

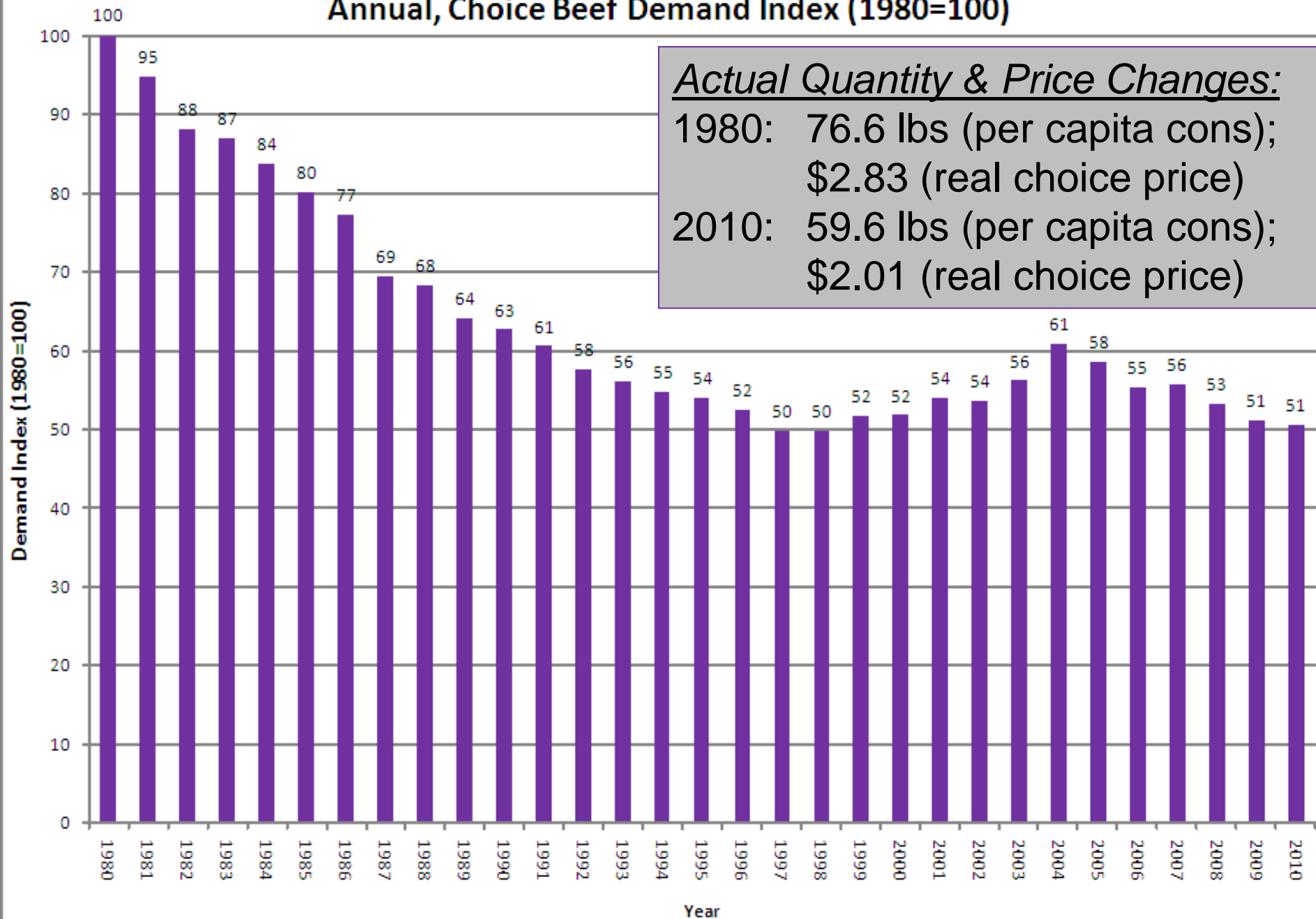
Assessing Domestic and Export Beef Demand Drivers, Trends, and Issues

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Manhattan, KS
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Annual, Choice Beef Demand Index (1980=100)



Actual Quantity & Price Changes:

1980: 76.6 lbs (per capita cons);
\$2.83 (real choice price)

2010: 59.6 lbs (per capita cons);
\$2.01 (real choice price)

Beef Board Study

Meat Demand (1982-2007)

- 10% increase in:
 - Expenditures: +9% qu. beef demanded
 - Beef demand follows U.S. economy ...
 - Beef Prices: -4% qu. beef demanded
 - Rather insensitive to competing meat prices
 - Beef recalls: -0.2% qu. beef demanded
 - 18 in 2006 to 38 in 2007 = 2.6% impact
 - Female Employment:
 - - 6% qu. beef demanded (+6% for poultry)
 - FAFH Expenditures:
 - -16% qu. beef demanded (+18% & 19% for pork & poultry)



Beef Board Study

Meat Demand (1982-2007)

- Health information impacts:
 - Cholesterol, heart disease, arteriosclerosis:
 - Articles quadrupled from 1982-2004 = 9% decline in beef demand (1/3rd of 28% decline experienced)
 - net Positive Atkins:
 - 1998-2003 increase of 245% = +2% impact
 - Decline after 2003 = -0.8% impact
 - Zinc, Iron, or Protein:
 - 268% increase (1982-2007) = 7% increase in beef demand (13% increase for poultry)



Beef Board Study

Meat Demand (1982-2007)

Non-price factors are substantial

– Convenience matters

- *Convenient, Microwaveable, Ease of Use* : 3,579 new beef products; 5,633 new poultry products (Mintel, 1997-2008)

– *Suggests notable role of meat scientists...*

- Attractive, new “convenient” beef products are highly needed...
- Issue of relative consistency (consider sampling pork chops, chicken breasts, and K-C strips) must also be considered....



Animal Welfare Media Impacts Study (1982-2008)

- AW media elasticities are notably smaller than price and expenditure effects
- 1999(1)-2008(4) pork & poultry indices increased by 181% & 253%:
= 2.65% & 5.01% demand reductions...
- No direct beef demand impacts
 - **HOWEVER**: expenditure reallocates from meat to non-meat food
- Question: *What is the impact of alternative AW protocol on the beef eating experience???*



