

Global Beef Production



Rabobank report analyzes global trade dynamic; finds U.S. at potential disadvantage in the absence of strong agreements.

Beef production patterns are changing around the world, and the industry is seeing the role new trade dynamics, policy and consumer-driven preferences will play in shaping future success. According to a new report from the Rabobank Food & Agribusiness Research and Advisory group, U.S. beef producers are seeing the very nature of beef trade evolving as other countries are producing beef under favorable export agreements, the U.S. dollar is gaining in value, and domestic markets are making demands producers haven't experienced before.

"In the U.S., we are hearing from producers that they are wrestling with strategic questions centered around whether creating a safe and nutritious product will be enough to sustain a profitable market for quality U.S. beef," says report co-author and Rabobank protein analyst Don Close.

The report explores imports and exports of global beef-producing countries and the development of China and Southeast Asia as major consumers.

"Over the past few years, China has become a major player in the global beef trade," notes Rabobank analyst Matt Costello. "While per capita consumption for beef is low compared to more traditional beef markets, projections suggest Greater China will become the world's largest beef importer in the coming few years."

Against this backdrop, the U.S. beef industry faces an increasingly competitive global beef market. While the United States is expected to remain the global standard for quality and supply stability, the domestic industry has the opportunity to determine future investment through a robust discussion about competitive strategy.

The report outlines three suggestions from Rabobank to keep U.S. products competitive.

"We feel a focus on enhancing U.S. export opportunities, producing beef that meets emerging consumer preferences, and implementing programs such as a voluntary, industry-driven cattle and beef traceability program are important steps to strengthen the U.S. position in the market," notes Close. "Looking closely at trade, it's our point of view that if TPP (Trans-Pacific Partnership) is not passed, it puts U.S. exports at a significant disadvantage in a global marketplace since there is an anticipated increase in exports from South American countries that have trade agreements separate from TPP."

A full copy of *AgFocus: Global Beef Production Becoming More Competitive and More Complex – How Should the U.S. Industry Respond?*, is available by contacting Sarah Kolell at Rabo AgriFinance.

