



A GLOBAL PERSPECTIVE

Rabobank shares beef production and marketing trends.

by Troy Smith, field editor

In the global marketplace, the U.S. beef industry is in a pretty good position. There are a couple of reasons. One is reliability; the United States delivers what is promised. The other is quality; The United States consistently produces high-quality beef — more than 80% USDA Choice or better. According to Don Close, an agrifinance researcher and analyst for Rabobank, those are good reasons U.S. beef exports earn premium prices.

“But don’t think Australia and Brazil don’t want a slice of the premium pie,” Close told an audience gathered for the Cattle Industry Convention & NCBA Trade Show, hosted Feb. 1-3 in Houston, Texas. “The U.S. has no choice but to keep getting better.”

During a Cattlemen’s College® session, Close talked about global beef production and marketing trends, as well as potential disruptors to international sales of U.S. beef. He talked about some of the countries likely to affect the global marketplace.

Close allowed that many U.S. cattle producers are surprised to learn where, on this planet, the greatest numbers of cattle are found.

INDIA leads, with 305 million head, but that tally includes water

buffalo. Perhaps even more surprising is that India ranks among the top five beef-exporting countries.

Despite a largely Hindu population (greater than 75%) and its efforts to stop animal production, India’s beef exports are growing. Most export sales consist of frozen beef destined for Asian countries. That’s a factor, said Close, although India’s beef is mostly of low quality.

AUSTRALIA is growing in grain-fed beef production, with a hungry eye on the Chinese market. Its competitive position may be somewhat hindered, however, by limited domestic grain production, typically short cattle-feeding periods and cattle genetics.

Close said Australia really has two different types of production.

In the northern part of the country, herds typically show “a lot of ear,” indicative of strong zebu influence. In southern Australia, there is more British breed influence, and cattle may be more suited to grain-fed production.

Close said **ARGENTINA** has a production environment conducive to increased production of grain-fed beef for export, but that

country’s political and economic environments are too unstable.

All things considered, **BRAZIL** is positioned more favorably.

“Brazil is only feeding about 7% of its cattle, but they’ve certainly got the cattle, feed and water to feed a lot more,” stated Close. “Brazil could become competitive as a producer of grain-fed beef.”

Turning to **NORTH AMERICA**, Close said Canada’s cattle-feeding capacity is growing at the same time that its cow herd is contracting, which is likely to make them more dependent on feeder cattle from the United

States. According to Close, Mexico’s cattle-feeding and beef-processing segments are growing and expected to grow more, as are beef exports.

For all countries possessing potential to export, **CHINA** looms large as a targeted market.

Close said China is rapidly transitioning to more sophisticated food marketing. Its consumers are developing more sophisticated palates. Their ability to prepare beef has improved. More of them are economically better off and can afford to buy beef of higher quality.

“Beef is not beef. By that, I mean it’s not all the same. Beef varies in quality,” stated Close. “Does

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everybody want high quality? No; but as buying power increases, demand for quality increases. It’s a familiar story.”

Noting how U.S. beef exports surged in 2021, mostly due

to China’s purchases, Close said beef exports are expected to grow another 2%-4% in 2022, mostly due to China.

“The U.S. domestic beef market is mature, so we need export markets. And the U.S. has shown its ability to reliably deliver a high-quality product for export,” said Close, noting that it has not gone unnoticed. “Our key competitors are targeting quality beef production, too.”

Editor’s note: Troy Smith is a freelance writer and cattleman from Sargent, Neb.