International Agricultural Trade Report

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Weekly Market Report: Dairy, Livestock, & Poultry

U.S. Pork Export Outlook for 2001 Continues to be Positive

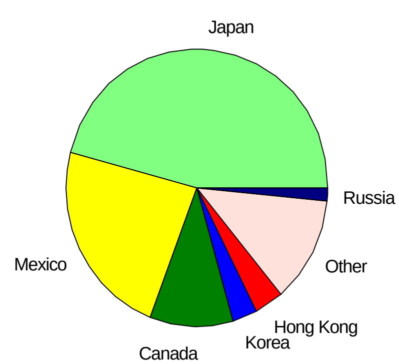
U.S. pork exports for 2001 are forecast at a record 593,000 tons (carcass weight equivalent), up 3 percent from 2000 as exports to traditional markets in Japan and Mexico are expected to remain strong, while developments in Russia and the European Union (EU) are creating further opportunities for U.S. pork exports. Going into 2001, the U.S. pork export environment is characterized by large pork supplies in the United States, projections of reasonable economic growth in key markets, less competitive pressure from the EU, but continued strong competition from Canada.

Key Markets

The three major markets of Japan, Mexico, and Canada all increased purchases of U.S. pork in 2000. According to the most recent U.S. Census data (Jan - Nov), 2000 total U.S. pork exports are up 4 percent from the same period in 1999 with a value of $1.1 billion. Continued strong exports during the final quarter of 2000 will likely persist into 2001.

Japan accounts for about 45 percent of U.S. pork exports and about 60 percent of the total pork export value. Based on November trade data, the most recent figures currently available, exports for 2000 are likely to exceed 1999's level by almost 10 percent. The U.S. pork industry is working in Japan by highlighting a nationwide pork campaign showing the safety and nutritional value of U.S. pork. Since 1998, over 2,000 Japanese retail outlets have conducted promotions under the campaign. The outlook for 2001 is positive as demand for table pork and processed products remain solid, and Korea remains shut out of the market because of foot-and-mouth disease.

US Pork Export Markets Jan- Nov 2000

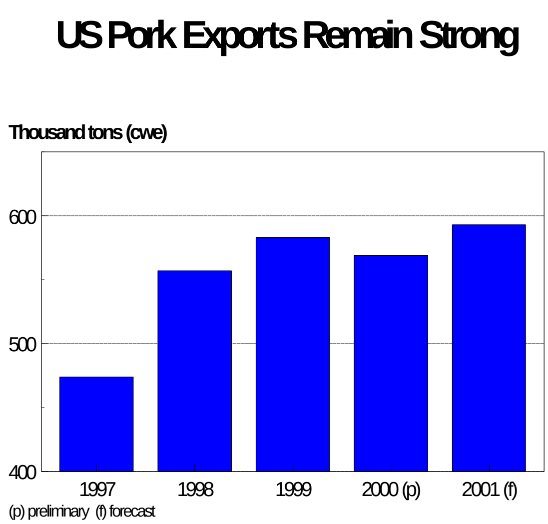


Mexico accounts for over 20 percent of U.S. pork exports and 15 percent of the total value. Sales through November have surpassed 1999’s annual total, with year-to-date 2000 exports running about 80 percent above 1999’s record level. As supermarket and hypermart outlets expand, U.S. pork is beginning to reach beyond the retail outlets at the border and processing sector. For example, the leading retail chain in the Yucatan peninsula began selling U.S. pork for the first time after participating in a U.S. Meat Export Federation (USMEF) summer grilling promotion. For 2001, total U.S. pork sales are projected to remain strong as Mexico's strengthening economy improves consumer income and creates increased demand for pork. In addition, as of January 1, 2001, Mexico's tariff on U.S. pork products were decreased to 4 percent and quotas increased by 3 percent in accordance with NAFTA. The reduced tariffs and increased quotas on select pork products will make U.S. pork more available to Mexican consumers.

Canada accounts for about 10 percent of U.S. pork exports and 10 percent of the total value. Sales through November are now at a record level, surpassing the previous high set in 1997. Although the pork trade balance favors Canada by over 6-fold, U.S. pork exports to Canada are increasing. Canada is a major U.S. competitor in many markets and recently overtook the United States as the largest pork exporting country in the world.

