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Global meat trade update

Brett Stuart

Global AgriTrends is a Denver-based firm focused on providing market intelligence and strategies relating to ever-expanding global trade in agriculture products with an emphasis in global meat trade. The firm consults for a wide variety of clients in the agriculture and financial sectors both domestically and internationally. Our clients include most US hog processing firms as well as international processors. We also conduct a wide variety of international market research focused on providing better market intelligence and export strategy formulation.

Participants in the global meat and grains sectors have been made keenly aware in recent years, of trade impacts across specie and commodity group. Trade disruptions in one species roil through the commodity world impacting other species and grain markets. In addition, as trade successes of previous decades sought to bring down tariffs and reduce quotas, today's trade games are much more complex with bans based on feed additives, pathogens, and compounds. The proliferation of non-scientific trade barriers has raised costs and awareness of the damage these disruptions can create.

The global pork landscape has dealt with volatility over Chinese disease issues - and the subsequent run-up in Chinese imports in 2008, as well as other market disruptions following the H1N1 outbreaks in 2009. In 2009, China and H Kong imported nearly 2 million metric tons of pork and pork variety meats!

US pork exports have represented roughly 18-20% of US pork production and are a key variable in the US hog price equation. Pork exports have increased nearly 17-fold since 1990 and have averaged 14% growth per year over the past decade. Currently US pork exports appear poised to reach 4.3 billion pounds in 2010.

The global pork world is dynamic, driven by a wide-variety of competitive suppliers and variables. US pork is very competitively priced around the globe today. US market share has increased in Japan, S. Korea, and Australia recently, yet declined in China/H Kong due to restrictive trade regulations. Mexico and Canada remain critical components of the US pork export complex as well.

We expect global pork production to increase by 1.6% in 2010 following 3.2% average growth the prior two years. Since 2007 Chinese pork production has expanded 18% while the "rest of world" pork production has increased by 0.2%. Today more than half of the world's pork is produced and consumed in China.

