

U.S. Meat Export Results for 2002

Meat exports were up slightly in 2002, but beef is still struggling.

Story by

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U.S. meat exports increased slightly for most of 2002, said U.S. Meat Export Federation (USMEF) President Phil Seng in a teleconference call Nov. 7. Figures released by the U.S. Department of Agriculture (USDA) for January 2002 to August 2002 show that exports increased by 3% from 2001.

Even though all meat exports increased slightly, beef is still struggling, with overall exports down 3%. The major setback for the year was the Japanese market. With the finding of bovine spongiform encephalopathy (BSE) in Japan in 2001, beef exports fell as much as 60% in the months following. Presently, Seng said, the United States is down 20% in beef exports to Japan.



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“This is basically where we thought we would be. We didn’t think we would be back to full market recovery,” Seng said. “The major area in Japan is the variety meats market and the offal market. Those are down close to 55%. The muscle meats are only down about 15%.”

Increasing beef exports

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Exports to Hong Kong and China soared this year as rising incomes, expansion of the foodservice industry, tight Chinese supplies and favorable U.S. pricing boosted demand. The USDA reports that through the first eight months of 2002, the U.S. beef muscle meat exports jumped 78% from a year ago.

Korea has been another major market. For two months of the year they were leading in beef exports. “Korea is up over 100% on the beef side. We don’t see this continuing all throughout

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Brazil is becoming a stronger competitor in the worldwide meat trade.

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next year, but it has been a wonderful counterbalance to the activities and problems we've had in Japan," Seng said.

Challenges to beef exports

Seng pointed out several challenges U.S. meat exports are facing throughout the world. One of the main concerns is

food safety. It has affected the United States directly in Japan and is a major issue in Europe.

"Consumers are becoming more aware of these issues through the worldwide press. There isn't anybody who hasn't heard about BSE, so this is the main area that we are having to generate more and more dollars just to maintain our market share," Seng said.

Another challenge is addressing the issue of access to foreign markets. Free-trade agreements made between countries during the 1980s and 1990s gave the United States more access to several markets. The North American Free Trade Agreement (NAFTA) opened the borders of Canada and Mexico, and trade agreements with other countries made it easier to export to them as well.

"Now we have access in these areas, and some of the biggest challenges we have to address [are in] maintaining that access. As we've gotten rid of the tariffs and border protection, these more quiet, silent areas of protection are what we are dealing with now," Seng said. "Those are in the area of food safety, certification, documentation, etc. It is not the product, but the composition of the product that is coming into play."

Seng added that many countries are talking about the "dirt to dinner" concept, wanting full traceability back to the producer level.

Seng also warned of one country, Brazil, that is becoming a major challenge and its role in the worldwide meat trade. In two years, Brazil has more than doubled its share of meat exports throughout the world, exporting less than 500,000 metric tons of beef and pork in 2000, but close to 1 million metric tons in 2002. It is mainly targeting developing countries like Russia and China.

"We see Brazil as a juggernaut, the country that is getting its act together," he said. "It is a country that is quietly doing many trade missions around the world."

West Coast port dispute

The longshoremen's strike on the West Coast had an impact on exports to Asia, shutting down ports for almost 10 days in October. Joel Haggard, vice president for the Asia/Pacific area, said that to analyze the impact you have to divide the chilled product, which is sent mainly to Japan, from the frozen product, which is shipped to the rest of Asia.

"Let's start with the markets that buy mainly frozen products — Korea, China, Taiwan, all of the Southeast Asian countries. The impact was fairly minimal, and for the importers it was an inconvenience," Haggard said.

The chilled product, which is highly perishable, was air freighted to Japan when it was absolutely necessary to be in stores. "Air freighting costs many, many times more to ship than sea freight costs," Haggard said.

Many of the Japanese retailers opted to minimize their promotion of U.S. beef during the strike. Instead they ran more promotions featuring Japanese beef products.

Phil Seng said the impact on U.S. meat exports was much less than if the strike had gone on for another few days. "The fact [shipping] started up again on Oct. 9 was a major plus for us. If this would have been prolonged, even a little bit longer, I think it would have had dire consequences for us," Seng said. "It did have an impact, but it wasn't as bad as we envisioned at the time."