



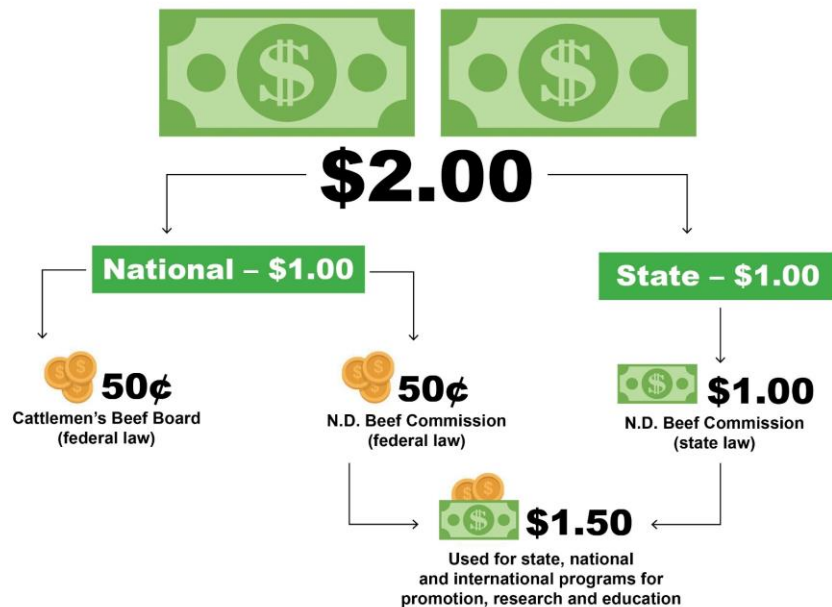
REPORT TO 2021 NORTH DAKOTA LEGISLATIVE ASSEMBLY SENATE AND HOUSE AGRICULTURE COMMITTEES

BACKGROUND

The North Dakota Beef Commission was legislated into existence during the 1973 legislative session. The rate of the beef checkoff began at \$.10 per head and was increased to \$.25 per head in 1981 and to \$.50 in 1983. In 1986, with the passage of the Beef Promotion and Research Act as part of the 1985 Farm Bill, the beef checkoff became a nationwide, uniform program at the rate of \$1 per head, including an assessment on imported cattle, beef and beef products. This went into effect October 1, 1986. In May of 1988 beef producers nationwide participated in a producer referendum and voted overwhelmingly in favor of continuing the national program. This national program still exists today at the same rate.

More recently, ND beef producers requested an additional North Dakota \$1 per head state beef checkoff during the 2015 Legislative Session. By action of the Legislature, ND now is one of 18 states that have implemented an additional state assessment over and above the national \$1. It is important to know that the national beef checkoff is a mandatory non-refundable assessment made every time cattle change ownership. The ND state beef checkoff is also due every time cattle change ownership and it affects all cattle sold in or from North Dakota. The state beef checkoff dollar is similar to other state commodity checkoffs and can be refunded by producers.

N.D. Beef Checkoff Program



LEADERSHIP

The ND Beef Commission is directed by a group of nine beef producers. Appointed by the Governor, the directors represent different sectors of the industry. Three producer directors are selected from nominations submitted by the ND Stockmen's Association. One dairy producer director is selected from nominations from the ND Milk Producers Association. One livestock marketing director is selected from nominations from the ND Livestock Marketing Association. One cattle feeder director is selected from nominations submitted by the Feeder Council of the ND Stockmen's Association. (The Feeder Council group resulted from the merger of the ND Livestock Feeders Assn. with the ND Stockmen's Assn.) The three remaining beef producer directors are appointed at-large by the Governor and must meet certain criteria set forth in the ND Beef Commission section of the ND Century Code. Directors can serve no more than two consecutive three-year terms. The Commission may also elect up to four non-voting ex officio members.

PURPOSE

The mission of the North Dakota Beef Commission is to:

“Enhance beef demand by strengthening consumer trust and exceeding consumer expectations.”

This is accomplished through consumer information, promotion, industry information, research, and national and international promotion programs funded by the NDBC with national and state checkoff dollars.