Additional Opportunities in 2001

For a variety of reasons, U.S. pork exports to Russia, the EU, South America, Korea, Taiwan, Caribbean, Central America, and Hong Kong are lower in 2000. In order to further strengthen U.S. pork exports for 2001, U.S. pork products may be able to regain sales in some of these markets in 2001.



For example, Russia, the world's third largest pork importing country, is actively looking for potential pork suppliers as the livestock sector continues to decline and supplies from the 1999/2000 food aid packages are depleted. In addition, its major suppliers, China and the EU, are unlikely to be able to meet the growing demand in Russia. Russia banned pork imports earlier this year from China due to foot-and-mouth disease, and the curtailment of the EU's subsidies on pork cuts make EU pork more expensive. These market developments are likely to benefit U.S. pork exports to Russia in 2001, particularly since the food aid package was successful in introducing U.S. pork to the Russian trade. The U.S. pork industry is following up with trade shows and educational programs that demonstrate the profitability of less expensive U.S. pork that can be utilized by the processing sector.

The Bovine Spongiform Encephalopathy (BSE) situation in the EU may also provide an additional opportunity for U.S. pork exports to third markets, including Russia. Since the onset of the latest BSE crisis in October, beef consumption in France, Germany, and elsewhere has dropped significantly. Consumers are turning away from beef in favor of pork and poultry. Using the 1996 BSE crisis as a guide, intra-EU pork trade will likely rise to satisfy the increased pork demand at the expense of third-country exports. U.S. pork may be able to displace EU pork in some third country markets due to increased pork consumption within the EU, higher EU pork prices, suppression of export refunds on pork cuts, and recent strengthening of the Euro against the dollar. Despite this development, U.S. market share within the EU is not expected to strengthen as the EU has sufficient pork stocks to satisfy internal demand.

US Fresh/Chilled and Cured Hams/Bacon Pork Exports Gain Momentum

For 2000, fresh/chilled and cured hams/bacon cuts lead pork export gains on a year-to-year basis. Year-to-date, exports for fresh/chilled cuts and cured hams/bacon have increased 31 and 8 percent, respectively. The fresh/chilled cuts have already surpassed the annual total for 1999 and are valued at $654 million. In addition, the fresh/chilled export volume is now greater than the frozen cuts. The strengthening Mexican market and continued demand in Japan and Canada are the main contributors to this rise. Year-to-date frozen cuts and prepared/preserved pork products are down 15 and 8 percent, respectively. See attached table for U.S. pork exports by destination and cuts.

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US Pork Exports by Destination

