

Meeting Beef's Global Consumers

North Dakota Angus producer Gene Harris recently participated in a trade mission to Japan and Taiwan where he visited with the American beef industry's global customers. Here, he shares perspectives from his trip abroad.

by *Kindra Gordon*

Japan and Taiwan are literally half a world away from America's cattle country. But they have been some of the American beef industry's biggest customers. Last year, Japan alone imported \$1.4 billion in beef and beef variety meats from the United States.

North Dakota rancher Gene Harris recently had the opportunity to visit with these global customers as one of 19 people representing his state on an agricultural trade mission in late March. Harris and his wife, Gynell, raise commercial and purebred Angus with their two high school-age children on their ranch near Killdeer. They were honored as the Commercial Producer of the Year by Certified Angus Beef LLC (CAB) in 1998, and Harris is a past president of the North Dakota Stockmen's Association (NDSA) and currently serves as the National Cattlemen's Beef Association (NCBA) Region 7 vice president.

Other than a trip to Canada, this was Harris's first experience abroad, and, as one

would expect, it was an eye-opening venture. While the purpose of the trip was to promote all of North Dakota's ag exports, a special emphasis was put on the beef industry since both Japan and Taiwan currently ban American beef imports due to the December 2003 finding of a cow in Washington state with bovine spongiform encephalopathy (BSE).

For Harris, that gave the trip extra meaning in being able to meet with retailers, importers and government health officials to hear their concerns about the U.S. beef supply. "We met with the real decision-makers in both Taiwan and Japan, which is a tribute to North Dakota's governor, who organized the trade mission. I never envisioned being able to meet with such high-level officials," Harris says.

They were well-received. "Retailers and importers were impressed that we were there and trying to resolve issues," Harris says.

At each of his visits, he showed a photo album depicting how cattle are raised and handled on his ranch. "They were always impressed in seeing how we produce our cattle," Harris says. "The human factor sometimes gets lost in the shuffle, and going there and putting a face on American producers was well-received. We need to do more of that."

They want U.S. steak

And, despite the ban, Harris reports that global consumers appear eager to have their American beef back. He says that at each meeting with retailers, importers or steak houses, the North Dakota delegation heard the question, "When can we have U.S. steak back?"

While it is up to each individual country to decide to lift the ban, Harris says it was reassuring to see that both Taiwanese and Japanese consumers did not have a lot of concern about BSE in the American beef supply.

As an example, a Costco store they visited in Taiwan was currently serving Australian beef, but the meat manager said they get several requests daily asking, "When will you have USDA (U.S.



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► North Dakota Stockmen's Association Immediate Past President Gene Harris (right), a cattleman from Killdeer, N.D., and North Dakota Lt. Governor Jack Dalrymple (center) spoke with Phillip Wong, manager of Costco in Taiwan. The store moves about \$70,000 worth of retail product every hour.

Department of Agriculture) beef again.” The North Dakota group got the same input from retailers in Japan.

In another instance, while visiting a Ruth Chris Steak House, a note inside the menu explained that due to the ban on importing USDA beef they were temporarily serving Australian beef. But it went on to say that once the ban is lifted, the restaurant would return to serving U.S. beef. “It was nice to see that,” Harris says.

Political perspective

While consumers might be ready for their U.S. meat, the governments of both Japan and Taiwan were still working out details for lifting their bans. Both countries explained to the North Dakota delegation that they put the ban in place to reassure their consumers.

“In Taiwan we were told they have to do a risk analysis and have to do it in a way for their consumers that assures safety. The government there told us if they lift the ban too quickly, it may give consumers a false impression of not being protected,” Harris reports.

However, Harris got the feeling that the Taiwanese government wants to lift the ban very soon. “They seem to hold the U.S. in high regard; their culture is very open, and they were friendly toward us,” Harris says.

In Japan, Harris got the feeling that the situation is more guarded and appears to be much more of a political issue. Japanese officials emphasized that they want 100% BSE testing of the American beef supply. “They didn’t think it had to be long-term, but again, they felt it is necessary for a while to boost Japanese consumer confidence,” Harris reports.

When Harris expressed to the Japanese government officials that the American BSE surveillance system and feed ban are safeguards that have worked to prevent contaminated meat from getting into the beef supply; whereas the Japanese feed ban has only been in place for three years, the meeting turned non-friendly and was quickly finished.

“We got the feeling it was a very political issue. In the U.S. we have safeguards in place, but the Japanese do not appear to want to honor the science behind our systems,” Harris says.

