



**COVID-19 Impacts on Arkansas' Agricultural and Rural Economies**

**UPDATE:  
Beef Trade**

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Yesterday, USDA’s Economic Research Service released its latest monthly trade data for meat and livestock. You can find livestock and meat trade data and documentation at <https://www.ers.usda.gov/data-products/livestock-and-meat-international-trade-data/>. COVID-19 has impacted U.S. commodity markets in several ways, one of which is international trade. For this report, we will focus on U.S. beef trade.

### U.S. Beef and Veal Exports

Figure 1 plots monthly U.S. beef and veal exports, where volume is measured on a carcass weight basis. Year-to-date totals for beef and veal exports are currently running 6.4% below 2019 levels for the Jan-Aug period. August's most recent data has the U.S. exported 267.7 million pounds, which is 2.4% above August 2019 levels and 12.6% above the 2014-2018 August average. August marks the second consecutive of increased beef and veal exports. June exports were down 38.5% relative to June 2019 and 21.9% below the 2014-2018 June average. The U.S. is forecasted to export 2.916 billion pounds of beef in 2020, which is a 3.6% decline from 2019 total beef and veal exports.

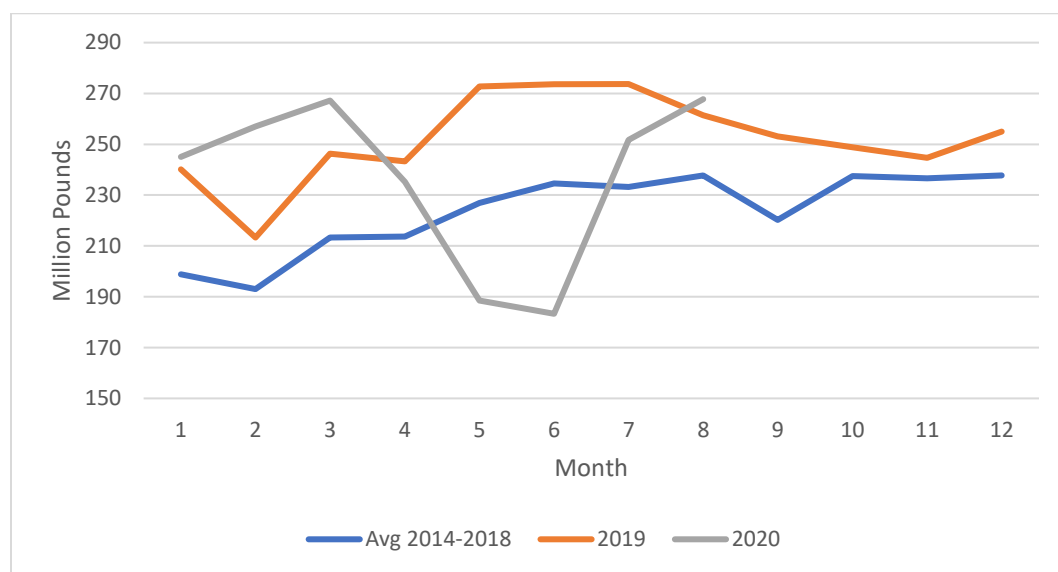


Figure 1. Monthly U.S. Beef and Veal Exports (Carcass Weight)

Source: USDA ERS

Figure 2 breaks out U.S. beef and veal exports for the top four destinations for U.S. beef. We have started to see some export numbers recover for each of the top four markets for U.S. beef. In 2019, Japan accounted for 26.4% of total U.S. beef and veal exports. Year-to-date totals show exports to Japan up 3.6% relative to the same period for 2019. Currently, August 2020 exports to Japan are down 1.7% relative to August 2019. Thus far, May was the lowest for beef and veal exports to Japan. May 2020 exports to Japan were down 26.3% relative to May 2019 and represents a 35% decline from April 2020. In 2019 beef and veal exports to Canada accounted for 8.9% of total U.S. beef and veal exports. Year-to-date totals show U.S. beef and veal exports to

Canada are up 11.2% relative to the same period in 2019. Much of this is attributed to the increase in exports to Canada that were experienced pre-COVID-19 in 2020. Through the summer, exports to Canada remained well below historical levels when exports are usually highest. At their lowest, beef and veal exports to Canada were down 17.6% in May relative to 2019.

