REPORT OF THE COMMITTEE ON IMPORT-EXPORT

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The Committee met on October 27, 2008 at the Sheraton Greensboro Hotel Greensboro, North Carolina from 1:00 to 5:00 p.m. There were 10 members and 32 guests present.

The Committee meeting was opened by the Chair and the agenda was reviewed. The Committee reviewed Resolutions passed last year, along with the United States Department of Agriculture (USDA) Animal Plant Inspection Service (APHIS) Veterinary Services (VS) responses. Dr. Peter Merrill, Assistant Director Animal Imports answered Committee questions as to the status of USDA actions regarding each Resolution. In the case of each Resolution, except Resolution 65, USDA-APHIS-VS appears to have completed the actions promised or made significant progress in completing the actions promised. A letter from the Chair will be sent to Dr. John Clifford, requesting USDA-APHIS-VS to pursue a final rule on Resolution 65.

Activities of the National Center for Import and Export (NCIE): Live Animals and Germplasm was presented by Dr. Peter Merrill, Animal Imports, NCIE-VS-APHIS. The complete text of this presentation is included at the end to this report.

Activities, Responsibilities of NCIE Animal Products Section was presented by Tracye R. (Butler) Hernandez, NCIE-VS-APHIS. A summary of this presentation is included at the end of this report.

USDA-APHIS-VS Updates on Equine Issues was given by Dr. Peter Merrill for Dr. Ellen Buck. A summary presentation is included at the end of this report.

Canadian Food Inspection Agency (CFIA) Pending Actions Regarding the Import Requirements for Sheep and Goats was presented by Dr. Pierre LaFortune. He reported to the Committee on pending changes in import requirements of Canada for sheep and goats. A summary of this presentation is included at the end of this report.

Legislative actions and pending legislative actions and impacts on trade was given by Mr. Bobby Accord. He spoke to the Committee and discussed the pending legislation in Congress proposing to ban the importation of beef from Argentina and the recently passed legislation banning the harvesting of horses for food or the transport of horses for export for human consumption. The net effect of the pending legislation regarding beef from Argentina will be compromising the United States' responsibilities to follow the Sanitary and Phytosanitary (SPS) rules for trade, override USDA-APHIS-VS technical competence and responsibilities and may start retaliatory actions from Argentina – all having negative effects on U.S. import and export businesses. The net effect of the horse legislation will be to negatively affect the health and welfare of horses, as the horses that would have been used for human consumption will not be humanely disposed of and many will be abandoned. The Committee felt strongly that Congress should not adopt legislation or propose legislation regarding trade or animal care that does not have a strong grounding in science and a complete picture of the trade or of the animal welfare and care consequences. USDA 's technical expertise in these areas should be requested and thoroughly considered prior to legislative action.

Factors Affecting Import and Export of Livestock was given by Effingham Embree, Livestock Exporters Association. A summary of this presentation is included at the end of this report.

Bluetongue Situation in the European Union (EU) and Animal Movement Regulations was presented by Francisco Javier Reviriego Gorgejo, European Commission Health and Consumers Directorate-General. A summary presentation regarding the history, membership and how the EU functions in general and summary of the current and potential future EU intra-community trade regulations concerning animal movement within and between different bluetongue zones within the EU was given. This complete written presentation is included in the report of the Committee on Bluetongue and Related Orbiviruses.

The Committee had no resolutions presented by members or non-members to consider.

ACTIVITIES OF THE NATIONAL CENTER FOR IMPORT AND EXPORT, LIVE ANIMALS AND ANIMAL PRODUCTS (FY 2008)

Peter Merrill
National Center for Import and Export
Veterinary Services, Animal and Plant Health Inspection Service

The National Center for Import and Export (NCIE) is focused on protecting American agriculture and gaining, expanding or retaining market access for animals and products of animal origin while providing customer service to stakeholders and the general public.

I. ANIMALS

A. ANIMAL EXPORT

1. Trade negotiations

NCIE develops export protocols, participates in negotiations, and provides technical expertise in developing, retaining, and expanding export markets for United States (U.S.) origin animals and germplasm. In fiscal year 2008, NCIE opened over 39 commodity markets for animals in over 24 countries and advanced protocols for over 100 other different country/commodity combinations.

