FOREIGN MARKETS FOR BEEF

by Max Myers

The United States produces more beef than any other nation. It has some influence over almost every aspect of the commercial cattle business in the world.

It is appropriate to consider the beef cattle situation at this time and in this place. Remarkable changes are taking place in the industry, particularly in the Midwest and the Plains areas. Much of the technical information for these changes comes from Iowa State University and land-grant institutions in other states.

It is appropriate also to consider the international trade aspects of the beef cattle business. Exports and imports are important to the industry to an extent and in ways we sometimes fail to understand.

My purpose is to picture with broad strokes but in some perspective the foreign trade side of our beef market--first to discuss our exports of beef products and cattle, then our imports, and finally certain major areas of opportunity or difficulty in our world trade.

I attempt to do this in ordinary language with limited use of statistics. Those interested in more detailed information are advised to consult the selected data and references listed at the end of this chapter.

Our Beef Exports

We are the world's largest exporter of all goods and services and are setting new records as the world's largest agricultural exporter. During the 1961-62 fiscal year our agricultural exports, at world prices, totalled $5,130,000,000. Slightly less than 70 percent of those sales were for dollars, with the balance under various special programs.

Against this background our export trade in cattle and products from cattle appears to be important but not spectacular. In 1961, we exported about $266,000,000 worth, or about 5 percent of the agricultural total. However, these exports of cattle and beef were almost all commercial sales for dollars and without subsidies. They consisted principally of by-products such as tallow, hides and variety meats. The beef and veal portion of the 266 million dollars was only twelve million and represented only about 28 million pounds of our annual production of more than 16 billion pounds. Live cattle accounted for 9 million dollars of the total.

These exports have been increasing in quantity and value in recent years. For example, the 1961 export values for tallow, variety meats, and cattle hides were, respectively, 135 million, 27 million and 77 million dollars. The corresponding

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annual average totals for the 1951-55 period were 84 million, 6.4 million and 33 million dollars. There have been increases also in exports of beef and veal and live cattle.

The increases have not come about by accident. Some credit must be given to deliberate promotion and sales efforts by U. S. business groups, farm groups and the Foreign Agricultural Service of the U. S. Department of Agriculture. These efforts have emphasized "surplus" products and have been aimed primarily at Western Europe and Japan, areas where consumer purchasing power has been increasing.

Our better customers for tallow and hides include Japan, Netherlands, West Germany, Italy and Canada. U. S. variety meats go principally to West Germany, Netherlands, the United Kingdom and France. Our major beef and veal exports are to Canada and other nearby areas. Our live cattle exports consist of breeding stock, most of which go to nearby Latin America. (A somewhat similar situation exists for exports of swine and sheep.)

Our exports of cattle are more important than the dollars or pounds would indicate. These are mostly dollar exports and consist of by-products which our consumers do not need or do not buy in the quantities produced. Finally, these shipments point up opportunities for building larger markets for our products as economic development occurs in other parts of the world.

Our Beef Imports

The U. S. is the world's largest importer of all goods and services and the second largest importer of agricultural products. In fiscal year 1961-62 these were valued at $3,767,000,000. Of this total about 46 percent consisted of complementary items (non-competitive with our production) and 54 percent of supplementary items (partly competitive).

Our imports of cattle and beef products in 1961 included 665 million pounds of beef and veal valued at $228,000,000, live cattle worth about $101,000,000 and hides at $13,100,000. In addition, some portion of $19,000,000 worth of other meat products was beef. So total beef imports were somewhere near $350,000,000 or slightly less than 10 percent of total agricultural imports.

Live cattle and beef and other meat imports have increased somewhat in recent years. The greater part of this increase has come in feeder cattle, and in lower grades of meat for manufacturing purposes. We have had some shortages in domestic production in these categories.

Most of the live cattle come from Mexico and Canada. The beef and veal originates principally in Australia, New Zealand, Argentina, Uruguay, Brazil, Ireland and Mexico. The fresh meat portion of this comes only from countries free of foot and mouth disease.
These imports have more importance and deserve more study than would seem to be justified by their quantities or values. It is not sufficient to say "Oh, that's a small part of our consumption, so don't pay any attention to it." Neither is it sufficient to claim "They are competitive so we should cut off all imports of cattle or beef." Neither view is completely accurate or practical.

Opportunities and Problems

In view of the foregoing information I feel that I can describe our foreign trade in cattle and products from cattle as important but not as the most important subject of this conference. Nevertheless, the continuation or improvement of the present export situation seems to be in the best interests of the industry. Careful scrutiny of the import situation with regard to specific competitive imports would seem to be called for.

Opportunities do exist to build new and larger overseas markets for some of our products. At the same time several current factors in the international realm threaten our economic situation in the cattle business. These include trends and policies toward self sufficiency in Western European countries, trade and aid policies of our own government, and certain domestic policies of our government. I wish to discuss several items in turn although these are inter-related, and to look at each with the question "What can we do about it?"