The duties of the Beef Commission include establishing and maintaining an office within the state, keeping accurate records of all assessments and other financial transactions under the law, and determining the uses for checkoff dollars. The uses may include the funding of research, education programs, and market development efforts, as well as participation in programs under the auspices of state, regional, national, and international organizations.



North Dakota's population of cattle is 2.5 times more than people. Investment into national programs in locations where human population greatly exceeds bovine, continues to be a priority. The NDBC joins forces at the national level with 43 other state beef councils, targeting the beef message to position beef as the premier protein. For producers to realize the greatest return on their checkoff investment, it is critical to get the beef industry message to consumers in the most cost effective manner possible. This is accomplished by pooling checkoff dollars at the national level through the Cattlemen's Beef Board, the Federation of State Beef Councils of the National Cattlemen's Beef Association (Federation) and the US Meat Export Federation (USMEF). Currently, \$.67 of every national checkoff dollar collected in ND is invested in national and international programs. Of this \$.67, federal law mandates \$.50 must go to national programs of the Cattlemen's Beef Board and the NDBC determines the additional \$.17 investment in national and international programs of the Federation and the USMEF. An additional \$.38 out of every state checkoff dollar also goes to national and international programming of the Federation and USMEF.

One other area that is unique to the ND Beef Commission, when compared to many other commodity groups in North Dakota, is the fact that the ND Beef Commission **does not** lobby. Federal law prohibits the use of any national beef checkoff dollars for the purpose of government influencing. We are not, however, prohibited from providing program information, research results, and promoting beef and serving as an information resource for government entities like our legislature on behalf of the beef industry.

PROGRAM HIGHLIGHTS

The past two years have included great accomplishments even through some challenges. Implementation of established consumer programs proved to be the biggest hurdle. Successful accomplishment involved innovation, new technology and digital methods to deliver beef information and messages to consumers, influencers and producers.

NATIONAL PROGRAM INVOLVEMENT

As has been mentioned, the national beef checkoff program is coordinated by the Cattlemen's Beef Board (CBB) with oversight by USDA. Additionally, the Federation of State Beef Councils of the National Cattlemen's Beef Association works with the CBB and state beef councils in national program development and implementation. The NDBC continues to extend national programs across ND to the extent possible with attention to national goals, objectives, design, and target markets. Please take time to review the national annual reports of the CBB by clicking [here](#) for more detail on national programming.

TARGET AUDIENCE

The target audience for demand-building checkoff programs is **"Millennials"**, those young people ages 18-38 that are the first consumer group to surpass the "Baby Boomers" in numbers as well as buying power. Extensive consumer research has shown that millennials with young families hold the greatest potential for increasing beef demand.

CONSUMER INFORMATION

Education

Teaching those that teach consumers, regardless of age, is key to spreading a positive beef message. This may be through a classroom teacher in **Agricultural Education** or **Family & Consumer Science** that utilizes resources on beef made available through the checkoff. It can also happen through the **Living Ag Classroom** program annually bringing between 4000-5000 fourth-grade students closer to agriculture. This project is undertaken in Minot, Bismarck and Fargo, and since its beginning in 1995 has reached over **108,000** fourth grade students with a **"Food From Farm To Fork"** message. The **ND FFA, 4-H and NDSU Meat Judging Team** are also recipients of support from the ND Beef Commission. Members of these groups that participate in specific



beef product related programs receive recognition, awards or scholarships funded with beef checkoff dollars to recognize their achievements. A new **4-H "Chef For A Day" Grill Off** was debuted in 2019 and then successfully adapted to the new virtual environment in 2020 as contestants honed their beef cooking skills on grills at home but sent in videos and pictures of their creations. In addition, young children and their families were able to see, touch and feel everything related to where beef comes from when the NDBC assisted the NDSU Animal Science Department with their annual **"Moos, Ewes and More"** event in 2019. The first 500 in attendance at the event received **"Breakfast on the Farm"** including a beef breakfast burrito with milk and fruit made possible by the beef checkoff. Partnering with the **NDSU Extension Service** to educate consumers about beef preparation, safety and nutrition has paid great dividends. Programs like **"Teens Serving Food Safely"** to the **"Eat Smart. Play Hard. Together"** education effort have paved the way for new program development teaching consumers how to prepare beef conveniently in slow cookers and Instant pots. Funds will be available to purchase beef for these programs as well as appliances.