Domestic Trends

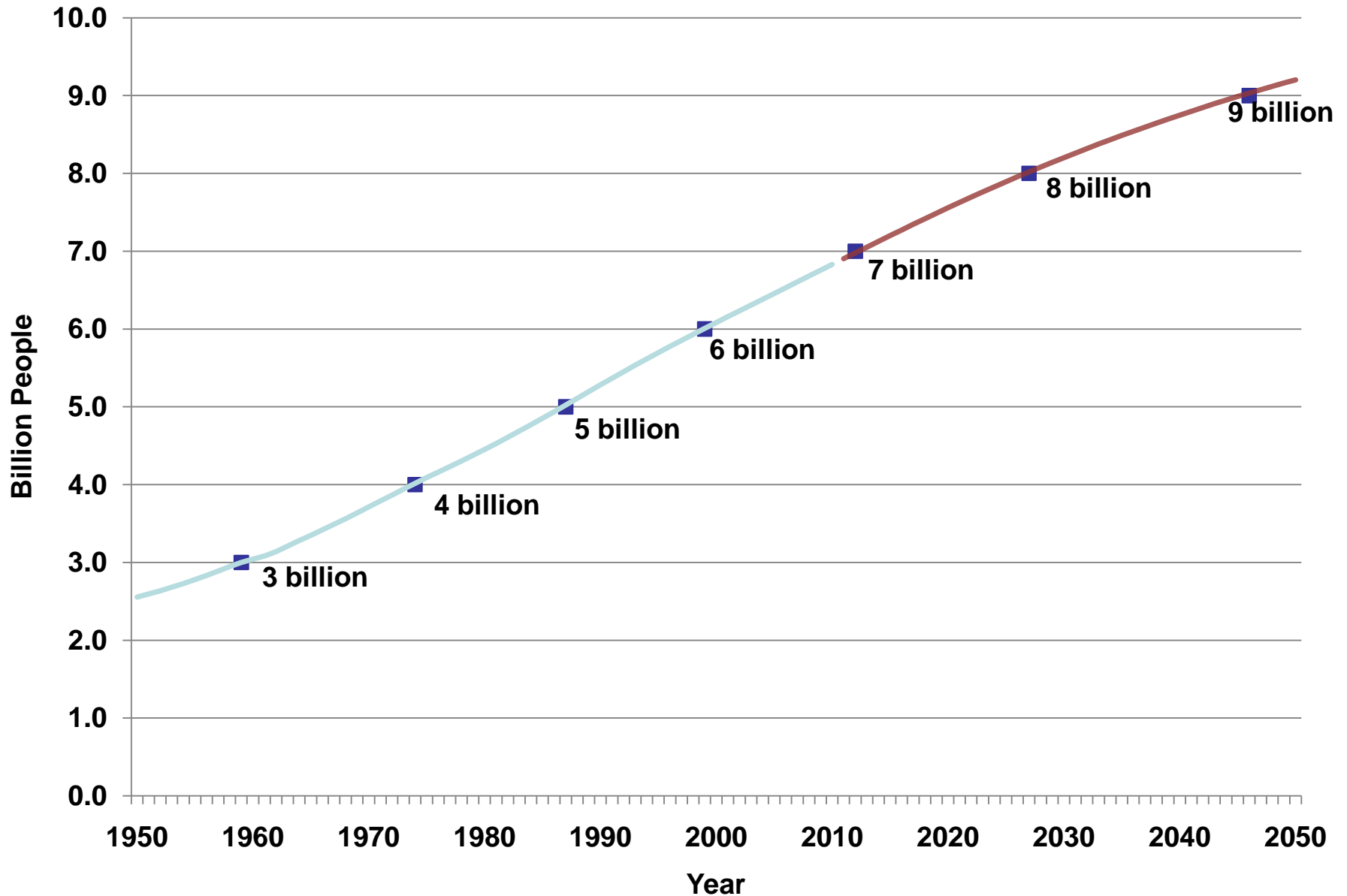
- In 2018 per capita poultry > (beef + pork) {USDA}
 - Beef & pork minimize in 2013 at 55.7 & 45.2 lbs
- Does differentiation of niche products stigmatize conventional products?
 - What impact does promotion of “pasture access” beef have on “commodity beef” demand?
- Non-price trade-offs are increasing
 - Prevalence of E-coli vs. irradiation acceptance



Can Exports Save US?



