

Where Are They Going and How Are They Doing — Tony Clayton



Introduction

For many years, the United States has been a leader in the export of animal genetics through live animals, semen, and embryos. For being involved in the export industry for over 30 years and exporting beef and dairy cattle, goats, horses, sheep, swine and semen to over 60 countries by truck, air and sea I have seen many markets open to the USA and how countries evolve to be high value customers of the United States while others set trade barriers to limit imports which have an impact on food availability for their consumers.

This presentation will touch on the various factors that will drive the export market and outside factors the US livestock industry will have to address so we will remain competitive in a world market and doing our part to feed a growing world.

The World is Connected!

With the click of a mouse on your computer or a message through social media, the world is a connected more than ever. You can search for any product, any information on management, transportation and finding animal genetics is one of those products a buyer can research or contact any supplier around the world.

Population Growth Will Drive the Market

It is predicted by 2050, the world's population will grow to an estimate 9.5 billion people. The one thing that will connect people all around the world, is we all must have food, shelter and clothing. Some of the countries that will be in the top 10 for population will be third world countries and due to a lack of education, infrastructure, and the inability to look into the future of how they will feed the people of their country. I am a firm believer "That Hungry People are Dangerous People."

More Disposable Income Creates Markets

Regardless of the country, religion, beliefs when consumers have more income and have more information, they buy better products like televisions, homes, cars and especially food. The protein market of meat and milk will become more important to a growing world market which creates opportunity beef and dairy cattle as well as goats, sheep and swine. These export sales of animal genetics have added to the export economy of

the United States and having an impact to breeders, farms and ranches in local economies including all vendors involved in the export chain.

US Genetics are a valued added product because our industry has done more research in the areas of EPD's, genomics and efficiency of producing more food with less animals and the world looks at the USA as the supermarket of the world.

The power of the pedigree is what adds value to years of work breeders, breed associations and universities have done together to identify breeding values for specific traits and genomics international buyers want to acquire. With all the information in pedigrees and many of the countries that will lead the world in population will lack the education to understand the information contained in the pedigree. Much educational work will have to take place to educate buyers on breeding programs and how to identify the traits that are most important to their industry and why they can't always buy only the cattle that are in the top 1-2% of our population.

The Export Process-Cause and Effects

There have always been factors such as economy, currency, oil prices, weather, politics, and disease that have affected various export markets. It just seems now we are affected not by one or two of these factors, but all seem to be in play in 2022 which has made the exports of all products are real challenge. With higher prices due to inflation from transportation, a reduced work force in both the private and government sector, much more planning and closer attention to planning an export shipment is a must to have a successful shipment.

With the situation of COVID and animal diseases such as Foot and Mouth Disease (FMD) and African Swine Fever (ASF), this has changed how our industry allows international visitors to select at farms and ranches because of bio-security concerns. The availability of large animal veterinarians to conduct the export testing and trucks to transport large number of animals to ports of embarkation is a challenge and an industry concern.

International Transportation (Air & Sea)

With the recent impact of COVID there is a tremendous demand for air cargo to transport COVID supplies around the world. The Russia/Ukraine situation has eliminated one of the airlines that provided planes to the US animal export market is not allowed to carry shipments from the US because it is a Russian based company. Because of a lack of knowledge about animals, many airlines have either stopped carrying live animals or greatly reduce the tonnage they carry. Air transportation is an expensive mode of transportation, but still the quickest way to move animals to a new home quickly.

Sea transportation is still the cheapest way to transport large shipments of animals from the USA to international markets. These shipments need to be more than 1,500 head or more, but COVID has impacted the loading efficiency at the ports on both the east and west coast.

Developing Your Market

As breeders identify their plans for marketing internationally, many topics need to be considered such as: Promotional

activities, supply they have available to fill shipments, the export health regulations, risk and how they follow up with customers. The international market is much like the domestic market here in the USA. You must do your missionary work to know your customers; you must be there to sell it and service what you sell.

Disease Will Influence the Market

As much as the USA excels in animal genetics, the one factor around the world that develops much of the market opportunity is animal disease. When a country is affected by FMD, ASF or Avian Influenza, the whole balance of animal protein supply and demand is in play. When countries start a repopulation program backed by the government it may overpay for supply which in turn affects the supply for other markets. Disease has also had a great impact on transportation methods with countries having major restrictions on flight crews coming from some certain countries with COVID.

Animal Identification and Welfare

More and more countries are negotiating with our United States Department of Agriculture-Animal Plant Health Inspection Service-Veterinary Services (USDA/APHIS/VS) for better animal identification. Electronic ear tags (RFID) will be a must for any breeder that is wanting to enter the export industry.

Our industry is being confronted by more and more people concerned about animal welfare. With people watching more loadings taking place at airports and seaports with cell phones our industry will always be under the microscope for not what we do, but how we do it.

Next Opportunities-Feeder Cattle

As China imports more and more cattle from countries like Australia, Brazil, Chile, and others, it will leave a supply void for other countries like Indonesia, Egypt and other Mid-Eastern countries. In the future, there will be a growing demand for feeder cattle to be exported from the USA.

Conclusion

The livestock export industry is a billion-dollar industry. Our industry has a financial impact not only for the breeder, but all involved in the export chain such as veterinarians, truckers, testing labs, quarantine facilities, feed suppliers, insurance companies, banks just to mention a few. The export of animal genetics helps feed a growing population and hopefully helping to keep the peace around the world by feeding hungry people.

References

Slides 6 & 14: Brian Gordon, Senior Vice President & Manager, International Marketing Group, Commerce Bank, Kansas City, MO

Slides 26 & 27: www.Marinetraffic.com

Slides 37 & 38: Valius-Praedium Animal Welfare Services

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