

Technical Trade Barriers and Animal Product Trade

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U.S. Meat Export Federation



A light gray world map is centered in the background of the slide, showing the outlines of continents and major landmasses.

Examples of Technical Restrictions Facing U.S. Beef, Pork, and Lamb Exports



EU – Bans on hormones, beta agonists, and the use of anti-microbial washes in slaughter plants. (Cloning restrictions.)

Russia – Zero tolerance for residues of hormones, beta agonists, tetracycline, and bacteria (listeria, etc.) on the surface of meat. Non-science-based requirements on slaughter plant hygiene. BSE-related import restrictions. Scrapie-related ban on lamb imports.



China – BSE-related ban on U.S. beef exports. Zero tolerance for residues of hormones, beta agonists, and bacteria (listeria, etc.) on the surface of meat. Scrapie-related ban on lamb imports.

Japan – BSE-related import restrictions (20-month age restriction and OIE-inconsistent SRM definition). Scrapie-related ban on lamb imports.

Australia – BSE-related ban on U.S. beef exports. Non-science-based PRRS restrictions.



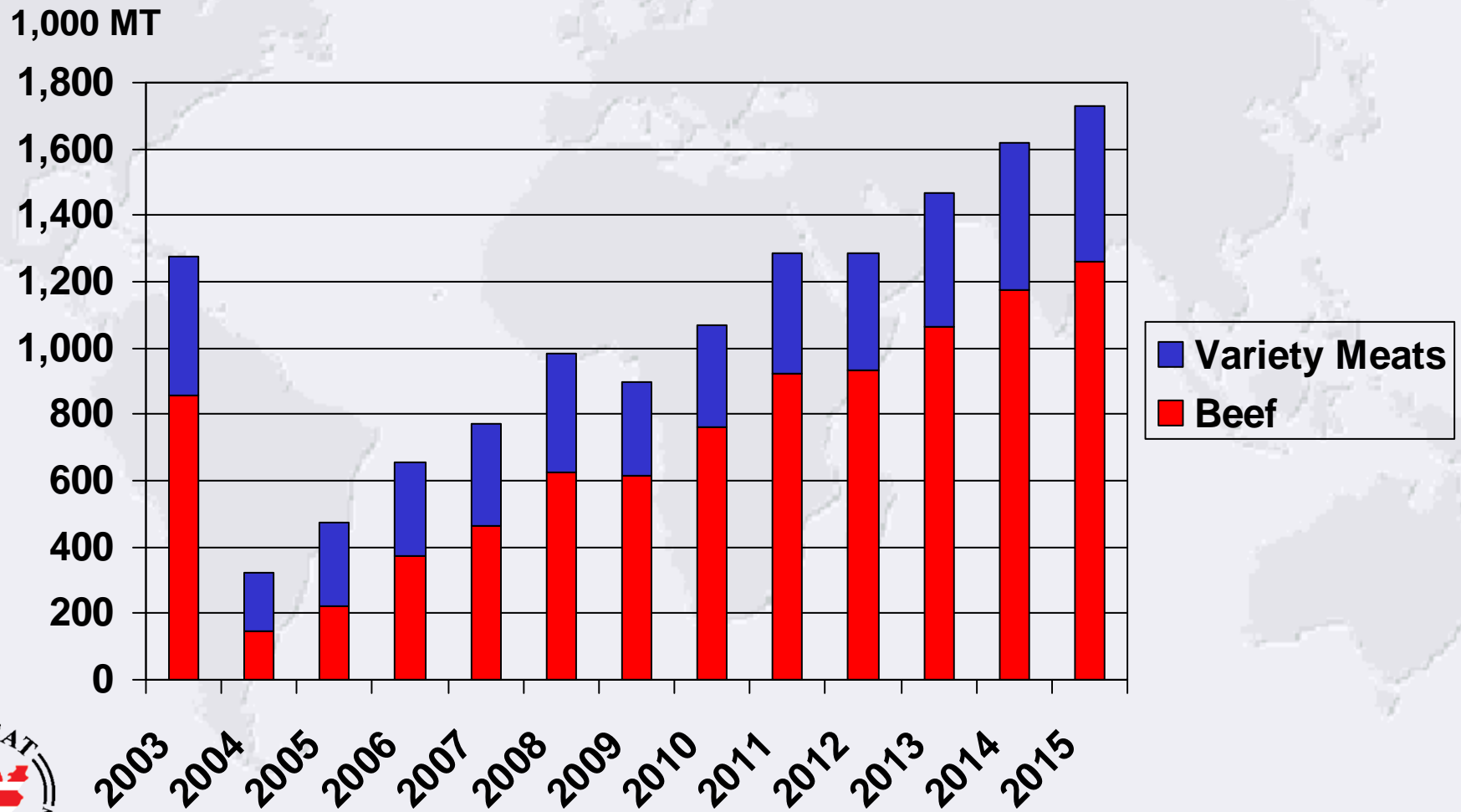


BSE



Impact of BSE-related Restrictions on U.S. Beef Exports

Estimated Value of Lost Exports - \$15.0 billion



Source: USDA/FAS & USMEF

BSE-related Restrictions: Current Status

Canada, EU, Philippines, Egypt - Open
China, Saudi Arabia, Australia, South Africa, Morocco – Closed