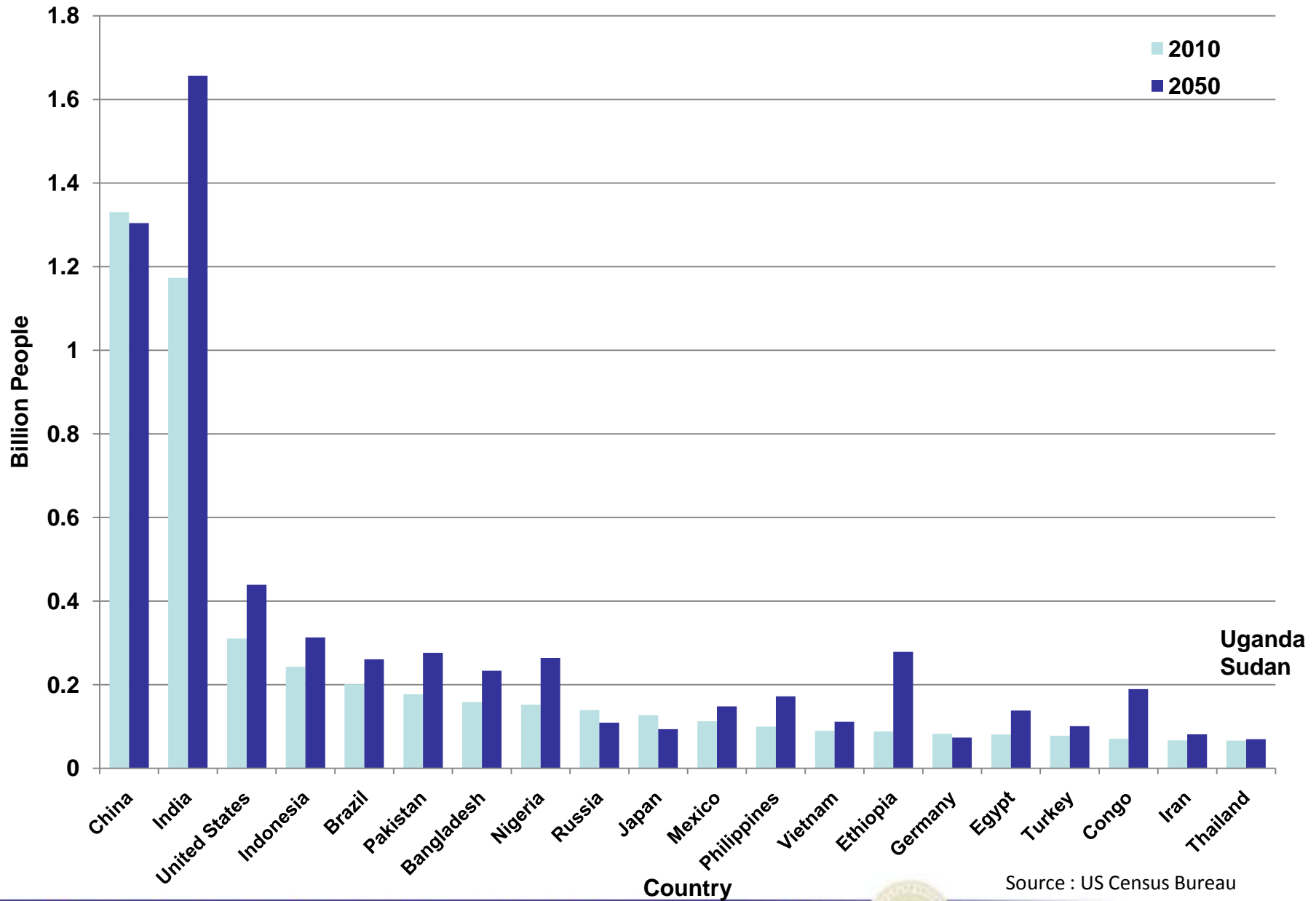
World Population, 1950 - 2050



Source : US Census Bureau



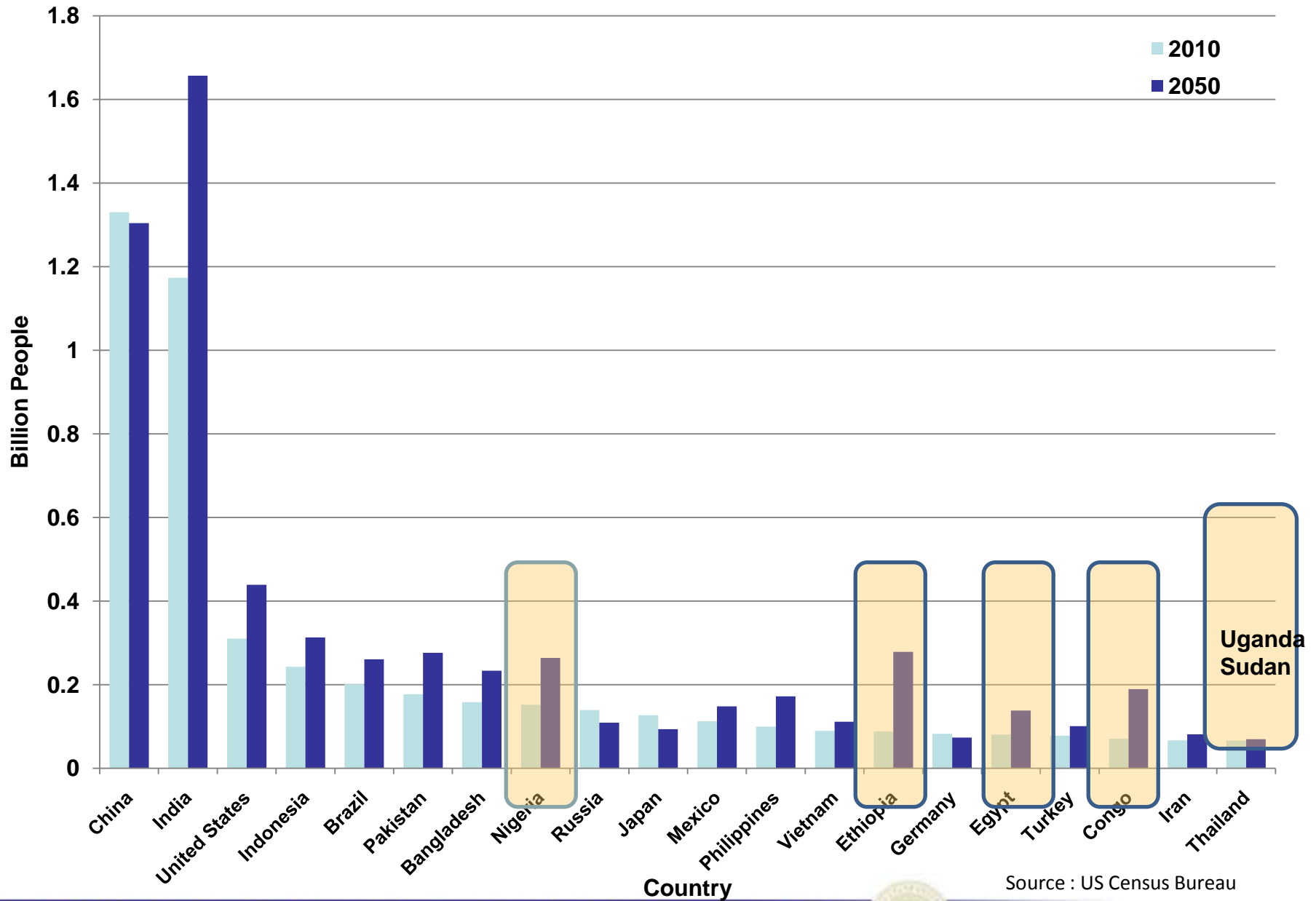
Population Largest 20 Countries, 2010 and 2050



Source : US Census Bureau



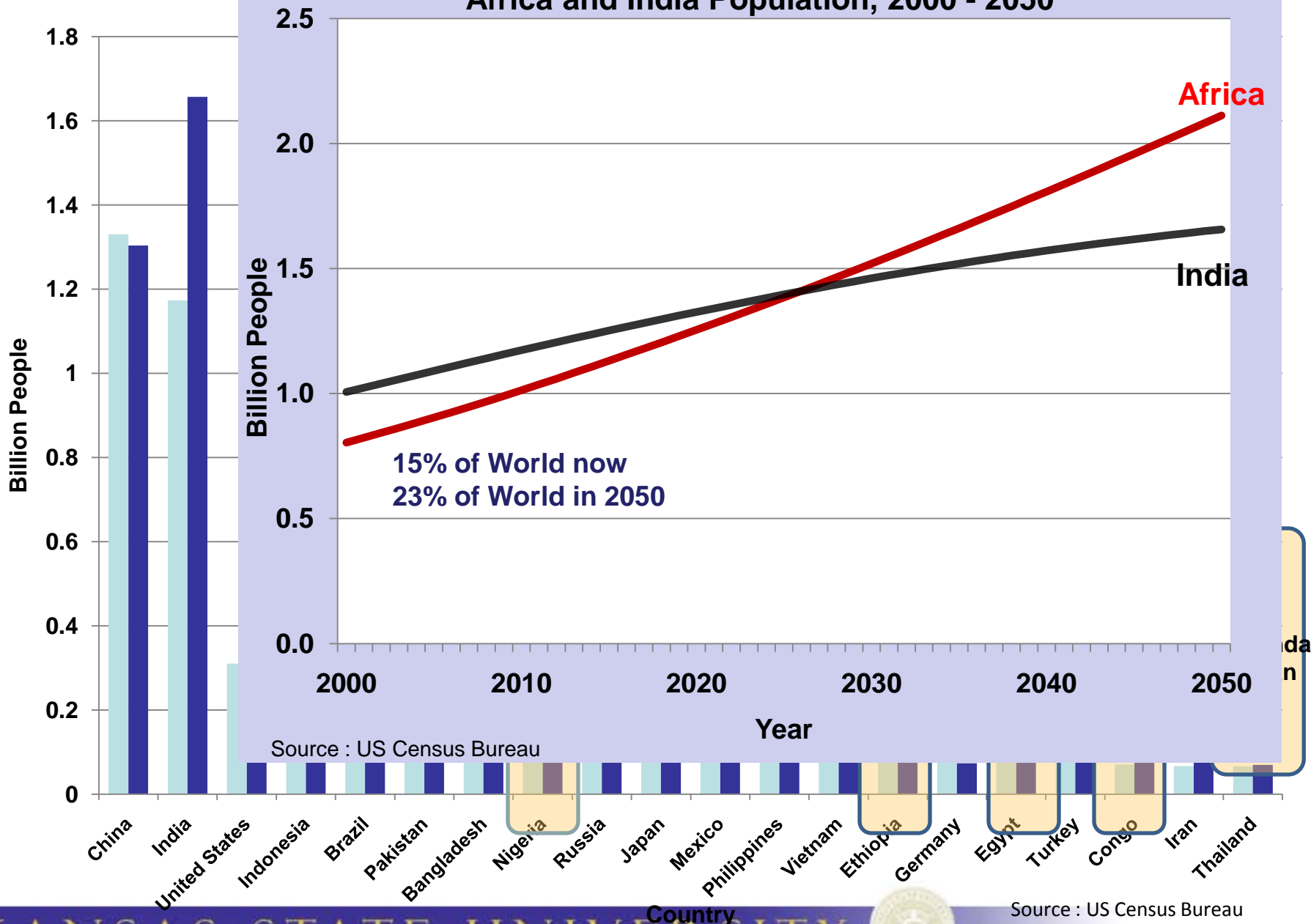
Population Largest 20 Countries, 2010 and 2050



