

4-1930

Pork Products in Foreign Trade

Knute Bjorka
Iowa State College

Follow this and additional works at: http://lib.dr.iastate.edu/iaes_circulars

 Part of the [Agricultural and Resource Economics Commons](#), [Agricultural Economics Commons](#),
and the [International Economics Commons](#)

Recommended Citation

Bjorka, Knute, "Pork Products in Foreign Trade" (1930). *Circular (Iowa State College. Agricultural Experiment Station)*. Paper 121.
http://lib.dr.iastate.edu/iaes_circulars/122

This Article is brought to you for free and open access by the Iowa Agricultural and Home Economics Experiment Station Publications at Iowa State University Digital Repository. It has been accepted for inclusion in Circular (Iowa State College. Agricultural Experiment Station) by an authorized administrator of Iowa State University Digital Repository. For more information, please contact digirep@iastate.edu.

April, 1930

Circular No. 121

Pork Products in Foreign Trade

BY KNUTE BJORKA

AGRICULTURAL EXPERIMENT STATION
IOWA STATE COLLEGE OF AGRICULTURE AND
MECHANIC ARTS

C. F. Curtiss, Director
AGRICULTURAL ECONOMICS SECTION



AMES, IOWA

Pork Products in Foreign Trade*

BY KNUTE BJORKA

Iowa farmers get from hogs, on the average, \$40 out of every \$100 of their gross income. Since about 10 percent of all pork products and from 25 to 35 percent of the total output of lard are exported, Iowa farmers are interested in the foreign outlet for their pork. The price at which pork products are sold abroad has a good deal to do with the price of hogs when sold off the farm.

Exports Vary with Production

Exports of pork products are not uniform from year to year, but coincide rather closely with the hog cycles. When hog production is heavy in the United States and prices are low, we export large amounts. Heavy exports for three or four years are usually followed by light exports for a similar period.

Thus the sale of pork abroad acts as a sort of shock absorber to our pork industry. When our production gets heavy and prices drop, foreign trade picks up, and we dispose of our surplus in that way. But we always export some hog products, and there is reason to believe that we shall continue to do so. In other words, we can and would produce much more pork than we do if the price were always satisfactory. As our home population increases and more pork is needed at home, we probably shall expand our hog production not only to take care of home consumption, but shall continue to export some pork.

Figures 1 and 2 show the production, domestic consumption and exports of pork products and lard for the United States from 1907 to 1928. How exports vary with production is disclosed as well as how they increase when we have the greater surpluses. The smallest proportion (see fig. 1) of pork products other than lard were exported in 1928 when they amounted to 3.6 percent. The heaviest exports were during and just after the war, in 1918 and 1919, when they were 21.6 and 23.7 percent, respectively. Our average exports since 1907 have been about 10 percent of the total production.

Lard exports range from about 25 percent of the total production in 1910 and 1917 to 40 percent in 1921. The average is about 31.4 percent for the period shown in fig. 2.

*A more complete treatment of this subject is found in "International Trade in Pork and Pork Products," Research Bulletin No. 122, which may be obtained by addressing the Bulletin Section, Iowa State College, Ames, Iowa.

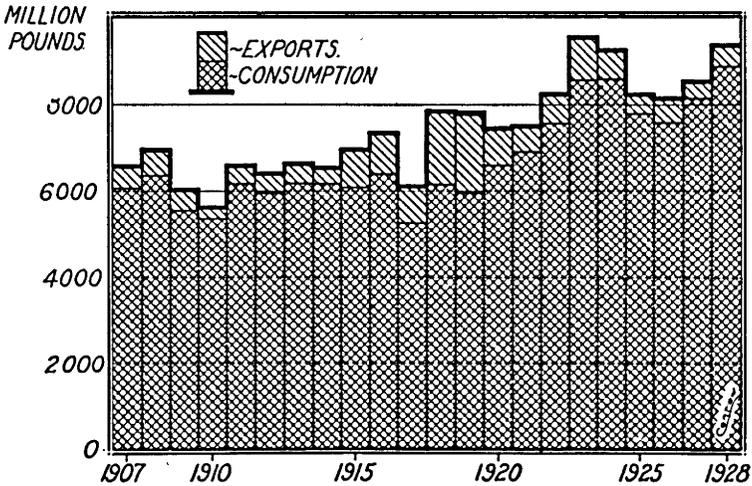


Fig. 1. Production, domestic consumption and exports of pork products, exclusive of lard, for the United States, 1907 to 1928.

