

## Cattle Market Export/Import Trade

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**Land Grant Universities (28):**



**Associate Members (15):**

- AFBF
- ASI
- NCBA
- NPB
- CME Group
- Canadian Consortium
- Noble Research Institute
- CoBank
- TCFA
- TCU
- AgWest Farm Credit
- DLR
- Agri-Food and Agriculture Canada
- Stable
- National Livestock Credit Corp

**USDA Agencies (8):**

- ERS
- APHIS
- GIPSA
- NASS
- WAOB
- AMIS
- FAS
- FCA

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## Trade is Complex: Summary

**• Exports**

- 15-20% of U.S. domestic commercial production
- Top 5 Countries:
  - Japan
  - South Korea
  - China/HK
  - Mexico
  - Canada

**• Imports**

- 10-13% equivalent of commercial U.S. production
- Top 5 Countries:
  - Canada
  - Australia
  - New Zealand
  - Mexico
  - Nicaragua

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## Trade is Complex: Summary

**• Live Exports**

- Equivalent to less than 0.5% of U.S. total herd inventory
- Top 5 Countries:
  - Canada
  - Mexico



**• Live Imports**

- 5-8% commercial U.S. slaughter
- Mostly feeder cattle
- Top Partners Countries:
  - Mexico
  - Canada



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## Before we dig into the what...Remember Externalities Matter too

- Trade Agreements Matter!
- Proximity
- Exchange rates
- Politics and Foreign Trade Policy

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## Trade Agreements

- U.S. has free-trade agreements with 20 countries. Only three are key U.S. beef suppliers or importers:
  - South Korea, Mexico, Canada, and Australia




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### Free Trade vs. Trade, partnerships, etc

- Free Trade: Australia, Canada, Mexico, South Korea
- Bi-lateral Trade Agreements- Note about Japan.
- Each country the U.S. exports to has nuance, regulations and rules.



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### Trade Agreements: Shipping Beef to the U.S.

TRQ Countries and Report Dates	Report date		Tariff-rate Quota	Quota Fill-Rate	Rate of Duty	
	11/1/2021	10/31/2022			In-Quota	Above-Quota
	Product weight (metric ton)					
TRQ countries	328,736	311,945	696,821	45%		
Australia	110,794	106,015	378,214	28%	0%	21.1%
New Zealand	144,769	108,000	213,402	51%	4.4 cents/kg	26.4%
Argentina	12,613	16,225	20,000	81%	4.4 cents/kg	26.4%
Uruguay	16,225	16,807	20,000	84%	4.4 cents/kg	26.4%
"Other"	44,335	64,897	65,005	100%	4.4 cents/kg	26.4%
<b>Total</b>	<b>298,799</b>	<b>291,691</b>	-	-	-	-

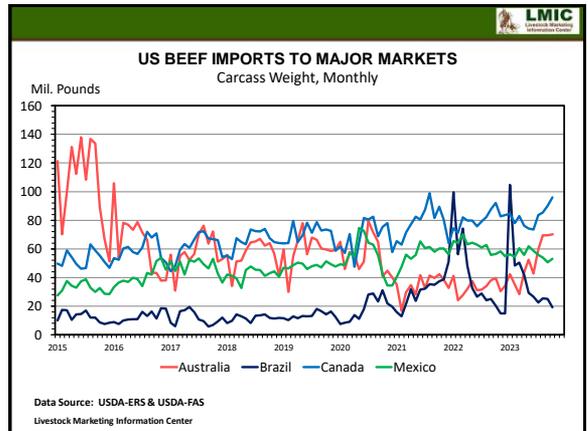
Sources: USDA, Economic Research Service, and U.S. Customs and Border Protection.

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### Trade Agreements: Shipping Beef here

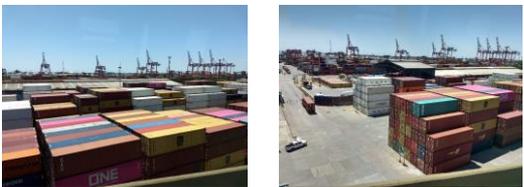
- A note about Brazil
  - Brazil is the largest shipper into the "Other" countries category quota and fills most of it in the 1<sup>st</sup> quarter of the year.
  - Brazil has only been eligible to ship beef to the U.S. since 2017, then lost access from 2018 until mid- 2020.
  - Brazil, at times, has been the single largest supplier to the U.S.