Those with an interest in smoking brisket had an opportunity to attend a **Beef Brisket Boot Camp** held in partnership with the NDSU Meat Science team. The first 50 BBQ enthusiasts to register learned everything from knife selection to seasoning, marinating and smoking beef brisket. Then they headed to the meats lab and seasoned their own brisket for smoking. The following day, the public was invited to sample and vote for their favorite.



Health Professionals

Through decades of work, NDBC staff and programming is recognized as a trusted source for research and nutrition information. Organizations including the **ND Academy of Family Physicians, Upper Plains Cardiopulmonary Rehab Association, ND Academy of Nutrition & Dietetics** and the **ND Nutrition Council** trust and respect the high-level national research and resources that are the backbone of materials and programs the NDBC brings to them. Members of the North Dakota Nutrition Council and ND Academy of Nutrition & Dietetics benefited from the knowledge Judy Barbe shared with them as she spoke at their conference, sponsored by the NDBC.



Public relations & media

Through a combined state and national effort, the beef industry is committed to being proactive, not reactive on **beef related issues** that will inevitably emerge. The beef industry has an admirable track record of working together to defend beef's place on the dinner plate and the beef producer's place on the land. Masters of Beef Advocacy is an updated on-line training program to provide the tools needed for those in the industry to become advocates for beef. To increase trust in the producers behind the product, increased effort has been put into features on the ND Beef Commission's website, ndbeef.org.



Segments on board members, features on ranchers and feeders across the state, and recipe features have been developed with more in the works for the future. There are also other features helping to bring ranchers to consumers along with information on how cattle are raised at the beef industry's premier website, beefitswhatsfordinner.com, as creative ideas are helping people to **"Rethink the Ranch"** and everything that goes into being good stewards of our land and livestock.

The NDBC is committed to reaching consumer audiences with positive beef messages. While traditional methods continue to deliver on in this objective, digital platforms are increasing the reach and breaking down geographical divides. Many of these efforts are managed by our national organizations but state endeavors through Facebook and Instagram are extending campaigns. The utilization of social media has allowed targeted messages to be delivered to North Dakota consumers. As Covid 19 urged people to spend more time at home, including work and school, there was a much greater focus on eating and cooking at home. There was also a realization that average people were not equipped to plan menus for three meals a day, seven days a week. As a result, they were looking for recipes, preparation methods, and information about preparing beef. The beef checkoff has funded recipe development and great information on **convenient beef products, beef value cuts, naturally nutrient rich beef, the BIG 10 nutrients from beef, the Interactive Meat Case, recipes for every cut and taste, and 38 lean cuts of beef**, these pillars became the focus of information distribution. Digital advertising became key in driving consumers to information such as recipes, preparation information, how to choose cuts of beef based on your likes and budget, and everything else you ever wanted and needed to know about beef for your family.



EXPLORE OUR COOKING LESSONS

Curious about the best way to grill a steak or roast a joint of meat? Want to know how to make a delicious chili or how to perfectly brown ground beef? Our cooking lessons have everything that you need! With step-by-step directions, recipes to try, and an easy way to shop the ingredients needed using the new "find ingredients" feature, you'll have a new skill mastered by tomorrow.

In ND the NDBC has a long history of joining forces annually with beef industry partners to host a special **Military Appreciation Beef Picnic** at the ND State Fair. Since the first military event in 2004, over 26,000 military members and their families have been served a delicious beef meal. This event was held in 2019 but 2020 saw the ND State Fair cancelled leaving the industry to decide what else they could do. With some great ingenuity, **Healthcare Heroes** became the target and the beef industry proudly educated thousands of these healthcare workers across the state about the value of beef in the diet and invited them to a free, delicious beef lunch on September 11 in Bismarck. It ended up being what might be the biggest "drive-up" lunch ever held in ND. Over 1100 people received a nutritious box lunch including a hand carved roast beef sandwich, baked beans, fresh fruit, a cookie and a bottle of water. Beef volunteers carved, assembled and packed up lunches as participants drove up to pick up lunches and take them back to healthcare heroes at hospitals, clinics, nursing homes, offices and wherever they were located helping to keep all the rest of us healthy.



