

# New Zealand beef imports add value to the United States' beef market and its cattle producers

## Americans consume a lot of ground beef

Driven by Americans' love of hamburgers, ground beef accounts for approximately half of total U.S. beef consumption. Ground beef comes from lean trim (also known as processing meat or manufacturing beef) which is meat that is "trimmed away" when the carcass is broken down into different cuts. Meat can also be used from animals that would not make prime grades, such as dairy cows or bull beef.

## Lean trim (e.g. 90cl) is an essential component of the U.S. ground beef market

Ground beef is typically made from two different components – 50% fat trimmings from grain-fed cattle and lean meat trimmings (e.g. 90cl) from grass-fed cattle. Processors blend these products together to achieve desired lean-to-fat ratios e.g. 80/20.

The U.S. beef industry specialises in producing high-quality, well-marbled beef and produces it in large quantities. As a by-product of this production, the U.S. also produces large quantities of 50% fat trimmings. However, the U.S. does not produce enough lean meat trimmings to meet American's demands for ground beef.

## Ground beef central is to US beef industry's success

In 2023, U.S. beef production in 2023 was nearly 12.3 million tonnes in 2023 while U.S. beef imports were only 1.3 million tonnes. Imports account for approximately 10% of domestic production with nearly half of the imports were from Canada and Mexico.

However, the U.S. beef industry relies heavily upon lean trim imports to make up the domestic shortfall. In doing so, these imports significantly elevate the price for domestic 50% fat trimmings, which has little value on its own.

U.S. studies estimate that restricting beef imports would lead to a 45% decrease in U.S. ground beef production. A decrease in ground beef production would lead to higher retail prices and drive consumers to buy cheaper proteins like pork or chicken, resulting in lower overall beef demand.

The U.S. specializes in producing high-quality, grain-fed beef much of which is exported. On average, U.S. beef exports sell for a higher per unit price than beef imported into the U.S. If the U.S. beef industry wanted to produce more domestic lean trim, it would require grinding these higher value cuts that are currently exported for premium returns. This would not only negatively impact the industry's export returns but also the returns of U.S. cattle producers.

## New Zealand beef plays an important role in the U.S. beef supply chain

New Zealand beef plays an important role in the U.S. beef supply chain. Over 85% of New Zealand's exports to the U.S. are lean meat trimmings that enables American producers to meet consumer demand for ground products. New Zealand beef is complementary to, rather than a substitute for, American beef. Ultimately, this increases market returns for American farmers and cattle ranchers.

## New Zealand beef exports to the US reflect domestic supply shortfalls and levels of demand

In 2022, exports to the U.S. dropped to the lowest volume in more than 20 years due to increased domestic production resulting from drought and high feed costs.

As the drought began to ease in 2023 and 2024, the level of domestic production has reduced, increasing the demand for lean meat imports. New Zealand and Australia have been the main beneficiaries of this demand because of our longstanding trading relationships, our robust food safety standards, and strong trust in the quality of our meat.

