



Opportunities and Challenges with Marketing U.S. Meat in International Markets

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Record Large U.S. Production

Added pork slaughter capacity, continued beef production growth



Global Red Meat Production

ASF threatens global supplies of pork, drought conditions on beef



Global Economic Growth

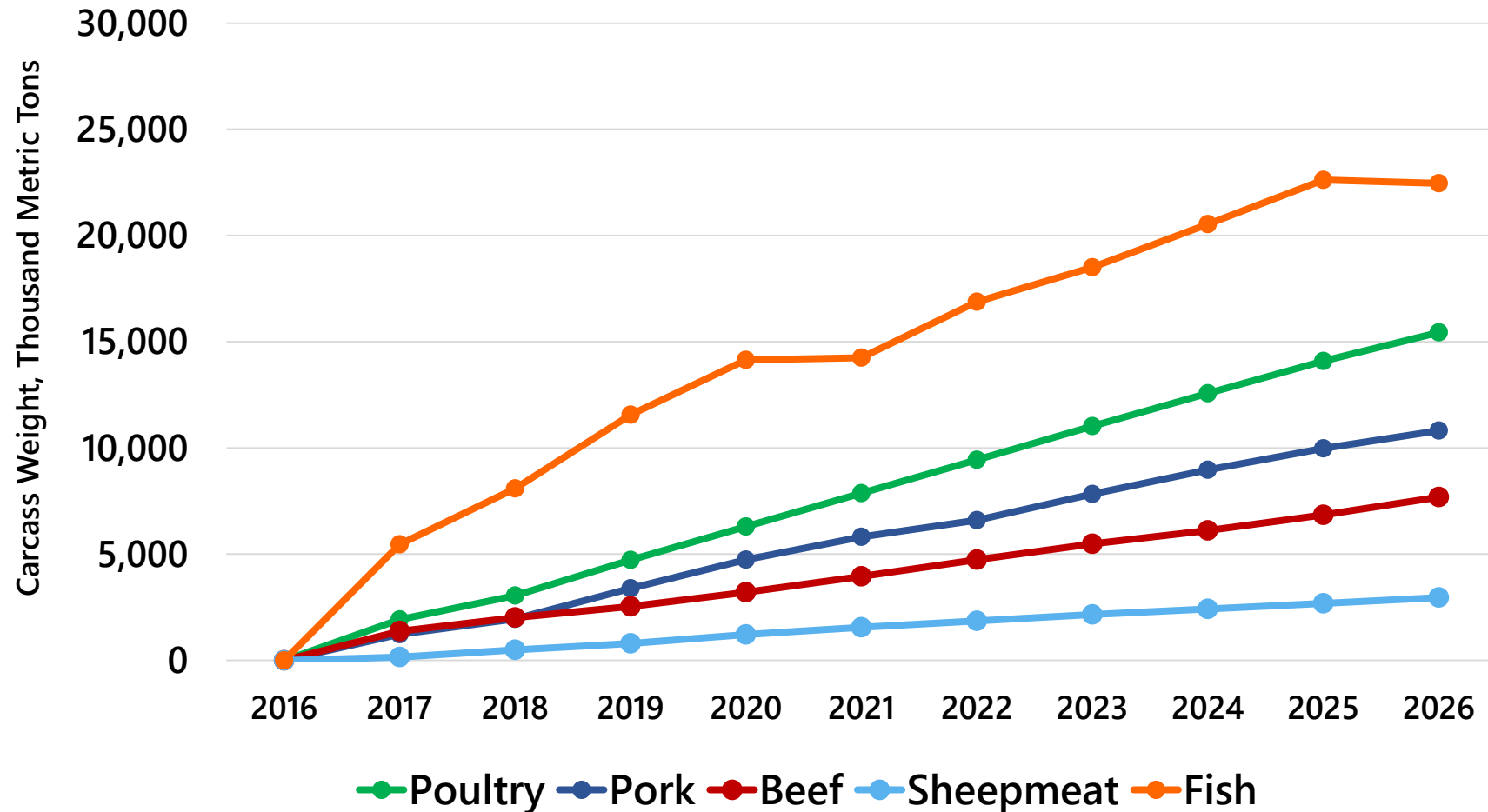
International demand driving U.S. production growth



