

**Progress on the Prairie**

**What's the North American Beef Market Look Like 20 Years from Now?**

2016 Beef Improvement Federation Annual Meeting & Symposium

June 14 - 17, 2016  
Hilton Garden Inn  
Manhattan, Kansas

KSTATE  
Research and Extension

www.BeefImprovement.org

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### Comparative Advantages

- World trusts & places premium on N. American beef
- Grain-finished production
- Sound & effective infrastructure
  - Feed grain base, processing, safety, transportation
  - Genetics & meat quality expertise
  - Research discovery & outreach education
- Property rights encourage investment

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### Comparative DISadvantages

- Not lowest \$/lb. producer
  - Research funding declining
- Partially effective communication, coordination, and signaling
- Fragmented support of increased
  - traceability systems
  - focus on current and future beef demand

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### Key Opportunities & Challenges

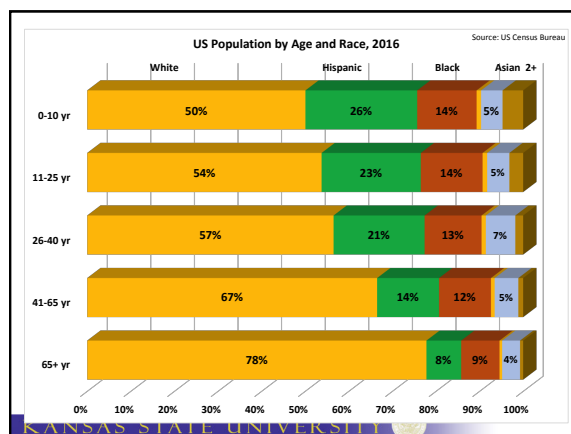
- Refining domestic consumer efforts
- Expanding foreign consumer focus

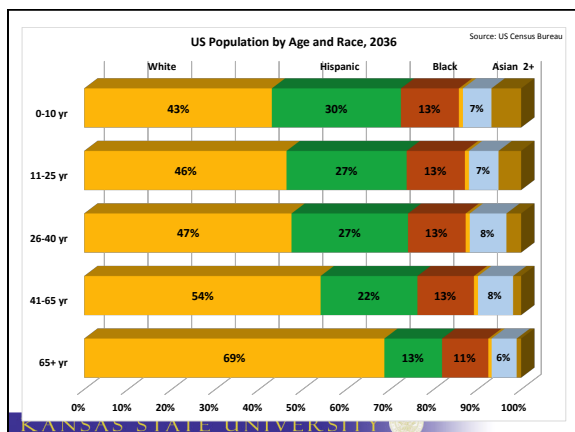
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### Domestic Consumers

- Continue to leverage size, wealth, and historic reliance on domestic consumers
- Key questions
  - Cultural mix and diverse food preferences
  - Ongoing shift from FAH to FAFH
  - Preparation time and cooking knowledge
  - Ground beef's share of total beef volume

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### Exports

- Arena of expected population and income growth = meat demand growth
- Key questions/issues
  - Identify “wealthiest top 10%” as target markets
  - TPP & TTIP trade deals
  - Global competitor adjustments
    - Mexico’s expanding infrastructure, Brazil’s move into grain-finishing, Ongoing India (buffalo meat) expansion

### Trans-Pacific Partnership (TPP) BEEF AND BEEF PRODUCTS

Source: USDA FAS

- 12 countries
- 830 million people
- Largest trade agreement
- 7 of 30 richest countries
- 37% World Beef Imports
- 54% US Beef Export value (\$3.4 billion in 2015)
- Reduces Japan tariff US beef (38.5% to 9% over 15 years)

The Trans-Pacific Partnership (TPP) will provide significant new market opportunities for U.S. exporters, promoting economic growth in 12 countries across the Asia-Pacific region and expanding demand for U.S. food and agricultural products among nearly 500 million consumers outside the United States.

- CHINA:** Over 70% of tariff lines eliminated within 10 years. Subsidies on commodity beef reduced 70% for beef, 50% for beef tallow and frozen beef.
- UNITED STATES:** Tariffs, currently as high as 20.5%, eliminated within 10 years.
- Vietnam:** Tariffs, currently as high as 34%, eliminated in 10 years.
- SPAIN:** All tariffs eliminated immediately.
- Malaysia:** All tariffs locked in at 0%.
- Peru:** Tariffs eliminated by 2020 under current trade agreement.
- New Zealand:** All tariffs eliminated immediately.
- Mexico:** U.S. exports already authorized under NAFTA.
- Chile:** U.S. exports already authorized under existing trade agreement.
- Australia:** U.S. exports already authorized under existing trade agreement.
- Indonesia:** U.S. exports already authorized under existing trade agreement.

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### Broad Situation Summary

- Immense opportunity exists;

## BUT

- Internal industry coordination must improve
  - International trade deals
  - National animal ID & traceability
  - Generic advertising
  - MCOOL ...

### Forecast for 2036

- Less animals & operations yet more beef
- Exports as share of production >11%
- Improved coordination & information flows