Table 1. NEW MARKETS (FY 2008)

COUNTRY	**COMODITY**
Algeria	Turkey hatching eggs and one day poults
Brazil	horses, day-old chicks
Bolivia	bovine semen
Canada	cervids, cervid semen
Colombia	pet birds
Dominican Republic	sheep, goats, horses, horse semen
Ecuador	sheep, goats
Egypt	Cattle
EU	Manilla clam seed, SPF eggs
Guatemala	Swine
India	bovine semen
Iran	Cattle
Japan	honeybees (Queen bees from HI), horses
Jordan	Horses
Kazakhstan	Cattle
Mexico	poultry, breeding cattle, equine semen
Mongolia	bovine semen
Morocco	breeding cattle, day-old poults
Nicaragua	horse semen
Peru	hatching eggs/day-old guinea chicks, bovine embryos
Russia	cattle, swine, bovine embryos, horses
South Africa	day-old chicks
Turkey	hatching eggs
Uruguay	bovine semen

Table 2. NEGOTIATIONS IN PROGRESS TO OPEN NEW MARKETS, RETAIN OLD, OR IMPROVE EXPORT CONDITIONS (FY 2008)

Australia	cattle, horses
Barbados	breeding cattle, sheep, goats, swine, horses
Bolivia	bovine semen
Chile	hatching eggs, day-old chicks, pullets, bovine semen, bovine embryos, swine, swine semen
China	rabbits, aquaculture, turtles, pets, mink/ferrets, swine, IVF bovine embryos, horses
Colombia	trout eggs
Dominican Republic	breeding cattle
Ecuador	poultry genetics
EU	swine, swine semen, day-old chicks, laying hens, finfish, mollusks
Guatemala	breeding cattle
Hong Kong	horses, turtles
India	poultry, horses
Indonesia	cattle, poultry
Israel	bovine embryos, cattle
Jamaica	Swine
Japan	bovine semen, rodents
Korea	canine semen, cattle, equine semen
Kazakhstan	bovine semen, bovine embryos
Madagascar	swine, swine semen
Malaysia	cattle, poultry
Mexico	swine semen
Mongolia	bovine embryos
Morocco	horses, bovine semen
New Zealand	bovine semen, lamoids, hatching eggs
Nicaragua	cattle, small ruminants,
Pakistan	Cattle
Peru	breeding cattle, bovine semen
Russia	day-old chicks, hatching eggs
Saudi Arabia	Horses
Taiwan	primates, swine, swine semen, cattle, bovine embryos, horses/donkey, rabies status of HI, aquaculture, cervid semen, laboratory animals
Thailand	swine, swine semen, hatching eggs/day-old chicks, sheep/goats, bovine semen, bovine embryos, cattle, horses
Turkey	breeding bulls
Ukraine	horses, swine, cattle

2. Additional Examples of NCIE Animal Export Activities in FY 2008

In addition to negotiating export protocols, NCIE facilitated international trade by serving as the technical liaison between USDA and foreign governments. VS, NCIE was also serving on committees, attending meetings, participating in conference calls, preparing reports and delivering briefings. NCIE negotiated the release of detained shipments and requested derogations from foreign requirements to facilitate trade in animals. NCIE staff officers support the VS field staff by providing and responding to questions from VS Regional and Area Offices.

In FY 2008, NCIE met with industry groups such as the Livestock Exporters Association and provided a speaker to the American Embryo Transfer Association annual meeting. In FY 2008, NCIE participated in: bilateral animal health technical negotiations with Thailand; bilateral meetings with Australia; the trilateral meeting with Mexico, Canada and the U.S.; the Australia Standing Technical Working Group; attended the

EU Animal Health Technical Working Group meetings and teleconferences and the U.S.-EU Joint Management Committee meeting.

NCIE organized and led several foreign delegations on audits of the U.S. system of veterinary involvement with animal production. The EU sent a team to audit production of swine and swine semen. Chinese officials inspected bovine semen, swine semen and bovine embryo facilities. An Andean Mission visit involved BSE and the U.S. cattle industry which was necessary to open the market for U.S. cattle to the Andean countries. Chilean officials audited U.S. primary poultry breeders. Staff members also met with a delegation from Korea and answered questions about APHIS structure.

