

COW/CALF CORNER

The Newsletter

From the Oklahoma Cooperative Extension Service

January 11, 2008

In this Issue:

2008 Cattle and Beef Trade: The U.S. and Major Exporters

By Derrell S. Peel, OSU Extension Livestock Marketing Specialist

Plan Ahead for Heat Synchronization Method for Replacement Heifers

By Glenn Selk, OSU Extension Cattle Reproduction Specialist

2008 Cattle and Beef Trade: The U.S. and Major Exporters

By Derrell S. Peel, OSU Extension Livestock Marketing Specialist

This week we will cover international trade issues as a followup to the previous article on the U.S. economy. World beef trade continues to grow while the U.S. struggles to regain export markets lost as a result of BSE in late 2003.

2007 **beef exports** are projected at just under 1.5 billion pounds, nearly 60 percent of the 2003 record export total. Through October 2007, cumulative exports to Mexico accounted for 41 percent of beef exports, with Canada adding another 23 percent. Assuming more progress in the Asian markets, U.S. beef exports are forecast to increase another 15 percent in 2008. The generally weaker U.S. dollar should stimulate beef exports to some extent.

Beginning in mid-2006, the U.S. government reached an agreement with **Japan** that allowed restricted access to the Japanese market. Through October of 2007, beef exports to Japan accounted for 11 percent of total beef exports for the year. Japanese beef consumption has never fully recovered from the negative consumer reaction to the discovery of BSE in Japan in 2001. That along with firmly entrenched Australian beef and the fact that U.S. beef prices are cyclically high all serve to temper the pace of progress in Japan. The situation in **South Korea** is even more protracted and frustrating. After finally receiving access politically in 2007, repeated mistakes in Korean bound shipments and an extremely rigid import inspection process led to a number of shipments being delayed or rejected and ultimately to closure of the border once again. Despite this, the U.S. was able to ship over 77 million pounds of beef to South Korea, representing 6.5 percent of the January through October export total. The process is once again a political one and the U.S. will take up discussions in 2008. In May of 2007, the OIE (international animal health organization) recognized the U.S. as a controlled-risk country for

BSE. The U.S. is now trying to get all of our trading partners to accept this status which implies removal of age restrictions for trading. It will likely take some time yet but this would allow for better and more consistent access to beef markets.

2007 **beef imports** are projected to total about 3.2 billion pounds, up about 3.5 percent from 2006. Four of the five largest sources of U.S beef imports represent primarily markets for various types of processing beef, ranging from grass-fed beef from Australia, Uruguay or Brazil, to dairy cow beef from New Zealand. Through October of 2007, Australia, the largest source of imported beef, accounted for 28 percent of total imports for the year. New Zealand accounted for 17 percent; Uruguay, 13 percent and Brazil about 9 percent of total imports for the January to October period.

Canada was the second largest source of U.S. beef imports, accounting for about 25 percent of the year to date total. The U.S. and Canada bilaterally trade fed beef mostly as a matter of transportation costs and efficiency in marketing. Most of the fed cattle production in Canada is in the western Provinces and most of the population is in the eastern Provinces. Beef from the U.S. Midwest is much closer to Canadian population centers in the east while Canadian beef production in the Prairie Provinces is closer to U.S. West Coast markets. In total, the U.S. is, however, a net importer of beef from Canada, importing, in volume terms, roughly 2.5 times the quantity exported to Canada.

In 2004 and 2005, meat packing capacity in **Canada** expanded by 20-25 percent and U.S. imports of Canadian fed beef increased in lieu of live cattle imports. Cow culling during this period was minimal as the first priority was to process the inventory of feedlot cattle and there was simply no place to go with the cull cows. Canadian cattle inventories grew from 13.5 million head in 2003 to nearly 15 million head in 2005 before beginning to decline. Cattle inventories and beef production are expected to contract further in 2008, approaching pre-BSE levels. U.S. imports of Canadian beef decreased nearly 5 percent year to year through October 2007 and simultaneously exports of feeder and fed cattle increased once again. Poor packer and feedlot profitability in Canada led to increased feeder cattle exports in the second half of 2007 and the trend is expected to continue in 2008.

The U.S. has been the major supplier of beef for **Mexico** and Mexico has been the largest market for U.S. beef since 2004. For the U.S., the Mexican demand for end meats is very complementary, providing a higher valued market for products which are in surplus and are relatively low value in the U.S. Weaker economic conditions and an abundance of competing meats in Mexico reduced Mexican imports of U.S. beef in 2007 and may hold 2008 imports to similar levels. Mexican exports of feeder cattle to the U.S. have averaged almost 1.3 million head annually from 2003-2006, a rate that is not sustainable. Feeder cattle exports from Mexico dropped roughly 13 percent in 2007 despite attractive U.S. cattle prices. The need to rebuild Mexican cattle inventories will likely temper Mexican feeder cattle exports in the next year or two.

