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Building on a Record Year: U.S. Pork Exports

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National Pork Board



International Marketing—What We'll Cover Today

- U.S. Pork Exports Past, Present and Future
 - A Record 2017
 - Value of Exports to You
 - 2018 Outlook
- National Pork Board International Marketing Strategy & Updates
 - International Marketing Strategic Goals
 - Increased Investment in our Export Future
 - New Strategy for International Marketing Committee
 - Investment in the U.S. Meat Export Federation
 - Exciting Events—World Meat Congress, and More!
- Questions

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The Importance of Exports

2017: A Record Year for Pork Exports

- Since 2010, U.S. pork exports have increased **35%**
 - Domestic pork consumption has increased **11%**
- Since 1989 U.S. pork exports have increased
 - By **1,550%** in value
 - Nearly **1,300%** in volume



Record Breaking: Variety Meats



- In 2017, the U.S. exported a record **83%** of all edible variety meat production
- Together China and Mexico accounted for **86%** of U.S. pork variety meat exports
- Total edible pork variety meat exports bring **\$9.55 in value to every market hog**

Leading Markets for U.S. Pork (*Jan.-Nov. 2017*)



Top 6 Markets by Volume

(in thousands of metric tons)

1. Mexico	727	+12%
2. China/HK	455	-9%
3. Japan	361	+1%
4. Canada	191	+2%
5. S. Korea	154	+28%
6. S. America	97	+64%

Top 6 Markets by \$ Value

(Rounded in millions USD)

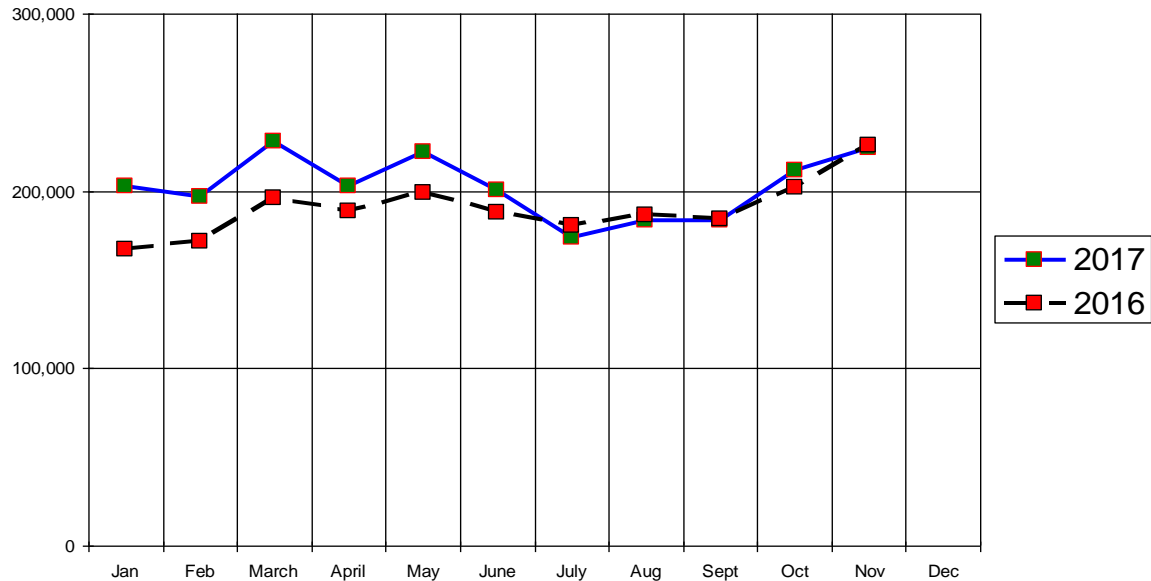
1. Japan	1.5b	+4%
2. Mexico	1.4b	+15%
3. China/HK	974	-1%
4. Canada	723	-1%
5. S. Korea	420	+30%
6. S. America	249	+64%

