

Fighting for the U.S. Cattle Producer!



U.S. – Colombia Free Trade Agreement

Colombia has the Profile to Become A Major U.S. Cattle and Beef Importer, Which Would Accelerate the Contraction of the U.S. Cattle Industry

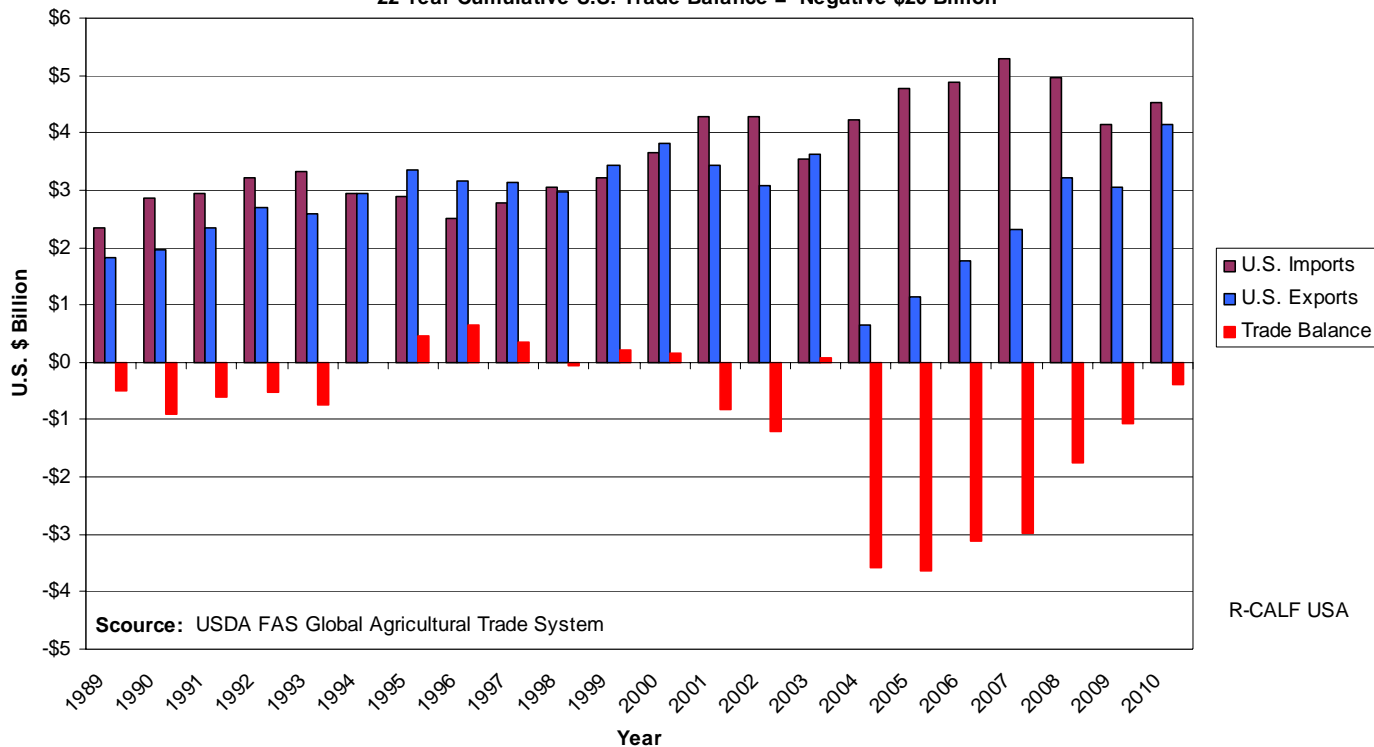
Presentation to the Office of the U.S. Trade Representative and U.S. Department of Agriculture

April 18, 2011

U.S. Cattle/Beef Sector Suffers from a Horrendous, Long-Term Global Trade Deficit, Which Averaged More than \$910 Million Per Year During Past 22 Years

U.S. Global Trade in Live Cattle, Beef, Beef Variety Meats and Processed Beef

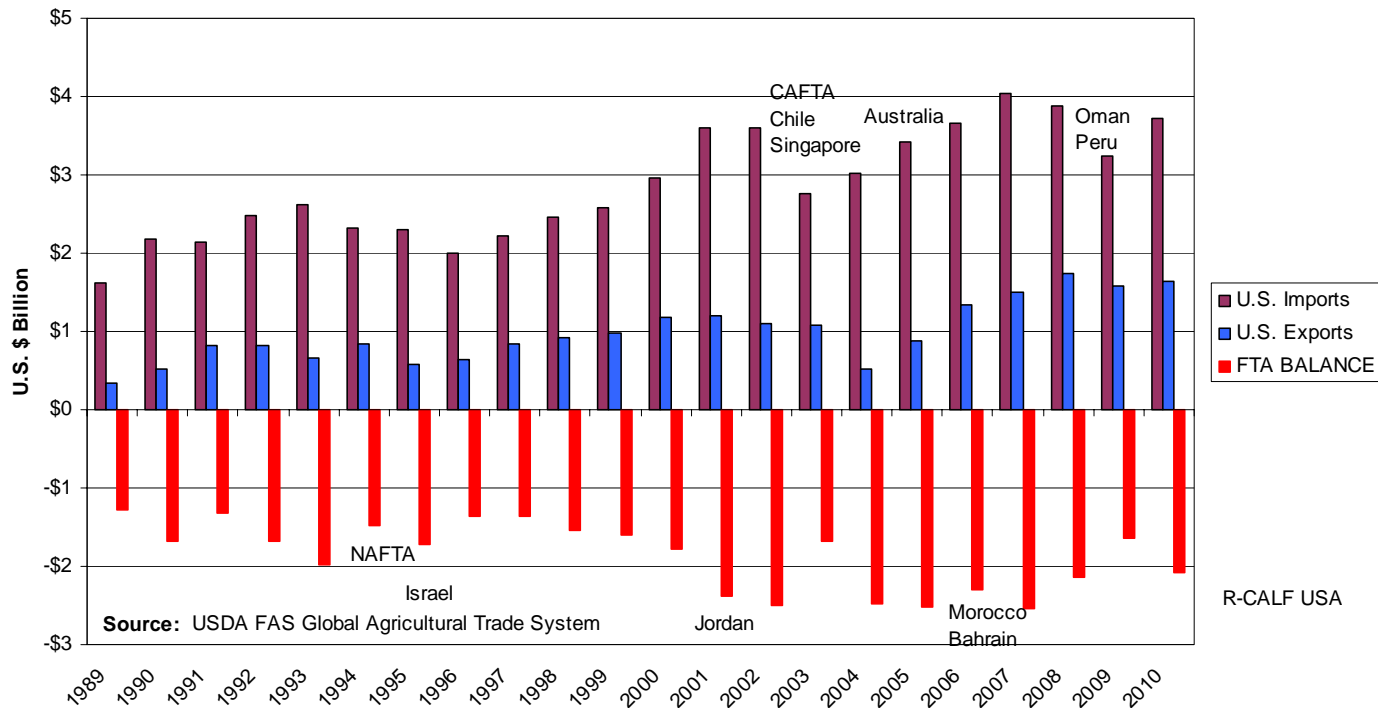
22-Year Cumulative U.S. Trade Balance = Negative \$20 Billion



