Graphically speaking

U.S. Meat Exports Increasing Rapidly

by Gary W. Brester, James Mintert, and Dermot J. Hayes

U.S. beef, pork, and poultry quantity exports have trended upward since the mid 1970s, but the rate of increase accelerated dramatically in the mid 1980s and continues to do so in the 1990s (see figure). In addition, prospects for future growth appear good.

Relative to U.S. production, exports have become an increasingly important market for meat producers. In 1990, beef exports totaled 4.4 percent of U.S. beef production, and increased to 7.4 percent by 1996. Pork exports comprised 1.6 percent of U.S. production in 1990, and increased to 5.6 percent by 1996. Poultry exports leaped from 5.2 percent of U.S. production in 1990 to 16 percent in 1996. The growth in poultry exports is especially impressive given that U.S. poultry production increased 36 percent from 1990–96. In comparison, beef and pork production each increased just 12 percent over the period.

U.S. meat exports by country

Japan is by far the largest U.S. beef and pork export customer. On a quantity basis, Japan purchased 54 percent of U.S. beef exports and 53 percent of U.S. pork exports in 1996. Although actual quantities have increased, the Japanese share of U.S. beef and pork exports has declined slightly over the past decade as Canada and South Korea increased U.S. beef imports, and China, the former Soviet Union (FSU), and, recently, Mexico increased U.S. pork imports.

As U.S. poultry exports increased dramatically during the 1990s, the customer mix changed markedly. As recently as 1987, the U.S. exported only minimal quantities of poultry to FSU. However, in 1996, FSU purchased 43 percent of all U.S. broiler exports. As a result, Japan's relative importance as an importer of U.S. poultry declined. Japan's quantity market share of U.S. broiler exports fell from 23 percent in 1987 to just 5 percent in 1996. The FSU's emergence as a major customer for U.S. pork and poultry exports and China's increased imports of U.S. pork are largely the result of market and policy reforms. Although initial export increases to FSU and China may have been spurred by export enhancement programs, future export growth of these commodities will largely be affected by economic and political developments in these countries.

Why have meat exports increased?

Increases in U.S. meat exports accelerated in the mid 1980s for several reasons. First, dollar depreciation made U.S. products relatively less expensive than those of other exporters. For example, as the real Japanese yen to U.S. dollar exchange rate declined during the mid 1980s, total U.S. beef, pork, and poultry exports increased substantially (Fuller).

Second, in the mid 1980s, the world meat industry developed and adopted technologies which allowed shipment of chilled rather than frozen meat. Consumers prefer chilled meat to frozen meat because of its higher quality. Thus, these technologies encouraged exports as importers were able to obtain higher-quality chilled meat at prices similar to previously discounted frozen meat.

Third, U.S. trade negotiators reduced trade restrictions in the Pacific Rim over this period even prior to the formal GATT/Uruguay Round trade negotiations. In addition, some evidence suggests that the 1989 U.S.-Canadian Free Trade Agreement and the 1994 North American Free Trade Agreement facilitated increased beef exports to Canada and Mexico (Marsh and Peck). The GATT/Uruguay Round should further encourage additional exports as Japan, South Korea, the Philippines, Thailand, Austria, and the EFTA countries increase market access for U.S. meat products (USDA). Also, the European Union's agreement to reduce quantities of subsidized meat exports increases U.S. competitiveness. Although trade liberalization has occurred for many agricultural commodities, it is particularly relevant for meat because, historically, importing countries have protected their value-added meat industries by imposing relatively higher import restrictions on meat relative to feed grains. Thus, trade liberalization coupled with advances in fresh meat shipment technologies helped the U.S. gain a competitive advantage in meat production (Hayes, Otto, and Lawrence).

Fourth, research shows that per capita meat consumption is relatively sensitive to per capita income levels (Schroeder, Barkley, and Schroeder). Over the past ten years, many countries have experienced moderate-to-large increases in per capita incomes. In addition, several of these countries have not historically been large meat consum-

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U.S. beef, pork, and poultry exports

Source: The Production, Supply, and Distribution (PS&D) Database, USDA, FAS, Washington D.C.

ers. Increased incomes have provided the means for consumers in many countries to seek alternative protein sources.

Fifth, U.S. poultry and pork processors have been increasingly successful in identifying international market segments which are complementary to the U.S. market. For example, Hayes notes that in China consumers prefer pork variety meats whereas in the United States consumers prefer pork muscle meats.

The future of U.S. meat exports

Although exchange rate differentials were probably initially responsible for a surge in U.S. meat exports, the advent of improved fresh meat shipping technologies, movement toward trade liberalization, and increasing per capita incomes in many countries will likely sustain future growth in meat exports.

For more information

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