product weight equivalent		Annual (MT)		Jan-Nov (MT)		Jan-Nov (US$)	
Destination	Cuts	1998	1999	1999	2000	1999	2000
World	Fresh/Chilled	147,007	160,911	145,867	191,101	480,411,905	653,950,524
	Frozen	209,135	225,492	200,597	169,905	407,741,774	354,951,571
	Cured hams/bacon	25,452	30,323	23,953	25,883	51,567,374	59,239,584
	Prepared/Preserved	18,336	17,575	16,230	14,931	48,074,773	47,636,453
	Total	**399,930**	**434,301**	**386,647**	**401,820**	**$987,795,826**	**$1,115,778,132**
Japan	Fresh/Chilled	89,058	99,474	90,688	111,253	373,507,292	491,447,097
	Frozen	79,312	80,736	73,600	64,409	194,262,683	175,120,308
	Cured hams/bacon	3,303	1,573	1,426	2,781	4,531,697	9,737,244
	Prepared/Preserved	2,961	2,825	2,700	2,567	7,941,859	8,495,792
	Total	174,634	184,608	168,414	181,010	$580,243,531	$684,800,441
Mexico	Fresh/Chilled	30,176	38,193	33,840	54,234	61,321,622	104,637,727
	Frozen	13,617	13,266	11,529	27,450	20,849,991	46,685,253
	Cured hams/bacon	6,103	8,057	6,754	11,357	11,175,984	16,194,000
	Prepared/Preserved	1,579	1,330	1,146	1,741	3,735,972	5,759,964
	Total	51,475	60,846	53,269	94,782	$97,083,569	$173,276,944
Canada	Fresh/Chilled	19,067	17,081	15,641	22,424	32,662,408	51,330,662
	Frozen	13,229	12,639	11,514	8,809	22,446,767	20,814,129
	Cured hams/bacon	2,671	5,245	4,424	6,175	12,500,287	19,895,080
	Prepared/Preserved	4,623	4,762	4,362	4,616	17,499,756	19,125,270
	Total	39,590	39,727	35,941	42,024	$85,109,218	$111,165,141
Taiwan	Fresh/Chilled	653	1,265	1,250	680	1,511,442	829,993
	Frozen	12,469	25,854	23,760	19,971	31,852,951	30,581,224
	Cured hams/bacon	354	519	518	105	1,008,297	243,540
	Prepared/Preserved	70	403	402	8	646,751	30,693
	Total	13,546	28,041	25,930	20,764	$35,019,441	$31,685,450
Korea	Fresh/Chilled	492	966	882	447	1,633,935	1,038,737
	Frozen	6,571	15,024	13,955	11,003	27,889,827	23,039,597
	Cured hams/bacon	1,394	1,163	1,148	573	2,396,311	1,729,976
	Prepared/Preserved	186	349	335	423	659,375	780,673
	Total	8,643	17,502	16,320	12,446	$32,579,448	$26,588,983
Hong Kong	Fresh/Chilled	368	382	307	368	390,009	580,368
	Frozen	17,148	13,368	11,699	13,036	13,803,955	18,228,413
	Cured hams/bacon	3,795	1,900	1,892	148	2,443,599	617,585
	Prepared/Preserved	274	238	226	112	930,497	471,694
	Total	21,585	15,888	14,124	13,664	$17,568,060	$19,898,060
Central America	Fresh/Chilled	551	836	721	812	1,590,680	2,002,709
	Frozen	3,355	4,990	4,341	4,289	7,400,547	7,100,340
	Cured hams/bacon	2,085	1,585	1,451	1,240	3,180,814	3,128,614
	Prepared/Preserved	551	1,302	1,112	672	2,937,949	1,587,924
	Total	6,542	8,713	7,625	7,013	$15,109,990	$13,819,587
Russia	Fresh/Chilled	1,408	59	50	117	79,130	251,884
	Frozen	36,248	41,627	33,886	7,271	60,587,494	10,046,147
	Cured hams/bacon	651	5,889	2,308	780	6,116,804	1,381,689
	Prepared/Preserved	3,110	71	71	52	145,203	73,892
	Total	41,417	47,646	36,315	8,220	$66,928,631	$11,753,612
Caribbean	Fresh/Chilled	919	949	856	310	1,880,071	670,707
	Frozen	3,991	3,912	3,509	2,574	5,333,837	3,837,894
	Cured hams/bacon	1,520	1,486	1,404	1,059	2,651,745	2,746,737
	Prepared/Preserved	254	573	429	1,003	1,045,466	2,183,023
	Total	6,684	6,920	6,198	4,946	$10,911,119	$9,438,361
European Union	Fresh/Chilled	3,367	1,279	1,279	204	4,547,890	617,434
	Frozen	4,894	2,861	2,742	2,215	9,672,934	6,076,741
	Cured hams/bacon	331	202	198	138	477,904	348,158
	Prepared/Preserved	506	245	245	173	627,579	521,853
	Total	9,098	4,587	4,464	2,730	$15,326,307	$7,564,186
South America	Fresh/Chilled	281	82	52	6	153,964	14,249
	Frozen	6,637	5,246	4,817	3,298	6,379,623	5,144,232
	Cured hams/bacon	1,427	1,044	839	342	2,142,699	872,980
	Prepared/Preserved	158	118	116	534	300,379	829,463
	Total	8,503	6,490	5,824	4,180	$8,976,665	$6,860,924
Eastern Europe	Fresh/Chilled	181	0	0	25	0	24,766
	Frozen	1,588	84	54	690	70,450	651,871
	Cured hams/bacon	0	2	2	15	5,455	68,001
	Prepared/Preserved	43	78	78	0	255,360	0
	Total	1,812	164	134	730	$331,265	$744,638

Source: The Bureau of the Census, US Department of Commerce

Note: Cured hams/bacon include HTS 021011, 021012, and 021019.
Prepared/Preserved exclude HTS 1602491(prep/pres offals).