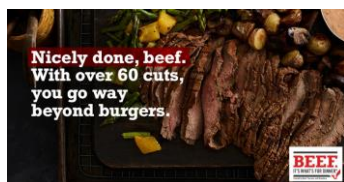
Volunteers are also critical to the success of many beef promotion programs. That's why the NDBC uses checkoff dollars to support the efforts of the **ND CattleWomen** as they reach consumers young and old through local and state events including sport & home shows, large consumer events, ranch tours, library and classroom visits to read books about the beef business and other activities where they interact with consumers. While activities were normal in 2019, many of these projects were put on hold in 2020 as events were canceled across the state.



PROMOTION

Advertising

Reaching millennial consumers coast to coast is the focus of national advertising efforts but you won't necessarily see the same type of advertisements in traditional places because these new consumers are looking in different places for information. The message the past two years has been two-fold. "Nicely Done, Beef" and "United We Steak" digital advertising reached millions and millions of consumers in the state and across the country. The United We Steak campaign was unique in the fact that every state had a photo of a steak carefully carved in the shape of their state, along with a state-specific message and recipe. The signature artwork was steak carved into the shape of the United States which was featured in national



advertising. The exciting part of any digital advertising is that it forces a consumer to actually read, listen to an advertisement or engage by going to a website (like ndbeef.org) for a period of seconds before the advertisement is even billable, and then it's usually only two to four pennies per engagement. Since the beginning of this digital effort in North Dakota in mid-2019, the campaign has generated more than 2.1 million video views and clicks through Google Search and You Tube.

Consumers in every county in ND have been reached with nearly 4.5 million impressions.

With results that exciting, and North Dakota consumers well covered with this form of advertising, the NDBC reached out across the country to areas where people outnumber cattle several times over. These states may have beef commission's but with far less cattle, they don't have the funds to reach large numbers of consumers. This partnership effort in 2020 resulted in almost 37 million engagements with consumers who clicked on a beef ad or viewed a beef video. And all of this at the cost of about a penny per engagement.

In ND, state checkoff dollars have made it possible to keep beef on television targeting two major special television events during the year. There are few other events that rival the viewership of the state **Class A and Class B Boys & Girls Sports Tournaments**. Again, while the pandemic interrupted some of the sports events in 2020, those watching in 2019 and part of 2020 saw and heard the sizzle of beef several times per game. And when high school hockey, football and basketball were over, beef television and radio ads were also seen and heard on **NDSU Bison Football** games statewide. Beef was also featured over 600,000 times through the NDSU Bison Facebook page and at the Bison tailgating events at NDSU when the NDBC partnered with NDSU's Meat Science/Carnivore Catering staff who featured various beef items for spectators to enjoy at the beef tailgating location.



PRODUCER & INDUSTRY INFORMATION

The **ND Beef Quality Assurance program** is considered one of the premier cow/calf state BQA programs in existence. This program is under the direction of the NDSU Extension Service, with financial support coming, in part, from an annual grant from the Beef Commission. Programming developed by ND BQA Specialist, Lisa Pederson, has served as the model for several other state and national BQA programs. Her dedication to educating beef producers, children in 4-H,



and developing BQA educational programming for livestock market employees, livestock truckers, and first responders including fire departments, police, ambulance, veterinary clinics and others that may need to take charge of a major accident scene involving livestock has served as a national model and is being copied from coast to coast.

RESEARCH

Beef checkoff dollars are restricted to funding research directly related to **beef and beef products**. With very close coordination of industry research priorities and targeted research needs at the national level, the ND Beef Commission has always encouraged state institutions to develop and conduct research projects that further national research priorities. Over time, this has been a very successful strategy and several researchers in the state have been recipients of national checkoff research grants including **NDSU and the USDA ARS Grand Forks Human Nutrition Research Center**.

With additional state checkoff dollars available, the NDBC has gone from less than \$1000 for research in fiscal year 2015, to investing a total of over \$1.9 million in 25 research projects since the state checkoff started in August of 2015 to today.

