

FTAs: The Future of the U.S. Pork Industry

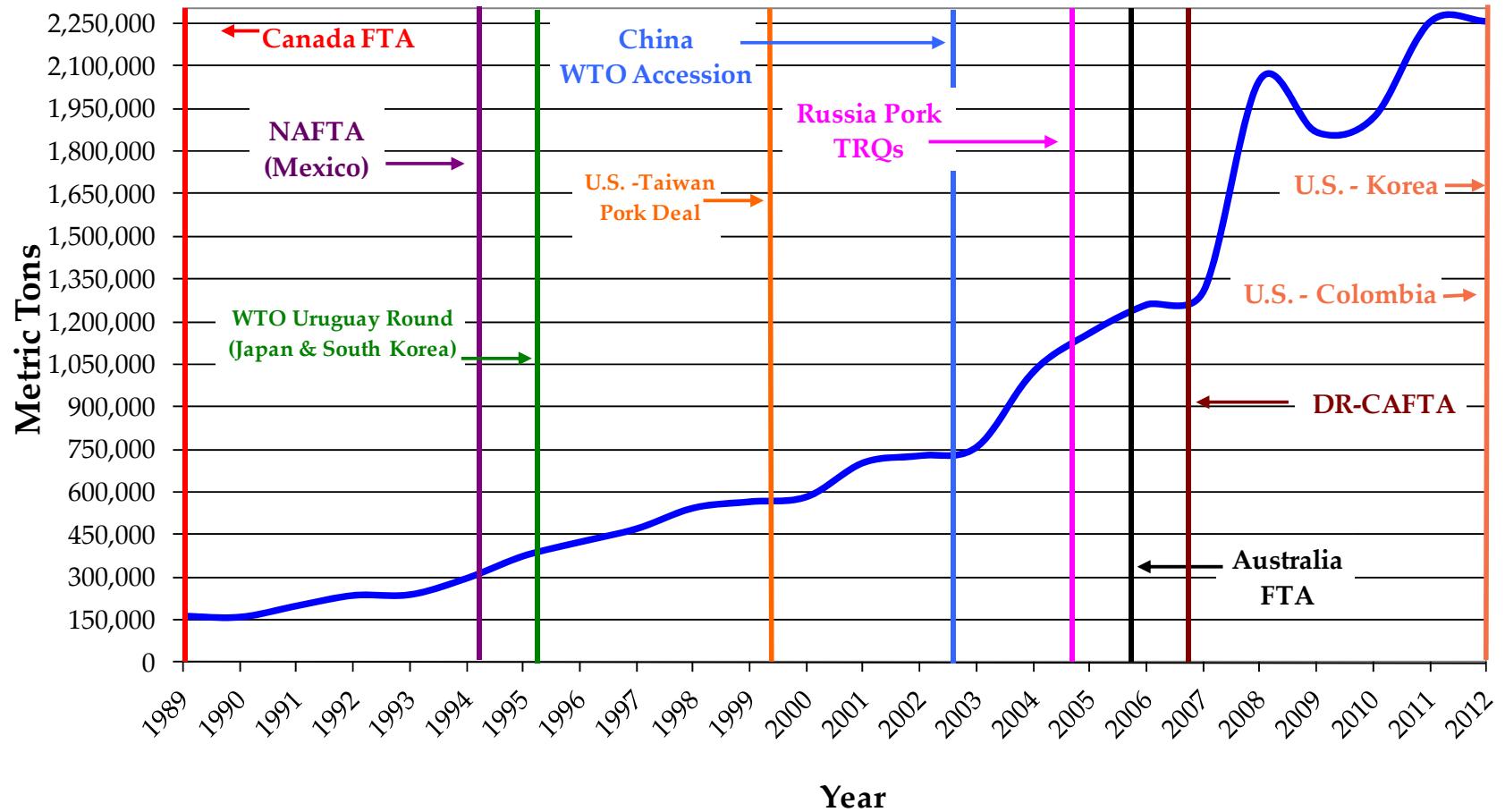
Alfred Breuer

National Pork Producers Council

Emerging Issues in Global Animal Product Trade:
Assessing the Effects of Free Trade Agreements on Global
Meat, Poultry and Dairy Trade
September 27, 2012

