



**INTERNATIONAL TRADE AND THE
U.S. CATTLE INDUSTRY IN THE
NEW MILLENNIUM:
FACTS AND ISSUES FOR 2001**

**PREPARED FOR
THE SECOND ANNUAL CONVENTION OF THE
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INTERNATIONAL TRADE AND THE U.S. CATTLE INDUSTRY IN THE NEW MILLENIUM: FACTS AND ISSUES FOR 2001

Developments in international trade policy and trade agreements continue to be vitally important to the prospects of U.S. cattle producers. There are a number of ongoing negotiations, proposals, developments, legislation, regulatory proceedings, and the like, all of which either have a trade component or will have an impact on trade and competition in cattle and beef.

R-CALF, of course, continues to be an active participant in several venues, including Congress, the Administration, Congressionally-mandated commissions, Federal agencies, and international bodies such as the WTO. The materials compiled here provide a detailed overview of the facts and issues that form the framework for a comprehensive agenda for the cattle industry for the coming year. They include:

- R-CALF Year in Review
- Data on Cattle and Beef Industries, Markets and Trade Flows
- Price spreads and producers' share of retail dollars spent on beef
- Tariffs and Tariff-rate Quotas ("TRQs")
- Special Safeguards
- Export subsidies
- State Trading Enterprises
- Rules of Origin
- Trade measures affecting trade in cattle and beef
- Trade disputes involving trade in cattle and beef
- Developments in trade negotiations of interest to R-CALF (including the WTO Agriculture negotiations and the FTAA negotiations)
- Legislation introduced in the 107th Congress of interest to R-CALF
- Regulatory developments of interest to R-CALF
- Developments addressing concentration in the cattle and beef industry

R-CALF YEAR IN REVIEW

R-CALF'S YEAR IN REVIEW

R-CALF SUPPORTS LEGISLATION AND REGULATIONS TO HELP THE CATTLE INDUSTRY:

Legislation: Continued Dumping and Subsidy Offset Act of 2000
H.R. 1144, "Country-of-Origin Meat Labeling Act of 2000"

Regulatory: USDA Mandatory Price Reporting Regulations
USDA Change in Use of Grade Label on Imported Beef
USDA Review of GIPSA Captive Supply Estimations
USDOC Study of Foreign Subsidies for Beef and Cattle Industries

Other: GAO Study of Economic Modeling in Cattle and Beef Industries (ongoing)

R-CALF RAISES ITS PROFILE:

February 2000 Meeting with President Clinton, The White House, Washington, DC.

April 2000 Testify Before the U.S. Trade Deficit Review Commission, Kansas City, MO.

May 2000 Meetings in Washington, DC seeking support for R-CALF initiatives on studies of cattle industry economic modeling and foreign subsidies to cattle and beef industries.

September 2000 Testify Before the House Committee on Agriculture, Subcommittee on Livestock and Horticulture, in support of H.R. 1144, "Country-of-Origin Meat Labeling Act of 2000."

September 2000 Meetings with Government Officials at USDA (GIPSA;NASS; Undersecretary Mike Dunn), USTR, Department of Commerce; Department of Justice; and 18 Members of Congress and/or their staff.)

R-CALF'S YEAR IN REVIEW

R-CALF PROVIDES INPUT:

House Committee on Agriculture Review of Federal Farm Policy – June 12, 2000 (mailed to every member of the House Committee on Agriculture).

USDA – Official Grading of Imported Beef, Lamb, Veal and Calf Carcasses under the Authority of the Agricultural Marketing Act of 1946 – April 3, 2000.

USDA – Proposed Rule on Livestock Mandatory Reporting (Docket No. LS-99-18) – April 17, 2000.

USTR – Free Trade Area of the Americas Negotiations – February 7, 2000.

USTR – Mandated Multilateral Trade Negotiations on Agriculture and Services in the World Trade Organization (WTO) and Priorities for Future Market Access Negotiations on Non-Agricultural Goods – May 12, 2000.

USTR – National Trade Estimate Report on Foreign Trade Barriers – December 1, 2000.

USITC – Simplification of the Harmonized Tariff Schedule of the United States (Investigation No. 332-388) – April 3, 2000.

STATUS OF LEGAL PROCEEDINGS:

Live Cattle from Canada and Mexico – Cases ended by voluntary withdrawal of appeals in March 2000.

United States – Measures Treating Export Restraints As Subsidies – (WT/DS/194) WTO complaint brought by Canada challenging U.S. treatment of restraint on export of a product as a subsidy to other products made using or incorporating the restricted product. Example cited by Canada was USDOC's investigation of Canadian Wheat Board's restraints on exports of feed barley as potential subsidy to Canadian cattle industry. R-CALF is monitoring and providing input as appropriate.

**DATA ON CATTLE AND BEEF INDUSTRIES,
MARKETS AND TRADE FLOWS**

Beef Trade Flows in 2000

	Population (Million)	Inventory (1000 Head)	Beef & Veal Consumption (1000 tons)	Per Capita Cons. in Lbs.*	Beef & Veal Production (1000 tons)	Beef & Veal Imports (1000 tons)	Beef & Veal Exports (1000 tons)	Imports as a % of Consumption	Exports as a % of Production
United States	276.5	98,048	12,539	99.8	12,311	1,369	1,151	10.9	9.3
Canada	31	12,655	979	69.5	1,260	280	565	28.6	44.8
Mexico	97.4	23,716	2,300	52.0	1,900	400	less than 1	17.4	**
EU	375.9	76,700	7,255	42.5	7,495	360	646	5.0	8.6
Russia	147.2	27,000	2,245	33.6	1,800	450	5	20.0	0.3
Australia	19.1	26,600	690	79.5	1,953	3	1,213	0.4	62.1
China	1270	126,983	5,319	9.2	5,350	9	40	0.2	0.7
Japan	126.5	4,588	1,518	26.4	534	1,000	less than 1	65.9	**
New Zealand	3.8	9,110	135	78.2	592	2	460	1.5	77.7
Korea	46.5	2,487	550	26.0	266	268	less than 1	48.7	**
Philippines	74.5	5,502	280	8.3	235	85	less than 1	30.4	**
Argentina	36.6	49,832	2,590	155.7	2,940	8	360	0.3	13.9
Uruguay	3.3	10,557	205	136.7	465	less than 1	260	**	55.9
Brazil	168	146,272	5,879	77.0	6,450	57	625	1.0	10.6
Egypt	69.1	6,275	532	16.9	400	115	N/A	21.6	**

Compiled from: USDA F.A.S Attache Reports, USDA World Livestock Outlooks, CIA Worldfactbook

* Carcass Weight Equivalent

** Not Able to Compute a Value

Note: Quantities not adjusted to reflect beef produced from imported cattle.

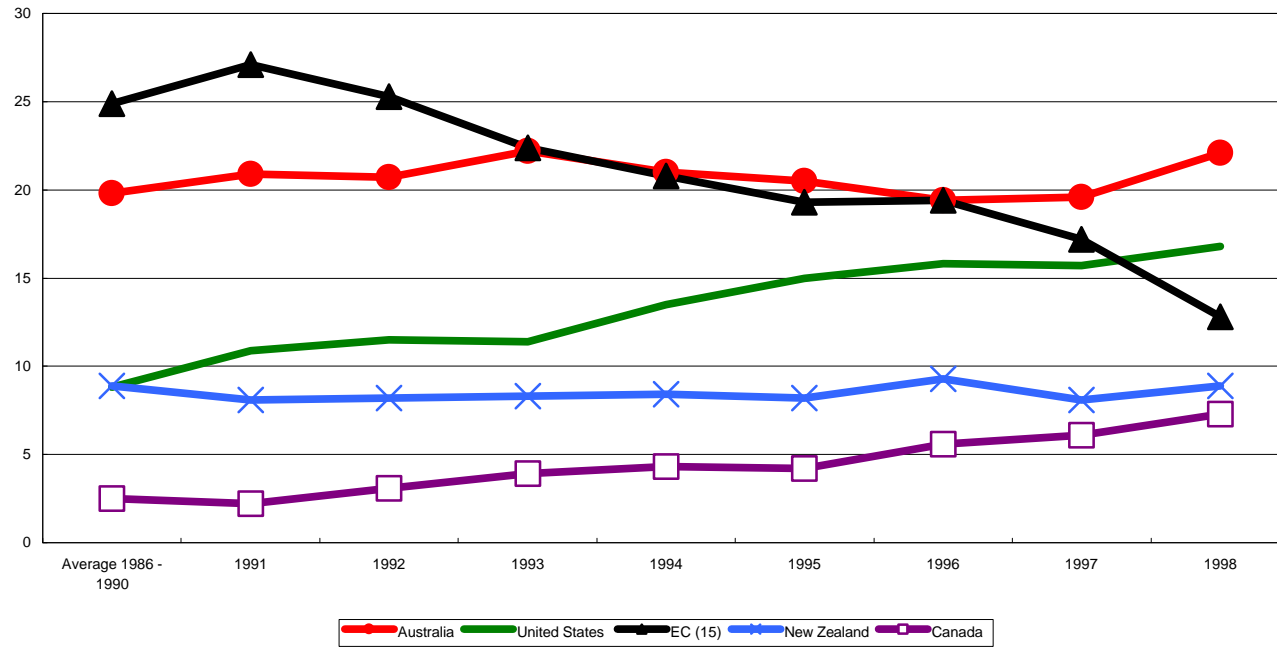
SHARE OF SELECTED COUNTRIES IN WORLD EXPORT VOLUME OF BOVINE MEAT (PER CENT)

	Average 1986 - 1990	1991	1992	1993	1994	1995	1996	1997	1998
Australia	19.8	20.9	20.7	22.2	21.0	20.5	19.4	19.6	22.1
United States	8.8	10.9	11.5	11.4	13.5	15.0	15.8	15.7	16.8
EC (15)	24.9	27.1	25.3	22.4	20.8	19.3	19.4	17.2	12.8
New Zealand	8.9	8.1	8.2	8.3	8.4	8.2	9.3	8.1	8.9
Canada	2.5	2.2	3.1	3.9	4.3	4.2	5.6	6.1	7.3
Argentina	7.1	6.3	4.4	4.5	6.2	8.6	6.6	6.7	4.6
Brazil	6.4	4.3	6.0	6.4	5.0	3.5	3.6	3.3	4.6
Uruguay	3.4	2.0	2.0	1.7	2.4	2.3	3.5	3.9	3.9
Poland	1.6	0.7	0.5	0.4	0.4	0.5	0.7	0.8	1.7
Czech Republic	-	-	-	0.1	0.1	0.1	0.1	0.2	0.3
Hungary	1.2	1.2	1.1	0.6	0.6	0.4	0.5	0.5	0.2
South Africa	0.1	0.1	0.1	0.1	0.0	0.5	0.6	0.4	0.1
Slovak Republic	-	-	-	0.1	0.1	0.0	0.0	0.0	0.1
Colombia	0.3	0.5	0.2	0.0	0.0	0.1	0.0	0.0	0.1
Bulgaria	0.3	0.0	0.1	0.0	0.0	0.1	0.2	0.1	0.1
Norway	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Cyprus	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Romania	1.7	0.3	0.3	0.4	0.3	0.1	0.1	0.0	0.0
Turkey	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rest of world	13.1	15.2	16.4	17.4	16.7	16.6	14.7	17.3	16.6
World export volume	100	100	100	100	100	100	100	100	100
Total of top four exporters 1986-90 (EC, Australia, New Zealand, US)	62.3	67.1	65.7	64.2	63.8	63.0	63.8	60.5	60.6

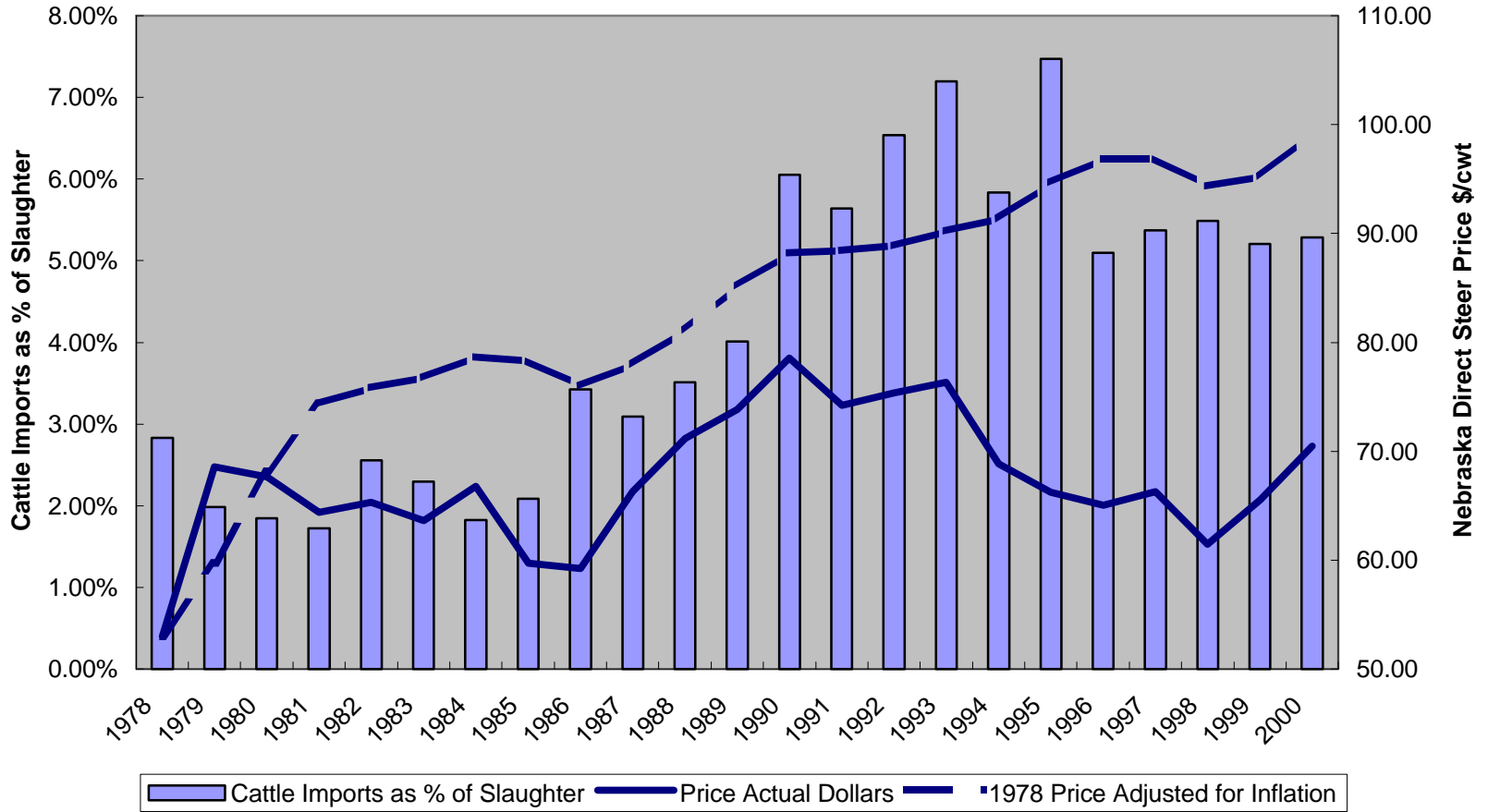
Bovine meat (referred to as "meat, bovine") in carcass weight equivalent, including sausages, preparations but excluding live animals and Offal

Source: FAO (1999), "FAOSTAT Statistics Database" from the Internet.

Share in world export volume of bovine meat, 1986-98 (per cent):
Top five exporters in 1998



Imports of Live Cattle as a Percent of Total Cattle Slaughter and Prices for Nebraska Direct Steers 1100 lbs.



U.S. Imports and Exports of Live Cattle and Beef and Veal

	Live Cattle			Beef & Veal		
	Imports	Exports	Net Imports	Imports	Exports	Net Imports
	<i>----- Head -----</i>			<i>Thousands of Pounds, Carcass Weight</i>		
1987	1,200,481	130,698	1,069,783	2,293,360	611,090	1,682,270
1988	1,332,206	321,449	1,010,757	2,380,580	679,791	1,700,789
1989	1,459,415	169,140	1,290,275	2,175,351	1,061,939	1,113,412
1990	2,135,000	119,914	2,015,086	2,354,567	1,006,042	1,348,525
1991	1,939,054	310,962	1,628,092	2,406,496	1,188,370	1,218,126
1992	2,255,265	321,790	1,933,475	2,439,775	1,323,637	1,116,138
1993	2,499,046	153,416	2,345,630	2,401,332	1,275,045	1,126,287
1994	2,082,504	230,791	1,851,713	2,370,727	1,610,620	760,107
1995	2,786,245	94,548	2,691,697	2,103,473	1,820,814	282,659
1996	1,965,448	174,307	1,791,141	2,072,729	1,819,194	253,535
1997	2,046,352	282,344	1,764,008	2,344,225	2,058,530	285,695
1998	2,034,009	285,209	1,748,800	2,643,105	2,160,811	482,293
1999	1,945,076	329,319	1,615,757	2,873,689	2,417,114	456,576
2000	1,974,881	535,252	1,439,629	3,052,377	2,562,046	490,332

Source: Kansas State Livestock and Meat Marketing website, <http://www.agecon.ksu.edu/livestock/LivestockDatabases/TradeDatabases/montrade.xls>
 Data for 2000 are annualized.

