



Export Newsline

April 27, 2009

The Latest Trade News, Information and Insights for USMEF Members

EUROPEAN UNION

- Negotiations Extended as U.S., EU Officials Seek Beef Trade Compromise 1

FOOD SAFETY & ANIMAL HEALTH

- Swine Influenza Should Have No Impact on Food Safety, Pork Exports 2

JAPAN

- Rising Japanese Pork Imports Could Trigger Safeguard Duties 2

INDUSTRY NEWS

- Lamb Checkoff Receives Strong Producer Approval 3

CHINA

- Nebraska Ag Leaders Host China Meat Buyers 4
- Poultry Dispute Enters New Phase 6

MEXICO

- Combo Bin Inspection Update: July 1 is New Date for Change in Inspection Procedures 6

TECHNICAL UPDATE

- Changes in Casing Export Requirements for Australia, New Zealand 6

USMEF MEMBERSHIP

- CANAM Joins USMEF 6
- Indiana Corn Marketing Council Joins USMEF 7

TRADE LEADS

- Qatar Importer Wants Quality Beef for Hotel Chains 7

TRADE SHOWS

- Join USMEF at a Taste of the Caribbean in Sunny Puerto Rico This June 8
- Special Rates Available at Marriott for WorldFood Moscow 8
- Hospitality Industry Trade Show in Cancun 8
- World of Food Asia in Bangkok 8

EUROPEAN UNION

Negotiations Extended as U.S., EU Officials Seek Beef Trade Compromise

According to the Office of the U.S. Trade Representative, officials from the United States and the European Union have agreed to extend negotiations aimed at resolving the two-decades-old trade dispute regarding beef produced with growth promotants.

“The United States will delay the trade action until May 9, to provide a little more time to negotiate a settlement with the EU,” explained U.S. Trade Representative Ron Kirk in a [USTR news release](#). “The EU has demonstrated seriousness in their efforts to solve this problem, and two additional weeks should be sufficient to establish whether we can address the remaining issues successfully.”

April 23 was the date on which the USTR was scheduled to impose carousel retaliation measures raising duties on a new lineup of products imported from the EU. This action, which was originally announced Jan. 15, helped spark negotiations on a compromise solution that would leave the EU’s growth hormone ban in place but provide other trade relief that may allow the United States to export a higher volume of beef into Europe.

According to Thad Lively, USMEF senior vice president for policy, planning and research, the extension is a positive development.

“The carousel retaliation measures announced by USTR have been an effective tool for getting the EU to the negotiating table, but imposing tariffs on a new round of imports from the EU is not really the outcome anyone wants,” Lively said. “We see these negotiations as a potential way to replace the retaliation with something of value for the U.S. beef industry. It will be much better for the industry if a solution can be found that allows us to serve this market with a higher volume of beef exports.”

Discussions on the potential compromise are expected to resume on Monday, April 27.

FOOD SAFETY & ANIMAL HEALTH

Swine Influenza Should Have No Impact on Food Safety, Pork Exports

News reports regarding a swine influenza outbreak in Mexico and the southwestern United States are gaining traction throughout the world and raising questions about any potential impact on trade or food safety. At this time, however, there have been no reports of an infected swine herd in the U.S., nor is there any actual connection between the virus and pork production, processing or consumption.

The Centers for Disease Control and Prevention (CDC) have identified six cases in Southern California and two in Texas in which people have been diagnosed with a form of influenza virus known as swine influenza virus subtype H1N1. News sources have cited a much more serious situation in Mexico, where as many as 60 deaths have been reported and school closures are among the precautions being taken to prevent further spread of the virus.

Preliminary investigations indicate that none of the U.S. cases resulted from any contact with hogs or from handling or consumption of pork, and there is no evidence at this time that this subtype is present in any pigs in the United States. In fact, the swine influenza subtype isolated from these cases is unique and not previously recognized in either pigs or people.

According to CDC, “This virus is different, very different from that found in pigs.”

There is no known connection between pork meat and the swine flu virus. As with any fresh meat product, consumers are encouraged to properly handle and cook pork and follow normal food safety practices.

Swine influenza is not a reportable disease, and therefore should not cause any obstacles for exports of U.S. pork. Concerns have surfaced, however, about a possible impact on live hog trade. USMEF will closely monitor the situation for any actions being considered by trading partners or any other developments that could affect international trade.

“Right now there is no evidence and no facts that would cause this situation to escalate into a food safety or trade issue with regard to pork,” said Paul Clayton, USMEF senior vice president for export services. “But obviously the potential is high for misinformation to spread and for misperceptions to develop. So this is a situation we will be watching very carefully.”

Members who have further questions or concerns about the swine influenza situation may contact USMEF at 303-623-6328.