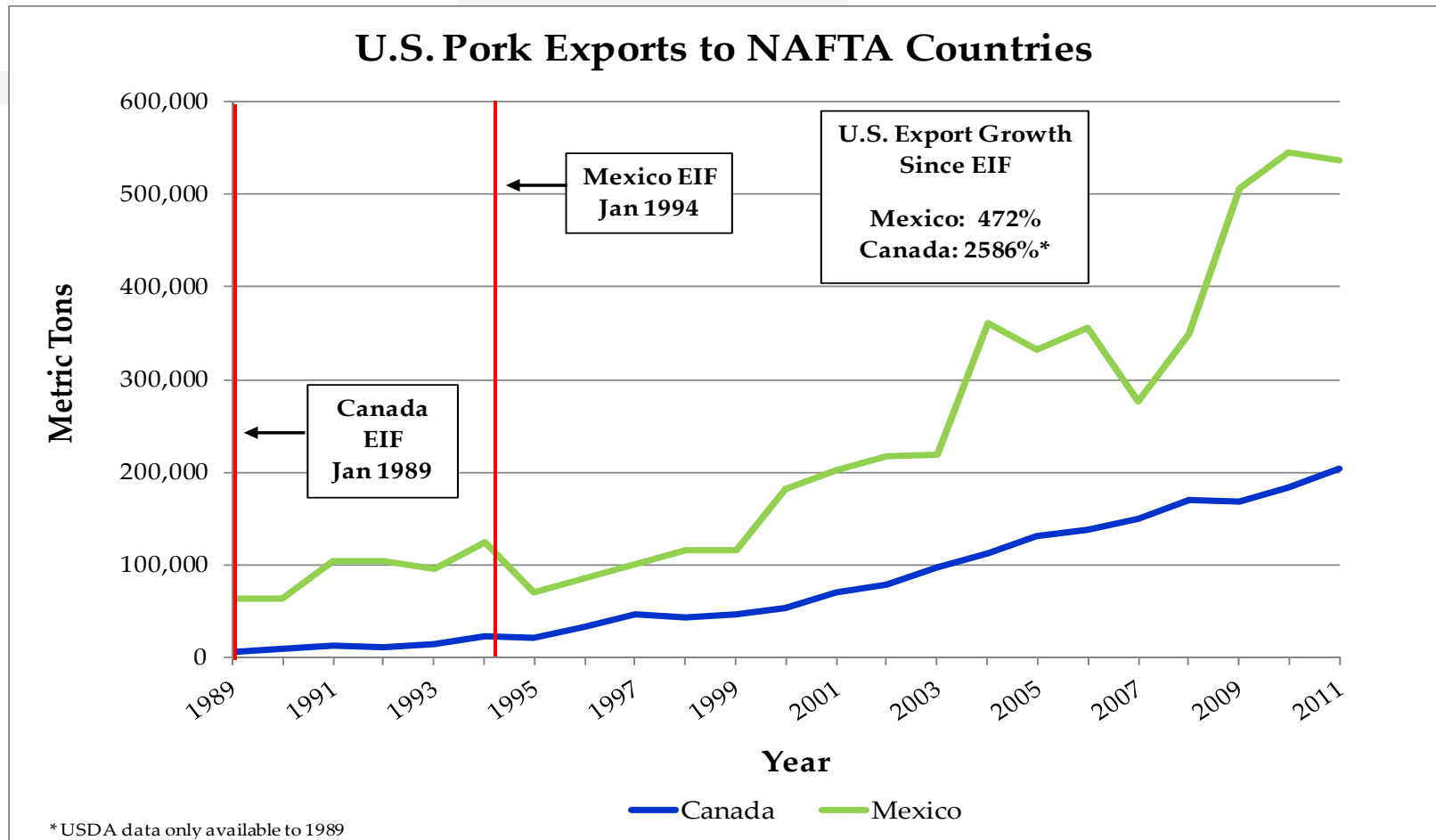


U.S. Pork Exports



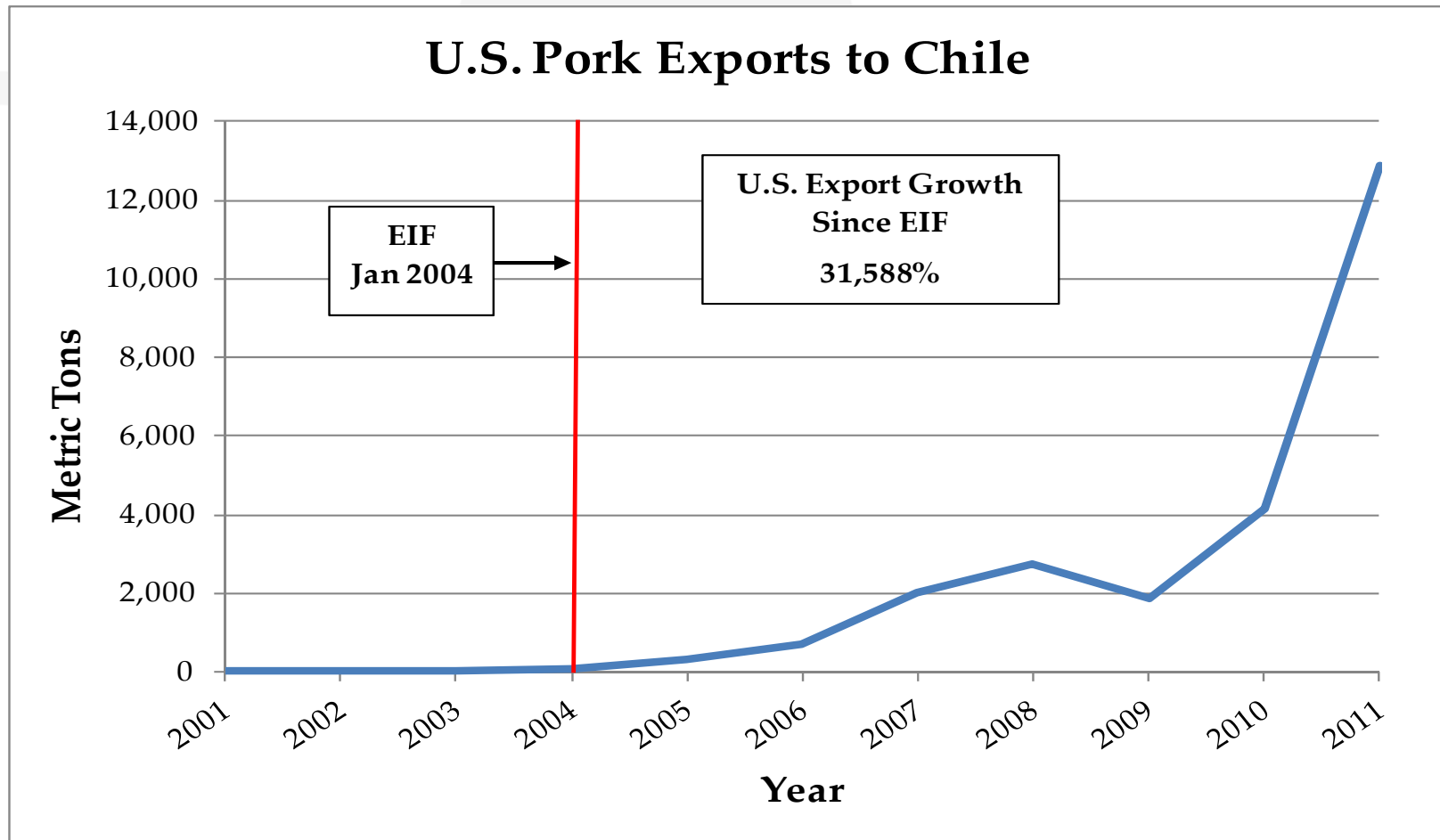