**Comparison of U.S. Cattle Inventories, Imports of Cattle and
Prices for Nebraska Direct Steers 1100 lbs.
1970 - 1998**

	Cattle Inventory as of Jan 1	Cattle Imports	Beef and Veal Imports*	Nebraska Direct 1100 cwt Steer Price	1978 Fed Steer Price Adjusted for Inflation	Price Below Inflation (1978=0)
	<i>Thousand of Head</i>			<i>\$/ cwt</i>	<i>\$/ cwt</i>	<i>\$/ cwt</i>
1978	116,375	1,252.57	4,799.83	53.01	53.01	
1979	110,864	731.83	5,472.53	68.56	59.73	8.82
1980	111,242	680.67	4,649.39	67.64	68.16	0.51
1981	114,351	659.05	4,603.69	64.42	74.41	9.99
1982	115,444	1,004.20	4,396.09	65.34	75.83	10.49
1983	115,001	920.72	4,141.57	63.63	76.77	13.14
1984	113,360	753.17	3,828.99	66.79	78.67	11.87
1985	109,582	835.14	4,098.77	59.75	78.29	18.54
1986	105,378	1,404.85	3,995.24	59.25	76.02	16.77
1987	102,118	1,200.00	4,351.65	66.28	78.00	11.72
1988	99,622	1,331.74	4,420.10	71.19	81.13	9.94
1989	96,740	1,458.28	4,035.88	73.86	85.20	11.34
1990	95,816	2,135.00	4,417.96	78.56	88.23	9.67
1991	96,393	1,938.93	4,484.21	74.21	88.42	14.21
1992	97,556	2,255.27	4,539.52	75.35	88.89	13.54
1993	99,176	2,499.05	4,503.20	76.36	90.22	13.86
1994	100,974	2,082.50	4,307.31	68.84	91.35	22.51
1995	102,785	2,786.25	3,741.44	66.26	94.67	28.41
1996	103,548	1,966.60	3,648.13	65.05	96.84	31.79
1997	101,656	2,048.36	4,042.74	66.32	96.84	30.52
1998	99,744	2,036.75	4,439.07	61.47	94.38	32.91
1999	99,115	1,949.57	4,674.50	65.56	95.23	29.67
2000	98,048	1,974.88	4,898.72	70.45	99.26	28.81

Source: Data from USDA ERS Red Meat Yearbook and Agricultural Statistics.

*Beef and Veal imports converted from carcass weight equivalent to head by dividing the average production of U.S. Slaughter in pounds per head.

Steer price adjusted for PPI using IMF International Financial Statistics 1999 Yearbook and November 2000 eds. (PPI for 2000 is average of I and II Qtrs).

INTERNATIONAL CATTLE/BEEF NOTES

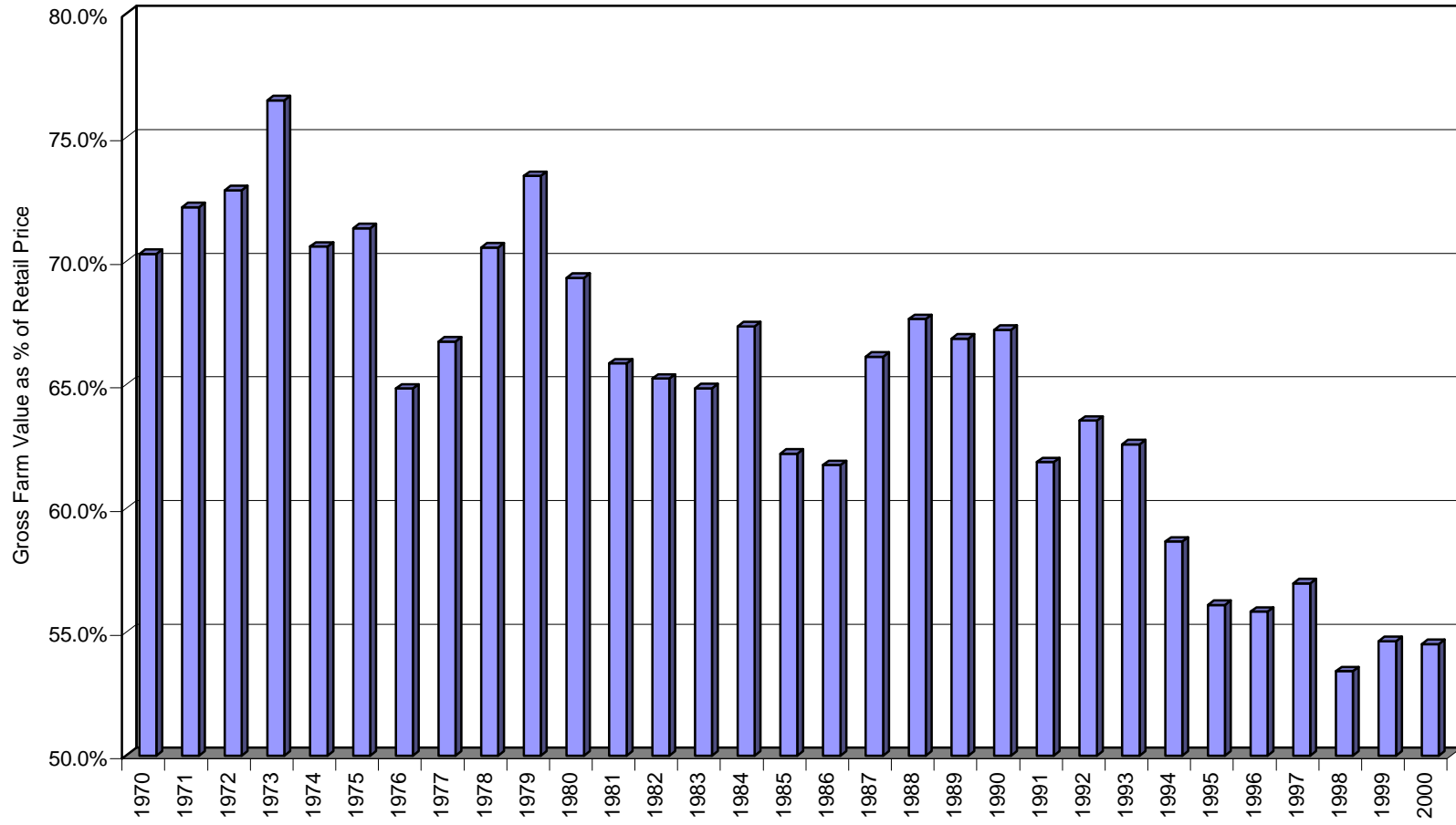
Country	Beef Exports	Beef Imports	Cattle Inventory	Trends
Canada	565,000 tons in 2000 (forecast 2% up in 2001). Markets: Mexico, US	275,000 tons in 2000 (up 18%). From: US, Argentina, Uruguay, Australia, New Zealand	12.55 million head (down 1% but expected to increase soon)	Doubling of exports to Mexico (no AD case), stricter grading regulations; Expected herd expansion
European Union	854,000 tons in 1999. Suspended to most countries b/c of BSE. Also, intra-EU shipments have declined.	Forecast at 350,000 tons in '01. Importing from: Argentina, US	76.7 million head	Beef tracking and labeling system; Mad Cow disease (BSE) outbreak in late October has caused near collapse of EU beef markets (consumption reductions of 50% in Greece, 25- 33% in France, Germany, BeNeLux countries, Spain, etc.). All cattle over 30 months must be tested for BSE or be destroyed
Argentina	Forecast 390,000 tons in '01, 360,000 in '00. Markets: Chile, EU, Brazil, Canada, Israel (Exports to US on hold currently b/c of FMD)	6,000 TONS FORECAST IN '01	49.6 MILLION HEAD	FMD outbreak in August 2000; over 3000 cattle slaughtered to contain the outbreak; Argentina's FMD-free status reinstated in late September. Considerable quantities of thermally processed beef however which are not subject to FMD. Exports to EU down in last quarter as BSE crisis caused general decline in beef consumption esp. in Germany, Argentina's #1 market.
Brazil	Forecast 675,000 tons (up 8%) Markets: EU, US, Israel, Hong Kong, Chile	57,000 TONS	150.85 million head (up 3%)	Outbreaks of FMD in August; despite this, exports are expected to grow because Brazil exports considerable quantities of thermally processed beef (which is not an FMD risk).

Country	Beef Exports	Beef Imports	Cattle Inventory	Trends
Japan	LESS THAN 1,000 TONS	990,000 tons (down 1%) Importing from: United States (48%), Australia (47%) (note: imported 12,500 slaughter animals from Australia)	6 MILLION HEAD	Value-conscious consumers rely on less expensive beef cuts to increase consumption levels; Mild FMD outbreak was contained and FMD-free status was reinstated in late September; mandatory country of origin labeling has mitigated consumer effects.
Mexico	1.24 MILLION HEAD (VIRTUALLY ALL TO US)	400,000 tons in 2000	22.44 million head	Increased shipments of feeder cattle to US as US prices are stronger
Australia	1.21 million tons. Markets: U.S., Japan, Korea, Indonesia, Philippines	LESS THAN 1,000 TONS	26.6 million head	Rebuilding phase of cycle; low cost feed= heavier weights
New Zealand	632,000 tons (Up 10% from '99) Markets: U.S., Canada, Taiwan, Indonesia	2,000 tons	9.8 million head	Inventory increase as part of cycle
Uruguay	270,000 metric tons in '00. Markets: NAFTA, EU, Israel	LESS THAN 1,000 TONS	9.8 million head	FMD outbreak FMD-free status reinstated; exports lower in future as herd was reduced in 1999- '00

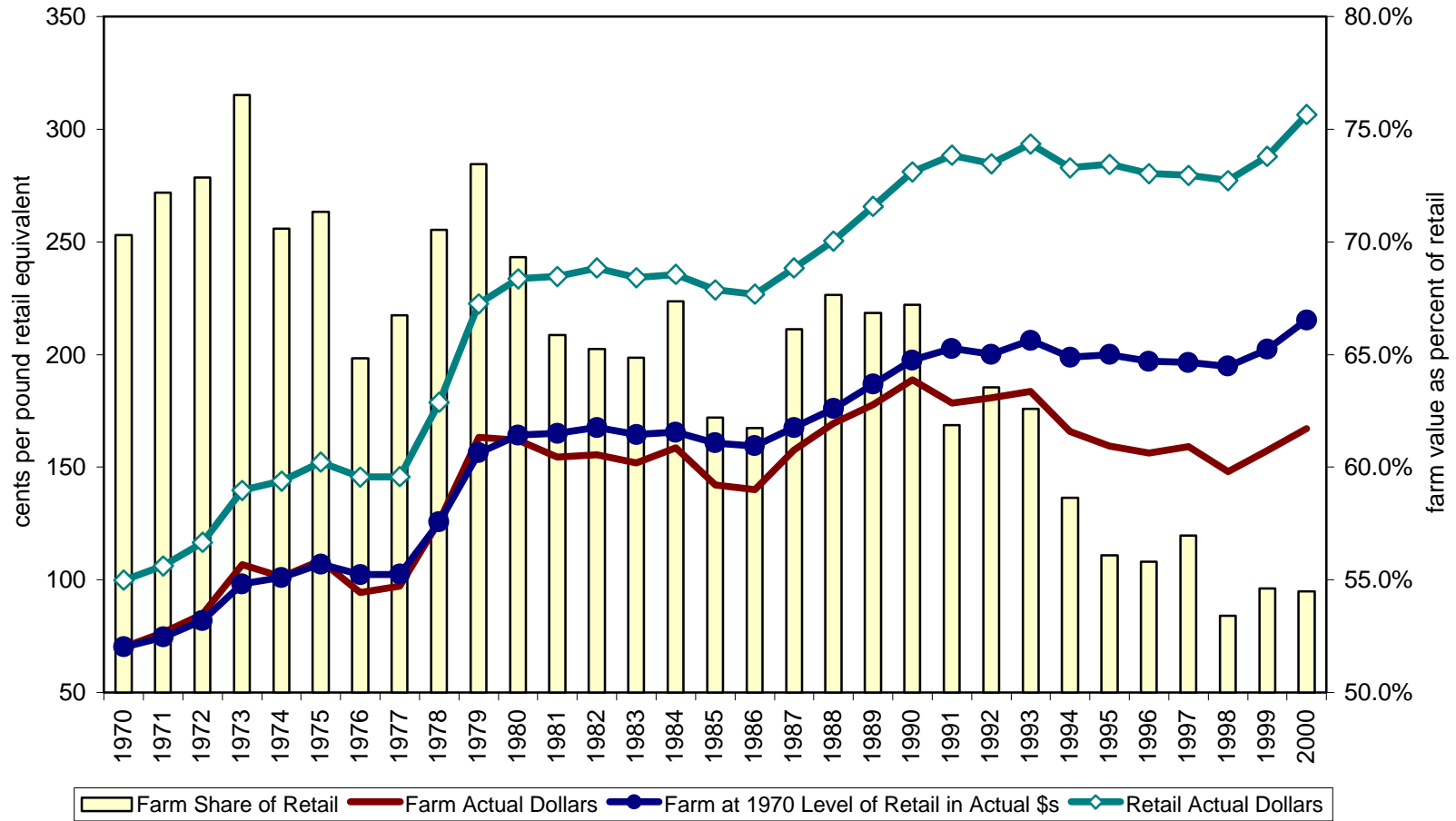
Source: USDA Attache Reports from Selected Countries and USDA FAS World Livestock Outlook.

**PRICE SPREADS AND PRODUCERS' SHARE OF
RETAIL DOLLARS SPENT ON BEEF**

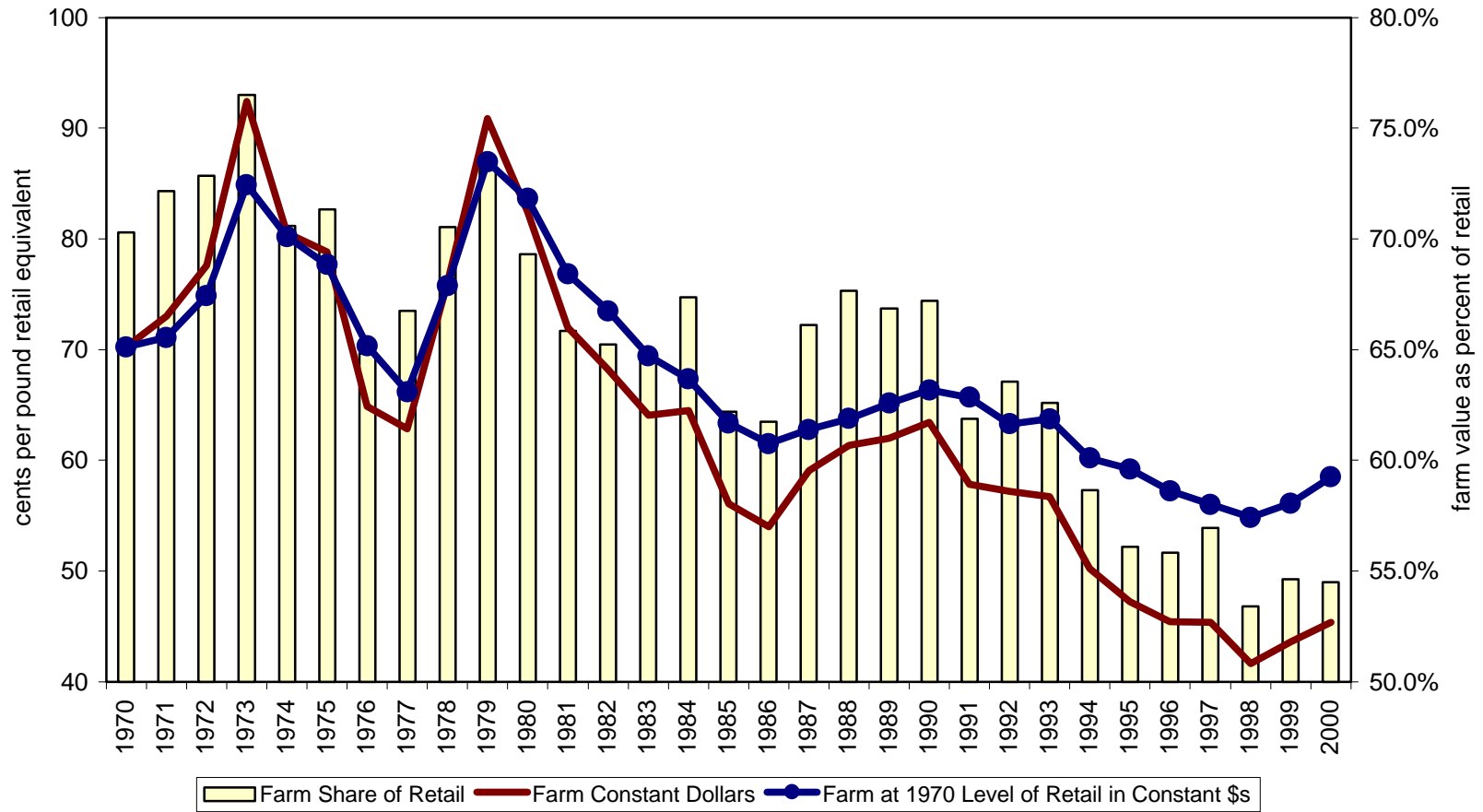
**Value Received by Farmers as a Percent of
Retail Dollar on Beef**



