



# 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, grass-finished, 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>

**Question:** Why are we importing beef from Africa?

Country Totals	2018	2019	Percent
Algeria	438	2,130	487%
Australia	3,886	307,742	7924%
Austria	0	0	0%
Canada	1,100	13,490	1226%
Chile	16,798	204,171	1215%
China	999	17,884	1788%
Costa Rica	128	4,208	3287%
Czechia	0	0	0%
Denmark	581	7,842	1350%
Egypt	0	0	0%
France	49	34	-69%
Germany	37	623	1684%
Honduras	48	1,028	2142%
Hungary	48	602	1254%
Ireland	220	3,769	1713%
Israel	23	478	2078%
Italy	209	3,171	1517%
Japan	3	141	4700%
Lithuania	35	31	-11%
Mexico	4,369	45,338	1038%
Netherlands	126	2,462	1954%
New Zealand	5,616	61,994	1104%
Nicaragua	1,012	24,475	2423%
North Macedonia	0	957	95700%
Poland	669	8,077	1206%
San Marino	7	369	5286%
South Korea	7	7	100%
Spain	94	1,028	1094%
United Kingdom	12	1,288	10733%
Uruguay	882	9,772	11092%
Total	42,588	361,066	8480%

  

Country	AMR/ Beef Fatty Prod/ Cereals	Beef Fatty Prod/ Sliced Beef	Bonanza Trimmings	Cheek/Heart Meat	Cuts	Edible Offals	Formed Beasts	Head Meat	Non-meat Equatm	Other Meat	Other Meat Cuts/Head	Primes & Subprimes	Weekly Total	2019 YTD	2019 YTD	Percent Change
Algeria	0	0	211	0	154	0	0	0	0	0	0	0	211	12	12	5.69%
Australia	0	5	1,579	73	572	297	0	0	0	26	0	5,361	818	27,713	68,585	1.6%
Canada	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
China	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Costa Rica	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Czechia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Denmark	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
France	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Germany	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Honduras	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Hungary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Ireland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Israel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Italy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Japan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Mexico	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Netherlands	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
New Zealand	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Nicaragua	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
North Macedonia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Poland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
San Marino	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
South Korea	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Spain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
United Kingdom	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Uruguay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Total	0	5	16,798	73	5,977	862	0	99	670	173	216	11,307	27,901	838,618	812,738	7%

**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 \$112.2 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
  - » Export 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 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