NAFTA



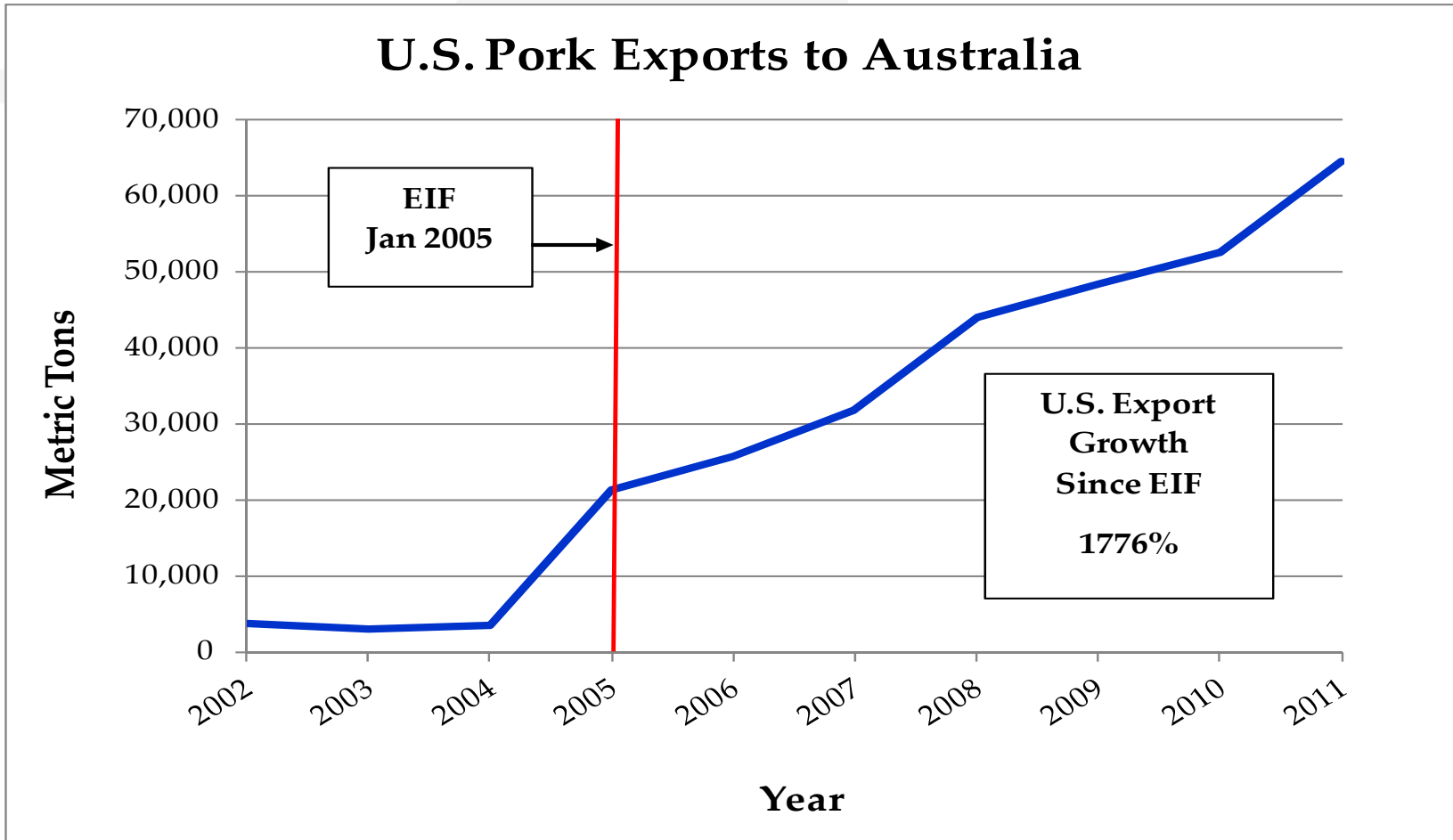


Chile FTA



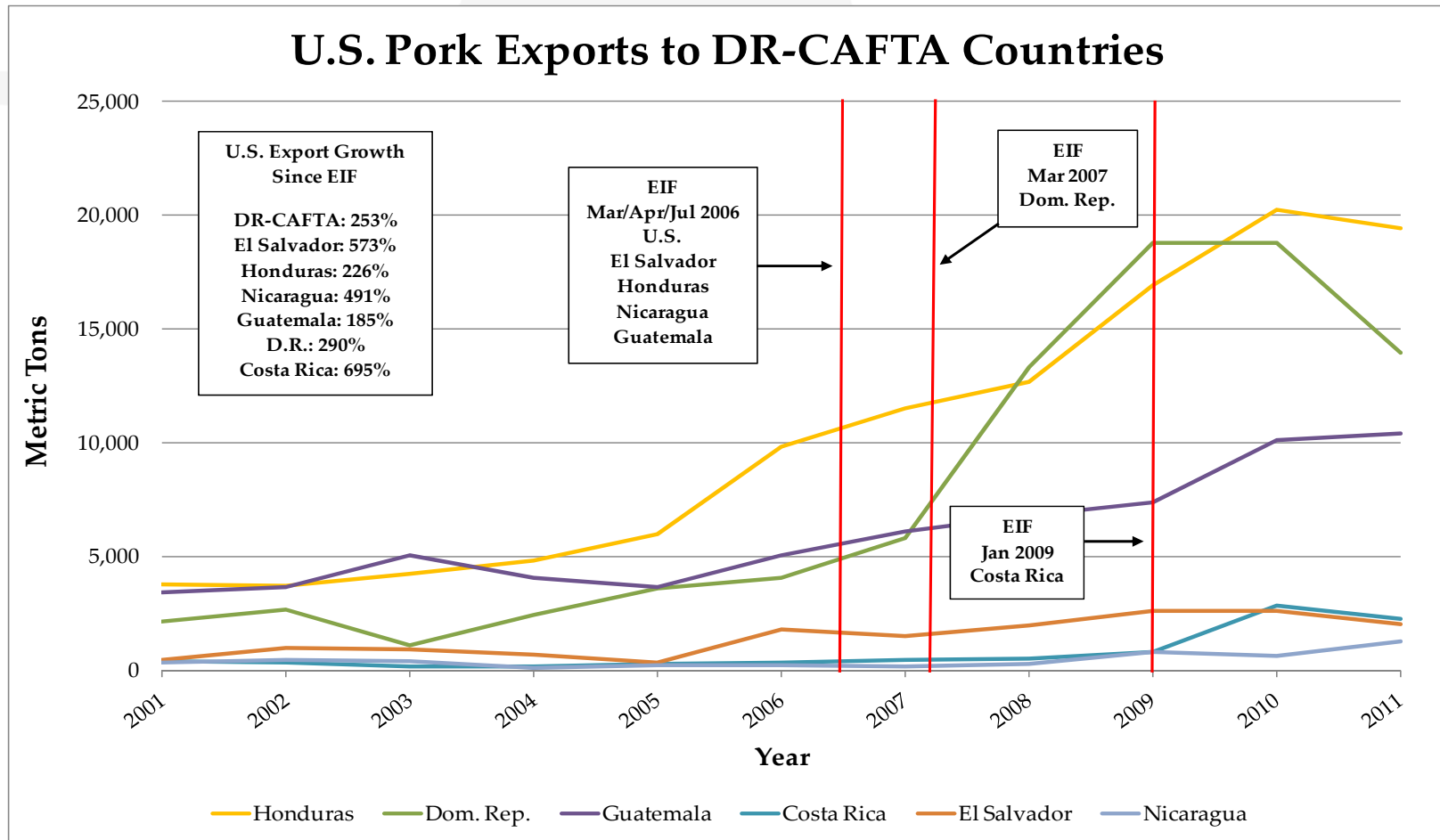


