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# Agricultural Letter

June 22, 1962

EXPORTS of agricultural products reached a record \$5 billion in 1961, about 4 per cent above the previous record in 1960. The livestock, meat and meat products shipped abroad during 1961 had a value of \$366 million. While this is a relatively small figure compared with either total exports or farmers' total marketings of livestock, exports are nevertheless very important for many individual meat products.

Primarily the "by-products" are exported. These are obtained in the process of slaughtering animals to provide meat for American dinner tables. The largest in terms of value are tallow, lard and "variety" meats, all of which have limited markets in the United States.

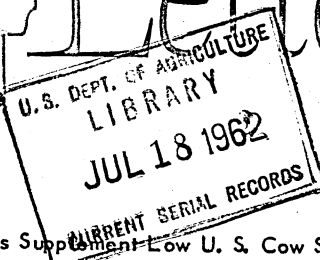
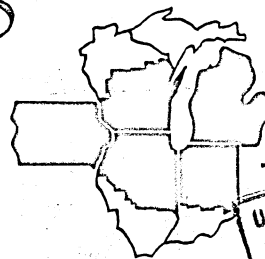
Tallow exports reached a volume of 1,597 million pounds compared with 1,526 million a year earlier. The continued large slaughter of heavy cattle in 1961 provided abundant supplies of tallow for export. United States production of tallow and grease last year totaled about 4 billion pounds—more than half the world output—and 40 per cent of United States production was exported.

Lard exports of 419 million pounds last year were 201 million below the high level of 1960, reflecting the loss of the Cuban market as well as smaller production and higher prices. Over 17 per cent of 1961 lard production moved into export.

Shipments in 1961 of 124 million pounds of variety meats (livers, tongues and edible offal), a new record, were 6 million pounds larger than the previous year. Booming economic activity in Western Europe and the popularity of relatively low-priced variety meats to supplement local meat production has greatly stimulated United States shipments to that area. About three-fourths of United States variety meat exports move to Western Europe. This favorable export situation, however, could change since the European Common Market countries have begun to increase tariffs.

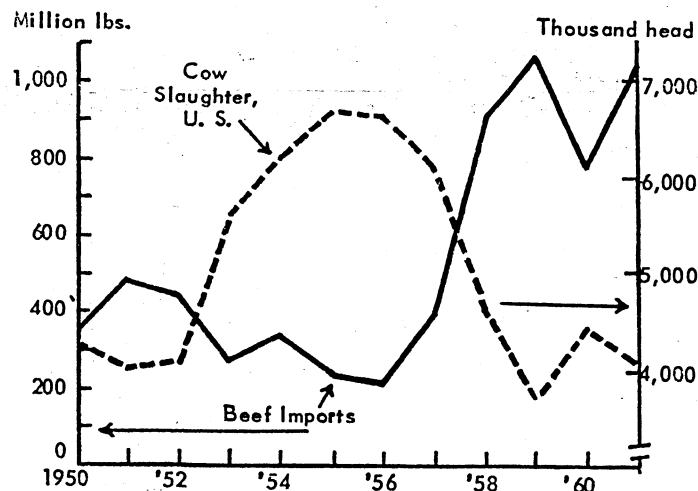
IMPORTS of agricultural products totaled \$3,690 million in 1961, the lowest in 12 years. Volume, however, was up 3 per cent from 1960. Livestock, meat and meat product imports totaled \$541 million—an increase of about 20 per cent from 1960.

While exports of meat products depend on total slaughter in the United States, imports of meat and animals depend on prices for particular kinds of livestock in the United States. For example, beef imports into the United States were low during the mid-1950's when cow slaughter was at high levels and prices were low. Then cow slaughter declined at the end of 1957 as western ranchers began enlarging their cattle breeding herds. With smaller supplies of processing beef, prices rose sharply and attracted beef imports.



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Beef Imports Supplement Low U. S. Cow Slaughter



About 90 per cent of beef and veal imports go into processed meats. As a consequence, beef imports move closely with, and in the opposite direction from, cow slaughter in the United States. In 1959, for example, cow slaughter dropped to its lowest level in the past decade and beef imports reached a record high. As cow slaughter increased in 1960, imports dropped but then increased again last year as a faster build-up in domestic cattle herds reduced slaughter of cows.

Even at the peak, imports of beef in 1959 amounted to only 8 per cent of total beef supplies in the United States. And after allowing for the meat equivalent of feeder cattle imports, the total was still less than 9 per cent. When the present expansion of cattle herds levels off or is reduced, domestic supplies will rise and imports probably will decline again to the low levels of the mid-1950's when imports were around 2 per cent of total supplies.

Imports of feeder cattle tend to follow a pattern similar to meat imports. In the expansion phase of the cattle inventory cycle higher prices of feeder cattle encourage imports from Canada and Mexico. Because of the high level of feeder cattle imports in recent years, Corn Belt farmers have paid lower prices for feeder animals than otherwise would have prevailed.

Research Department