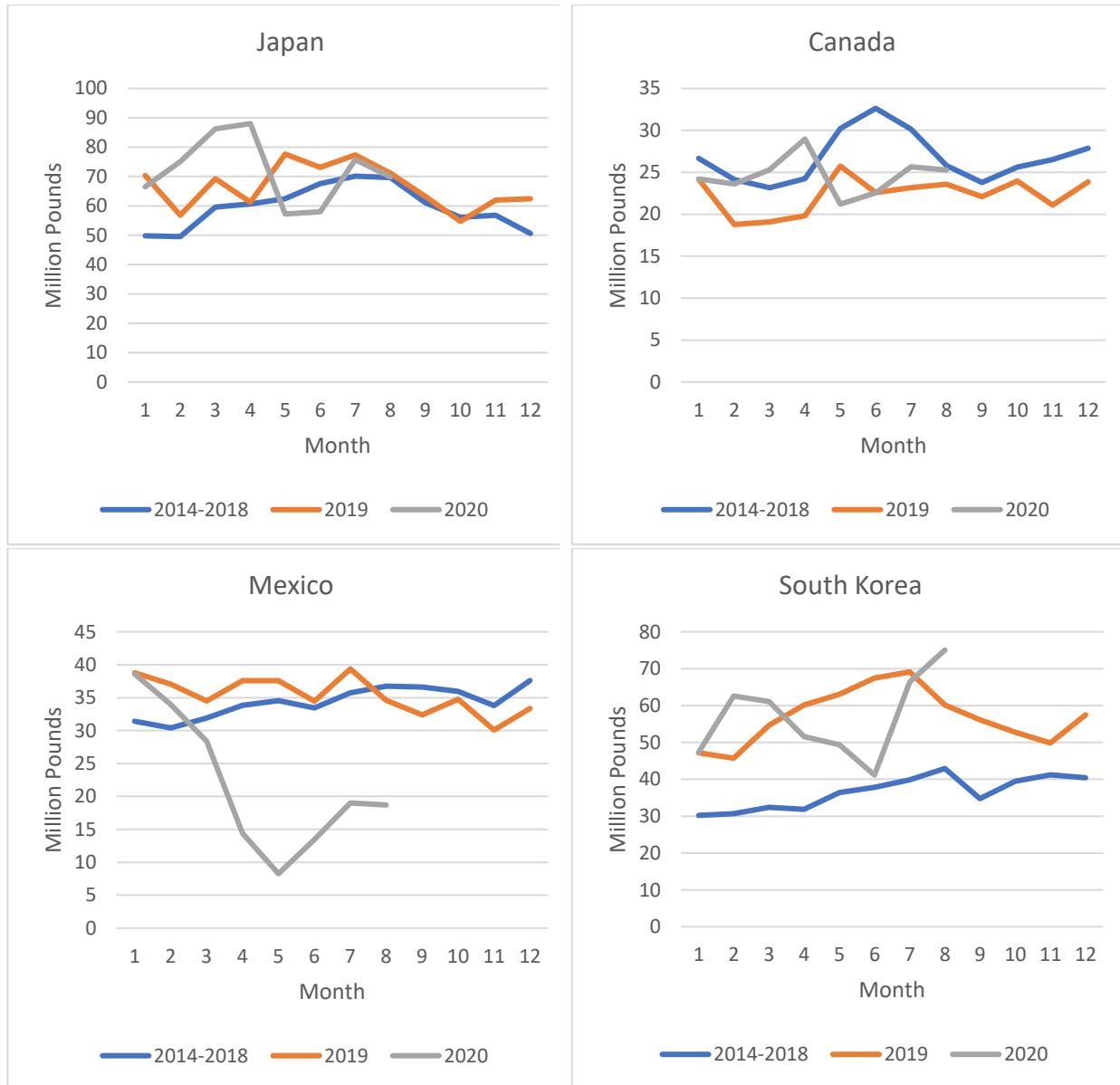


Figure 2 Monthly U.S. Beef and Veal Exports to Japan, Canada, Mexico, and South Korea (Carcass Weight)

Source: USDA ERS

In percentage terms, the U.S. has experienced massive declines in beef and veal exports to Mexico and South Korea, accounting for 14% and 22.6% of total U.S. beef and veal exports in

2019. However, recent data shows improvements in exports to South Korea. Beef and veal exports to Mexico remain well below historical levels. Year-to-date beef and veal export totals for 2020 are down 2.8% to South Korea and 40.5% to Mexico relative to the same period in 2019. Beef and veal exports to South Korea and Mexico were at their lowest in June and May, respectively, relative to the same month in 2019. The most recent data shows that exports to South Korea were up 24.7% in August relative to the same month in 2019. August Beef and veal exports to Mexico remained well below 2019 levels for the same month. Specifically, in August, exports to Mexico were 45.9% below August 2019 levels