Choice Beef Values and Spreads - Farm Price vs. Retail Price In Actual Dollars

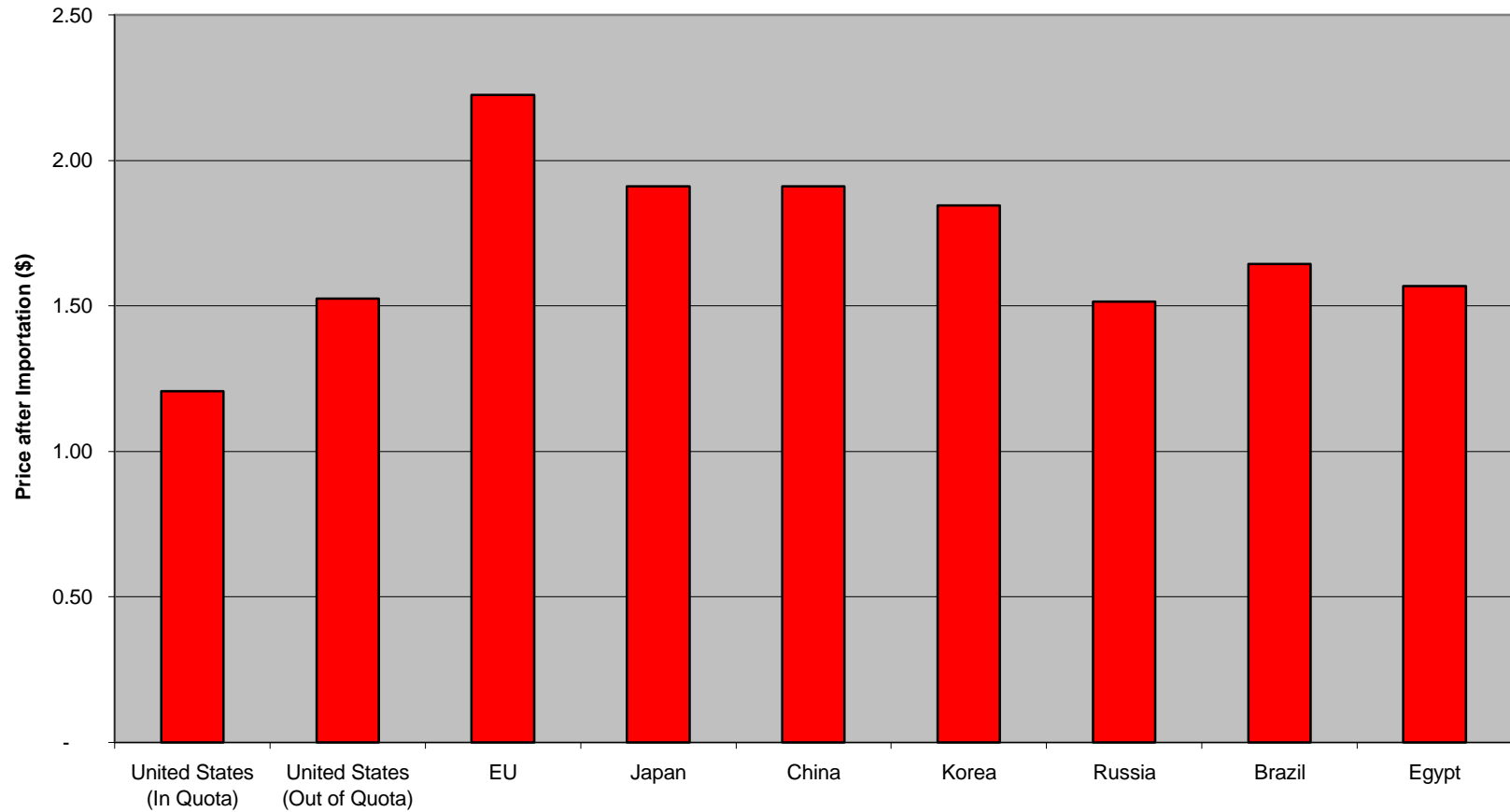


**Choice Beef Values and Spreads - Farm Price vs. Retail Price
In Constant Dollars (1970=100)**



TARIFFS AND TARIFF-RATE QUOTAS (“TRQs”)

Landed Cost of Lb. Of Beef in Select Countries



Compiled from WTO tariff rates for lb. Of 0201 beef in U.S. with a FAS value \$1.32/lb., adjusted into C.I.F. \$/lb.

Tariff Rates

Country	HTS Number	HTS Product Description	Bound Rate	Applied Rate
Argentina	0102.00.	Live bovine animals	3.8%	
Argentina	0201.00.	Meat of bovine animals, fresh or chilled		
Argentina	0202.00.	Meat of bovine animals, frozen		
Brazil	0201.10-30	Fresh and chilled Beef	55.00%	13-15%
Brazil	0202.10-30	Frozen beef	55.00%	13-15%
China	0202.10-30	Frozen beef		45%
Colombia	0102.00.	Live bovine animals	70.00%	
Colombia	0201.00.	Meat of bovine animals, fresh or chilled	108.00%	20%
Colombia	0202.00.	Meat of bovine animals, frozen	108.00%	20%
El Salvador	0102.10.00	Live bovine animals, pure-bred for breeding	25.00%	
El Salvador	0102.90.00	Live bovine animals, other	30.00%	
El Salvador	0201.10-30	Meat of bovine animals, fresh or chilled	79.00%	
El Salvador	0202.10-30	Meat of bovine animals, frozen	79.00%	
European Union	0102.90.05 - 0102.90.79	Live bovine animals: other	10%+931 ECU/T*	Conventional rate = bound rate
European Union	0201.10.50	Meat of bovine animals, fresh or chilled: Carcasses and half-carcasses	12.8% + 1768 ECU/T*	Conventional rate = bound rate
European Union	0201.20.15	Other cuts with bone in: 'Compensated quarters	12.8% + 1768 ECU/T*	Conventional rate = bound rate
European Union	0201.20.35	Other cuts with bone in: Unseparated or separated forequarters	12.8% + 1414 ECU/T*	Conventional rate = bound rate
European Union	0201.20.55	Other cuts with bone in: Unseparated or separated hindquarters	12.8% + 2122 ECU/T*	Conventional rate = bound rate
European Union	0201.20.90	Other cuts with bone in: Other	12.8%+ 2652 ECU/T*	Conventional rate = bound rate
European Union	0201.30.00	Boneless	12.8% + 3034 ECU/T*	Conventional rate = bound rate
European Union	0202.10.00	Meat of bovine animals, frozen: Carcasses and half-carcasses	12.8% + 1768 ECU/T*	Conventional rate = bound rate
European Union	0202.20.10	Other cuts with bone in: 'Compensated quarters	12.8% + 1768 ECU/T*	Conventional rate = bound rate

Country	HTS Number	HTS Product Description	Bound Rate	Applied Rate
European Union	0202.20.30	Other cuts with bone in: Unseparated or separated forequarters	12.8% + 1414 ECU/T*	Conventional rate = bound rate
European Union	0202.20.50	Other cuts with bone in: Unseparated or separated hindquarters	12.8% + 2211 ECU/T*	Conventional rate = bound rate
European Union	0202.20.90	Other cuts with bone in: Other Boneless: Forequarters, whole or cut into a maximum of five pieces, each quarter being in a single block: 'compensated' quarters in two blocks, one of which contains the forequarters, whole or cut into a maximum of five pieces and the other, the hindquarters, excluding the tenderloin, in one piece.	12.8% + 2653 ECU/T*	Conventional rate = bound rate
European Union	0202.30.10		12.8% + 2211 ECU/T*	Conventional rate = bound rate
European Union	0202.30.50	Boneless: Crop, chuck and blade and brisket cuts	12.8% + 2211 ECU/T*	Conventional rate = bound rate
European Union	0202.30.90	Boneless: Other	12.8% + 3041 ECU/T*	Conventional rate = bound rate
Guatemala	0102.10.00	Live bovine animals, pure-bred for breeding	40.00%	
Guatemala	0102.90.00	Live bovine animals, other	15.00%	
Guatemala	0201.10-30	Meat of bovine animals, fresh or chilled	59.00%	
Guatemala	0202.10-30	Meat of bovine animals, frozen	59.00%	
Indonesia	0102.10.100	Cows, Pure-Bred Breeding Animals	40.00%	
Indonesia	0102.90.100	Cows, other than Pure-Bred Breeding Animals	40.00%	
Indonesia	0102.90.900	Other Cows & Buffaloes Other than Pure-Bred Breeding	40.00%	
Indonesia	0201.10-30	Meat of bovine animals -- fresh or chilled	50.00%	
Indonesia	0202.20-30	Meat of bovine animals -- frozen	50.00%	

Country	HTS Number	HTS Product Description	Bound Rate	Applied Rate
Japan	0102.90.	Live bovine animals: Other: Not weighing more than 300 kg	38,250 yen/each**	
Japan	0102.90.	Live bovine animals: Other: Other	63,750 yen/each**	
Japan	0201.10-30	Meat of bovine animals, fresh or chilled	50.00%	45.00%
Japan	0202.10-30	Meat of bovine animals, frozen	50.00%	45.00%
Korea	0102.10.	Live bovine animals	89.10%	
Korea	0102.90.	Milch cows and beef cattle	40.00%	
Korea	0201.10-30	Meat of bovine animals, fresh or chilled	40.00%	
Korea	0202.10-30	Meat of bovine animals, frozen	40.00%	
Philippines	0201.10-30	Meat of bovine animals, fresh or chilled	35-40.00%	
Philippines	0202.10-30	Meat of bovine animals, frozen	35-40.00%	
Russia	0201- 0202			15%
Thailand	0102.90.	Live bovine animals, bullocks, cows and buffaloes	30.00%	
Thailand	0201.10-30	Meat of bovine animals, fresh or chilled	50.00%	
Thailand	0202.10-30	Meat of bovine animals, frozen	50.00%	
Turkey	0102.90.	Breeding animals	7.80%	
Turkey	0102.90.	Other	135.00%	
Turkey	02.01-02.06	None given	225.00%	
Uruguay	0102.90.	Live bovine animals, other than pure-bred for breeding	35.00%	
Uruguay	0201.00.	Meat of bovine animals, fresh or chilled	55.00%	
Uruguay	0202.00.	Meat of bovine animals, frozen	55.00%	
United States	0201.10	Carcasses and half-carcasses; Other than described in additional U.S. note 3 to this chapter and entered pursuant to	4.4cents/ kg.	NAFTA- free; In Quota & other FTA or GSP Program- free; In Quota Other- bound rate; Out-of-quota- 26.4%

Country	HTS Number	HTS Product Description	Bound Rate	Applied Rate
United States	0201.20	Other cuts with bone in: Other than described in additional U.S. note 3 to this chapter and entered pursuant to its provisions	4-10%	NAFTA- free; In Quota & other FTA or GSP Program- free; In Quota Other- bound rate; Out-of quota- 26.4%
United States	0201.30	Boneless: Other than described in additional U.S. note 3 to this chapter and entered pursuant to its provisions	4-10%	NAFTA- free; In Quota & other FTA or GSP Program- free; In Quota Other- bound rate; Out-of quota- 26.4%
United States	0202.10	Carcasses and half-carcasses; Other than described in additional U.S. note 3 to this chapter and entered pursuant to its provisions	4.4cents/ kg.	NAFTA- free; In Quota & other FTA or GSP Program- free; In Quota Other- bound rate; Out-of quota- 26.4%
United States	0202.20.	Other cuts with bone in: Other than described in additional U.S. note 3 to this chapter and entered pursuant to its provisions	4-10%	NAFTA- free; In Quota & other FTA or GSP Program- free; In Quota Other- bound rate; Out-of quota- 26.4%
United States	0202.30	Boneless: Other than described in additional U.S. note 3 to this chapter and entered pursuant to its provisions	4-10%	NAFTA- free; In Quota & other FTA or GSP Program- free; In Quota Other- bound rate; Out-of quota- 26.4%
Venezuela	0102.90.10	Live bovine animals		40.00%
Venezuela	0201..	Meat of bovine animals, fresh or chilled		25.00%
Venezuela	0202..	Meat of bovine animals, frozen		25.00%

Source: HTS numbers, product descriptions and bound tariff rates are from the Schedules in the Marrakesh Protocols for the respective countries. The applied tariffs are from USDA/FAS Attache reports for the respective countries. A blank space in the Applied Tariffs column means R-CALF was not able to locate the rate. In many cases with respect to agriculture, bound and applied rates may be the same or very similar for many countries.

* 1 ECU= \$.92 (1/30/01)

**1 \$ = 115.9 Yen (1/30/01)

TARIFF-RATE QUOTAS

The Uruguay Round Agreements Act, which implemented the WTO Agreements into U.S. law, replaced the import quotas on meat under the Meat Import Act of 1979 with a new system of tariff-rate quotas. The U.S. beef TRQs apply only to imports of fresh, chilled or frozen beef and not to cooked or processed beef.

The following table shows the in-quota quantity of beef allocated by country:

	Metric tons	1,000 pounds
Canada	No limit	No limit
Mexico	No limit	No limit
Australia	378,214	833,819
New Zealand	213,402	470,471
Japan	200	441
Uruguay	20,000	44,092
Argentina	20,000	44,092
Other	64,805	142,871
Total	696,621	1,535,786

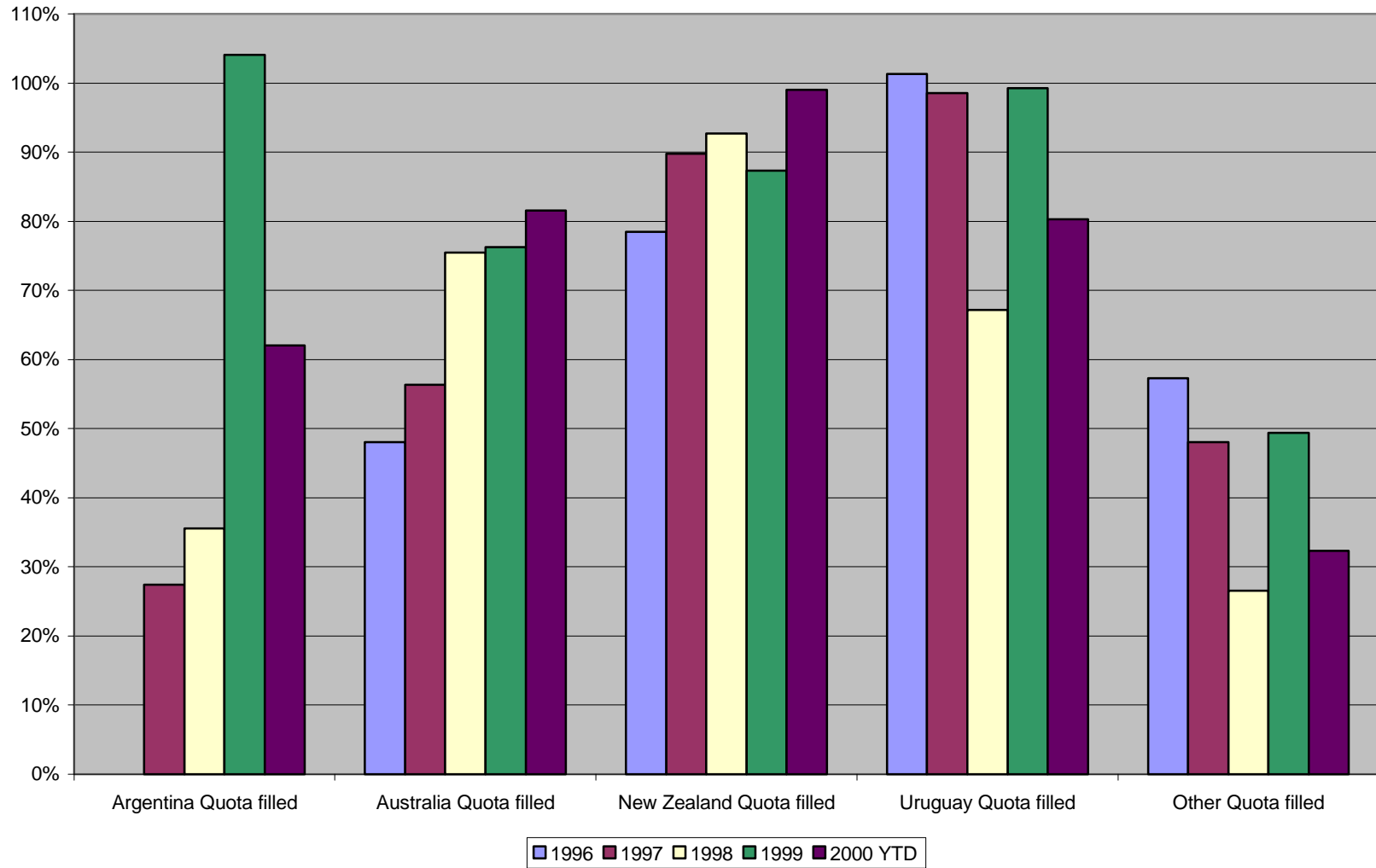
IMPORTS OF FRESH, CHILLED AND FROZEN BEEF – SELECTED COUNTRIES

<u>Country</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>Jan-Nov. 00</u>
Argentina	0	5,487.12	7,106.83	21,286.86	12,028.55*
Australia	181,618.86	213,123.18	285,337.09	288,363.57	308,507.32
New Zealand	137,638.61	191,726.88	197,779.34	186,441.13	212,203.49
Uruguay	20,270.06	19,717.98	13,431.64	20,593.77	15,824.77
Other	37,117	31,148	17,192	32,019	20,964

HTS 0201, 0202.

