

Global Beef Market Opportunities

Range Beef Cow Symposium

November 30, 2011
Paul Clayton



Beef Market Globalization



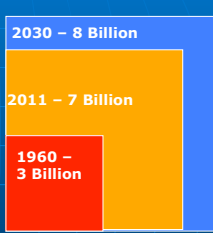
2010 -
to improve
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include a
beef system
in U.S.
the tour
to witness the

THE NEW
AMER
"THE STEPPES OF RUSSIA"

World Population

From 1960 to 2011:

- » U.S Grew 72 %
- » Europe Grew 21%
- » China Grew 111%
- » Japan Grew 36%
- » Africa Cote d' Ivoire Grew 541%
- » India Gained 782 million. By 2030 it is expected to exceed China's population



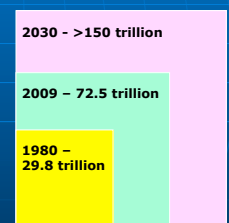
2030 - 8 Billion
2011 - 7 Billion
1960 - 3 Billion

Source: National Geographic January 2011

World GDP

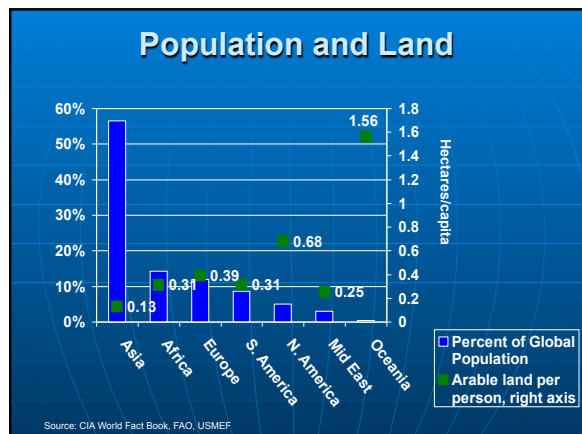
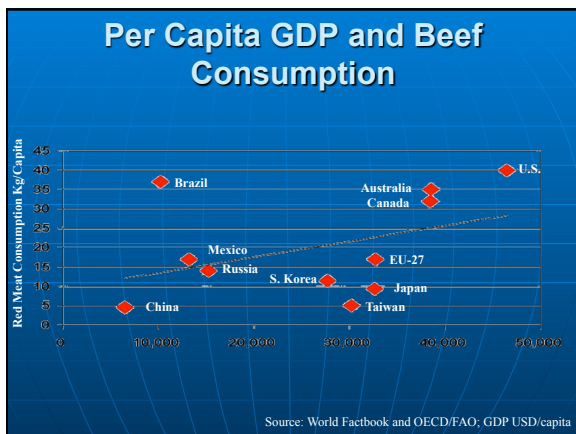
Growth In GDP 1980-2009