U.S. Cattle/Beef Trade Deficit Exacerbated by Trade Deficit with 17 Free Trade Agreement Countries, Which Contributed More than \$1.87 Billion Per Year to the Trade Deficit During Past 22 Years

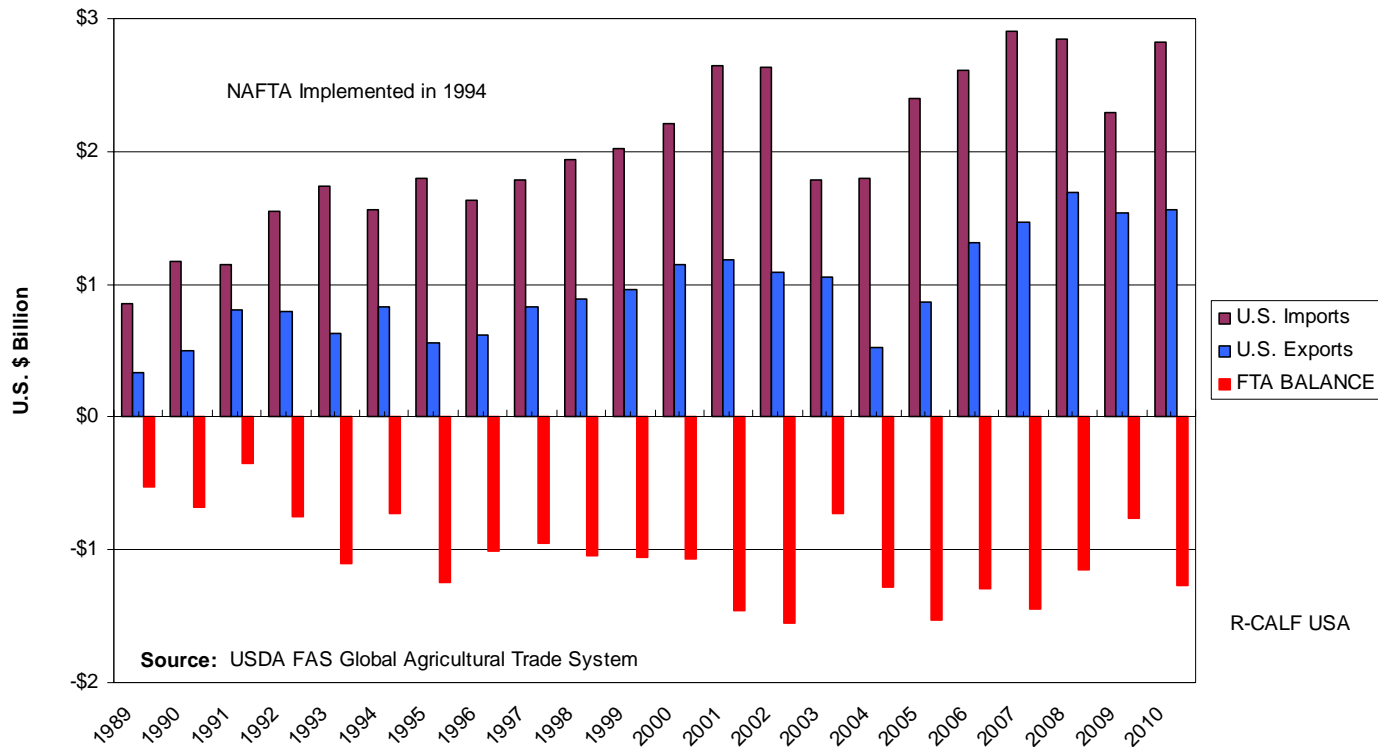
U.S. Trade in Live Cattle, Beef, Beef Variety Meats, and Processed Beef With 17 FTA Countries

22-Year Cumulative U.S. Trade Balance = Negative \$41 Billion



U.S. Cattle/Beef Trade Deficit with NAFTA Countries Contributed More than \$1.04 Billion Per Year to the Trade Deficit During Past 22 years

U.S. Trade Balance in Live Cattle, Beef, Beef Variety Meats, and Processed Beef with Canada and Mexico (NAFTA)
 22-Year Cumulative Trade Balance = Negative \$ 23 Billion

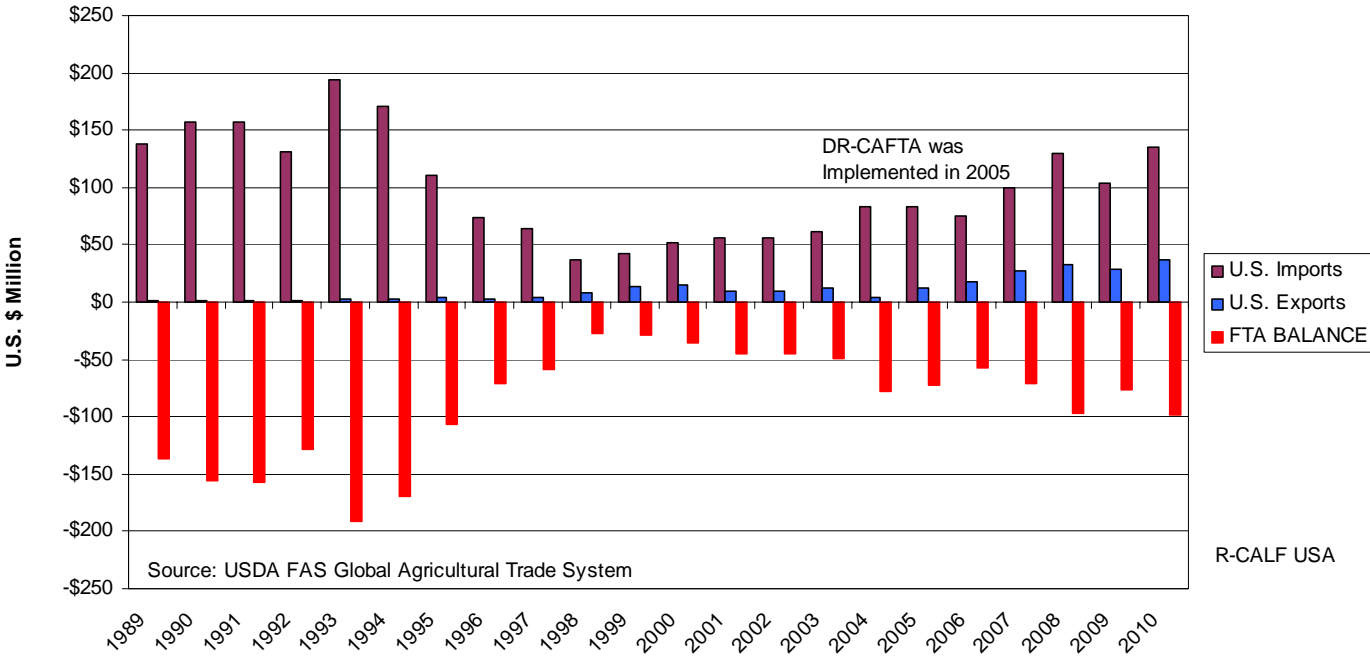


U.S. Cattle/Beef Trade Deficit with CAFTA Countries Contributed \$89 Million Per Year to the Trade Deficit During Past 22 Years

