official designation of the country in full: "The Socialist People's Libyan Arab Jamahiriya". The marking of goods and cases is not subject to any special regulations. It should also be noted that a 10 percent guarantee/ performance bond is usually demanded by the importer.

Details of all activities concerning the import of livestock and meat should be addressed to the Livestock Meat National Company, who add potential exporters to their current list of suppliers, to whom tender details are relayed, including programmed delivery schedules and other specifications.

Offers should be quoted CIF in US dollars, on an irrevocable letter of credit basis, and preference is given to suppliers such as those from Eastern Europe who are able to offer fixed priced contracts for periods up to 6 months or a year. Such negotiations are also helped by the fact that Libya has a permanent office in Bucharest.

V. - Market Prospects and Recommendations

At a level of up to 12,000 tons, the market for fresh/chilled/frozen meat is not large in comparison with other Middle East countries, but with a growing population and income, demand for red meat is expected to increase, and will not be matched by domestic production. However, it is expected that additional supplies will be imported in the form of livestock, as substantiated by the recent requirement for 6[illegible],000 live sheep.

It is in live sheep/lamb, or chilled carcass lamb/mutton, that there is an interesting market for the Sahelian countries, especially as they are geographically so close. It is recommended that an early approach should be made to the Ministry of Agriculture and Argrarian Reform to ascertain their future import plans and discuss the establishment of mutual trade between the countries of the Sahel and Libya. It is considered that the quality will be interesting, if delivery can be assured at competitive prices. Countries such as Sudan, with whom Libya has a bilateral agreement, are obviously even better placed to exploit this market. However, while imports of cattle/beef are being subsidized by government to the order of 30 percent and sheep/meat by 25 percent, price considerations are a decisive factor, even taking into account an average per capita income of LD 11,910 per annum.

CHAPTER FOUR

OTHER POTENTIAL MARKETS

I. - Kuwait

A. - Supply and Demand

Kuwait's population of over one million is expected to increase to 1.3 million by 1980 and 1.7 million by 1985. Although small, Kuwait is immensely wealthy, thanks to its massive oil revenues. It has been producing oil longer than any of its oil-producing neighbors, and its reserves are forecast to last longer than most other producers. Despite its wealth, however, Kuwait will not be able to satisfy rising meat demand from domestic sources in the foreseeable future. It has, therefore, become a major target market for the international meat exporters.

Its interest for exporters is not limited to its own end-users. It has become a major center for the entrepot trade, supplying its neighbors with a vast range of commodities, including meat and livestock. Excellent discharge facilities, plus the well-equipped ships of the Livestock Transport and Trading Company, have enabled Kuwait to become a major force in meat/livestock trading in the Gulf area.

Due to the high level of re-export trade and increasing imports in the form of livestock, especially sheep, it is difficult to give an accurate estimate of annual consumption. Figures for mutton, based upon domestic production and imports of fresh/chilled/frozen meat, suggest a decline in consumption between 1975 and 1977 (from 25,977 to 19,640 tons), but Table 4.1 reveals a marked increase in live sheep and goat imports. Consumption of beef, although less popular than the other meats, is estimated to have trebled during the period 1968-1977.

The origin of imported livestock/meat has radically changed in recent years. While the bulk was originally supplied by Iraq, Iran, Syria, Turkey, these are now being replaced by more distant suppliers, notably Australia, whose aggressively professional activities regularly promote carcass beef and lamb, boneless meat cuts and canned products. An already impressive list of exports to Kuwait in 8 months ended February 1979 shows Australia as having supplied nearly 9,000 tons of meat and meat products, including 5,681 tons of mutton/lamb and 2,948 tons of beef.

By 1977 specially fitted ships, owned by Kuwait Livestock Transport and Trading Company, were importing the greater part of live sheep imports from Australia. They also began supplying the other Gulf areas in addition to their own requirements. Some of these ships also import chilled and frozen meat from Australia, enabling large quantities of meat and livestock to be imported at one time.