* Decline reflects outbreak of FMD in certain regions of Argentina and suspension of importation of fresh beef.

U.S. TRQs on Beef



Beef TRQs in Other Major Exporting or Importing Countries

<u>Country</u>	<u>Product</u>	<u>HTS Numbers</u>	<u>Volume (Tons)</u>	<u>Allocation</u>
Canada	Beef and veal	0201.10.10/20.10/ 30.10; 0202.10.10/20.10/ 30.10	29600 35000 11809	New Zealand Australia All Other, Non-NAF
EU	Meat of bovine animals, fresh or chilled (high quality)...	0201, 0202... ex	11500 28000 6300 5000 7000 300	U.S. & Canada Argentina Uruguay Brazil Australia New Zealand
Korea	Meat of bovine animals ...Carcasses and half-carcasses	0201.10.00/20.000	225000	N/A
Philippines	Beef	0201	5570	N/A

COUNTRIES WITH LIVESTOCK AND LIVESTOCK PRODUCT TARIFF QUOTAS

- Barbados Poultry, swine
- Bulgaria Beef, swine, sheep, turkey and poultry
- Canada Broiler hatching eggs and chicks; chicken, live, meat and products, turkey, live, meat and products, beef and veal
- Colombia Beef; pork and swine; poultry
- Czech Republic Cattle and beef; swine and pork; sheep and meat; poultry meat
- Ecuador Poultry
- El Salvador Beef; poultry

COUNTRIES WITH LIVESTOCK AND LIVESTOCK PRODUCT TARIFF QUOTAS

- EC-15 Cattle, beef, sheep, mutton,
- Guatemala Beef, poultry
- Hungary Cattle and beef, sheep and goats, poultry
- Israel Sheep and goats, fresh, chilled or frozen
- Korea Pure-bred breeding cows; pure-bred breeding swine; beef; pork; poultry
- Malaysia Live swine and pork; live poultry and poultry meat
- Mexico Poultry

COUNTRIES WITH LIVESTOCK AND LIVESTOCK PRODUCT TARIFF QUOTAS

- Morocco Beef; swine; and poultry
- Nicaragua Beef; poultry
- Norway Beef; swine; poultry
- Panama Swine; poultry.
- Philippines Cattle, live swine, live goat, live poultry, beef, pork, goat meat, poultry.
- Poland Live cattle; beef; live swine; pork; live poultry, poultry meat.
- Romania Beef and swine

COUNTRIES WITH LIVESTOCK AND LIVESTOCK PRODUCT TARIFF QUOTAS

- Slovakia Cattle and beef; swine and pork; sheep and meat of sheep; poultry meat.
- Slovenia Beef; pork.
- South Africa Beef; pork; sheep meat; poultry meat.
- Switzerland Live cattle and swine, live sheep.
- Tunisia Cattle, beef, sheep meat.
- Venezuela Pork, poultry.

U.S. INDUSTRIES WITH TRQs

- Beef
- Lamb
- Dairy
- Sugar
- Cotton
- Peanuts
- Tobacco

SPECIAL SAFEGUARDS

SPECIAL SAFEGUARDS

Article 5 of the WTO Agreement on Agriculture authorizes additional duty on imports of specified agricultural products when imports exceed either certain volumes or prices at which the imports enter fall below a particular trigger price. This additional duty is called a “Special Safeguard” (“SSG”).

Formula for import volume trigger is based on combination of (1) average market share held by imports during preceding three years and (2) absolute volume change in domestic consumption of the product in the most recent year compared to the preceding year. The greater the market share held by the imports, the lower the trigger level (i.e., the amount of which imports must increase before additional duty may be imposed).

Formula for price trigger is based on a reference price equal to the average c.i.f. unit value of the product from 1986 to 1988 (“reference price”).

Both the United States and the European Union have SSGs for fresh and frozen beef. The European Union also has SSGs for certain classes of live cattle. As shown in the accompanying table, the EU’s trigger prices for fresh, chilled and frozen beef are generally substantially higher than the U.S. trigger prices for comparable products, e.g.,:

SSG Trigger Prices (US\$/CWT)

	EU	US
Fresh cuts with bone-in:	\$92.59 - \$221.33	\$94.25
Fresh cuts, boneless:	\$283.55	\$108.58
Frozen cuts with bone-in:	\$77.73 - \$138.38	\$99.76
Frozen cuts, boneless:	\$151.00	\$108.58

EU and US Special Safeguards

Tariff Item No	Description	EU Trigger Price (\$US/CWT)	US Trigger Price (US\$/CWT)
HTS 0102	Live bovine animals:		
	----Other than pure-bred breeding animals; Domestic species; Steers (bullocks) of a weight exceeding 220 kg	\$55.07	No SSG on Live Cattle
0102 9020	Domestic species; Other than steers (bullocks) of a weight exceeding 220 kg	\$71.70	No SSG on Live Cattle
HTS 0201	Meat of bovine animals, fresh or chilled:		
	Meat of bovine animals, fresh or chilled: Carcasses and half-carcasses and other		
0201.1050 (US)	cuts with bone in	NA	\$94.25
0201.1050 (EU)	Carcasses and half-carcasses	\$100.90	NA
	--Other cuts with bone in; 'Compensated'		
0201.2015 (EU)	quarters	\$106.99	NA
	--Other cuts with bone in; Unseparated or		
0201 2035 (EU)	separated forequarters	\$92.59	NA
	--Other cuts with bone in; Unseparated or		
0201 2055 (EU)	separated hindquarters	\$131.68	NA
0201 2080 (US)	--Other cuts with bone in; Other	NA	\$94.25
0201 2090 (EU)	--Other cuts with bone in; Other	\$221.33	NA
0201 3000 (EU)	Boneless	\$283.55	NA
	Meat of bovine animals, fresh or chilled; boneless, other	NA	\$108.58
HTS 0202	Meat of bovine animals, frozen:		
0202 1000 (EU)	Carcasses and half-carcasses	\$117.13	NA
0202 1050 (US)	Carcasses and half-carcasses; Other	NA	\$99.76
	--Other cuts with bone in; 'Compensated'		
0202 2010 (EU)	quarters	\$121.69	NA
	--Other cuts with bone in; Unseparated or		
0202 2030 (EU)	separated forequarters	\$77.73	NA
	--Other cuts with bone in; Unseparated or		
0202 2050 (EU)	separated hindquarters	\$87.62	NA
	Carcasses and half-carcasses and other		
0202 2080 (US)	cuts with bone in; frozen; other	NA	\$99.76
0202 2090 (EU)	--Other cuts with bone in; Other	\$138.38	NA
	--Boneless; Forequarters, whole or cut into a maximum of five pieces, each quarter being in a single block; 'compensated'		
	quarters in two blocks, one of which contains the forequarter, whole or cut into a maximum of five pieces, and the other, the		
0202 3010 (EU)	hindqu	\$87.11	NA
	--Boneless; Crop, chuck and blade and		
0202 3050 (EU)	brisket cuts	\$130.67	NA
0202 3080 (US)	--Boneless; Other	NA	\$108.58
0202 3090 (EU)	--Boneless; Other	\$151.00	NA

Source: G/AG/NG/S/9, WTO Committee on Agriculture Special Agricultural Safeguard (6 June 2000)

Euros converted to US\$ at conversion rate of 1 Eu = \$0.92

MEMBERS WITH SSG MEASURES

- Australia
- Barbados
- Botswana
- Bulgaria
- Canada
- Colombia
- Costa Rica
- Czech Republic
- Ecuador
- El Salvador
- EC (15)
- Guatemala
- Hungary
- Iceland
- Indonesia
- Israel
- Japan
- Korea
- Malaysia
- Mexico
- Morocco
- Namibia

MEMBERS WITH SSG MEASURES

- New Zealand
- Nicaragua
- Norway
- Panama
- Philippines
- Poland
- Romania
- Slovak Republic
- South Africa
- Swaziland
- Switzerland-Liechtenstein
- Thailand
- Tunisia
- United States
- Uruguay
- Venezuela

EXPORT SUBSIDIES

Export Subsidies in Select Beef Producing Countries

Country	Subsidized Export	2001 Commitment Level		2002 Commitment Level		2003 Commitment Level		2004 Commitment Level	
		Value in \$**	Quantity Tons	Value in \$**	Quantity Tons	Value in \$**	Quantity Tons	Value in \$**	Quantity Tons
Brazil	Bovine Meat	4,760,576	96,261	4,623,252	94,767	4,485,928	93,273	4,348,603	91,779
European Communities	Beef Meat	1,242,880,176	817,100	Same as in 2001		Same as in 2001		Same as in 2001	
Colombia	Bovine Meat	5,021,959	8,887	4,862,532	8,735	4,703,105	8,582	4,536,770	8,430
Norway	Bovine Meat	4,238,314	1,497	Same as in 2001		Same as in 2001		Same as in 2001	
Poland	Bovine, Swine and Lamb Meat	37,900,000	40,900	Same as in 2001		Same as in 2001		Same as in 2001	
Sweden	Bovine Meat	11,252,800	7,100	Same as in 2001		Same as in 2001		Same as in 2001	
Turkey	Meat of Bovine	89,004	571	86,437	562	83,870	553	81,302	544
United States	Bovine Meat	22,822,166	17,589	Same as in 2001		Same as in 2001		Same as in 2001	

*Data compiled from Uruguay Round Agreements Tariff Schedules

**All currency conversions based on 1/26/01 exchange rates

(+) For amounts stated in U.S. dollars in Uruguay Round Agreements Tariff Schedules; no conversions have been made for 2000 dollars

STATE TRADING ENTERPRISES

State Trading Enterprises Involved in Beef

New Zealand

New Zealand Meat Board

Purpose: The Board's overall object is to ensure that New Zealand meat producers obtain the best possible long term returns from meat exports through market development, information dissemination and promotion of efficiencies along the production and marketing chain.

Product Coverage

- 02.01 Meat of bovine animals, fresh or chilled
- 02.02 Meat of bovine animals, frozen
- 02.04 Meat of sheep or goats, fresh, chilled or frozen
- 02.06 Edible offals of bovine animals, sheep, goats, fresh, chilled or frozen
- 05.04 Guts, bladders and stomachs of animals

Korea

Livestock Products Marketing Organization

Purpose: Administers South Korea's Meat TRQs.

Products	HS Number	Products	HS Number
Meat of bovine animals; Fresh or Chilled Carcasses and half- carcasses	0201.10.0000	Meat of bovine animals : Fresh or Chilled Other cuts with bone in	0201.20.0000
Meat of bovine animals : Fresh or Chilled Boneless	0201.30.0000	Meat of bovine animals, Frozen Carcasses and half-carcasses	0202.10.0000
Meat of bovine animals, Frozen Other cuts with bone in	0202.20.0000	Meat of bovine animals, Frozen Boneless	0202.30.0000

RULES OF ORIGIN

RULES OF ORIGIN: WTO

Determining where a product comes from is no longer easy when raw materials and parts criss-cross the globe as inputs in scattered manufacturing locations. But rules of origin are important for a variety of matters including eligibility for special and preferential tariff treatment, tariff rate quota administration, and in implementing such trade actions as antidumping and countervailing duties, and safeguard measures. The WTO, in July 1995, launched a program on harmonizing non-preferential rules of origin to be applied by all member governments. The work is being conducted by a Committee on Rules of Origin in the WTO and a Technical Committee on Rules of Origin under the auspices of the World Customs Organization in Brussels.

The WTO Rules of Origin Committee has proposed a multiple layered classification system for various products. With regard to cattle and beef the system basically has two tiers.

I. Primary Rule to determine Origin- Product is from a Country if it is Wholly obtained within a country:

0102 Live animals born and raised in that country

0201 & 0202 Fresh, chilled or frozen beef obtained or produced in that country solely from animals born and raised in that country, if processed in that country

If the product does not come from a country that satisfies a primary rule, then the country of origin of a good is the last country of production where a primary rule applicable to the good was satisfied.

When no applicable primary rule has been satisfied, the country of origin shall be determined as indicated in the applicable residual rule specified at the chapter level;

II. Chapter Level Rules to Determine Origin

With Regard to Live Cattle the WTO has released the following proposals:

0102 Live cattle, bovine animals

- The country of origin of the goods of this heading shall be the country in which the animal was born (CH) (CAN) (MEX) (US) (ARG) (NZ) (FIJ)(AUS)
- The country of origin of the goods of this heading shall be the country in which the animal was fattened for at least 8 months; or the country in which the animal was born (KOR)
- The country of origin of the goods of this heading shall be the country in which the animal was fattened for at least 6 months; or the country in which the animal was born (EGY) (MAL)
- The country of origin of the bovine animals of a weight exceeding 300 kg shall be the country in which the animal was fattened for at least 8 months to come from a weight of 300 kg or less to a weight of more than 300 kg; the country of origin of the other bovine animals of this heading shall be the country in which the animal was born and raised (EC) (JPN) (MOR)
- The country of origin of the goods of this heading shall be the country in which the animal was fattened to come from a weight of 330 kg or less to a weight of 450 kg or more; or the country in which the animal was born (PHI)

Proposals for Rules of Origin for Beef Products are as follows:

0201 Meat of bovine animals, fresh or chilled

- The country of origin of the goods of this heading shall be the country in which the animal was born (SEN) (ARG)
- Change in Chapter Heading (CAN) (US) (MEX) (MAL) (AUS) (CH)
- The country of origin of the goods of this heading shall be the country in which the animal was fattened from a weight of 330 kg or less to a weight of 450 kg or more; or the country in which the animal was born (PHI)
- The country of origin of the goods of this heading shall be the country in which the animal was fattened for 6 or more months before slaughtering; or the country in which the animal was born (KOR)
- The country of origin of the goods of this heading shall be the country in which the animal was born and raised; or the country in which the animal was fattened for at least 3 months (EC) (JPN) (MOR)

0202 Meat of bovine animals, frozen

- The country of origin of the goods of this heading shall be the country in which the animal was born (SEN)
- Change in Chapter Heading (ARG) (CAN) (JPN) (US) (MEX) (AUS) (MAL)
- The country of origin of the goods of this heading shall be the country in which the animal was fattened from a weight of 330 kg or less to a weight of 450 kg or more; or the country in which the animal was born (PHI)
- The country of origin of the goods of this heading shall be the country in which the animal was fattened for six or more months before slaughtering; or the country in which the animal was born (KOR)
- The country of origin of the goods of this heading shall be the country in which the animal was born and raised; or the country in which the animal was fattened for at least 3 months (EC) (JPN) (MOR)
- The country of origin of the goods of this heading shall be the country in which the animal was fattened for at least 3 months; or the country in which the animal was born and raised (EGY)

SOURCE: WTO, COMMITTEE ON RULES OF ORIGIN, INTEGRATED NEGOTIATING TEXT FOR THE harmonization work program, G/RO/41, 3 September 1999.