NCIE continues to develop U.S. trade in aquaculture. The U.S. now qualifies to ship Manila clam seed to the EU and NCIE is continuing to develop laboratory and surveillance systems for mollusk diseases and develop training workshops for VS aquaculture liaisons across the U.S. NCIE is also negotiating export of trout and salmon eggs to Chile and certain EU member countries. Negotiations are continuing with Russia and China for many types of aquatic animals. NCIE and the National Oceanic and Atmospheric Agency (NOAA)-Fisheries are also co-developing protocols designed to facilitate the complex types of health and food safety certifications that may be necessary for live animals and their products exported to a large number of countries worldwide.

USDA has opened some markets and continues to work to open, foreign markets for cattle. U.S. cattle export came to a standstill after bovine spongiform encephalopathy was reported in the U.S. in December of 2003. In fiscal year 2008, USDA-APHIS opened cattle markets in Mexico, Russia, Egypt, Morocco and Kazakhstan. U.S. cattle are already moving into overseas markets and USDA-APHIS-VS is providing technical assistance to U.S. exporters to assure that the required veterinary standards are met. This includes technical advice on the selection of cattle, pre-export isolation, interpretation of testing requirements and qualifications of the ocean-going vessels that carry the animals. Improvements in existing markets and additional new markets are being pursued in Asia, Australia, the Middle East, Eastern Europe, the Caribbean, Central America and the Pacific. In spite of the U.S. receiving a bovine spongiform encephalopathy (BSE) controlled risk status from the World Organization for Animal Health (OIE), many countries, including some in Asia, are still creating technical trade barriers for U.S. cattle and beef: USDA continues to address the entire range of this situation from technical reports through top level trade international delegations. During bi-lateral negotiations and in international forums, USDA is emphasizing the importance of following the guidance of OIE.

Opportunities for trade in germplasm (primarily bovine semen, bovine embryos, porcine semen and equine semen) are also being developed around the world. Foreign countries raise an array of objections to accepting trade protocols based on: the disease status of the U.S. (e.g., BSE); inspection requirements; testing requirements (e.g., bluetongue); a perceived lack of knowledge about the U.S. veterinary infrastructure (e.g., the Ukraine); their own national requirements (i.e., a regulation to test all species for classical swine fever); or for political reasons unrelated to veterinary requirements. Some countries are unresponsive to diplomatic inquiries others are simply obstreperous. NCIE continues to provide technical evidence and arguments for assuring animal health and collaborates with APHIS-International Services and USDA-Foreign Agricultural Services to address diplomatic and political issues. Trade in germplasm that is already established must be maintained by routine USDA-APHIS-VS inspection of semen collection centers and embryo transfer teams.

The international market dynamics for primary poultry breeding products (e.g., day-old chicks and hatching eggs) continue to shift as concerns about avian influenza (AI) persist. Some countries, such as Russia, Albania, Kazakhstan, Malaysia, Indonesia require or impose limits on exports of poultry or primary poultry breeding products from states where AI of any level of pathogenicity has been reported. NCIE provides the technical information to foreign countries to report the status and resolution of the outbreak, to reassure the country that a particular shipment is free of disease or to request the end to the imposed trade limits. Russia has authorized APHIS inspection of primary poultry breeding facilities and the particular details are being negotiated. Detailed (and lengthy) technical responses to questions on U.S. control and surveillance programs for AI and salmonella were provided to the EU.

NCIE has provided extensive information to the EU and hosted an audit on U.S. swine and swine semen health and production. Opening the EU for trade in swine would also facilitate trade in Eastern Europe by allowing swine to transit EU Member States. Difficulties in finalizing export protocols for swine semen often involve the type of tests needed to assure the health of the donors.

Horses are shipped around the world to new owners or in association with sporting events. The U.S. advises foreign countries of our equine disease status and reports of outbreaks in FY 2008 have resulted in

restrictions on equine movements and NCIE efforts to provide status reports and, eventually, lift the restrictions. For example, letters on the status of contagious equine metritis (CEM) in the U.S. had to be sent to Japan, India and Thailand and information was provided to Korea on CEM and West Nile Virus. Equine export to Australia was renegotiated and appropriate mitigation measures for horses in pre-export quarantine were developed along with an amendment to export requirements on equine influenza.

