



# **THE AMBITIOUS U.S. TRADE AGENDA**

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**USAHA Committee on Import Export  
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# General Trade Overview



# Importance of Trade to U.S. Ag Sector

- Exports of U.S. agricultural products in 2012 reached a record \$141 billion
- USDA calculates \$1 in U.S. farm exports stimulates an additional \$1.29 in business activity
- Ag exports create jobs & stimulate the economy
  - Every \$1 billion in U.S. ag exports requires 6,800 full-time workers
  - Exports in 2012 required 958,800 full-time jobs

# Importance of Trade to Ag

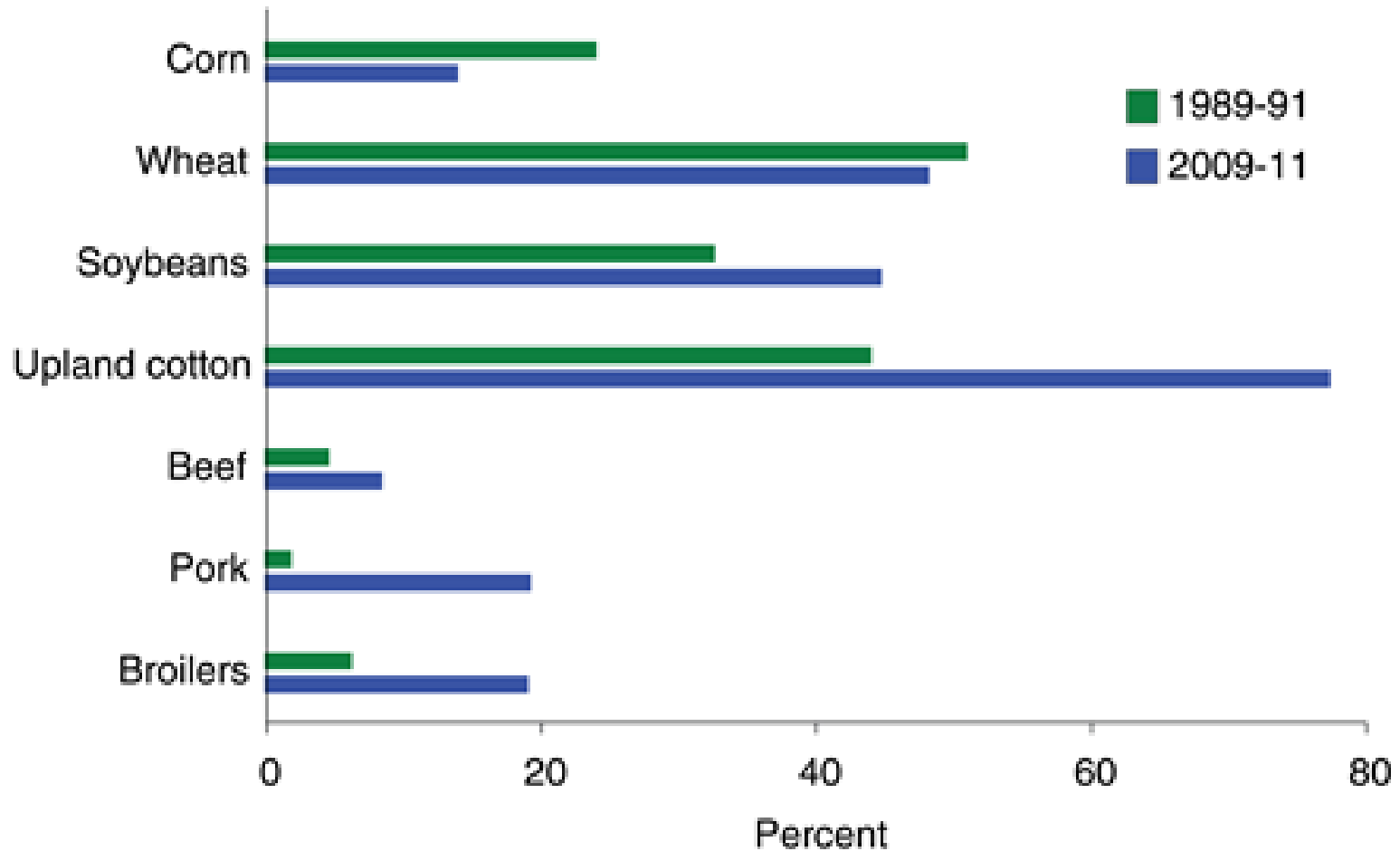
- Many commodities depend on trade
- Rules of trade must be based on science, be no more trade restrictive than necessary, recognize other systems to ensure food safety and health, be transparent, not be discriminatory.