What Impact These Rules Have

ISSUE No. 1: RAISING/FATTENING OF ANIMALS

OPTION A: Yes, raising/fattening of animals affects their country of origin

1. Under certain conditions, raising may be regarded as reflecting the last substantial transformation since it radically transforms the animals concerned. Their weight, size and commercial value increase substantially. The conditions reflecting the last substantial transformation are based on the animal's weight and/or the period of raising. The conditions differ from species to species and sometimes concern one species rather than another. In the latter case, the country of origin of the animal would be the country where the animal is born and raised, or the country where it is born.

OPTION B: No, raising/fattening of animals does not affect their country of origin

2. Raising cannot reflect the last substantial transformation. All the specific features and intrinsic characteristics of an animal depend on where that animal is born. Consequently, the origin of live animals is the country where they are born.

Relevant HS Codes: 01.01, 01.02, 01.03, 01.04, 01.05 and 01.06.

ISSUE No. 2: SLAUGHTERING

OPTION A: Yes, animals slaughtered in a country are from that country if later exported

3. Slaughtering is a last substantial transformation in that the products obtained are completely different from the initial product in all respects : the products arising out of slaughtering are for human or animal consumption, whereas live animals cannot be used for that purpose; the characteristics of the meat and offal obtained after slaughtering are completely different from the characteristics of the live animals. Slaughtering is not restricted solely to the killing of the animal; a series of processes are necessary in order to obtain the meat or offal.

OPTION B: Yes, animals slaughtered in a country are from that country if later exported provided that :

4. Slaughtering is preceded by raising or fattening of the animal. The various options concerning the period of time and/or the weight necessary prior for slaughtering to be regarded as last substantial transformation are set out by Members.

OPTION C: No, animals slaughtered in a country are not from that country if later exported

5. Slaughtering cannot constitute last substantial transformation. This process in no way alters the quality of the meat, which remains dependent on the conditions under which the animal was raised.

Relevant HS Codes: 02.01 to 02.07, 02.09, 02.10

Source: WTO, Committee on Rules of Origin, integrated negotiating text for the harmonization work program, G/RO/41, 3 September 1999.

FTAA United States Rules of Origin Proposal

In the FTAA negotiations the United States proposes using the "specific tariff shift" approach to determining rules of origin. This will require negotiating for each product or sector the degree of product transformation that must occur, as represented by a change in tariff nomenclature categories, in order for origin to be conferred. This is the predominant approach that was used in the NAFTA rules of origin.

The United States proposal also does not advocate using a "uniform tariff shift" approach, which would confer origin on any transformation of a product which causes it to shift HS tariff categories at a particular level of digits (e.g., four). This approach could lead to widely inconsistent results across products, as the HS categories were not drafted to imply that a substantial transformation occurs at any particular level of digits in the nomenclature.

Source: FTAA Negotiating Position of the United States, from USTR

What does the U.S. proposal really mean? Looking at **NAFTA Rules of Origin** it might mean that cattle or beef qualifies for free trade status if:

- a) the good is wholly obtained or produced entirely in the territory of one or more of the Parties, as defined in Article 415;

Article 415 (in relevant part) says that: Wholly obtained means live animals born and raised in the territory of one or more of the Parties; or goods produced in the territory of one or more of the Parties exclusively from goods referred to in subparagraphs (a) through (i) (in our case the live animals subparagraph), or from their derivatives, at any stage of production)

if that is not satisfied then:

- b) each of the non-originating materials used in the production of the good undergoes an applicable change in tariff classification set out in Annex 401 as a result of production occurring entirely in the territory of one or more of the Parties, or the good otherwise satisfies the applicable requirements of that Annex where no change in tariff classification is required, and the good satisfies all other applicable requirements of this Chapter;

Annex 401- Specific Rules of Origin

Chapter 1

Live Animals

01.01-01.06 A change to heading 01.01 through 01.06 from any other chapter.

Chapter 2

Meat and Edible Meat Offal

02.01-02.10 A change to heading 02.01 through 02.10 from any other chapter.

Source: NAFTA Rules of Origin Chapter 4

The **Mexico-EU Free Trade Agreement** has yet another different criteria in its rules of origin. The approach basically is that all beef products must be wholly obtained in the EU or Mexico (appendix II to Annex III); Wholly obtained is defined as products from live animals raised in Mexico or the EU (Annex II, Article 4(1)). Therefore, beef from an animal raised in the EU and slaughtered in Mexico is EU- origin beef, while U.S. cattle slaughtered in Mexico is U.S. origin beef.

Source: Text of the Mexico- EU Free Trade Agreement

Comparison of these different approaches to Rules of Origin yields very different results:

DETERMINATIONS OF ORIGIN USING DIFFERENT METHODS

<u>Example</u>	<u>WTO</u>	<u>NAFTA</u>	<u>EU-Mexico FTA</u>
U.S. feeder cattle slaughtered in the Mexico then exported	Varies A) Some Proposals look at the amount of fattening done in Mexico and determine whether enough value was added in Mexico to make it Mexican product or not. B) Other Proposals say slaughtering is by itself enough to make the beef a Mexican product.	Mexican Product	U.S. Product
Canadian fed cattle slaughtered in U.S. then exported	Varies A) Some Proposals look to determine which country has done the most fattening to determine country of origin. B) Other Proposals say slaughtering is by itself enough to make the beef a U.S. product.	U.S. Product	Canadian Product

TRADE MEASURES AFFECTING TRADE IN CATTLE AND BEEF

Trade Measures Affecting Trade in Cattle, Beef and Related Products

TRADE REMEDIES

Mexico imposed final antidumping duties on certain fresh, chilled and frozen beef from the United States in April 2000.

HTS No.	PRODUCT DESCRIPTION	DUTY RATE (US \$)
0201.10.01 0202.10.01	Fresh or chilled beef, carcasses and half carcasses Frozen beef, carcasses and half carcasses	0.07/kg. 0.07/kg..
0201.30.01 0202.30.01	Fresh or chilled beef, other cuts with bone-in Frozen beef, other cuts, with bone-in	0.03-0.80/kg. 0.03-0.80/kg.
0201.30.10 0202.30.10	Fresh or chilled beef, boneless Frozen beef, boneless	0.07-0.63/kg. 0.07-0.63/kg.

A review of WTO notifications indicated no other trade remedy measures in place affecting cattle or beef. There were, however, a number of antidumping orders on certain leather products, principally footwear:

IMPORTING COUNTRY IMPOSING AD MEASURE	<u>Exporting Country</u>	PRODUCT	STATUS
Venezuela	China, P.R.C.	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather	Final Determination Date: 4/24/00 Definitive duty: 48.27%
Venezuela	China, P.R.C.	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials	Final Determination Date: 4/24/00 Definitive duty: 146.45%
Canada	China, P.R.C.	Women's leather & non-leather boots & shoes	Final Determination Date: 5/01/00
European Community	China, P.R.C	Leather Handbags	Date of Re-imposition and amendment: 1/27/00 Duty: 38%
European Community	China, P.R.C. Indonesia Thailand	Footwear with uppers of leather or plastics	Final Determination Date: 02/23/98 Duties in Place

Sanitary and Standards Notifications on Cattle and Beef Submitted to the WTO
(Submitted Between Jan. 1, 2000, to Jan. 30, 2001)

Country	BSE*	FMD**	MRLs***	Feed Issues (Non-BSE)	Quarantine Policies	Dioxin	Grading Standards	Labeling
Australia	X							
Belgium			X					
Bulgaria	X							
Canada			X (2)				X	
Czech Republic	X							
European Union	X		X					X
Hong Kong		X				X		
India	X							
Jamaica							X	
Japan	X		X					
Korea	X				X	X		X
Malaysia	X							
Netherlands	X			X (4)				
New Zealand	X	X	X			X		
Peru		X						
Philippines	X							
Poland	X							
Singapore		X						
Thailand	X							
United States		X (2)					X	

* Bovine Spongiform Encephalopathy ("Mad Cow Disease").

** Foot and Mouth Disease.

*** Maximum Residue Limit (as in pesticide residues found in meat).

Sanitary Barriers to Exports of U.S. Live Cattle and Beef

Last year, information was compiled for R-CALF on sanitary barriers to exports of U.S. live cattle and beef using data from 1999. As noted below, with the exception of China's decision to accept meat processed at any USDA certified plants, the situation in 2000 remained basically unchanged.

Country	1999	2000
Brazil	Banned the importation of beef products containing growth promoting hormones. ⁱ	Situation unchanged. ⁱⁱ
Canada	On December 3, 1998, the United States and Canada entered into an agreement to mitigate some of Canada's onerous animal health requirements and the costs of complying with them, and thus facilitate the export of U.S. feeder cattle to Canada. ⁱⁱⁱ Under the Northwest Pilot Project, states that met certain requirements could participate in this program. ^{iv} As of December 3, 1998, some 26 states met these animal health requirements. ^v	While some 26 states met the requirements of the Northwest Pilot project in 1998, only six states were actually approved for this project as of August 2000. ^{vi} These states are Montana, Washington, Idaho, North Dakota, Alaska, and Hawaii. ^{vii}
Chile	Prohibited the importation of U.S. beef in consumer cuts without being graded to Chilean standards, standards which are incompatible with USDA's grading system. As Chilean meat grades originate from carcass grades at the time of slaughter, this requirement effectively blocked U.S. produced beef from the Chilean market (meat that will undergo further processing was unaffected). ^{viii}	Situation unchanged. ^{ix} In addition, Chile announced in 1999 that all unprocessed livestock products entering the country must come from plants previously inspected by the Chilean Ministry of Agriculture. ^x
China	Did not recognize the equivalency of the U.S. beef inspection system and instead required reviews of individual packing plants. ^{xi}	Situation improved. China has agreed to recognize the U.S. certification system for meat. Thus, China should accept U.S. meat from all USDA certified plants. ^{xii}
Egypt	Required that meat imported for direct consumption contain no more than 7 percent fat, a level virtually impossible to reach for premium beef, which resulted in lost sales for U.S. exporters. ^{xiii}	Situation unchanged. ^{xiv}

Country	1999	2000
European Union	Despite the determination of the WTO that the European Union's ban on the importation of hormone treated beef is in contravention of the SPS Agreement, the European Union's policy remained in place. ^{xv}	Situation unchanged. ^{xvi}
Hungary	Hungarian import regulations limited and delayed imports of breeding animals and livestock semen. ^{xvii}	Situation unchanged. ^{xviii}
Israel	Maintained a complete ban on imports of non-kosher meat while this same product was produced and sold locally in Israel. ^{xix} Imposed restrictive kosher certification requirements, which U.S. plants could not easily meet, and U.S. businesses claimed that the process for granting kosher certifications lacked transparency and was discriminatory. ^{xx}	Situation unchanged. ^{xxi}
Italy	Bull semen imports were restricted due to qualitative import standards for bull semen, which favored domestic animals, as well as high testing and registration fees. ^{xxii}	Situation unchanged. ^{xxiii}
Mexico	Relied upon questionable health inspections to slow shipments of beef into Mexico. ^{xxiv}	Situation appears unchanged. ^{xxv}
Norway	Banned the importation of hormone treated beef. ^{xxvi}	Situation unchanged. ^{xxvii}
Saudi Arabia	Saudi shelf-life for chilled meats was questionably short. ^{xxviii}	Situation unchanged. ^{xxix}
Turkey	Imposed a "temporary" ban on imports of live cattle and beef in 1996 in response to an outbreak of foot and mouth (FMD), which Turkish authorities attributed to imported cattle. The United States has been free of FMD for over seventy years. Partly as a consequence of this policy, Turkish consumers pay some of the highest prices for beef in the world. ^{xxx}	Situation basically unchanged. Although the Turkish government has officially lifted its total ban on livestock imports, only a limited number of breeder cattle are actually allowed into the country. The importation of meat (with the exception of EU quota meat) is still prohibited. ^{xxxi}

1. Office of the U.S. Trade Representative, 1999 National Trade Estimate Report on Foreign Trade Barriers, at 23.
2. Office of the U.S. Trade Representative, 2000 National Trade Estimate Report on Foreign Trade Barriers, at 16.
3. Office of the U.S. Trade Representative, U.S.-Canada Agricultural Market Opening Measures: Fact Sheet, December 4, 1998, at 1 and 2.

4. *Id.* at 2-3.
5. *Id.* at 3.
6. Kathleen Wainio, Foreign Agricultural Service, U.S. Department of Agriculture, Canada: Livestock and Products Annual 2000, GAIN Report No. CA0120, August 4, 2000, at 8.
7. *Id.*
8. Office of the U.S. Trade Representative, 1999 National Trade Estimate Report on Foreign Trade Barriers, at 48.
9. Office of the U.S. Trade Representative, 2000 National Trade Estimate Report on Foreign Trade Barriers, at 37.
10. *Id.*
11. National Cattlemen's Beef Association, Cattlemen on the Hill, Foreign Trade: China (July 1, 1999), <<http://hill.beef.org/ft/china.htm>> (obtained on Feb. 29, 2000).
12. Office of the U.S. Trade Representative, 2000 National Trade Estimate Report on Foreign Trade Barriers, at 48-49.
13. Office of the U.S. Trade Representative, 1999 National Trade Estimate Report on Foreign Trade Barriers, at 94.
14. Office of the U.S. Trade Representative, 2000 National Trade Estimate Report on Foreign Trade Barriers, at 78-79.
15. Office of the U.S. Trade Representative, 1999 National Trade Estimate Report on Foreign Trade Barriers, at 112.
16. Office of the U.S. Trade Representative, 2000 National Trade Estimate Report on Foreign Trade Barriers, at 95.
17. Office of the U.S. Trade Representative, 1999 National Trade Estimate Report on Foreign Trade Barriers, at 170.
18. Office of the U.S. Trade Representative, 2000 National Trade Estimate Report on Foreign Trade Barriers, at 150.
19. Office of the U.S. Trade Representative, 1999 National Trade Estimate Report on Foreign Trade Barriers, at 200-01.
20. *Id.*
21. Office of the U.S. Trade Representative, 2000 National Trade Estimate Report on Foreign Trade Barriers, at 179.
22. Office of the U.S. Trade Representative, 1999 National Trade Estimate Report on Foreign Trade Barriers, at 118.
23. Office of the U.S. Trade Representative, 2000 National Trade Estimate Report on Foreign Trade Barriers, at 101.
24. National Cattlemen's Beef Association, Cattlemen on the Hill, Foreign Trade: Mexico (July 1, 1999), <<http://hill.beef.org/ft/mexico.htm>> (obtained on Feb. 29, 2000).
25. Office of the U.S. Trade Representative, 2000 National Trade Estimate Report on Foreign Trade Barriers, at 286.
26. Office of the U.S. Trade Representative, 1999 National Trade Estimate Report on Foreign Trade Barriers, at 326.
27. Office of the U.S. Trade Representative, 2000 National Trade Estimate Report on Foreign Trade Barriers, at 308.
28. Office of the U.S. Trade Representative, 1999 National Trade Estimate Report on Foreign Trade Barriers, at 150.
29. Office of the U.S. Trade Representative, 2000 National Trade Estimate Report on Foreign Trade Barriers, at 133.
30. Office of the U.S. Trade Representative, 1999 National Trade Estimate Report on Foreign Trade Barriers, at 407-408.
31. Office of the U.S. Trade Representative, 2000 National Trade Estimate Report on Foreign Trade Barriers, at 402.