NCIE has also been asked to address trade issues for small ruminants (e.g., sheep or goats), cervids and camelids. Technical difficulties tend to center on testing requirements especially the validity of testing requirements for those particular species. New Zealand, for example, needed an abundance of information before accepting results from a presumptive diagnostic assay for anaplasmosis as false positives (as clarified by negative results on confirmatory testing).

USDA-APHIS-VS Area Offices review and endorse veterinary health certificates for the international movement of pets (primarily dogs, cats and birds). NCIE interprets the requirements of foreign countries and assists with procuring the safe disposition of animals that have been detained at a port of entry.

B. ANIMAL IMPORT

Among other activities, NCIE import staff participated in international meetings, developed import protocols, responded to requests for special projects, and developed policy for the movement of ruminants into the U.S.

Mexico and the U.S. meet three times each year to discuss trade requirements for tuberculosis, brucellosis, and tick-borne diseases. Technical representatives from Canada, the U.S., and Mexico also meet every six months to discuss current trade issues. In January 2008, Canada, Mexico and the U.S. agreed to allow the transit of Canadian cattle through the U.S. to Mexico under seal and if necessary stop in an approved VS Feed Water and Rest (FWR) stop facility. At the FWR stop the cattle would be unloaded for a minimum of 5 hours feed water and rest. The approved FWR facility's accredited veterinarian will break the seals upon arrival at the facility, monitor the animals during the rest period, and reseal the shipment.

In April 2007, NCIE implemented an electronic permits system that has greatly facilitated the application and processing of import applications for live birds, poultry, and hatching eggs. Several thousand permits have been issued using this new system, with positive feedback from the public.

On November 19, 2007, the APHIS final rule, entitled Bovine spongiform encephalopathy; Minimal-risk Regions; Importation of Live Bovines and Products Derived from Bovines became effective. This rule provided the import conditions for all bovines, including those 30 months of age or older, and established the effective date of the Canadian ruminant-to-ruminant feed ban as March 1, 1999. The import requirements for sheep and goats were not changed.

APHIS is in the process of rule making to revise the regulations to establish science-based import requirements for sheep, goats, and wild/exotic ruminants that coincide with the proposed VS comprehensive BSE rule and OIE country classifications. The proposed revisions would provide equal market access based on disease status while protecting U.S. livestock from known risks associated with BSE or scrapie for sheep, goats, and wild/exotic ruminants. We will also propose to allow importation of genetic stock to support endangered species survival plans.

The first shipment of cattle from an approved privately owned ruminant import quarantine facility was released in August 2008 for entry into the U.S. Title 9, Code of Federal Regulations (9 CFR), section 93.412, allows for the approval of privately owned ruminant quarantine facilities that may be capable of holding large numbers of animals. These facilities must satisfy the conditions that are necessary to ensure that adequate safeguards are in place, to monitor the health status of the ruminants in quarantine, and to prevent the transmission of animal disease or disease agents into, within, or from the minimum or medium security quarantine facility. A privately owned minimum security quarantine facility is used for the quarantine of ruminants that pose no significant risk, as determined by the Administrator, of introducing or transmitting to the U.S. livestock population any livestock disease that is biologically transmissible by vectors and provides the necessary level of quarantine services for the outdoor holding of ruminants, prior to the animals' entry into the U.S. A privately owned medium security quarantine facility (medium security facility) is a facility that provides the necessary level of quarantine services for the holding of ruminants in an indoor, vector-proof environment prior to the animals' entry into the United States.

Special ruminant project requests included development of conditions for import of oryx from Saudi Arabia, gerenuk semen from Kenya, bovine embryos and semen from Brazil, big horn sheep from Mexico, elk and wood bison from Elk Island National Park, Alberta, Canada, transgenic goats from Canada, and the import of wild ruminants from South Africa. NCIE is currently working with VS programs staff and Foreign

Animal Disease Diagnostic Laboratory (FADDL) to develop import protocols to accommodate these types of requests.

NCIE is in the process of placing the current import protocols on the APHIS web site. Currently the import requirements for poultry, hatching eggs, pet birds, commercial birds, ratites, cattle from Canada, transit bovines from Canada to Mexico, fish, federalized eggs and gametes from spring viremia of carp (SVC) susceptible species, and equine import may be viewed on our web site. http://www.aphis.usda.gov/import_export/animals/animal_import/animal_imports.shtml

Standard Operating Procedures (SOP's) for the inspection of cattle for ticks at Mexican/U.S. ports have been revised and updated to achieve consistent results among different port personnel. The revised documents will provide guidelines to USDA-APHIS personnel when cattle is presented for inspection at the land border ports and found to be infested with ticks.