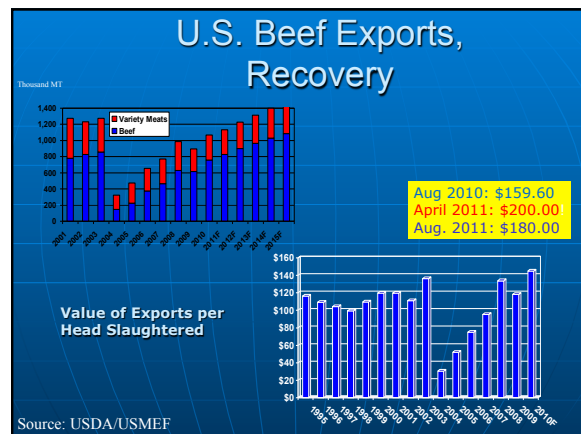
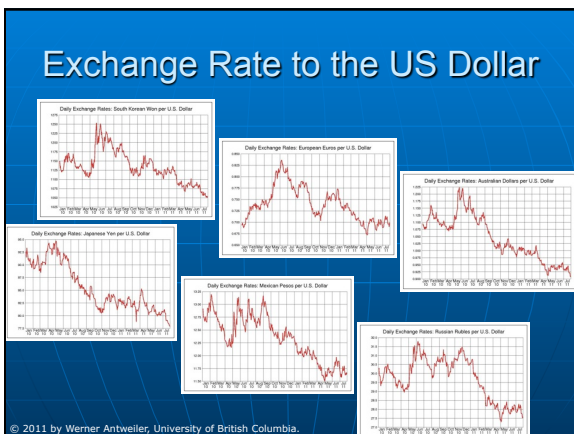
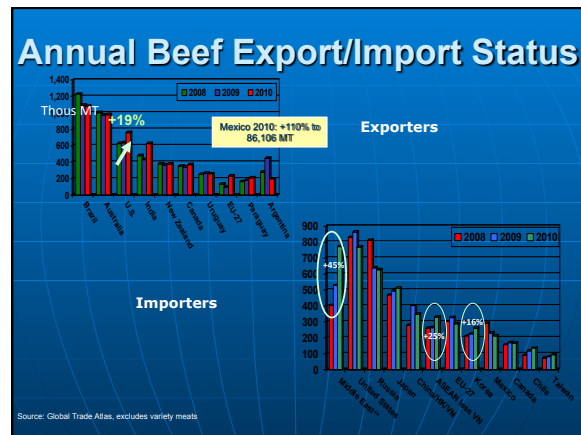
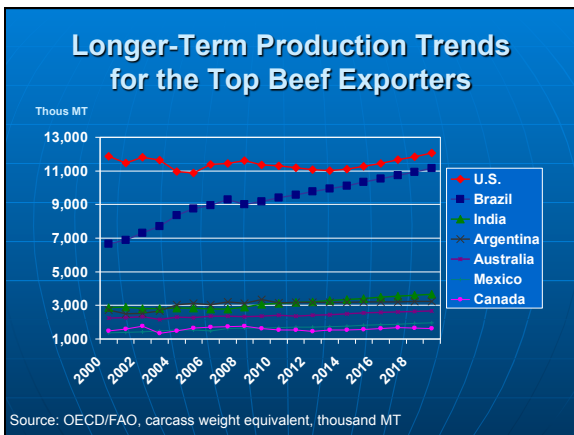
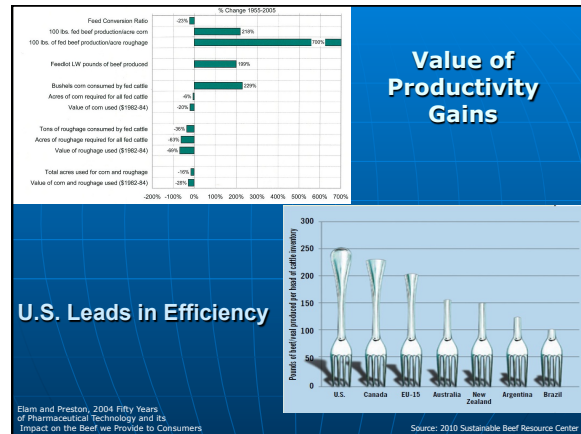
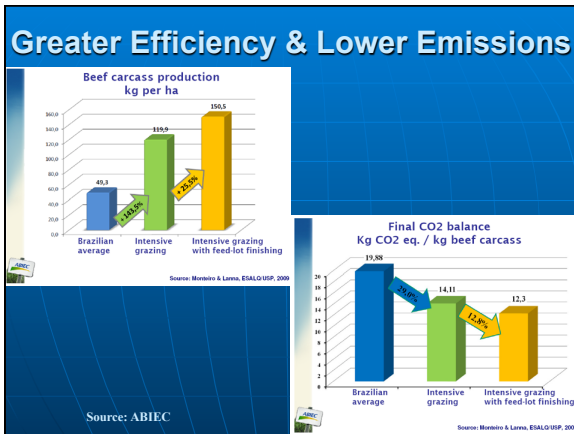
China	1,506%
Africa	151%
U.S.	119%
S. America	108%
E.U.	75%
Japan	74%