## *Percent of production exported by commodity:*

Product	Percent Exported	Product	Percent Exported	Product	Percent Exported
Pork	27	Rice	46	Almonds	72
Broilers	17	Wheat	58	Raisins	39
Beef	11	Cotton	75	Grapefruit	38
Corn	20	Soybeans	44	Oranges	37

## U.S. export shares, 1989-91 and 2009-11 averages

Exports as a share of total disappearance

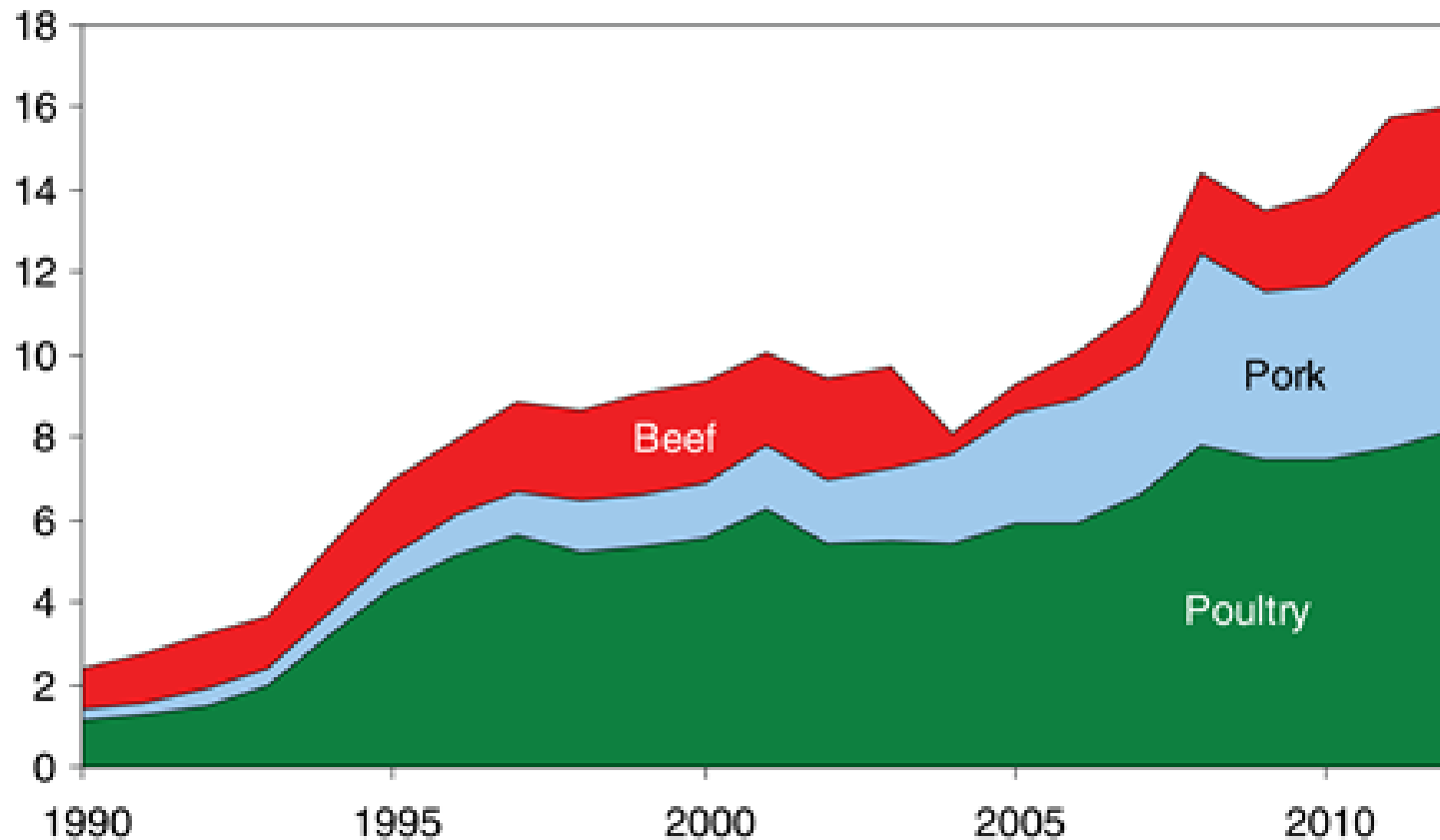


Source: USDA, Economic Research Service, Baseline Related Historical Data.



