

Range Beef Cow Symposium XX

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Global Options for U.S. Beef Exports

by Jane Messengerr

FORT COLLINS, Colo. (Dec. 15, 2007) — Japan, Mexico, Canada and South Korea offer the greatest potential to expand U.S. beef exports, said Brett Stuart, international market analyst for Cattle-Fax.

During his presentation at the opening session of the 2007 Range Beef Cow Symposium, Stuart said these “tier-one markets” have more short- and medium-term growth potential than anywhere else. For example, Japan has the most dollar value and tonnage value for U.S. beef exports in the future. He also pointed out that the United States can compete very well against Australian beef on quality and exchange rate on beef exports to Japan.

The Mexico market has slowed down, but shows very good potential long-term, while Canada bought 38% more beef than a year ago due to a stronger Canadian dollar. South Korea is the wild card of the group because it has signed a free-trade agreement with the United States, but Stuart wasn't sure when it would be fully implemented.

In addition to these markets, he said that Russia, China and some specialty niche markets offer promise for U.S. beef exports. Russia just re-opened its markets last month, so it will take some time to export more beef to that country. Stuart noted that U.S. beef shipments were about 94% liver, but that business was shifted to Egypt. Plus, South



► Brett Stuart

American countries own 90% of the Russian beef export market by offering cheap, low-value cuts of beef.

As for China, hotels, restaurants and fast-food chains offer the biggest potential for U.S. beef exports. A big challenge is that only a small percentage of China's 1.3 billion people can afford to eat in restaurants that use imported products. Per capita income for China's rural residents was only about

\$300 in 2003, and urban income barely topped \$1,000 per year. However, the top 15% of China's urban dwellers make \$5,000 or more per year, which allows these consumers to better afford Westernized food. Another obstacle for exports to China is the lack of refrigerated trucking and knowledge on handling U.S. beef cuts.

While the opportunities are there for U.S. beef exports in the global market, there's plenty of work ahead. One of the driving factors will be expanding incomes, Stuart said. As people's income grows, they tend to eat more meat. He noted that 2008 offers a huge opportunity for U.S. beef exports to recover, especially if the Japanese and South Korean markets open up. On the downside, the U.S. market will continue to deal with protectionist policies in countries such as China, and declining U.S. beef production, which is a big hindrance for growth.

The cooperative extension services and animal science departments of Colorado State University, South Dakota State University, the University of Wyoming and the University of Nebraska hosted the 2007 Range Beef Cow Symposium at the Larimer County Fairgrounds and Events Complex, Fort Collins, Colo., Dec. 11-13. Additional coverage of the symposium is available at www.rangebeefcow.com.

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