

PolicyPennings by Daryll E. Ray & Harwood D. Schaffer

Cattle and beef trends

Many of the industry indicators and trends for the cattle and beef industry are strikingly different from those of the major crops. For example, in the case of major US crops, international trade means exports, since imports are inconsequential. In case of live cattle, international trade involves more imports than exports—far more in fact, making the US the world's largest cattle importer. Beef meat exports moved slightly ahead of imports the last couple of years, but historically the US also imported more beef than it exported. Trends in cattle and beef production and domestic consumption generally tend to be flat or declining.

US cattle numbers as measured by beginning stocks have trended downward from 111.2 million head in 1980 to 90.8 million head in 2012. Total slaughter has shown a similar trend declining from 36.8 million head to 33.9 million head over the same period while beef and veal production has increased from 10.0 MMT (million metric tons carcass weight equivalent) to 11.9 MMT.

Meanwhile the US per capita consumption of beef at retail weight declined from 76.6 to 57.4 pounds as growth in domestic demand fell behind population growth as US consumers turned to broilers as an alternate source of animal protein. The per capita consumption of broilers has increased from 45.8 pounds to 104.5 pounds.

Over the last 32 years (1980-2012), net imports of cattle into the US have increased from 615 thousand head to 2.1 million head. By way of contrast, cattle imports for the rest of the world stood at 1.0 million head in 2012, making the US the world's largest importer of cattle with virtually all of the cattle coming in from Canada and Mexico.

In 1980, net cattle imports accounted for 1.7 percent of the US total cattle slaughter. By 2012, that share had increased to 6.1 percent.

The US is fourth in the world in the number of cattle slaughtered, behind China (40.7 million head), Brazil (40.2 million head), and India (35.0 million head). In 1980, the total slaughter for all three countries was just 23.3 million head.

The combined slaughter for Mexico and Canada was 9.5 million head in 2012, down from 10.2 million

head 32 years earlier. Total slaughter for the North American beef industry is down by 7.7 percent.

Because of changes in slaughter rates and yield, beef and veal production numbers do not track total slaughter numbers. Measuring the beef industry by 2012 beef and veal production, the US stands in first place at 11.9 MMT followed by Brazil (9.3 MMT), the European Union (7.8 MMT), China (5.5 MMT), India (3.4), Argentina (2.6), Australia (2.2), and Mexico (1.8).

Over the last 32 years among the major producers, production of beef and veal has grown fastest in China (1,959 percent) with India coming in second at 439 percent. Brazilian production increased by 183 percent. Over this same period, all non-US production increased by 38 percent, while US production grew by 19 percent.

For most of the last 32 years, the US has been a net importer of beef and veal, starting in 1980 at 866 thousand metric tons carcass weight equivalent (TMT). By 2012, the US was a net exporter of 107 TMT of beef and veal.

Russia was the world's largest importer of beef and veal in 2012 at 1,023 TMT, followed by the US at 1,007 TMT. Japan came in third at 737 TMT with South Korea a distant fourth at 370 TMT.

On the beef and veal export side in 2012, Brazil came in first at 1,524 TMT followed by India (1,411 TMT) and Australia (1,407 TMT). The US was the world's fourth largest exporter of beef and veal in 2012 with shipments of 1,114 TMT. China's exports and imports of beef and veal have been below 100 TMT for the last 10 years, though imports were larger than exports in 2012. The imports of beef and veal into India, the world's second most populous country remains at zero.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the Director of UT's Agricultural Policy Analysis Center (APAC). Harwood D. Schaffer is a Research Assistant Professor at APAC. (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu and hdschaffer@utk.edu; <http://www.agpolicy.org>.