Revision of VS Notice 08-07: The Notice includes tuberculosis testing requirements for cattle according to the Mexican State of origin, as well as the testing requirements for spayed, neutered and intact cattle. Other import requirements have been removed from VS Notice 08-07 and will be addressed in the Mexican Bovine Import Protocol for Feeding and Breeding Cattle, respectively

On January 29, 2008, APHIS published a proposed rule to allow cattle infested with or exposed to cattle fever tick to move through the port of San Luis, Arizona, into the United States. Currently, these cattle must be imported through certain ports in Texas and New Mexico. A new facility for the handling of animals is to be constructed on the Mexican side of the border at the port of San Luis that will be equipped with facilities necessary for the proper chute inspection, dipping, and testing that are required for such cattle under the regulations. The comment period on the proposed rule closed March 31, 2008. Program officers have evaluated the comments, and the final rule is in the draft stage. We expect publication in spring 2009.

In response to the Contagious Equine Metritis (CEM) Program Review of April 2007, APHIS conducted a day long training session for State CEM coordinators in April 2008. The training included both lecture and laboratory segments. Training for laboratory personnel was offered at the National Veterinary Services Laboratory (NVSL) in July and August 2008. NCIE has also initiated a work plan for regulatory changes necessary in Title 9 of Code of Federal Regulations (CFR) Part 93.301.

The final rule on "Temporary Importation of Horses: Noncompetitive Entertainment Horses from Countries Affected with Contagious Equine Metritis" was published in June 2008 with an effective date of July 7, 2008.

The final rule on "Standards for Permanent, Privately Owned Horse Quarantine Facilities" has been drafted. Publication is anticipated during the first quarter of 2009.

For FY 2008 (Oct 1, 2007 through Sep 30, 2008), NCIE issued 1,870 electronic permits for fish regulated under USDA-APHIS-VS SVC import requirements. Approximately 14 million koi and goldfish were successfully imported from more than 20 countries. Few SVC outbreaks were reported internationally during that time period, and no incidents of SVC resulted in the U.S. from imported fish. APHIS is in the process of finalizing this rule.

NCIE also contributed to the development of an interim rule for fish susceptible to viral hemorrhagic septicemia (VHS), an important disease of many fish species worldwide, and which could cause devastating problems to farmed fish populations. A novel genotype of virus causing VHS has been detected in a number of outbreaks in the U.S. in wild fish located in the Great Lakes watershed. The new regulations (which are currently scheduled to be implemented on Nov. 10, 2008, and which replace the Federal Order that is currently in effect) establish testing and movement restrictions on 28 fish species imported from the Canadian provinces of Ontario and Quebec, and govern interstate movements of these fish as well.

As facilitated by APHIS, bilateral cooperation for infectious salmon anemia (ISA) issues continued between the U.S. and Canada for Atlantic salmon movements between Maine and New Brunswick, Canada. No additional cases of ISA were reported during FY 08; Maine now meets OIE criteria to establish ISA disease freedom. NCIE is continuing to develop a proposed rule for ISA that will incorporate many of the previous and ongoing elements of oversight for this disease, based on extensive risk and environmental analyses.

ACTIVITIES, RESPONSIBILITIES OF NCIE ANIMAL PRODUCTS

Tracye R. (Butler) Hernandez
National Center for Import and Export
Veterinary Services, Animal and Plant Health Inspection Service

The National Center for Import and Export (NCIE) continues to issue numerous import permits for animal products and animal by-products. For FY 2008 there were a total of 6830 permits issued. Of those, 983 were amendments, 2422 were new permits and 3425 were renewed permits. Animal products and by-products include the commonly recognized products such as blood, tissues and specimens of livestock, swine and birds as well as the not so recognized products, including nutriceutical gelatin capsules, chondroitin sulfate, breaded seafood that contains milk and/or eggs in the breading, antivenom produced in horses, Asian mooncakes, and pet food ingredients.

