

Secondly, while most sections of the "U.S. Industry Outlook" address the entire sector, others address specific products or product groups. Forecasts made at both levels should be assessed carefully, as they may differ significantly from the prospects of any individual product included within them. It is therefore recommended that outlook data be used only as a general indication of sectoral prospects in the near term.

The face of the meat industry is changing as red meat producers lose a part of their market share to poultry producers. The production and shipment of red meat products have been adversely affected by several factors. A growing concern for health and diet coupled with poultry producers' introduction of "value-added" products forced poultry consumption up 7.9%, beef consumption down 4.3%, while pork consumption remained unchanged in 1987. Although poultry prices increased 9% due to a stronger demand, red meat prices increased even more for beef and pork (10.4% and 14.6% respectively) due to limited supplies.

In 1987 the value of U.S. exports increased 17% over 1986 for poultry products, but only 10% for red meat products. U.S. domestic red meat production hit its lowest level since 1979, and imports soared 22% (primarily boneless beef and fresh pork). This caused the United States to negotiate voluntary restraint agreements with all of its major suppliers of beef in order to avoid imposing import quotas. Australia, Canada, New Zealand and Denmark are the major suppliers of beef, while Canada and Denmark are the major suppliers of fresh and fresh, frozen pork. These countries accounted for 77% of 1987 U.S. red meat imports.

Total U.S. meat imports have risen steadily from \$1.9 billion (U.S.) in 1982 to reach over \$3 billion (U.S.) in 1987. Exports of the U.S. meat industry have also risen during this period to reach \$2.8 billion (U.S.) in 1987. It must be noted that while imports are chiefly made up of beef, pork and processed meats, inedible tallows and hides have accounted for 58% to 67% of export values of red meat industry products during the past few years. (See Table 1 of Appendix 11.) Canada's share of U.S. imports of fresh and fresh, frozen pork has fallen from 96.4% in 1982 to 72.9% in 1987 (See Table 2 of Appendix 11). Western European countries have gained market share. Increased exports of fresh and fresh, frozen pork from Western Europe have been caused by hog production in the EEC greatly exceeding pork demand and consumption. An additional factor behind Canada's market share decline has been the export of live hogs from Canada for slaughter in the United States, thus reducing the pork cuts market available to Canadian processors for exporters.