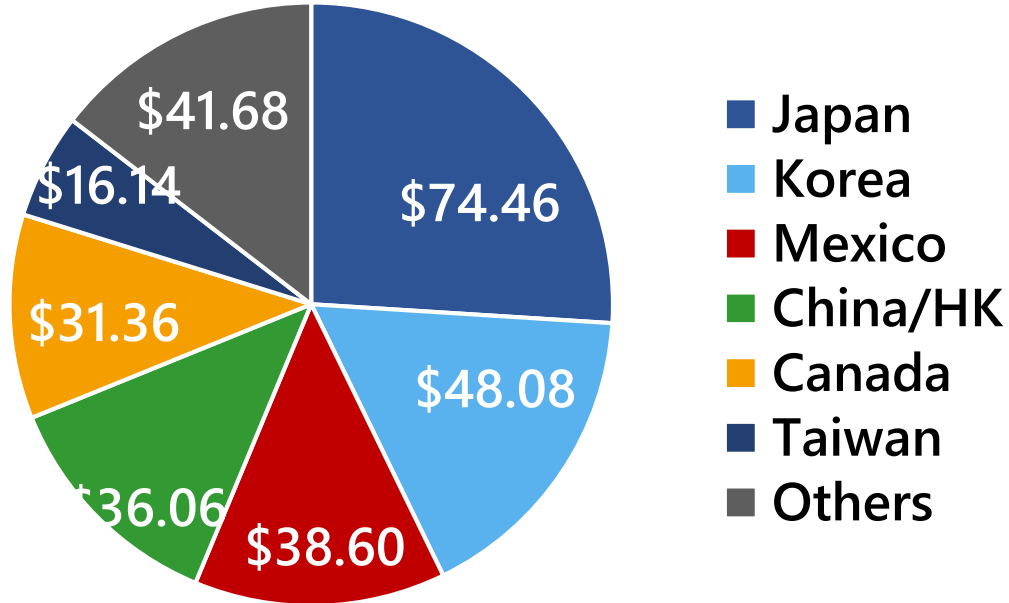
Growth in Total Global Protein Consumption



Cumulative Consumption Growth



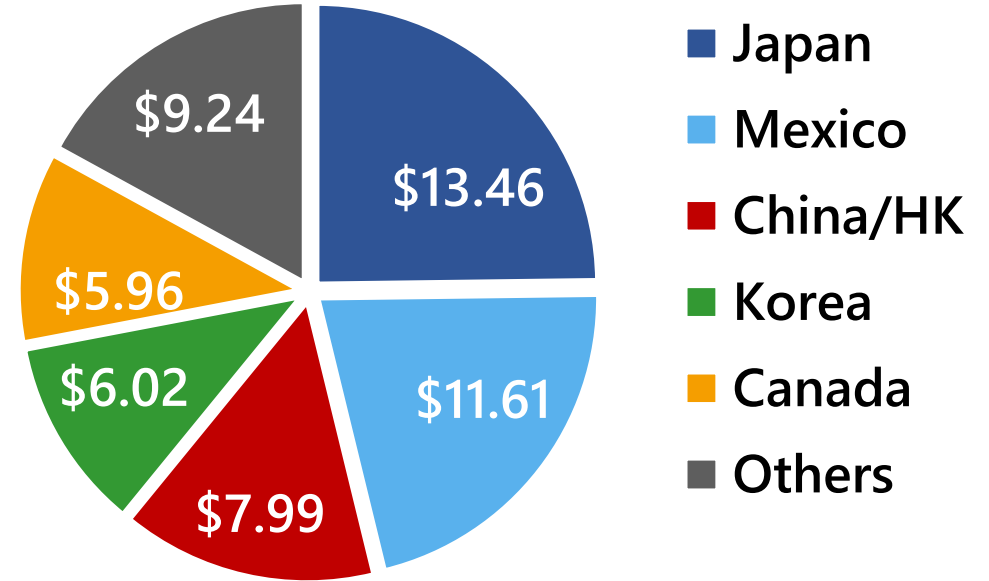
Export Value per Head by Market



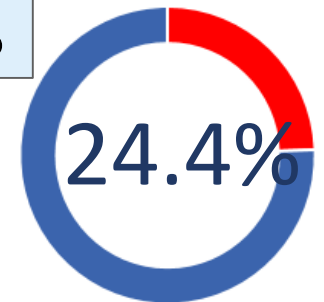
Value per head of fed cattle slaughtered = \$318.66, ↑16%



Beef and BVM Exports as a Percent of Production



Value per market hog slaughtered = \$54.27, +0%



Pork and PVM Exports as a Percent of Production

2018 Beef and Pork Export Volume and Value

	METRIC TONS	VALUE
BEEF CUTS	1,041,608	\$7,442,175,000
VARIETY MEATS	311,309	\$890,033,000
TOTAL	1,352,917	\$8,332,208,000

	METRIC TONS	VALUE
PORK CUTS	1,978,444	\$5,333,997,000
VARIETY MEATS	458,979	\$1,058,274,000
TOTAL	2,437,423	\$6,392,270,000

Beef and Pork Total: \$14,724,478,000

Export Market Factors



Tariff Barriers

Ability to compete in countries w/ agreements vs. falling behind competitors



SPS/Non-Tariff

What barriers impact U.S. ability to supply and compete?



