Beef Imports and Exports: What is the Impact?

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The United States is the largest beef producer in the world followed by Brazil and the European Union. The United States produced more than 25.2 billion pounds of beef in 2016 and production is expected to exceed 26 billion pounds in 2017. At the same time, the United States is the largest consumer of beef in the world followed by China, the European Union, and Brazil. In 2016, total U.S. domestic beef consumption exceeded 25.7 billion pounds and is expected to reach 26.1 billion pounds in 2017. Thus, it is evident the United States consumes more beef than is produced domestically.

The United States imports more beef than any other country in the world. U.S. beef imports exceeded 3.0 billion pounds in 2016 and are expected to come in under 2.8 billion pounds in 2017. The next two largest importers of beef are China and Japan. Alternatively, the United States ranked fourth in beef exports in 2016 behind Brazil, India, and Australia. The United States exported more than 2.5 billion pounds of beef and veal in 2016 and export numbers are expected to increase about 7 percent in 2017.

Cattle producers and consumers have many questions regarding beef imports and exports, and hopefully some of those questions will be answered here.

Annual beef imports in the United States are generally between 8 and 12 percent of total domestic production while exports are generally 9 to 11 percent of domestic beef production. The major U.S. beef import sources are Australia, Canada, New Zealand, and Mexico. In 2016, these four countries accounted for 86 percent of total beef imports into the Unites States while Brazil, Nicaragua, and Uruguay accounted for nearly 13 percent of imports. From the export side, 71 percent of U.S. beef exports in 2016 went to Japan, South Korea, Mexico, and Canada while nearly 17 percent of total exports were shipped to Taiwan and Hong Kong.

Hopefully, the magnitude of trade previously discussed is enough to convince readers of the importance of beef trade. However, numbers alone do not do the subject justice. One major question is in relation to why we import so much beef when beef prices are declining which results in cattle prices declining. The answer is rather simple. The United States primarily imports lean grinding beef. Domestic ground beef largely comes from slaughter cows (90% lean beef) and fatty trimmings from finished cattle (50% lean trim). Depending on the prices of certain cuts of beef, cuts such as the round and chuck are also ground to meet ground beef demand, but this is a fairly expensive endeavor considering these whole muscle cuts may have a higher value in the export market. However, domestic ground beef demand largely requires importing fairly inexpensive lean grinding beef.

Alternatively, beef exports are largely high valued beef products or products such as short plate, tripe, beef tongue, heart, and liver that would not command a high price in the United States but are highly sought after in other parts of the world. Thus, beef exports increase the overall value of the animals being domestically produced while imports can be purchased at a lower price to meet the domestic demand for ground beef.

The entire reason for imports and exports comes down to the market seeking the highest value for each product produced and efficient use of resources during the production phase. Thus, when one thinks about the beef products demanded by consumers in the United States, it generally comes down to steaks and ground beef. There are domestic consumers who demand round roast, chuck roast, and brisket, but the primary demand is for high quality steaks (Choice and Prime) and ground beef. Alternatively, many international markets demand beef products that are not traditionally consumed in the United States which results in those items having a higher value in the export market.

There is no doubt the United States produces some of the highest quality steaks in the world which commands a premium for those products. However, the domestic market does not produce enough lean beef from cull cows and bulls to mix with fatty trim from fed cattle to fully supply the domestic ground beef market.

Exports and imports are integral to the beef market in the United States. Markets are constantly working to efficiently utilize resources and increase product value and that is evident in beef trade. The stated reasons are why the beef industry is pushing to establish trade agreements with several key trading partners across the globe.