Australia FTA



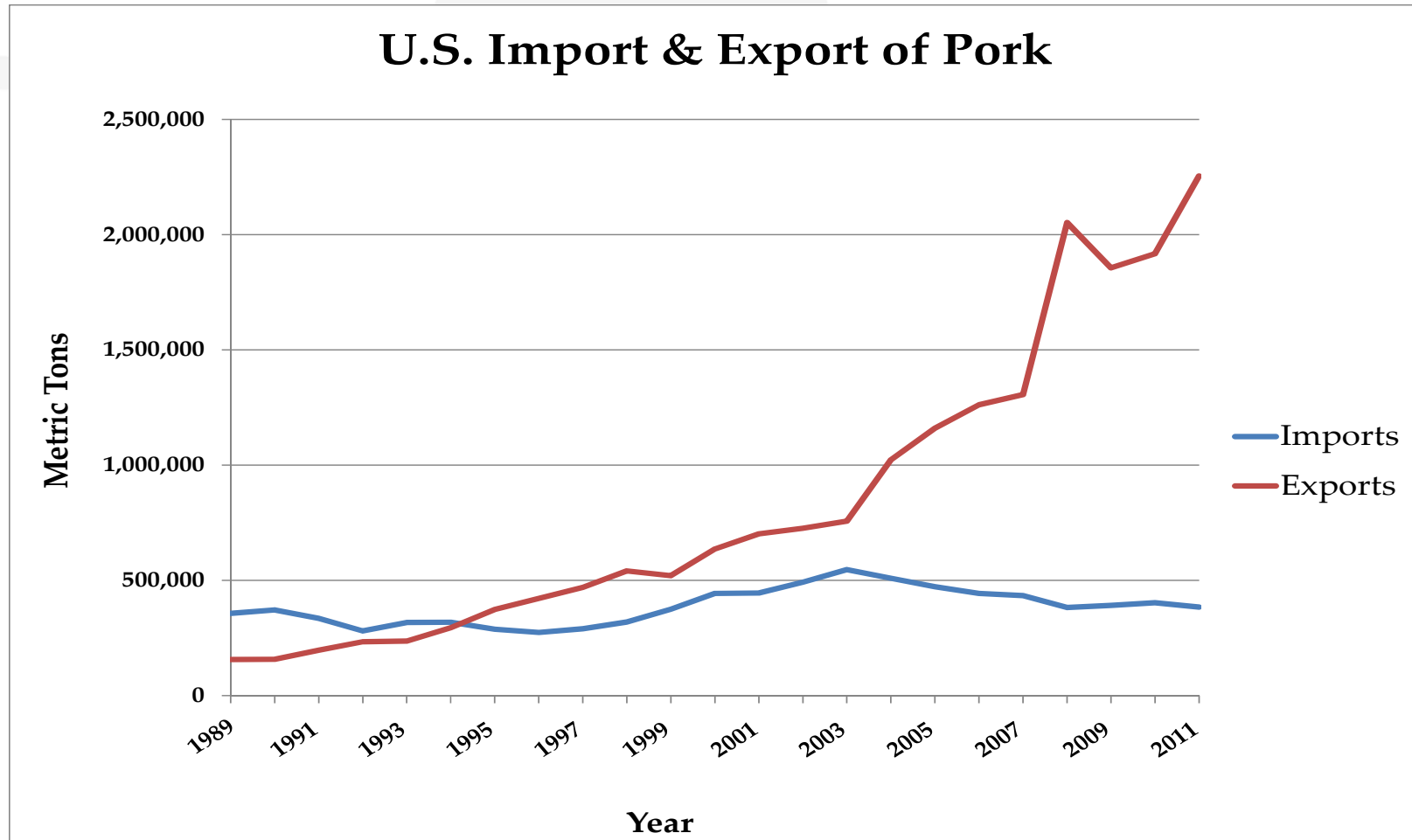


DR- CAFTA



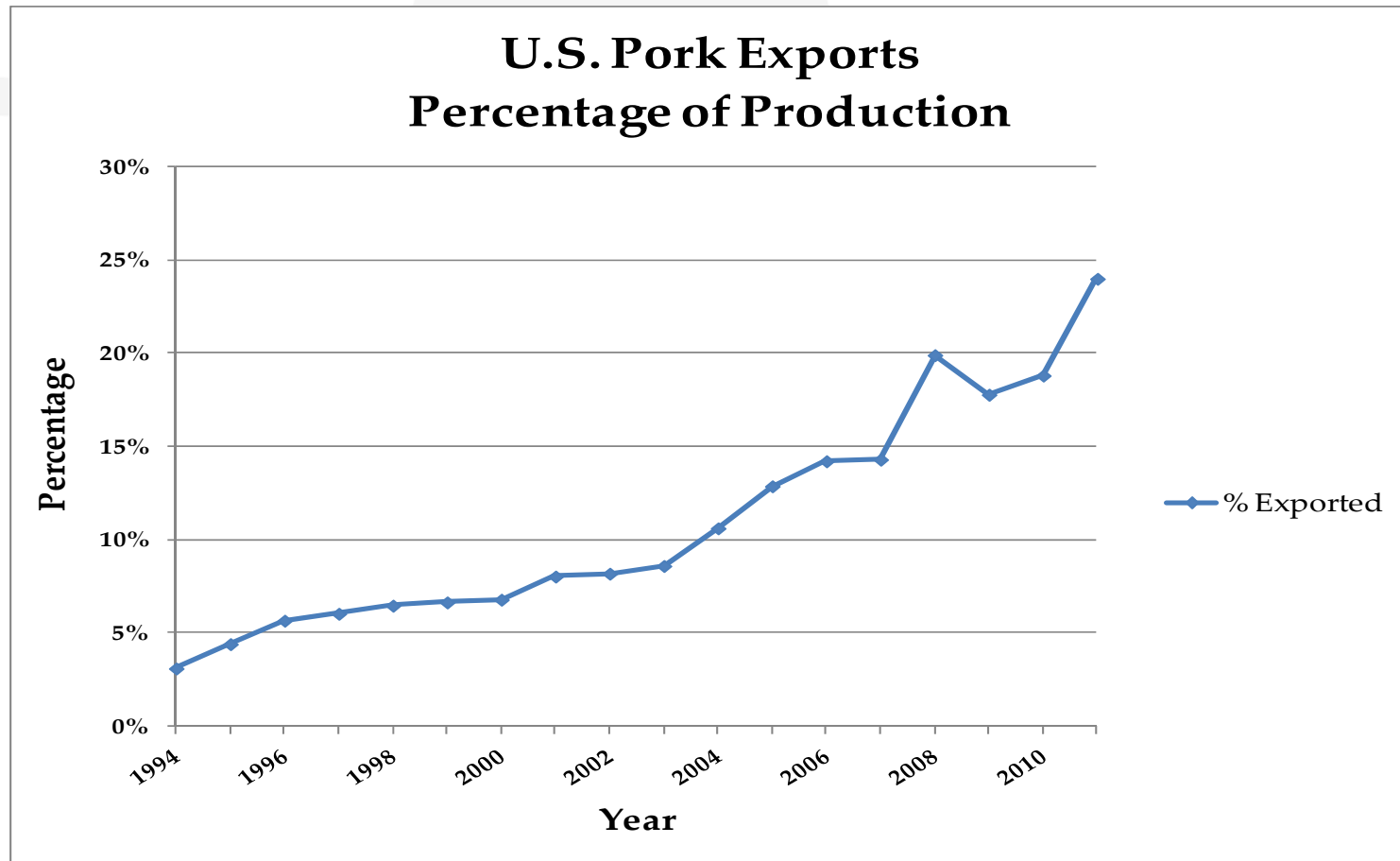