TABLE 4.1

KUWAIT: IMPORTS OF MEAT/LIVESTOCK, 1968/1977
Quantity (Q): Metric tons
Value (V): $'000

	SITC	1968		1973	1974	1975	1976	1977	
		Q	V	Q	Q	Q	Q	Q	V
Total meat fresh/chilled/frozen	011	12,953	8,827	15,726	20,434	28,922	43,000	49,000	65,000
of which:									
Bovine fresh	011.1	-	-	-	-	-	3,000	4,000	8,000
Sheep fresh	011.2	7,395	5,989	7,871	9,192	17,214	10,000	10,000	17,000
Poultry fresh	011.4	5,558	3,322	7,855	11,242	11,708	30,000	35,000	40,000
Canned n.e.s.	013	573	492	697	826	806	870	930	1,500
Bovine cattle (head)	001.1	8,140	952	27,225	27,000	15,000	15,000	15,000	3,700
Sheep/goats (head)[a]	001.2	353,874	7,617	359,071	373,997	409,895	635,926	642,700	25,200

SOURCE: FAO Trade Yearbooks and unpublished data.

[a](Editor's Note) These figures may be compared with the data on page 132 of the report on Australia in Volume IV of this study. Different reporting periods make comparison difficult, but it clearly emerges that in recent years Australia has supplied virtually all of the live sheep imports of Kuwait. In the 12 months ending in June 1977 and 1978, for example, Australian statistics show exports of 718,000 and 992,000 head of sheep to Kuwait, respectively.

B. - Market Characteristics

Mutton/lamb is still the favorite meat for the local population, with much of the beef and processed product eaten by the expatriate population. Consumers in the higher income strata are turning increasingly towards choice beef cuts, especially steak meat, for variety in their increasingly meat-oriented diet. Meat is still preferred from freshly slaughtered animals, wherever possible, although imported cattle have been replaced increasingly by frozen or chilled beef. Demand for poultry continues to rise, with imports of frozen products from all major international suppliers, with preference for birds up to 1 kg in weight. Major efforts will be needed to dislodge Australia from its present position as the major supplier, with strong promotional activity in the market. Visits to trade fairs, displays, literature on cuts and recipes in Arabic, plus invitations to potential importers to visit Australian plants, have all proved invaluable to increasing trade.

C. - Import Trade Channels and Market Access

A free system of imports is currently operated in Kuwait, with most trading carried out by semi-government and private trading organizations. They often own refrigerated transport and cold storage facilities, able to support their own outlets, as well as supplying other retail and institutional organizations with meat and other foodstuffs. Foodstuffs are also sold direct from the wholesaler's storage facilities. The port facilities are adequately equipped to cope with all types of freight, although bottlenecks do still occur at times. They include quarantine facilities for livestock, while air-freighted consignments of fresh/chilled meat are collected by the wholesaler with refrigerated transport to be taken to the coldstore for onward distribution or sale.

It should be noted that the Kuwait Government applies stringent regulations concerning the distribution and sale of frozen meat, as well as the prohibition of the sale of thawed out meat, and the re-freezing of meat.

In addition, all foodstuffs are subject, on arrival, to a strict laboratory examination to ascertain whether they meet the "suitable for human consumption" criteria, undertaken by the Municipality Health Section. Failure to meet these standards means that the products must either be destroyed or re-exported. All products must also be accompanied by a certificate confirming that all meat or meat products are derived from animals slaughtered according to Muslim religious rites.

Exclusivity is not generally practiced in Kuwait, mainly because of the comparatively low quantity of any one product-range imported by individual importers. There are some government tenders, for which only local organizations may bid, which involve larger quantitites and regular delivery. Payment is usually made on the basis of an irrevocable letter of credit, usually 30-90 days, or cash against documents, and there are no duties levied on foodstuffs at the present time.

D. - Market Prospects and Recommendations

There are no established regular trade communications between Kuwait and the Sahel countries, and air freight would appear the most direct possibility, whilst bearing in mind increasing freight charges and the need to offer competitive prices where subsidies are being applied. However, it would be worth contacting the Kuwait National Maritime Organization to see whether they are interested in such trade.

