U.S. Pork Industry Makes Gains, Faces Japanese Market Challenges

Denver--The conclusion of the U.S. Meat Export Federation (USMEF) and pork industry officials, following discussions with Japanese pork importers at a recent Tokyo trade conference, is that the pork industry will need to unite and work together in order to achieve its full potential in the Japanese market.

Representing the U.S. pork industry at the conference with leading Japanese pork importers was Joel Haggard, USMEF vice president of international programs and Tim Rose, National Pork Producers Council (NPPC) president-elect. Also present were Russ Sanders, NPPC executive vice president and Jim Ledger, Iowa Pork Producers Association (IPPA) president.

The Japanese trade praised the U.S. pork industry for advances made in significantly extending the shelf-life of its chilled pork, commenting on Japan's preference for U.S. chilled pork loins. They also commented that the occurrence of PSE (pale, soft and extradated) pork has been greatly reduced. Another strong point of the U.S. industry, they said, is the U.S.' ability to ship large quantities of a specific cut, versus the full sets that are sold by Japan's major supplier, Taiwan.

"The U.S. pork industry has the advantage in price and the flexibility to sell large quantities of specific cuts to Japan. There is tremendous opportunity for U.S. pork producers, but we must work together as an industry to determine what adaptations can be made to cater to the Japanese market," said Haggard.

Japanese pork importers told the U.S. representatives that specifications for bellies must change if the U.S. expects to increase their sales of bellies to Japan. They urged the U.S. pork industry to work toward providing a leaner belly, adding that more flexibility in cutting the bellies would also enhance product marketability.

"U.S. pork producers know that expanding business is more than just having high volumes available. They know that it is important to provide pork that is safe and that has the type of quality Japan demands," said Sanders.

"We're only as strong as our weakest link," said Sanders. "Everyone, from the producer to the packer to the exporter, must cooperate if we are to produce a competitive product suitable for the Japanese consumer, while also satisfying our domestic market."

Another concern expressed by Japanese importers was price volatility. "Pricing is a key issue," said Haggard. "Due to the absence of controls, the U.S. market fluctuates more than the Japanese market, making it difficult for buyers to accept. We will continue to educate the Japanese trade on why our market fluctuates, as well as how they can benefit from it," said Haggard, pointing to the USMEF-sponsored Chicago Mercantile Exchange seminar that was held in Tokyo in March 1991 for Japanese importers.

Haggard also noted that the variable levy system in Japan is a trade restriction that the U.S. is studying very closely.

Japanese per capita pork consumption is just under 37 pounds, double their beef consumption. While consumption is expected to remain steady, or increase slightly, Japan predicts a 50 percent reduction in the number of domestic hog farms.

According to Haggard, home consumption of pork cuts has dropped, as more Japanese women are working outside the home. At the same time, the amount of pork eaten in restaurants has increased. This trend is expected to continue, as is an increased demand for prepared and processed pork.

In 1990 the U.S. exported 46,133 metric tons or $241 million worth of pork and pork variety meats to Japan. The U.S. has 13 percent of the imported pork market, whereas Taiwan has 45 percent and Denmark 32 percent.

USMEF is a non-profit, member-supported organization, charged with planning and implementing programs to promote U.S. red meat in foreign markets. Activities to promote U.S. pork are funded by the USDA and private sources. Both NPPC and IPPA are USMEF members.

Oak Ridge Study Reveals Increased Efficiency

ST. LOUIS, Mo. — A new scientific study by an independent research laboratory reveals that fuel ethanol, which is refined from fermented corn, generates at least 20 percent more usable energy than its production requires.

In addition, ethanol production costs will continue to decrease over the next three years, reducing reliance on traditional fuel resources, the National Corn Growers Association (NCGA) announced recently.

The study, completed by Oak Ridge National Laboratory of Oak Ridge, Tenn., asserts that corn-based ethanol is a "low-cost pathway for deriving liquid fuel" and that "the entire energy cycle from corn production to combustion in the gas tank is extremely energy positive."

"The Oak Ridge study provides additional proof that corn-based ethanol maximizes energy efficiency and can satisfy our nation's need for reliable fuel alternatives," said Mike Bryan, NCGA ethanol program manager.

According to the study, about 56,000 BTUs are required to produce one gallon of fuel ethanol. However, one gallon of ethanol produces at least 76,000 BTUs, resulting in a 20 percent net increase of usable energy, Bryan said.

Oak Ridge researchers analyzed the total energy used to grow and harvest corn, transport feedstock, and process fuel ethanol by the coal-fired co-generation methods typically in use today. The study noted that efforts to reduce the energy required to refine fuel ethanol are continuing in the industry and processing costs will be "substantially" reduced in the next three to five years because improved corn fermentation processes, improved ethanol processing yields, greater economies of scale achieved through ethanol plant upgrades and expansions, and increasing use of low-cost materials in the ethanol cogeneration process, including used tires and garbage rather than coal.

"NCGA is very enthusiastic about the Oak Ridge study," said Bill Northey, chairman of the NCGA ethanol subcommittee and corn farmer from Spirit Lake, Iowa. "It's good news for corn growers and ethanol producers who rely on corn feedstocks. We believe the study will have a positive impact industry-wide and, ultimately, on consumers who utilize ethanol-blended fuels to reduce air pollution and improve vehicle performance."

Ethanol, which has a high oxygen content, is blended with gasoline in 10 percent quantities to reduce emissions of carbon monoxide and other pollutions and to boost octane. It currently is blended in about 8 percent of motor vehicle fuels sold in the U.S.

Fuel ethanol demand is expected to increase dramatically when the nation's Clean Air Act standards take effect in November, 1992, requiring 39 U.S. cities with high carbon monoxide levels to maintain 2.7 percent oxygen content in all gasoline sold for at least four months a year.

Since ethanol is the most cost-efficient method of adding oxygen to gasoline, ethanol demand may reach two billion gallons by 1995, up from 940 million gallons in 1990.

"Corn for annual ethanol production may jump to 1.25 billion bushels by the year 2000, up from 400 million bushels today," Northey said.

"Ethanol has been endorsed by the U.S. Environmental Protection Agency, the U.S. Department of Agriculture, and many other entities as a reliable, environmentally friendly and domestically available fuel resource," he said. "The Oak Ridge study will help advance awareness of corn-based ethanol's advantages and productive energy efficiencies."