Source : US Census Bureau



Africa and India Population, 2000 - 2050

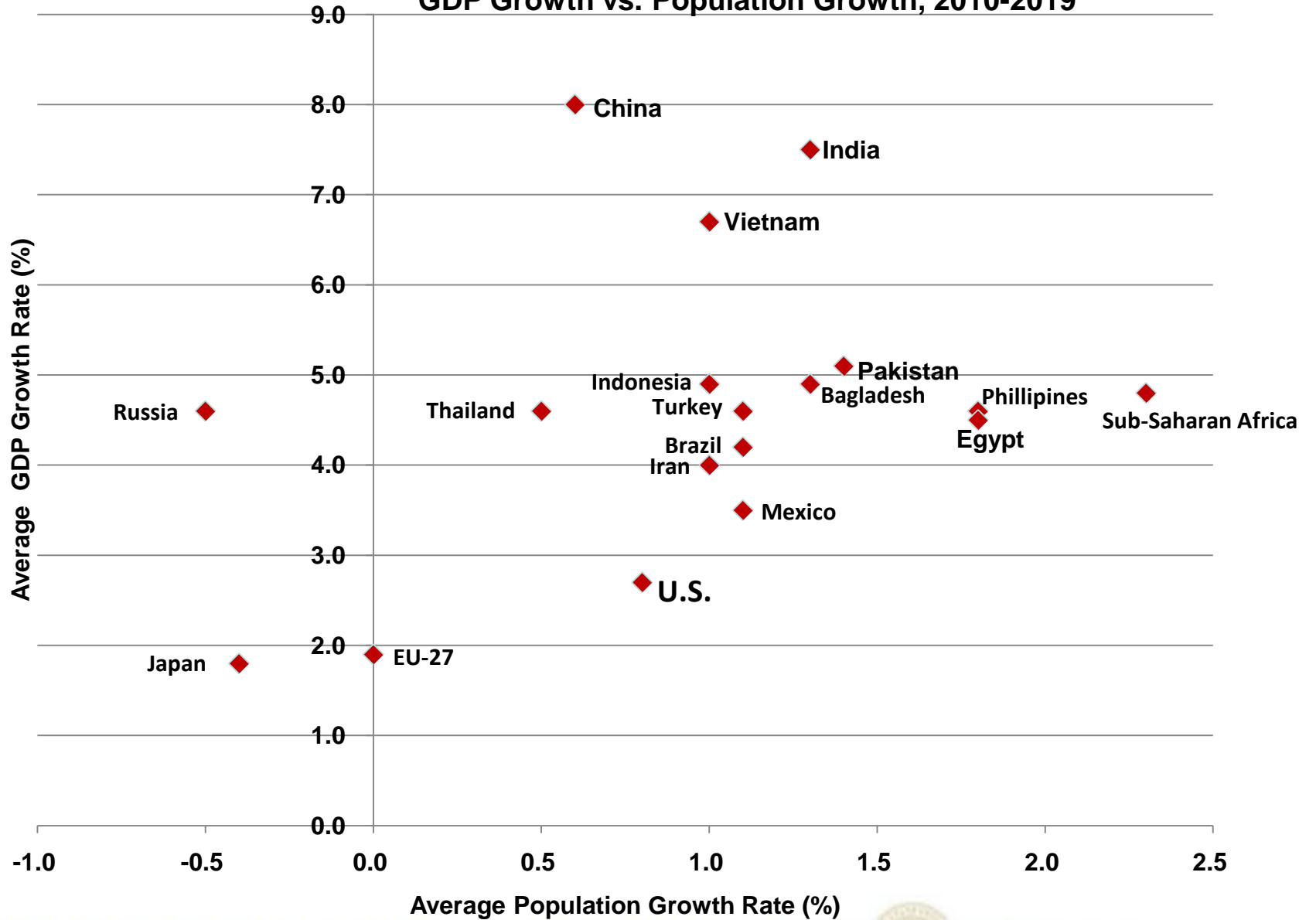


Source : US Census Bureau

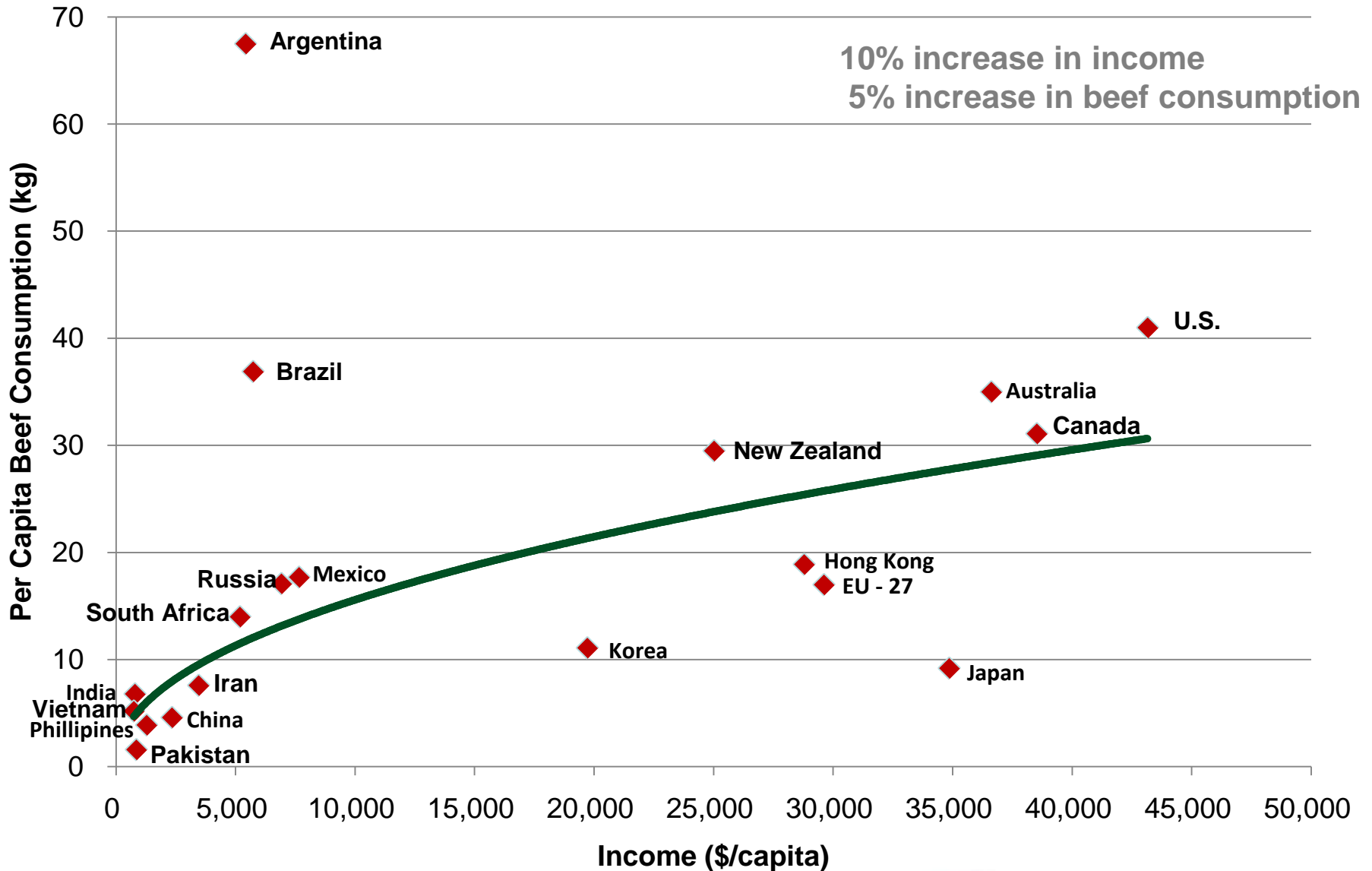
Source : US Census Bureau



GDP Growth vs. Population Growth, 2010-2019