Initial contact concerning meat imports should probably be via the major semi-government organization, the Livestock, Trading and Transport Company, although other companies supply other retailers, including specialist butchers, supermarkets and market stalls, and some form part of co-operative concerns.

Like the majority of its neighbors in the Middle East, Kuwait is expected to continue, and increase, its demand for red meat for the foreseeable future, with few signs of achieving self-sufficiency in this production sector, despite strong governmental pressure and aid to improve facilities. At present, health regulations allow animals and meat from most areas to enter, but pressure is being exerted upon the Government to enforce stricter animal health standards to protect the national herd. Any significant move in this direction, especially if applied equally to meat, could post extra problems to potential African suppliers.

However, the major considerations remain, as for much of the region, those of ease of access and cost of transportation, whether by air or sea and the potential ability to deliver on time, to specification, and at prices competitive with those of present suppliers, especially Australia. Despite these problems, however, the possibility remains that Kuwait might need to find in 1980 a total of 52,000 tons of meat, in combined domestic production and imports, 68,000 tons per annum by 1985 and 140,000 tons by the year 2000.

II. - Saudi Arabia

A. - Supply and Demand

During the period 1968-1977 consumption of all types of meat has greatly increased in Saudi Arabia, from a total of 44,499 tons to 142,000 tons. Poultry consumption has increased at the most dramatic rate, from 11,122 tons to an estimated 87,000 tons. Beef consumption has more than doubled during the same period, from 7,000 tons to 17,000 tons, and that of mutton/goat has risen from 26,377 tons to 38,000 tons.

Per capita consumption figures illustrate the impressive growth rate from the FAO base period (1972-74) to the projections for 1985:

TABLE 4.2

SAUDI ARABIA: ANNUAL PER CAPITA MEAT CONSUMPTION

	1972-74	1985 (basic)	1985 (supplementary)
Beef/Veal	2.4 kg	4.5 kg	6.4 kg
Mutton/lamb	4.8 kg	7.8 kg	9.0 kg
Poultry	4.1 kg	15.5 kg	18.3 kg

Rapidly increasing revenue has enabled the Saudis to finance the phenomenal growth in imports, and even with current forecasts of a levelling-off in economic growth, demand is expected to grow, satisfied only by increased imports of meat and livestock. By 1977 the quantity of meat imported was estimated at 82,531 tons, valued at more than $110 million compared with only 5,920 tons ($4.26 million) in 1968.

Total meat demand is forecast to reach between 223,000 tons (basic) and 273,000 tons (supplementary), according to the latest FAO projections for 1985. At these levels the crude gap between total meat production and demand is estimated at between 152,000 and 190,000 tons. Despite increased domestic production, poultry is still expected to account for the major part of imported meat (between 76,000 and 90,000 tons), followed by mutton/lamb (49,000 to 58,000 tons), and beef/veal (27,000 to 42,000 tons).

Livestock is now imported increasingly from a variety of sources, but especially from amount of frozen meat is also being imported, especially from Australia, but also in smaller quantities from many other countries, often via Kuwait which frequently appears as Saudi Arabia's major supplier. By December 1978 Australia estimated exports of beef/veal for the year to Saudi Arabia at 7,798 tons, mutton 4,050 tons, lamb 845 tons and offals at 1,246 tons amounting to a total of 13,962 tons. This figure was almost exceeded just in the eight-month period ended February 1979.

B. - Market Characteristics

Quality requirements are traditionally for lean, young sheep/goats, although there is a market for other qualities of mutton/goat meat. Preference is expressed for locally produced meat, or that derived from African animals. It is said that these have a more acceptable taste and are less fat than those from Australia and New Zealand. Unavailability of local and African stock has, however, led to an increased dependence upon sheep/mutton from Australia and Eastern Europe.

Beef is important within a wide variety of cuts and quality, depending upon price and end-use. Demand for beef comes both from the local consumer and the large expatriate/institutional sector, but with increasing attention paid to quality and organoleptic qualities of meat/products. A major share of the beef trade is controlled by the Australians. They provide extensive price lists, detailing available cuts and giving instructions, in Arabic, on the best method of cooking/serving, and they provide the major promotional activity in the meat field.