Source: USMEF Jan. 2018 report

2017 U.S. Export Performance (Jan. – Nov. 2017)

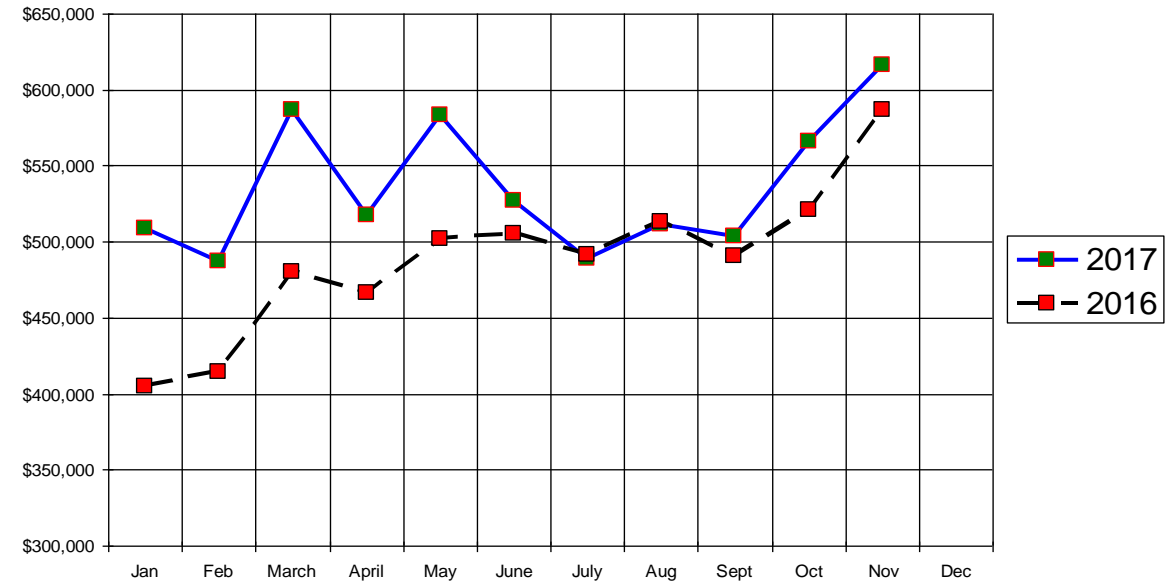
Top 6 Markets by Volume

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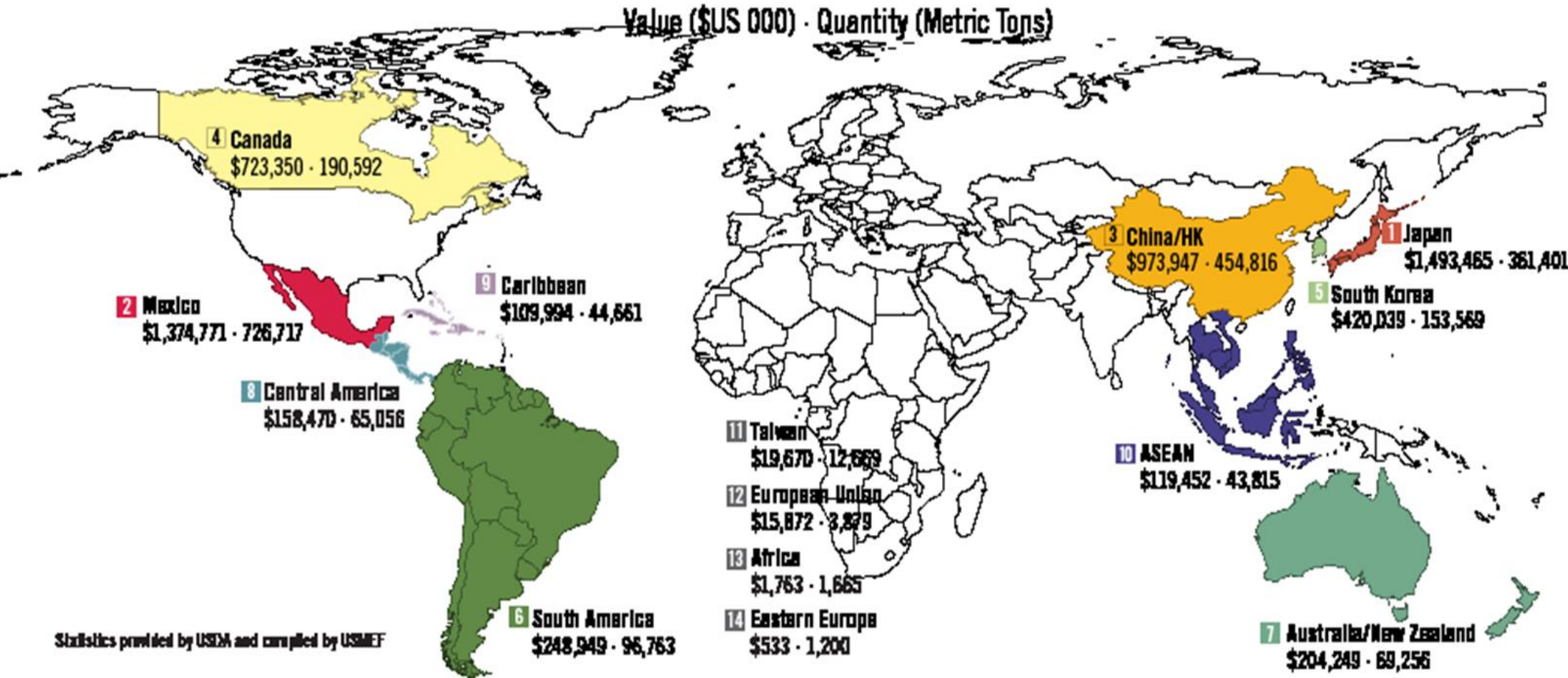
Top 6 Markets by \$ Value

(Rounded in millions USD)