JAPAN

Rising Japanese Pork Imports Could Trigger Safeguard Duties

The growing appetite for pork in Japan, highlighted by the increasing popularity and value of U.S. pork, could trigger price safeguards if total Japanese pork imports during the April-June quarter exceed by more than 19 percent the average pork imports covering the same quarter over the past three years. Once the safeguard is triggered, it remains in place through March of the following year.

USMEF-Japan is closely monitoring the situation as government officials expect total pork imports to increase significantly. The question that remains is whether the increase will be large enough to trigger price safeguards.

“Because of the strong growth of pork imports in 2008, there are increased chances of triggering the pork safeguard this year,” said Greg Hanes, director of USMEF-Japan.

According to USMEF calculations based on MAFF (Japan’s Ministry of Agriculture, Forestry and Fisheries) and MOFA (Ministry of Finance) data, the higher rate of imports in 2008 means that the safeguard would be triggered if total pork imports during the first quarter of the Japanese fiscal year (April to June) increase more than 7 percent over last year’s total imports.

Should Japanese pork imports trigger price safeguards, the level of Japan’s Gate Price (GP) will rise by approximately 25 percent from the normal level. Currently the GP is 524 yen/kg or about \$2.50/lb on a cut basis at current exchange rates (\$1 = 95 yen). When the safeguard is triggered, this increases to 653 yen/kg (\$3.12/lb). The GP increase is applied to all imported pork regardless of the exporting country.

The GP is the landed price before the 4.3 percent duty is imposed. The duty rate of 4.3 percent per cost of insurance and freight (CIF) is unchanged regardless of the regular or the safeguard situation.

“U.S. pork continues to penetrate Japan’s chilled pork market, further entrenching itself as the No. 1 imported pork while eroding the majority share held by domestic pork,” said Susumu (Sam) Harada, USMEF-Japan senior director, Trade Projects and Technical Services. “However, if the 25 percent safeguard is triggered, there is concern that Japanese retailers will be unable to pass along the higher price of U.S. chilled pork, which has been featured in EDLP (Every Day Low Price) and ‘yen appreciation’ promotions, because retailers are catering to consumers in the current economic downturn.”

In the first two months of 2009, exports of U.S. pork to Japan are up 23 percent in volume to 176.5 million pounds valued at \$285.9 million – a 36 percent jump in value over pork exports in the first two months of 2008.

Japan’s pork safeguard was last triggered in August 2004, remaining in effect through the end of March 2005. Prior to this, there were three consecutive years when the safeguard was invoked. While the Japanese trade has experience managing the safeguard, it does make conditions more challenging for pork importers. Harada, however, expects that all major pork importers, including ham and sausage processors, trading houses and trade associations, will carefully monitor the situation.

One executive of a major meat processor told USMEF: “We know the damage to the business that the safeguard has caused in the past, and we will be careful to monitor the market situation.”

One factor in favor of Japanese pork importers this year is a current inventory that is nearly 30,000 metric tons (66 million pounds) larger than at the same time a year ago.

USMEF will continue to monitor the market situation and provide updates to members. Contact the USMEF-Japan office with any questions.

INDUSTRY NEWS

Lamb Checkoff Receives Strong Producer Approval

USDA has announced that lamb producers who voted in February’s national referendum have approved the continuation of the Lamb Promotion, Research and Information Order, commonly known as the Lamb Checkoff Program.

For the program to continue, it needed to be approved by a majority of those voting who were engaged in the production, feeding or slaughter of lambs during calendar year 2008 and who also represent a majority of the volume of lambs produced, fed or slaughtered. Both thresholds were

easily met, as just over 85 percent of the 1,971 ballots cast favored the program, and those producers accounted for 93 percent of total lamb production.



Under the Lamb Checkoff Program, producers, breeders, feeders and exporters are required to pay an assessment of one-half cent (\$.005) per pound when live ovine animals are sold. Packers pay an additional 30 cents per head whenever such animals are purchased for slaughter.

Further details on the program and the results of the referendum are available in this [USDA news release](#).

After a very strong performance in 2008, lamb exports have continued to gain momentum this year. Through February, lamb plus lamb variety meat exports have increased 50 percent in volume and 72 percent in value over the same period last year. The Caribbean is the strongest export market for U.S. lamb, accounting for about 68 percent of total 2009 export value.

CHINA

Nebraska Ag Leaders Host China Meat Buyers

The Nebraska Corn Board and other Nebraska agricultural leaders hosted a group of meat buyers from China this week as part of a five-day educational tour coordinated by USMEF. The delegation began its tour Monday in Sioux City, Iowa, with a tour of the John Morrell pork plant, then traveled to Pilger, Neb., to visit the feedlot operated by Alexander Cattle & Farms. The following day, the group toured the Tyson beef plant in Dakota City, Neb., and Tyson's pork plant in Storm Lake, Iowa.