There are two primary reasons behind the decline the U.S. has experienced in beef and veal exports. The first is a domestic supply problem, and the second highlights the global nature of COVID-19 and its macroeconomic effects. Through April and May of this year, the U.S. experienced significant strain on its meat processing capacity as plants began to close following clusters of COVID-19 outbreaks in the meat processing labor pool. Processing plants that remained open experienced several logistical and worker safety and health challenges that likely kept plants from operating at optimal capacity. Simply put, it is hard to maintain export numbers when beef production is down and supplies are tight. COVID-19 has had a significant impact on the global economy and the economies of many importing countries of U.S. beef. Sharp declines in a country's GDP and fluctuating exchange rates influence international trade.

### **U.S. Beef and Veal Imports**

Figure 3 plots monthly U.S. beef and veal exports where volume is measure on a carcass weight basis. Year-to-date totals for beef and veal imports are currently running 11.5% above 2019 levels for the Jan-Aug period. August's most recent data shows the U.S. imported 350.8 million pounds, which is 32% above August 2019 levels and 27.6% above the 2014-2018 August average. However, beef imports have declined by 6.9% since July. The U.S. is forecasted to import 3.122 billion pounds of beef in 2020, which is a 2.1% increase from 2019 total beef and veal imports.

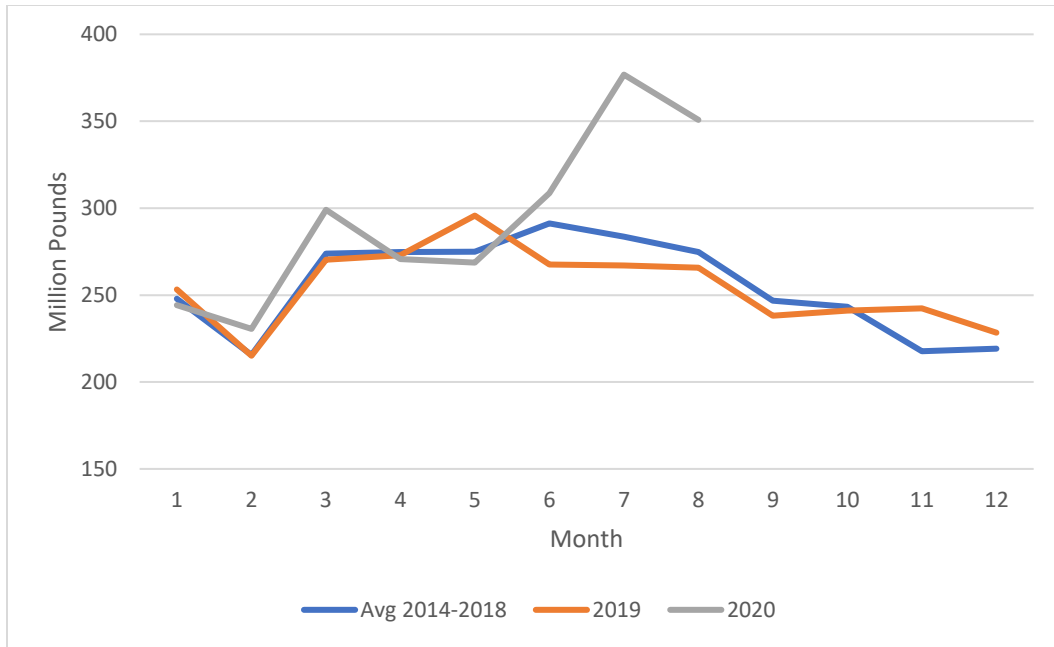


Figure 3. Monthly U.S. Beef and Veal Imports (Carcass Weight)  
 Source: USDA ERS

Figure 4 breaks out U.S. beef and veal imports for the top four sources. In 2019, Canada accounted for 27.7% of total U.S. beef and veal imports. Year-to-date totals have beef imports from Canada down 4.3% relative to the same period for 2019. Currently, August 2020 beef and veal imports from Canada are 4.7% above August 2019 levels. August marks the third consecutive month for beef imports from Canada being above 2019 levels. In percentage terms, the largest increase in beef imports has come from Mexico. In 2019, Mexico accounted for 19% of total U.S. beef and veal imports, and year-to-date totals have 2020 beef and veal imports 26% above 2019 levels for the Jan-Aug period. Year-to-date totals for beef imports from Australia and New Zealand are down 1.3% and up 18.2%, respectively. It is essential to recognize that imported beef types complement the U.S. beef production system and support an important domestic beef market. Higher U.S. beef imports this year relative to historical levels is a function of U.S. ground beef demand.