Economic Factors

Price sensitivity, ability to buy high quality beef. Where are the growth markets?



Product Mix

What products does the market demand and can we supply it better than our competitors?

What will drive U.S. exports in 2019?



African Swine Fever



China Agreement



Japan Agreements



USMCA

Market Access Priorities



Removal of 232
retaliatory tariffs on
pork/beef



Equivalent market access
conditions with CPTPP
and Japan-EU EPA



Removal of 232/301
retaliatory tariffs, eliminat
SPS restrictions

Export Competition

Tariff/FTA Advantages

- CTPP
 - Beef: US 12% disadvantage than other CTPP countries, phase out process
 - Pork: US disadvantage based on specific product duties
- EU/Japan Agreement same as CTPP
- CETA: Canada-EU large 0 duty quota, little used at this point

メキシコ産牛肉輸出業協会：マスコット紹介

スペイン語の「友達」という名前で、メキシカンビーフの情報を親しみやすく伝える友達みたいなキャラクターです。メキシコ産牛肉輸出業協会のイメージをユーモラスに表現し、各種のイベントやキャンペーンの展開、PRメッセージの伝達に大切な役割を担っています。メキシカンビーフのヘルシーで清潔・安全なイメージが浮かぶようにデザインされており、にっこりと笑っている牛の姿により、最高の環境と清潔な生産過程から生まれた最高の肉質を誇るメキシカンビーフのことを表現しています。また、メキシカンビーフを象徴する牛を10種類ありのポーズで擬人化し、陽気に様々な活動をしている姿を描くことで、親しくみやすさを表現しました。



Mascot

Tasty

徹底的な衛生管理と安全な飼料がもたらす、やわらかさが魅力の深い「味」を表現しています。

Grainsfeed

「飼料調料」を160日以上食べさせて肥育した、よりやわらかな肉質を持つメキシカンビーフを表現しています。

Non-stressed

メキシコの大自然の中で、メキシコの牛が「ストレスなく」健康的に飼育されていることを表現しています。



Clean

狂牛病の発生が過去一度もないメキシコ。この国の優れた衛生管理技術によって確保されている「健康と安全」を表現しています。

Healthy

メキシカンビーフならではの、やわらかな肉質のために努力している「ヘルシーな」メキシコの牛を表現しています。

South Korea

- Growing pork consumption, production and imports
- Meat-centric Home Meal Replacement
- Importing more, higher value pork - duty free



Colombia

- Now 6th largest market for U.S. pork
- U.S. has 89% market share and 1/4 of total pork consumption
- More room for consumption to grow!



U.S. Pork Export Opportunities



ASEAN

- Economic growth in region, especially Vietnam, Philippines
- ASF-related supply issues in Vietnam
- Income growth and demand for high quality protein



South/Central America

- Dominant market share in Central America with room to grow
- New market access (Argentina) and growth in Chile and Peru
- USMEF Latin American Product Showcase