U.S. Pork Trade





U.S. Pork Exports





U.S. Pork Exports

Increased Pork Exports Add Value to the Industry

2011

Percent Exported:

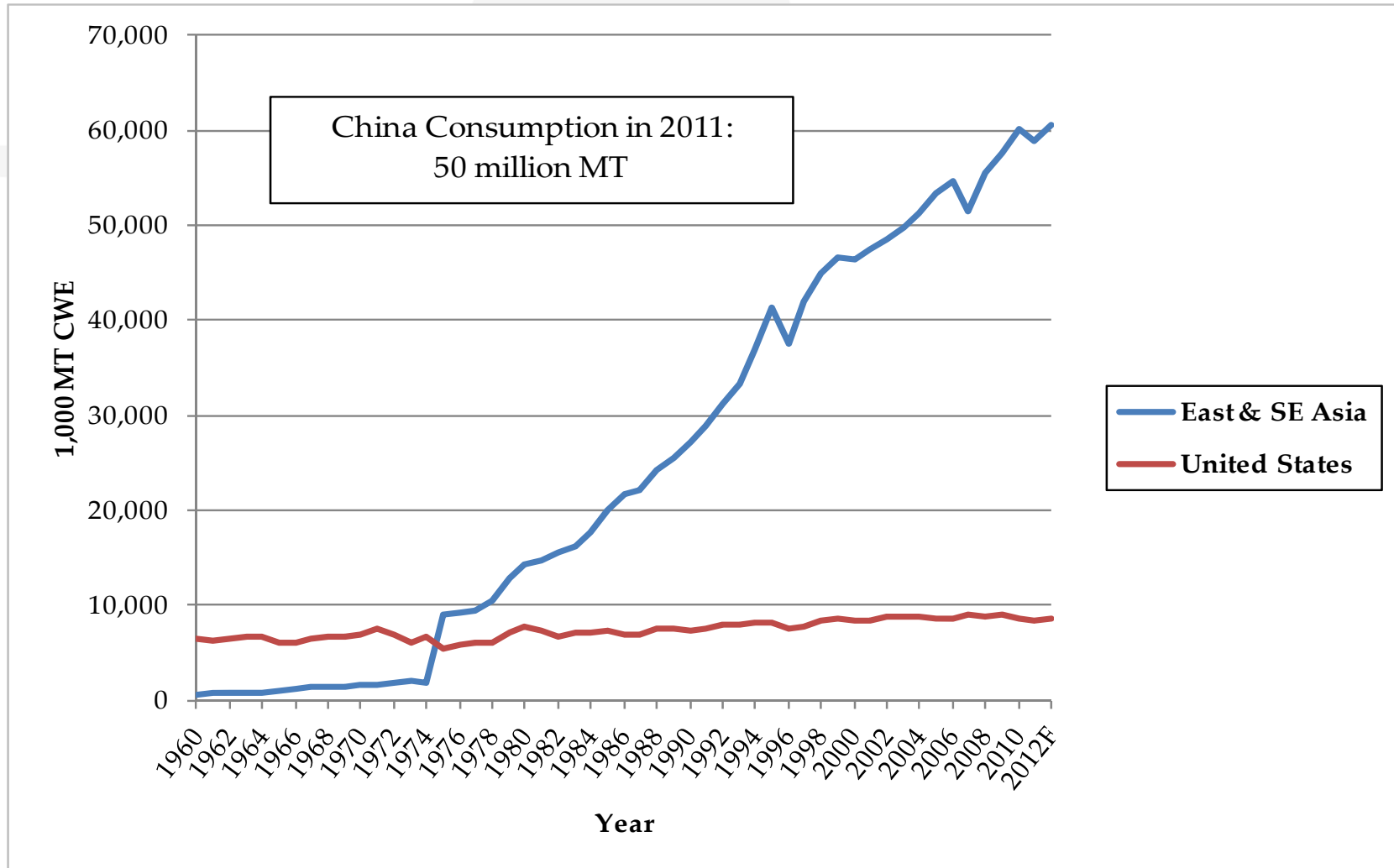
23% (Muscle Meat Only)