Who Are Our Foreign Customers?

The industrial nations of Europe, especially the United Kingdom and Germany, are our best customers for pork products. The United Kingdom is the outstanding customer for our bacon, hams and shoulders, and it takes about the same amount of our lard as Germany. Other European countries to which we sell pork products are Belgium, France, Italy, Norway and Austria. Cuba is an important customer for lard. Other countries take our pork products in lesser amounts.

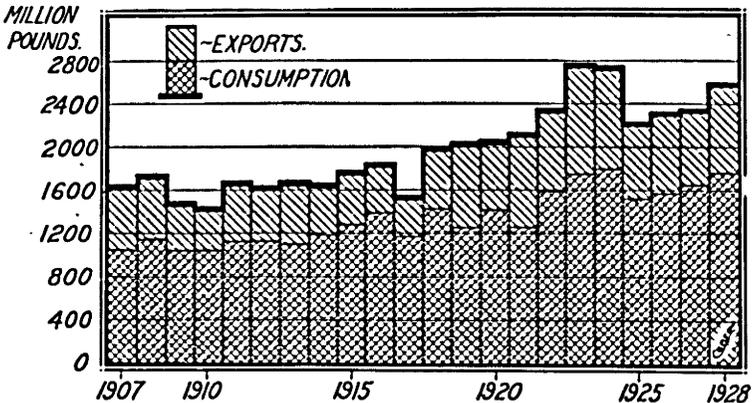


Fig. 2. Production, domestic consumption and exports of lard for the United States, 1907 to 1928.

Lard, Hams, Bacon, Shoulders Sell Best

Of the many different products derived from the hog, lard and the cured products—bacon, hams and shoulders—are the most important in our export trade. Fresh, chilled, frozen, canned and pickled pork are all exported but in small amounts. Figure 3 shows the proportion of total exports represented by lard, cured products (bacon, hams and shoulders) and other products by decades since 1850.

United States Outstanding Lard Producer

Figure 2 shows that from one-fourth to one-third of our total lard production is exported. Therefore we are greatly interested in the world lard market.

Prior to the World War the United States produced 97 percent of the lard entering world commerce. During the war this fell to 91 percent but since 1921 has been about 93 percent. Our chief competitor in the world lard trade from 1910 to 1916 was China. The lard exports of Brazil have been equal to and frequently exceeded those of China since 1917. The Netherlands has been in the surplus lard producing class since 1919. Canada, Denmark and Australia usually supply small amounts of lard and, tho their exports are small, they provide competition.



Fig. 3. Percentage that lard, bacon, hams and shoulders, and other pork products exports were of total pork exports, shown by decades, 1850 to 1923.

Altho the United States has little direct competition in the world lard market, we have considerable competition in the form of other animal fats and vegetable oils. Despite the fact that other fats have become important in recent years as substitutes for it, the total exports of lard have been increasing in the world trade.

The United Kingdom and Germany are the best lard customers of the United States. Other heavy purchasers are Cuba, Netherlands, Belgium and Denmark in the order named. Figure 4 shows the percentage of our annual lard exports to Germany, the United Kingdom, the Netherlands, Cuba and all other countries by decades. Since 1870, from 50 to 60 percent of our lard has been sold to Germany and the United Kingdom.

The Netherlands is an irregular purchaser. It bought relatively little of our lard from 1915 to 1919, but since 1920 has about trebled its purchases. On the other hand, Belgium took considerable amounts of lard from 1916 to 1924, but since has taken markedly less. Denmark, Italy, France, Poland and Danzig, Finland, Canada, Mexico, Central America, Columbia, Peru and a score of other countries buy our lard in considerable quantities.

