

MARKET ADVISOR

by Tim Petry, North Dakota State University Extension Service

COVID-19 Disrupts Meat Production and Trade

The effects of the pandemic have reached every corner of the globe, leaving a mark on the meat industry.

It goes without saying the COVID-19 pandemic has severely disrupted everything surrounding cattle and beef production and marketing. International meat trade is no exception.

2020 started with much optimism surrounding the potential for record U.S. exports of beef, pork, chicken and total meat. Record meat exports were important because USDA was also projecting record production of beef, pork, chicken and total meat.

Each month the USDA Office of Chief Economist publishes a *World Agricultural Supply and Demand Estimates* report, usually referred to as the WASDE report. In the report USDA projects production and exports of beef, pork, chicken and total meat for the current and next year. Current and past reports are available at www.usda.gov/oce/commodity/wasde.

Optimism for record exports came from several areas. By late 2019 and early 2020, the United States had settled favorable trade agreements with its top four beef customers — Japan, South Korea, Mexico and Canada. A Phase 1 trade agreement with China was also ratified.

Adding to the optimism, African Swine Fever (ASF) spreading across Asia and Eastern Europe caused a deficit in pork production, especially

in China, which also meant improved prospects for U.S. meat exports — particularly pork. Projected record U.S. production of major meats meant there was likely to be plenty of meat availability for exports.

The USDA, in the January 2020 WASDE report, projected record 2020 production of all major meats with beef up 1.1% from 2019, pork increasing 3.7% and chicken advancing 3.5%. Record exports of all major meats were also optimistically projected with beef up 9.3%, pork leading the increase at 12.8% and chicken up 4.5%.

Effects of the pandemic

As COVID-19 struck the United States and expanded around the world, the uncertainty caused forecasting to be extremely difficult at best, with USDA making unprecedented revisions to their previous projections.

In the May WASDE, the USDA reduced 2020 projected beef production to -5% from 2019, lowered pork production to -1% and chicken production back to about even. Beef exports were lowered to -4%, while pork and chicken exports remained near previously reported levels with strong Chinese demand.

As I write this column in August, the USDA has again made notable

changes from the May WASDE. The severe effects of the pandemic have subsided somewhat as meat packing plants and distribution channels regained capacity and some restaurants reopened.

August adjustments

The August WASDE projected 2020 beef production to decline only 0.5% from 2019. There is still a chance for record 2020 beef production if things go well.

2020 beef exports are still projected to be down 4.3% given the uncertain and weaker global economic situation.

Looking ahead to 2021, there is still much uncertainty. The USDA is again projecting record U.S. beef, pork, chicken and total meat production, so a strong export market will be important for cattle prices. 2021 beef exports are projected to rebound to near record levels, up over 8% from the disappointing 2020 levels; and pork exports are expected to continue setting records as well.

Hopefully, 2021 projections will not have to be revised as dramatically as they were in 2020. **A**

Editor's note: Tim Petry is a livestock marketing economist with the North Dakota State University Extension Service.