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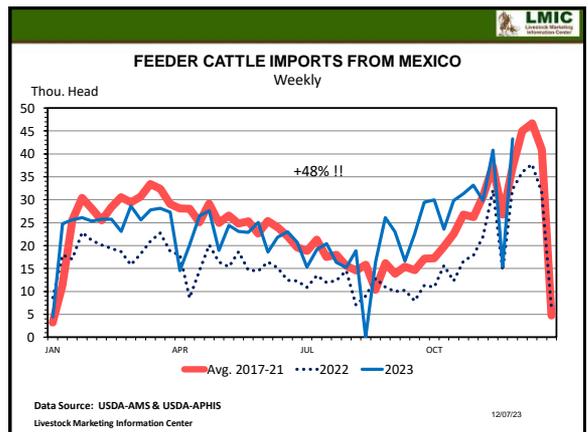


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### Cost of Shipping/Exchange Rates



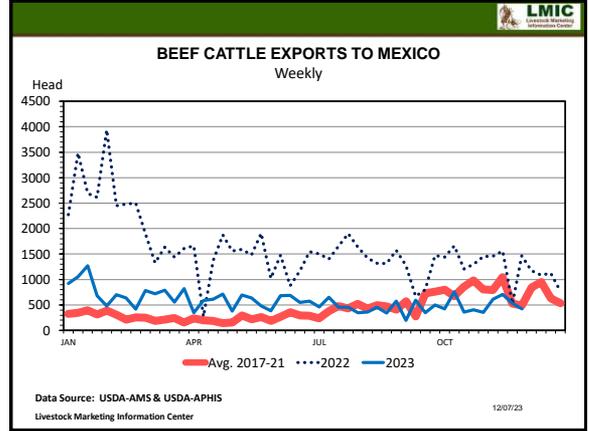
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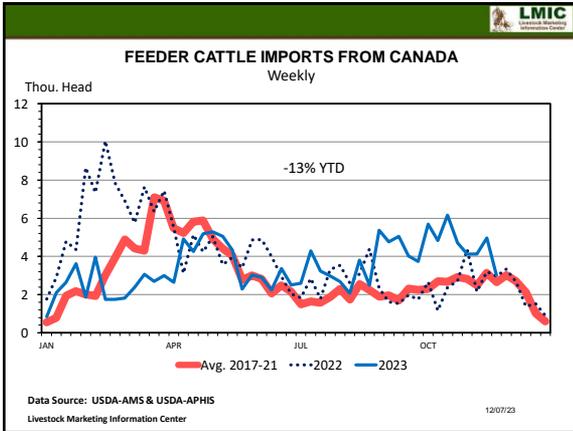
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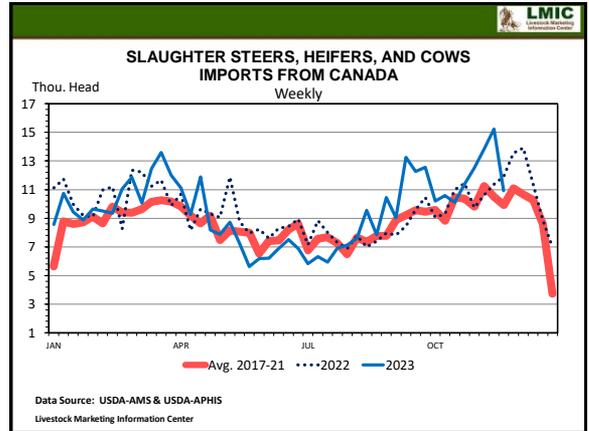
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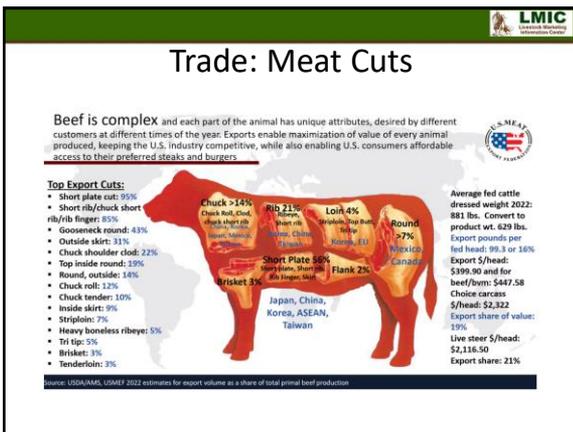
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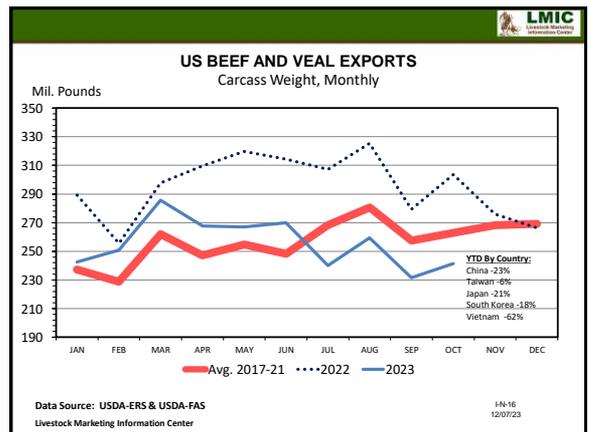