Source: USMEF Jan. 2018 report

Leading Markets For U.S. Pork & Variety Meat Exports



Return on Investment: Delivered



2017: Global Pork Export Picture

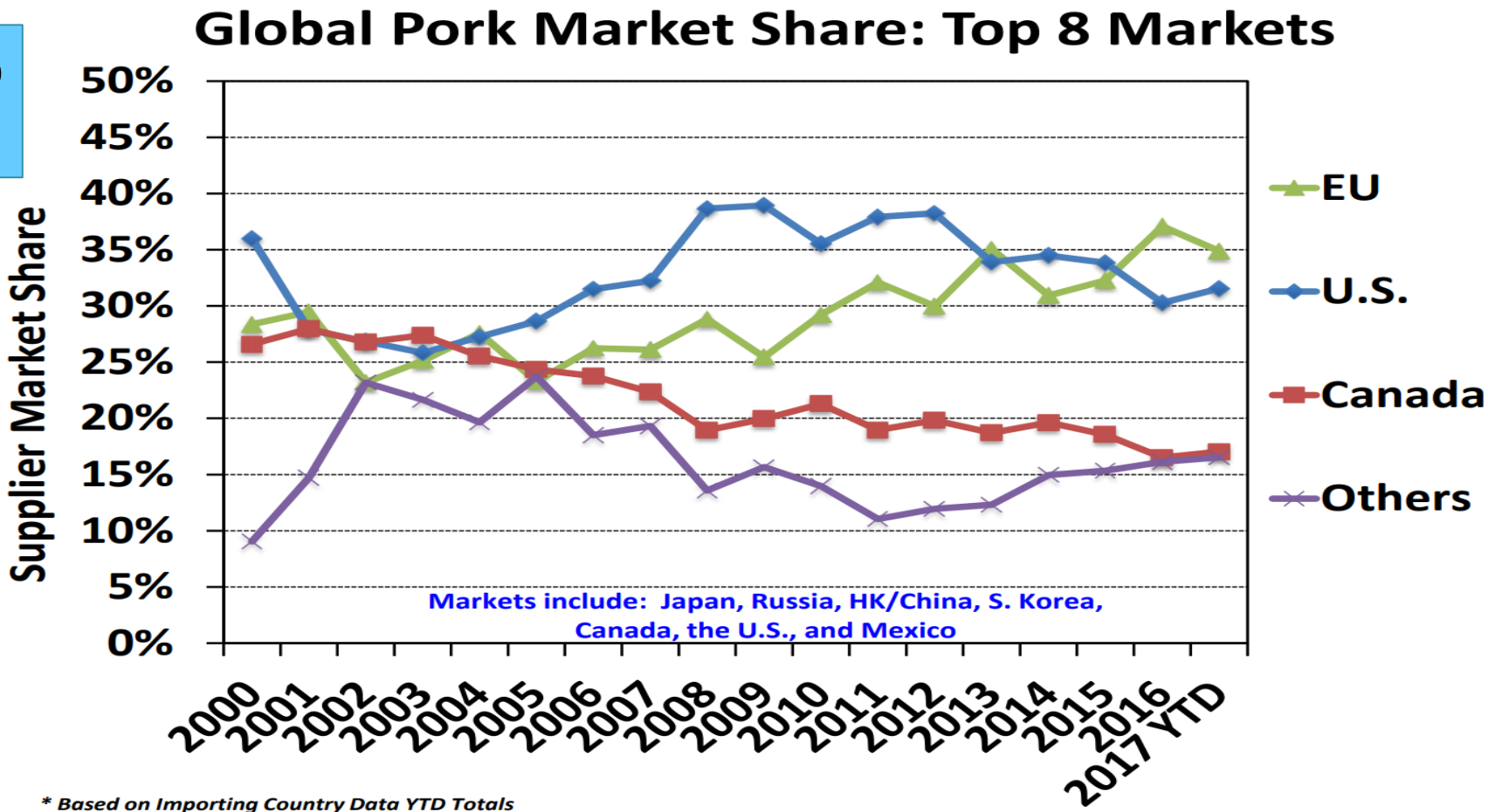
Total Pork/PVP Imports	2017 est. (MT)	Year-Over-Year %
China/HK*	2,838,930	-15%
Japan	1,150,346	7%
Mexico	1,021,956	6%
U.S.	511,810	3%
Russia	294,000	7%
South Korea	514,345	5%
Philippines	291,746	15%
Canada	190,268	4%
Australia	164,419	2%
Singapore	102,431	2%
Taiwan	95,605	30%
Columbia	70,807	29%

*China/HK based on exporter data.

All totals based on CY 2017 estimates by USMEF.

