



National Cattlemen's Beef Association

May 1, 2020

There has been a lot of conversation about international beef trade this week with the arrival of a shipment of beef from Namibia in the United States. I'll get to that in a minute, but first it's important to know that trade is a two-way street and that street accommodates more than just beef. Nearly every product we produce here is affected by trade, either as a result of products that are imported from another country or products that we ship around the world to foreign consumers. I think we can all agree that it would be nice if we could just close the border to all imports, only send our products away without having to buy anything back, but we all know that's not how trade works. If you want to export your products, you have to be willing to import products from your trading partners if you expect access to their markets.

So with that as background, I want to provide you with some brief Q&A about the import/export market for beef and dispel some inaccuracies that are making their way around cattle circles.

Question: Why are we importing beef from 20 different countries, we produce all we need right here in the United States?

Answer: While it's true that we currently import beef from 18 countries, the vast majority (83%) comes from just four - Canada, Mexico, Australia, and New Zealand. The vast majority of that is lean trimmings used to make ground beef. We need those trimmings because of the more heavily marbled cattle that we produce here in the United States.

Question: Do we run a trade deficit in beef and cattle trade?

Answer: No, the United States is a net exporter of beef and cattle combined

Question: Is the United States flooded with beef imports?

Answer: No. Less than 11 percent of beef consumed by Americans is imported.

- Total 2020 Estimated Domestic Consumption = 12,389,000 Metric Tons
- Total 2020 Estimated Domestic Production = 12,515,000 Metric Tons
- Total 2020 Estimated Beef Imports = 1,334,000 Metric Tons
- Total 2020 Estimated Beef Exports = 1,433,000 Metric Tons

Question: What do we import?

Answer: We import calves from Mexico, fed cattle from Canada, lean beef trimmings from Australia, New Zealand, Canada, and Mexico. The small remainder (17 percent) of imports come from 14 countries and consist of lean beef trimmings, not muscle cuts, used to make ground beef.

Question: Why do we import cattle?

Answer: Live cattle imports during certain times of the year allow feedyards and packing facilities to minimize disruptions in supply due to the seasonality of cattle production in the United States.

Question: Is the United States flooded with cattle imports?

Answer: No. The total U.S. cattle herd is 94 million head. In 2019 we imported 2 million head of cattle.

Question: Why do we import beef?

Answer: 72 percent of imported beef is lean beef trimmings used to make ground beef. Without lean beef imports, we would be unable to mix our fattier beef trimmings to meet ground beef demand.

Question: Does imported beef compete with our beef in the retail sector?

Answer: We produce high quality grain-finished beef, and as a result we produce a lot of fatty trimmings. Our industry no longer produces enough lower-quality, commercial beef to meet demand for lean beef trimmings. We import lean beef trimmings to combine with our fatty trimmings to meet strong domestic demand for ground beef. Americans want to eat hamburgers, not hearts. In fact, 72 percent of imported beef is lean beef trimmings used to make hamburgers. "Beef imports are largely driven by the enormous market for ground beef in the United States. Approximately 72 percent of beef imports are lean trimmings used primarily to make hamburger." ("[Exports and imports of beef both add value,](#)" [Dr. Derrell Peel, Oklahoma State University, September 2019.](#))

Question: Are we being flooded with Brazilian beef imports?

Answer: No. Brazil represents less than 5 percent of 2019 imports...and none of that beef was fresh, it was all cooked. Brazil will send its first shipment of fresh beef to the United States in May. Most of our fresh and frozen beef imports come from Canada, Australia, Mexico, New Zealand. Brazil must compete with other countries (EU, Namibia, etc) for a small 60,000 metric ton annual quota. Here is a link to this report below: <https://www.ams.usda.gov/mnreports/lswimpe.pdf>



