

Meat Production and Trade Estimates Disrupted by COVID-19

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It goes without saying that the COVID-19 pandemic has severely disrupted everything surrounding livestock and meat production and marketing. And international meat trade is no exception.

2020 started with much optimism surrounding the potential for record U.S. exports of beef, pork, broiler chicken, and total meat. Record meat exports were important because the United States Department of Agriculture (USDA) was also projecting record production of beef, pork, chicken, and total meat.

Each month, the USDA Office of Chief Economist publishes a *World Agricultural Supply and Demand Estimates* report, usually referred to as the WASDE report. In the report USDA projects production and exports of beef, pork, chicken, and total meat for the current and next year. Current and past reports are available at: www.usda.gov/oce/commodity/wasde

Optimism for record exports came from several areas. By late 2019 and early 2020, the U.S. had settled favorable trade agreements with the top four beef customers – Japan, South Korea, Mexico, and Canada. And a Phase 1 trade agreement with China was also ratified.

As a side note, record beef exports had originally been predicted for 2019, but did not materialize because our major beef export competitors ratified the Comprehensive and Progressive Trans Pacific Partnership (CPTPP) trade agreement with Japan, but the U.S. did not. So, U.S. beef exports to Japan in 2019 struggled with a 38.5% tariff compared to 26.6% for CPTPP countries.

Adding to the optimism, African Swine Fever (ASF) spreading across Asia and Eastern Europe caused a deficit in pork production especially in China, which also meant improved prospects for U.S. meat exports and particularly pork. And projected record U.S. production of major meats meant plenty of meat availability for exporting unlike for a major competitor, Australia, which had lower beef production due to several years of drought.

USDA, in the January 2020 WASDE report, projected record 2020 production of all major meats with beef up 1.1% from 2019, pork increasing 3.7%, and chicken advancing 3.5%. Record exports of all major meats were also optimistically projected with beef up 9.3%, pork leading the increase at 12.8%, and chicken up 4.5%.

But as COVID-19 struck the U.S. and expanded around the World the uncertainty caused forecasting to be extremely difficult at best, with USDA making unprecedented revisions to projections.

In the May WASDE, USDA reduced 2020 projected beef production from plus 1.1% to minus 5% from 2019, lowered pork production to minus 1%, and chicken production back to about even. Beef exports were lowered to minus 4% while pork and chicken exports remained near previously reported levels with strong Chinese demand.

USDA has again made notable changes from the May WASDE. The severe impacts of the pandemic have subsided somewhat as meat packing plants and distribution channels regained capacity and some restaurants reopened.

The August WASDE projected 2020 beef production to decline only 0.5% from 2019. The U.S. still has a chance for record 2020 beef production depending on fourth quarter results. Pork and chicken production are projected to be back to record levels up 2.6% and 1.7% respectively.

2020 beef exports are still projected to be down 4.3% given the uncertain and weaker global economic situation.

Pork exports continue to spike upward with a 19.4% increase forecast. Continued record high exports to China are fueling the increase.

Looking ahead to 2021, much uncertainty remains surrounding the severity and length of the pandemic in the U.S. and World. USDA is again projecting record U.S. beef, pork, chicken and total meat production, so a strong meat export market will be important for supporting cattle prices.

2021 beef exports are projected to rebound to near record levels up over 8% from the disappointing 2020 levels. And pork exports are expected to continue setting records as well.

Hopefully, 2021 projections will not have to be revised as often and dramatically as they were in 2020.