The BSE Crisis in Europe: Its Impact on EU Exports

Country	Meat-and-Bone Meal (for feed)	Tallow /Fats & Greases	Beef	Cattle	Pet food	Milk Products
Australia			x ("suspension on beef and beef products")			
Belarus	x ("feed additives containing animal proteins")	x ("feed additives containing animal proteins")	x			
Brazil			France, Spain, Portugal, Germany, UK	France, Spain, Portugal, Germany		
Bulgaria	x (for countries listed)	x (for countries listed)	x (for countries listed)	UK, Ireland, Switzerland, Belgium, Portugal, France, Netherlands, Denmark		
Cameroon	x	x ("suspended beef and animal feed")	x			
China	x					
Colombia	x ("rendered products")	x ("rendered products")				
Croatia	x		x	x	x	
Czech Republic	x		x	x	x	
Egypt	x	x	x	x		
Equatorial Guinea			x ("meat and meat products")			
Estonia			x			
EU (intra)	x					
Ghana	x	x ("suspended beef and animal feed")	x			

Country	Meat-and-Bone Meal (for feed)	Tallow /Fats & Greases	Beef	Cattle	Pet food	Milk Products
Gabon			France, UK ("meat and meat products")			
Hungary	x		Ireland, UK, France, Portugal, Switzerland, Germany (under consideration)			
India	BSE/TSE countries					
Japan	x	x	x			
Jordan	Germany, Spain		Germany, France, Belgium, Denmark, UK, Ireland, Lichtenstien, Luxembourg, Netherlands, Portugal, Switzerland ("banned"); Spain ("suspended")	Germany ("banned"); Spain ("suspended")		
Kuwait			France, Ireland, Portugal, Switzerland			
Lithuania			beef & beef products: Germany, Spain, Portugal, France, UK, Belgium, Denmark	Germany, Spain, Portugal		
Mexico	x ("rendered products")	x ("rendered products")				
Morocco	UK, Switzerland, Portugal, Italy, Ireland, Netherlands, Belgium	UK, Switzerland, Portugal, Italy, Ireland, Netherlands, Belgium	UK, Switzerland, Portugal, Italy, Ireland, Netherlands, Belgium	UK, Switzerland		

Country	Meat-and-Bone Meal (for feed)	Tallow /Fats & Greases	Beef	Cattle	Pet food	Milk Products
New Zealand			x ("suspension on beef and beef products")		must demonstrate that meat from countries free from BSE	
Oman			France, Ireland, Portugal, Switzerland	France, Ireland, Portugal, Switzerland		France, Portugal, Switzer.
Poland	Italy, Austria, Greece, Sweden, Finland		Germany, Belgium, Netherlands, Spain, Denmark, France, UK, Ireland, Switzerland, Portugal			
Philippines	Same countries as beef	Same countries as beef	Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Switzerland, United Kingdom	Same countries as beef	Same countries as beef	
Russia			Portugal, Ireland, Switzerland, France, United Kingdom	Netherlands		
Saudi Arabia	x ("beef derivatives")		x ("beef and mutton")			
Singapore			Belgium, Denmark, France, Germany, Ireland, Netherlands, Switzerland, United Kingdom			

Country	Meat-and-Bone Meal (for feed)	Tallow /Fats & Greases	Beef	Cattle	Pet food	Milk Products
Thailand			UK, Portugal, France, Ireland, Switzerland, Netherlands,			
Turkey	x		x ("meat products")		x	
UAE			frozen beef: France, Portugal, Switzerland; beef:			
United States	x	x	x	x	x	

x = all EU member states
SRM = specified risk material

**TRADE DISPUTES OF INTEREST TO THE U.S. CATTLE
INDUSTRY**

**WTO Consultations/Dispute Settlement Proceedings
Of Interest to the U.S. Cattle Industry**

Dispute/Parties	Issues/Findings	Status
<i>Pending Consultations</i>		
<p><u>US - Continued Dumping and Subsidy Offset Act of 2000</u></p> <p>Australia, Brazil, Canada, Chile, the EC, India, Indonesia, Japan, Korea, Mexico and Thailand (WT/DS217/1)</p> <p>December 2000</p>	<p>Continued Dumping and Subsidy Offset Act ("CDO" aka "Byrd Amendment") requires US Customs Service to distribute annually AD/CVD duties assessed to petitioners and interested parties who supported the petition for certain specified expenditures. Complaining Members allege, among other things, that the offsets constitute specific action against dumping or subsidization not contemplated by the GATT, the Antidumping Agreement, or the SCM Agreement, and therefore is inconsistent with those agreements.</p>	<p>Consultations are pending. Request for a panel is likely to be presented in February 2001.</p>
<i>Active Panels</i>		
<p><u>US - Definitive Safeguard Measures on Imports of Circular Welded Carbon Quality Line Pipe from Korea</u></p> <p>Korea (WT/DS202/1)</p> <p>June 2000</p>	<p>Korea contends that US procedures/determinations that led to the imposition of the safeguard measure and measure itself contravene Articles 2, 3) 4, 5, 11 and 12 and Articles I, XIII and XIX of the GATT 1994.</p>	<p>Panel established in October 2000.</p>

**WTO Consultations/Dispute Settlement Proceedings
Of Interest to the U.S. Cattle Industry**

Dispute/Parties	Issues/Findings	Status
<u>US - Measures Treating Export Restraints as a Subsidy</u> Canada (WT/DS 194/1) May 2000	Canada contends U.S. measures that treat restraints on exports of a product as a subsidy to other products made using or incorporating the restricted product if the domestic price of the restricted product is affected by the restraint. Alleged measures 'include portions of the Statement of Administrative Action (SAA), and preamble to the final countervailing duty rules promulgated by Department of Commerce.	Panel established in September 2000.

**WTO Consultations/Dispute Settlement Proceedings
Of Interest to the U.S. Cattle Industry**

Dispute/Parties	Issues/Findings	Status
<i>Completed Panels - Dispute Settled/Conforming Measures Adopted</i>		
<p><u>Australia- Subsidies Provided to Producers and Exporters of Automotive Leather</u></p> <p>US (WT/DS126/1)</p> <p>May 1998</p>	<p>Preferential government loans of about A\$25 million and non-commercial terms and grants of about A\$30 Million from the Australian Government is not a subsidy contingent upon export performance within the meaning of the Subsidies and Countervailing Measures ("SCM") Agreement.</p> <p>Payments under a grant contract are subsidies within the meaning of Article 1 of the SCM Agreement, which are contingent upon export performance within the meaning of Article 3. 1 (a) of that Agreement.</p>	<p>Panel report was adopted June 1999. In October 1999, US informed DSB it did not believe measures taken by Australia complied with the rulings of the panel and requested panel to reconvene.</p> <p>Review Panel determined that Australia failed to withdraw the prohibited subsidies and thus had not complied with Panel's recommendations. The DSB adopted the Review Panel's report February 2000.</p> <p>On July 24, 2000, parties notified DSB they had reached mutually satisfactory solution.</p>

**WTO Consultations/Dispute Settlement Proceedings
Of Interest to the U.S. Cattle Industry**

Dispute/Parties	Issues/Findings	Status
<p><u>Korea-Measures Concerning the Testing and Inspection of Agricultural Products</u></p> <p>US -- WT/DS3 and WT/DS41</p> <p>May 1996</p>	<p>The dispute involves testing and inspection requirements with respect to imports of agricultural products into Korea. The measures are alleged to be in violation of GATT Articles III or XI, Articles 2 and 5 of the SPS Agreement, TBT Articles 5 and 6 and Agriculture Article 4.</p>	<p>Bilateral agreement reached whereby Korea adopted common international shelf-life standards for beef and other products.</p> <p>Matter remains on docket because agreement did not cover sterilized milk products, which were part of the original complaint.</p>
<p><u>Hungary-Export Subsidies in Respect of Agricultural Products</u></p> <p>Argentina, Australia, Canada, New Zealand, Thailand and US (WT/DS35)</p> <p>March 1996</p>	<p>Dispute alleges that Hungary violated the Agreement on Agriculture (Article 3.3 and Part V) by providing export subsidies in respect of agricultural products not specified in its Schedule, as well as by providing agricultural export subsidies in excess of its commitment levels.</p>	<p>Panel established in February 1997. In July 1997, Australia, on behalf of all the complainants, notified the DSB that the parties had reached a mutually agreed solution, which required Hungary to seek a waiver of certain of its WTO obligations. General Council granted the waiver.</p>

**WTO Consultations/Dispute Settlement Proceedings
Of Interest to the U.S. Cattle Industry**

Dispute/Parties	Issues/Findings	Status
<i>Panel and Appellate Body Reports Adopted.</i>		
<p><u>United States - Definitive Safeguard Measure on Imports sorts of Wheat Gluten from the Europe Communities</u></p> <p>EC (WT/DS166/1)</p> <p>March 1999</p>	<p>Panel found, among other things, that measure and USITC determination did not satisfy Safeguards Agreement because: (1) the causation analysis did not ensure injury caused by other factors was not attributed to imports (inconsistent with Article 2. 1); (2) imports from Canada (a NAFTA partner) were excluded from the application of the measure after imports from all sources were included in the investigation for the purposes of determining serious injury caused by increased imports (inconsistent with Article 4.2).</p> <p>US appealed the decision. The Appellate Body circulated its report on 22 December 2000. With respect to the findings discussed above, the Appellate Body reversed the Panel's interpretation of Safeguards Agreement that increased imports "alone", "in and of themselves", or "<i>per se</i>", must be capable of causing 11serious injury", and conclusions on the issue of causation; but found, nonetheless, that the US had acted inconsistently with its obligations under the Agreement, because USITC had failed to consider all factors that could contribute to serious injury and because of exemption of Canada from safeguard measure.</p>	<p>Panel Report and Appellate Body Report awaiting adoption by DSB. US must decide what to do</p> <p>Next</p>

**WTO Consultations/Dispute Settlement Proceedings
Of Interest to the U.S. Cattle Industry**

Dispute/Parties	Issues/Findings	Status
<p data-bbox="153 297 489 435"><u>Korea- Measures Affecting Imports of Fresh, Chilled and Frozen Beef</u></p> <p data-bbox="153 480 401 509">US (WT/DS161/1)</p> <p data-bbox="153 553 344 583">February 1999</p>	<p data-bbox="590 297 1304 402">Three principal findings of interest: (1) Regulatory scheme confining sales of imported beef to specialized stores that bore sign stating "Specialized Imported Beef</p> <p data-bbox="590 443 1304 911">Store" was violation of Article 111:4 of GATT 1994; (2) More stringent recordkeeping requirements imposed on purchasers of imported beef and other regulations dealing with the importation and distribution of imported beef were inconsistent with Article III:4 of GATT 1994; (3) Livestock Producers Marketing Organization's calls for tenders made subject to distinctions between grass-fed and grain-fed cattle constituted a restriction inconsistent with Article XI: 1. Appellate Body upheld the Panel on finding regarding dual retail system, but reversed a number of other findings did discussed here. Korea did not appeal the other two findings discussed above.</p>	<p data-bbox="1470 297 1892 435">The Dispute Settlement Body Adopted the Appellate Body and the Panel reports on January 10, 2001</p>

**WTO Consultations/Dispute Settlement Proceedings
Of Interest to the U.S. Cattle Industry**

Dispute/Parties	Issues/Findings	Status
<p><u>Argentina-Measures on the Exports of Bovine Hides and Import of Finished Leather</u></p> <p>EC (WT/DS155)</p> <p>December 1998</p>	<p>Export prohibition on raw and semi-tanned bovine hides is inconsistent with Argentina's obligations under GATT Article X:3(a).</p> <p>"Additional value added tax" of 9 per cent on imports of products into Argentina; and "advance turnover tax" of 3 per cent based on the price of imported goods imposed on operators when importing goods into Argentina are in violation of GATT Article 111:2.</p>	<p>The Panel issued its report on December 19, 2000. No appeal filed as of January 31, 2001.</p>
<p><u>EC-Measures Affecting Meat and Meat Products (Hormones)</u></p> <p>US (WT/DS26)</p> <p>April 1996</p>	<p>EC ban on imports of meat and meat products from cattle treated with any of six specific hormones for growth promotion purposes was inconsistent with Articles 3.1, 5.1 and 5.5 of the SPS Agreement, but not Articles 3.1 and 5.5 of the SPS Agreement.</p>	<p>Ban on hormone treated beef and beef by-products remains.</p> <p>EC has not conformed with Appellate Body's ruling,</p> <p>US suspended concession on various products including beef and beef by-products.</p>

**WTO Consultations/Dispute Settlement Proceedings
Of Interest to the U.S. Cattle Industry**

Dispute/Parties	Issues/Findings	Status
<i>Panel Report Completed.</i>		
<p data-bbox="155 336 474 440"><u>US - Safeguard Measure on Imports of Fresh, Chilled or Frozen Lamb</u></p> <p data-bbox="155 480 352 548">New Zealand (WT/DS177/1)</p> <p data-bbox="155 589 485 621">Australia (WT/DS 178/1)</p> <p data-bbox="155 662 285 695">July 1999</p>	<p data-bbox="588 336 1304 872">New Zealand and Australia challenged safeguard measures imposed on imports of fresh, chilled and frozen lamb based on USITC determination. Panel report issued December 21, 2000. Panel found, among other things, that the following were inconsistent with the Safeguards Agreement: (1) US had failed to demonstrate existence of "unforeseen developments"; (2) USITC's definition of the domestic industry included input producers (lamb producers) as producers of the like product at issue (lamb meat); (3) USITC failed to collect data that represented a major portion of total domestic production; and (4) USITC's determination did not demonstrate that increases in imports, by themselves, were necessary and sufficient cause of threat of serious injury.</p>	<p data-bbox="1470 336 1850 404">US must decide whether to appeal to the Appellate Body.</p>

**WTO Consultations/Dispute Settlement Proceedings
Of Interest to the U.S. Cattle Industry**

Dispute/Parties	Issues/Findings	Status
<i>Consultations requested, no panel requested.</i>		
<u>EC- Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs</u> US WT/DS174/1 June 1999	Dispute concerns alleged lack of protection of trademarks and geographical indications for agricultural products and foodstuffs in the European Communities. US contends that EC Regulation 2081/92 does not provide national treatment with respect to geographical indications and does not provide sufficient protection to pre-existing trademarks that are similar or identical to a geographical indication. US contends foregoing is inconsistent with TRIPS Agreement.	US requested consultations on June 1, 1999. A panel was never requested and the matter remains on the docket.
<u>US-Countervailing Duty Investigation with respect to Live Cattle from Canada</u> Canada (WT/DS 167/1) March 1999	Canada alleges initiation of countervailing duty investigation was inconsistent with obligations under the SCM Agreement. Insufficient information provided regarding measures or actions alleged to be subsidies. Initiation inconsistent with US obligations under the Agreement on Agriculture relating to "due restraint".	Canada requested consultations on March 19, 1999. A panel was never requested and the matter remains on the docket.

**WTO Consultations/Dispute Settlement Proceedings
Of Interest to the U.S. Cattle Industry**

Dispute/Parties	Issues/Findings	Status
<p><u>Japan-Tariff Quotas and Subsidies Affecting Leather</u></p> <p>(EC) (WT/DS 147/1)</p> <p>October 1998</p>	<p>EC contends management of tariff quotas for leather and subsidies to leather industry and "Dowa" regions in Japan deter foreign companies from establishing in Japan for purposes of importing leather directly. The EC alleges violations of Import Licensing Agreement and SCM Agreement.</p>	<p>EC requested consultations on October 8, 1998. A panel was never requested and the matter remains on the docket.</p>
<p><u>US-Certain Measures Affecting the Import of Cattle, Swine and Grain from Canada</u></p> <p>Canada (WT/DS 144/1)</p> <p>September 1998</p>	<p>Dispute concerns measures imposed by South Dakota and other states prohibiting entry or transit to Canadian trucks carrying cattle, swine, and grain. Canada contends that these measures adversely affect the importation into the United States of cattle, swine, and grain originating in Canada. Canada alleges violations of the SPS Agreement; the TBT Agreement; the Agreement on Agriculture; and Articles I, III, V, XI and XXIV:12 of GATT 1994. Canada also claims nullification or impairment of benefits accruing to it under the cited Agreements.</p>	<p>Canada requested consultations on September 25, 1998. A panel was never requested and the matter remains on the docket.</p>

**WTO Consultations/Dispute Settlement Proceedings
Of Interest to the U.S. Cattle Industry**

Dispute/Parties	Issues/Findings	Status
<p><u>Slovak Republic- Measures Concerning Importation of Dairy Products and the Transit of Cattle</u></p> <p>Switzerland (WT/DS133/1)</p> <p>May 1998</p>	<p>Dispute concerns measures imposed by the Slovak Republic with respect to the importation of dairy products and the transit of cattle. Switzerland contends that these measures have a negative impact on Swiss exports of cheese and cattle. Switzerland alleges that some of these measures are inconsistent with Articles 1, IRP V, X and XI of GATT 1994, Article 5 of the SPS Agreement, and Article 5 of the Import Licensing Agreement.</p>	<p>Switzerland requested consultations on May 11, 1998. A panel was never requested and the matter remains on the docket.</p>
<p><u>Pakistan-Export Measures Affecting Hides and Skins</u></p> <p>EC (WT/DS107/1)</p> <p>November 1997</p>	<p>Dispute concerns prohibition of the export of hides and skins and wet blue leather made from cowhides and cow calf hides. EC contends that this measure limits access of EC industries to competitive sourcing of raw and semi-finished materials.</p>	<p>EC requested consultations on November 7, 1997. A panel was never requested and the matter remains on the docket.</p>

TRADE NEGOTIATIONS

WTO NEGOTIATIONS

Background on the WTO and the Agreement on Agriculture

- World Trade Organization – successor to the General Agreement on Tariffs and Trade (“GATT”). Established in 1995 following conclusion of the Uruguay Round Agreements, which had been conducted under the auspices of the GATT beginning in 1986. Headquartered in Geneva, Switzerland.
- Membership – 140 member countries as of November 30, 2000.
- Another 28 countries have applied for accession to the WTO and have Working Parties established. They are: Algeria; Andorra; Armenia; Azerbaijan; Belarus; Bhutan; Bosnia Herzegovina; Cambodia; Cape Verde; China; Kazakstan; Lao People’s Democratic Republic; Republic of Lebanon; Macedonia; Moldova; Nepal; Russian Federation; Samoa; Saudi Arabia; Seychelles; Sudan; Chinese Taipei (Taiwan); Tonga; Ukraine; Uzbekistan; Vanuatu; Vietnam; Yemen. Working parties have not been established yet to examine requests from Iran and the Federal Republic of Yugoslavia (Serbia and Montenegro).
- Accession of China – Significant progress made in 2000. Accession process likely to be completed in 2001.
- “Built-in Agenda” – The WTO Agreements and related Decisions and Declarations contained a series of predetermined deadlines to review existing Agreements for possible modification and to resume liberalization negotiations in certain key sectors, such as agriculture and services. This is commonly referred to as the WTO’s “Built-in Agenda.”