Wide Range of Government Regulations



- Sovereign Rights



- WTO Obligations / Dispute Settlements



- International Standards / Risk Assessments

- Trade Barriers

- Tariff Based
- SPS Based



- Free Trade Agreements

Transatlantic Trade and Investment Partnership



Trans Pacific Partnership



SPS Issues

**Hormones
Beta Agonists**

**PRT's
Hormones
Beta Agonists**

Halal

**Traceability
Hormones
Beta Agonists**

PRT's

**Hormones
Beta Agonists**

Trichinae

**Trichinae
PRT's**

Halal

PRRS

PRRS

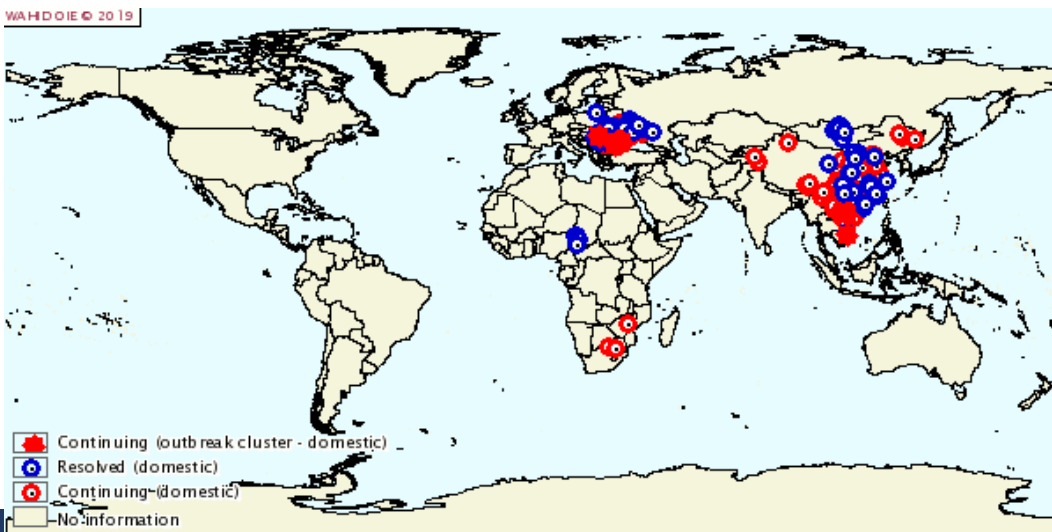


Foreign Animal Diseases



- **US: Very robust animal disease control system**
- **World Organization for Animal Health (OIE) Standards**

ASF

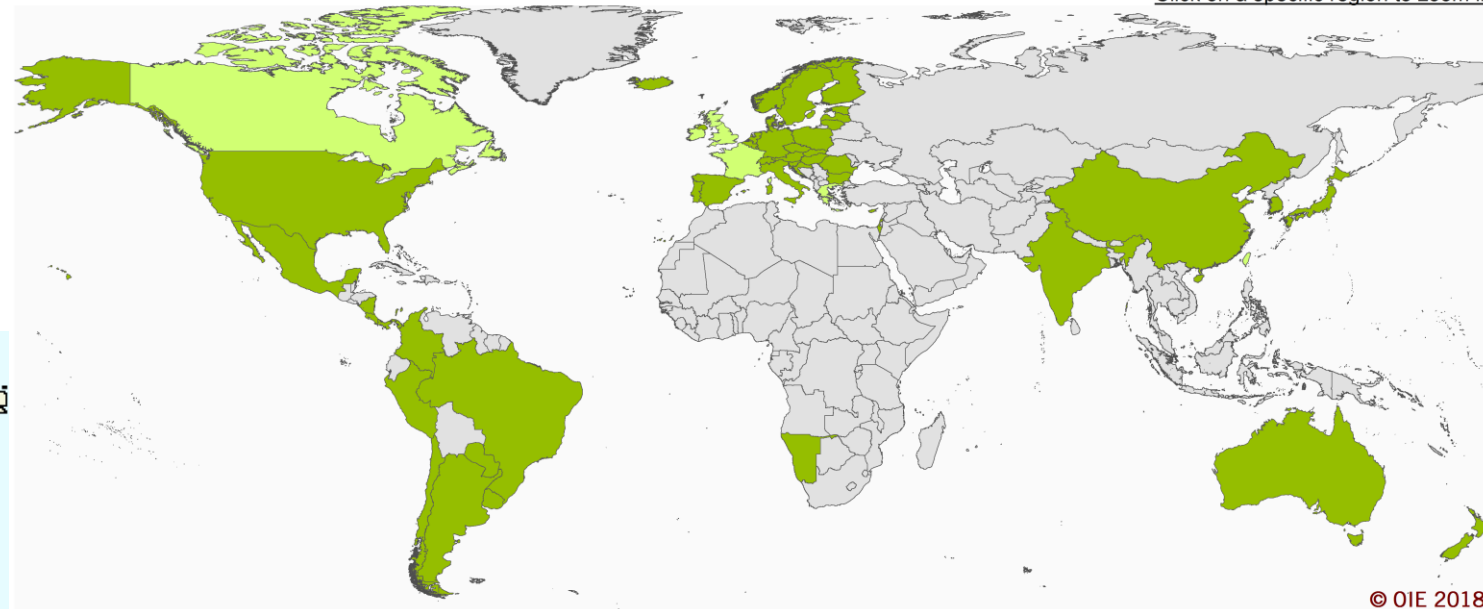


BSE

OIE Members' official BSE risk status map

Last update December 2018

[Click on a specific region to zoom in](#)



- Members and zones recognised as having a negligible BSE risk status
- Members and zones recognised as having a controlled BSE risk status
- Countries and zone without an OIE official BSE risk status

CATTLE TRACEABILITY

What export markets require traceability?

Will it add value to U.S. beef exports?



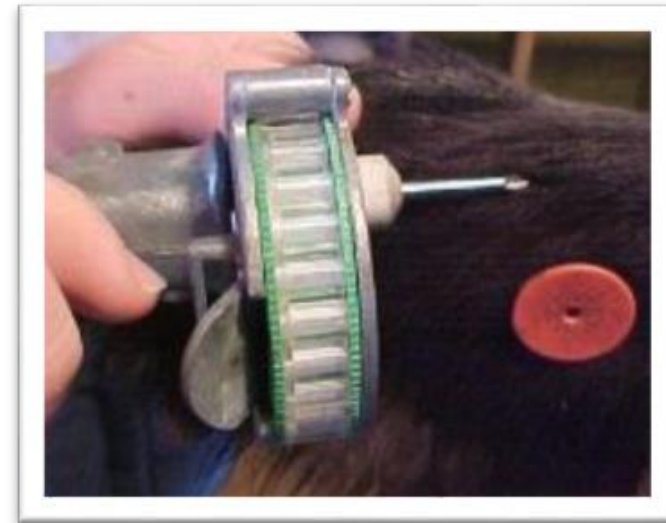
Impacts of a foreign animal disease outbreak?

