2010 ECONOMIC OUTLOOK

Global Trade

Shipping costs expected to rise

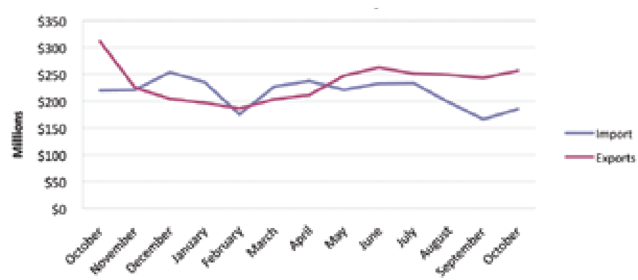
By Kevin Palmstein, Zepol Corp.

The import and export industry had a tough 2009 with total shipments being down more than 12 percent from 2008 and far below that when compared to 2007. The carrier industry struggled mightily as the economic downturn was compounded by a slew of new vessels coming on line as shipping volumes tanked around the world. This led the carrier industry to lose hundreds of millions of dollars as the rates for containers dropped when they could least afford it.

Food imports and exports have not faced all of the struggles that other industries have. While industries associated with housing were down more than 20 percent, imports and exports of food products have remained relatively stable and for the most part kept their normal business cycles over the last 12 months. However, over the next year, importers and exporters can expect to pay more to ship their products as carriers attempt to regain profitability. Compounding the situation, the demand for refrigerated containers is high as the world now eats from around the globe.

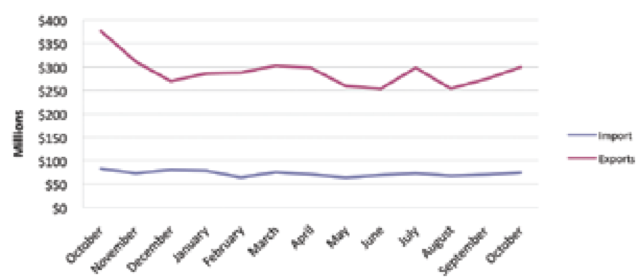
South America will remain an important market for beef imports, and Australia and New Zealand are unlikely to yield their positions as

U.S. Beef Industry Trend



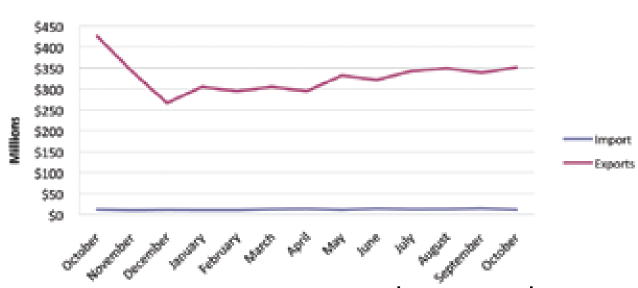
Most recent figures:	August	September	October
	$198,083,864	$166,170,966	$185,252,682
	$249,078,886	$243,100,771	$256,679,926

U.S. Pork Industry Trend



Most recent figures:	August	September	October
	$67,702,986	$70,170,319	$74,651,922
	$253,949,914	$274,062,555	$299,584,993

U.S. Poultry Industry Trend



Most recent figures:	August	September	October
	$12,826,768	$14,332,092	$11,662,505
	$348,992,197	$338,589,280	$351,454,100

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the top sources of lamb. On the export front, individual sectors of the food industry may see challenges as geopolitical issues will hinder the growth in some important markets. For example, China's retaliatory tariff on chicken imports from the United States is likely to squeeze margins in one of the fastest growing export markets. Poultry exporters can blame the U.S. tariff on Chinese tires.

Specific sectors of meat imports and exports have seen significant growth from the same point in 2008. For example, imports and exports of bone-in ham have seen steady double-digit increases over the last two years. Consumer trends could dictate an increased need for these types of specialty products in 2010. On the other hand, there are certain sectors that are unlikely to reach the same highs seen in 2007 and 2008 like Lamb/Sheep imports.

Kevin Palmstein is the marketing manager at Zepol Corp. and blogs at http://www.zepol.com/blog about importing and trade data related issues. Zepol Corp. provides trade data tools for analyzing the international marketplace including U.S. Customs trade data and U.S. Census trade statistics. Visit www.zepol.com for more information. Watch for further trade data and analysis from Zepol Corp. in future issues of The National Provisioner and online at ProvisionerOnline.com.