WTO Agreement on Agriculture

- Market access: Non-tariff border measures (e.g., quotas) replaced by tariffs that were to provide substantially the same level of protection. Reductions in the tariffs resulting from this "tariffication" process, as well as other tariffs on agricultural products, were to be reduced as follows:

Developed countries: Average 36 percent over six years.

Developing countries: Average 24 percent over 10 years.

Least developed countries: No reductions mandated.

- Tariffication also included tariff rate quotas ("TRQs"). TRQs constitute continued access commitments (e.g., the quotas on beef imports the U.S. had negotiated with various trading partners under the Meat Import Act of 1979) and establishment of minimum access tariff quotas at reduced tariff rates.
- "Tariffied" products (such as beef) were provided "special safeguards" ("SSGs") to allow imposition of additional duties in case shipments at prices below a certain reference level or in case of a surge of imports. The trigger in the safeguard for import surges depends on the "import penetration" existing in the market at the current time, i.e. where imports currently make up a large proportion of consumption, the import surge required to trigger the special safeguard action is lower.
- Domestic support: In WTO terminology, subsidies are identified by "boxes" which are given the colors of traffic lights: green (permitted), amber (slow down — i.e. be reduced), red (forbidden). The Agriculture Agreement has no red box, but has a blue box for certain types of subsidies, and exemptions for developing countries.
 - "Amber Box": Subsidies and other domestic support measures considered to distort production and trade (with some exceptions). Total value must be reduced and bound if exceeds *de minimis* levels set forth in the Agreement (5% of total value of agricultural production for developed countries; 10% for developing countries).

WTO Agreement on Agriculture (con't.)

- “Green Box”: subsidy that does not distort trade, or at most causes minimal distortion. Must be government-funded and must not involve price support. Includes programs that are not directed at particular products (e.g., direct income supports for farmers that are not related to production). No limits on “green box” subsidies, provided they comply with relevant criteria
- “Blue Box”: Exemption from general rule for reducing subsidies linked to production. Covers payments directly linked to acreage or animal numbers, but under schemes which also limit production by imposing production quotas or requiring farmers to set aside part of their land. Countries using these subsidies say they distort trade less than alternative amber box subsidies
- Total Aggregate Measurement of Support (“AMS”): covers all support provided on either a product-specific or non-product-specific basis that does not qualify for exemption.

- Export subsidy reduction commitments:

Developed country Members: Reduce the value of export subsidies to 36 per cent below base period level and quantity of subsidized exports by 21 percent over the six-year implementation period.

Developing country Members: Reduce value to 24 percent and quantity by 14 percent over ten-year period.

Least developed country Members: No reductions required.

Agreement provides for some limited flexibility between years in terms of export subsidy reduction commitments and contains provisions aimed at preventing the circumvention of the export subsidy commitments and sets out criteria for food aid donations and the use of export credits.

- "Peace" provisions :
- Certain actions available otherwise under the Subsidies Agreement will not be applied with respect to green box policies and domestic support and export subsidies that are maintained in conformity with commitments.

WTO Agreement on Agriculture (con't.)

- "Due restraint" will be used in the application of countervailing duty rights under the General Agreement.
 - Limits applicability of nullification or impairment actions.
 - These peace provisions will apply for a period of 9 years

OVERVIEW OF NUMERICAL TARGETS FOR CUTTING SUBSIDIES AND PROTECTION

	Developed Countries 6 Years 1995-2000	Developing Countries 10 Years 1995-2004
<u>Tariffs</u>		
-- Average cut, all ag goods	-36%	-24%
-- Minimum cut per product	-15%	-10%
<u>Domestic Support</u>		
-- Cuts for sector ("AMS")	-20%	-13%
<u>Exports</u>		
-- Value of subsidies	-36%	-24%
-- Subsidized quantities	-21%	-14%

Least developed countries not required to make commitments to reduce tariffs or subsidies. Base level for tariff cuts was bound rate before January 1, 1995 or, for unbound tariffs, the actual rate charged in September 1986, when Uruguay Round negotiations began.

ARTICLE 20 OF THE AGREEMENT ON AGRICULTURE

- Article 20 of the WTO Agreement on Agriculture is an example of the “built-in agenda.” Entitled “Continuation of the Reform Process,” the Article provides that Members agree to initiate a new round of agriculture negotiations one year before the end of the six-year implementation period (i.e., December 1999).
 - Article 20 provides that the Members will take into account in such negotiations:
 - The experience to date from implementing the reduction commitments;
 - The effects of the reduction commitments on world trade in agriculture;
 - Non-trade concerns, special and differential treatment to developing country Members, and the objective to establish a fair and market-oriented agricultural trading system;
 - What further commitments are necessary to achieve the long-term objectives of substantial progressive reductions in support and protection.

Major players include:

United States Japan India Switzerland

European Union – Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom

The Cairns Group – formed in 1986, a group of 18 agricultural exporting nations that generally present unified views and concerns on agricultural trade issues. Members include: Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Fiji, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand, and Uruguay.

Certain members of the Cairns Group have taken different positions on certain issues:

- Canada re Market Access and Domestic Support.
- MERCOSUR (Argentina, Brazil, Paraguay, Uruguay) re State Trading Enterprises.

What are the issues being negotiated?

Certain WTO Members have presented both comprehensive and specific proposals or discussion papers addressing the principal issues covered by the Agreement on Agriculture, namely, market access, domestic support, and export subsidies.

Issues that are likely to be subject of particular focus include

- Tariffs and TRQs: High tariff levels for imports outside the quotas; size of the quotas themselves; and administration of the quotas (e.g., first come, first serve; import licensing according to historical shares and other criteria; administering through a state trading enterprise; bilateral agreements; and auctioning)
- U.S. proposal:
 - Institute reforms in administration of TRQs to permit greater fill rates;
 - Reduce in-quota duty rates based on historical performance of TRQ fill rates – the lower the fill rate, the deeper the cut;
 - Cut tariffs using an approach that reduces disparities across countries and progressively increases TRQ quantities;
 - Automatic trigger mechanism to reduce in-quota duties when TRQ fill is low.

What are the issues being negotiated (con't.)?

- Market access and special safeguards: Proposals range from continuing with the provision in its current form, to its abolition, or its revision to prevent its use on products from developing countries. However, the right to use the special agricultural safeguard would lapse if there is no agreement in the negotiations after Seattle to continue the “reform process” initiated in the Uruguay Round.
 - U.S. proposal: Eliminate transitional special agricultural safeguard.

Domestic Support:

- Amber box (trade-distorting) subsidies to be reduced further.
- Green box subsidies: Some countries want to review subsidies in this box because of concern they may influence production or prices in certain circumstances.
- Blue box subsidies: Currently a permanent provision of the Agreement. Some countries want to scrap this exception because payments are only partly decoupled from production. Other countries believe it is important tool for supporting and reforming agriculture, and for achieving certain “non-trade” objectives.
 - U.S. proposal:
 - Simplify domestic support disciplines into two categories: exempt support (no, or at most, minimal trade or production distorting effects, based on criteria-based measures); and non-exempt support, which would be subject to a reduction commitment.
 - All members with a final bound AMS in their schedules to commit to reduce the level of non-exempt support pursuant to a formula designed to reduce or eliminate disparities in levels of bound AMS commitments.
 - Enhance further criteria for exempt support measures and ensure exempt measures are targeted, transparent and, at most, minimally trade-distorting.

What are the issues being negotiated (con't.)?

- Special consideration for exempt support measures essential to the development objectives of developing countries.

Export subsidies: Some countries proposing complete elimination, while others oppose such proposals. Some countries are interested in examining rules to prevent circumvention of prohibitions on use of export subsidies through export credits or state trading enterprises.

- U.S. proposal:
 - Export subsidies: reduce to zero levels of scheduled budgetary outlays and quantity commitments through progressive implementation of annual reduction commitments over a fixed period;
 - Export State Trading Enterprises: End exclusive export rights to ensure private sector competition in markets controlled by single desk exporters; establish requirements for notifying acquisition costs, export pricing, and other sales information for single desk exporters; and eliminate use of government funds or guarantees to support or ensure financial viability of single desk exporters;
 - Export taxes: Prohibit use of export taxes, including differential export taxes, for competitive advantage or supply management purposes;
 - Export credits program: Negotiate export credit program issues in the OECD in fulfillment of Article 10:2 of the Agreement on Agriculture and apply disciplines to all users.

What are the issues being negotiated (con't.)?

- Non-trade concerns, including multifunctionality: The Agriculture Agreement includes provisions for important “non-trade” concerns such as food security, the environment, structural adjustment (which can include rural development) and so on. Many countries take the view that agriculture is not only about producing food, but also has other functions, including these non-trade objectives. The question being debated in the WTO is whether “trade-distorting” subsidies, or subsidies outside the “green box”, are needed in order to help agriculture perform its other roles.
- United States proposal: Recognizes importance of domestic programs that promote sustainable agriculture and rural communities in a manner that minimizes distortions. Proposes that there be a provision, building upon current rules, for exempt programs deemed to promote these objectives in ways that minimize trade distortions. Developing and least developed countries should be given additional flexibility to provide criteria-based support that is integral part of their individual development programs.
- With respect to food security: “U.S. proposal is a food security proposal.” Trade liberalization will enhance important efforts on food security underway in other venues (e.g., Food Aid Convention, U.S. Food and Agriculture Organization; World Food Program). Trade reform will result in economic growth and spur innovation, expanding global food security.

Status Of The WTO Agriculture Negotiations

- Negotiations commenced in early 2000.
- Some 80 member governments have submitted 16 proposals and three discussion documents. Summaries of proposals submitted by United States, Canada, Cairns Group, EU, Japan and India are appended.
- Negotiating meeting held in March, June, September and November 2000.
- Next meetings scheduled for February and March 2001 to focus on examination of proposals received and conduct a “stock taking” of the proposals and consideration of what to do in the next phase and how long that should take.

FTAA Negotiations: Background

- Free Trade Area of the Americas negotiations involving 34 countries with democratically elected governments in the Western Hemisphere, including: Antigua/Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Colombia, Chile, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Kitts/Nevis, St. Lucia, St. Vincent/Grenadines, Suriname, Trinidad/Tobago, Uruguay, United States and Venezuela.
- Effort to unite the economies of the Western Hemisphere began at the Summit of the Americas in Miami, Florida in December 1994. Goal is to conclude overall agreement by 2005.
- Draft chapters have been completed in nine negotiating areas: Market Access; Investment; Services; Government Procurement; Dispute Settlement; Agriculture; Intellectual Property Rights; Subsidies, Antidumping and Countervailing Duties; Competition Policy.
- Objectives of the Negotiating Group on Agriculture (“NGAG”):
 - Objectives of Market Access Negotiating Group will apply to trade in agricultural products (*i.e.*, progressive elimination of all tariffs and non tariff barriers and other measures that restrict trade; all tariffs subject to negotiation; different trade liberalization timetables may be negotiated; facilitate integration of smaller economies and their full participation in FTAA negotiations). Issues of rules of origin, customs procedures, and Technical Barriers to Trade shall be addressed in the Market Access negotiating group.
 - Ensure that SPS measures are not applied in arbitrary or unjustifiably discriminatory manner or as disguised restriction to trade, to prevent protectionist trade practices and facilitate trade in the hemisphere.
 - Eliminate export subsidies affecting trade in the Hemisphere.
 - Identify and bring under greater discipline other trade-distorting practices for agricultural products.
 - Incorporate progress made in the WTO negotiations on agriculture.

FTAA Negotiations (cont.)

- U.S. proposal on agriculture:
 - Market access: Coordinate base rates and timetables for tariff reductions with Negotiating Group on Market Access. But, market access issues unique to agriculture to be addressed solely within purview of Negotiating Group on Agriculture.
 - Export subsidies and other trade-distorting practices: Eliminate export subsidies. Establish mechanisms to prevent export of agricultural products to the FTAA by non-FTAA countries that use export subsidies. Staged elimination of exclusive export rights of state trading enterprises (e.g., Canadian Wheat Board's control of feed barley exports).
 - SPS Measures: Strengthen SPS collaboration in WTO and in international standards-setting bodies.
 - WTO negotiations on agriculture: Strongly supports cooperation with WTO talks to seek maximum possible improvement in market access opportunities and multilateral elimination of export subsidies. Seek recognition that domestic support reduction commitments can only be achieved in multilateral negotiations and agreement to work with WTO to substantially reduce and more tightly discipline trade-distorting domestic support.

OTHER BILATERAL NEGOTIATIONS

Underway

U.S.-Chile Free Trade Agreement Negotiations

- Announced in November 2000.
- Second round of negotiations completed in January 2001.
- Areas being addressed include: trade in industrial goods; trade in agricultural goods; rules of origin and customs procedures; safeguards; antidumping, countervailing duties and subsidies; sanitary and phytosanitary (SPS) measures; technical norms and standards; investment; services; financial services; E-commerce; temporary entry of business people; competition policy; intellectual property; government procurement; transparency/dispute settlement; labor issues; and environmental issues.
- Recent R-CALF comments on negotiations addressed: Chile's tariffs on beef imports; Chilean standards regarding grading of beef and inspection of livestock processing facilities; antidumping laws; and rules of origin.

U.S.-Singapore Free Trade Agreement Negotiations

- Announced in November 2000.
- Two rounds of negotiations conducted in December 2000 and January 2001.
- Issues being discussed include: market access for goods, safeguards, trade in services, intellectual property, dispute settlement and institutional arrangements related to the free trade agreement; competition policy, customs rules, textiles, and labor and environment, although indications are that Singapore is resisting efforts to include provisions on labor and environment in the agreement.

USITC Section 332 Investigations:

The U.S. International Trade Commission has been directed to conduct fact-finding investigations of the likely economic effects on the United States of free trade agreements with certain countries. Such investigations are often, but not always, a prelude to negotiations. Studies completed or in progress include:

- *The Impact On The U.S. Economy Of Including The United Kingdom In A Free Trade Arrangement With The United States, Canada, And Mexico*, Investigation 332-409, USITC Pub. 3339 (August 2000)
- *U.S.-Singapore Free Trade Agreement: Potential Trade and Economic Effects*, Inv. No. 332-422.
 - Instituted: December 6, 2000
 - Request by: USTR
 - Completion date: January 12, 2000
 - Report submitted in confidence to USTR.
- *U.S.-Korea FTA: The Economic Impact of Establishing a Free Trade Agreement (FTA) between the United States and the Republic of Korea*, Inv. No. 332-425.
 - Instituted: January 11, 2001
 - Request by: Senate Finance Committee
 - Public hearing: May 17, 2001
 - Completion date: September 18, 2001

Agricultural Negotiating Positions in the Next Round of WTO Negotiations

	UNITED STATES	CANADA	EUROPEAN UNION	JAPAN	<u>CAIRNS GROUP</u>	INDIA
EXPORT SUBSIDIES	Reduce to zero scheduled budgetary outlays/quantity commitments through progressive annual reduction commitments.	Joins Cairns Group proposal.	Extend Agreement to cover export credits. Negotiate further reductions in export subsidies provided all forms of support to ag and food product exports treated on a common footing	Additional reductions in amount and in volume of subsidized exports. Replace export prohibitions and restrictions with export taxes.	Eliminate and prohibit all forms of export subsidies for all agricultural products. Strengthen disciplinary process to avoid circumvention.	Eliminate export subsidies on all ag products in the first two years of implementation. Outlays and subsidized volumes should be reduced by 50% by the end of 2001.
DOMESTIC SUPPORT	All members must reduce level of non-exempt support. Final bound domestic support should be fixed % of the total value of agricultural production. Possible exemptions for developing countries.	Reduce/eliminate production/trade distorting support, including Blue Box support. Overall limit on the amount of domestic support of all types. Review of criteria of the Green Box category.	Discuss reductions in domestic support, but keep Green and Blue boxes. Further AMS reductions from the Final Bound Commitment.	Keep basic domestic support framework. Keep Blue Box. Make minor improvements to Green Box requirements. Basic level of total AMS should be equivalent to 2000 commitment level.	Not Addressed.	Include direct payments included in non-product-specific AMS and subject to reduction Exclude product specific support for low-income farmers from AMS calcs. Reduce total domestic support to de minimis level (3 yrs. For developed countries and 5 yrs for developing nations.