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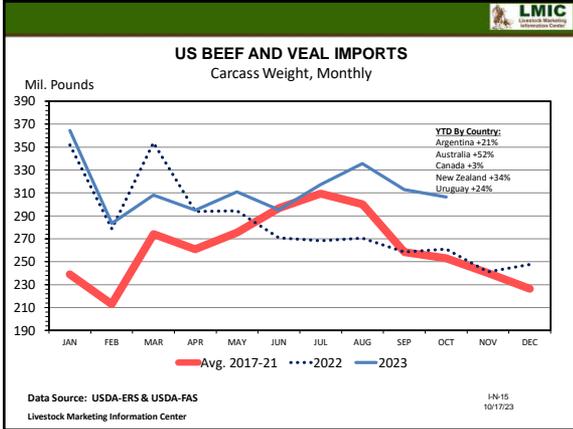
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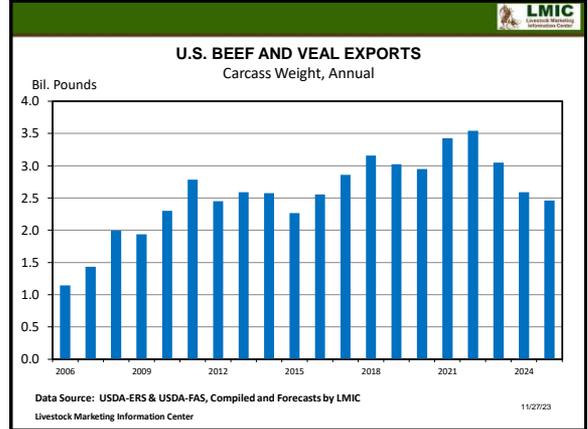
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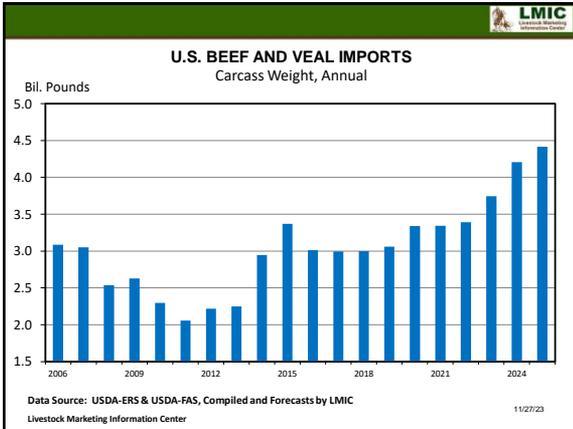
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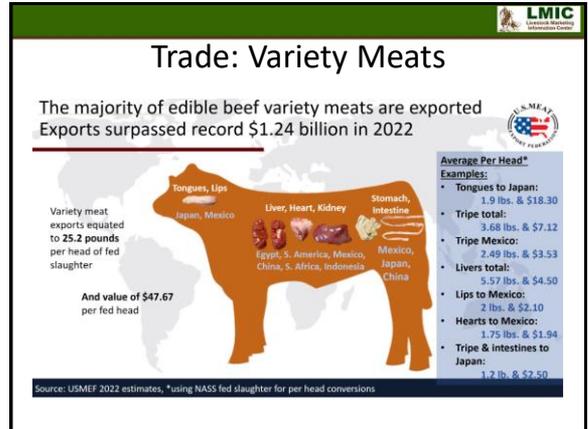
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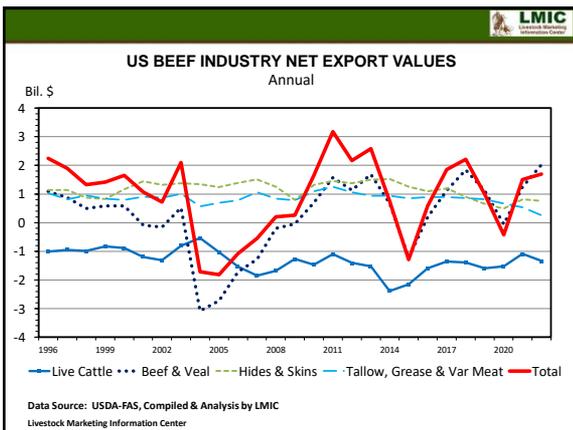
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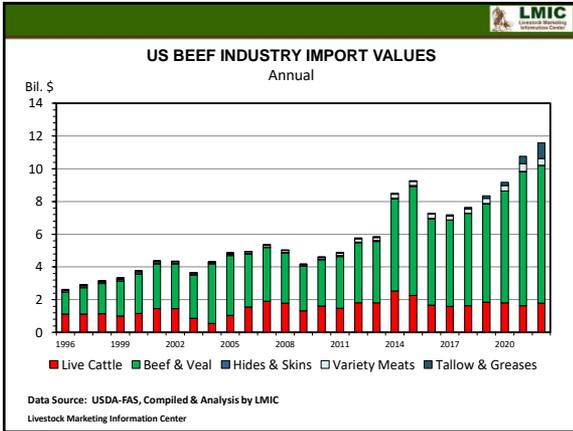