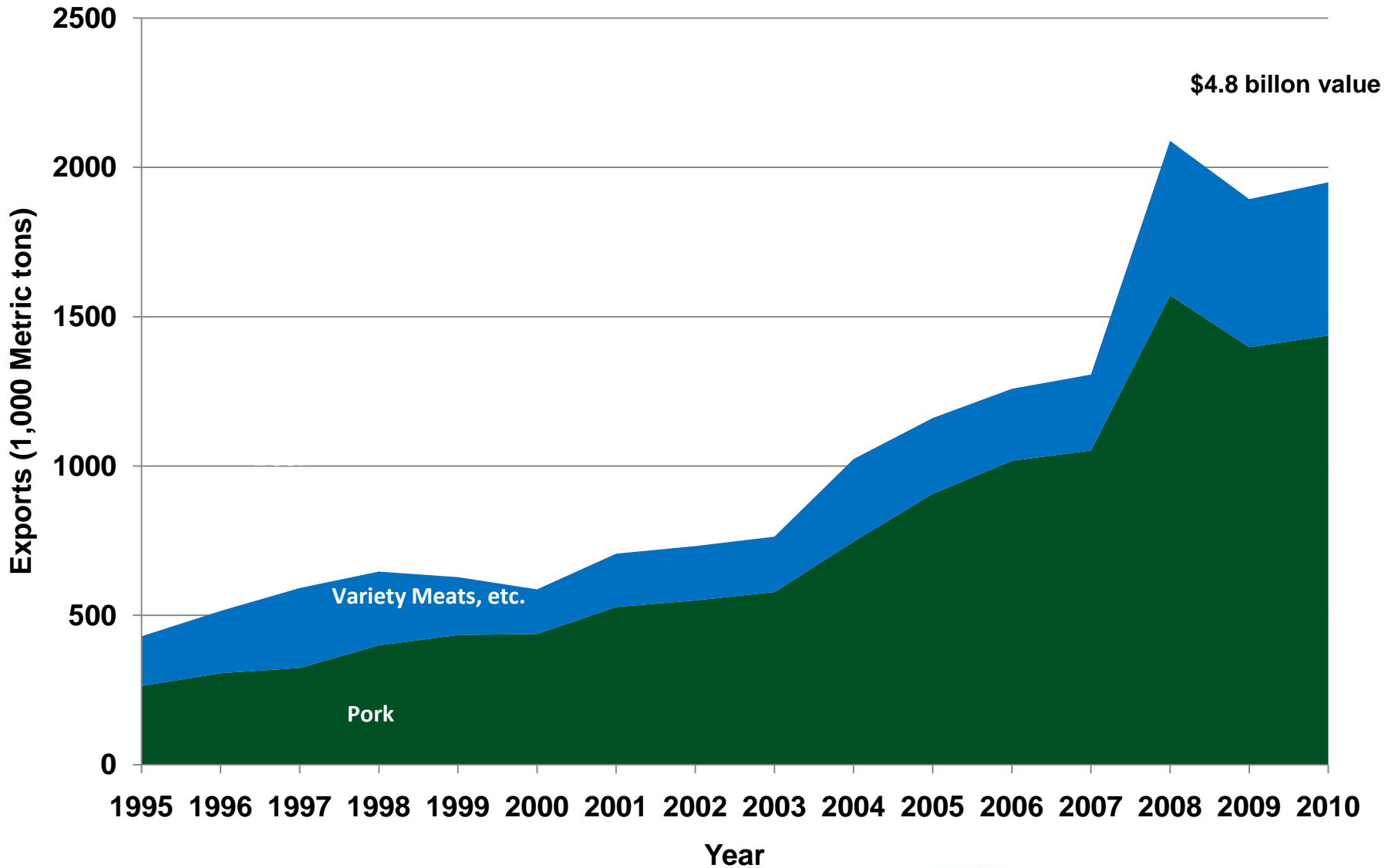
Per Capita Beef Consumption and Income, Selected Countries, 2008



Source: USDA-FAS



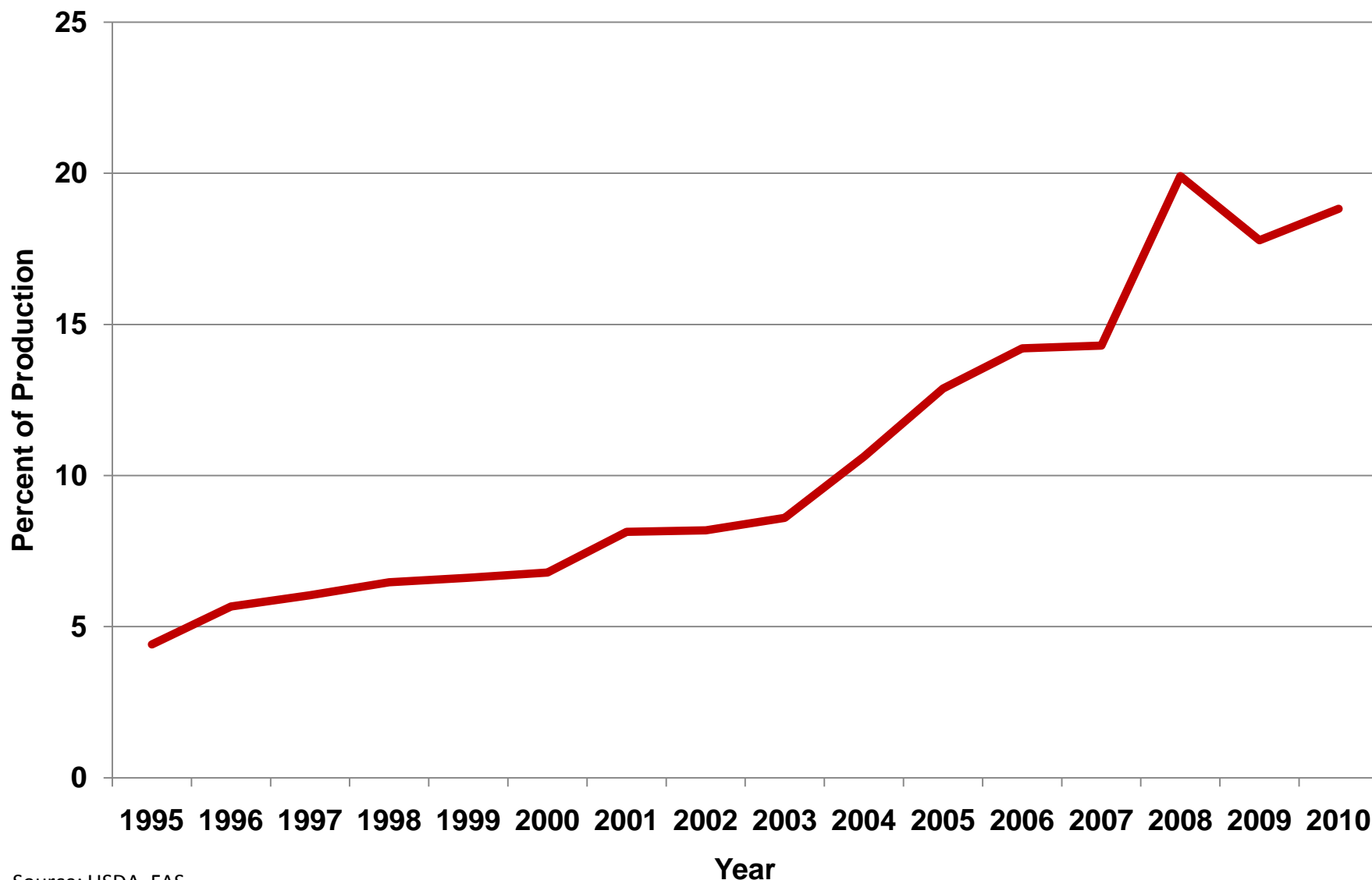
Annual Pork, Sausage, and Variety Meats Exports, 1995-2010



