

# Global Growth

The world's burgeoning population offers vast opportunities for American ag exports.

by *Kindra Gordon*

**W**ith nearly 1.4 billion people, China represents the No. 1 market for U.S. agricultural goods — and that market is projected to continue growing. By 2025, China is anticipated to have 225 cities each with a population of at least 1 million people. For perspective, the U.S. currently has only nine cities with more than 1 million people.

Thus, China has a lot of people to feed, and its growing middle class is seeking more protein and higher-quality food, which spells opportunity for America's ag industry.

There's a similar scenario in many countries around the globe. As a result, demand for U.S. ag products — like high-quality beef — is booming.

In fact, the ag export prosperity is so good that USDA Secretary Tom Vilsack announced

in mid-June that the United States has enjoyed the three best consecutive years for U.S. farm exports in our nation's history.

In fiscal year 2012, the latest forecast sees \$134.5 billion in U.S. farm exports, the second-highest level ever. Plus, economists expect new trade agreements with South Korea, Panama and the European Union (EU) to deliver even greater returns for U.S. businesses.

## Eyes on China

Because China holds the title as the world's largest marketplace, getting U.S. beef to its consumers could offer quite a windfall to America's beef producers. William Westman, vice president for international trade at the American Meat Institute (AMI), explains, "There are tremendous opportunities in China. You have

four times the population of the United States on two-thirds the size of the land."

As a result, China isn't able to produce enough food for its growing population and must turn to other countries for help. The Chinese have made attempts to improve their agricultural infrastructure and productivity through new technologies, but water shortages have limited progress.



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## Continuing efforts to grow beef exports

The U.S. Meat Export Federation (USMEF) works with international markets to continue growing beef export opportunities. Here is a snapshot of some of the specific program activities that occurred around the globe in 2011:

**Mexico.** A symposium on the role of red meat in a healthy diet was hosted with a leading medical association and several key meat industry organizations in Mexico. Along with the event, a grilling demonstration focused on the nutritional attributes of high-quality beef.

**Japan.** The Tokyu Group, which operates a 100-store regional supermarket chain, nine department stores and 56 hotels, agreed to begin selling U.S. beef. USMEF-Japan partnered with the company for a promotion in December that offered a variety of prizes. This is the first instance of a department store selling U.S. beef and conducting a promotion since the resumption of U.S. beef sales in Japan. The beef promotion also ran on the Tokyu Railway Line, the second-largest train network in Japan with more than 2.3 million passengers daily.

**South Korea.** A campaign with the slogan "World Class Beef" was introduced in December, and builds on a previous "To Trust" theme that USMEF has been establishing in Korea. The "World Class

Beef" story line depicts consumers in various countries enjoying U.S. beef and providing the message that U.S. beef is offered in 110 countries around the world.

**Russia.** The well-known Goodman steak house introduced several high-end U.S. steak cuts to the menu at its 10 Moscow-area locations. During the initial two-month promotion to kick-off the new menu items, it was estimated about 200,000 Muscovites and out-of-town guests would dine on U.S. beef.

**Middle East.** USMEF representatives are working with retail chains in Saudi Arabia, Bahrain and Lebanon, encouraging them to carry a wider range of cuts and participate in U.S. beef promotions.

**Hong Kong.** A dozen chefs from the Hong Kong/China region visited successful supermarkets, steak houses, casual restaurants, delicatessens and barbecue establishments in New York and Texas. Following the tour, several of these chefs announced plans to expand their selection of U.S. beef menu items in their establishments.

**Editor's Note:** Many other outreach and marketing programs are being initiated by USMEF in additional countries. Support for many of these programs is provided with funding from the National Beef Checkoff Program and the USDA Market Access Program (MAP).



Despite their need for food, China can be a challenging market with which to work. Currently, U.S. beef trade into China is stalled over political wrangling on trade policy.

Westman remains optimistic. He points out that China is the largest market for U.S. ag exports, with a primary focus on pork and poultry, and he believes beef can capture the growing market — eventually.

He says, “The demand for our beef is accelerating in north Asia, but we have to have patience.” He notes that as more five-star hotels open in China, they may offer demand pull for U.S. beef.

### **Cautiously optimistic**

Of China, Paul Clayton, senior vice

president of export services with the U.S. Meat Export Federation (USMEF), notes it will likely be a couple of years until that market opens to U.S. beef, but when it does, he says, “It’ll be a good one.”

In the meantime, Clayton says the U.S. beef industry needs to continue growing exports into other countries. He cites examples like the EU, Taiwan, Japan and South Korea, as well as Mexico and Russia.

“We need to start focusing on these countries because they have a huge population and the GDP to pay for higher-quality foods,” he says.

He adds that to continue growing U.S. beef products in these markets, it is important to understand the culture of the international markets, offer new products, and maximize the carcass value.

As an example, he points to variety meats.

“In the U.S., we rarely work with [variety] meats, but foreign consumers will eat all of the animal. It’s a good opportunity which helps raise the value,” Clayton says.

Additionally, Clayton notes that the U.S. beef industry must stay proactive on issues

like Foreign Animal Disease (FAD) control, residue and growth promotant concerns, foodborne illness risks and animal welfare.

To address such issues, Clayton believes communication and education are important tools to better help global consumers understand and feel safe about U.S.

beef. As one example, he points

out that global consumers may say they want no growth promotants, but by helping them understand that this technology is safe — and allows greater efficiency — they may become more accepting of these practices.

As a final point, Clayton emphasizes that traceability

continues to be a huge issue for global consumers. He encourages the U.S. beef industry to consider this as a means for animal disease control. Clayton says, “We are behind our competitors with regard to traceability, and they use it against us.”

He concludes, “In the future, the U.S. will need to remain a leader in food safety, animal welfare and sustainability to remain competitive with global exports.”

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