While Harris is confident the ban will eventually be lifted by Japan and other countries, he says, “It is going to take time to build consumer confidence in all of these countries. It was evident that some Japanese companies are unable to find a

replacement for U.S. product, so they are hurting financially and are pressuring their government to get back to business as usual. That helps, but I think it is still going to come down to both of our governments working together to resolve the ban.”

It was also pointed out to the delegation that the language barrier is another factor in how quickly the ban might be lifted. “In Taiwan, a government official explained to us that the American government may send them a 3-inch stack of paper regarding the BSE incident and safeguards. But it may take two to three weeks for the Taiwanese government to interpret that,” Harris reports.

Promising potential

Although no American beef is currently moving into these countries, Harris did come away from his international visit with hope for the future.

“When you see that 1.6 million people a day go through one subway station in Tokyo, the volume of consumers hits home. You realize we are in a global market, and there is huge potential growth to export more U.S. beef in those markets,” Harris says.

He was especially struck by the fact that for right now these consumers are primarily buying steak

they’ve become successful,” Harris says.

Since American beef is not currently being imported, Australia has stepped up to the plate in providing beef supplies. In some instances in Taiwan, Australia was even paying retailers a 20% incentive to carry their product. Harris also observed Australian beef packages that carried the slogan “Anxiety Free, Tastes Delicious” in an attempt to play off of the bovine spongiform encephalopathy (BSE) incident in the United States.

In Japan, steaks are sold individually. You won’t find a package of two or three bundled together. And neither Japan nor Taiwan sells much hamburger. Instead, the chuck is cut and sold in pieces for meals like stir fry, Harris says. He adds that this makes Japan’s country-of-origin labeling (sometimes referred to as COL or COOL) simple because cattle are still used carcass by carcass, and there is no commingling of product for ground beef.

“Each carcass is given a number, and then that number is put on each individual product. At the supermarket, if someone wants to know where that steak came from, they can trace it through the number,” Harris says.

One large Japanese supermarket had 2,000 employees working the floor and giving out food samples in nearly every aisle. Harris says the unique thing about it was they were also aggressively working to sell the product to shoppers. “It was almost like a competition among employees to sell each product,” he says.

Harris also found Japan to be very clean because there are specified areas for public consumption of food or drink and no public smoking. For instance, if you bought a candy bar at a grocery store, next to the cash register was a small, enclosed area where you could go and consume your food.

Harris reports that food in Japan was at least twice the price of what it is in the United States. A breakfast buffet was \$30; Coca-Cola® was \$6. At one restaurant, Harris reports that the least expensive item on the menu was \$80. However, the Japanese have about the same average income as Americans, so much of their cost of living goes toward food.

Lastly, Harris was impressed with the meat industry and ag officials who led tours in both countries. He describes all of them as “friends of the U.S. beef industry.”

As an example, Harris says, in Japan he was hosted by Nobuo Shimo, a Japanese citizen who serves as senior manager of customer service and marketing for Certified Angus Beef LLC (CAB). In Taiwan he was hosted by two U.S. Meat Export Federation (USMEF) employees who were Taiwanese citizens and had never been to the United States.

“They are really aware of the political situations and are working hard for American beef producers. That was nice to see,” Harris says.

and variety meats, and hamburger is only available in small quantities. “They didn’t call it beef. They asked for American steak or USDA steak. Hamburger is available on a limited basis in stores because it’s not part of their culture like it is in the U.S.”

But, he adds, “When you see 700 carts per hour go through a Costco in Taiwan, you realize the opportunities for growth if they would start using hamburger and some of the other beef cuts in addition to steak.”

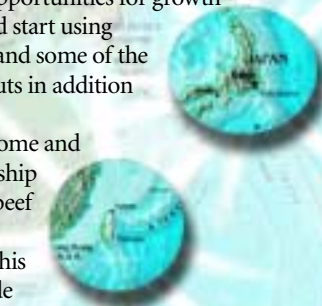
Back at home and in his leadership roles in the beef industry, Harris says this trip has made him realize the need to focus on adding value in the beef industry. He says, “With the potential of growth for exports, it is time to find ways to add value to our products.”

Other observations

While in Taiwan and Japan, North Dakota rancher Gene Harris made several observations about the cultures in these countries.

Taiwan appeared to be a much more open and inquisitive about American customs. They allowed the North Dakota visitors to take photos in supermarkets and to meet with head meat buyers. In Japan, things were more restricted. No photography was allowed in supermarkets, and the group was only able to meet with aides in the retail sectors.

“It was evident they (Japanese officials) weren’t going to share any secrets on how



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