What are export competitors doing?

SPS Market Access Considerations



- Foreign opinion toward production technologies?
 - Science based vs. precautionary principle
- FDA vs. Codex vs. Zero Tolerance
- Domestic regulatory framework
 - Processing aid vs. food additive
 - Import tolerance vs. domestic approval
- Testing capabilities



Issues that have NOT become Global...Yet!



Food Safety



Antibiotic Resistance – VFD
EU Reciprocity



Monitoring Food Borne Illness

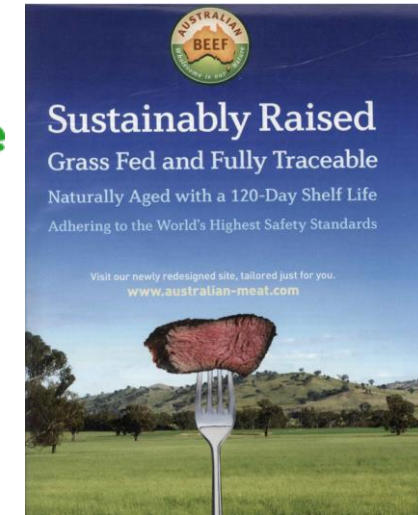
Animal Welfare



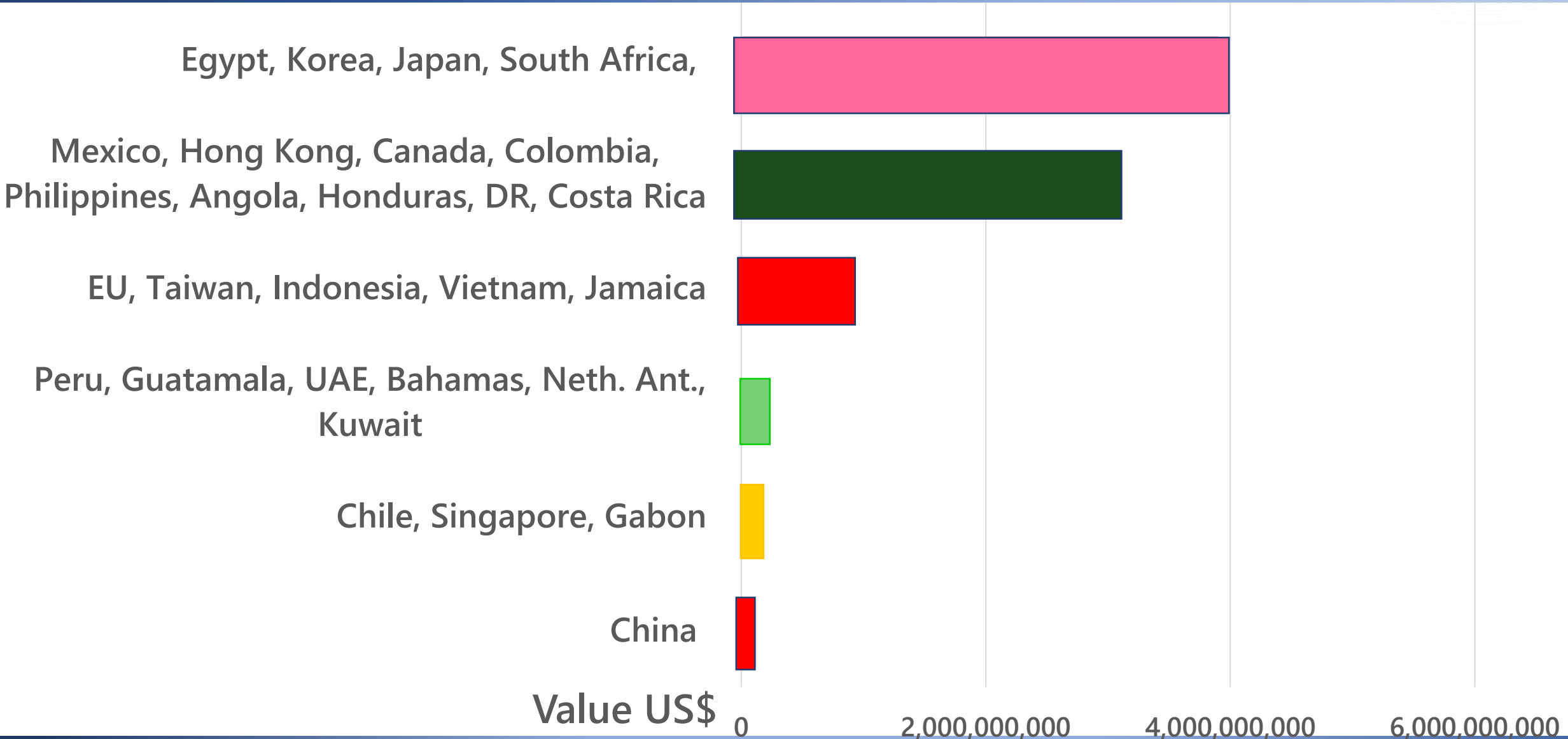
Sustainability...Food Security...Food Waste