The areas of priority for research include:

1. Human Nutrition – The importance of beef in human diets for health and wellness
2. Product Quality – Drivers of demand including palatability and safety
3. Product Innovation – New or improved beef products to appeal to a broader consumer base

Over the last year, one research project of note was conducted by Dr. Sherri Stastny at NDSU in human nutrition titled “The influence of Animal based protein and beef consumption on ability to perform functional activities, muscle quality and bone mineral density among adolescent to older females.” Dr. Stastny’s research was cited by nutrition experts in defense of the value of beef in the diet in the discussion regarding the most recent round of the Dietary Guidelines for Americans. You may not think this is important, but the Dietary Guidelines influence American diets. The recommendations, from this committee, are the basis for decisions in all food related programs receiving federal funding. This includes the national school lunch program, US military global feeding programs, the Women, Infants and Children feeding program (WIC), senior feeding programs and many, many more. Having experts of the caliber of Dr. Stastny doing research, funded with beef checkoff dollars, that may impact decisions at the federal food program level is extremely important to consumers and to beef producers.

FOREIGN MARKETING

With 96% of the world’s population living outside of the United States, and many foreign countries experiencing growth in their middle class, there is ample opportunity for US Beef to become the preferred choice for billions of consumers around the globe. That is why the NDBC has a long-standing record of support for the **U.S. Meat Export Federation (USMEF)**, the organization that carries out U.S. beef demand-building programs in foreign markets. USMEF has a long history of educating meat buyers, retailers, the food service trade and consumers in over 100 countries around the world. US beef exports also currently contribute near \$300 per head of fed cattle slaughtered. Currently ND holds three votes on the USMEF board of directors

Focus on Japan

Over the last four years, NDBC has increased its financial support to USMEF for US beef promotions in foreign markets, with a concentrated focus on Japan. According to USMEF, Japan imports half of its calories, leaving the US well-positioned to feed Japan’s growing appetite for beef. Retail promotions, made possible in part with NDBC support, have shown great impact on the sale of beef to Japanese consumers.

NDBC Members participate in Heartland Trade Mission to Japan

Two NDBC members were part of a 31-person Heartland Trade Team that traveled to Japan. Their focus was to learn more about the world's most competitive red meat import market and demonstrate their commitment to serving the Japanese market. Clark Price, a Washburn beef producer, and Mark Voll, a ND beef producer from Sidney, attended market briefings from the Foreign Ag Service and Ag Trade Office, met with key players in the Japanese meat trade, toured retail and restaurant sectors, learned about Japanese domestic beef production, and participate in US red meat promotions and consumer events.

While all aspects of the mission provided a great deal of insight into the Japanese market, an event with consumers, bloggers and food influencers in Tokyo was a highlight. Even though Japan's love of US beef is growing, grilling beef is something they don't do because there's no room in their small apartments to have a grill. According to Price, "To actually grill, they must go to places like Weber Park, a park built by the Weber Grill company, and reserve a grill. Grilling is a new flavor for them as well as a whole new experience in learning how to run a grill."



Price shared information with them about how his family raises cattle, and then all the team members demonstrated grilling a rib eye steak. Everyone was treated to an entire grilled ribeye steak, rather than the small slices that are their traditional practice. Attendees shared pictures taken during the beef grilling experience and the American beef producers that made it possible on social media across Japan, thus reaching a far greater audience of people interested in learning more about US beef.

These global marketing successes continue to provide an outstanding return for U.S. cattle producers. As a result, the NDBC has renewed its commitment to foreign marketing in Japan.

MOVING INTO THE NEXT BIENNIUM

On the domestic front, consumers continue to enjoy beef and the demand for beef in North Dakota and nationwide is strong. Marketing efforts at the national level focus on consumer strategies that bring consumers to the table looking for the great taste of beef as well as the healthful benefits of beef in the diet. All marketing programs deliver a message of great taste, convenience, and healthfulness focused around the three national promotion pillars of protein, people and pleasure. Ongoing consumer market research will continue to direct the focus of programs. Additional beef product enhancement and human health research as it relates to beef in the diet will also be a major focus. All of these national efforts will be extended as much as possible at the state level in an effort to present a unified state/national program bringing good results to the beef producers that make checkoff funded beef promotion, research and education programs possible through their investment in the beef checkoff program.

