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## *Fast Track and Agriculture*

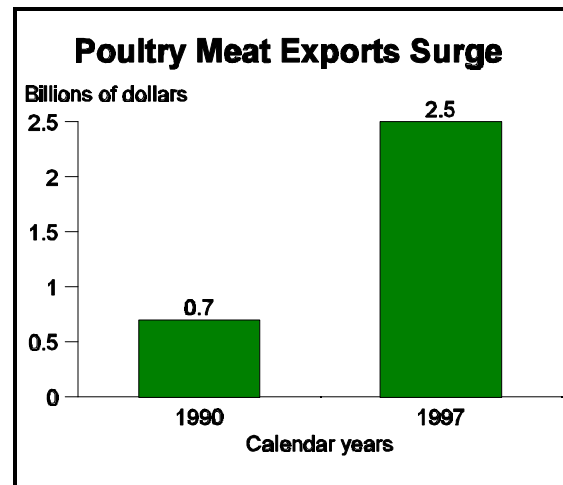
# What's at Stake for Poultry?

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Future export prospects for poultry meat depend, in large part, on the U.S. ability to maintain and expand market access, ensure fair competition, and further level the international playing field for U.S. producers and exporters. Fast track legislation under consideration by Congress would renew the President's authority to negotiate comprehensive new trade agreements aimed at achieving these objectives. Any trade agreement reached under fast track would still require congressional approval. Fast track authority is viewed as essential for U.S. negotiating credibility and success on several major trade fronts in the WTO, Latin America, Asia, and elsewhere.

### Why Trade Matters for U.S. Poultry Meat

U.S. exports of poultry meat have taken wing since the early 1990's, increasing at a 22 percent annual rate to exceed \$2.5 billion in 1997. 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. However, increased trade with Mexico due to NAFTA and increased market access to Korea and several other nations resulting from the WTO agreement have supported gains in U.S. exports. In 1997, the United States captured nearly 45 percent of total world poultry product trade, with broiler meat exports exceeding more than 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 (TRQ) for chicken parts, increasing exports of U.S. product to that market.
- ▶ The Philippines increased market access for poultry and pork through the implementation of WTO-required TRQs.
- ▶ 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 NAFTA, duty-free access to the Mexican poultry meat market has propelled Mexico into the third largest market for U.S. poultry meat exports. In 1997, Mexico imported nearly 5 percent of U.S. broiler meat exports and 32 percent of turkey meat.

# 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.

# Numerous countries maintain trade barriers for poultry meat based on unsound science, such as Chile's policy of zero tolerance for salmonella and Venezuela's ban of U.S. poultry meat imports for alleged disease-related reasons. Meanwhile, the EU continues to ban imports of U.S. poultry meat over a dispute on use of decontaminants in the production process.

# Despite a slight relaxation of policies that prohibited trade in poultry meat over the past few years, Egypt maintains a ban on chicken part imports which impedes trade flows in poultry meat and discriminates against U.S. product.

# India maintains a restrictive import licensing system that effectively bans imports of poultry meat. Imports of poultry meat into Malaysia and Indonesia continue to be constrained by less-than-transparent import licensing procedures.