While the Government has attempted to maintain a price ceiling, through variable subsidies, prices fluctuate greatly during the year, and especially for lamb/mutton during the Hadj. Premium prices are paid for Sudanese sheep when available.

C. - Import Trade Channels and Market Access

It is now estimated that the country is handling 2 million imported live animals, and 100,000 tons of frozen produce annually, to feed a population of some eight million, plus pilgrims and expatriates. For this volume of trade it has proved essential to extend facilities.

Special livestock carrier berths are now available at Jeddah, through which 85 percent of the livestock trade is conducted; 60 percent of the red meat trade is conducted via the other major port, Dammam. Like a number of other Near East markets, the import trade is in the hands of a large number of often non-specialist importers, making the task of the potential exporters more difficult. It is estimated that the livestock trade is in the hands of some 60 organizations, although meat imports appear to be dominated by two major groups: Abbar and Zaini (40 percent), and Sharbatly (25 percent). These organizations have their own modern coldstores, as well as refrigerated transport. Some animals/meat are transported by air, especially higher-priced cuts, or produce required for the Hadj trade.

At present there are no regular, established communications with the Sahel, and the fears expressed by importers about the unreliable nature of trade with traditional East African suppliers must be considered carefully within the context of this potentially vast market.

Trade is usually conducted via the licenced meat importers, on a confirmed letter of credit or cash against document basis. There are at present no taxes or duties to be paid on fresh or frozen bone-in meat. Meat preparations and cuts/boneless meat may attract a 3 percent duty based on CIF value, although the whole system of duties/subsidies could be changed in the future.

Health certificates pose no serious problems; they concern the ante/post mortem declaration that the animal was healthy and free from disease, although more stringent protective measures could be taken in the future in order to safeguard the national herd. In addition, there must be a certificate declaring that the meat is derived from animals slaughtered according to the Islamic rites, and frozen meat should arrive at specified temperatures, having been frozen according to specifications.

D. - Market Prospects and Recommendations

With the 8 million population increasing at a rate of 2.5 percent per annum, and oil revenue at its present level, even with a certain levelling off in the economy, the market for livestock, meat and meat products remains attractive for the competitive exporters able to guarantee quality and delivery. Livestock is a less attractive market for the Sahel, both from the point of view of delivery, unless in the form of choice lamb for the Hadj, as well as the need to deal with a fragmented market.

However, the channels for frozen meat, air-freighted, if it can bear the cost, are facilitated by the major market share enjoyed by two or three importers. These possess cold-storage and refrigerated transport chains. The market is subject to seasonal fluctuations, as elsewhere in the region. It is sensitive to price, especially where a ceiling retail price is operated, as in the case of mutton.

The market is so diversified that there is a need to supply a very wide choice spectrum. Consumers are often able, and willing, to pay premium prices, especially for special quality and taste. It calls for closer examination to see whether there is a product, or product range, which might be exported on a trial basis. Price must be competitive with those offered by other competing countries and international meat trading organizations.

III. - United Arab Emirates

A. - Supply and Demand

The United Arab Emirates (UAE) now have a combined population currently estimated to have reached nearly one million inhabitants, and high oil revenue. An interesting although not large market is offered by the local and expatriate population, centered mainly on Abu Dhabi (population 236,000) and Dubai (207,000). Despite the development of the poultry industry and some attempts to improve the livestock situation, rising demand for meat especially beef and sheep meat will not be met by domestic production.

FAO estimates for imports of meat and livestock for 1975-1977 show the rapid increase in this sector. With signs of a slackening in the economic boom, quantitities, while remaining at a substantial level, were expected to show signs of levelling off in 1979. Sheepmeat imports rose dramatically from 800 tons in 1973 to 8,000 tons in 1977, and poultry from 3,384 tons to 38,200 tons during the same period, reflecting the increases both in resident population and in consumption. Beef imports have increased at a slower rate although unofficial trade figures for 1978/79 indicate more rapid increases. Imports of live sheep, at 50,000 head for 1976 and 1977 are thought to be increasing, thanks to the improved specialized transportation and discharge facilities now available in the Gulf.