Import Animal Products

NCIE Import Animal Products staff works closely with Plant Protection and Quarantine (PPQ), Safeguarding Intervention and Trade Compliance (SITC) to authorize recalls on products containing animal origin ingredients that are found in the marketplace to have been imported in non-compliance. The Products Staff also works with PPQ, Veterinary Regulatory Support (VRS) to provide guidance to the Department of Homeland Security (DHS), Customs and Border Protection (CBP) regarding importation procedures of animal products and to facilitate resolution of import problems faced at ports of entry.

The Import Products staff is currently working to develop import protocols for the importation of: fetal bovine serum (FBS) from regions considered by USDA to be affected with foot-and-mouth disease (FMD), bovine blood from Canada, and spray dried bovine blood from Canada. The Import Products Staff is also working on regulations to harmonize with World Organization for Animal Health (OIE) the importation of bovine products regarding bovine spongiform encephalopathy.

In addition, the Import Products Staff is a major APHIS contributor in the DHS initiative to establish an Automated Commercial Environment (ACE) within the International Trade Data System (ITDS). APHIS is but one agency in the multiagency initiative. The ACE/ITDS initiative when fully implemented will provide a centralized on-line access point for communication and information related to cargo shipments. It will fully automate cargo processing capabilities across all modes of transportation and will replace existing systems with a single multimodal manifest system for land, air, rail and sea. The Import Products Staff facilitated the APHIS Deep Dive that identified multilevel requirements regarding import of animal products and provided this information to the developers for inclusion into ACE/ITDS.

Export Animal Products

NCIE Export Animal Products works to facilitate trade and open foreign markets to U.S. animal products using science based approaches. As a result, markets have re-established that were lost or diminished due to bovine spongiform encephalopathy (BSE) and low pathogenic notifiable avian influenza (LPNAI). The Export Animal Products staff also provides technical support regarding export certification, training, and assistance to the field. The staff attends Industry meetings as well as approves exporting facilities in the U.S. to ensure that they comply with the requirements set by its trading partners.

EQUINE ISSUES UPDATES

Peter Merrill
National Center for Import and Export
Veterinary Services, Animal and Plant Health Inspection Service

Equine Piroplasmosis in Florida

Only Canada has instituted any new entry requirements for U.S. horses. The following requirements apply to horses from Florida:

- an import permit issued by the Canadian Food Inspection Agency (CFIA)
- veterinary inspection in the U.S. within 15 days of export (previous requirement was 30 days)
- certification that horse has not been on a premises with serologic or clinical evidence of piroplasmosis within 60 days, nor has the disease occurred on any adjacent premises
- negative cELISA (or alternative acceptable to CFIA) within 15 days of export

For U.S. horses originating from States other than Florida, the health certificate must say that the horse has not been in Florida within the previous 21 days.

Equine Exports to Australia

Australia experienced an outbreak of equine influenza in 2007. The disease essentially shut down the movement of horses in Australia for some time, and cost the country millions of dollars to eradicate. The probable source of the outbreak was an imported horse, most likely from Japan. The disease was able to escape the quarantine center. Australia has instituted some very restrictive import requirements for all horses, including those from the U.S. USDA continues to negotiate to have these restrictions eased.

Some of the new requirements include:

- horses in pre export quarantine (PEQ) must be kept a minimum of 100 meters from horses that are not part of the quarantine (this is farther than previously required).
- a blood sample must be taken from each horse during PEQ. Half of this sample must be stored in the U.S. in an approved lab. The importer must take the other half of the sample (no less than 2.5 ml of serum) to the Australian Animal Health Laboratory (AAHL). Both parts of the samples must be retained for at least three months
- during PEQ each horse of the export consignment must have rectal temperatures measured and recorded twice daily. The records are to be made available to Australian Quarantine and Inspection Service (AQIS) on request.
- the Official Veterinarian must provide certification, in the form of a checklist, that health certificates and health records including measurement of rectal temperatures have been inspected.

SCRAPIE: INFORMATION FROM CANADA REGARDING IMPORT REQUIREMENTS FOR SHEEP & GOATS IMPORTED FROM THE UNITED STATES

Pierre LaFortune
Canadian Food Inspection Agency

The Canadian Food Inspection Agency (CFIA) wishes to inform the sheep and goat industries in the United States (U.S.) that the Agency intends to amend its requirements for the importation of female breeding sheep and goats imported into Canada from the U.S. that pertain to scrapie certification
At the present time, Canada requires that the flock/herd of origin must be enrolled in either the export certified pathway or the complete monitored pathway (as long as the flock/herd is testing all on-farm deads) of the U.S. scrapie flock/herd certification program.