Japan – 20-month age restriction, OIE-inconsistent SRM definition

Mexico, Russia, Korea, Hong Kong, Taiwan, Egypt, Singapore, Thailand, Dominican Republic, Vietnam, etc. – 30-month age restrictions, OIE-inconsistent SRM definitions (in most cases)



BSE: Lessons Learned

- **When markets close, it takes a very long time for them to re-open**
- **Countries prefer to reduce their import restrictions in a series of steps**
- **Having the science on your side is a necessary but not a sufficient condition for resolving technical trade disputes**



BSE: Lessons Learned

- **Countries, including our own, sometimes are selective in their adoption of international standards**
- **Incorporating the industry's input into market-opening protocols is essential to ensure commercially viable outcomes**
- **As with all trade agreements, the devil is in the details**



Beta Agonists



Beta Agonists

- **Ractopamine/Optaflexx and Paylean (Elanco)**
- **Zilpaterol/Zilmax (Merck)**



Regulatory Situation: Markets

Leading export markets with restrictions on ractopamine or zilpaterol:

- Taiwan: Ban on use of zilpaterol and zero tolerance for residues
- Russia: Ractopamine and zilpaterol not approved and zero tolerance for residues
- The EU and China: Ban on use of all beta agonists and zero tolerance for residues



Potential Trade Impact

Based on 2011 exports
(\$ million)

Pork

HK/China – \$910.0

Russia - \$217.0

Taiwan - \$54.0

Total - \$1,181.0

Beef

HK/China (est.) - \$430.0

Russia - \$250.0

Taiwan - \$200.0

Total - \$880.0



Regulatory Situation: Competitors

Major exporting countries where Ractopamine and Zilpaterol are not approved:

- **Pork: EU, Chile**
- **Beef: Australia, New Zealand, Brazil*, Argentina, and Uruguay**



Competitive Implications - Pork

- **Russia, China, and Taiwan will not achieve maximum production efficiency or self-sufficiency**
- **The EU will continue to be a higher cost producer**
- **The EU and Chile have a market access advantage in China, Taiwan, and Russia**
- **Chile has an advantage for exports to the EU, where it has a FTA**



Competitive Implications - Beef

- Australia, New Zealand, Brazil, Argentina, and Uruguay are primarily grass-based industries, but their feedlot sectors will not achieve maximum efficiency
- Australia and New Zealand have a market access advantage in Taiwan, China, the EU, and Russia
- Brazil, Argentina, and Uruguay have a market access advantage in China, the EU, and Russia
- The EU has an advantage for exports to Russia



Codex

- **Ractopamine MRLs adopted by a one-vote majority (69 countries for, 67 against) in 2012 after being blocked for five years by the EU**
- **The EU, China, Russia, and a number of other countries have criticized the Codex process and said that they do not intend to recognize the MRLs**
- **Countries are not required to adopt Codex standards**
- **USG initiating Codex process for zilpaterol**



Taiwan

- **Codex MRL for ractopamine residues in beef muscle cuts was implemented earlier this month**
- **Taiwan will continue testing every load of U.S. beef for ractopamine residues until companies have established a record of compliance**
- **MRLs for ractopamine in pork and zilpaterol are not currently under consideration**



Russia

- Recently, the Russian vet service notified FSIS that it has been testing U.S. pork and beef exports for ractopamine residues and has recorded a number of violations of its zero tolerance policy
- 8 pork plants and 1 beef plant have been put under “enhanced surveillance”, and two pork plants have been de-listed
- USDA has requested consultations to seek an explanation of Russia’s ractopamine policy and remind Russia of its WTO obligations



Where do we go from here?

- **The science is clear – ractopamine and zilpaterol are safe**
- **And there is now an international standard for ractopamine and eventually the Codex will adopt MRLs for zilpaterol**
- **But two of our most important export markets – China and Russia – show no sign of adopting science-based measures**



Where do we go from here?

- Agreeing to ship only beta agonist-free pork and beef to these markets could lead other countries to introduce similar restrictions
- And if producers stop using ractopamine and zilpaterol, especially at a time of record-high feed prices, they will see their losses increase
- On the other hand, giving up exports to Russia or China would have serious implications for industry profitability



Where do we go from here?

- And then there's the question of whether we are going to defend the basic principle of science-based trade
- And on a somewhat higher moral plane...
- If we don't defend the right to use all available, safe agricultural productivity-enhancing technologies, our collective capacity to achieve global food security in the next 30-40 years will be seriously compromised





Thank You