A high priority for the NDBC is continual support of the foreign market opportunities. A growing middle class worldwide opens great opportunities for US beef exports. International efforts handled through the USMEF and funded with beef checkoff dollars will be expanded in markets showing interest and opportunity for US beef. The ability of the ND Beef Commission to use additional state checkoff dollars to assist with increased international promotion efforts will continue. Beef from the US is high quality and very desirable around the world. While there are significant national checkoff dollars that go into foreign marketing, the NDBC can also make great strides in supporting additional targeted programs in countries like Japan. These investments will continue to be a focus of the NDBC with state and national checkoff dollars.



Beyond these programs, we also must remember that beef checkoff programs have always been focused on long-term results, not quick fixes. With that in mind, research, education in all segments, staying ahead of volatile issues, planning for the future, and always keeping a pulse on changing thoughts and concerns about beef will be major priorities making up the foundation of beef checkoff programs. One new education program that is currently in a pilot stage shows great promise of helping young athletes learn how to stay healthy and stay fueled for competition. This program, developed by

the South Dakota Beef Industry Council and Sanford Sports Institute, is called ***BUILD YOUR BASE WITH BEEF!*** Geared for high school and college athletes, this program focuses on meal plans, meals on the road to games, making good choices, involving families and communities, and enjoying nutrient rich foods like beef. More to come on this program as it develops across our state.

The NDBC will continue to follow the lead of national programming and will extend national programs in the state that show promise of being effective and returning the greatest amount per checkoff dollar invested. Population centers across the state will be the target as will millennial audiences. The NDBC will also continue to have a strong voice through the producer representatives the NDBC sends to represent our state at national meetings. While the checkoff organizations like the ND Beef Commission cannot be involved in lobbying, the NDBC will continue to play a vital role in keeping producers informed about the current program that their checkoff investment makes possible. Although producers may not always agree on political and legislative issues at the state and national level, the vast majority agree that beef promotion, research and education programs are necessary and valuable in defending beef as a powerful protein choice as well as a safe, delicious, nutritious choice for today's consumers.

If you have questions or concerns about the beef checkoff program, please feel free to contact the ND Beef Commission, 4023 State Street, Bismarck, ND 58503, 701-328-5120, or email at ndbeef@ndbeef.org. And take time to visit our website at www.ndbeef.org for consumer and producer information on beef. For more detailed information on beef checkoff programs from the past two years, please visit the website using the link provided to committee members or contact the NDBC office for a printed copy.

NORTH DAKOTA BEEF COMMISSION
Bismarck, North Dakota

STATEMENT OF PROJECTED REVENUE AND EXPENDITURES
For the Bienniums Ended June 30,
UNAUDITED

Prepared by the North Dakota Beef Commission

	19-21 <u>Biennium</u>	21-23 <u>Biennium</u>
Beginning Balance	\$ 1,793,872	\$ 1,016,341
REVENUE:		
Gross Assessment Revenues	4,375,536	4,400,000
Less		
Assessments Remitted To other states	35,443	36,000
Assessment Revenues remitted to Cattlemen's Beef Board	1,088,238	1,100,000
State Refunds	<u>293,575</u>	<u>297,000</u>
Net Assessment Revenues	\$2,958,280	\$2,967,000
Interest Income	20,849	11,000
Other Revenue	<u>16,705</u>	<u>15,000</u>
Total Revenues	<u>\$ 2,995,834</u>	<u>\$2,993,000</u>
EXPENDITURES		
Program Expenditures		
International	\$ 546,730	\$ 300,000
Promotion	480,876	400,000
Research	723,287	231,000
Consumer Information	330,641	350,000
Industry Information	169,572	150,000
National Program Development	544,163	550,000
Special Projects	100,000	100,000
Administration –	691,018	790,000
Salaries, Per Diem, Benefits		
Operations –	187,078	300,000
Rent, audit, compliance, office equipment, supplies, postage, printing, legal, board insurance, travel		
Total Expenditures	<u>\$ 3,773,365</u>	<u>\$ 3,171,000</u>
Excess of Revenues Over (Under) Expenditures	\$ (777,531)	\$ (178,000)
Ending Balance	\$ 1,016,341	\$ 838,341

The following information has been supplied by the US Meat Export Federation regarding the success and status of US beef exports around the world and specifically Japan.