International Export Picture: U.S. Share of the World

U.S. exports up 10% in 2017



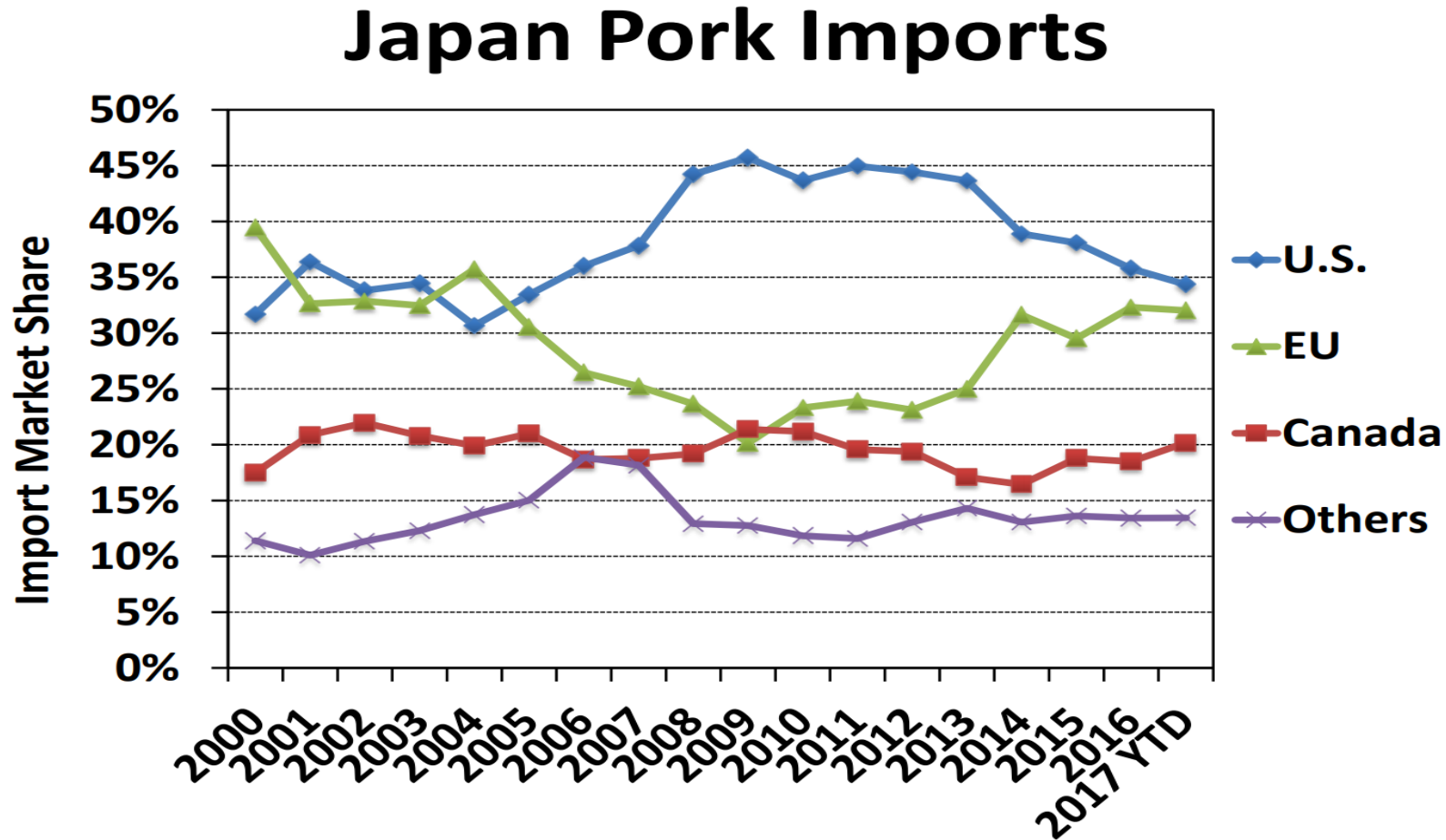
* Based on Importing Country Data YTD Totals

Source: Various Customs Agencies, Key importing countries, excludes intra-EU trade



