

Beef Market Globalization

The world's population is growing, but technology is making the world smaller.

by *Mathew Elliott*

It's 5 o'clock somewhere." Those famous words sung by Jimmy Buffett, often used as an excuse to leave work a little early, are truer than you might imagine. But, it works the other way, too.

"When it's 5 p.m. in the United States, it's 8 a.m. in Korea," said Paul Clayton, senior vice president of the U.S. Meat Export Federation (USMEF). "When our stock markets are shutting down, their days are beginning. Some people check their email or Facebook first thing in the morning; I check to see what the overseas markets did overnight. This stuff is fast and moving."

With a global economy, what is happening in Korea, China and Europe can be about as important as your local weather.

Clayton's statistics showed that from 1960 to 2010, the U.S. population grew 22%, Europe's grew 22% and China's grew 111%.

"Urbanization is happening, whether it's people moving from rural areas into urban areas, it is happening," Clayton said.

With countries becoming more urbanized and losing useable land to housing, or just having unworkable land, that leaves North America, South America and Australia to provide the population with food. At the time of Clayton's January presentation at the International Livestock Congress (ILC), Australia was dealing with massive flooding, tightening that supply even more.

"The world needs greater efficiency and lower emissions," Clayton said. "So here in the U.S., we can do what we do best. I think it'll be tough for people to catch up with our productivity, but our competitors are watching what we are doing."

Always a factor when dealing with global markets are the exchange rates, which currently favor the United States. A weaker U.S. dollar can mean more exports, but Clayton advises people to remember balance is important.

"There may be 900 million pounds (lb.) of ground beef being produced in the U.S. That

should be enough for us, and we shouldn't have to import any, right? But how many people in this room or the U.S. want to eat liver? No one in here? Ok, not much demand for that here or in the rest of the U.S., so we export that product and might import some ground beef to meet demand," he explained.

Increasing exports

Clayton predicted it would be around 2013 before the United States could achieve pre-BSE (bovine spongiform encephalopathy) export levels.

"The overall consumption may not change, but the sheer volume of consumers there means there will need to be more food to eat," he said.

What has taken so long to get back to pre-2003 levels?

"Countries have different beliefs and buying practices," Clayton said. "Instead of going all-or-none into some of these markets, we've had to go in partially."

This includes things like age limits and tariffs. Another thing to consider is that beef isn't the only thing that is "on the table" when working with other countries. According to

a U.S. Department of Agriculture (USDA) fact sheet, when working on the recent U.S.-Korean Trade Agreement everything from fresh cherries, wine, hides and skins, meat and many more agricultural products were discussed.

Many of those products became duty-free (no national or international taxes apply) during the discussions. Korea's 40% tariff on U.S. beef will be eliminated over the next 15 years, and by 2016 more than 90% of pork exports will be duty-free.

This is just one recent example. Clayton said a U.S. technical team was in China in January negotiating to get more agricultural products and beef into China. He also mentioned the work the Beef Innovations Group (B.I.G.) has done with product diversity. The group has offered many new ways to cut and cook beef to increase demand.

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Beliefs and safety of beef

Beliefs held by peoples of other countries can be another stumbling block to trade, said Clayton. For example, residues are a large concern for some countries.

"Growth promotants are very heavily scrutinized by the EU (European Union)," he said. "We can feed the world, but we do need to be able to use technology. That said, we cannot damage the quality of what we produce by not following feeding regulations."

With animal welfare becoming more of a hot topic, producers must be careful.

"The U.S. beef image is challenged daily," Clayton said, adding that a lot of organizations opposing the beef industry try to make it out to be over-industrialized. He encouraged industry to let consumers hear producers' stories and their reasons for using different practices.

"Everyone must be advocating for beef. Emphasize beef quality assurance (BQA) on your own operations," he said.

Clayton cited the "We Care" campaign that the U.S. used in Japan. The campaign was a multifaceted effort designed to reassure Japanese consumers about the safety and wholesomeness of U.S. beef. The efforts included media events such as a "beef caravan" visiting Japanese cities, newspaper ads, and other promotional efforts in hopes of regaining Japanese consumers' confidence in U.S. beef.

This was an example of what he called de-industrializing the beef industry — showing ranchers working hard and taking care of their cattle throughout the year.

"An advantage the U.S. has is that we don't have a seasonable supply of calves going to market," Clayton said. "We have a constant supply throughout the year. The U.S. also has the best foreign animal disease control in the world. A big threat would be people unknowingly bringing in diseases from vacations or trips. That is why it's so important to strictly follow biosecurity practices."

Keeping a safe supply of beef will be important to keeping global markets open and the future of U.S. beef.

"The number one asset we have in the U.S. is high-quality beef," Clayton said. "Internationally and domestically we provide an eating experience that cannot be topped. Make customers think twice before ordering something besides beef!"



Editor's note: Clayton spoke at the 2011 International Livestock Congress (ILC) held annually in conjunction with the National Western Stock Show (NWSS) in Denver, Colo., each January.