U.S. Trade Balance In Live Cattle, Beef, Beef Variety Meats, and Processed Beef With Six CAFTA Countries

22-Year Cumulative U.S. Trade Balance = Negative \$2 Billion

(Includes Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Dominican Republic)

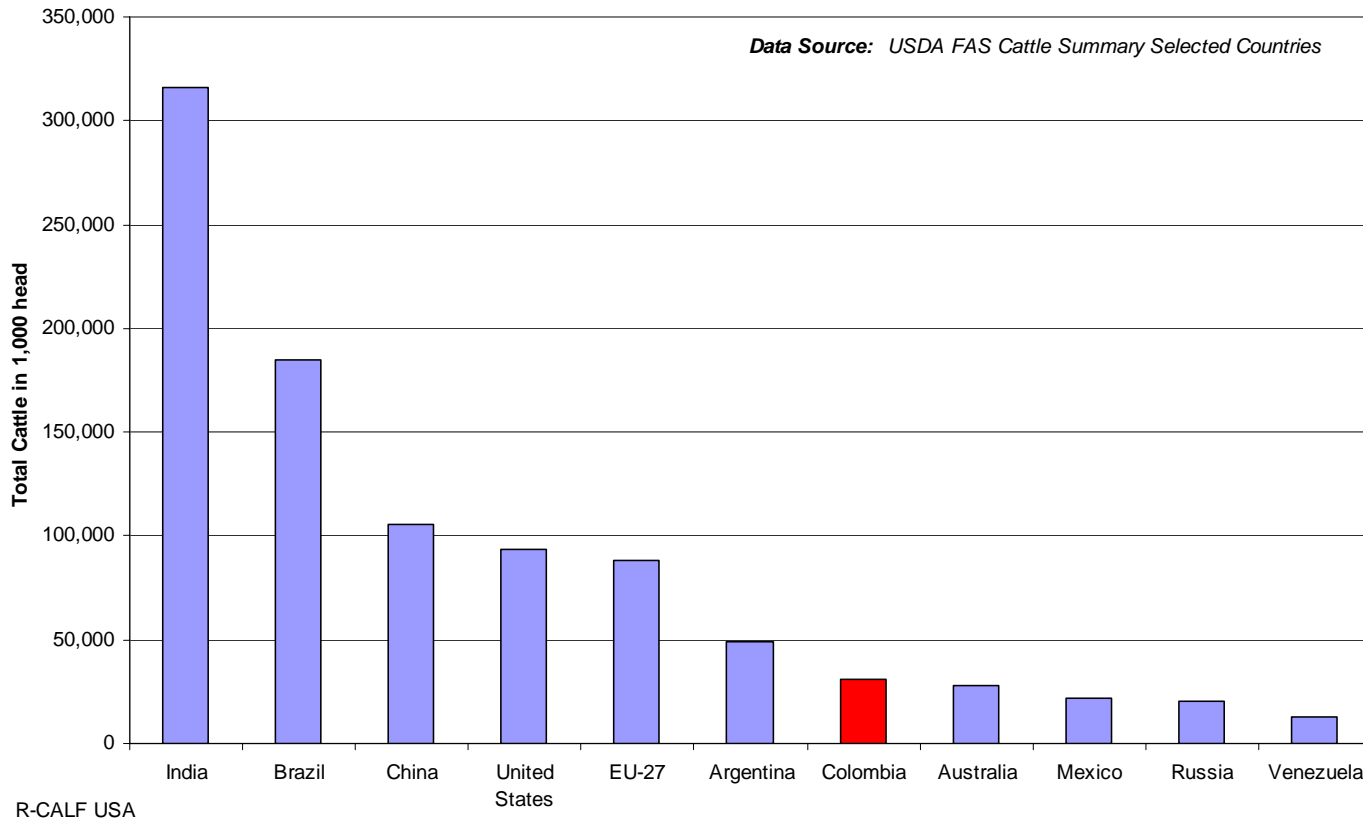


Countries that Import Significant Volumes of Cattle/Beef to the United States Have a Recognizable Profile, Which Colombia Meets

- General Profile of Top 10 U.S. Cattle/Beef Importing Countries
 - They have large cattle herds
 - They have large calf crops
 - Their annual domestic beef production exceeds their annual domestic beef consumption
 - Their annual beef/cattle exports exceed their annual beef/cattle imports (they are net exporters)