International Export Picture: U.S. Share of Japan

U.S. exports to Japan up 4% in 2017

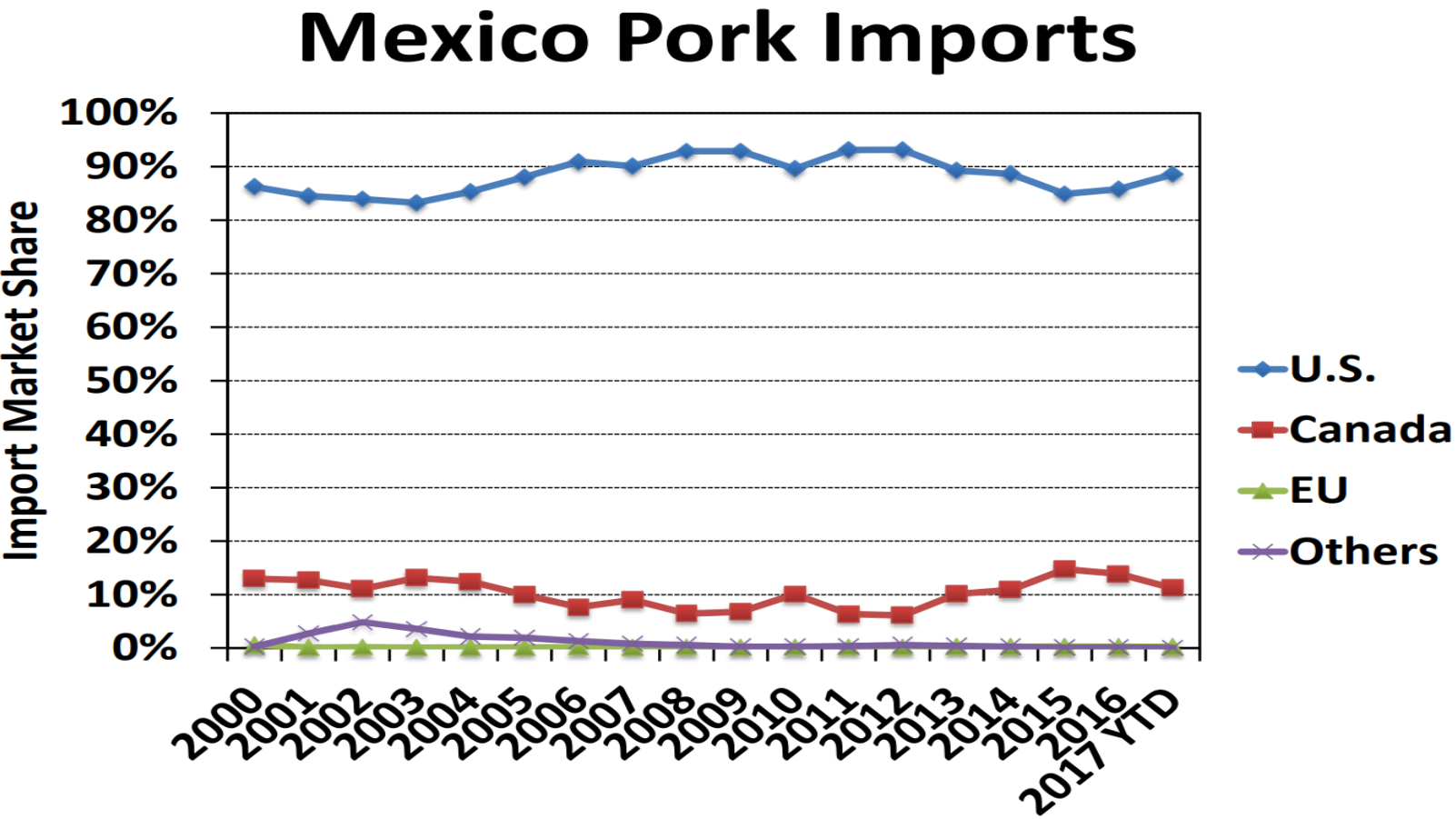


Source: Japan Customs



International Export Picture: U.S. Share of Mexico

U.S. exports to Mexico up 15% in 2017



Source: Mexico Customs



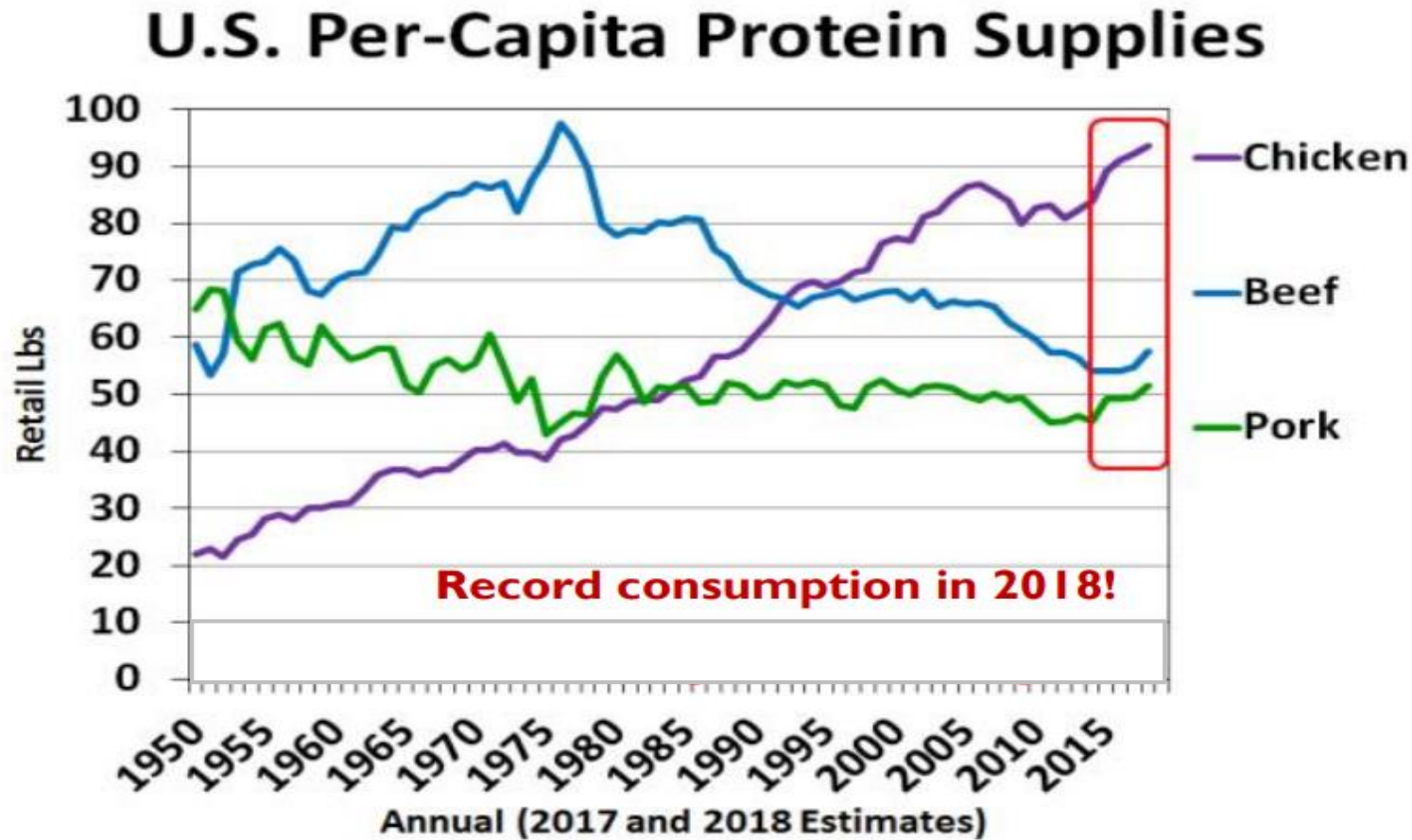
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A Look Ahead to 2018