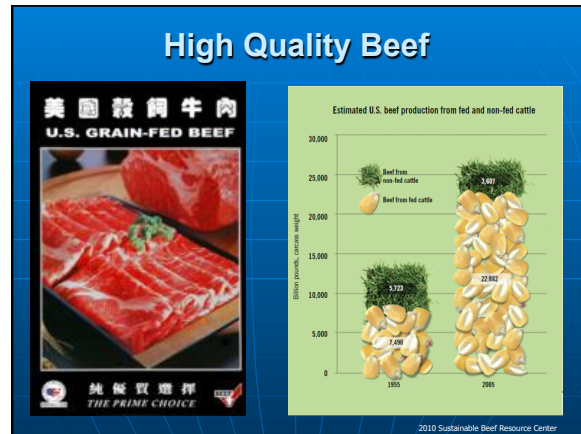
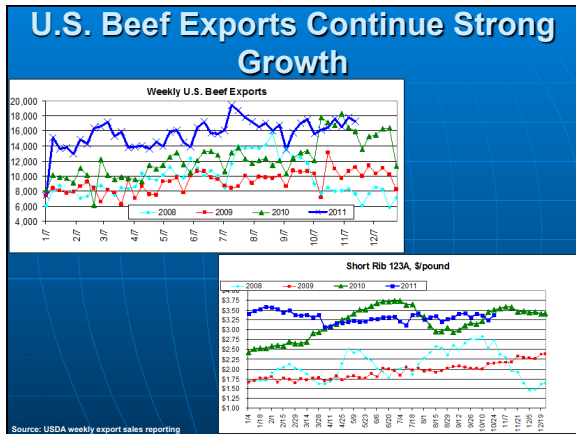


2030 - >150 trillion
2009 - 72.5 trillion
1980 - 29.8 trillion

Source: National Geographic January 2011







High Quality, Consistent and Versatile Beef

- Grain Fed / Genetically Managed
- High Food Safety Standards
- Quality Management
- Consistent Supply
- Versatility

OFFICIAL UNITED STATES STANDARDS FOR GRADES OF CARCASS BEEF

UNDER AN ACT OF CONGRESS APPROVED FEBRUARY 16, 1915

USDA PRIME

Australian Wagyu Brands

AA CO

MOYHU WAGYU

RANGERS VALLEY

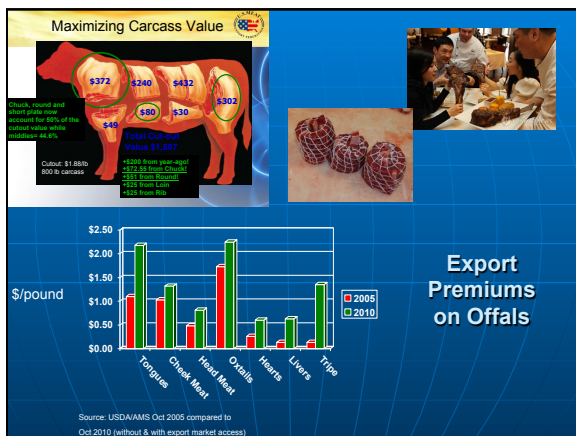
MACQUARIE WAGYU

KURO KIN WAGYU

MASTER KOBE

BALD RIDGE WAGYU

Security Foods Pty Ltd



Market Access Limitations

- Proactive Foreign Animal Disease Control
- Residue Concerns
- Growth Promotants
- Food Borne Illness Risks
- Five Freedoms



Private Standards

- Major US manufacturers and retail competitors are moving towards establishing certification protocols that incorporate food safety (HACCP) and assurance (ISO) protocols including animal welfare standards.
- This suggests that the US public and private sectors need to be exploring methods that effectively and efficiently achieve traceability and assurance standards as a strategy for maintaining global market competitiveness. In this context, there needs to be cooperative government to government interchange, in addition to business to business.

