

FREE TRADE AGREEMENTS & TECHNICAL TRADE BARRIERS

EMERGING ISSUES
IN GLOBAL ANIMAL PRODUCT TRADE
SEPTEMBER 27-28, 2012



OBJECTIVES

Overview of Animal Product Exports

SPS Trade Barriers

- *What is a SPS trade barrier & how does it affect exports of U.S.-origin animal products?*

Free Trade Agreements

- *How are SPS barriers addressed in a free trade agreement (FTA)?*
- *How does a FTA affect bilateral trade in animal products?*

EXPORT SUMMARY: SELECTED ANIMAL PRODUCTS 2007 & 2011

Animal Products	2007 (Billion \$'s)	2011 (Billion \$'s)
Red Meat & Products	\$6.12	\$12.08
Dairy Products	\$3.04	\$4.88
Poultry Meat & Products	\$3.94	\$5.43
Sausage Casings, Fats, Oils & Greases	\$0.99	\$1.50
Hides & Skins	\$2.17	\$2.66
Wool & Mohair	\$0.04	\$0.02
Total Exports	\$16.30 Billion	\$26.58 Billion

EXPORT SUMMARY: TOP 10 EXPORT MARKETS FOR U.S.-ORIGIN ANIMAL PRODUCTS 2007 & 2011

Trading Partner	2007 (Billion \$)	2011 (Billion \$)	Percentage Change
Mexico	\$3.59	\$4.85	26.1% Increase
Japan	\$1.82	\$3.43	46.8% Increase
Canada	\$2.20	\$3.21	31.5% Increase
China	\$1.87	\$2.57	27.3% Increase
South Korea	\$0.87	\$2.07	57.7% Increase
Hong Kong	\$0.45	\$1.54	70.9% Increase
European Union - 27	\$0.66	\$0.98	32.0% Increase
Russia	\$1.03	\$0.73	40.6% Decrease
Vietnam	\$0.22	\$0.61	64.0% Increase
Taiwan	\$0.41	\$0.60	31.3% Increase
Top Ten Total	\$13.13 Billion	\$20.58 Billion	36.2% Increase

SPS MEASURES & SPS TRADE BARRIERS FOR ANIMAL PRODUCTS

SPS Measure

- For animals and animal products, SPS measures are science-based import requirements that governments apply to protect animal life or health from risks associated with animal-borne pests or diseases.
- APHIS applies measures at the border to protect domestic livestock from imported animals and animal products that may harbor an animal disease.

SPS Barrier

- A SPS measure not supported by science and used in a protectionist manner to discourage imports. These actions create substantial barriers to U.S. animal product exports.
- Examples include import suspensions on U.S.-origin animal products due to:
 - H1N1 influenza virus, despite the fact that there is no evidence that the virus is transmitted by food.
 - Avian influenza or bovine spongiform encephalopathy (otherwise known as BSE or “mad cow disease”) as a reason to block U.S. poultry and beef exports, respectively, ignoring international science-based standards that establish appropriate measures for addressing those diseases.

U.S. GOVERNMENT (USG) OBJECTIVES WHEN NEGOTIATING FREE TRADE AGREEMENTS

Broadly speaking, what does the USG hope to achieve?

- Expand exports (including agricultural exports)
 - Reduce barriers to exports, including tariff and non-tariff barriers (like SPS barriers)
- Create rules based trade system through promotion and adoption of International Standards
 - World Organization for Animal Health (OIE)
- Reduce other trade-related distortions

FREE TRADE AGREEMENTS AND TRADE IN ANIMAL PRODUCTS

How are SPS barriers addressed in a FTA?

- Reaffirm and Build Upon Existing International the Rights and Obligations
 - *WTO SPS Agreement*
- Remove Barriers by Promoting the Adoption of OIE Guidelines for Safe Trade in Animals and Animal Products

How does a FTA affect bilateral trade in animal products?

- Establishes a Common Framework to Address Trade-Related Concerns of Both Domestic Constituencies and Trading Partners
 - *Harmonization of Regulatory Requirements*
 - *Forum for Resolving High Profile and Intractable Animal Product-Related SPS Trade Concerns.*
 - *Balances Differing Interest of Domestic Producers and Trading Partners*
 - *Enhances Development of Strategic Bilateral Initiatives*

HIGH PROFILE SPS ISSUES RECENTLY RESOLVED VIA FTA-LEVEL DISCUSSIONS

Trading Partner	SPS Issue Resolved	FTA Agreement
Chile	BSE-Related Restrictions on U.S. Beef and Beef Products	U.S.-Chile FTA
Colombia	AI-Related Restrictions on U.S. Poultry and Poultry Products	U.S.-Colombia FTA
El Salvador	BSE-Related Restrictions on U.S. Beef and Beef Products	Central America FTA
Mexico	BSE-Related Restrictions on U.S. Beef and Beef Products	North America FTA & Trans-Pacific Partnership

TAKE AWAY MESSAGE

1. APHIS plays important role in animal product trade.
2. APHIS works to ensure the animal product trade environment is science-based.
 - Works closely with trading partners to ensure OIE guidelines are used to establish import quarantine requirements.
3. FTAs provide APHIS with an opportunity to expand exports of U.S.-origin animal products.
4. FTA further enhance communication between regulatory agencies responsible for promoting the safe bilateral trade of animals and animal products.