

The U.S. Meat Export Federation issued the following analysis of USDA data on meat exports during the first half of 2012.

U.S. pork and beef exports concluded the first half of 2012 in solid fashion, with June pork exports 4 percent higher in value than last year on steady volume. Despite a 15 percent decline in volume, June beef exports were still slightly higher in value than a year ago. These results are based on statistics released by the USDA and compiled by the U.S. Meat Export Federation (USMEF).

June pork exports totaled 165,065 metric tons valued at \$468.3 million. This pushed the first half total to 1.13 million metric tons valued at \$3.17 billion, which was 5 percent higher in volume and 13 percent higher in value than the record pace of 2011. June export value equated to \$54.78 per head slaughtered, bumping per-head value for the year to \$57.80 — more than 10 percent higher than in the first half of 2011. For the year, about 24 percent of U.S. muscle cut production has been exported and nearly 28 percent of total production (muscle cuts plus variety meat). Last year these ratios were 22.5 percent and 27 percent, respectively.

Beef exports in June totaled 94,119 metric tons valued at \$464.4 million. The results continued this year's pattern, with export volume significantly lower than last year's record pace but with an increase in export value. Through June, this year's beef export volume was down 11 percent to 550,462 metric tons while export value was up 4 percent to \$2.66 billion. June export value equated to \$203.90 per head of fed slaughter, with per-head value for the year reaching \$208.88. This is 8.5 percent higher than in the first half of last year. For the year, exports accounted for just under 10 percent of total muscle cut production and 12.5 percent when including both muscle cuts and variety meat - lower than last year's ratios of 10.6 percent and 13.8 percent.

Pork exports building on last year's record pace

Markets driving first half export growth for U.S. pork included volume leader Mexico, which was up 13 percent in volume to 294,097 metric tons and 11 percent in value to \$537.4 million. Value pacesetter Japan was up 7 percent in value (\$1.01 billion) despite a 7 percent decline in volume (231,984 metric tons). June was a rather slow month for Japan, with export volume posting the lowest total (32,923 metric tons) since September 2010.

“The remainder of 2012 will be very challenging in Japan, but we continue to pursue new marketing opportunities,” said USMEF President and CEO Philip Seng. “In Mexico, we are focused on growing overall pork consumption, as this will definitely pay long-term dividends for the U.S. industry.”

Russia provided a significant boost for June's pork results, with export volume up 75 percent from a year ago to 11,094 metric tons. Export value topped \$30 million — an increase of more than 50 percent over June 2011, bolstered by strong demand for higher-value products such as boneless hams and boneless loins. Through June, this year's pork exports to Russia were up 42 percent in volume (50,226 metric tons) and 38 percent in value (\$145 million).

“U.S. pork still faces obstacles in Russia, but we are gaining traction there,” Seng said. “This is the first year in which the United States is participating in Russia’s large (400,000 metric tons) global import quota, which expands our growth potential. On Aug. 23, the duty rate on pork imported under this quota drops from 15 percent to zero. This will level the playing field for U.S. pork — especially vis-à-vis Brazil, which for many years has enjoyed a tariff rate advantage.”

Other key growth markets for U.S. pork in the first half of 2012 included: China/Hong Kong, up 28 percent in volume (221,876 metric tons) and 72 percent in value (\$448.6 million); Canada, up 14 percent in volume (110,876 metric tons) and 20 percent in value (\$402.8 million); and Central and South America, up 16 percent in volume (39,700 metric tons) and 17 percent in value (\$101 million).

Beef export volume struggling, but value edges higher

Mexico remained the leading volume market for U.S. beef exports in the first half of the year but slipped to third (behind Canada and Japan) in value, totaling 103,751 metric tons valued at \$446 million. These totals were down 18 percent and 6 percent, respectively, compared to the first half of 2011. June was the slowest month of the year for beef exports to Mexico, reflecting a very unfavorable exchange rate. In fact, the peso weakened to more than 14 pesos per dollar in late May and early June, its lowest level since the economic crisis of 2008-2009. In recent weeks the peso has fared only slightly better, trading mostly in the range of 13 to 13.5 per dollar.

A sluggish economy and an oversupply of domestic beef have also slowed beef exports to Korea — not only for the United States but all major beef suppliers. U.S. exports to Korea fell 24 percent in volume (65,963 metric tons) in the first half of the year and 19 percent in value (\$309.2 million). Although there was no major interruption in trade, June results in Korea also reflected some impact from the April 24 BSE case.

In several other major markets, U.S. beef achieved an increase in export value despite moderately lower volumes. These included Japan, where exports were down six percent in volume (72,443 metric tons) but 14 percent higher in value (\$476 million). For the second consecutive month, exports to Japan topped the \$100 million mark (\$105.3 million), dipping only slightly from the 2012 high reached in May. Exports to leading value market Canada were down 7 percent in volume (80,859 metric tons) in the first half but increased 12 percent in value (\$519.9 million); the Middle East was down 8 percent in volume (74,030 metric tons) but 11 percent higher in value (\$170 million); the ASEAN region was down 8 percent in volume (31,826 metric tons) but 16 percent higher in value (\$134.6 million); and Hong Kong was down 10 percent in volume (24,073 metric tons) but 16 percent higher in value (\$135.9 million).

Russia and Central and South America were destinations in which U.S. beef achieved significant growth in both volume and value in the first half of the year — especially impressive since both had set new records in 2011. Exports to Russia were up 17 percent in volume (38,210 metric tons) and 57 percent in value (\$162.2 million), reflecting Russia’s growing appetite for higher-quality U.S. muscle cuts and the expanded TRQ for U.S. beef.

Exceptional growth in Chile and a steady climb in exports to Peru and Guatemala pushed results in Central and South America 34 percent higher in volume (17,187 metric tons) and 82 percent higher in value (\$64 million).

“While we are pleased to see beef export value on a record pace again this year, USMEF is focused on reversing this decline in volume,” Seng said. “The economic challenges are significant, and there is no single approach that applies in every market. But we are working with our contacts in the trade to educate customers about more economical beef cuts, which can help them maintain or expand their purchases of U.S. beef. We also take great care to emphasize the unique attributes of U.S. beef in an effort to build customer loyalty even in times of rising costs.”

Lamb exports gain some June momentum but remain below 2011

U.S. lamb exports also struggled with a tough economic environment in the first half of 2012, finishing 34 percent lower in volume (6,215 metric tons) and 19 percent lower in value (\$12.5 million). June results were lower than a year ago but offered some encouraging signs as export volume (1,106 metric tons) was the highest since January and value (\$2.5 million) was the second-highest of the year (slightly below March).

“USMEF recently met with lamb industry representatives to discuss marketing initiatives in markets currently open to U.S. lamb,” Seng said. “However, another key factor in reversing the recent decline in lamb exports will be gaining access to markets such as Japan, Russia, Taiwan, Korea and the European Union. These are critical destinations in which a resumption of trade could present promising opportunities for U.S. lamb, especially in the foodservice sector. We are working with our trade officials to make that happen.”