Domestic Situation: Production

- Beef, Pork, Broilers and Turkey ALL expecting increased production in 2018 to 103.94B lbs. (+3.85B lbs.)
 - Beef 27.76B lbs. (+1.59B lbs.)
 - **Pork 26.96B lbs. (+1.38B lbs.)**
 - Broilers 42.45B lbs. (+0.86B lbs.)
 - Turkey 6.00B lbs. (+0.01B lbs.)
- The U.S. hog herd is at an all-time high of **73.2 million head**
- Industry slaughter capacity in 2017 grew **8%** and capacity expected to rise another **6%** in 2018

Domestic Situation: Demand

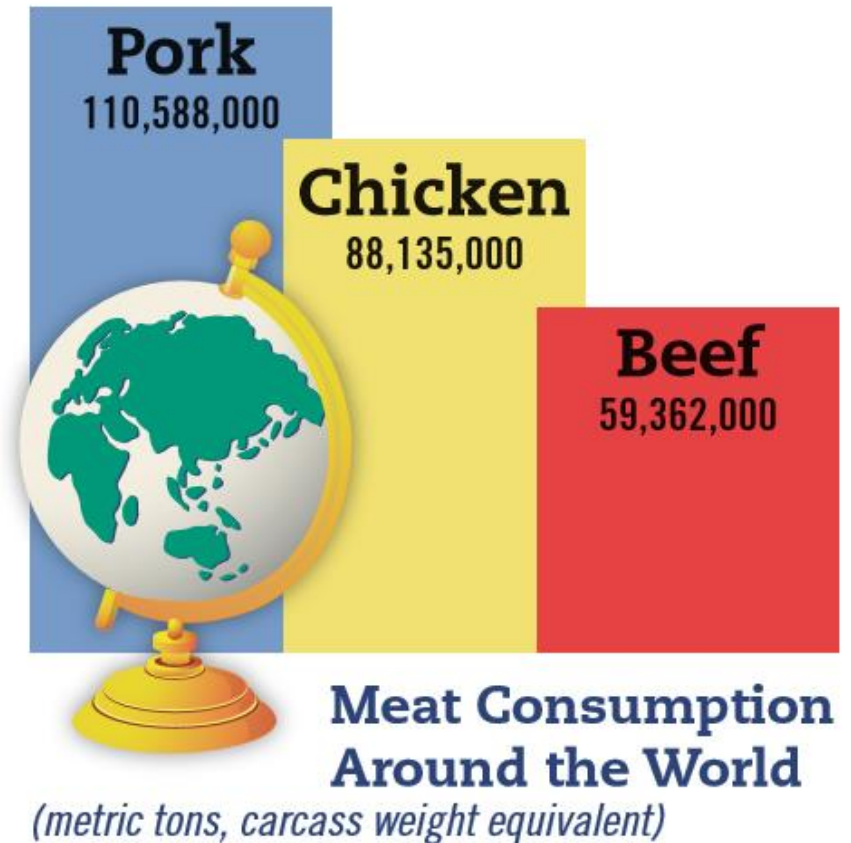


Source: USDA, AgriTrends

2018 U.S. Export Picture: Everyone Expecting Increases

2018 Forecast

- Beef 2,985M lbs. (+110M lbs.)
- **Pork 5,900M lbs. (+277M lbs.)**
- Broilers 6,910M lbs. (+127M lbs.)
- Turkey 655M lbs. (+32M lbs.)
- Fowl 145M lbs. (+12M lbs.)
- Total of 16,603M lbs. of U.S. meat and poultry exports up 559M lbs.



Global Trade: Challenges & Opportunities

- Slower Chinese pork demand to continue
- EU competitive pressure to continue
- Mexico will boost imports due to lower U.S. pork prices and strong processing demand



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Elevating International Marketing

International Marketing Strategic Goals

- **Vision**: “The National Pork Board will elevate U.S. pork as the global protein of choice by continuously and collaboratively working to do what’s right for people, pigs and the planet.”
- **Strategic Plan**: By 2020, increase pork exports through access to new markets, expand existing markets and increase export volume by 2.7 billion pounds and export value by \$3.1 billion, equating to a 9 percent average annual increase in value and quantity compared with 2014 year-end data.