27% (Plus Variety Meat)

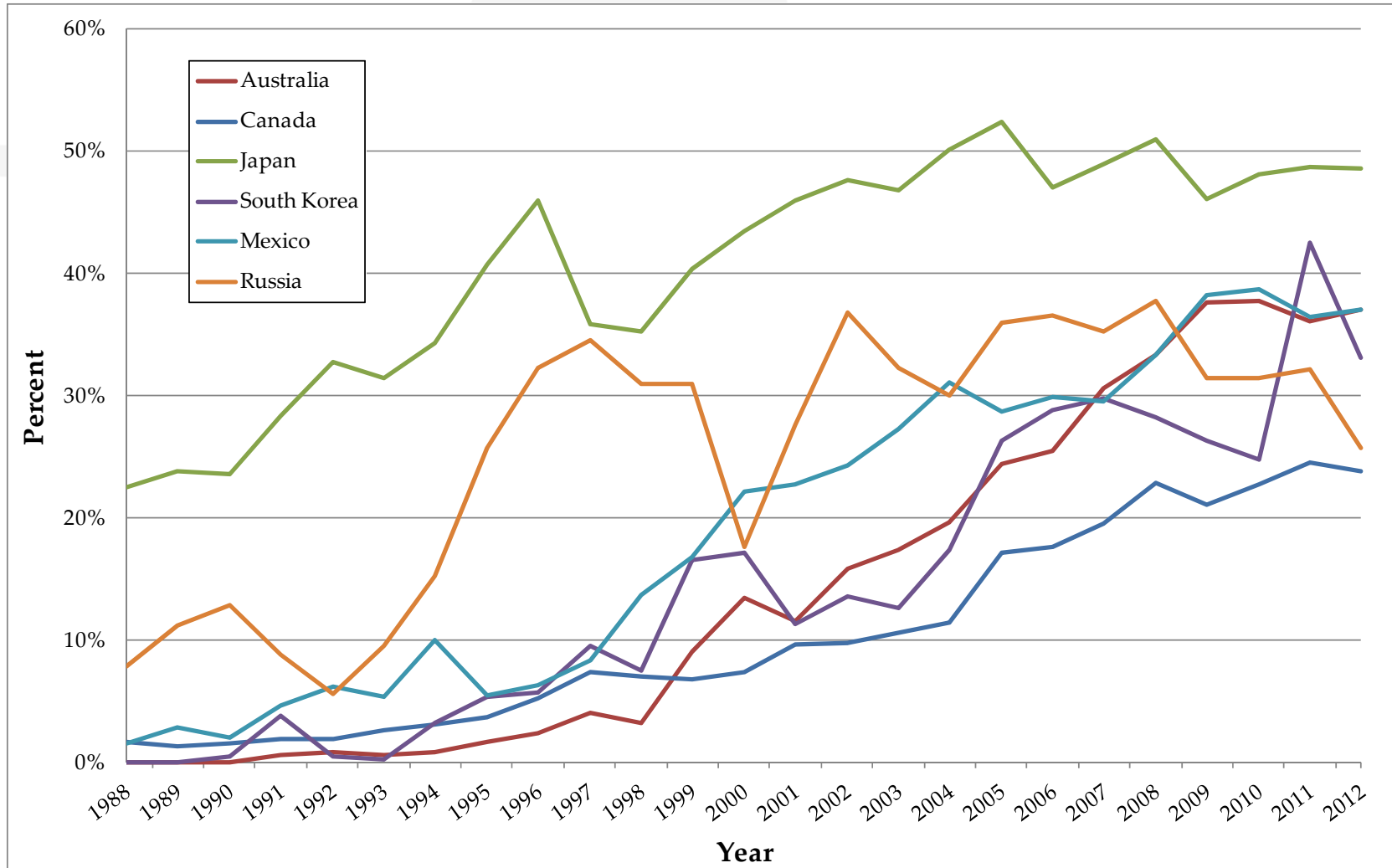
Export Value per Hog: about \$55



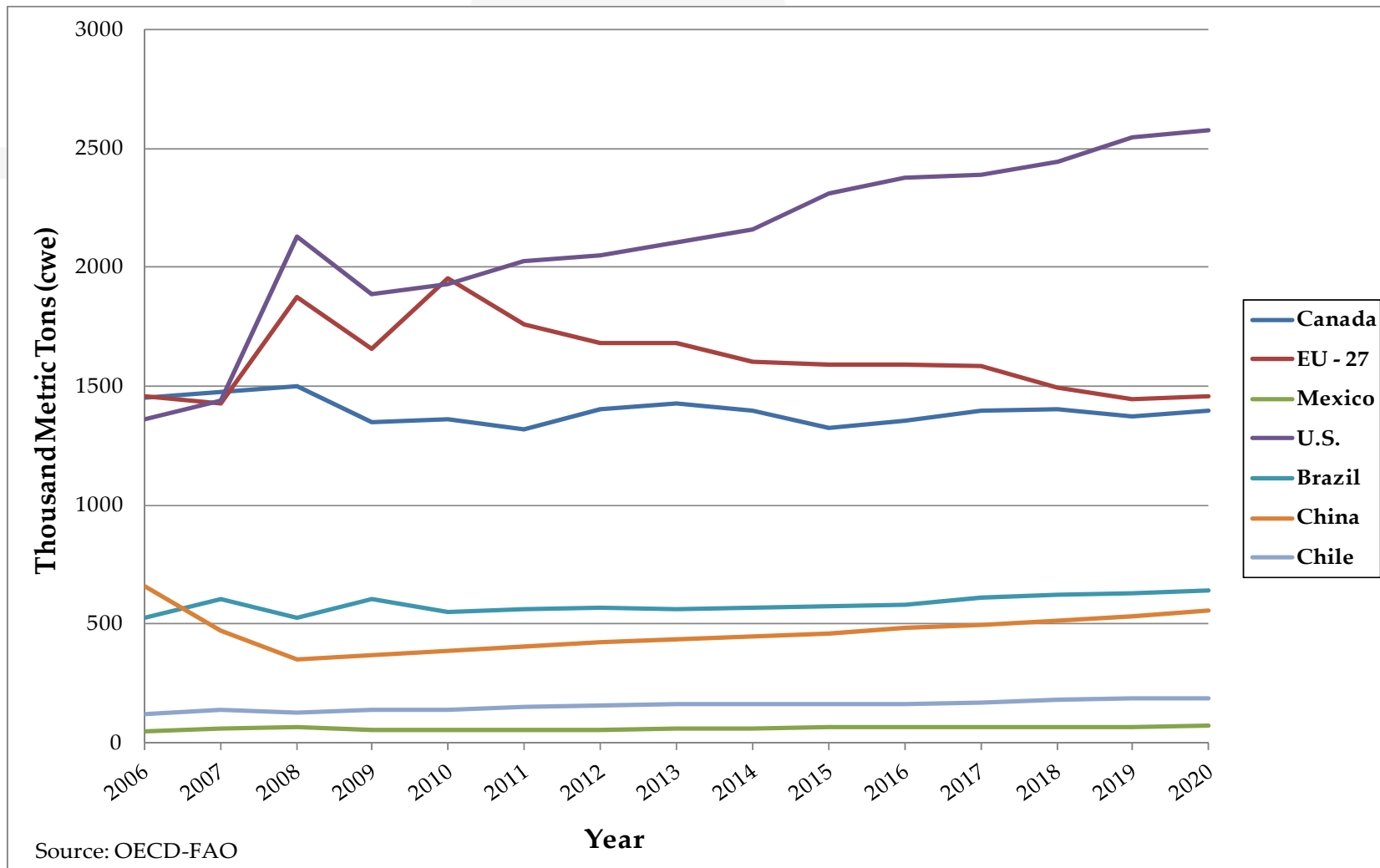
U.S. & Asia Pork Consumption



Pork Imports as a Percent of Domestic Consumption From Selected Countries



Pork Export Trends





Korean FTAs

Concluded, Negotiating or Planning FTAs with:

- Chile
- Australia
- New Zealand
- Canada
- China
- EU (27)
- India
- Japan
- Mexico
- Mercosur

Chile & EU

Chile FTA entered into force 2004

- Duties now 9-10%
- Duties will be zero by 2014
- Chile's market share grew 48% in 2009
- U.S. out of Korea in 20 years w/o implementation

EU FTA entered into force July 1, 2011

Without U.S. Implementation:

- U.S. market share would fall 3% each year
- Out of market in 10 years



U.S. Korea FTA (KORUS)

- Implementation of FTA will:
 - Eliminate tariffs on all frozen and processed pork by 2014, except for tariff line 0203299000 (eliminated in 2016)
 - Fresh/Chilled pork duties would be phased out over 10 years
- By full implementation FTA will:
 - Cause live U.S. hog prices to be **\$10.00** higher (even w/ EU & Canada)
 - Create over 9,000 full-time jobs
 - Increase pork exports by \$687 million



U.S. - Colombia FTA

- Colombia's FTAs:
 - Canada FTA implemented in 2011
 - Chile FTA went into force in 2009