In analyzing our competition in the world lard trade, we find that before the war Germany obtained about 95 percent of its

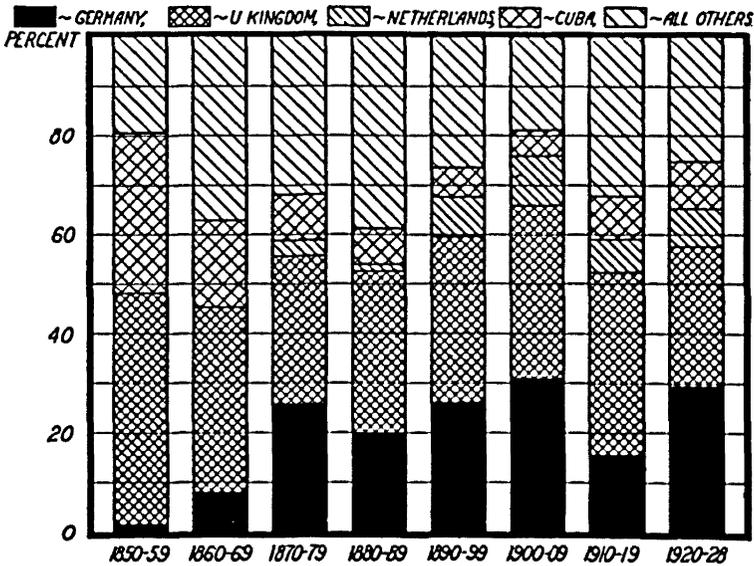


Fig. 4. Percentage of total lard exports of the United States sold to Germany, United Kingdom, the Netherlands, Cuba, and all other countries, shown by decades, 1850 to 1928.

lard imports from the United States and the balance from the Netherlands, Denmark and other countries. Since 1920, altho obtaining the bulk of its imports from the United States, the proportion has fallen off slightly and more has been purchased from the Netherlands.

The United Kingdom, our other outstanding lard customer, obtained from 80 to 96 percent of its lard imports from the United States before and during the war. Since the war a smaller percentage has been obtained from us. Canada, our principal competitor for the United Kingdom lard trade, has gained, especially since 1923.

The United States has the Cuban lard market to itself. From 96 to 100 percent of Cuba's lard imports in every year from 1910 to 1928 were obtained from the United States.

The Netherlands both imports and exports lard. From 1909 to 1917 the imports exceeded the exports, but since 1919 more has been exported than imported. Of interest to us is the fact that we provide most of the Netherlands' imports.

Italy, France, Belgium, Switzerland, Norway and Sweden all obtain the bulk of their lard imports from the United States.

Bacon Exports Decreasing

As with lard, our bacon exports have been irregular. Especially of interest to the Iowa farmer is the heavy reduction in bacon exports since 1919. In 1927 they were the smallest since 1871. Canada and Denmark seem to be taking away one of our most important bacon customers, the United Kingdom.

From 1909 to 1914, the United Kingdom obtained, on the average, 37 percent of its bacon from the United States and from 1915 to 1920, inclusive, we supplied 53 to 83 percent of its bacon purchases, but the proportion obtained in the United States declined sharply until in 1925 we were supplying only 21 percent and in 1926, 15 percent.

On the other hand, imports of bacon from Denmark and Canada to the United Kingdom have been increasing. Danish exports decreased during and after the war until they amounted to only 1 percent of the total United Kingdom purchases in 1919. After 1920, they increased until since 1924 more than half of the bacon imports of the United Kingdom have been from Denmark.

Since 1920 American bacon has sold approximately 5½ cents a pound below Danish bacon and 8 cents below Irish bacon on the English market. Danish bacon is edging American bacon out of the English market for two reasons. First, Denmark can ship her meat to England over night, permitting the mild cure desired. Second, Denmark is producing a type of hog which yields high quality bacon. The hogs are grown and fattened on skimmilk and barley with little corn. Beets and cut alfalfa are also used.

These feeds produce less fat than the corn rations used by American farmers and produce meat that is more acceptable to the English taste.

Despite our decreasing sales of bacon, the United Kingdom is still our biggest outlet, taking 58 and 49 percent, respectively, in the decades beginning in 1910 and 1920, as shown in fig. 5. Germany took only small amounts up to 1920, but between 1920 and 1928 purchased an average of about 14 percent of our total bacon exports. The combined exports to Belgium, Italy, the Netherlands and France amounted to 25 percent between 1910 and 1919 and 18 percent since 1920. No other country is very important, altho Cuba has taken over 7 percent of our bacon exports since 1920.

