

## Theme Issue Overview: Emerging Issues in Global Animal Product Trade

Keithly Jones, Amy Hagerman, and Andrew Muhammad

*JEL Classifications: F01, F13, F43*

*Keywords: Free Trade Agreements, Meat Trade, Tariffs*

Global meat, poultry and dairy consumption and trade have been steadily increasing for decades, driven largely by rising incomes and expanding populations as well as productivity growth in animal production. While there are a range of emerging issues in global animal product trade, an enduring issue appears to be the impact on trade of free trade agreements, the influence on technical barriers to trade (TBTs), and sanitary and phytosanitary (SPS) barriers. The pillars for success of many bilateral and multilateral free trade agreements are market access, export competition, and domestic support. The object of these trade agreements is to reduce trade barriers, especially tariffs on a range of products, for all participating countries. However, a range of nontariff barriers often associated with SPS or TBT barriers on animal product trade can influence trade negotiations and the capacity for effective free trade agreements. The effects of animal disease, food safety, country of origin labeling legislation, hormone use, and acceptance of GMO crops on free trade agreements and trade levels have been felt by many countries.

This themed set of articles originated from a conference on emerging issues and anticipated trends in global animal product trade hosted by the Economic Research Service (ERS), USDA in partnership with Farm Foundation, NFP, the Larry Combest Endowed Chair for Agricultural Competitiveness, and S-1043 Regional Research Group on Sept. 27-28, 2012 in Washington, DC. For this theme, four articles were selected from presentations made during the first day of the conference. While they by no means exhaust the range of topics covered during the conference, they provide an illustration of some of the key issues discussed. The first article by Brett W. Stuart and Richard G.

### Articles in this Theme:

**China's Impact on U.S. Poultry and Livestock Sectors**

**A Canadian Perspective on Emerging Issues of NAFTA and Competitive Liberalization in the Global Meat Trade**

**Technical Trade Barriers Facing U.S. Meat Exports**

**Expanding the U.S. Pork Industry Through FTAs**

Fritz of *Global AgriTrends* looks at the potential impact of China on the U.S. Poultry and Livestock Sectors. The authors contend that the population size of China has long fueled optimism for U.S. poultry and livestock traders. However, the authors argue that the way forward could be challenging given relatively high Chinese prices, their self-reliance ambitions, and the U.S.'s desire for unfettered exports.

The second article by Ted Bilyea of the Canadian Agri-Food Policy Institute provides a Canadian perspective on emerging issues of the North American Free Trade Agreement (NAFTA) and competitive liberalization in the global meat trade. The article chronicles the early dependence of the Canadian meat export market on preferential tariff access to the British market and the benefits gained from market openness of the Japanese and the Canada U.S. Free Trade Agreement (CUSTA), which expanded into NAFTA in 1994 with the inclusion of Mexico markets after the loss of British preferential access. The paper outlines some of the challenges faced by the Canadian livestock sector

despite the free trade agreements, but argues for continued bilateral free trade agreements, largely providing similar arguments to Manger (2005) as to why more and more industrialized countries join FTAs with emerging markets, and Furtan and van Melle (2004) on the declining border effects for agricultural trade between the United States and Canada and between Mexico and Canada.

The third article by Thad Lively of the U.S. Meat Export Federation outlines lessons learned from past experiences and the ongoing issues surrounding reopening market access for U.S. beef and pork. The author argues that the ongoing efforts to reopen foreign markets for U.S. beef after the bovine spongiform encephalopathy (BSE) discovery in 2004 have shown the vulnerability of the domestic industry to sanitary barriers to trade as well as the difficulty of re-entering markets after they have been closed due to SPS issues. It provides a commentary on the ongoing technical barriers associated with technologies commonly used in the United States, but which are not as readily accepted in other countries, such as

beta agonists and hormones in meat production. The author argues for a joint approach by the leading meat producing countries to assure a safe and abundant food supply for the world's growing population.

The fourth article by Alfred Breuer of the National Pork Producers Council cites the importance of trade in expanding the U.S. pork industry given the relatively stable domestic demand. The author cites the strong correlation between increases in U.S. trade agreements and increased U.S. pork exports. The impact of NAFTA and the Uruguay Round in creating market access is highlighted. The article chronicles the added market access for the U.S. pork industry created by a series of free trade agreements between 2004 and 2011 and outlines how the future of pork exports could be further enhanced by the elimination of non-science-based SPS barriers on US pork. The potential TPP agreement was cited as one such agreement where, despite the United States having completed FTAs with 6 of the negotiating countries, U.S. pork exports could be enhanced with the elimination and/or reduction in current barriers.

### For More Information:

- Manger, M. 2005. Competition and Bilateralism in Trade Policy: The Case of Japan's Free Trade Agreements. *Review of International Political Economy* 12(5): 804-828
- W. H. Furtan and Blain M. van Melle. 2004. Canada's Agricultural Trade in North America: Do National Borders Matter? *Review of Agricultural Economics* 26(3):317-331

*Keithly Jones (kjones@ers.usda.gov) is an economist with the Animal Products and Cost of Production Branch in the Market and Trade Economics Division, Economic Research Service U.S. Department of Agriculture. Amy Hagerman (ahagerman@ers.usda.gov) is an economist with the Animal Products and Cost of Production Branch in the Market and Trade Economics Division, Economic Research Service U.S. Department of Agriculture. Andrew Muhammad (amuhammad@ers.usda.gov) is an economist with the International Demand and Trade Branch in the Market and Trade Economics Division, Economic Research Service U.S. Department of Agriculture.*