

Export Outlooks for 2003

Facing many challenges, South American countries still pursue goal of exporting meat to the United States.

by *Stephanie Veldman*

Opportunities for meat exports in the global market continue to open. Phil Seng, president of the U.S. Meat Export Federation (USMEF), recently offered some insights about countries working to create a niche for themselves in the export market and what that will mean to the United States.

Seng and Homero Recio, vice president of the western hemisphere for the USMEF, discussed South America's challenges and opportunities during a media conference call April 2. Seng also spoke briefly on the challenges and competition the United States faces in exporting meats in the next few years, along with the importance of the United States' importing meats from other countries to encourage open trade.

"We are advocates of free trade — we're advocates of expanded trade. The United States, over the last 20 years, has had one of the most dramatic records of increases in exports," Seng says. "We are exporting much more than we are importing, and we see this as being very positive for the U.S. beef industry as well as for the world's beef industry."

South America

South American countries, including Brazil, Argentina and Uruguay, are becoming very aggressive in their plans to export meat. They are working through problems with

disease and transportation in order to become competitive in the global export market.

Several countries in South America are still in the process of eradicating foot-and-mouth disease (FMD), but they are moving quickly. Recio says that Uruguay is the closest to exporting its beef to the United States, but he estimates that is still at least nine months away.

Uruguay will still be limited to a 20,000 metric ton (MT) quota, Seng adds, "but this is going to make a huge difference to them — even the 20,000 metric tons."

Brazil and Argentina are still battling FMD, but Seng says they also are working to eradicate the disease.

"We understand from our conversations and meetings that 80% of the Brazilian herd is free of FMD with vaccinations," Recio says. "There is concern along all of the borders. Obviously Uruguay is concerned

with [its] borders with Brazil and Argentina, as Brazil is concerned of [its] border with Paraguay."

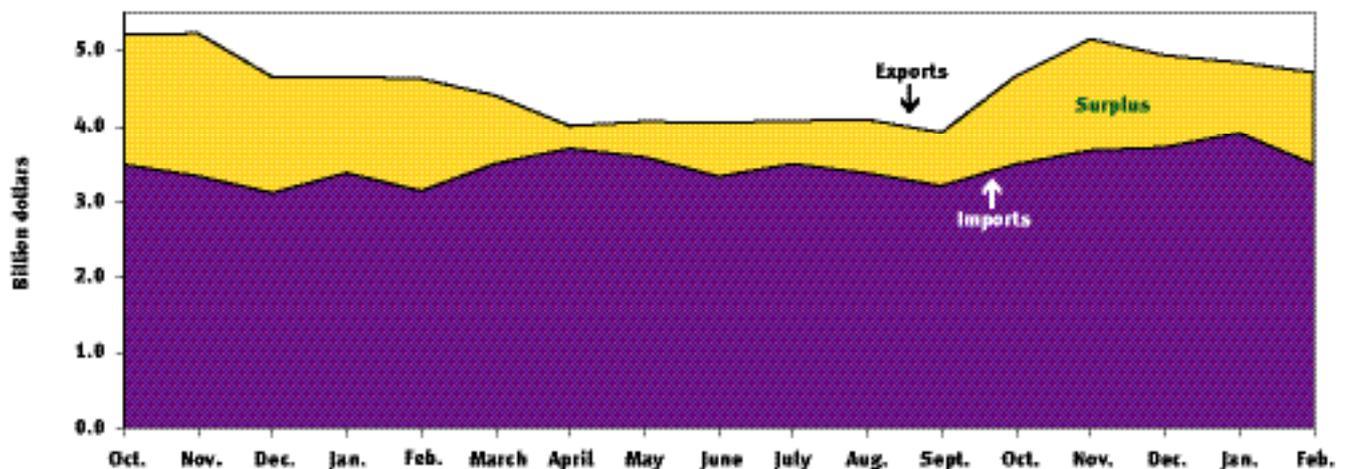
Recio adds that these countries have voiced their commitment to ridding themselves of FMD, because they know their future lies in their ability to export products.

"I don't anticipate Argentina's being [able to export to the United States] anytime before 2004, and it may be 2005, if things go well for them," Recio says. "That is also what the Brazilians are hoping to accomplish. By 2003 they will have access to the U.S. for fresh, frozen, boneless beef."

Brazil is also improving its infrastructure to allow products to be transported more easily and cheaply. Plans are



Fig. 1: Monthly U.S. agricultural trade, fiscal year 2002 and year-to-date 2003



Sources: Economic Research Service, USDA, and Census Bureau, U.S. Department of Commerce.

being developed to improve railways, highways and waterways.

"The challenge for them becomes how do they finance these," Recio says. "Whether it is a railway or a waterway, that investment is likely to have to come from private industry, and it is unlikely that it will come from the government."

International Meat Secretariat

The International Meat Secretariat, which Seng is also president of, is comprised of meat professionals from throughout the world who meet every two years to exchange ideas and to discuss the issues and trends that are evolving in other countries.

Seng says that the most interesting thing about the International Meat Secretariat is that 50 countries, which are all interested in exporting product, come together to try to achieve the same goal.

He recently returned to the United States from a regional meeting in Punta del Este, Uruguay, where he was involved in discussions in four different areas of meat exports and the challenges facing exporting countries:

- ▶ worldwide production, consumption and trends in trade;
- ▶ animal health issues, and the market

access issues based on these technical barriers to trade;

- ▶ consumer confidence; and
- ▶ the International Meat Trade Association negotiations.

The more than 600 delegates in attendance at the meeting while the world economy is in the doldrums is evidence of the commitment of these countries to share experiences and to work together to create a better trade environment, Seng says.

The first deadlines for the WTO (World Trade Organization) elapsed April 1, Seng says. He adds that many countries are concerned with the United States and Europe, who have polarized positions, coming to an agreement on trade issues.

"The world is really awaiting a successful round," he adds. "This is something of grave concern to most of these countries here."

Other countries

Exports to Japan have been struggling since the finding of bovine spongiform encephalopathy (BSE) there in 2001. Exports are still down about 9% for the year, Seng says.

At the end of 2002, the Japanese approved a budget that included a provision to increase their import tariff from 38.5% to

50% starting in August if imports went over a specified percentage of the total from the year before. A safeguard was included in the clause asking for consideration because of the decrease in exports caused by the BSE findings.

Exports have also decreased slightly to Mexico and Korea, he says. "I think a lot of us recognized that the tremendous gains we made in Korea last year probably wouldn't be able to be sustained, but none-the-less it is proving to be a very strong market." He adds that exports to the Mexican market have dropped about 30%.

Concerns in other countries include the quotas that Russia has now enacted on beef, pork and poultry exports. "The quota that we have is 450,000 metric tons for pork and 420,000 metric tons for beef. On the poultry level the quota was about 1.2 or 1.3 million metric tons," Seng says. He adds that one positive factor is that liver has been excluded from the quotas. Last year about 65,000 MT of variety meats, 99% of which are livers, were shipped to Russia.

Recio adds that Brazil hopes to target Russia and China for their exports, but their main focus will be on richer countries in Asia, and on the United States.



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