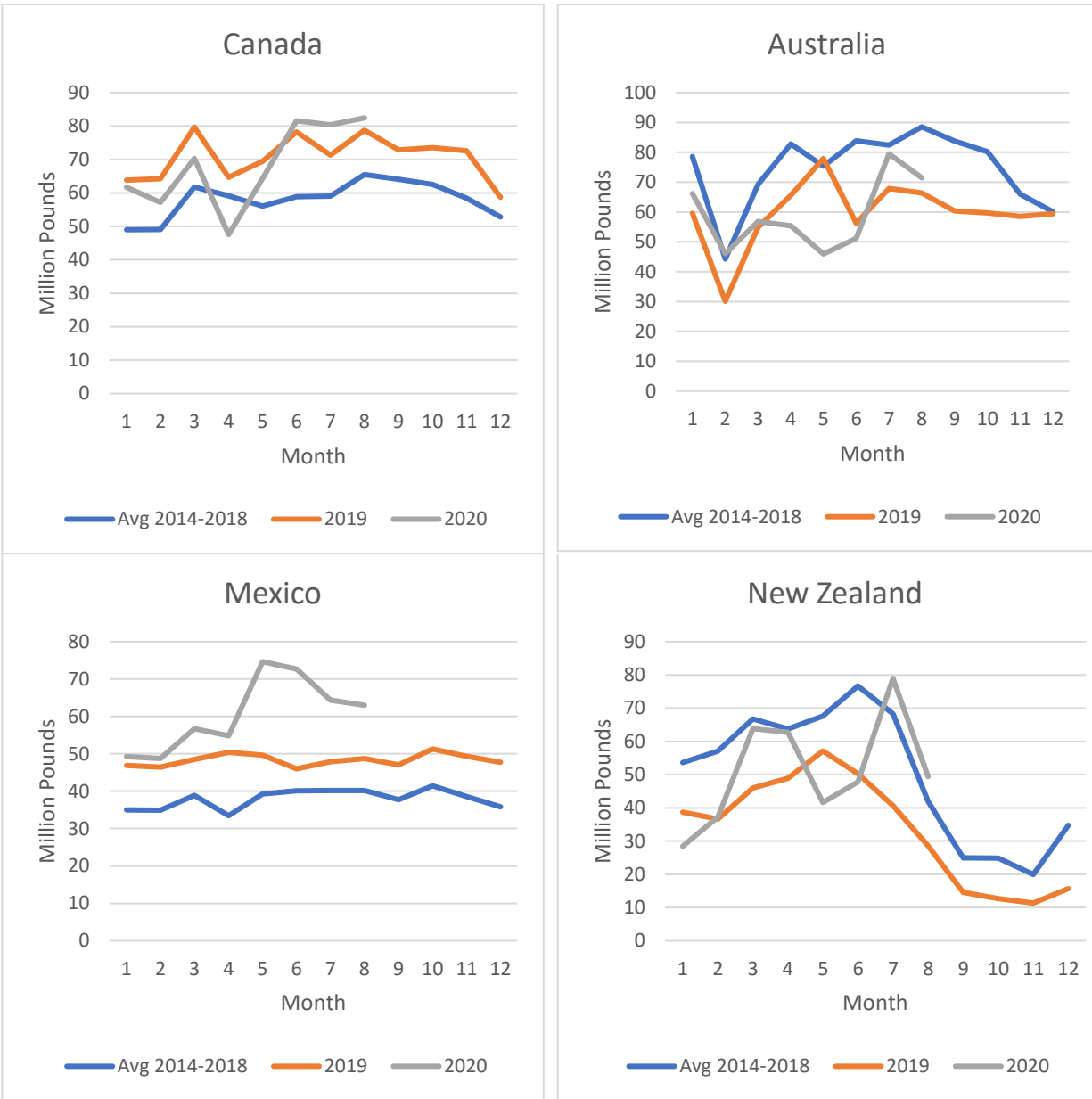


Figure 2 Monthly U.S. Beef and Veal Imports to from Canada, Australia, Mexico (Carcass Weight)

Source: USDA ERS

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