

# USMEF

## COVID-19 Marketing Update

The U.S. Meat Export Federation (USMEF), a subcontractor to the Beef Checkoff, reports that U.S. beef export levels are beginning to recover from declines in May and June.

U.S. beef exports declined in June for the second month in a row, reflecting a lingering impact of the temporary slowdown in beef production, combined with restrictions on foodservice and weakening economies in major export markets. The interruptions in beef production weighed heavily on May and June export levels as it has taken time for the entire chain to adjust to supply shocks. However, weekly export data suggests an upward demand trend in several markets, and with production recovering, the U.S. is regaining its supply advantage. USMEF expects U.S. beef exports to regain momentum in the second half of the year.

## China: COVID-19, Export Potential and U.S. Beef Training

As of August 2020, ongoing pork shortages due to ASF and the resulting spike in domestic pork prices have resulted in large increases in Chinese imports of all animal proteins, including pork, beef, poultry and sheep meat. China's beef imports soared through the first six months of 2020 despite a shutdown of restaurants for two months due to COVID-19.

- Despite high-level trade tensions, China is implementing the U.S.-China Phase One Economic and Trade Agreement.
- China continues to waive Section 301 (25 percent) retaliatory duties, meaning U.S. beef pays the 12 percent most-favored-nation rate. Australia has surpassed its safeguard volume and now pays the same 12 percent duty through year-end.
- African swine fever (ASF) has accelerated diet diversification. Imported beef is embraced as an alternative to high-priced domestic pork.
- Retail interest in U.S. beef is strong, especially with Australian supplies tightening.

Although Chinese consumers have been adding beef to their diets for well over a decade, ASF has accelerated diet diversification and imported beef is embraced as an alternative to high-priced domestic pork. Even as U.S. beef export volume to China increased 80 percent in volume to 6,912 mt and 80 percent in value to \$54 million from January-June 2020, the U.S. share of China's beef imports remains small. There is great potential for increasing market share as the U.S. beef industry has supply advantages and many trade barriers have been removed.

This positive momentum comes when Australia is facing tight cattle supplies, resulting in high offer prices and lower exportable supplies of beef. Aussie grain-fed carcass prices are up about 15 percent over last year and are about one-third higher than U.S. steer carcass prices. After two consecutive years of drought and bush fires, Australia is likely facing several years of herd rebuilding, which will continue to constrain supplies. Australia also has five beef plants suspended for export to China, which has further limited its export capabilities.

USMEF is seeing China's foodservice sector rebound along with increasing demand for higher-quality beef. Retail interest in U.S. beef is strong, both online and in traditional settings, especially with Australian supplies tightening. USMEF has been implementing U.S. beef cutting and merchandising training programs for both retail and e-commerce vendors. It is a growing interest in featuring a wide array of U.S. beef cuts. In late July, USMEF conducted U.S. beef training programs in Shanghai for a retail chain and an e-commerce company specializing in fresh foods.

- **China: E-Commerce Training** -- USMEF conducted a U.S. beef training seminar with the meat sales staff at a major e-commerce company. With the e-commerce site's target demographic of average, middle-income consumers in mind, the chef focused his training on cutting, presentation and preparation techniques for ribeye, top blade, boneless short rib and beef tongue. The cooking demonstration was live-streamed on its e-commerce app to directly reach customers with cooking tips and promotions for U.S. beef.
- **China: Training for Retail Chain** -- USMEF also conducted a training/merchandising seminar and tasting event for meat department staff and customers of Newland Company, a retail chain with 12 high-end outlets in Shanghai. The training covered safety and quality attributes of U.S. beef and focused on how to utilize the chuck roll, ribeye, top blade and boneless short rib in the cooking of local dishes. For the tasting event, the USMEF chef, prepared full set meal dishes to staff and customers.

Below are a few other ways that the Beef Checkoff was at work in global markets impacted by COVID-19:

#### **Taiwan: Marketing Campaign Blends Social Media and Traditional Marketing**

With Taiwan less impacted by COVID-19 than other countries in the Asia-Pacific, USMEF kicked off a full-scale marketing campaign for U.S. beef in June. The "Go U.S. Beef Campaign" utilizes digital and traditional marketing activities to directly reach Taiwanese consumers with messaging about the quality of U.S. beef.

- **Taiwan: Social Media Reaches Millions** -- In July, USMEF hosted food events with social media Influencers who specialize in food content. These 21 Influencers directly promoted U.S. beef to their 1.6 million Facebook followers and 1.1 million Instagram. The series of events included a six-course lunch prepared by a famous chef at a famous Japanese-style yakiniku restaurant, a dinner in Taiwan's famous Taroko National Park, and a game-show styled beef-education-themed competition.
- **Taiwan: Mobile Advertising with U.S. Beef Truck** -- In June and July, USMEF hit the road with a U.S. beef-themed, restaurant-concept truck. The U.S. beef truck coordinated pop-up visits with social media promotional giveaways to entice participation, generate engagement, and create social media buzz. USMEF included educational information about U.S. beef during stopovers and events. In addition to reaching consumers directly, the truck also demonstrated support for restaurants by celebrating and promoting the "dining-out" experience.
- **Taiwan: U.S. Beef Vans Deliver** -- Also in June and July, USMEF collaborated with an importer who operates a direct sales home delivery business. USMEF supported deliveries of U.S. beef in brightly colored vans wrapped with U.S. beef advertising. U.S. beef recipients also received

recipes and preparation suggestions in addition to coupons and discounts for future purchases of U.S. beef.

- **South Korea: U.S. Beef Craft Burger Promotion** -- In late July, USMEF conducted a two-week Craft Burger promotion at eight outlets of "Brooklyn, The Burger Joint." The promotion celebrated the chain's 10th anniversary and its promise to deliver the best quality burger and service for the next 10 years.
- **Peru: Delivery Service Directory of U.S. Beef Suppliers** -- U.S. beef importers and distributors in Lima, Peru, and their retail and foodservice clients – benefited from a USMEF project that streamlined the process of ordering cuts of U.S. beef during the COVID-19 pandemic. With social distancing and restrictions, red meat suppliers have been forced to expand delivery services or implement new delivery services to continue serving their customers. USMEF developed an online directory with contact information for each business with special recognition for those suppliers of U.S. beef. Special USMEF delivery bags were also given to participating businesses.
- **Caribbean: Webinar Shows Chefs How to Prepare and Deliver U.S. Beef "On the Go"** -- Helping importers and foodservice operators in the Caribbean adjust to changing business conditions during COVID-19, USMEF organized and presented "Protecting Protein in a 'To Go' Environment," a virtual training session focused on preparing and transporting U.S. beef dishes for take-out and delivery. USMEF's goal was to help chefs understand how to preserve a center-of-the-plate 'to-go' experience for their customers. If not prepared and handled properly, the quality of an expensive protein like steak can suffer between the restaurant kitchen and someone's home.