United Kingdom Takes Our Hams and Shoulders

The United Kingdom takes the bulk of our ham and shoulder exports, altho more than two dozen other countries take small

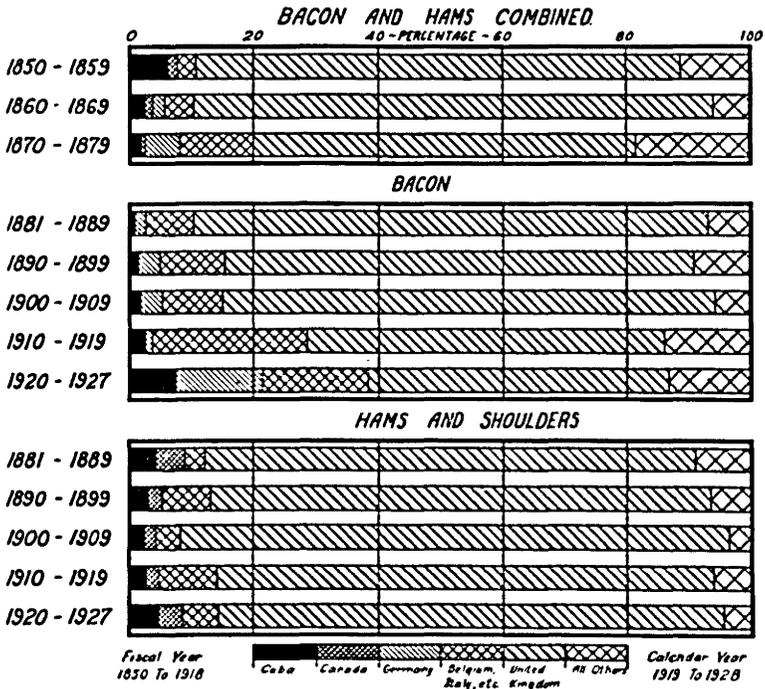


Fig. 5. Percentage of total exports of the United States, by decades, of bacon and hams combined from 1850 to 1880, and for bacon and hams separately between 1881 and 1928, as sold to the United Kingdom, Cuba, Canada, Germany, combined countries of Belgium, Italy, the Netherlands and France, and all other countries combined.

amounts. France took a considerable amount from 1916 to 1920.

An analysis of the ham purchases of the United Kingdom shows that about 90 percent of its imports come from the United States and most of the balance from Canada. Since 1923 ham imports into the United Kingdom have continually decreased, Canada being our chief competitor. The ham and shoulder trade of all other countries is relatively unimportant.

Fresh, Canned and Pickled Pork Trade

Only about 2 percent of our total pork exports are fresh pork. The United Kingdom and Canada are our principal markets. Between 1921 and 1927, we sold 46 percent of our fresh pork to the United Kingdom, 25 percent to Canada, 5 percent to Cuba and the balance to other countries.

A small amount of canned pork is exported; the United Kingdom taking about three-fourths of it. Formerly exports of pickled pork were quite large. They increased in volume from 1850 to 1909, but have decreased since that time. Canada has been our best customer of late years for pickled pork, altho the United Kingdom takes a considerable amount. While no other country takes a large amount, our pickled pork is sold to more than 50 countries.

Summary and Conclusions

1. Because the United States exports 25 to 35 percent of the lard and about 10 percent of all other pork products produced, the price received in foreign markets has much to do with the price farmers receive for their hogs at home.

2. Exports follow hog production. When production is heavy and prices are low, the heaviest exports are made. Consequently, the foreign outlet acts as a sort of shock absorber to our pork industry.

3. There is reason to believe that we shall continue to export pork even when consumption at home increases due to the increasing population. Our production will expand enough to satisfy home demand and to provide a surplus for export for some years.

4. England and Germany, on the whole, are our best foreign customers.

5. Exports of bacon and hams have been decreasing in late years. The Danish and Canadian farmers are rapidly taking the English bacon market away from us because they produce and deliver a higher quality product.

6. Canada is our chief competitor for the ham trade of the United Kingdom and Canadian sales have been rapidly increasing. No other country's ham trade is large.