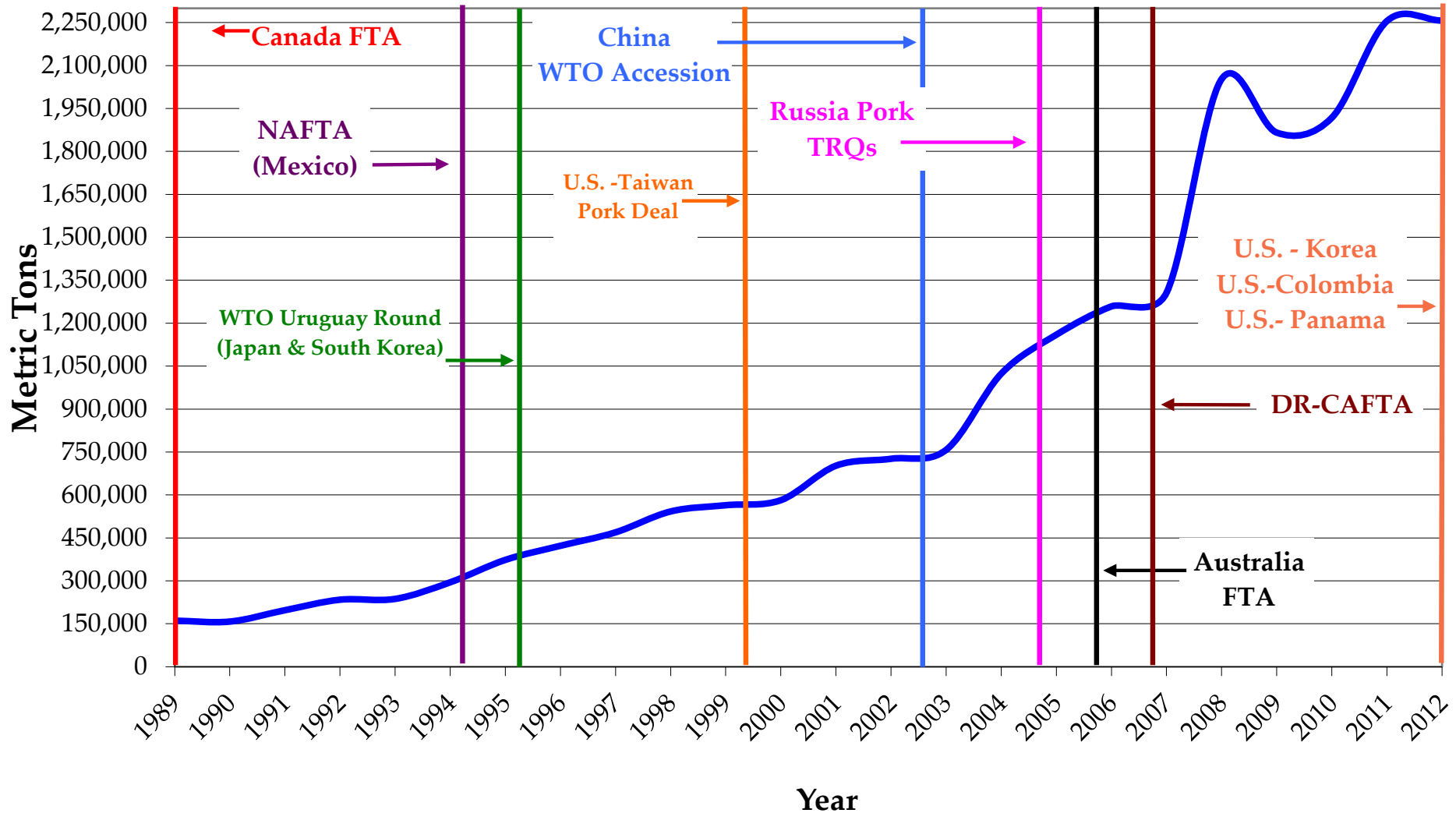
## U.S. beef, pork, and poultry exports, 1990-2012

Billion pounds



Source: USDA, Economic Research Service, Livestock and Meat International Trade Data.

