

Beef Trade Resumes with China

On June 12, 2017, the United States Department of Agriculture (USDA) announced that beef trade with China would soon resume. With an ever-expanding middle class, and an increasing appetite for high quality beef, this comes as good news to American beef producers, and certainly U.S. Premium Beef. There are however, many important details yet to be addressed as access to the Chinese market continues to develop.

You have heard the phrase “the devil is in the details”, and that is certainly the case here. USDA’s Agricultural Marketing Service (AMS) announced that the requirements for beef eligible for export to China are as follows:

1. Beef and beef products must be derived from cattle that were born, raised, and slaughtered in the U.S.; cattle that were imported from Canada or Mexico and subsequently raised and slaughtered in the U.S.; or cattle that were imported from Canada or Mexico for direct slaughter.
2. Cattle must be traceable to the U.S. birth farm using a unique identifier or, if imported, to the first place of residence or port of entry.
3. Beef and beef products must be derived from cattle less than 30 months of age.
4. Chilled or frozen bone-in and deboned beef products are eligible for shipment.
5. Carcasses, beef, and beef products must be uniquely identified and controlled up until the time of shipment.
6. Only eligible products may be issued a Food Safety and Inspection Service (FSIS) Export Certificate. AMS verifies that cattle meet the specified product requirements, as outlined in the Quality Assessment Divisions 1030AA Procedure, through an approved USDA Qualify System Assessment, or USDA Process Verified Program. These programs ensure that a company’s requirements are supported by a documented quality management system and are verified through audits conducted by AMS.
7. Beef products must also come from cattle that do not contain growth promotants, feed additives and other chemical compounds including ractopamine (Optaflexx®) as prohibited by China’s law and regulation.
8. Beef shipments to China will be tested upon arrival, and any items detected with prohibited substance or compounds at the port of entry will be rejected, returned to the US or destroyed.

A review of the initial requirements indicate only a small percent of finished cattle in the United States are currently eligible for shipment to China. As with any new trade agreement, it could take some time before the U.S. is able to account for a sizable percent of the beef flowing into China. Our ‘foot is in the door’, which is progress.

USPB and National Beef, including the international team, are reviewing the Chinese regulations in detail and are assessing market potential and opportunities. Since the announcement, the International Division of National Beef has been in communications with a very long list of those involved in exporting food items from the U.S. to China. National Beef has an international office in Hong Kong which is also evaluating opportunities. Meeting the requirements will add costs and will mean U.S. beef is priced at a premium. In the past, new opportunities have come into existence when a beef product request is matched with cattle production scenarios that make economic sense. We will keep USPB members updated as such scenarios materialize. ♦