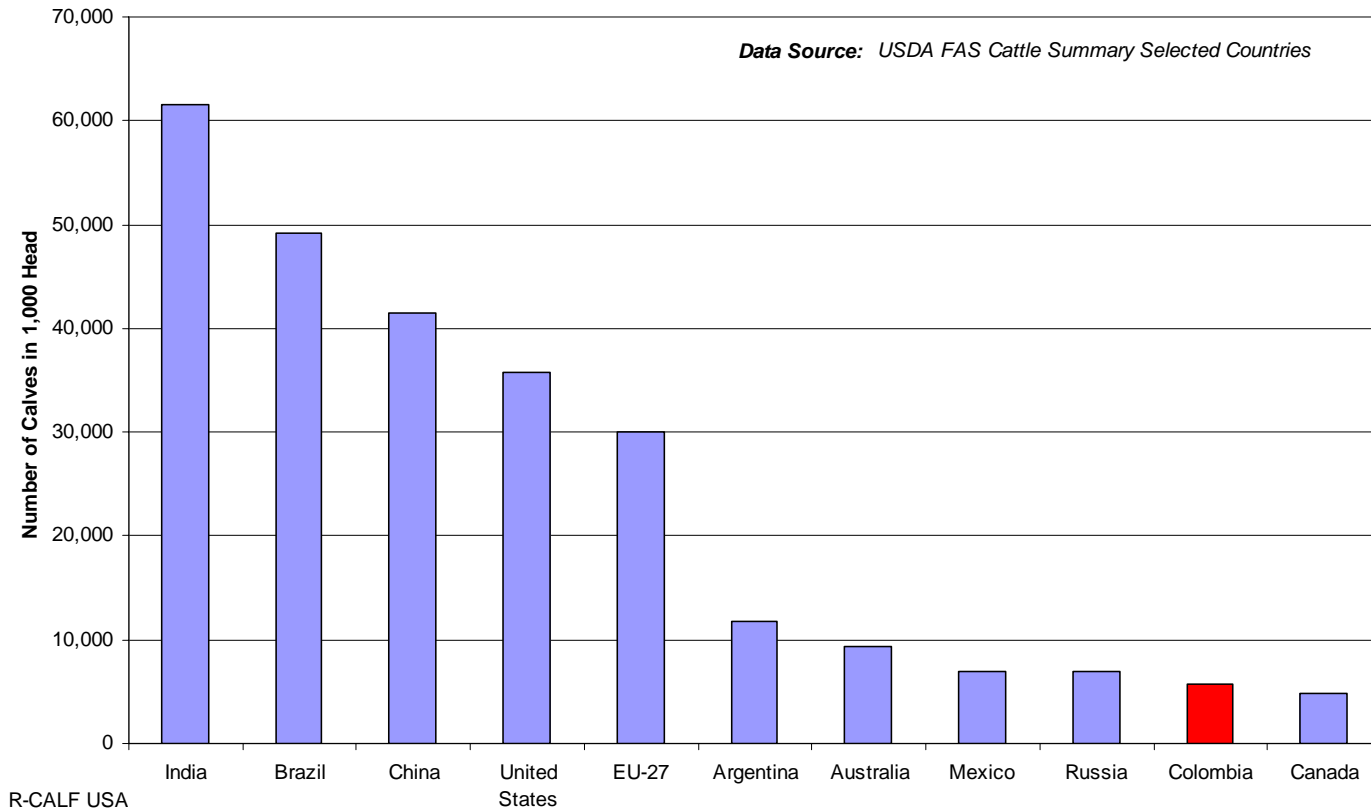
Colombia has the 7th Largest Cattle Herd in the World, Larger than the 2nd and 3rd largest U.S. Beef/Cattle Importers - Australia and Mexico, Respectively

2010 World's Largest Cattle Herds



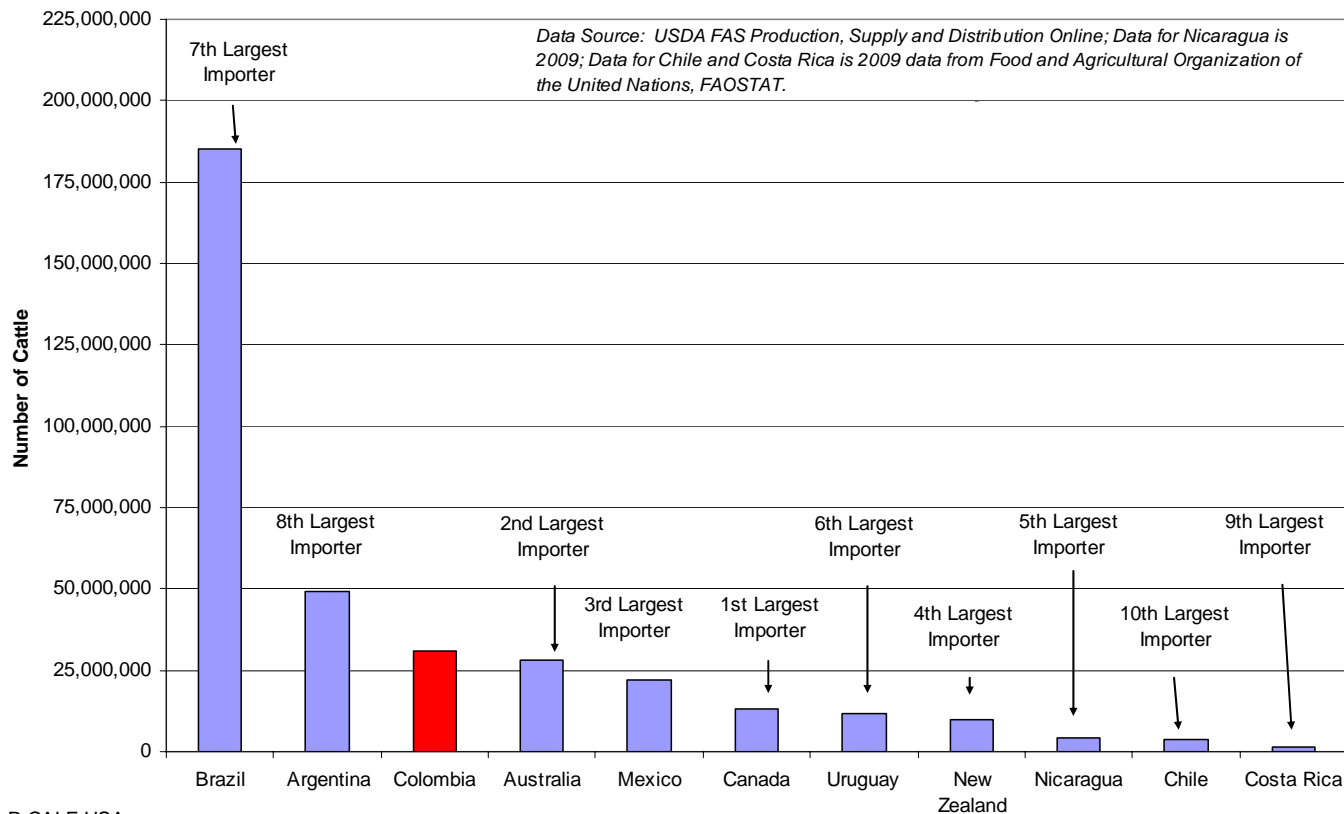
Colombia has the 10th Largest Annual Calf Crop in the World, Larger than Canada's

2010 World's Largest Calf Crops



At 31.2 Million Head, Colombia's Cattle Herd Ranks 3rd Largest Among United States Top 10 Cattle/Beef Importing Countries

