



U.S. Department of Agriculture
Foreign Agricultural Service

Fact Sheet

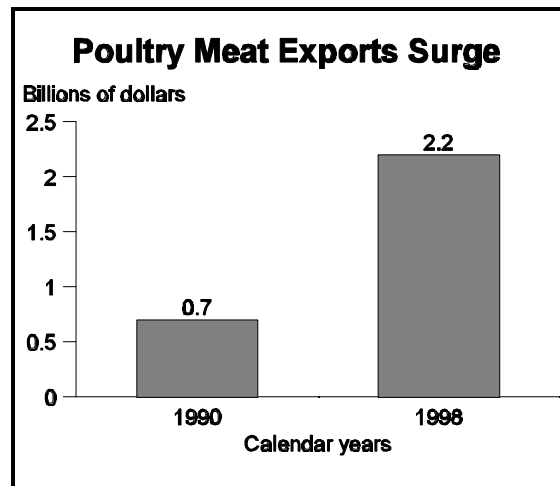
WTO and Agriculture **What's at Stake for Poultry?**

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Future export prospects for poultry meat 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.

Why Trade Matters for U.S. Poultry Meat

U.S. exports of poultry meat have taken wing since the early 1990's. Despite a recent slowdown in exports attributable primarily to the Russian ruble crisis, exports stood at nearly \$2.2 billion in 1998. Strong global demand for chicken meat and an efficient U.S. industry that benefits from low production costs have allowed the U.S. poultry industry to dominate the world market for poultry products. Gains in poultry meat trade have been largely generated by increased access to markets in Russia and China, both of which aspire to be members of the WTO. While exports to Russia have suffered following the 1998 ruble devaluation, it remains a leading market for U.S. poultry exports. Increased trade with Mexico due to the North American Free Trade Agreement and increased market access to Korea and several other nations resulting from the WTO agreement have supported gains in U.S. exports. In 1998, the United States captured 43 percent of total world poultry exports, with broiler meat exports reaching 17 percent of total U.S. production, supporting domestic prices and industry returns.



How Trade Agreements Expand Market Opportunities

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

Under the Uruguay Round, for example:

- ▶ South Korea has removed all nontariff barriers to poultry meat imports, replacing them with a tariff of 30 percent which will be reduced to 20 percent by the year 2004.
- ▶ In Central America, Costa Rica opened a tariff rate quota for chicken parts, allowing increased exports of U.S. product to that market.
- ▶ The Philippines increased market access for poultry and pork through the implementation of WTO-required tariff rate quotas.
- ▶ The EU, one of our major competitors, is reducing both the quantity and budgetary outlays for export subsidies. By 2001, the EU's maximum allowable quantity of subsidized poultry exports will be 291,000 tons--179,000 tons below the quantity of subsidized exports in the 1991-92 period.
- ▶ The United States is working to ensure that WTO accession for both Russia and China generates meaningful concessions and increased access for all U.S. meat products.

Under the WTO Sanitary-Phytosanitary Agreement, the United States is working aggressively to pursue unfair trade barriers that are not scientifically justifiable.

Why Further Trade Negotiations Are Needed

Despite the progress already achieved, trade liberalization is far from complete. U.S. poultry meat 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:

Although the Uruguay Round Agreement requires the EU to reduce both the quantity and budget outlays for poultry subsidies, it will still be able to subsidize up to 291,000 tons in 2001, a level far higher than that of the United States.

Egypt's 60 percent duty on poultry meat when it finishes making its Uruguay Round cuts, combined with an arbitrary \$1,500 minimum reference price, continues to restrict market access.

Protected by a high tariff ceiling commitment in the WTO, in late 1996, South Africa raised the import duty on frozen chicken parts from 27 percent ad valorem to Rand 2.20 per kg. (equivalent to approximately 50 percent ad valorem at current prices)

Romania slows imports of poultry meat with the use of a 60 percent tariff rate on a minimum import price of \$1,100 per metric ton. Likewise, Bulgaria maintains a 13-metric ton tariff rate quota for frozen chicken parts with an in-quota rate of 55 percent and an out-of-quota rate of 70-74 percent.