B. - Market Characteristics

Meat is available in the form of the most sophisticated and highly priced cuts, packed for retail distribution via the supermarkets frequented by expatriates and high income level consumers. Boxed frozen boneless meat is also imported for the butchery and institutional outlets. Major suppliers of beef are Australia and Romania, while live cattle often arrive via Kuwait and Qatar. Live sheep are also mainly imported from Australia and Romania, despite a certian preference for the leaner animals from countries such as Somalia and Sudan, the supply of which is irregular due to price and availability. Other major sheep/goat meat suppliers are Australia, Bulgaria and Romania. India claims to be a major exporter of chilled mutton and beef to this market.

As in most Near East countries, local consumer preference is for freshly slaughtered lean sheep/goat, especially young animals of 5 or 6 kg, for which premium prices are paid. In recent years tastes have changed, although fresh meat is still preferable to frozen.

Prices of imports will need to be increasingly competitive with exporters from Eastern Europe and Australia, in particular. The Australians have now moved their center of operations in the Middle East from Tehran to Bahrain, and are already actively promoting their products in a high professional manner, especially with the future of the large export operation in Iran currently very uncertain.

C. - Import Trade Channels and Market Access

While some buying, notably for certain public sector organizations in Abu Dhabi, is undertaken in the form of an annual tender awarded to local contractors, most importing is carried out on a private basis, along with other foodstuffs. This is usually by confirmed letter of credit or cash against documents, with delivery terms arranged between supplier and purchaser to their mutual satisfaction.

There are currently no restrictions on quantities of livestock, meat or meat products entering the UAE, and the customs duties may differ from one Emirate to another. For example, Abu Dhabi levies 2.5 percent general duty on most goods and 2 percent for goods in transit, Sharjah 2.5 percent and Raz-al-Khaima 2 percent.

Commercial invoices must contain a full description of goods and packing, net and gross weights, and total value of merchandise. A certificate of health, legalized by the UAE Embassy, is necessary for most foodstuffs, and a certificate declaring that slaughter has been carried out according to Islamic rites should also be provided. In 1978 Abu Dhabi declared that all foodstuffs, including meat, must be labelled in Arabic, and include production and expiry dates. While most regulations, including health requirements, have been very liberal, and meat from most areas, including India and Pakistan, has been permitted entry, such requirements could become stricter in the future, more in line with those practiced by the major exporting countries.

Imports of livestock, meat and meat products are effected by a number of general trading organizations. Some of these are specialists in foodstuffs and have their own cold storage and transport, with which to deliver to their own outlets or to other customers. Port facilities in Dubai and Abu Dhabi are excellent. A first-class road network now links all of the Emirates, providing excellent distribution facilities between the points of discharge, storage and sale. Most importers have sufficient cold storage space for their own requirements, but facilities are being expanded at both Abu Dhabi and Dubai. Live animals and chilled meat are also air-freighted into the UAE, where further airport developments are continuing, especially at Abu Dhabi's Nadia airport.

D. - Market Prospects and Recommendations

With total meat imports expected to remain at their present levels, there is a valuable market to be found in the UAE, Abu Dhabi and Dubai in particular. However, tastes are becoming more discriminating, and good quality cuts may still command premium prices. Consumer preference would appear to favor locally produced or African products, as may be seen in imports from Sudan, Somalia and Ethiopia, but criticisms have been expressed about unreliable deliveries and uncompetitive prices, compared with major suppliers for Eastern Europe and Australia.

Transportation has always been a major problem for the minor exporters, and this remains the major obstacle as far as the Gulf and the Sahel areas are concerned. Depending on producer prices in the latter, there is a possibility of providing air-freighted chilled beef cuts and lamb for the higher income level consumer, while canned products, such as corned mutton, could find a market and use less costly means of transportation. However, the fragmented nature of UAE entrepot trading appears to militate against the possibility of major contracts with UAE organizations. There would be a need for a major promotional center for Sahelian products in the Middle East, with the UAE as one of a number of target export areas.