# U.S. Pork Exports





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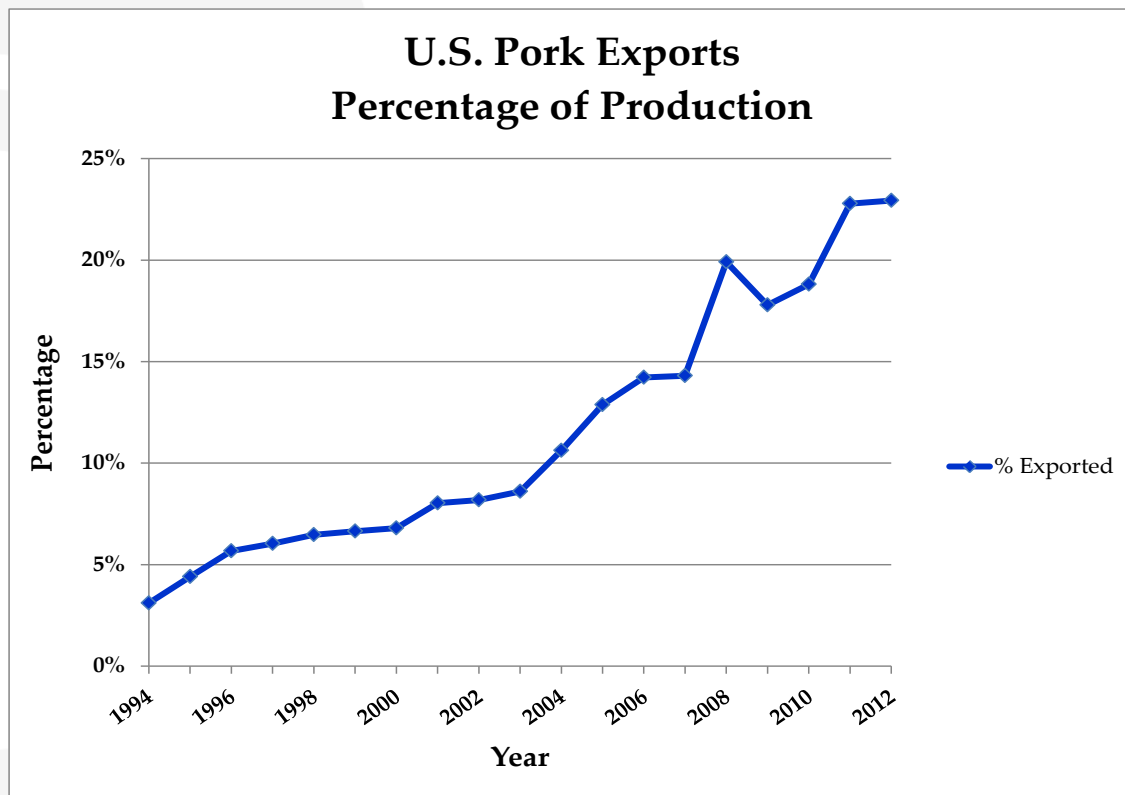
**2012**

Percent Exported:

23% (Muscle Meat Only)

27% (Plus Variety Meat)