Working with nature



Do tariffs and technical barriers reduce value?



Source: 2018 USDA & USMEF.

Marketing U.S. Beef Abroad



- Non-science based standards
- Price vs. grass-fed
- U.S. agriculture image

Grain fed, high quality +

Low cost grain fed supplier +

U.S. agriculture image +



What to Expect?

Trade Dispute Head Winds



Trade negotiations/issues will play major role in U.S. exports for 2019 and beyond in our largest, most critical markets

Unique Quality Attributes



High quality U.S. beef will continue to differentiate itself vis a vis export competition (Australia, Brazil, etc.)

New Opportunities



Income growth and change consumer preferences will drive global protein exports to grow developing markets

U.S. Supply Advantage



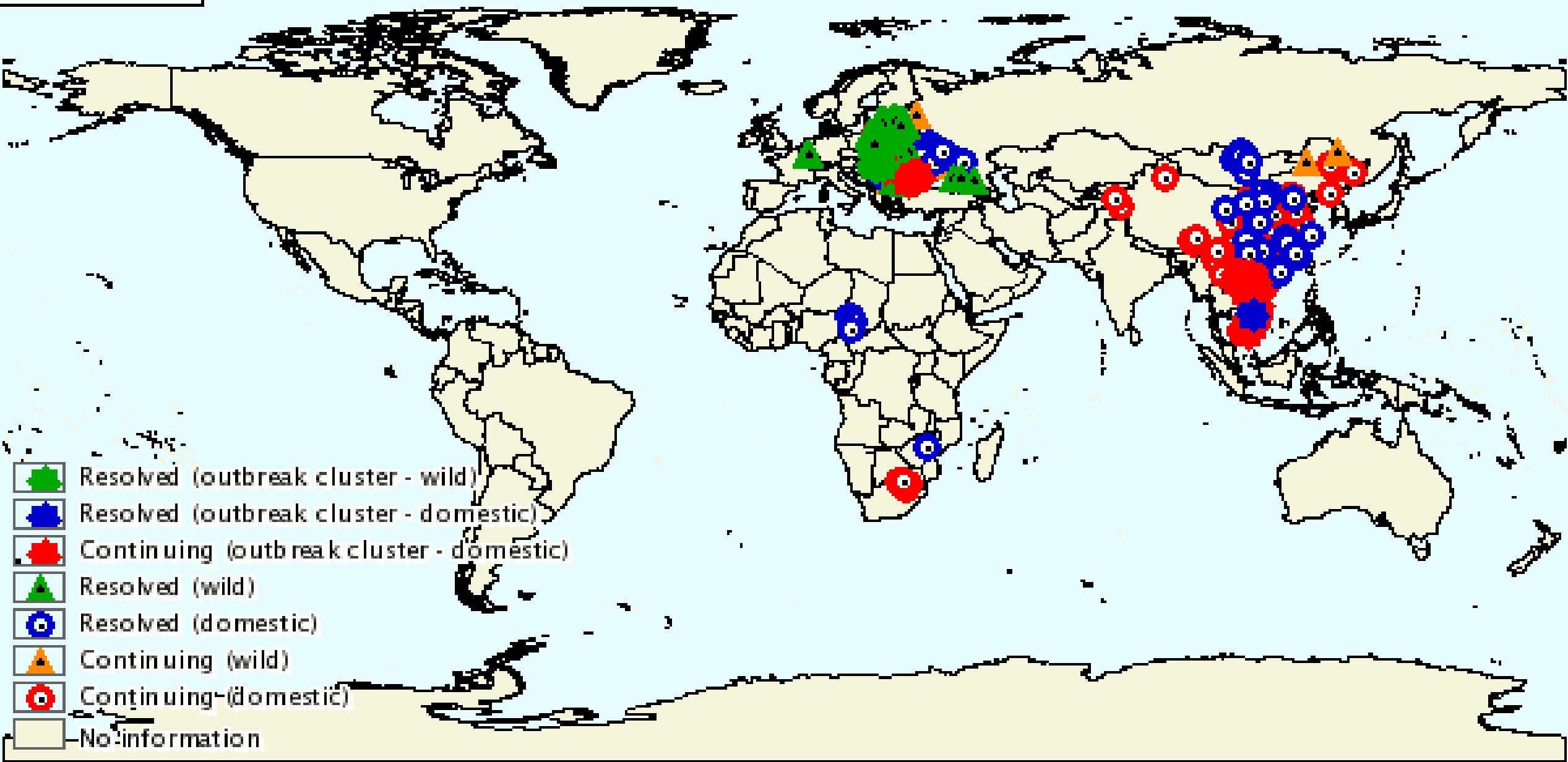
Export driven growth in supply, resource and scale advantages





