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Voluntary _ Public

Date: 3/2/2012

GAIN Report Number: IN2028

India

Post: New Delhi

Livestock and Products Semi-Annual 2012

Report Categories:

Livestock and Products

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Report Highlights:

Indian beef (buffalo meat) exports for 2012 are now estimated at 1.525 million tons, 25 percent higher than 2011 exports. 2011 exports are estimated 33 percent up over 2010. Given explosive export growth, India is likely to become the world's largest beef (buffalo meat) exporter by 2013, if not sooner. Indian slaughter capacity continues to increase, with multiple new facilities expected by the end of 2012. Increases in beef production estimates are attributed to several factors, including increased slaughter, Indian buffalo meat's cost competitiveness in the export market, and increasing animal inventories as Indian milk production expands.

General Information:

Production:

2012 Indian beef (buffalo meat) production is projected at 3.50 million tons carcass weight equivalent (cwe), a 6.70 percent increase over the official USDA estimate. 2011 beef production is revised upwards 3.60 percent to 3.17 million tons. Increases in beef production estimates are attributed to several factors, including increased slaughter, Indian buffalo meat's cost competitiveness in the export market, and increasing animal inventories as Indian milk production expands.

Indian buffalo slaughter capacity continues to expand in order to supply the growing buffalo meat export market. According to the Government of India (GOI), there were 3 new export-oriented slaughter units created in 2011, bringing the total number to 33 (see APEDA approved abattoirs cum meat processing plants). Industry sources indicate that 12 additional export-oriented slaughter and processing facilities will be built by the end of 2012. It is important to note that while exporters remain optimistic, they do not expect either new or existing slaughter facilities to produce at full capacity, primarily due to operational inefficiencies and demand limitations. Additionally, a 2011 change to Indian production regulations has required that all export-oriented processing units be integrated with slaughter facilities. This regulation will require infrastructural renovations to a small number of export-oriented slaughter houses. Most production units are expected to make the physical upgrades within the allotted grace period. (See notification No. 82 (RE-2010)/2009-2014 dated October 31, 2011).

Supply chains for domestic and exported buffalo meat are separate. As a result, buffalo meat production growth is being led by the export market, while domestic demand is keeping pace with the population growth rate. Further expansion into the domestic market appears unlikely as that Indian meat retailing lacks cold chain facilities; Indian consumers prefer non-bovine proteins such as chicken, goat, dairy products, and pulses; and the cost of production for export oriented meats exceeds the cost of production for domestically consumed buffalo meat.

Post continues to investigate Indian buffalo populations. Current estimates indicate that there are approximately 100 million buffalo in India, and that this population is probably expanding as milk production increases. It is unclear what the result of expanded meat production will be on India's cattle population. Industry sources state that buffalo populations are robust and they do not expect supply issues over the next 10 years. However, increasing the number of buffalo slaughter facilities in small geographic areas may eventually lead to live animal price increases.

Consumption:

Consumption is expected to drop marginally from the official USDA estimate due to profitable exports. Higher export per unit values favors buffalo export over domestic consumption. As a result, 2012 consumption estimates are revised down from 2.01 million tons to 1.98 million tons. 2011 consumption is lowered to 1.95 from 1.96 million tons.

Trade:

Post revises the 2012 export estimate to 1.525 million tons cwe and CY 2011 buffalo meat exports to 1.22 million tons cwe. Year on year export growth for 2011 is 33 percent, while 2012 growth is 25 percent. Given India's explosive export growth, India is likely to become the world's largest beef (buffalo meat) exporter by 2013, if not sooner. Export growth is largely due to consistent demand from price sensitive importers, primarily in Vietnam and Southeast Asia, the Middle East, and Africa. As a result, the number of export production units is increasing to meet growing export demand for low-cost Indian buffalo meat. While there are rumors of new market openings in Eastern Europe and Indonesia, no known trade has yet occurred in these regions, and India's Foot and Mouth Disease (FMD) status makes this seem unlikely. Indian exporters are operating voluntary vaccination programs to combat FMD, and the GOI has launched a Rs 4,000 crore (U.S. $800 million) program to tackle the disease. While these programs are positive steps, the reality of FMD remains a significant hurdle for expanding market access.

Table 1: Commodity, Animal Numbers, Cattle, PSD

Animal Numbers, Cattle India 1000 heads PERCENT	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	316,400	316,400	320,800	320,800	324,300	324,490
Dairy Cows Beg. Stocks	128,800	128,800	129,000	129,000	129,350	129,350
Beef Cows Beg. Stocks	0	0	0	0	0	0
Production (Calf Crop)	61,700	61,700	62,400	62,500	63,200	63,400
Total Imports	0	0	0	0	0	0
Total Supply	378,100	378,100	383,200	383,300	387,500	387,890
Total Exports	0	0	0	0	0	0
Cow Slaughter	1,230	1,230	1,250	1,250	1,250	1,250
Calf Slaughter	4,500	4,500	4,650	4,660	4,700	4,750
Other Slaughter	22,980	22,980	25,100	26,090	27,350	29,400
Total Slaughter	28,710	28,710	31,000	32,000	33,300	35,400
Loss	28,590	28,590	27,900	26,810	27,000	25,250
Ending Inventories	320,800	320,800	324,300	324,490	327,200	327,240
Total Distribution	378,100	378,100	383,200	383,300	387,500	387,890
CY Imp. from U.S.	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0
Balance	0	0	0	0	0	0
Inventory Balance	4,400	4,400	3,500	3,690	2,900	2,750
Inventory Change	2	2	1	1	1	1
Cow Change	0	0	0	0	0	0
Production Change	1	1	1	1	1	1
Production to Cows	48	48	48	48	49	49
Slaughter to Inventory	9	9	10	10	10	11
Slaughter to Total Supply	8	8	8	8	9	9
TS=TD		0		0		0

Table 2: Commodity, Meat, Beef and Veal, PSD

Meat, Beef and Veal India 1000 CWE	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	28,710	28,710	31,000	32,000	33,300	35,400
Beginning Stocks	0	0	0	0	0	0
Production	2,842	2,842	3,060	3,170	3,285	3,505
Intra-EU Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
Total Supply	2,842	2,842	3,060	3,170	3,285	3,505
Intra EU Exports	0		0	0	0	0
Other Exports	917	917	1,100	1,220	1,275	1,525
Total Exports	917	917	1,100	1,220	1,275	1,525
Human Dom. Consumption	1,925	1,925	1,960	1,950	2,010	1,980
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	1,925	1,925	1,960	1,950	2,010	1,980
Ending Stocks	0	0	0	0	0	0
Total Distribution	2,842	2,842	3,060	3,170	3,285	3,505
CY Imp. from U.S.	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0
Balance	0	0	0	0	0	0
Inventory Balance	0	0	0	0	0	0
Weights	99	99	99	99	99	99
Production Change	13	13	8	12	7	11
Import Change	0	0	0	0	0	0
Export Change	51	51	20	33	16	25
Consumption Change	1	1	2	1	3	2
Imports Percent Consumption	0	0	0	0	0	0

Exports Percent Production	32	32	36	38	39	44
Population	1,173,108,018	1,173,108,018	1,189,172,906	1,189,172,906	1,205,073,612	1,205,073,612
Per Capita Consumption	2		2		2	
TS=TD		0		0		0