Export Value per Hog: about \$56

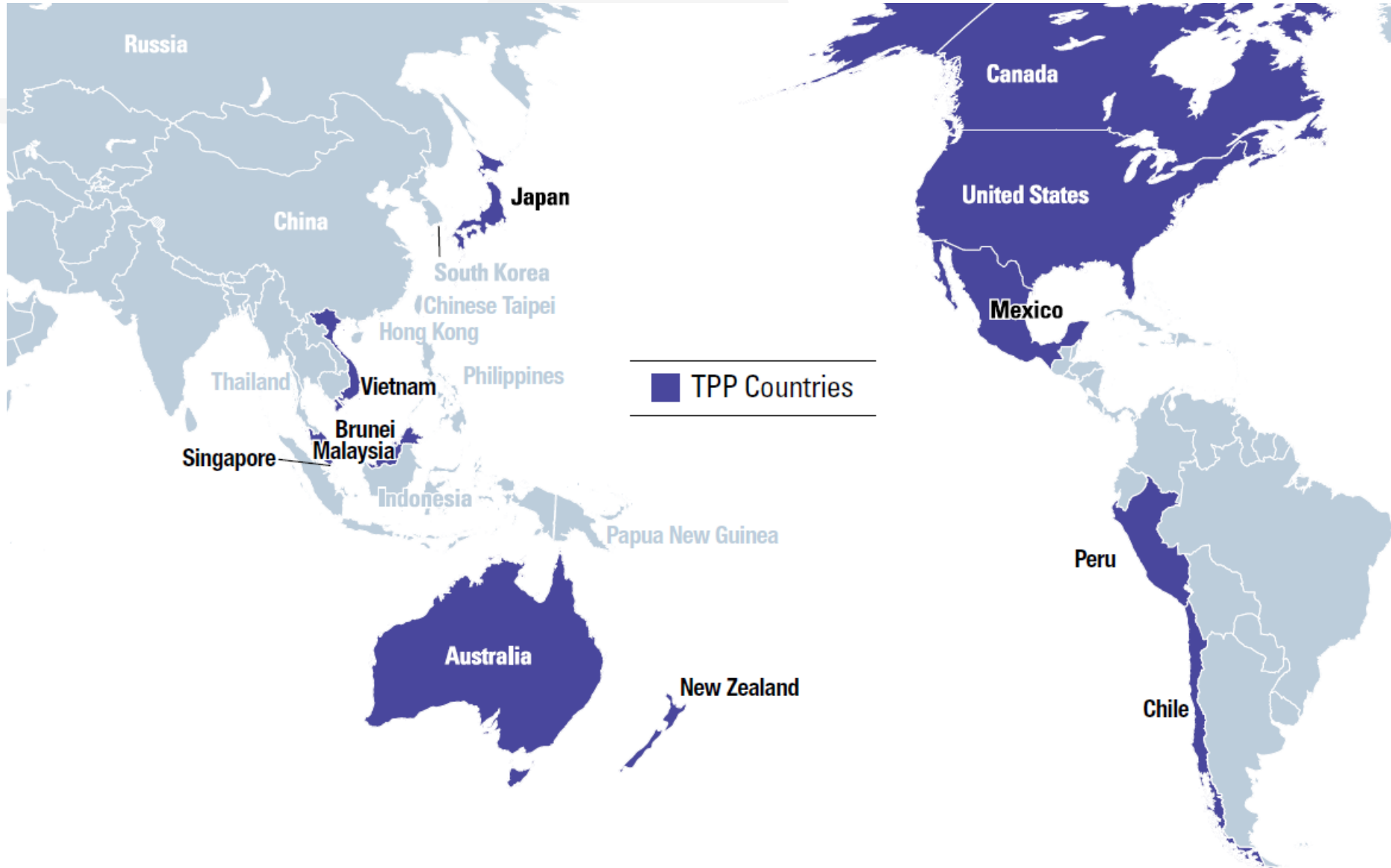




# Trans-Pacific Partnership (TPP)



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- Goal: Removal of all tariff & non-tariff barriers
- Opportunity to address bi-lateral issues
- Aggressive, 21<sup>st</sup> century agreement that goes beyond the basic rules of trade, i.e. WTO
- 12 countries currently included. More will join once concluded
- Japan joining TPP is a game changer
- End game has started and the intention of the parties is to reach an agreement by fall 2013, but that will be difficult as many issues still remain outstanding



# Japan

- Most recent country to join TPP
- Opposition from Japanese agriculture, a key support for Abe's Liberal Democratic Party (LDP)
- LDP would like to shield some sectors of Japanese agriculture from complete liberalization (instead of agreeing that all tariffs go to zero within ten years)
  - Exclusion list includes: rice, wheat and barley, beef and pork, dairy, and sugar
- July election - LDP took control of the Upper House, giving the LDP control over both houses.
  - Gives Abe a strong political mandate to move forward on reforms and TPP



# Japan

- U.S. – Japan TPP bi-lateral negotiations
  - Bilateral negotiations have begun, no market access discussion until U.S. Int’l Trade Comm. releases report
  - U.S. message on Japan’s participation must be consistent: No exclusions. All tariffs go to zero.
  - U.S.-Japan Agreement: If Japan refuses to go to zero on any product, the U.S. will refuse to go to zero on autos.



