



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

Date: 2/1/2008

GAIN Report Number: E48016

EU-27

Livestock and Products

EU suspends Brazil beef imports; at least temporary 2008

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Report Highlights:

DGSANCO effectively suspends Brazil beef imports from January 31, 2008, as a consequence of the refusal to publish the Brazil list of eligible cattle farms. The Brazil Ministry of Agriculture, Livestock and Food Supply had put the ball in the EU camp by submitting a list ten times longer than DGSANCO had suggested and announcing a further extension. The Brazil beef export suspension is expected to last until a new FVO audit, starting February 25, 2008, returns favorable. If unfavorable, this audit will probably trigger a full EU import ban for Brazil beef.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
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[E4]

[Brazil Ministry of Agriculture, Livestock and Food Supply](#)¹ (MAPA) and EU industry sources report that DGSANCO refused to publish the list of eligible Brazilian cattle farms, which have been audited and found in compliance by MAPA, on its TRACES database on January 31, 2008. As a result, Brazil meat inspection services can effectively no longer sign any beef export certificates as of February 1, 2008. However, product that was certified before this suspension can still enter the EU until March 31, 2008. Negotiations between representatives from MAPA and DGSANCO are expected to take place in the coming week to find a solution to the current situation.

On January 28, 2008, MAPA submitted a list of 2,681 cattle farms identified as eligible to export to the EU. This was in response to [Decision 2008/61/EC](#)² on animal health and veterinary certification conditions for imports of beef originating in Brazil, which was the EU answer to the latest negative EU Food and Veterinary Office (FVO) [audit report 7391/2007](#)³ on Brazil's traceability system. Decision 2008/61/EC stipulates that from January 31, 2008 only Brazil beef from the holdings listed as approved holdings in TRACES (the EU's Trade and Control Expert System) as described in Article 2 is certifiable for exports to the EU. The number of farms on the MAPA list far exceeds the EU's recommendations and expectations of a few hundred farms only. MAPA further announced that it had not finished the audit of the 6,780 cattle farms registered in Brazil's new traceability system (called ERAS⁴) as eligible for export to the EU. Moreover, MAPA stated that it will submit an extension to the original list as soon as audits are finished. Because the European Commission has doubts about the thoroughness of the Brazil farm audits, it will delay the publication of the Brazil farm list on TRACES until the FVO has performed a follow-up audit. This FVO audit is scheduled to begin on February 25, 2008 and plans to re-audit a sample of ten percent of the MAPA list. This percentage will be a huge task to perform for the FVO team.

Consequences

If the FVO inspection team can finish its audit mission before the end of March and submit a favorable report to Brussels, DGSANCO could publish the Brazil farm list on TRACES and allow Brazil beef exports again before the cut-off date for imports of March 31, 2008. Beef imports from Brazil would then be interrupted for a few weeks only. If the FVO report is unfavorable for Brazil, the temporary export suspension will likely become a full EU import ban. This would probably lead to significant EU beef price increases as supply becomes tighter. An import ban on Brazil beef would especially hurt some beef processing industries in a few EU Member States (MS) like Italy and the United Kingdom. Decreased EU cattle and beef exports, because of further loss of competitiveness, would not be able to compensate the loss of Brazil frozen beef imports for processing. Imports of higher quality beef could be more easily overcome by increased imports from other sources, mainly from Argentina and Uruguay. This could also offer increased opportunities for U.S. beef exports to the EU.

¹ http://www.agricultura.gov.br/images/MAPA/arquivos_portal/note_31012008.pdf

² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:015:0033:0035:EN:PDF>

³ http://ec.europa.eu/food/fvo/ir_search_en.cfm

⁴ ERAS is the successor of the FVO criticized SISBOV traceability system.

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