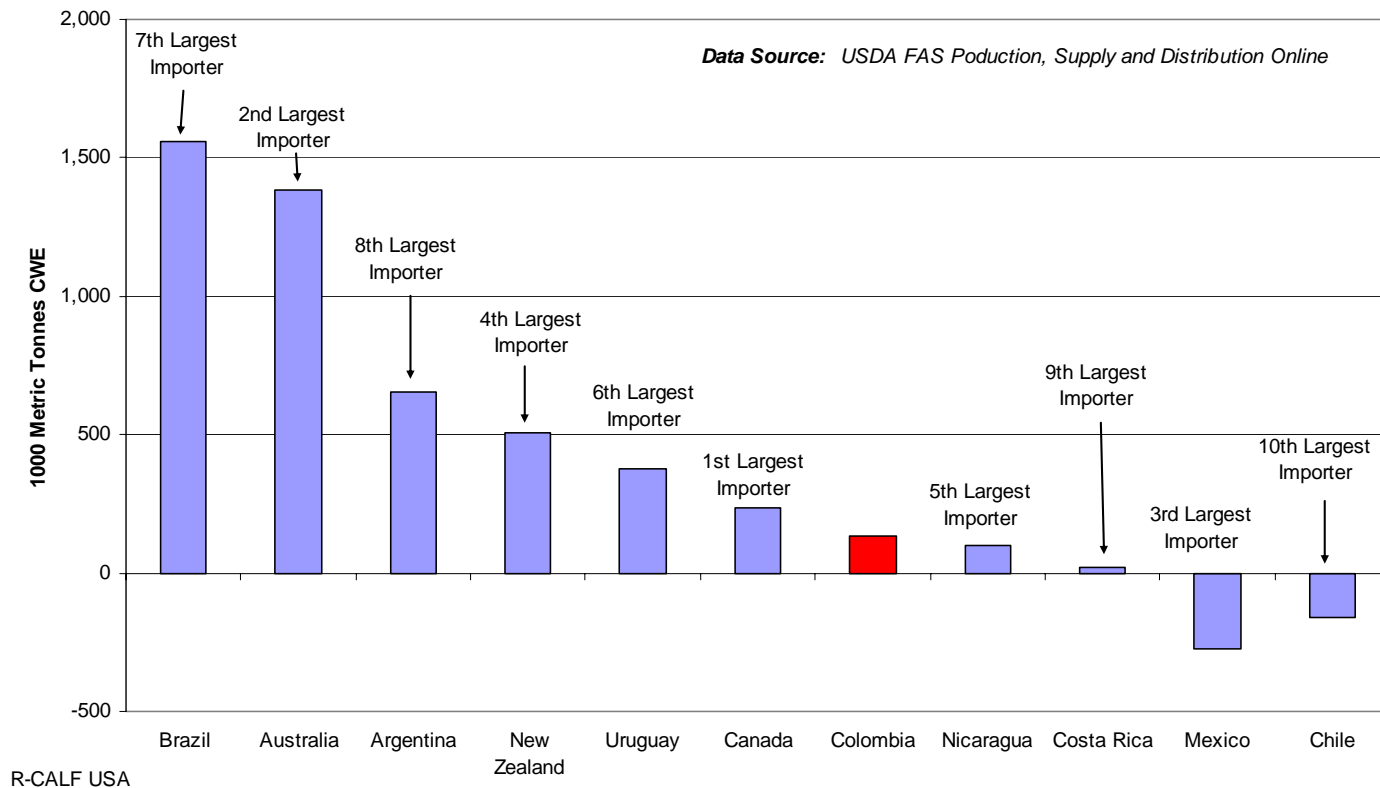
Cattle Herd Sizes of Top 10 United States Cattle/Beef Importing Countries in 2010



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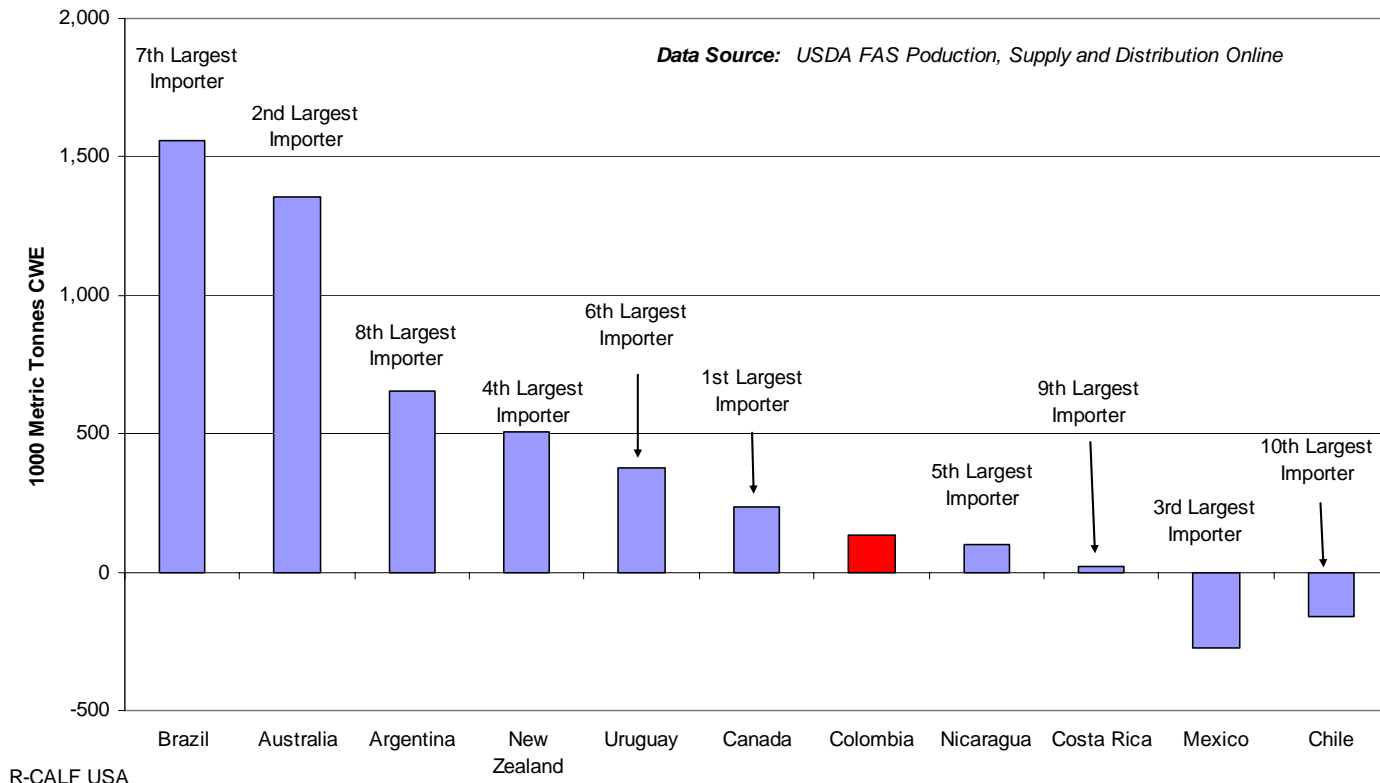
Colombia's Beef Production in Excess of Domestic Consumption Ranks 7th Among Top 10 U.S. Cattle/Beef Importing Countries

2009 Production in Excess of Consumption for Top 10 U.S. Beef/Cattle Importing Countries
(excludes live cattle trade for Canada and Mexico)



Colombia's Beef Exports in Excess of Beef Imports Ranks 7th Among Top 10 U.S. Beef/Cattle Importing Countries

2009 Exports in Excess of Imports for Top 10 U.S. Beef/Cattle Importing Countries (excludes live cattle trade for Canada and Mexico)



Colombia Definitely Meets the Profile of a Country Poised to Import Significant Quantities of beef and Cattle Into the United States

