

EnVISIONing 2020

Members of the International Trade Panel speak at the 2010 ILC.

by *Mathew Elliott*

The International Livestock Congress (ILC)—USA’s theme, Envisioning 2020: Preparing for Future Global Demand, brought students, producers and industry representatives together to hear speakers from around the world. The ILC—USA is hosted annually in conjunction with the National Western Stock Show (NWSS).

A yearly highlight of the ILC is the International Trade Panel. The panel brings with it a knowledge of U.S. and world markets. This year’s panel was comprised of Erin Daley, economist for the U.S Meat Export Federation (USMEF); Rob Shuey, vice president hide and tannery margin management with Tyson Foods; and Greg Bloom, national sales manager for Colorado Meat Packers.

World markets

“If you are not familiar with the U.S. Meat

Export Federation, we market U.S. beef, pork and lamb around the world and do a lot of policy work as well,” Daley said. “We hope to improve the bottom line of [the] U.S. red meat industry.”

A common theme through all the presenters was promoting U.S. red meat and improving the United States’ market access to export markets around the world.

World meat trade flows have been heavily shaped by market access, Daley said. It all comes down to market access and producing what the consumer expects.

Shuey agreed with the market access issues and reminded attendees how important trade is for meat industries. “Talking about global trade and global competition; I think a lot of us don’t understand or appreciate how big and how important the international markets are to us as an industry in the U.S.”

Shuey said it wasn’t until he traveled overseas that he realized how important global trade was.

“Keep that in mind as to how we want to play globally,” he said. “Do we want to be effective, and do we want to be a competitor in the global marketplace, or do we want to keep our product domestically? I think as we look at the issues, you will understand how important global trade is for the United States beef, pork and poultry industries.”

Opportunities and challenges

A look at global markets shows that the U.S. livestock industry and the beef industry have their fair share of opportunities and obstacles. The panel looked a little deeper into what some of them are.

“We have the beef story,” Daley said, citing one of the opportunities.

A different angle

Panelist Gregg Bloom took a bit of a different perspective talking about preparing for future demands. As national sales manager for Colorado Meat Packers, he focused on the increase of Hispanic and Latino populations within the U.S. and their consumption of beef.

According to Bloom, the Colorado Meat Packers plant is a smaller plant, and one of its biggest advantages is being able to do custom fabrication — “your beef in your box with your label on it.”

They also do custom trimming. “You can say, ‘Gregg I want five cuts trimmed this way, three of them broken down that way, two of them packed this way and several of them packed individually,’ and we can do that,” he said.

A lot of custom trimming they do is for *carnicerías*. The prefix *carni* means meat, he explained, and *carnicerías* means a meat market.

“We needed a way to differentiate ourselves,” Bloom said. “So let’s focus on Mexican, Hispanic, Central American meat markets that are popping up all around the country and their per capita beef consumption. We looked at wholesale distributors that focus on *carnicerías*, then had our guys go in and talk to their meat guys. These populations are coming here, so we do not have to focus on exporting and the long-term resources associated with that.”

The *carnicerías* don’t sell just beef, but they do display the beef

that is produced primarily in this country. Bloom said they have a beautiful meatcounter and the experience is quite different than corporate America going into the food market. They know your name, you go in two to three times a week and some go in every day.

One thing Bloom said is different about the *carnicerías* is that they slice everything thin. “We brought people into our plant and we send our employees to their store to see how they want it cut,” he said.

The customers like the middle meats — the chucks, the rounds, Bloom said, and, again, they like meat thinly sliced. Customers are also very brand-loyal and price-oriented. The *carnicerías* are very trim-conscious, “If they show me how to trim their chucks and they are not cut that way, they call me. These guys that cut the meat, they sure know what they are doing. They speak the language, they label with the language, they talk to you and are very personable.”

Bloom said he expects the Hispanic and Latino market populations to continue to increase. “It’s a good customer base to have,” he said. “They, per capita, eat more beef, pork and chicken. Time will tell, but this segment of our population is supposed to grow 18% in the next 10 years. I do expect other companies to expand more of their resources to this group.”

The USMEF is promoting the image of the U.S. beef producer in Korea and Japan, where they are trying to educate consumers about the whole production system in the U.S. and introduce them to the 'American Cowboy,' who is still heavily romanticized in those cultures.

While the beef story needs to be told often and well, Shuey cited the following equally important global challenges:

- ▶ Market access, especially in the beef industry since the discovery of BSE (bovine spongiform encephalopathy) in the U.S. Not having access to countries hurts.
- ▶ Economic and financial crisis. Consumers in the U.S. and abroad have dealt with a new economic outlook.
- ▶ Image and food safety. The image we portray overseas is important; we must protect ourselves.
- ▶ Residues and antibiotics. This is a hot issue and it is getting more international discussion.
- ▶ Traceability. Most of our global competitors have some sort of system.
- ▶ Environmental issues. How will the "green movement" affect production?
- ▶ Animal activists/animal welfare. These are really two different things. As an industry, we understand the welfare business. We have a greater challenge with animal rights activists who are trying to put their own agendas in place.

Shuey expanded upon the BSE marketing problem, saying, "Going back to that eventful day in Dec. 2003, it's been estimated that the beef industry has lost \$12 billion in revenue because of our lack of market access. That's \$80 per head. ... That is a tremendous amount of revenue that is being sucked from our industry."

Global markets oftentimes have more than one factor when one looks at the big picture. Domestic policies affect our competitiveness and profitability. Shuey suggested that all the items that were discussed at the meeting had the potential to affect us domestically and internationally.

"There's a lot impacting this (domestic

policy)," Daley said, "including currencies and COOL (country-of-origin labeling). There are all kinds of issues going on. But on the positive side, there has been growth in Asia."

USMEF numbers show growth in greater China is up 60%, and that is the largest growth market for the U.S. Even with that large number, Daley estimates we could add about a billion dollars in those markets if we could just increase the age limit.

A USMEF goal is to help international consumers familiarize themselves with where their food is coming from. "It is huge for consumers globally when they are importing 50%-60% of their meat and they really want to know where it comes from," Daley said. "So we are trying to educate on that side of things to build more confidence in U.S. beef."

Confidence will be needed in the future as USMEF projections show global beef consumption is expected to grow.

"The growth definitely exists outside the U.S. market," Daley said, "and hopefully we have a global appetite, because that is where the growth is expected to occur. Again, we have projected increases in China, and anything multiplied by 1.3 billion is a huge number. So even a tiny increase is big."

Along with growth, Shuey suggested other opportunities exist for the U.S. livestock industry. The biggest advantages in the U.S. continue to be extremely competitive cost of production. Having high amounts of feedgrains, a favorable climate, and large processing facilities enables the U.S. to produce our product as cheaply as possible. The other advantage is simply the high quality of beef and pork that is produced in the U.S.

Shuey concluded by reminding the audience of an age-old saying, "The customer is always right."

"Remember who the customer is," he said. "I don't mean this only as a product differential standpoint, but I also mean it from a standpoint as a antibiotic/feed additive standpoint. We, in our production practices, know the advantages; most of our trading partners do not. You cannot always educate; sometimes you have to listen to what they want in the end."