	UNITED STATES	CANADA	EUROPEAN UNION	JAPAN	CAIRNS GROUP	INDIA
<u>TARIFFS</u>	<p>Reduce substantially or eliminate tariff disparities and tariff escalation.</p> <p>Annual reduction commitments for all tariffs.</p>	<p>Single stage tariffs: substantial reduction, greater harmonization of tariff levels.</p> <p>Eliminate tariff escalation between primary and processed forms of the same product.</p> <p>Tariffs within quotas should be eliminated.</p>	<p>Overall average reduction of bound tariffs and a minimum reduction per tariff line.</p>	<p>Tariff levels for specific products should be flexible to accommodate the needs of individual countries.</p>	<p>Deep cuts to all tariffs using a formula approach.</p> <p>Reductions on higher level tariffs.</p> <p>Eliminate tariff escalation.</p> <p>Eliminate tariffs where possible.</p>	<p>Not addressed.</p>
TARIFF RATE QUOTAS	<p>Reduce in-quota duties using TRQ fill rate history. Automatic trigger to reduce in-quota duties when low TRQ fill.</p> <p>Reduce out-of-quota duties.</p> <p>Increase in-quota quantities.</p>	<p>Expand size of all tariff quotas to create a common minimum point.</p> <p>Provide access for products on the same basis.</p>	<p>TRQs are generally positive.</p> <p>Increase transparency, reliability, and security of TRQ management so concessions already granted are fully realized.</p>	<p>TRQs should be transparent and impartial.</p>	<p>Substantial increases in all tariff quota volumes.</p> <p>Correct significantly under-filled TRQs.</p>	<p>Not addressed.</p>

	UNITED STATES	CANADA	EUROPEAN UNION	JAPAN	CAIRNS GROUP	INDIA
STATE TRADING ENTERPRISES	<p>End exclusive import or export rights</p> <p>Eliminate the use of government funds or guarantees to support or ensure the financial viability of STEs</p> <p>Establish WTO requirements that increase transparency in the operation of STEs, including decisions on quality and source of imports; and notifications of acquisition costs, export pricing, and other sales information for single desk exporters</p>	Not addressed	Abolish cross-subsidization, price-pooling and other unfair trading practices.	<p>prohibition of financial assistance from the government</p> <p>provide quarterly notifications of the amount and price of exports, the procurement price and so forth</p>	(S. American Members of) The activities of STEs be disciplined, with a view to avoiding distorting effects on the market	Not addressed

	UNITED STATES	CANADA	EUROPEAN UNION	JAPAN	CAIRNS GROUP	INDIA
MULTI-FUNCTIONALITY	Objectives can be addressed through non-trade/ production distorting programs that are targeted and transparent.	Not addressed.	Recognize the multifunctional role of agriculture; protect the environment and alleviate poverty	Recognize the multifunctional role of agriculture; harmonize non-trade distortion and the various types of agriculture of Members	Not Addressed	Not as important as food security.
FOOD SECURITY	Renew commitment to food aid expressed in Uruguay round. Continue Agreement on Agriculture	Not addressed.	Application of Precautionary Principle should be clarified, as long as these measures are proportionate to the risk and applied in a non-discriminatory way.	Very important particularly with regard to assistance to suffering developing countries	Not Addressed	Agreement on Agriculture should be maintained; measures taken by developing countries to meet basic needs should be exempted from reduction commitments; continue or raise tariff bindings for developing countries

Green Box category	Total Green Box expenditures (US\$ million)			
	1995	1996	1997	1998
Research	3,251.5	3,428.9	2,660.3	713.1
Pest & disease control	1,339.7	2,705.7	620.1	368.3
Training services	2,330.7	2,047.4	623.7	385.3
Extension & advisory services	2,620.4	3,264.5	2,923.8	597.8
Inspection services	326.2	660.9	295.6	140.1
Marketing & promotion services	991.9	1,008.3	201.8	75.0
Infrastructural services	28,507.3	23,664.4	18,834.0	3,179.5
Other general services	6,020.1	4,173.6	3,514.2	364.5
Non-separated general services	9,396.8	7,625.5	7,475.0	242.6
Public stockholding for food security purposes	2,927.3	1,375.4	1,202.8	264.5
Domestic food aid	40,771.1	40,131.2	37,718.2	351.5
Direct payments to producers	339.8	349.4	0	0
Decoupled income support	2,586.5	7,316.4	7,254.3	793.4
Income insurance/safety-net programmes	39.8	53.9	8.3	0
Natural disaster relief	1,766.7	1,401.0	1,096.9	765.8
Producer retirement programmes	1,505.5	2,035.2	757.3	7.4
Resource retirement programmes	3,167.7	3,589.5	1,706.8	7.9
Investment aids	12,065.7	9,847.2	3,751.3	2,019.5
Environmental programmes	5,237.9	7,459.4	2,292.0	1,056.5
Regional assistance programmes	4,205.9	4,571.7	685.3	539.9
Other measures	3,916.0	383.4	320.0	289.0
Total Green Box,	133,331.7	127,091.9	93,980.9	12,161.8*

Note: "Direct payments to producers" relate to measures covered by the second sentence of paragraph 5 of Annex 2 of the Agreement.

* Only 26 notifications in 1998 vs. 50 in previous years.

Source: WTO, Committee on Agriculture, Green Box Measures, Background Paper by the Secretariat, G/AG/NG/S/2, 19 April 2000.

Total expenditures on Green Box measures by Select WTO Members, 1995-98

Member	Total expenditures on Green Box measures			
	(US\$ million)			
	1995	1996	1997	1998
Argentina	..	137.0	237.4	..
Australia	707.0	739.8	855.2	818.9
Brazil	4,883.1	2,600.3	3,458.1	..
Canada	1,539.2	1,465.8	..	..
Chile	175.8	168.7	207.3	124.9
Colombia	317.8	577.8	350.4	..
Egypt	68.3	75.8	38.8	1.3
European Communities	24,188.5	26,579.7	..	..
Indonesia	178.2	191.9	212.2	130.8
Japan	32,859.0	25,019.8	21,611.7	..
Korea	5,173.5	6,442.8	6,093.0	3,828.1
Mexico	1,625.3	..	..	..
New Zealand	128.0	135.7	151.0	133.4
Philippines	136.3	282.2	515.1	185.1
United States	46,041.0	51,825.0	51,246.0	..
Uruguay	18.3	32.8	37.3	39.1

Note: n.a.- not applicable;".." - no notification received as of 31 March 2000.

"Direct payments to producers" relate to measures covered by the second sentence of paragraph 5 of Annex 2 of the Agreement.

Source: WTO, Committee on Agriculture, Green Box Measures, Background Paper by the Secretariat, G/AG/NG/S/2, 19 April 2000.

Trends in Green Box measures, 1995-98
(per cent of total domestic support)

	1995	1996	1997	1998
Increase in Green Box measures (per cent of total domestic support)				
Argentina	..	52.7	73.8	..
Australia	86.0	86.6	90.3	91.2
Canada	50.8	53.1	..	..
Costa Rica	33.4	66.6	73.9	..
Czech Republic	75.3	76.0	78.5	86.2
European Communities	20.8	23.2	..	..
Korea	62.7	68.9	68.8	69.2
Malaysia	83.7	89.3	..	..
Paraguay	72.8	100.0	100.0	100.0
Peru	27.0	30.4	44.6	..
Slovak Republic	0.4	0.6	1.4	4.7
Slovenia	48.1	50.8	57.9	60.8
Switzerland-Liechtenstein	38.8	44.8	47.3	49.2
Tunisia	24.2	31.5	33.6	34.1
United States	75.6	88.0	87.9	..
Decrease in Green Box measures (per cent of total domestic support)				
Chile	97.7	97.3	91.8	87.5
Fiji	..	99.5	85.8	..
Japan	47.2	45.6	45.3	..
Pakistan	97.4	96.2	93.3	..
Sri Lanka	84.8	82.2	73.0	..

Note: ".." - no notification received as of 31 March 2000.

Source: WTO, Committee on Agriculture, Green Box Measures, Background Paper by the Secretariat, G/AG/NG/S/2, 19 April 2000.

**LEGISLATION INTRODUCED IN THE 107TH CONGRESS OF
INTEREST TO THE U.S. CATTLE INDUSTRY**

Legislation Introduced in the 107th Congress of Interest to the Cattle Industry

The following legislation of possible interest to R-CALF and the U.S. cattle industry generally was introduced in the 107th Congress as of January 30, 2001. Note that no companion or comparable legislation has been introduced in the U.S. House of Representatives as of this date.

Bill Number/ Short Title	Sponsor/Cosponsors	Purpose
<u>Farm Policy</u>		
S. Res. 13	Sen Daschle (D-SD) – 19 cosponsors (Akaka, Baucus, Carnahan, Conrad, Dayton, Dorgan, Durbin, Edwards, Harkin, Johnson, Kennedy, Kerry, Kohl, Leahy, Rockefeller, Sarbanes, Schumer, Stabenow, Wellstone)	Expressing sense of the Senate regarding the need for Congress to enact new farm bill during the 1 st session of the 107 th Congress; include in the budget resolution for FY 2000 sufficient funds to provide adequate farm income safety net and eliminate need for off-budget, emergency spending; ensure all farm-related payments are allocated fairly and reasonably and in relation to need; provide additional sums necessary to fund other farm bill priorities, such as rural development and telecommunication, conservation, research, nutrition, and food safety.
<u>Market and Industry Concentration</u>		
S. 20 -- Securing a Future for Independent Agriculture Act of 2001	Sen. Daschle (D-SD) – 15 cosponsors (Akaka, Baucus, Carnahan, Conrad, Dayton, Dorgan, Durbin, Harkin, Johnson, Kennedy, Kerry, Kohl, Leahy, Rockefeller, Wellstone)	To enhance fair and open competition in the production and sale of agricultural commodities. This legislation would, <i>inter alia</i> , (1) provide protections for agriculture from anticompetitive practices and (2) provide for country of origin labeling of beef.

Bill Number/ Short Title	Sponsor/Cosponsors	Purpose
S. 142	Sen. Johnson (D-SD) 3 cosponsors (Daschle, Grassley and Craig)	To amend the Packers and Stockyards Act of 1921 to make it unlawful for a packer to own, feed, or control livestock intended for slaughter.
S. 109 -- Dairy Farmer Viability Act	Sen. Feingold (D-WI) 2 cosponsors (Jeffords, Kohl)	To establish a commission to study and develop recommendations to improve the viability of dairy farming, taking into account with respect to the dairy industry: (1) farm prices; (2) competition; (3) leverage; (4) stability; and (5) marketplace concentration.
<u>Country of Origin Labeling</u>		
S. 20	Sen. Daschle (D-SD)	See Market and Industry Concentration above.
S. 144 -- Peanut Labeling Act of 2001	Sen. Cleland (D-GA)	For peanuts or peanut products produced in, or imported into, the United States (including any peanut product that contains peanuts that are not produced in the United States), retailer is required to inform consumers, at the final point of sale to consumers, of the country of origin of the peanuts or peanut products. Includes waiver where retailer can demonstrate it is impracticable for the retailer to determine the country of origin. "Peanut product" is defined as any product more than 3 percent of the retail value of which is derived from peanuts contained in the package.

<u>Trade Negotiating Authority</u>		
S. 136 – Fast Track Trade Negotiating Authority Act	Sen. Gramm (R-TX)	To implement fast track negotiating authority.
S. 137 – Americas Free Trade Act	Sen. Gramm (R-TX)	To authorize negotiation of free trade agreements with other countries in the Americas.
S. 138 – Chile-NAFTA Accession Act	Sen. Gramm (R-TX)	To authorize negotiation for the accession of Chile to the North American Free Trade Agreement.
S. 140 – United Kingdom – NAFTA Accession Act	Sen. Gramm (R-TX)	To authorize negotiation for the accession of the United Kingdom to the North American Free Trade Agreement.

REGULATORY DEVELOPMENTS OF INTEREST TO R-CALF

Regulatory developments of Interest to the Cattle Industry

USDA Mandatory Price Reporting Regulations

- Effective date for program start has been moved from Jan. 30 until April 2 to allow more time for testing of the program's new electronic information collection system. Once implemented, the program will require producers and other market participants to report information about the marketing of live cattle, swine, and lambs and products of those livestock.

USDA Change in Use of Grade Label on Imported Beef

- Forbids use of USDA quality grade shields on imported beef and lamb products. Rule is now subject to a 90 day comment period before implementation can begin. Announced Jan. 19, 2001.

USDA Review of GIPSA Captive Supply Estimations

- As part of the Agricultural Appropriations bill USDA has been instructed to conduct a comprehensive study on the issue of captive supply, and deliver a report by September 30, 2001. In particular, USDA was instructed to examine and report on whether or not the cattle that are procured pursuant to a captive supply arrangement by a packer's non-reporting subsidiary, affiliate and owners, officers and employees are being included in the percentages as captive supply. The report shall also include the reasons why GIPSA's annual "Packers and Stockyard Statistical Report" frequently reports a captive supply percentage much lower than the percentages reported by other entities.

USDOC Study of Foreign Subsidies for Beef and Cattle Industries

- The Department of Commerce was instructed to review the subsidies that foreign governments provide to their cattle and beef producers. Of special interest were possible subsidies provided by the governments of major beef and cattle producing and consuming countries such as Argentina, Australia, Brazil, the European Union, New Zealand, and Uruguay. Issued Feb. 1, 2001.

GAO Study of Economic Modeling in Cattle and Beef Industries

- The General Accounting Office (GAO) was asked to conduct a comprehensive review of the leading economic models used by the U.S. Government, including the USDA's Economic Research Service and the Grain Inspection, Packers and Stockyards Administration and the U.S. International Trade Commission to assess the extent to which these models are understating the effects of imports, market concentration, and use of marketing agreements and forward contracts on domestic cattle prices. The intent of this study is to improve economic modeling techniques. This study is ongoing.

INDUSTRY CONCENTRATION

CONCENTRATION, COMPETITION AND ANTITRUST: DEVELOPMENTS

The New Secretary

Secretary Ann Veneman during her confirmation hearings pledged to use federal antitrust laws.

“We would intend to use that authority to its maximum degree,” Veneman said, referring to the Packers and Stockyards Act. John Ashcroft, President George W. Bush's nominee for attorney general, has promised to work with the USDA on antitrust enforcement as well, she said.

Source: The Bureau of National Affairs, Inc, Jan. 18, 2001 and Reuters

The Old Secretary

Secretary Dan Glickman on Jan. 4th advised Congress to strengthen the nation's antitrust laws, saying growing concentration in the agriculture industry has hurt family farmers and reduced competition.

"I'm hopeful that this Congress will take a good, profound look at our antitrust laws," Glickman told reporters at a news conference. "They were put on the books 70 or 80 years ago... Those laws may not be terribly suitable or at least they may need to be revised to deal with the modern realities of agriculture mergers."

Reuters, Jan 4, 2001.

GIPSA News

GIPSA has said that several new rules will be proposed during the course of 2001 to ensure fair competition in livestock:

1. Rules to clarify record keeping requirements for packers;
2. Rules mandating disclosure of specific production contract terms;
3. Rules specifying conditions under which packers may offer premiums and discounts in carcass merit transactions

GIPSA's statistical report reviewing the 1998 reporting year was published in July. The report shows insight into concentration trends in the cattle industry. In 1990 there were 497 firms (with a minimum of \$500,000 of livestock for slaughter purchased) operating 623 plants; by 1998 there were only 297 firms operating 372 plants. The report provides that less than 15% of slaughter cattle overall, and less than 5% of steers and heifers were purchased in public markets. In Texas and Oklahoma less than .6% of steer and heifer purchases were in the public market place. The four largest cattle packers purchased only 4.8% of their purchases on the public market. These four largest packers accounted for 70% of all cattle purchases in 1998-99.

Source: 2000 Annual Report of the Grain Inspection, Packers and Stockyards Administration.