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International Markets

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The potential for International Beef Marketing is both a dynamic and exciting agenda. However, it has been tempered by concern for safety of the food supply. We all recognize a growing percentage of United States beef producers income is tied to beef exports. All preliminary figures point to US. Beef Exports for calendar year 1997 will meet or exceed 1996 levels with an impressive $3 billion sales (wholesale value) or 13 percent of the U.S. beef supply.

Export opportunities are growing for the beef industry, not only from population growth but also from a booming growth in disposable income which are on the rise in both developed and non-developed countries. International markets undoubtedly will provide the greatest growth market in which U. S. beef producers have ever witnessed.

After 120 years of food surplus in the world, it appears we are about to move to an era of food scarcity. This shift would be primarily due to affluence in the third world. The GATT has replaced barriers and economic stagnation with global trade and global job creation.

The economies of the first world countries have lately been growing about 2.5 percent annually and most are well fed. The Developing World's economies are growing about twice as fast as First World or 5 percent annually. Whereas Asian economies are growing nearly three times as fast as the First World, setting the global pace for per capita income gains.

Meanwhile the rapid population growth is tapering off. The Third World has come three quarters of the way to stability in one generation, from 6.1 births per woman in 1965 to 3.1 today, (Stability is 2.1). Most of the First World is approaching 1.7 births per woman, which implies a decline will occur in the human population after a peak population of 8.5 billion in 2040. Could it be, we are watching a fast, and furious disarming of the "population bomb" by global affluence?

Assuming free trade policies will prevail, the huge Asian market will be large enough to share. United States, Europe, South America, Australia, New Zealand and others will compete for market share. The good news for United States producers is that according to the Food and Agricultural Policy and Research Institute - beef exports are projected to increase 40 percent in the United States in the next ten years, chiefly due to United State's unique ability to produce large quantities of high quality grain fed beef.

This dynamic growing market for United States High Quality Beef presents opportunities if we position correctly. Some of the key questions are: (1) How are we as cattlemen going to change to fill that need? (2) What market and breeding schemes will best fit? (3) What will be the problems we may encounter and how can we solve them? (4) How can we maximize returns from International Market Development? (5) How can we install an accountability trace back program?

(6) How can we foster greater open trade? (7) Do we need to think out of the box? In other words, WHAT ARE THE SILVER BULLETS.

We do know we must meet the consumer demands, whether they be United States consumers or international consumers. These consumers are becoming more demanding, more articulate and more affluent. They will demand tight specifications of consistency, uniformity, tenderness and accountability at levels never seen before.

The new NCBA brand like initiative finally begins to embrace a consumer focus. The partnership with the United States production element is not simply a new quick fix marketing program. It is an industry wide initiative designed to systematically provide the right products, to the right consumers, at the right time and right price. Best of all it has the potential to create high value products that are brand like and can compete with branded poultry and seafood products that have captured some of beefs market share.

Recently during a Beef Industry Summit, steps for moving the industry forward were presented. A consensus was reached on industry focus points: (1) Develop a instrument grading system to assist USDA graders. (2) Develop an objective tenderness test. (3) Add value to lessor cuts such as chuck, round and trimmings. (4) Create more convenient beef products for both the domestic and international markets. We believe these are corner stones to moving our U. S. Beef Industry into position for taking advantage of the exploding future global markets.

NCBA (National Cattlemen's Beef Assoc.) is a very important component to this total international market development. NCBA assumes the task of insuring free trade and access, by working in the arena of politics, the strategic planning, the policy making, and the setting of priorities.

US Meat Export Federation has been at the foundation of this Global presence for over 20 years. Today, the USMEF global network includes 13 foreign offices and international representatives. It has provided the partnership and synergy between our Beef Check-off funding as well as partnership with USDA's Foreign Agricultural Service. USMEF funding amounts to a little over $24 million in 1997. USDA funds in the form of MAP (Market Access Program) and FMD (Foreign Market Development) funding, amounts to $11.8 million, check-off funds from Beef amounted to around $9.0 million and from Pork about $3.9 million. Packers, Purveyors, and Processors contribute the balance.

In the agricultural world, there is no other organization quite like the USMEF. What makes USMEF unique is the diversity of its members and their willingness to concentrate on common market access and common market development fronts. USMEF is made up of 9 different sectors, all bonded together with one goal, that is enhancing US Red meat exports. USMEF has developed into a major force in international marketing. Beef exports today, (1996) account for 13 percent of the wholesale value of total U.S. Beef Production, up from less than 1 percent in 1976.

United States feed grains and soybean utilization in the form of high quality U. S. Red

Meat exports has climbed to record levels each year, hitting a record of 228 million bushels in 1995. Top markets for U.S. Beef Exports are Japan, Canada, Mexico, and South Korea. Russia has grown dramatically as a major market for US Beef and Beef variety meats. In 1996, total U.S. Beef Exports amounted to 967,249 metric tons or equivalent to 2.7 million slaughter cattle.

Cattle Fax resources estimates the impact of U.S. Beef Exports on U.S. cattle prices in 1996 reflected $19.94 cwt. extra for calves, $14.00 cwt. extra for feeder steers, and $9.57 cwt. extra for fed steers. Again this images an earlier statement "A growing percentage of U. S. Beef Producers income is directly tied to exports".

Food Safety concerns have tempered consumer confidence and record growth in overseas markets. The adage "We can produce Safe Food, but it must be used Safely" still applies. We can be extremely proud that the United States was first to design and approve HACPP (Hazard Analysis Critical Control Point) which simply is a "common sense", safety based set of guidelines previously submitted by FSIS, (Food Safety and Inspection Service of USDA) and designed to eliminate any food borne pathogens. Steam pasteurization and acid rinse are two such recognized HACCP based procedures. The Beef Industry has been investing more that $5 million annually in food safety and quality related research and education. In the last three years packers and processors have invested $2.4 million in development and validation of new technologies. As a result the entire processing industry now has invested over $65 million to put these new technologies in place. Even the USDA ARS (Agriculture Research Service) has dedicated $2 million targeted directly to pre-harvest research of E Coli 0157:H7. This is truly a united front with super coordination not only referencing funding but also the coordination of programs. This partnership recently has been defined with the organization of a Industry wide Task force on Food Safety. The coalition of representation includes packers, processors, marketers, scientific community, state and federal governments as well as producers. This effort will design a coherent strategy for resolution of the food safety issue, beginning at the farm gate and ending with the end user, the consumer.

SUMMARY

The US Beef Industry has much at stake to maintain and strengthen the true potential of our Export market. The International market is the fastest growing segment of demand for US Beef. Like it or not, US is not alone in serving these markets. It is a highly competitive market and one in which our trading competition seeks as well. Unfortunately many of our competitive countries are dedicating a greater commitment of funds for export development than we do here in the United States. However, we continue to have the edge for producing volume supplies of high quality beef.

US Beef producers, Packers, and Processors are poised to meet and fulfill the International market demands whether they be scientific, political or just plain wholesome, safe, nutritious, high quality beef.