Source: USDA, FAS



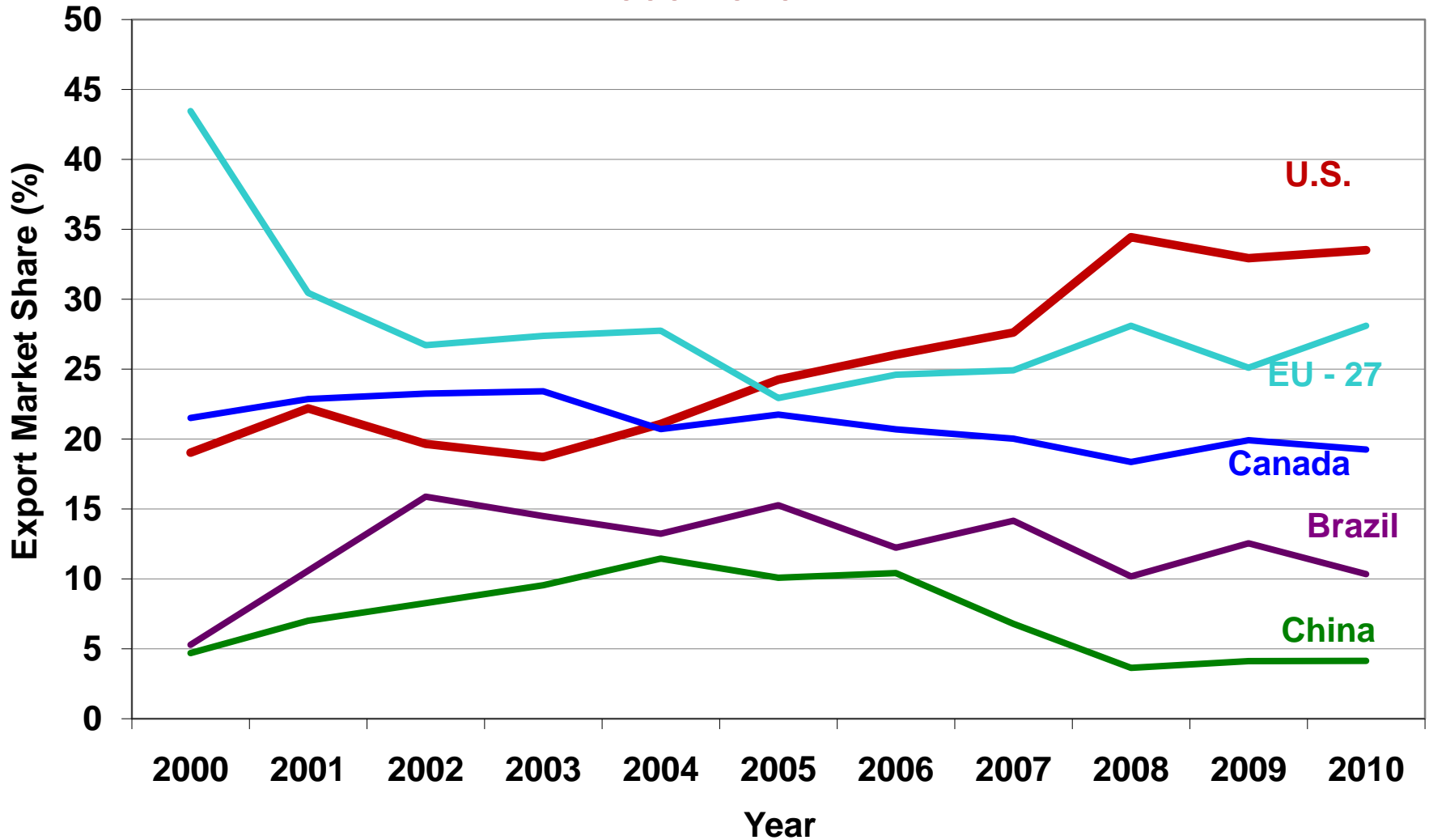
Annual Pork and Variety Meats Exports, Percentage of Production, 1995-2010