Brazil has emerged in recent years as the largest beef exporter in the world, surpassing the U.S. in 2003 and Australia in 2004. Brazilian beef production and exports have both increased dramatically in recent years. Brazil is currently exporting about 25 percent of beef production.

Brazil is a major supplier of beef to Europe and more recently to the Russian Federation. **Argentina's** presence in global beef markets is somewhat diminished at the current time and likely to remain so for the foreseeable future. Government attempts to limit exports and control domestic prices will likely lead to stagnant or reduced production and exports in the future. **Uruguay** is a small country with a small (by global standards) cattle industry. However, the cattle industry is a huge component of the Uruguay economy and the country has a very progressive and proactive partnership between the government and the industry. Beef exports are important with roughly 80 percent of production exported. The country has been successful in controlling disease and assuring trading partners with a comprehensive animal ID and tracking along with internationally certified processing facilities and procedures. Uruguay has been a more important source of U.S. beef imports in recent years, with the U.S. accounting for over 50 percent of beef exports from Uruguay.

The **Australian** beef industry remains export focused with nearly two-thirds of beef production exported. The U.S. typically accounts for about 30 percent of Australian beef exports. Other major markets include Japan and South Korea with smaller quantities exported to a variety of other Asian markets. Australia has faced persistent drought conditions since 2002 that forced some herd liquidation in recent years. Marginal improvement in forage conditions in 2007 helped stabilize herd inventories but beef production and exports are expected to decline in 2008. However, if drought conditions worsen, beef production could increase temporarily with drought-forced liquidation. Beef production in **New Zealand** is mostly a product of the dairy industry. New Zealand exports nearly 80 percent of annual beef production. The U.S. is the largest market for beef exports, representing roughly half of total exports. South Korea and Japan are other important beef markets for New Zealand.

Plan Ahead for Heat Synchronization Method for Replacement Heifers

By Glenn Selk, OSU Extension Cattle Reproduction Specialist

Producers that plan to use artificial insemination as part or all of this upcoming spring breeding season should start their preparations soon. One synchronization protocol for replacement beef heifers involves the feeding of an additive, and the feed must be ordered and delivered at the proper time. Melengestrol acetate (MGATM) is a feed additive commonly used in heifer feedlot rations to block the cycling activity of heifers. Melengestrol acetate is a synthetic progestin that has "progesterone-like" activity. When fed for a short period of time and then removed from the diet, the sudden absence of progestin tends to allow a large percentage of heifers to exhibit heat together. Compared to normal heats, fertility at this first heat after MGATM removal has been reduced. Subsequent heats will return to normal fertility. Armed with this knowledge, researchers have outlined an estrous synchronization protocol using MGATM and a prostaglandin injection. This program calls for the feeding of melengestrol acetate at the rate of 0.5 milligram per head per day for 14 days. After 14 days, MGATM is removed from the feed. Most of the heifers will then exhibit heat over the next 8 days. Nineteen days after the MGATM feeding has stopped, each female is injected with prostaglandin to interrupt the next cycle. For the next six days, females are bred following detected standing heat. (See time line below).

Research at several experiment stations has indicated that this method has induced some non-cycling replacement heifers to begin cycling, thereby increasing the percentage of those cattle bred early in the insemination season. An important consideration is that the MGA™/prostaglandin synchronization program must be started 33 days before the start of the breeding season. **This means that prior planning must be done to assure that the feed containing MGA™ is prepared and ready to feed five weeks before the date of the first breeding.** This synchronization method is designed to work with replacement heifers. Other synchronization methods for replacement heifers are available. This method requires the earliest planning to be certain that the feed is prepared and delivered in time.

Time line for MGA™/prostaglandin synchronization method for heifers

Day 0	Day 14	Day 33	Days 33 to 39
Start MGA™ Feed	Stop MGA™ Feed	Inject with prostaglandin	Heat detect and breed AI

Oklahoma State University, in compliance with Title VI and VII of the Civil Rights Act of 1964, Executive Order 11246 as amended, Title IX of the Education Amendments of 1972, Americans with Disabilities Act of 1990, and other federal laws and regulations, does not discriminate on the basis of race, color, national origin, sex, age, religion, disability, or status as a veteran in any of its policies, practices or procedures. This includes but is not limited to admissions, employment, financial aid, and educational services. The information given herein is for educational purposes only. Reference to commercial products or trade names is made with the understanding that no discrimination is intended and no endorsement by the Oklahoma Cooperative Extension Service is implied.