

2007 Cattle Industry Annual Convention & Trade Show

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Global Market and Trade Outlook

Beef consumption predicted to increase globally, while the U.S. continues efforts to regain 2003 export levels.

by Mathew Elliott

NASHVILLE, TENN. (Feb. 1, 2007) — Cattle-Fax analyst Brett Stuart gave a short geography lesson to begin the Cattle-Fax Global Market and Trade Outlook. He began by looking at simple things, like worldwide population densities and areas categorized by income.

Stuart explained that large populations don't always equate to large incomes, which are typically associated with larger per capita consumption of beef. Still, small percentage increases among large populations can add up fast.

A look at global beef production showed that in the past four years, beef production has been on the rise, led by increases in most of the largest beef-producing countries, including the U.S., Brazil, China and India. Global beef production is predicted to continue to increase in 2007.

Where will that beef go? Stuart predicted beef consumption to increase 2.58 billion pounds in 2007, with countries including China, Brazil, the U.S., India, Japan, South Korea, Mexico, the European Union (EU), Australia and New Zealand leading growth. On the other hand, beef consumption is expected to decrease in Argentina, the Ukraine, Russia, Canada, Bulgaria and Egypt.

While the U.S. is the largest consumer of beef in the world, it is also the largest producer of beef and depends on exports to maintain fed-cattle prices. The U.S. has been regaining some of the exports that were lost after the December 2003 incidence of bovine spongiform encephalopathy (BSE).



► Opportunities are available in the export market, Cattle-Fax analyst Brett Stuart said, pointing out China's population and the EU's affluence.

Considering only open markets (excluding Japan, South Korea, China and Russia), 2006 export volumes were 7% above pre-BSE levels, Stuart reported. But continued export growth will require additional market access in those markets.

South Korea is an important area of concern. It remains at a political stalemate with the U.S. regarding beef trade and free trade agreement (FTA) talks.

The U.S. also needs to work with Japan regarding the 30-month-of-age rule, Stuart commented. Current World Organization for

Animal Health (OIE) discussions may affect the trade picture. In Paris, scientists are going to determine safety levels of cattle-exporting countries, and U.S. beef is expected to move to either controlled or negative-risk status. Either one will increase the marketability for U.S. beef internationally.

Japan isn't forced to accept or change its policies based on the new risk level assigned to U.S. cattle; however, Japanese officials tend to be influenced by OIE standards, Stuart said.

There are still some wildcards, Stuart said. A foreign disease could cause a loss of confidence among trading partners and consumers. And trade policies and foreign exchange policies could change rapidly.

But opportunities are still very much there, Stuart said. China has a huge population that could continue to open a bigger market, and the EU has a lot of high-income people to buy high-quality beef. There are also growing high-quality global niche markets. Wherever there are resorts or hotels across the world, there is a demand for high-quality meat.

The opportunities are out there, Stuart said. The beef industry must go get them.

Stuart presented his comments Feb. 1 during the 38th Annual Cattle-Fax Outlook Seminar for 2007 during the Cattle Industry Annual Convention and NCBA Trade Show in Nashville. The outlook seminar is sponsored by Pfizer Animal Health. Summaries of other presentations during the outlook are also posted to the www.4cattlemen.com newsroom.

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