Imported Meat Passed for Entry in the U.S. by Country

Agricultural Marketing Service
Livestock, Poultry and Grain Market News

For Reporting Period: 04/19/2020 to 04/25/2020
Metric Tons Week Number 17

Friday, May 1, 2020

Country Totals	Current Week	Year-to-Date	2019 Year-to-Date	Percent Change
Argentina	209	2,339	14	16301%
Australia	6,443	114,184	105,314	8%
Austria		5	0	N/A
Brazil	568	12,019	15,893	-24%
Canada	10,506	215,677	226,528	-5%
Chile	1,374	19,208	16,099	19%
Costa Rica	171	4,380	2,553	72%
Croatia		35	51	-31%
Denmark	575	8,415	11,448	-26%
Finland		97	163	-41%
France	1	35	53	-35%
Germany	31	654	965	-32%
Honduras	41	1,059	516	105%
Hungary	127	729	62	1076%
Iceland		18	21	-13%
Ireland	163	4,157	2,981	39%
Israel	16	469	460	-2%
Italy	141	3,311	3,253	2%
Japan	2	142	231	-38%
Lithuania		51	48	5%
Mexico	5,801	91,140	85,107	7%
Netherlands	119	2,584	2,852	-9%
New Zealand	6,092	68,086	67,193	1%
Nicaragua	926	25,400	21,384	19%
North Ireland		180	1,005	-82%
Poland	294	8,371	30,398	-72%
San Marino	46	215	180	20%
South Korea		7	9	-16%
Spain	63	1,066	3,295	-68%
United Kingdom	48	1,018	3,452	-71%
Uruguay	1,502	11,274	14,758	-24%
Total	37,404	596,323	616,285	-3%

What Do We Import From Brazil?

As of this week, **ZERO** fresh beef has been imported from Brazil.

Only cooked beef products have been imported from Brazil.

Country	AMR/ Beef Patty Prod/ Carcasses		Trimless Trimmings	Check/Heart Meat	Cuts	Edible Offals	Formed Steaks	Head Meat	Non-Intact Cuts/Trm	Other Intact	Other Non-Intact Cuts/Prod	Primals & Subprimals	Weekly Total	2020		2019	Percent Change
	Ground Beef													Year-to-Date	Year-to-Date		
Argentina			91		20							97	209	2,339	14	17147%	
Australia			2,677	3	382	43				14		1,410	4,530	77,255	69,110	12%	
Brazil														0	0	0	N/A
Chile			2,071	68	1	228		142		60	3	1,512	4,088	94,590	98,051	-4%	
Costa Rica			118									48	171	4,376	2,552	71%	
France			19									20	41	1,059	516	105%	
Honduras			19		50							1	69	3,113	1,571	98%	
Ireland												1	1	141	231	-39%	
Japan			362		3,245	525			978		104	5,214	80,706	74,330	9%		
Mexico			4,558		230	32				26		316	5,162	57,305	53,850	6%	
Nicaragua			429		224	14			26		233	926	25,400	21,384	19%		
Spain														0	0	N/A	
Uruguay			843		161							193	1,341	10,337	13,321	-22%	
Total	4		11,186	71	4,312	851		142	1,004	144	340	3,598	21,752	356,371	334,930	6%	

Question: Why are we importing beef from Africa?

Answer: USDA recently approved the small, west African country of Namibia for beef imports and the first shipment of 27 metric tons arrived in mid-April. Beef imports from Namibia will primarily consist of lean beef trimmings to be used in making ground beef. Namibia was approved by USDA after an 18-year approval process to make sure their food safety and animal health standards are equivalent to U.S. standards. Namibia ranks 77th globally in herd size. Namibia is the only African country approved to export beef to the United States, and they are limited to a 60,000 Metric Ton quota with Brazil and other countries.

Question: Why did NCBA allow beef imports from Brazil and Africa?

