

Analyst: Recession slashes consumer meat demand

By ROXANA HEGEMAN

WICHITA, Kan.

As the recession deepens, people are eating less beef, pork and poultry, leading to the biggest per capita decline in meat consumption since 1982, an industry analyst told the Kansas Livestock Association.

Hundreds of cattlemen gathered here for the group's annual convention amid fears over a global credit crisis and concerns about stricter environmental regulation under the Obama administration.

Consumers have already begun buying cheaper cuts of beef this year, CattleFax analyst Randy Blach said.

Per capita consumption of chuck was up 10 percent, while consumption of more expensive loin was down 7 percent so far this year, his statistics showed.

"This is one of the absolute worst years," Blach said.

Cattlemen on average lost \$130 a head for their cattle this year, he said.

"I was surprised by the magnitude of losses this year, but I am not surprised we lost money," Blach said.

His outlook for next year was also grim. Blach forecast livestock inventories to continue shrinking and per capita meat consumption to decline. He also expected costs to remain high, with tighter profit margins.

The global demand for beef will outstrip supplies, although the recession may slow that demand, he said. The global credit crisis will take months to stabilize but he said he thought the dollar has already bottomed out.

However, Blach also anticipated U.S. beef exports to increase next year by 27 percent because of a full year of access to Korean markets.

U.S. cattlemen now have the smallest cattle herd they have had since 1962 and it is expected to shrink another 2 percent next year, he said. But beef production remains strong because of heavier carcass weights due to improved genetics and nutrition.

"We don't need as many cattle as we have had in the past," Blach said.

Other Thursday sessions focused on climate change and what the prospect for tighter regulations may mean to cattle producers.

Dennis Avery, global food issues director for the conservative Hudson Institute, a think tank in Washington D.C., claimed man is not contributing to the earth's climate cycles.

He also claims that the earth is now cooler than it was in 1940, and that glaciers actually grew this year in Alaska and Norway. Antarctic has been cooling since the 1960s and ice there has been growing by 45 billion tons a year, he said.

The government is pressuring the livestock industry to discuss curbing carbon dioxide emissions but Avery contended that would be "just economic suicide" for the industry.

"My advice to the Kansas Livestock Association is to keep asking, 'where's the warming?'" he said.

But Sara Hessenflow Harper, representing The Clark Group, advised the industry to not ignore the climate issue as Congress drafts regulations to contain greenhouse emissions.

Her company, which focuses on climate change and carbon markets, told producers that ignoring the climate issue could affect whether agriculture would benefit from the sale of carbon credits to offset greenhouse emissions from other industries.

"This is a market that could exist for you or this bill could be written in a way that is very costly for the economy," she said.