Fact Sheet

U.S. Department of Agriculture
Foreign Agricultural Service

WTO and Agriculture
What's at Stake for Pork?

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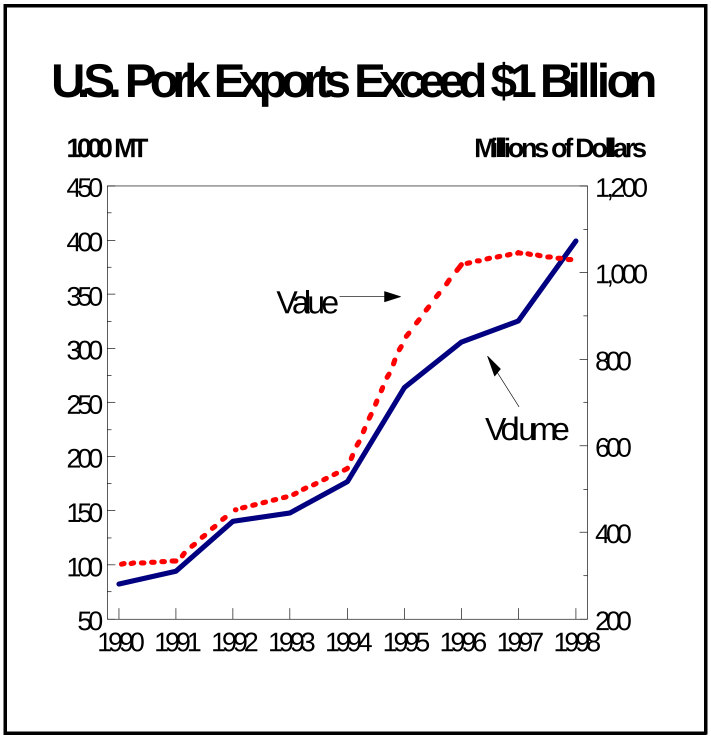
Future export prospects for pork depend, in large part, on the ability of the United States to maintain and expand market access, ensure fair competition, and further level the international playing field for U.S. producers and exporters. The World Trade Organization (WTO) and trade negotiations offer comprehensive new trade agreements aimed at achieving these objectives. The WTO negotiations are essential for U.S. negotiating credibility and success on several major trade fronts in Europe, Asia and elsewhere.



Why Trade Matters for U.S. Pork

U.S. pork exports reached a record 398,864 metric tons (product weight) in 1998, an increase of 385 percent since 1990. Export value exceeded $1 billion, up 214 percent since 1990. Over that same period, exports to Japan--the largest U.S. market--and Canada quadrupled in volume, while exports to Mexico increased 253 percent. U.S. pork exports to South Korea and Hong Kong jumped from roughly 400 tons and 800 tons in 1990 to 8,600 and 21,500 tons, respectively, in 1998. This growth would not have been as rapid without the increased market access gained through the Uruguay Round/WTO implementation.

Today, U.S. pork producers increasingly look to foreign markets to bolster sales, farm prices, and income. In 1998, exports accounted for more than 6 percent of U.S. pork production, up from 2 percent in 1990. The U.S. industry's goals are to sustain export growth and become the world's leading pork exporter.

How Trade Agreements Expand Market Opportunities

Trade agreements have opened markets, reduced unfair competition, brought some discipline to sanitary-phytosanitary barriers, and introduced more effective dispute-settlement procedures in global trade. These agreements have helped to expand export market opportunities for U.S. pork in a number of ways.

Under the Uruguay Round, for example:

- Japan agreed to incrementally lower its gateprice (minimum import price) by 29 percent. Since 1994, when reductions in the gateprice were first implemented, U.S. pork exports to Japan have doubled to 173,636 tons, reaching nearly $600 million last year.
- Korea agreed to liberalize its pork market, with tariff-only protection of 25 percent ad valorem by 2004. This has fueled the ninefold increase in U.S. exports between 1992 and 1998.
- U.S. pork exports to the EU increased fivefold between 1994 and 1998, largely due to the tariff rate quota established by the EU as part of the negotiations.

Under the WTO Sanitary-Phytosanitary agreement, the United States was able to successfully challenge the Korean Food Code and its mandated shelf-life requirements. The first-ever U.S. exports of fresh pork to South Korea began in September 1996.

In February 1998, the United States and Taiwan signed a bilateral market access agreement in the negotiations of Taiwan's accession bid to join the (WTO), thereby allowing import access for U.S. pork with annual quotas of 5,000 tons of pork belly and other previously banned cuts and 7,500 tons of swine offal. U.S. pork exports to Taiwan jumped 460 percent to 13,421 tons (pwe) in 1998, and are expected to increase further in 1999.

Why Further Trade Negotiations Are Needed

Despite the progress already achieved, trade liberalization is far from complete. U.S. pork producers continue to face an array of tariff and nontariff barriers, unfair trading practices, and preferential trading arrangements in key markets around the world. A few examples follow:

Japan's gateprice system still impedes access for pork to that market. Eliminating or substantially reducing the gateprice would greatly benefit U.S. pork.

After fully implementing its Uruguay Round commitments, South Korean pork import tariffs will be 25 percent ad valorem, relatively high compared with U.S. agricultural duties. A lower import tariff would help the U.S. pork industry realize its export goals.

The EU has provided preferential duty rates for a number of animal products from East European countries. For example, the EU-Poland agreement provides reciprocal reductions in pork and beef tariffs up to 60 percent lower than Normal Trade Relations rates.