African Swine Fever

- ASF is a highly transmissible hemorrhagic disease that produces a wide range of clinical signs and lesions
 - ASF is a viral disease caused by a complex DNA virus that affects only porcine species of all breeds and ages.
 - The sources of virus are blood, tissues, secretions and excretions of sick and dead animals, carrier animals and soft ticks.
 - Indirect transmission happens through feeding (e.g. garbage containing infected meat), through fomites (premises, vehicles, implements, clothes) or through biologic vectors (soft ticks).
 - It can be transmitted either via direct animal contact or via dissemination of contaminated food (e.g. sausages or uncooked meat).
- African swine fever (ASF) is a devastating infectious disease of pigs, usually deadly.
- No vaccine or effective treatment exists to combat this virus.
- It does not affect humans nor does it affect other animal species other than pigs and wild boars.
- ASF is a trade-limiting foreign animal disease of swine. Countries with confirmed cases are subject to international trade restrictions aimed at reducing the risk of introduction of the disease through trade.
- The USDA does not allow importation of pigs or fresh pork products into the U.S. from areas or regions of the world that are reported positive for the ASF virus.
- The U.S. has never had a case of African swine fever.



Regions Affected by ASF (June 17, 2019)

The region prepares



- Vietnam: ASF spreads to the south; confirmed in **58** of 63 provinces; About 2.2 million have been culled.
- Korea: Continued incidents (15) of ASF detections in hand-carried food from Chinese tourists: May 30 wild boar case in North Korea.
- Taiwan: findings of dead pigs on Matsu coastline & continued problems with hand-carried PRC meat products
- Philippines, Thailand, Cambodia: All on high alert