Source: USDA, FAS



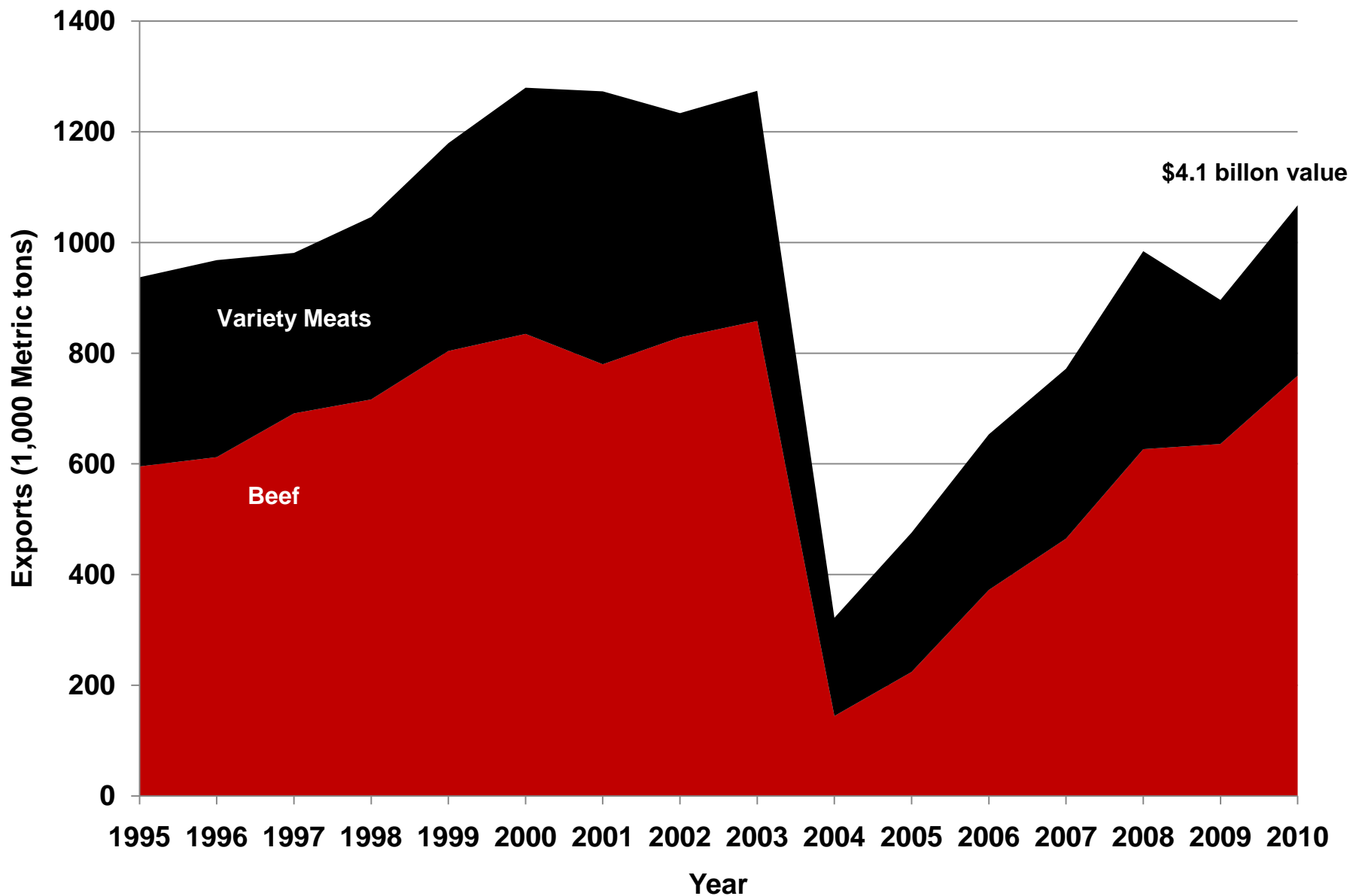
Market Shares Leading World Pork Exporters, 2000-2010



Source: Foreign Ag Service, USDA



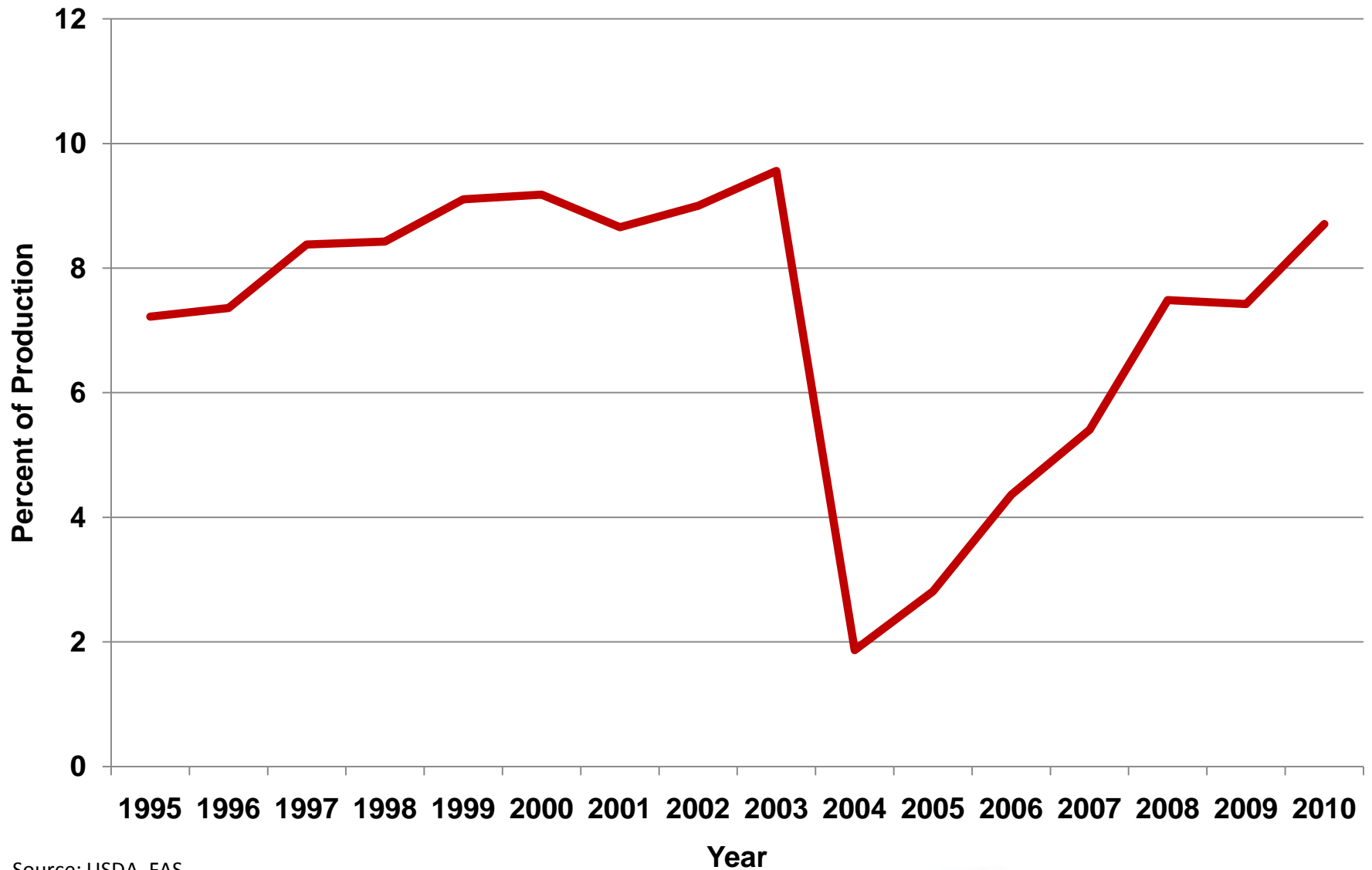
Annual Beef and Beef Variety Meats Exports, 1995-2010