US Beef and Variety Meat Exports:

- US beef and variety meat exports were record large at 2.98 billion pounds in 2019. 2019 exports were down 2.5% from the 2018 record at 2.91 billion pounds (with both 2018 and 2019 exports over \$8 billion). 2020 exports are expected to be down 4.5 % at 2.78 billion pounds (with beef muscle cut exports down just 2%) due to covid-19 disruptions and labor limitations at plants for some value-added cuts and variety meats for export along with a slowdown in global foodservice in the spring. 2021 beef and variety meat exports are expected to rebound and reach a new record.
- The US exports beef to over 100 countries, and the top export destinations are Japan, Korea, Mexico, China/HK, and Canada. 2021 growth is expected to be led by China, Japan, and Korea along with a rebound to Mexico. Growth is also expected in emerging markets like the ASEAN, Africa, South America, and Central America.
- US beef production in 2020 will be about even with 2019 and record large in 2021, while Australia's production is expected to be down about 15% in 2020 and to maintain these low levels in 2021. USMEF expects strong demand for US beef with foodservice recoveries and strong retail demand for high-quality, grain-fed beef especially in the Asian markets.
- The US is the top global exporter of grain-fed beef and chilled beef.

**USMEF ACTIVITY REPORT TO
NORTH DAKOTA BEEF COMMISSION
U.S. Beef Market Development Activities in Japan**



January 5, 2021

**The USMEF activities described in this report were funded by the
North Dakota Beef Commission**

This report summarizes market development activities conducted by the U.S. Meat Export Federation in FY2020 in Japan on behalf of the U.S. beef industry and its partner, the North Dakota Beef Commission (NDBC). USMEF would like to acknowledge and thank NDBC for its financial and personnel assistance in implementing these projects.

GLOBAL U.S. BEEF/BVM EXPORTS UPDATE

October beef exports were slightly lower than a year ago at 107,591 mt (down 0.4%), valued at \$646 million (down 0.5%). For January through October, exports trailed last year's pace by 7% in volume (1.02 million mt) and 8% in value (\$6.2 billion). Beef muscle cut exports trended higher than a year ago in October, increasing 5% to 85,445 mt valued at \$573.8 million (up 1%). January-October muscle cut exports were 5% below last year in volume (791,694 mt) and 8% lower in value (\$5.48 billion).

Beef export value averaged \$283.94 per head of fed slaughter in October, steady with last year. The January-October average was \$293.99, down 5% from a year ago. Exports accounted for 12.7% of October beef production, down slightly from a year ago. But for muscle cuts only, the percentage increased from 10.5% a year ago to 10.8%. January-October exports accounted for 13.2% of total beef production and 11% for muscle cuts, each down about one-half percentage point from a year ago.

JAPAN ACTIVITY

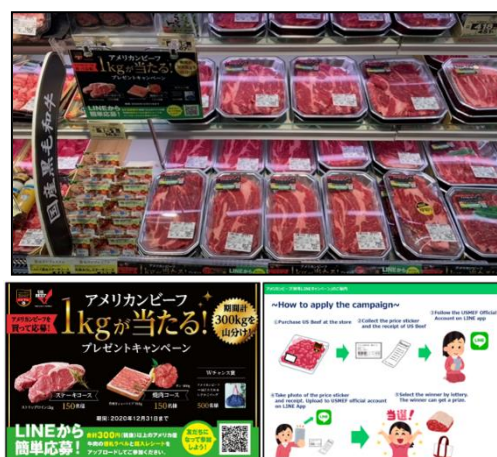
2020 kicked off with the U.S. and Japan trade agreement entering into force January 1st and tariff rates for U.S. beef in line with its competitors. With this new parity, the U.S. beef industry was able to move a wider range of products to its loyal customers in Japan and well-positioned to capitalize on the tremendous growth opportunities as per capita beef consumption in Japan continued to climb. As consumers began shouldering a lighter tariff burden when purchasing U.S. beef, one of USMEF's key strategies was to highlight the opportunity to upgrade to higher quality cuts than they purchased in the past while also encouraging higher volumes.