Building larger export markets. There exist an increasing need and demand for high quality breeding stock in many countries. There are increasing demands for meat products in countries which have growing economies.

We have a productive and efficient industry. We can build markets overseas. If we wish to do so we businessmen (including cattle producers) by ourselves and in cooperation with the U. S. government must continue and expand market development and sales activities in selected locations.

This effort can include use of special P. L. 480 programs for such items as tallow in countries which cannot presently pay in foreign exchange. If such countries learn to use and value the product and if economic development continues, they can become a dollar market for the product.

Competing against self sufficiency moves. The European Economic Community, through its Executive Commission, has announced its common agricultural policy for cattle and beef. This provides for common internal support prices intended to increase local production, for removal of tariffs between the six countries and for common external restrictions including tariff, variable import levies, import certificates and deposits. Although the effects of EEC restrictions would be spread over several years, they threaten our major overseas markets for beef tallow, and variety meats, as well as other livestock products. Our total beef product exports
to the EEC countries in 1961 were valued at $78,200,000 plus $11,400,000 to the United Kingdom, which is seeking membership in the EEC.

It is important to note that the proposed restrictions which threaten our trade with these countries arise from efforts at self-sufficiency and from farm price support programs, not from antagonism toward us. The same threat of losing markets faces countries like Australia, New Zealand, Canada and Argentina. If these countries lose trade in Europe, they will try to increase exports of farm products to the USA, because they live by export trade.

If we wish to hold our trade with Western Europe and help these other producing countries to do the same, we shall need to work more aggressively than we have yet done to cause the EEC to modify its proposed restrictions, both privately and through our government.

In addition, we may need to reconsider U. S. farm policies and programs which are protectionist and price support oriented, and hence inconsistent with our stated international trade policies.

Protecting ourselves in the clinches. In the political and economic world in which we operate, each individual, firm and industry must be alert to changes and policies which will work against one's own interests.

If we U. S. cattle industry people wish to maintain a favorable position in foreign trade, we must watch several developments during the coming months and years.

We must be even more efficient and competitive to meet the challenge of increased beef production and export by other countries.

We must watch and influence the trade policy of the U. S. government. We, as a nation, state that we are in favor of increased multilateral free trade. We have taken steps in this direction, and I happen, personally, to favor this direction. However, at the same time, we have given increased protection to some industries. What can be more dangerous, and less visible, is the tendency to negotiate concessions for U. S. exports of one sort by opening our market to competitive imports of another sort.

We must influence our government foreign aid agencies to utilize surplus U. S. commodities such as tallow where feasible in aid programs, particularly where the commodity or the currency earned can be used for market development without impairing other objectives.

Keeping our perspective. I have presented my material from the viewpoint of beef cattle industry. However, I'm sure that you realize that we are citizens as well as cattlemen. We have concern for the general welfare and the long view in
addition to our legitimate, short run, selfish interests.

We must necessarily operate in an environment of competition within our own group of competition, with other products, and of competition with other nations. We must realize that we constitute only one pressure group of many which are trying to influence national or international policies. We must not automatically assume that other interests are evil or vindictive. (However, we shouldn't sit back in the saddle on the opposite and equally unwarranted premise that others are benevolent and will protect our interests.).

Summary

Foreign trade in cattle and beef products has become important to us in various ways. For good or ill, it will become increasingly important to us in the near future.

This beef cattle industry, which has shown real determination and success in solving its own problems, today is challenged, but not overmatched, as it faces the opportunities and problems of foreign trade of the coming years.

References of particular timeliness:

U.S.D.A. -- Foreign Agricultural Service

Leaflet "The European Common Market In Brief" (Feb. 1962)

Circular "U. S. Trade In Livestock, Meat and Meat Products in 1961" (L & M FLM 15-62 September 1962)

Circular "European Common Market Proposals for Cattle, Beef & Veal and By Products" (L & M FLM 13-62 September 1962)
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Data Sheet

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<td>Number of Cattle (million head)</td>
<td>1,015.</td>
<td>910.</td>
<td>97.</td>
<td>91.9</td>
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<td>Production Beef &amp; Veal (million lbs.)</td>
<td>51,999.</td>
<td>41,515.</td>
<td>16,341.</td>
<td>12,885.</td>
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Exports:

- Total Agricultural
- All Livestock & Meat & Wool
- Beef and Veal
- Cattle Hides
- Live Cattle
- Variety Meats
- Sausage, etc.
- Casings (not hog)
- Tallow & greases
- Total From Cattle

(Millions of dollars)

Imports:

- Total Agricultural
- All Livestock & Meat & Wool
- Beef & Veal
- Cattle Hides
- Live Cattle
- Variety Meats
- Sausage & other meat items
- Casings
- Tallow & Grease
- Total From Cattle

Sources: USDA (FAS and ERS)