

U.S. EXPORT OF BEEF PRODUCTS TO MEXICO

Decreased U.S. beef production had an impact when it came to limiting export growth opportunities, considering plentiful supplies currently in other major exporting countries of interest. Export demand is expected to remain strong and expands her own access to some countries such as Japan and Hong Kong:

- Export cuts traded at record prices
- Displacement is very likely to be made
- Weaker yen is not beneficial in this case

In addition to above mentioned and access to markets of certain countries such as China, Russia, Saudi Arabia and Indonesia remains in place!

In fact, U.S. is known as the primary exporter of grain-fed beef in the world. Holding that position on the world market, it brings from one side challenges and on the other side limitless opportunities, especially when it comes to the things that are related to production technologies and U.S. overall higher costs of production in comparison to some other producers in the world, since the U.S. has a higher quality product. World markets are still a huge potential. It's up to the U.S. to rebuild the U.S. cow herd and expand to new markets!

There are many factors which have an effect exporting U.S. beef to countries such as Mexico. First and foremost high prices of U.S. beef. As a result consumers shift to some less expensive meats present on their markets. It automatically produces a decrease of U.S. beef supplies. When we talk about Mexico, we see opportunities as well as threats. Penetration into that market is possible, since Mexicans love beef. Some of the threats would be a continuation of US supply and market price trends.

If we look in the past, we all remember that Mexico made aggressive steps and banned imports of ALL U.S. beef products in the end of 2003. In the spring of 2004, the market was reopened to imports of beef and time went by to other beef products from cattle UTM. Regardless of that, Mexico still continues to prohibit import of "States beef" cattle as well as products from cattle OTM. It is also important to mention that all cattle as much as beef products made in the States have access to their market under NAFTA agreement. Mexico still kept antidumping duties on some products, especially ones such as boneless beef cuts. Duties range from 70 to 80 cents per kg. They were established during the summer of 1999. No other trade barriers should be considered as major in Mexico to U.S. produced beef and cattle.

Furthermore, model simulation results indicate that losses of U.S. beef exports to Mexico were results of BSE measures which amounted to 382 million USD during the period from 2004 to 2005. Majority of export losses were related to fresh and chilled boneless beef. However, the next few years changed the trend since BSE-related restrictions were applicable in other export markets and as a result we saw an increase in U.S. beef exports to Mexico during 2006 as well as 2007. Fight for procurement into other markets has always been will remain a major challenge for all industries including meat and poultry industry!