



CAB Corner on Quality
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World trade doors opening

By Mark Spengler, CAB International Director

The world beef market is known for instability, where perceptions rule and deals are made on politics more than science. Yet it is a vast, growing market that the *Certified Angus Beef*[®] (CAB[®]) brand will continue to win because of a sustained effort.

We can take comfort in the strong demand for U.S. beef at home. For the past 10 years, this country has been the world's top market for quantity and quality. On the other hand, the world's second-largest beef consumer, the European Union, can no longer meet its flat demand in spite of heavily subsidized production. Both markets report per-capita beef consumption similar to that of the 1960s.

The real potential is in the rest of the world market, where annual beef consumption is up 30% from 1960 and remains above that in the U.S. and EU. That's exciting. That's why the International Division of Certified Angus Beef LLC is poised for rapid growth.

Markets have adjusted to and accepted our precautions and testing procedures after a bovine spongiform encephalopathy (BSE) cow was discovered here. Canada was the brand's largest international market again, with 36% of the division's 34.5 million pounds. The biggest volume growth, however, was in Mexico. This past year saw a record 11 million pounds of CAB products sold, where HEB Mexico grew to become a top 10 CAB retailer worldwide. Hard Rock Café first tried CAB in Mexico, then ordered up CAB burgers for all U.S. franchises while it considers following suit internationally.

The Caribbean, although a mature market, also managed a record sales year and accounted for 13% of division tonnage. A new market for the brand opened in the Middle East last summer, getting off to a fast start with 2% of the total.

Of course, we went through the last couple of years without sales to what had been our leading Pacific Rim customers. Japan, before it closed, was a 45 million-pound market for the CAB brand. With faith and hope, we kept open our regional office in Tokyo while others walked away. For a three-month window last spring, the Taiwan market opened. Thanks to a year of preparation, our licensees moved nearly as much in that short time as in 2003, the last whole year Taiwan was open to U.S. beef. And we'll be ready when it opens again.

CAB's regional manager, Daisuke "Shimo" Shimojima, brought a team of buyers from Nippon Meat Packer to our weeklong Roundup training course in Colorado. With 18 countries represented, it was

the largest gathering ever for our international licensees. In July, Shimo accompanied a management team from one of Japan's largest retailers to Colorado for meetings with CAB licensed packer Swift & Co.

As I write these words, many signs indicate the Japanese market will reopen in the coming year, but there are no guarantees. No brand has been in closer contact during the long negotiations. Shimo served as a government auditor to the Japanese Food Safety Committee this fall as it met to decide details of reopening the market to U.S. beef.

Shimo has some fun with marketing, too. At a U.S. Embassy reception for the governor of Iowa and a trade team of livestock industry officials, scientists and politicians, he introduced the visitors to key importers who will be major CAB brand purchasers. Then he sat back and enjoyed the testimonials to CAB as the most important part of U.S. beef procurement for their customers.

Traceability will continue to be a big issue in Japan. Shoppers there type a serial number into their Web phones to view harvest date, birth date, ranch of origin and even photos of the farm and farmer connected to all Japanese beef and some from Australia. In a country where everything from green tea to rice and vegetables have origin stories to tell, U.S. beef has some catching up to do.

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