Source: Farm Foundation, 2004, Food Traceability & Assurance in the Global Food System

Top Global Supermarket Companies

Company	Stores Owned	Sales (\$Bill.)	Countries of Operation
Wal-Mart (US)	5,164	244	AR, BR, CA, CH, GR, JP, MX, SG, SK, TK, VN, US
Carrefour (FR)	10,704	65	AR, BL, BR, CL, CH, CO, CZ, DR, EG, FR, GC, IN, IT, JP, ML, MX, OM, PO, PT, QT, RO, SG, SV, SK, SP, SW, TW, TH, TU, TK, US
Ahold (NE)	9,407	59	AR, BZ, CL, CR, CZ, DM, EC, ES, ET, HN, IN, LT, LN, ML, NE, NC, NW, PG, PR, PO, PT, SV, SP, SW, TH, US
Kroger (US)	3,667	52	US
Metro (GR)	2,411	49	AS, BL, BU, CH, CR, CZ, DM, FR, GR, GC, HU, ID, IT, JP, LX, MC, NE, PO, PT, RO, RU, SV, SP, SW, TU, UK, UR, VN
Tesco (UK)	2,294	40	CZ, HU, IR, ML, PO, SV, SK, TW, TH, UK, US
Costco (US)	400	38	CA, JP, MX, SK, TW, UK, US
Albertsons (US)	1,688	36	US

Audit, Review and Compliance Branch

Provides services for Quality System Verification Programs

<http://processverified.usda.gov/>

Global Data Synchronization Network GS1-128 (UCC-UPC)

Information exchange in Beef Labeling*

Classification	Entity	Product	Container
BAN-UCC	BAN-UCC	BAN-UCC	BAN-UCC
SYMBOL	SYMBOL	SYMBOL	SYMBOL
128	128	128	128

How is Animal Traceability Used in International Markets

- **Regulatory**
 - Animal Disease Control
 - Recall Capabilities
- **Private Standards**
 - Animal Welfare
 - Food Safety
 - Product Quality and Specifications
- **Commercial**
 - Marketing
 - Production Standards






Export Country	National Animal Traceability	OIE Status	OIE FMD Status	Dominant Cattle Finishing	Import Country Sanitary and Phytosanitary Restrictions on Beef Imports									
					Japan	China	Korea	Taiwan	Hong Kong	Europe (EU27)	Russia	Canada	Mexico	
					Share of US Exports 2009	24.7%	8.4%	24.9%	1.7%	1.9%	5.2%	8.4%	8.4%	22.4%
					Share of US Exports 2009	12.9%	0.0%	8.3%	4.3%	3.8%	2.3%	0.7%	20.5%	31.7%
					Share of Imports from US 2009	14.0%	0.0%	28.0%	29.7%	10.0%	2.3%	0.5%	65.7%	89.2%



Table 3

The full cost of 100% U.S. industry adoption of a source and age-verification program was estimated to be significantly less than the value of U.S. beef exports to Korea.



ECONOMIC ASSESSMENT OF EVOLVING RED MEAT EXPORT MARKET ACCESS REQUIREMENTS FOR TRACEABILITY OF LIVESTOCK AND MEAT, Market Economics LLC, Manhattan KS 66503 March 2011.

Traceability as a Trade Requirement

- **Currently**
 - **USDA AMS PVP programs with an animal Traceability component**
 - **Japan: Date Verified: cattle less than 21 months of age**
 - Must be determined utilizing physiological evaluation (A40) or age verification through documentation
 - **EU: Birth Origin for the PFEU and NHTC program**
 - **Hong Kong: Slaughter companies must maintain records that are sufficient to initiate a trace back to the previous location for all livestock included in the program.**

Our Competition...




Uruguayan meat. From nature to consumer.



BRAZILIAN BEEF
Authenticity. Accountability.



Summary



- The US will remain a leading supplier of red meat to the world
- The US provides a very differentiated product to the international markets- High quality grain fed beef
- The US has the ability to be price competitive through production efficiencies and a lower valued US dollar
- In the future the US will need to remain a leader in food safety, animal welfare and sustainability to remain competitive.