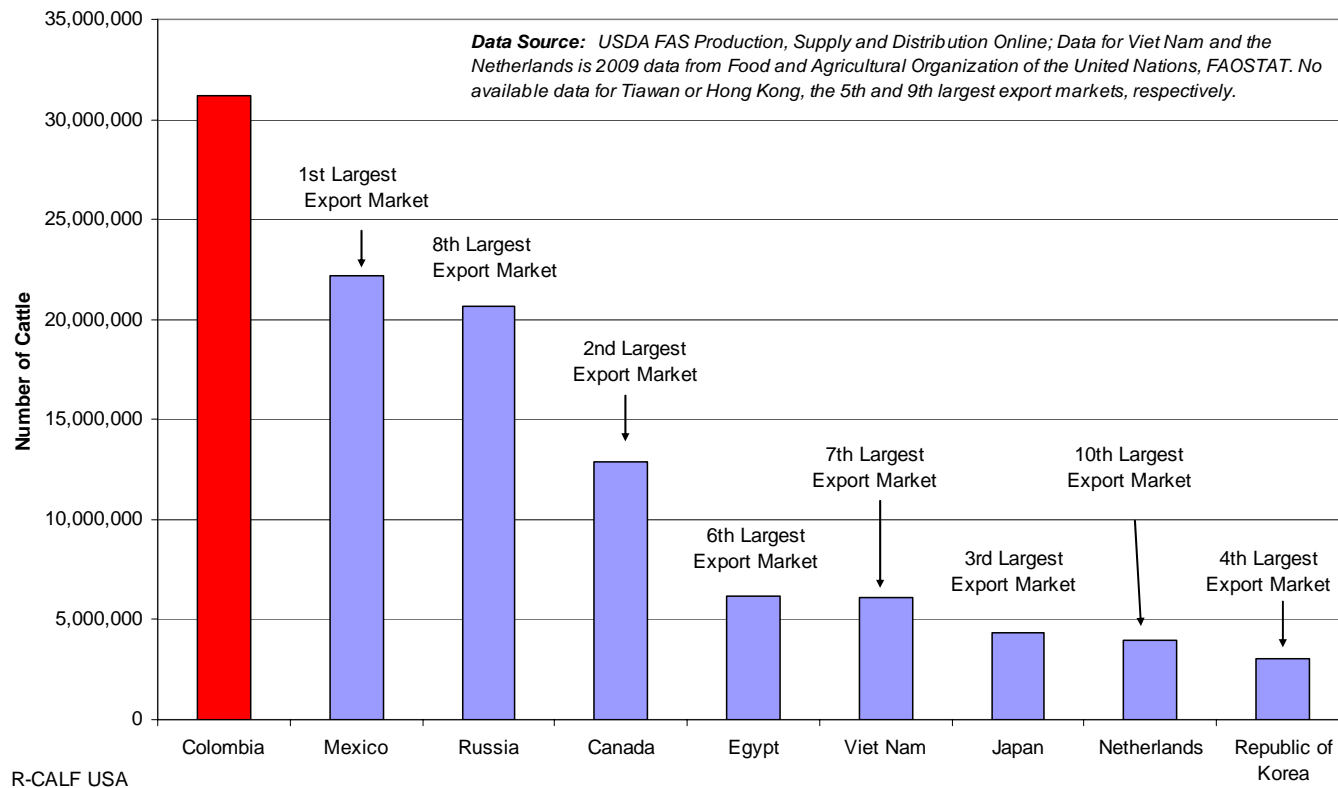
- The U.S.-Colombia Free Trade Agreement will add to the U.S. cattle/beef trade deficit:
 - It will accelerate the ongoing contraction of the U.S. cattle industry – the exodus of U.S. cattle farmers and ranchers and the shrinking of the U.S. cattle herd.
 - It will further the economic deterioration of rural communities all across Rural America.

Major Export Markets for U.S. Cattle and Beef Also have a Recognizable Profile, Which Colombia Does not Meet

- General Profile of Top 10 U.S. Cattle/Beef Export Markets
 - They have relatively small cattle herds
 - They consume more beef than they produce
 - They import more beef than they export, if they export beef at all (they are net importers).

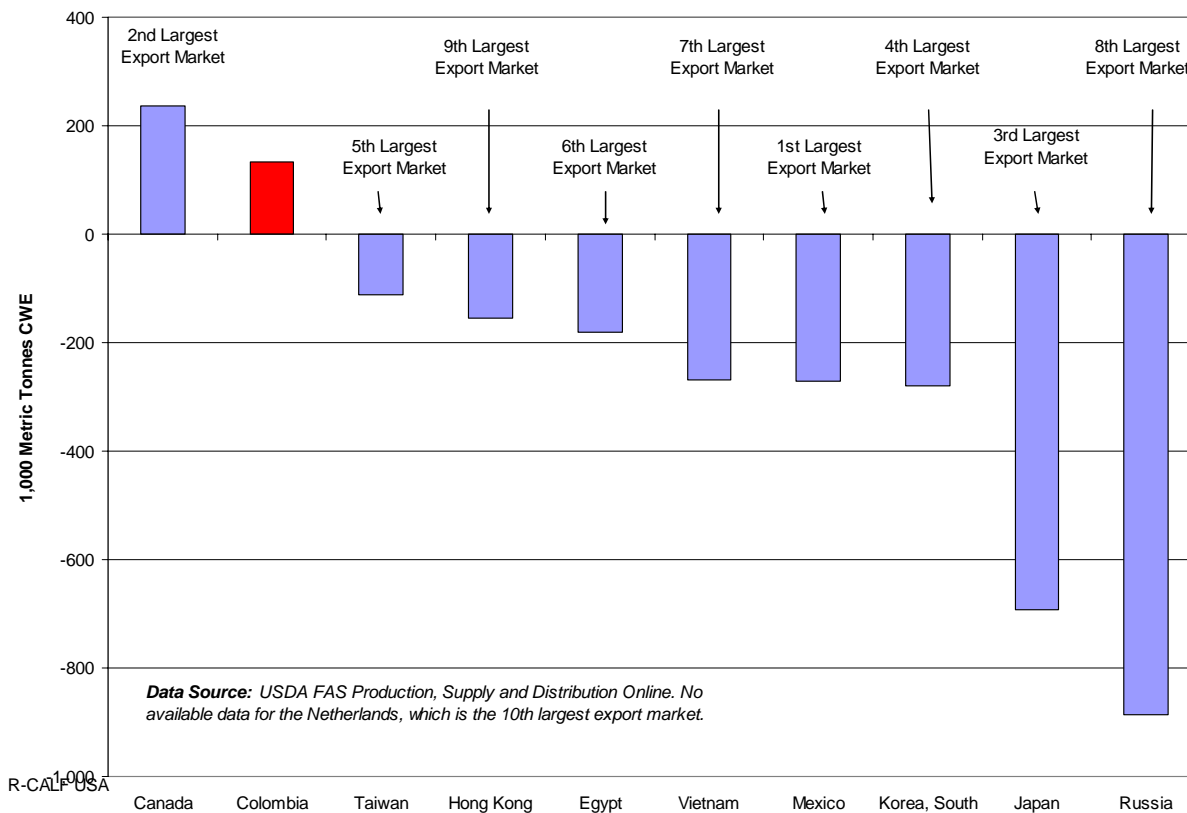
No Current Top 10 U.S. Export Market has a Herd Size Even Close to that of Colombia's