Canada intends to amend its import conditions to require that the flock/herd of origin:

- has been enrolled in the U.S. scrapie flock/herd certification program for a specified period of time,
- has been in compliance with the requirements of the export pathway or the complete monitored pathway plus testing of all on-farm deads, for a specified period of time.

For example: two years of enrollment in the flock/herd certification program, with at least 12 months of compliance with the export certified pathway requirements or 12 months of testing all on-farm deads on the complete monitored pathway.

It is expected that these new conditions for the importation of female breeding sheep and goats will come into effect in the fall of 2009.

For more information, contact:

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FACTORS INFLUENCING U.S. LIVESTOCK EXPORTS

Effingham Embree
Livestock Exporters Association of the USA

The Livestock Exporters Association (LEA) was founded in 1980 to give livestock exporters an organization that could speak for their common interest, and work to find solutions to problems of common concern. Our membership is now at an all time with about 55 members from 23 States. Over the years many of our biggest concerns have been over issues related to health protocols. We have seen both the best and worst of times.

It would be hard to find a lower point than the discovery of the first case of bovine spongiform encephalopathy (BSE) in the U.S. Even though the BSE cow was an imported cow, almost all U.S. cattle exports came to a halt. Exporters were frustrated and vented that frustration regularly to United States Department of Agriculture (USDA), Animal and Plant Health Inspection Service (APHIS), and Foreign Agriculture Service (FAS).

However time proved that USDA had taken the right path when the World Organization for Animal Health (OIE) granted Controlled Risk status to the U.S. The world markets started to open up, and there has been unprecedented demand for U.S. cattle ever since. Recent developments indicate that the demand will hold up for some time in the future.

The weak U.S. dollar helps when the buyer country's currency in based on the Euro. It is not any particular benefit in countries with currency tied to the dollar. It has been a big benefit to buyers in the Middle East and Eastern Europe creating huge savings and incentives for buyers. Even a small move in the exchange rate, if in the right direction, could result in a huge savings for the buyer.

Finance is a major problem for exporters because of the inflated value of both cattle and shipping. A shipload of 2000 cattle could have a total value of $8 to 10 million, all of which has to be financed somehow until the animals are shipped and paid for. The risk can be too much for some exporters. The possibility of another disease outbreak that could cause a shipment to be cancelled after the great expense of contracting the ship, buying the cattle, testing and the assembly cost, is just too great for some exporters.

There has also been a shortage of ships, inadequate to satisfy demand. Some buyer and sellers found themselves in a situation where the sale was possible, but there was no way to get it to the destination. If too many projects come at the same time it causes a shipping crisis.

In order to find 2000 head of cattle for a shipment, you will have to have connections with the new super sized dairies in order to find enough cattle. The big dairies keep control of their heifer calves, and they contract them to growers to assure that they have enough cattle for their own needs. When milk prices and profits are high, and they are expanding, it can be difficult to find enough cattle.

When oil was at its peak the price the transportation was increasing at an unprecedented rate and shipping companies would not guarantee their rates for more than a few days. This made it very difficult to sell anything for future delivery.

Consolidation, concentration and integration are trends all over the world. Exporters realize that in many areas their customer base is decreasing. In Central America where most of the grain is imported, it is particularly difficult for producers to remain profitable, and compete with imported meat, when grain prices are high. We know that they will only buy things when they are making money. In the long run, we have to be concerned about their long term survival.

The closing of the Indiantown, Florida quarantine has raised concerns, that in the event of a large cattle shipment to Latin America, there may not be adequate quarantine space to accommodate it. We have to assume that we are working with reasonable people both in government and industry, and that if that kind of need occurs in Florida or elsewhere, that a temporary facility might be approved.

User fees have always been a negative force related to exports. Inflation assures us that user fees will always increase and continue to contribute to the rising cost of animals, ultimately making it harder to sell U.S. livestock. User fees on exports are a bad policy.

In the short run, the outlook for livestock exports is great. Feed and fuel have come down in price. Heifers may be coming down in price and demand is up. New markets are opening and the interest in U.S. livestock exports of all species is stronger that it has been in many years.