



Export Ins and Outs

Opportunities for live cattle genetics are ripe around the globe, but do require some extra effort.

by Kindra Gordon





Exports of U.S. agricultural products during the last 10 years have seen phenomenal increases — and have been a boon to the U.S. economy. Total agricultural products had an export value of \$60 billion in the U.S. economy in 2004. By fiscal year (FY) 2013, U.S. agricultural exports grew to a value of \$140.9 billion. Additionally, for every billion dollars of agricultural goods that are exported from the United States, approximately 8,400 jobs are created.

Tony Clayton likes to share these statistics so others recognize the importance and value that exports offer. Clayton is the former president of the Livestock Exporters Association of the USA, and he is involved in exporting all species of livestock to many countries around the world through his Jefferson City, Mo.-based company, Clayton Agri-Marketing Inc.

Clayton recognizes that when most people think of America's beef exports, boxed beef comes to mind. However, during the past 10 to 15 years, Clayton reports interest in America's livestock genetics — from beef and dairy cattle to swine, horses, sheep and goats — has reached an unprecedented level. His company is shipping livestock exports several times a month, and these exports are helping add value to the U.S. livestock sector.

What's prompting this export growth? Clayton says foreign governments are realizing having the ability to produce at least some of their own food is integral to their national security — and this is becoming ever more important as the global population expands.

Food security

"Many of the elderly leaders in countries know and recognize that hungry people are dangerous people," Clayton says. "They want to produce a certain amount of their own food regardless of the cost of production — and knowing that they could import food at a lesser cost."

He adds that some foreign governments are offering subsidies to help encourage producers to import livestock genetics. As examples, the Russian government has offered \$1,000-\$1,400 per head of animals imported to producers who import cattle that are three-quarter-blood or higher-percentage breeding; Kazakhstan has offered a similar subsidy, but cattle must be registered purebreds.

Clayton notes there is demand for all breeds of beef cattle and there is growing interest in expected progeny differences (EPDs) and efficient genetics, for which the United States is recognized as a leader.

"International producers want to adopt our genetic systems," he says. "When feed got expensive, they realized they've got to make animals efficient. When our corn was high, theirs was higher."

He continues, "They are trying to develop breeding systems and breed associations. They want to raise fast-growing, efficient animals that make them money and feed their people."

In the years ahead, there are going to be ample people to feed. Clayton points out that the world's population continues to grow by nearly 100 million people per year. Additionally, nearly half (48%) of the world's population will live in cities, a trend that is expected to continue to grow.

Foreign economies are also growing, so as people around the globe make more money, they will spend more money. Clayton says this increase in earnings means they will be able to afford a diet higher in protein, which will help drive the demand for beef and other proteins.

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Biggest potential

During the past few years, Clayton reports the three countries with the most potential for exports were Russia and Turkey for beef and dairy cattle and Kazakhstan for beef cattle. Kazakhstan imported nearly 20,000 head of cattle as of 2013.

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However, he notes that Kazakhstan has become increasingly difficult to work with due to stringent health regulations.

During the last two years with U.S. prices at record levels, Clayton says exports to most countries slowed somewhat. Clayton says transportation costs and live cattle prices coming down are helping prompt export interest again. However, the U.S. dollar is still strong which also keeps exports moderate.

Looking ahead with these conditions, he says export interest from Russia is “waking up again.” In December 2015, he coordinated the very first shipment of nearly 1,500 dairy cattle to Vietnam, and anticipates beef cattle exports to that country will follow. Clayton says Sudan and Algeria also have interest in U.S. cattle. After extensive drought the last several years in Mexico, Clayton says, opportunities also exist to export to Mexico for both U.S. beef and dairy cattle.

Iraq and Jordan are also emerging markets for livestock, particularly dairy, and Clayton sees potential in the Ukraine. It opened its borders in the fall of 2013 after seven years of negotiating. With its rich topsoil, he says the Ukraine has the potential to be the breadbasket for Eastern Europe.

Regarding exports eventually opening to China, Clayton says, “Interest from China is strong and progress is

being made.” That market, he notes, will first open to boxed beef but live cattle will follow. Clayton hopes that within the next three years that access may occur.

Factors to consider

While the export opportunities look optimistic, several factors will influence just how much the United States is able to capitalize on them. Clayton notes that disease outbreaks are a major concern.

“The U.S. knows firsthand how quickly export doors close and how long they take to reopen from their experience with BSE (bovine spongiform encephalopathy) detection in 2003,” he explains.

Clayton says for many countries dealing with FMD (foot-and-mouth disease) has become a common occurrence, with thousands of animals depopulated to control the disease. Egypt is a recent example, and Clayton says Korea deals with FMD about every three years.

FMD has not been detected in the United States since 1929, and Clayton says, “We have to keep it out. We’ve got to do our due diligence. If it happens, it will shut down the opportunities for U.S. livestock exports.”

Clayton says incidences of tuberculosis and the Schmallenberg virus that were discovered in Europe in 2011 result in many countries banning cattle from countries (or states) where those concerns exist. For example, because of tuberculosis in California, producers there are not allowed to export live cattle to Russia. The Schmallenberg virus is preventing European cattle from going to Russia, Egypt, Lebanon and other countries.

Clayton underscores how important it is to try keeping disease issues out of the United States so export opportunities can continue. Additional livestock diseases he monitors include bluetongue, avian influenza, West Nile virus, H1N1 (swine flu) and the porcine epidemic diarrhea virus (PEDv) in swine.

Because of these disease concerns, Clayton is a proponent of a national animal identification (ID) system in the United States. “Animal ID is needed to get — and keep — the U.S. trading with some of these countries,” he concludes. “The U.S. needs to get their arms around it to take this cattle market to the next level.”

During the past three years, Clayton says the U.S. beef industry has been “interesting” as it has dealt with the lowest cattle inventory in America since 1952. However, he believes the United States still has many opportunities for livestock exports ahead and says, “The outlook is still favorable. The global population is growing, there are only a certain number of countries that can export live cattle, and people will have to eat.” **HW**

Export challenges to consider

Livestock export specialist Tony Clayton notes that in spite of the term “free trade,” exporting is “not an easy process.”

As one example, he says an increasing challenge is simply a lack of knowledge about livestock, as well as blood-testing and quarantine-process protocols, by negotiators. “We are now depending on negotiators on both sides of the process that are two, maybe three, generations removed from the farm,” Clayton says.

Additionally, the USDA (United States Department of Agriculture) Animal and Plant Health Inspection Service (APHIS)—Veterinary Services (VS) reorganized in 2013 into six regions. This reorganization has reduced the number of staff and access to that staff.

He cites the paperwork requirements by importing governments for pedigree information as another cumbersome challenge and says costs for health papers and other fees on the U.S. side have skyrocketed, increasing from an average of \$40 for the first animal to \$144 for the first animal and additional charges for every animal on the certificate.

Transportation and animal welfare are other emerging concerns with regard to exporting live animals. “Airlines are pulling in the requirements on the number of animals we can put on a 747, and shipping animals on a boat takes about 17 to 25 days, so we’ve got to be careful of animal well-being,” Clayton concludes. **HW**