Source: USDA, FAS



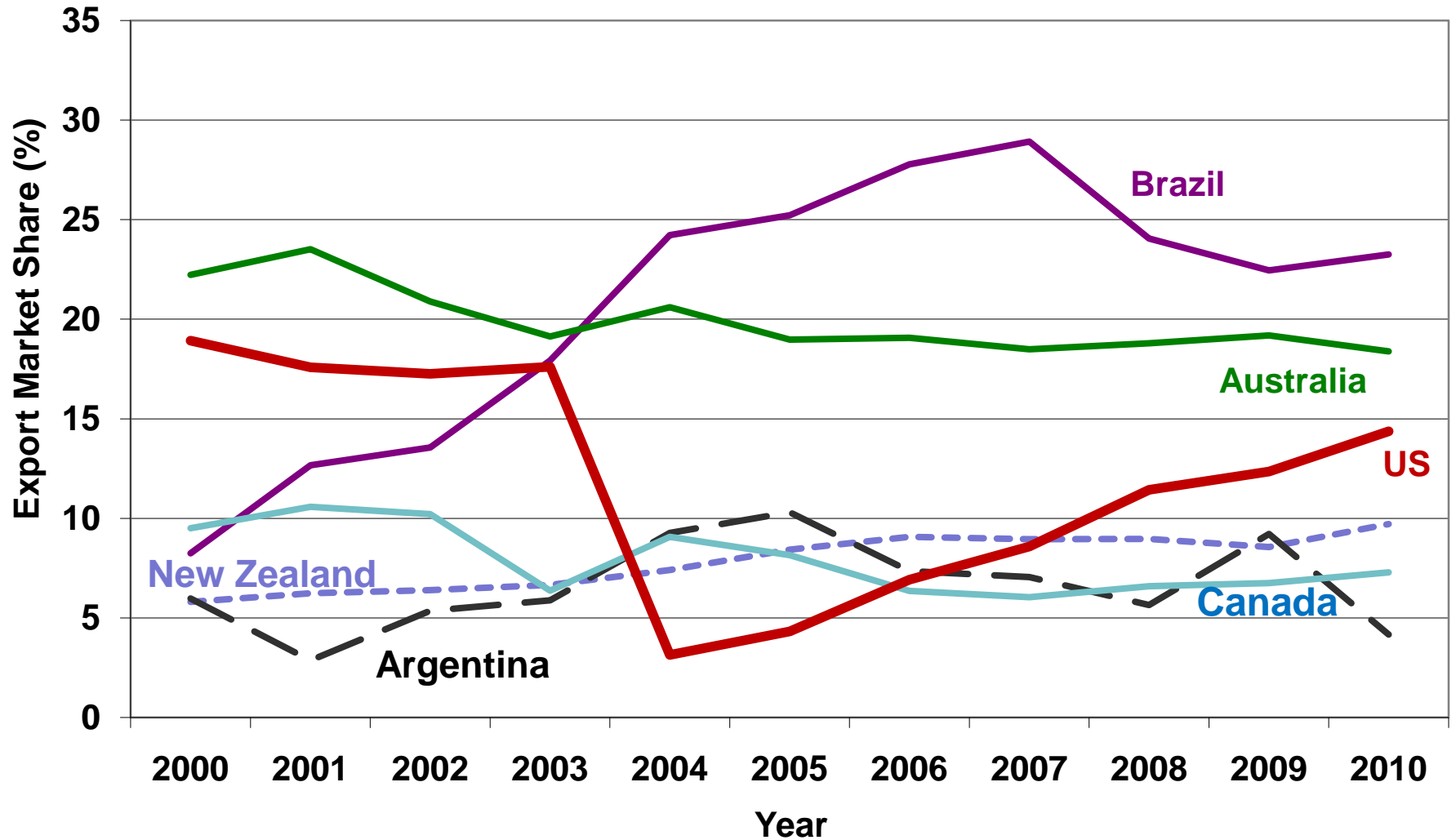
Annual Beef and Variety Meats Exports, Percentage of Production, 1995-2010



Source: USDA, FAS



Market Shares Selected Leading World Beef Exporters, 2000-2010



Source: Foreign Ag Service, USDA



Market Access Issues



Market Access

Estimated Economic Loss To Producers:

1-Day Export Market Closure (2007 Export Levels)

Beef Export Market Closure for 1 year – beef producer loss

\$9.1 million per day = \$3.3 billion per year



Recent Meat Trade Newswire:

- **6/15/2011** **Columbia lifts poultry restrictions on six states**
- **6/6/2011** **NE poultry banned from Taiwan**
- **6/2/2011** **Taiwan finds Paylean in US meat, ractopomine feeding banned**
- **6/7/2011** **China's labeling rules to cost US pork exporters**
- **6/8/2011** **Brazil industry leaders say Russian ban could cripple pork exports**
- **6/6/2011** ***South Korea to ban use of antibiotics in animal feed***
- **5/31/2011** ***Australia bans live cattle exports to Indonesia because of inhumane treatment***
- **5/12/2011** **Tyson appeals Mexico ban on Mo. poultry plant**

Sources: Meatingplace.com and Meat Trade News Daily



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**The global meat market is
lucrative but tough to navigate?**

Sources: meatingplace.com and Meat Trade News Daily



“Animal identification and product traceability from the farm to the fork must be progressively implemented worldwide”

Bernard Vallat
Director General
World Organization for Animal Health (OIE)
July 2008



Similar sentiments formalized at:

- ***WTO***
- ***Codex Alimentarius***
- ***UN FAO***



Summary Cattle Traceability Systems June 2011

		Nat.	Trace	Movement	Age	Diet	Health	
Country	Mandatory	An. ID	Origin	Tracking	Verification	Verification	Records	Motivation
Exporters								
United States	N	V	V	V	V	V	V	Animal health
Brazil	Y Export	Y	Y	Y	Y	Y	Y	FMD, EU Access
Australia	Y	Y	Y	Y	Y	Y	Y	Mkt Access
New Zealand	Y	Y	Y	Y	Y	V	V	Mkt Access, Animal Health
Canada	Y	Y	Y	Y	V	N	N	Market access BSE
Argentina	Y	Y	Y	Y	Y	N	Y	FMD and market access
Uruguay	Y	Y	Y	Y	Y	N	Y	FMD and market access
Importers								
Japan	Y	Y	Y	Y	Y	N	No	BSE
European Union	Y	Y	Y	Y	Y	N	No	Animal health, BSE
Mexico	N	Y	Y	Y	Y	N		Animal health, census, traceability
South Korea	Y	Y	Y	Y	Y	N	No	Food safety, animal health



Comparison of Export Country Market Access to Selected Import Countries as of September 1, 2010.

	OIE	OIE	Dominant	Import Country Sanitary and Phytosanitary Restrictions on Beef Imports					
Export Country	BSE Status	FMD Status	Cattle Finishing	Japan	China	South Korea	Taiwan	Hong Kong	Europe (EU-27)
Share of US Exports 2003 (FAS)				34.7%	0.4%	24.8%	1.9%	1.8%	0.2%
Share of US Exports 2009 (FAS)				12.8%	0.0%	8.3%	4.2%	3.6%	2.2%
Share of Imports from US 2009 (Global)				14.0%	0.0%	26.5%	29.7%	16.0%	2.3%
US	Cont	Free	Grain	<21 mo, EV	Restricted	<30 mo, EV	<30 mo, EV	<30 mo, EV, Traceable	NHTC
Canada	Cont	Free	Grain	<21 mo, Age verf CCIA	boneless, <30 mo, trace	Restricted	<30 mo	Full Access SRM removed	< 30 mo, NHTC
Australia	Neg	Free	Grass	Free	Free	Free	Free	Free	Free
New Zealand	Neg	Free	Grass	Free	Free	Free	Free	Free	Free
Brazil	Cont	Mixed / Vaccinate	Grass	FMD Restrictions	Free	Restricted	Restricted	Free	Inspection, Trace
Argentina	Neg	Free / Vaccinate	Grass	FMD Restrictions	Restricted	Restricted	Restricted	Free	Inspection, Trace



Who will be the global suppliers?

Those with market access



- 1. Cost competitive**
- 2. Provide trusted product assurances**
- 3. Safe food assurance**
- 4. Quality**
- 5. Accountable**
- 6. Politically positioned**

