

THE STATUS OF U.S. MEAT PRODUCT EXPORTS IN 1996

U.S. meat product exports in 1996 are expected to surpass the record levels attained in 1995. Last year total U.S. exports of beef, pork, poultry, variety meats, tallow and grease, and hides and skins exceeded \$8.3 billion. This was up 24 percent from 1994 and more than 71 percent greater than the level of 1991. U.S. exports for the first 7 months of 1996, at nearly \$5.0 billion, are 6 percent greater than the previous year's corresponding period. And leading the pack in growth are pork and poultry. U.S. pork exports are 40 percent ahead of last year and poultry exports are up 23 percent. The BSE scare in the United Kingdom and E. coli outbreaks in Japan have, in part, spurred the growing popularity of white meat. Partially offsetting this impressive growth in U.S. exports was an 19-percent drop in the value of bovine hides and skins exports and a 24-percent drop in tallow and grease exports.

The highlights of 1996 to date are:

- The United Kingdom reports a possible link between Bovine Spongiform Encephalopathy (BSE) and Cruetzfeld-Jacob disease which affects humans. The EU response to this report was a complete ban on beef and cattle exports from the UK.
- An outbreak of E. coli in Japan struck more than 1,700 people and was responsible for 10 deaths. Both the United States and Japan are currently trying to trace the cause of this epidemic.
- New food safety requirements--called Hazard Analysis and Critical Control Point Systems, or HACCP--were established in the United States for all meat and poultry plants. Currently, about 80 percent of all U.S. beef is produced under HACCP.
- Competitive U.S. prices, strong economic growth in poultry importing countries, and consumers' food safety concerns are factors contributing to strong U.S. poultry exports in 1996.
- A slowdown in imports from Russia for pork and variety meats but poultry goes the distance. U.S. pork, and variety meat exports are down 50 percent and 32 percent, respectively, while poultry exports are up 57 percent. A failing domestic poultry industry, and higher prices for imported pork and variety meats appear to be the reasons behind this trend.
- Pork exports to Japan expanded sharply. U.S. pork exports climbed 64 percent from the previous year, as importers rushed to bring in pork in anticipation of the Safeguard mechanism (to guard against such a surge in imports) on July 1, 1996 which effectively raised the price of imported pork by 24 percent.
- Variety meat exports are up 15 percent, due mainly to a 29-percent increase in exports to Japan. Japan's penchant for frozen beef tongues was the impetus boosting sales of variety meats.
- The value of bovine hides and skins exports declined in 1996, while the quantity of hide exports remained near last year's level. Depressed whole cattle hide prices in the United States was responsible for a 19-percent drop in the value of hide exports.

- The value of tallow and grease exports declined by 24 percent primarily due to reduced sales to China and Korea. In Korea, tallow buying is a direct function of the tallow/palm oil price ratio. Korea's buying of tallow this year declined when palm oil prices dropped, reaching a two-year low in July. China reduced its tallow buying due to adequate domestic stocks.

The future for U.S. exporters of meat products looks good again for 1996. Lower U.S. beef prices and a growing preference for U.S. chilled beef are contributing to the popularity of U.S. beef. This phenomenon is most evident in Japan where the United States continued to pull market share away from its competitor, Australia, to become the leading beef supplier to Japan in 1996. The increased availability and consistent quality of U.S. pork has propelled the United States into one of the world's largest pork exporters. And at the current rate of growth, the value of U.S. pork exports in 1996 could conceivably exceed \$1.0 billion. For variety meats and poultry, the United States is already the largest exporter of both meats, and strong foreign demand should continue to push them higher. For tallow, the emergence of new markets should produce strong sales in 1996, but exceeding 1995's level, in light of competitive palm oil prices, may be hard to accomplish. U.S. exporters of hides and skins--suffering from depressed cattle-hide prices--may also find it difficult to move beyond 1995's sales level. Although the U.S. meat and animal product industries have witnessed ups and downs this year, the aggregate export picture looks bright. If the positive trends continue, U.S. animal product exports may well exceed \$9.0 billion in 1996.

million \$	1991	1992	1993	1994	1995	1996 1/
Beef	1,758	2,043	1,995	2,304	2,647	1,530
Pork	334	451	484	548	847	655
Poultry	818	929	1,101	1,570	2,026	1,301
Variety Meats	462	546	548	546	709	446
Tallow and Grease	365	449	433	503	710	338
Hides and Skins	1,158	1,145	1,080	1,266	1,444	715
Total	4,895	5,563	5,641	6,737	8,383	4,985

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