

COW/CALF CORNER

The Newsletter

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Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist

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Beef consumption and growing beef imports in China

Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist

Total beef consumption in China in 2018 is estimated at 8.5 million metric tons, second only to the U.S., according to the USDA Foreign Agricultural Service. On a per capita basis, this is just over 6 kilograms (carcass basis) or about 9.4 pounds per person (retail basis). This level is 16 percent of projected 2018 U.S. retail beef consumption of 57.7 pounds per capita. In China, beef consumption is about 11 percent of total meat consumption behind poultry (15 percent) and pork, which is hugely popular and represents 74 percent of meat consumption. These values do not include fish and seafood, which are very popular in China.

Beef consumption in China is low but rising. Despite being a major beef producing and consuming country for many years, China never participated much in global beef markets until recently. Since 2014, beef consumption has outstripped domestic production and Chinese beef imports have risen sharply. By 2016, China exceeded Japan as the number two beef importing country behind the U.S. Chinese beef imports in 2018 are projected to be just 13 percent smaller than U.S. beef imports. At the current pace, China could be the largest beef importing country in the world in another year or two. Over 95 percent of Chinese beef imports are sourced from Brazil, Uruguay, Australia, New Zealand and Argentina. In Shanghai I saw large billboards advertising Argentine beef. U.S. beef exports to China resumed in 2017 after a nearly 14 year absence and are developing very slowly. In the past 12 months, exports to China have amounted to 0.6 percent of total U.S. beef exports.

What is the future potential for U.S. beef in China? Beyond the additional obstacles due to the current trade war, building markets for U.S. beef in China will face several challenges. Price is one of those challenges. Beef is expensive in China relative to other meats, even more so than in the U.S. Although growing beef demand in China is the result of a rapidly growing urban middle-class population, beef remains expensive for many consumers. Imported beef from the U.S. is especially expensive.

The bigger challenge for U.S. beef is the role of beef in Chinese cuisine. China is not a land of steakhouses, although western-style steak restaurants are growing in popularity and represent the most immediate demand for U.S. beef. This specialized restaurant and business hotel demand is small but expanding. In an example of this, I met with staff of the U.S. Meat Export Federation and a beef importer at a new, upscale steak restaurant in Shanghai which features both U.S. and Australian beef. We discussed the opportunities and challenges for U.S. beef in China. The reality is that, for the majority of Chinese consumers, beef, especially muscle cuts, are only infrequently a part of the diet.

Chinese cuisine is characterized by hot pot, stir fry dishes and Chinese barbeque that use small amounts of beef in pieces or thinly sliced rather than large cuts of beef. Beef offals are very popular and more affordable for many consumers. For example, Chinese barbeque is not large quantities of brisket or other beef cuts but is various meat products prepared on skewers. The beef barbeque that I ate in China was beef tendons rather than muscle meat. Beef entrees are typically a minor part of most menus. One exception to this was in the Muslim sections of Xian where beef is popular in place of pork. There I enjoyed beef in sandwiches, soups and dried as a type of jerky.

In all markets, meat quality is defined by the preferences of the consumer and the way the product is used. Highly marbled U.S. beef does not necessarily represent additional quality in many Chinese dishes. This makes U.S. fed beef even more expensive relative to domestic Chinese beef and most other imported beef. This is not to say that there isn't potential for U.S. beef in China. However, it does illustrate that accessing the larger Chinese market is not simply a matter of shipping U.S. steaks to China. U.S. Meat Export Federation staff in China are pursuing an innovative and dedicated effort to build market share for U.S. beef. There is considerable potential for U.S. beef in China but it will take time, patience and persistence.

"Preg" check and cull "open" replacement heifers

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

Many Oklahoma ranchers choose to breed the replacement heifers about a month ahead of the mature cows in the herd. In addition, they like to use a shortened 30 to 60-day breeding season for the replacement heifers. The next logical step is to determine which of these heifers failed to conceive in their first breeding season. This is more important today than ever before.

The bulls were removed from the replacement heifers about 60 days ago, therefore, this would be an ideal time to call and make arrangements with your local large animal veterinarian to have those heifers evaluated for pregnancy. After two months of gestation, experienced palpators should have no difficulty identifying which heifers are pregnant and which heifers are not pregnant (open). Those heifers that are determined to be "open" after this breeding season, should be strong candidates for culling. Culling these heifers immediately after pregnancy checking serves three very economically valuable purposes.

- 1) Identifying and culling open heifers early will **remove sub-fertile females from the herd.** Lifetime cow studies from Montana indicated that properly developed heifers that were exposed to fertile bulls, but DID NOT become pregnant were often sub-fertile compared to the heifers that did conceive. In fact, when the heifers that failed to breed in the first breeding season were followed throughout their lifetimes, they averaged a 55% yearly calf crop. Despite the fact that reproduction is not a highly heritable trait, it also makes sense to remove this genetic material from the herd so as to not proliferate females that are difficult to get bred.
- 2) Culling open heifers early **will reduce summer forage and winter costs.** If the rancher waits until next spring to find out which heifers do not calve, the pasture use and winter feed expense will still be lost and there will be no calf to eventually help pay the bills. This is money that can better be spent in properly feeding cows that are pregnant and will be producing a salable product the following fall.
- 3) Identifying the open heifers shortly after (60 days) the breeding season is over will **allow for marketing the heifers while still young** enough to go to a feedlot and be fed for the choice beef market. "B" maturity carcasses (those estimated to be 30 months of age or older) are very unlikely to be graded Choice and cannot be graded Select. In addition, they may not be eligible for some international beef markets. As a result, the heifers that are close to two years of age will suffer a price discount. If we wait until next spring to identify which two year-olds did not get bred, then we will be culling a female that will be marketed at a noticeable discount compared to the price/pound that she would have brought this summer as a much younger animal. Last week non-pregnant 866 pound heifers brought \$1.28/lb. or \$1108.48 per head in Oklahoma City. Using a very optimistic guess for next spring, a two-year old 1000 pound open cow may bring \$0.90/lb. or \$900 per head. This calculates to a **\$208 per head loss plus the expense of keeping her through the winter.** In reality, the loss in value probably will be even greater.

Certainly the percentage of open heifers will vary from ranch to ranch. Do not be overly concerned, if after a good heifer development program and adequate breeding season, that you find that 10% of the heifers still are not bred. Resist the temptation to keep these open heifers and “roll them over” to a fall-calving herd. These are the very heifers that you want to identify early and remove from the herd. It just makes good economic business sense to identify and cull non-pregnant replacement heifers as soon as possible.

Remember to schedule the cattle working for early in the morning hours, to avoid unnecessary heat stress on both the heifers and the people involved.