2018 Goal: Elevate International Marketing

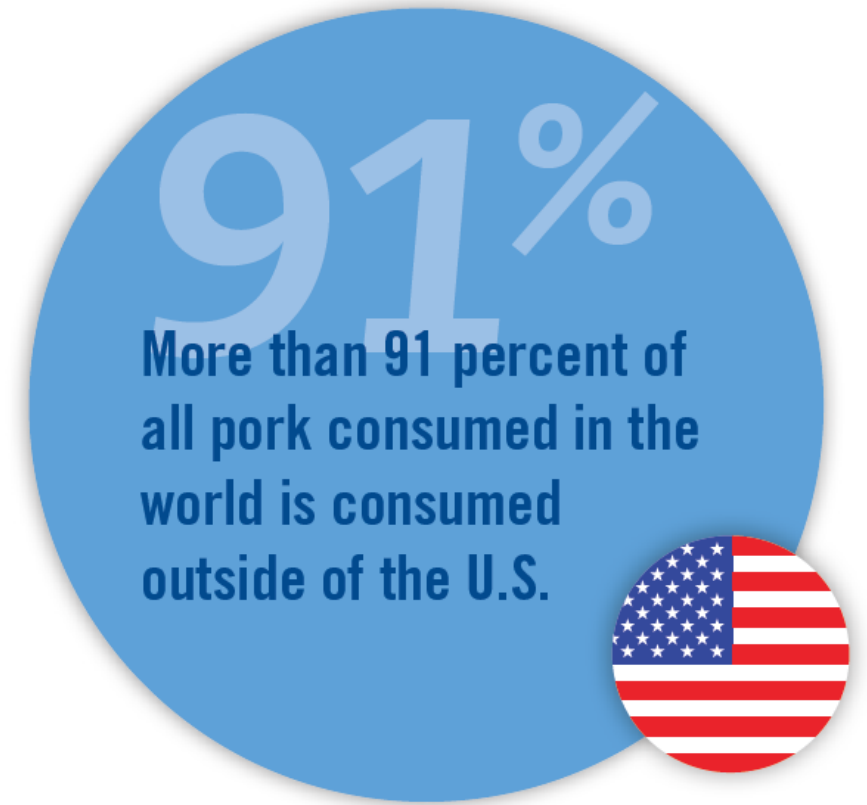
- 2018 Organizational Goals
 - State Engagement
 - Business to Business Execution
 - Social Media Strategy
 - Elevate International Marketing
- First time that international marketing included as one of four organizational goals
- International marketing plays key role in U.S. producer profitability and the ability of our industry to grow

Role in Driving International Marketing

- Learn what our international customers want and work to deliver
 - Targeted marketing and new product development
 - Conduct research and look toward the future
- Work with producers & processors to produce products specifically targeted at each unique market we are
- Build U.S. pork as a unique and special product with a story
 - We Care and producer education programs
- Leverage strategic partners

Pork Board's International Marketing Budget

- Approved 2018 international marketing budget of **\$8,697,924**
- Up **9 percent** over 2017
- Represents the **most significant** investment made in International Marketing efforts



International Marketing Budget Breakdown

- **\$6,450,000** Investment in the U.S. Meat Export Federation
 - International Market Promotion, Development and Research.
- **\$1,600,000** Investment in the American Pork Export Trading Company (APEX)
 - International Trade Market Access Research and Analysis.
- **\$299,924** Investment in the International Marketing Committee
 - Provides members with the resources they need to have a complete grasp of the subject matter they are tasked with overseeing.
- **\$248,000** Investment in the World Meat Congress to highlight Pork
- **\$100,000** International Trade and Scientific Research

New International Marketing Committee

- **Renamed Committee: “NPB International Marketing Committee”**
 - Better alignment with mission, jurisdiction and goals
- **Consolidated Committee**
 - Smaller, more focused committee
 - Facilitate quicker decision-making
 - Allow for nimble international travel options
- **Stronger involvement by senior NPB leaders and experienced producers**
 - Drive new strategic and tactical engagement with committee, NPB Board and all partners
 - Drive accountability & demonstrate ROI through funding priorities and decisions
- **Enable in-depth knowledge of international marketing via in-country visits**
 - A committee must know the subject matter they are tasked with managing
 - Reduce number of meetings, but add one annual strategic international market visit

International Marketing Committee Membership

- **1 - NPB Board Liaison:** Mike Skahill, VA
- **2 – NPB Past Presidents:** Derrick Sleezer, IA; Jan Archer, NC
- **1 – Pork Sector rep on USMEF Exec Committee:** Randy Spronk, MN
- **1 – Pork Checkoff rep on USMEF:** Karen Richter, MN
- **2 – At Large Producers:** Bill Luckey, NE; Glenn Stolt, MN
- **2 – At Large Packer Representatives:** Norm Bessac, Tyson; Conley Nelson, Smithfield
- **1 – State Executive:** Jennifer Tirey, IL
- **1 – NPPC Past President:** (chosen by NPPC)
- **1 – Ex-officio Economic Advisor:** Dr. Dermot Hayes, Iowa State University
- **1 – Ex-officio NPB VP of International Marketing:** Dr. Craig Morris