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**Edible and Non-Edible Offal**

- Export!
- Single carcass items tend to increase a lot in value as cattle slaughter declines.
- **Think:** 2 kidneys to one carcass – no way to increase volumes without adding carcasses.
- This can add tremendous value to the carcasses.

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### Tallow and Grease and the Use of Biofuels

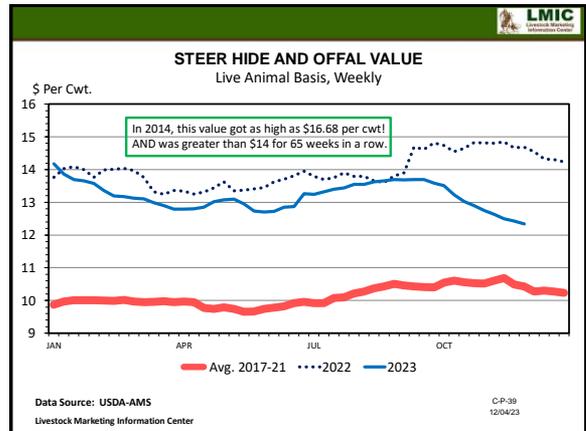
- Very little domestic data, but as we try to hit zero emissions this is going to become increasingly important.
  - First Transatlantic flight on mostly tallow in November 2023.
- Some slaughter plants are already retro-fitting to better capture this and feed it directly back to energy grids.
  - Costs associated with this?
- This category for imports into the U.S. doubled in value between 2021 and 2022.

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### Exporting Hides

- Two markets: whole vs pieces
  - Whole market is the larger of the two. \$1 billion in net value
    - China: >50% market share
    - Mexico: ~15% market share
  - Pieces, up 3% this year
    - Japan and China
- Revolves around location of tanning plants and downstream product manufacturing

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### Summary Thoughts

- Reputation
  - Trust in U.S. products
  - Trust in allies/partners
  - Marketing
  - Non-carcass Preferences
- Canada and Mexico
  - Mexico's cattle feeding industry

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### Summary Thoughts

- As the cattle cycle declines
  - U.S. beef becomes more expensive to countries we export to AND
  - The U.S. market becomes more attractive to countries who we import beef from.
  - Price sensitive consumers
  - By-product values will set new record highs in the next two years, but may be white noise in the gains on the rest of the carcass.

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**THANK YOU!**



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