Answer: NCBA doesn't approve or allow imports. In fact, NCBA was the first cattle industry organization to express concerns to USDA about the resumption of trade with Brazil. The U.S. government approved Brazil and Africa beef for export to the U.S. market after a lengthy and rigorous audit and inspection process. For many years, NCBA raised serious concerns with USDA regarding the food safety and animal health standards of Brazil and Namibia. We will continue to vigilantly monitor all beef imports from these countries to ensure they do not compromise our strong food safety and animal health standards.

Question: Are beef imports safe?

Answer: Yes. All countries must go through a rigorous USDA audit process and must prove their food safety systems are equivalent to the U.S. system before they are eligible to ship beef to the United States. Furthermore, all imported beef is inspected at the port-of-entry before it is allowed into the stream of commerce. NCBA regularly engages with USDA to make sure all standards are continuously met.

Question: Why don't we shut down exports and imports to help American cattlemen be more profitable?

Answer: Simply put, the market does not work that way. Exports add \$325-350 per head and imports are necessary for us to combine our fat cattle trimmings to make ground beef. Even if we could convince every American to stop eating hamburgers and start eating tongues, stomachs, and hearts, we would still operate at a loss. And without live cattle trade we will see more packing plants and feed yards close causing greater consolidation in the packing and feed yard sectors.

Question: What does the U.S. cattle and beef industry export?

Answer: Feeder cattle to Canada, muscle cuts and offal to Asia, Mexico, and Canada.

Question: Why do we export beef?

Answer: We export a lot of cuts Americans don't consume: tongues, rounds, offals. Foreign consumers are willing to pay a much higher price for these cuts than we can fetch in the domestic market—which adds value to each head of cattle we produce. We also export high-quality beef overseas for hotel and restaurant trade, where consumers are willing to pay a premium. In short, the market allows every cut of beef or beef product to flow to the market where it will sell at the best price.

Question: How much beef did we export in 2019?

Answer: 1.37 million Metric Tons / Value = \$8 Billion

- Despite challenges, beef exports on record pace through February
 - » \$681 million in value for February 2020 (17% higher than February 2019)
 - » \$1.35 billion in value through February (11% higher than a year ago)
 - » 112,021 metric tons (247 million pounds) in volume for February 2020 (18% higher than February 2019)
 - » 219,395 metric tons (483.7 million pounds) in volume through February (10% higher than a year ago)
- Top U.S. Beef Export Markets
 - » Japan - 52,304 metric tons (up 10%) value up 7% to \$329.5 million
 - » South Korea - 41,326 mt (up 16%) valued at \$298.4 million (up 14%)
 - » Mexico - 41,862 mt (up 5%) value up 10% to \$217 million
 - » Hong Kong/China - 12,501 mt (down 16%) value down 8% to \$111.2 million direct exports to China up 12% in volume (1,408 mt) and 4% in value (\$10.4 million, and will benefit from expanded access that began in late March
 - » Canada - 18,603 mt (up 17%) value up 15% to \$112.9 million
 - » Taiwan - 10,051 mt (up 20%) value up 17% to \$86.2 million)
- Measuring Beef Export Value
 - » Exports accounted for 15.3% of total U.S. beef production in February, 14.1% year-to-date
 - » Up from 13.9% in February 2019
 - » Up from 13.5% year-to-date
 - » Export value of \$343.03 per head of fed slaughter in February, \$321.86 year-to-date
 - » Up 11% from February 2019 and the highest in 14 months
 - » Up 7% from a year ago

(Source: USMEF)

Conclusion

I know you're all getting questions about trade. Most of the phone calls I've had lately were with people who wanted to talk about imports, exports, or trade in general. R-CALF continues to push for the restoration of MCOOL and other anti-trade initiatives, but I wanted to make sure you have the facts and an understanding of why NCBA members have set the policies we have in place. Next week I will share some additional information about the mandatory Country-of-Origin Labeling (mCOOL) discussion that has again come back from the dead. If you have any questions about trade, please feel free to call me, other members of the NCBA officer team or the NCBA staff and we'll make sure you have the information you need.

Sincerely,

Marty Smith
NCBA President