# Vietnam

Vietnam lifted the white offal ban on Sept. 1st, but with certain conditions

- Additional registration, certification requirements for all its trading partners, and limited to 3 ports of entry
- Direct result of NPPC involvement
- White offal makes up the majority of U.S. pork exports to Asian countries

Sanitary and non-tariff barriers imposing a de facto ban

- Zero tolerance for pathogens
- Plant registration – Circular 25
- Reference Price



# Australia & New Zealand



## Australia

- Elected new prime minister on September 7th
- Australian restrictions are related to porcine reproductive and respiratory syndrome (PRRS) and postweaning multisystemic wasting syndrome (PMWS)
  - Confirmed PMWS in domestic herd
  - Refusing to conduct an updated risk assessment on PRRS, but watching New Zealand process closely.

## New Zealand

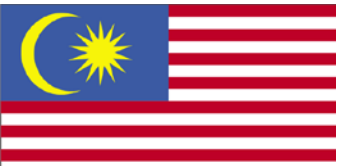
- Restrictions due to an unreasonable and unscientific zero-tolerance of PRRS
- Import Health Standard would allow importation of consumer-ready cuts of uncooked pork less than 3 kgs.
- NZ Pork Industry Board appealed – NZ Court of Appeal rejected the appeal.
- NZ Pork Industry Board took to NZ Supreme Court –heard case June 26



# Singapore

- Impose restrictions on U.S. pork exports based on unscientific concerns of transmission of trichinae.
- U.S. government working on an exchange of letters with Singapore to lift mitigation
- Impose unscientific shelf life requirements and time requirements on manufacture date
- May also be imposing unknown pathogen testing
- Amended import regulations to allow pathogen reduction treatments (PRTs)





# Malaysia, Chile & Peru

## Malaysia

- De facto ban on U.S. pork and pork products since 2011. On July 27, 2012 an official ban went into effect for all pork products except processed pork
- Refuse to make an equivalence recognition of the U.S. federal meat inspection and certification system

## Chile & Peru

- Impose restrictions on U.S. pork exports based on unscientific concerns of transmission of trichinae.

# Transatlantic Trade & Investment Partnership (TTIP)





# TTIP

- Goal: Removal of all current tariff & non-tariff barriers (yes, even the really tough ones!) and put in place a regulatory structure that will minimize future trade restrictions on future technologies, production practices, registrations, etc.
- U.S. cabinet officials stated unequivocally that agriculture would be part of the negotiations
- Negotiations started week of July 8<sup>th</sup> in Washington, DC
- Last round of negotiations cancelled due to U.S. govt shut down
- Now focusing on the architecture of the TTIP
  - U.S. needs to create negotiating leverage with the EU in the same manner it has done with Japan in TPP.
  - U.S. should not be willing to close tariff negotiations until non-tariff measures (SPS) are resolved.



# TTIP

## Major barriers to U.S. pork exports

- Tariff rate quota (TRQ) smaller than Uruguay Round minimum access
- Ban on ractopamine
- Trichinae mitigation requirements
- Prohibition on pathogen reduction treatments (PRTs)
- Plant approvals
- Geographical Indications
  - Parma Ham
  - Mortadella Bologna
  - Guijuelo
  - Black Forest Ham
- Other issues that aren't currently on the table: animal welfare, cloning, country of origin, other technologies or production practices



# EU SPS Barriers

- Beef hormones
- Pathogen Reduction Treatments (PRTs) – beef and poultry
- Biotech Restrictions
  - Biotech traceability and labeling restrictions – corn, soy
  - 0.1% tolerance threshold for testing feed
  - De facto bans or moratoria on approvals – corn, soy
- Pesticide MRLs – soy, potatoes, specialty crops (ex: fruit)
- Mycotoxin and heavy metal allowances - wheat
- Geographic Indications – dairy, wine

Thank You!

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