 - EU signed FTA, not implemented
- Both Canada and Chile FTAs eliminate Colombia's price band scheme allowing for a significant advantage over U.S. pork
- Failure to implement U.S.-Colombia FTA would have caused:
 - The U.S. pork industry to lose the Colombian market w/i 10 years
 - Live hog prices to fall by \$1.15



U.S. - Colombia FTA

- Tariffs under Colombia's price ban scheme could reach 108% on imported pork
- Implementation of FTA:
 - Eliminated tariffs on bacon and pork skin
 - Will phase out tariffs over 5 years on key pork products
- By full implementation FTA will:
 - Cause live U.S. hog prices to be **\$1.15** higher (even w/ Canada)
 - Create 919 full-time jobs
 - Increase pork exports to \$112 million
- SPS success - trichinae

TPP



- Address removal of all tariffs
- Major payout is resolving SPS issues
 - Trichinae risk mitigation requirements
 - Ban on products due to PRRS or PMWS
 - Ban on the use of pathogen reduction treatments (PRTs)
 - Limited plant approvals for export
 - Residue level differences for vet drugs





U.S.-EU FTA

- EU has PTAs, not FTAs – Must include agriculture
- EU pork barriers
 - TRQ smaller than Uruguay Round minimum access
 - Ban on Ractopamine
 - Trichinae mitigation
 - Prohibition on pathogen reduction treatment
 - Plant approvals

Thank You