Cattle Herd Sizes of Top 10 United States Beef/Cattle Export Markets in 2010



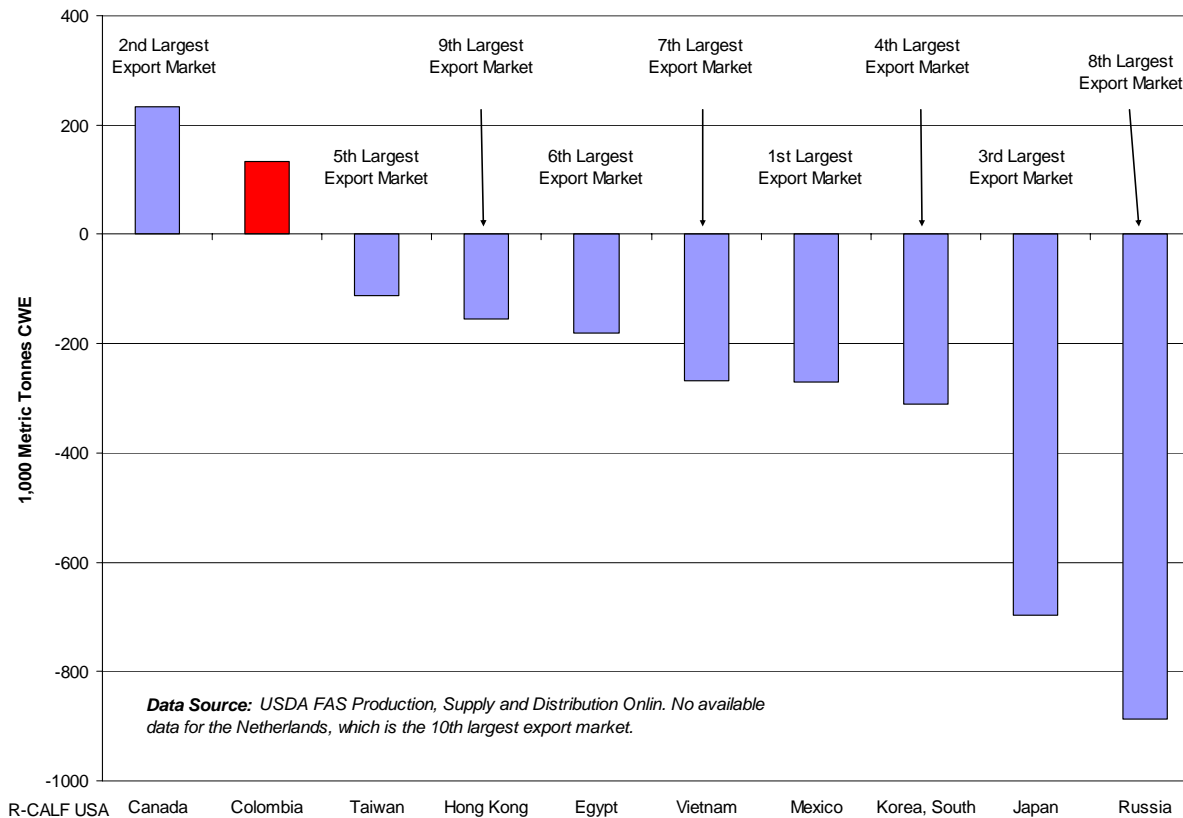
Other than Canada, None of the Other United States Top 10 Export Markets Produce More Beef than They Consume

2009 Production in Excess of Consumption for Top 10 U.S. Beef/Cattle Export Markets



Other than Canada, No Other United States Top 10 Export Markets Export More Beef than They Import

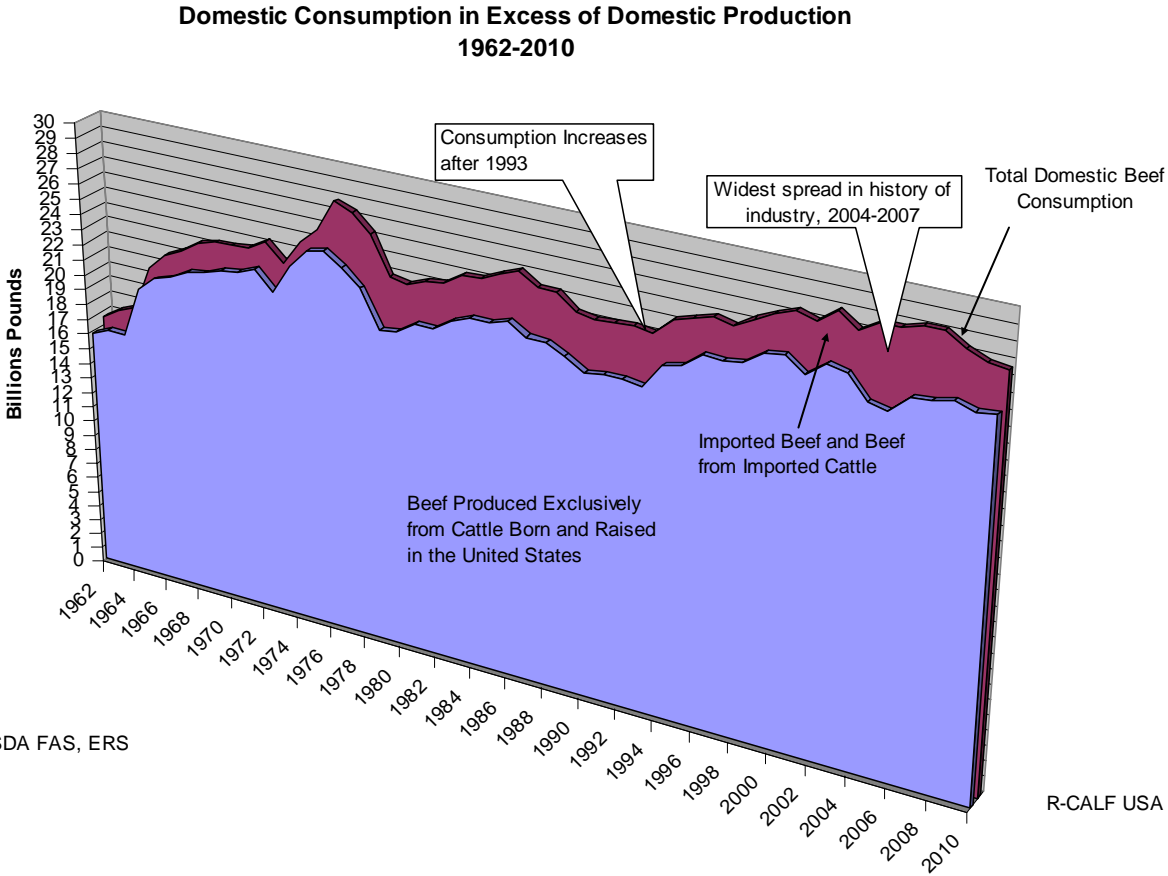
2009 Exports in Excess of Imports for Top 10 U.S. Beef/Cattle Export Markets