For much of the first half of 2020, U.S. beef was able to capitalize on market access gains in Japan. Through April, U.S. beef exports to Japan established a record pace at 114,152 mt (up 16% from a year ago) valued at \$719.8 million (up 13%). Despite trending 33% lower in May and down 30% June due to interruptions in slaughter and processing in the U.S. amid COVID-19, the

mid-year export total to Japan was just 2% off 2019's pace in both volume (154,881 mt) and value (\$985.5 million). Positive momentum has resumed through the second half of the year with exports in October topping last year by 10% in volume (23,353 mt) and 8% in value (\$146.8 million). January through October exports to Japan trailed last year's pace by 2% in both volume (257,083 mt) and value (\$1.61 billion). U.S. market share for Japan's total beef imports was 43.7% through October, up from 40.5% last year, as Australia's share declined from 45.5% to 41.2%.

USMEF's main marketing strategies in Japan have revolved around support and service to the retail industry and the trader that supply this very important sector. While most U.S. beef moves through the foodservice channels in Japan, retail is a key opportunity to expand consumption of U.S. product as consumers seek high-quality options to prepare at home. NDBC has served a vital role in USMEF's efforts backing major retailers like Aeon, York Benimaru, Ito Yokado, Costco and others, all key targets for moving large volumes of U.S. beef. This partnership is well-received by the U.S. beef industry's Japanese retail partners and traders alike. Furthermore, at a time when more people were staying home and preparing their own meals, USMEF was able implement a number of U.S. beef retail promotions which were also adapted to the new marketing environment in which in-store tasting demonstrations had not yet resumed.

For example, NDBC funds were leveraged to conduct large-scale events with several national retailer groups, including a nationwide winter "sweepstakes" campaign which ran throughout the last quarter of the year. With 18 retail companies (1,266 outlets) participating, consumers simply uploaded a photo of their U.S. beef receipt and price sticker from participating stores on the "LINE" App to enter. USMEF publicized the campaign through traffic ads and on digital media. Monthly volume sales of U.S. beef at affiliated retailers during the period were approximately 680 mt.



From October to November, USMEF partnered separately with Ito Yokado, a large supermarket chain that operates 132 outlets across Japan, in its annual American Meat Festa consumer prize campaign, incentivizing shoppers to purchase qualifying quantities U.S. beef with the chance to win prizes such as electric cookers. USMEF's support included point-of-sale marketing materials and a special newspaper insertion. During the period, Ito Yokado's U.S. beef sales totaled 417 mt.



Aligning with USMEF strategies in Japan to expand the retail presence of U.S. beef among regional retailers that have historically been supplied by competitor product (especially from Australia and Canada), NDBC funds were also used to strengthen U.S. beef sales through this important growth channel. For example, CGC Japan, the largest cooperative group of regional supermarkets with 208 member stores (4,167 outlets) located throughout Japan, designated U.S. beef as a featured item for the month of September. NDBC's investment boosted the accompanying promotion in which shoppers could apply for prizes (cooking equipment and American beef shopping bag) by purchasing U.S. beef at CGC member retailers. About 80 companies participated in the campaign, which gathered 2,718 applications during the one-month period, and ultimately generated 700 mt in U.S. beef sales. USMEF also partnered with regional chain York



Benimaru from September to November to promote various cuts of U.S. beef (chuck eye roll, striploin, tri-tip, short ribs and tongue) at its 231 outlets in northern Japan. These efforts resulted in 460 mt of U.S. beef being sold. Finally, partnering for the first time with Nogawa Shokuniku (a wholesale retailer with 11 outlets in northern Japan), USMEF utilized NDBC funds to support newspaper insertions from September 20 to November 21 that highlighted U.S. chuck roll, short plate, tongue and hanging tender. 57 mt of U.S. beef was sold during the period.



PROGRAM IMPACT

NDBC's investment for the 2020 fiscal year was leveraged with \$216,175 of other USMEF funds and extensive staff time, in addition to third party contributions (TPC) from partners in Japan which totaled \$281,515 in "hard costs" (direct contributions for production of POS materials, promotional items, newspaper ads, etc.). This investment generated approximately 3,674 mt (8.10 million lbs.) in U.S. beef sales.

FUNDING SUMMARY	
Funding Summary	
North Dakota Beef Commission	\$175,000
USMEF Contribution	\$216,175
Subtotal	\$391,975
Third Party Contributions Hard	\$281,515
Total Matched & Leveraged Resources	\$673,490