Strategic Partnerships Are Key



International Market Promotion, Development and Research

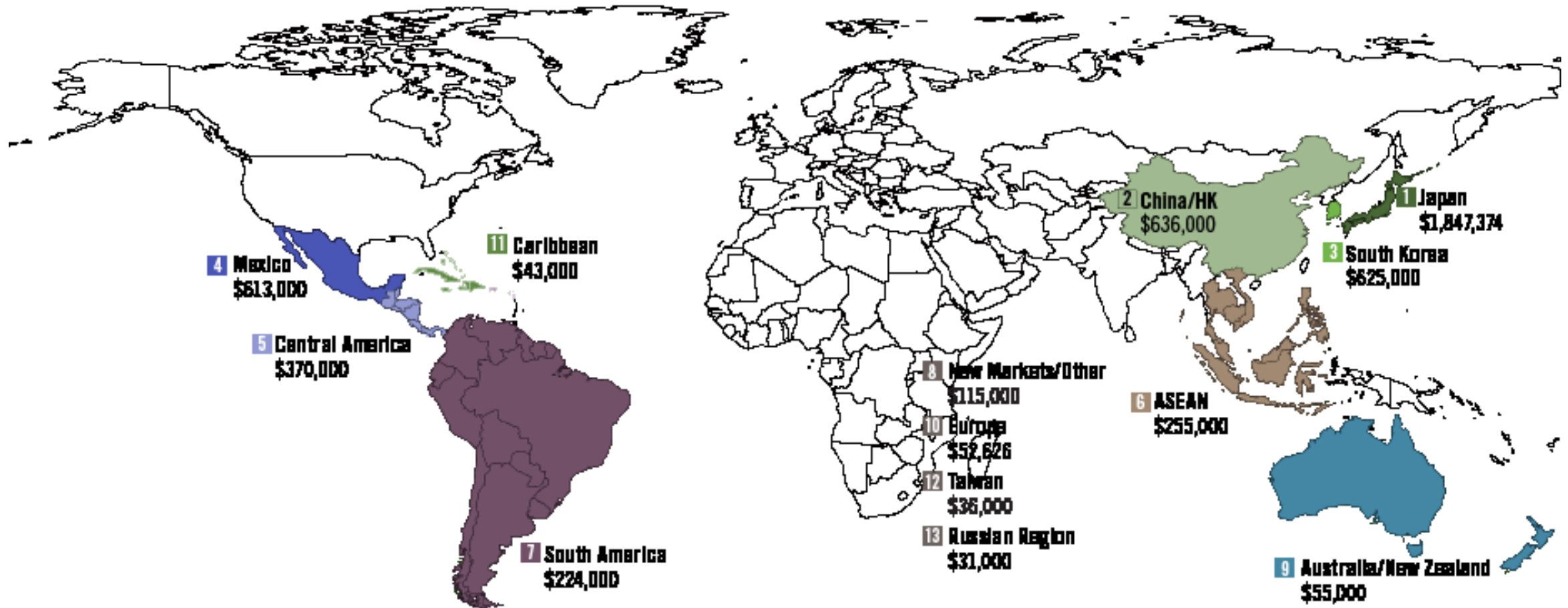
- USMEF works to uniquely market in 13 identified regions
 - *Examples:* Green hams to Mexico, loins to Japan, variety meats to China
- Efforts are *structurally changing* dietary patterns in markets as diverse as Korea and Mexico where they are now eating more pork
 - Their pork of choice is U.S. pork



Investment in USMEF—2017/2018

Where	2017	% Total Project	2018	% Total Project
ASEAN	\$255,000	5.5%	\$255,000	5.2%
Caribbean	\$43,000	0.9%	\$43,000	0.9%
Central America	\$370,000	8%	\$370,000	7.5%
China/HK	\$525,916	11.4%	\$636,000	13%
Europe	\$52,626	1.1%	\$52,626	1.1%
Japan	\$1,705,400	37%	\$1,847,374	37.7%
Korea	\$625,000	13.5%	\$625,000	12.8%
Mexico	\$577,000	12.5%	\$613,000	12.5%
Oceania	\$55,000	1.2%	\$55,000	1.1%
Russian Region	\$31,000	0.7%	\$31,000	0.6%
South America	\$224,000	4.9%	\$224,000	4.6%
Taiwan	\$36,000	0.8%	\$36,000	0.7%
New Markets/Other	\$115,000	2.5%	\$115,000	2.3%
Total Project	\$4,614,942		\$4,903,000	
Implementation	\$1,458,000		\$1,547,000	
Total Pork	\$6,072,942		\$6,450,000	

2018 NPB International Marketing Funding By Market



International Trade Market Access Research & Analysis

- By investing in APEX, NPB supports efforts to gather critical in-country intelligence and conduct analyses
 - Goal: generate valuable information concerning foreign market barriers and unfair trade practices, both in the U.S. and abroad, that are undermining U.S. pork export levels
- Key insights are to use partners to better target marketing efforts in our markets abroad

Free Trade Agreements

Free Trade Agreements in Central and South America, as well as the Dominican Republic, are also underpinning the growth in U.S. pork exports to Colombia, Chile, Honduras and Guatemala.

The importance of trade deals is evident given that the U.S. now exports more pork to the 20 countries with which it has FTAs than to all other nations combined.

Exciting Event: World Meat Congress

- **Hosted by the International Meat Secretariat & USMEF**
 - Dallas, May 30 - June 1
- **“The world’s premier gathering of beef, pork, lamb and veal industry leaders...”**
 - ~ 1000 attendees from 30 countries
 - Goal: *exchange ideas and experiences on key issues affecting the international meat and livestock sector, as well as **global trade**.*



Save the Date

World Meat Congress: Highlighting Pork

- **Sponsorships of Keynote Speakers:**
 - Lisa Watson, Watson Green LLC; Consumer Perceptions & Implications for Trade
 - Jeff Fromm, Millennial Marketing; Tomorrow's Consumer—Are you Ready?
- **Pork-themed Lunch:**
 - Highlight specific pork cuts of interest to International Markets
 - Involve NPB Chefs to work jointly with USMEF Chefs on prep and education
- **USMEF International Buyers Dinner (separate from WMC)**
 - Joint USMEF/NPB event with other potential sponsors
 - Estimated 30-35 pork buyers in attendance
 - Proposed title: “U.S. Pork 2018 – The High Quality Advantage”

Remember Where We've Been...And Are Going

- **1994:** U.S. was a *net importer* of pork
- **Today:** U.S. is the **#2 exporter** today, behind only the entire EU

Our best years are ahead of us and exports are the key to future industry success.



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This message funded by America's Pork Producers