The U.S. Cattle Industry Will Be The Sacrificial Lamb Under the U.S.-Colombia Free Trade Agreement

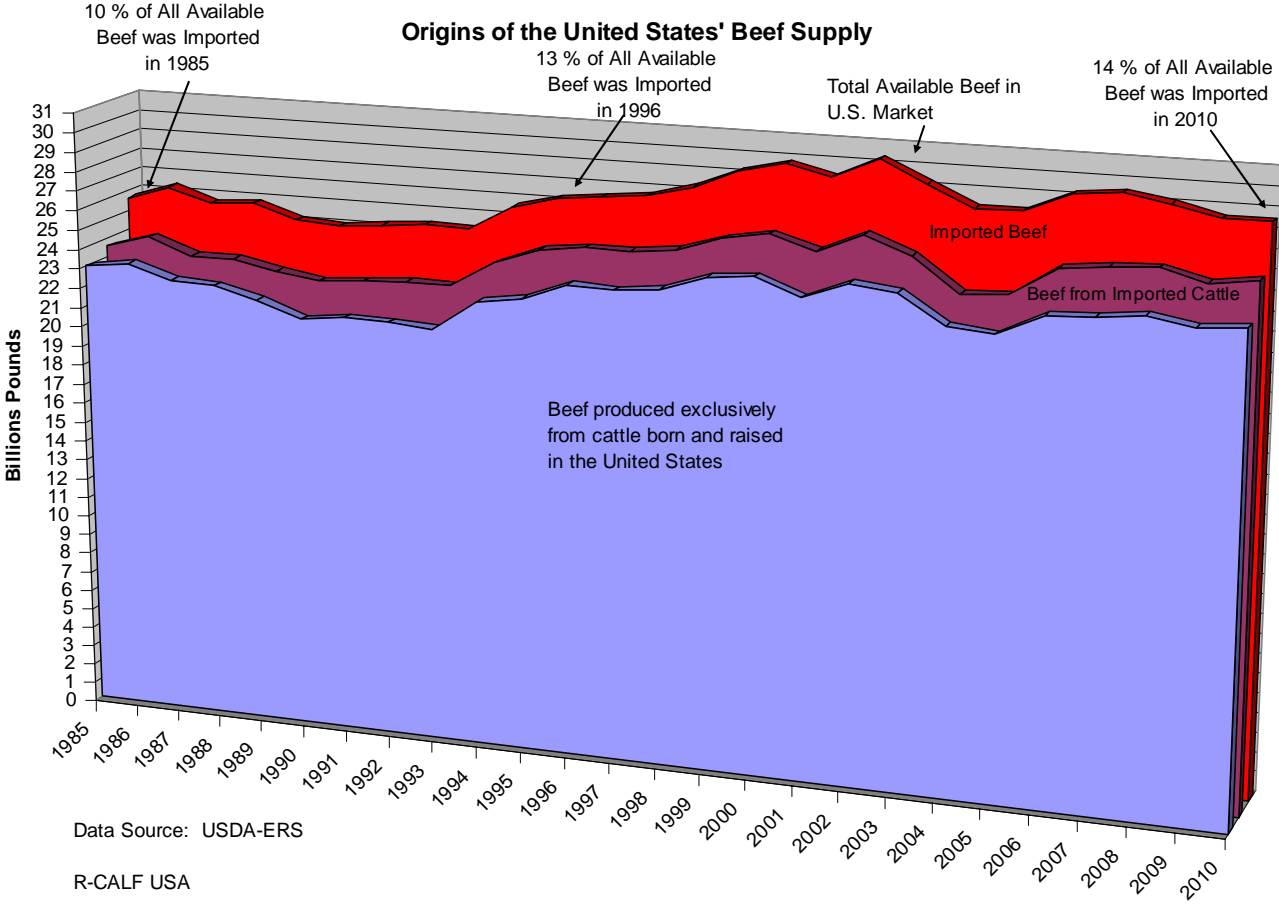
- Production and Trade Data Demonstrate that Colombia is Poised to Worsen the U.S. Trade Deficit in Beef/Cattle.
- If Colombia Presents Any Export Potential for U.S. Beef/Cattle, It Will Be Too Small to Overcome the Expected Tide of Imports Resulting from Colombia's Duty-Free Access to the U.S. Market.

Historic Under-Production of Domestic Beef in Recent Years



Conversion of imported cattle to beef accomplished by multiplying the number of imported cattle by each year's average slaughter carcass weight.

Cattle and Beef Imports Suppress Domestic Beef Production



Conversion of imported cattle to beef accomplished by multiplying the number of imported cattle by each year's average slaughter carcass weight.

Conclusion (1 of 4)

- The U.S. Should Flatly Reject the U.S.-Colombia Free Trade Agreement and, instead, should:
 - Place a moratorium on *all* new free trade agreements until the U.S. thoroughly assesses the impacts that current FTAs have had, and are having, on the profitability and viability of *independent U.S. cattle producers (the supply chain to the beef industry)* and take into account the market concentration and cattle procurement practices in the industry, as well as the perishable nature of live cattle and the cyclical nature of the live cattle industry.

Conclusion (2 of 4)

- Revise the current standard of “substantial transformation” used to determine a product’s country-of-origin for trade purposes by establishing that the origin for beef and products derived from cattle shall be the country where the animal from which the beef is derived was born, raised and slaughtered.
- Reverse the United States’ recently weakened disease import standards and food safety standards by prohibiting imports from countries where pernicious diseases are known to exist and requiring monthly inspections of foreign meat establishments and requiring those establishments to meet food safety standards that are at least equal to that of the United States.

Conclusion (3 of 4)

- As required in the Trade Act of 2002, incorporate special rules that include both volume-based and price-based safeguards in recognition of the perishable and cyclical nature of cattle and beef, that are applicable to both cattle and beef, and are automatic in application.
- Designate cattle and beef as like/kind products and recognize that beef is imported in two distinct forms: pre-slaughtered beef (live cattle) and post-slaughtered beef (beef).

Conclusion (4 of 4)

- Remove livestock from the U.S. Department of Treasury’s “J-List” thereby requiring all imported livestock to be permanently marked (with a hot-iron brand) with their country of origin to ensure all imported livestock can be traced in the event of a disease outbreak.
- Prohibit currency manipulation by trading partners that have taken action to under-value their currencies to gain an unjust trading advantage.

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