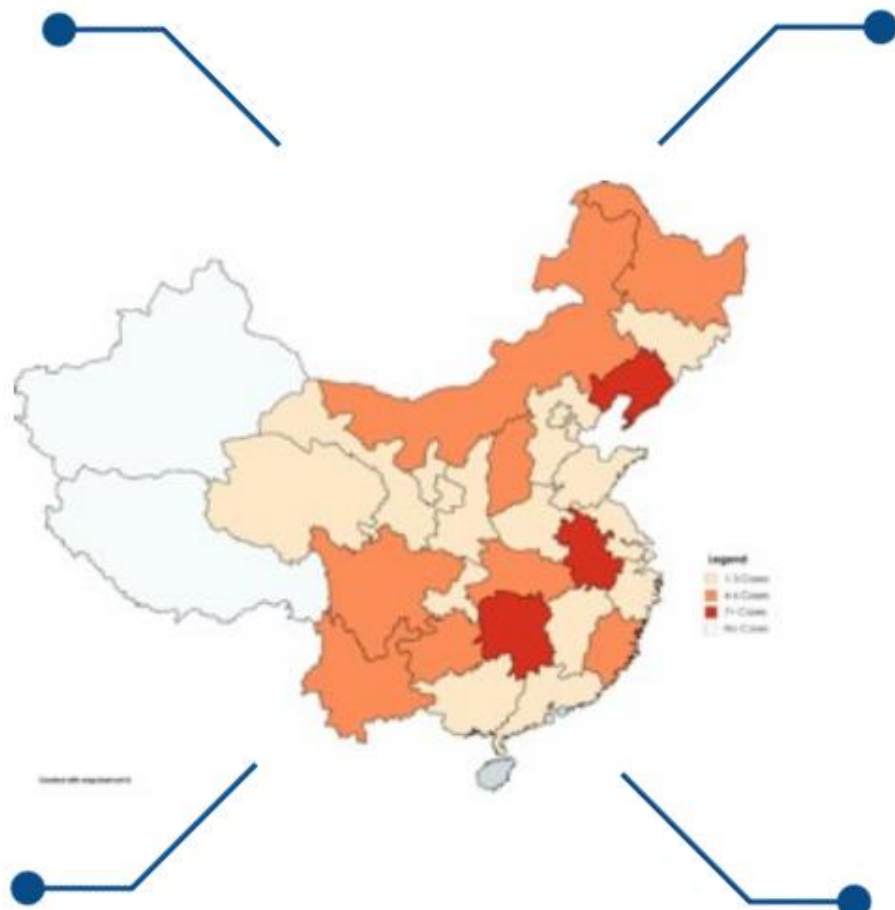
ASF Impacts on Global Pork Trade

**Assuming 20% drop in
China/Vietnam pork production**

**-9% in global production, back to
2009 production levels**

**Would leave 10.8 MMT gap
in Chinese pork production**

**Global pork trade was 8.2
MMT in 2018**



**62% tariff limiting factor for
U.S. competitiveness**

**Difficult for U.S. to substantially
grow exports to China without
tariff relief**

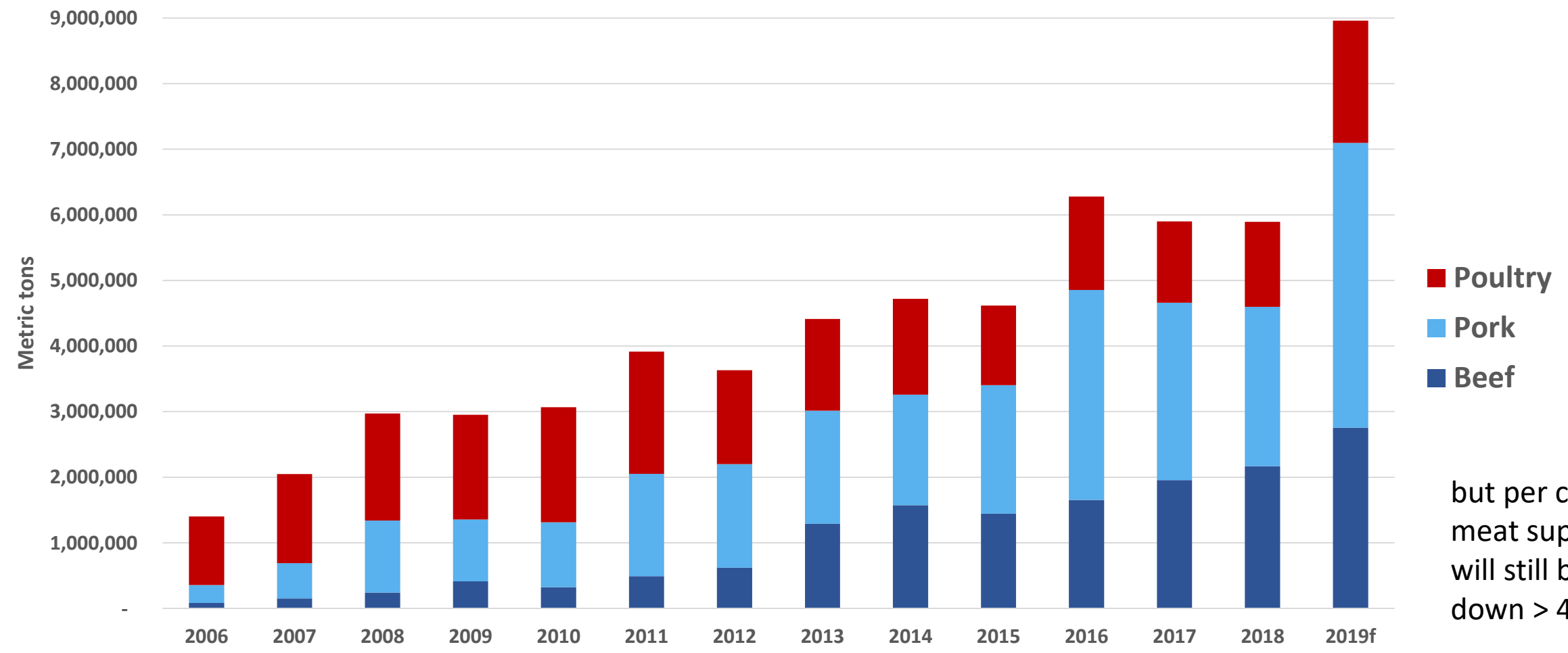
**Opportunity for growth in
other protein consumption**

**Consumers replacing pork for
poultry, beef, mutton**

Meat & poultry exports to China were estimated at close to 6 million mt...could now near 9 million mt

2019 estimate
Total: 8.96 mmt, +52%
Pork: 4.3 mmt, +79%
Beef: 2.75 mmt, +30%
Poultry: 1.86 mmt, +44%

Estimated total volume of meat & offal entering China, from all exporters



but per capita meat supplies will still be down > 4 kg