After a Wednesday morning tour of the Cargill beef plant in Schuyler, Neb., the University of Nebraska Animal Science Complex hosted the group for a cutting demonstration of various pork and beef cuts as well as an educational session on recent advancements in product quality.

Following its university visit, the delegation sampled some of Nebraska's finest pork and beef offerings at a reception sponsored by the Nebraska Corn Board and attended by representatives of the Nebraska Department of Agriculture, the Nebraska Soybean Board, the Nebraska Pork Producers, the Nebraska Beef Council, the Nebraska Farm Bureau Federation and the Nebraska Cattlemen.

Mark Jagels of Davenport, Neb., a Nebraska Corn Board director and member of the USMEF executive committee, welcomed the group to the Lodge at Wilderness Ridge, the special events venue at Lincoln's Wilderness Ridge Golf Club. A menu of petit filet mignon and pecan-crusted pork ribeye was prepared by the restaurant's award-winning chef, Lane Rosenberry, and enjoyed by all of the evening's guests.

"Our guests from China were very knowledgeable, very interested in our products, and extremely appreciative of what they saw on the farms and at the processing facilities," Jagels said. "They also spoke very highly of the cutting demonstration and the information presented at the University of Nebraska."



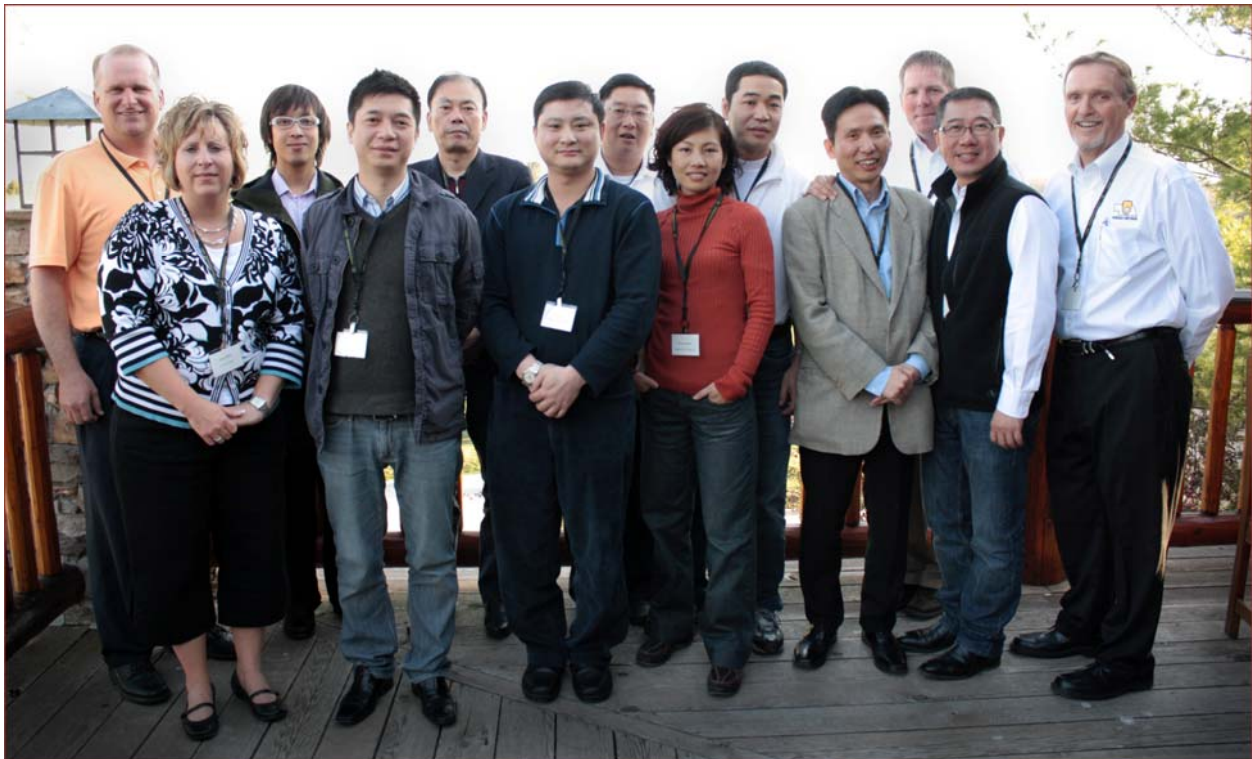
USMEF Executive Committee member Mark Jagels

Jagels added that the tour and reception offered a great opportunity to showcase Nebraska agriculture to a very important constituency. While China is not presently open to U.S. beef, he is hopeful U.S. pork exports will help pave the way for successful beef trade with China.

“The China/Hong Kong region was second only to Japan for pork exports last year, so we’re very proud of the success we’ve achieved there,” Jagels said. “We also had the opportunity to discuss the prospects for getting U.S. beef back into China, and everyone involved with this event was very excited about the potential this market holds for beef exports.”

For Jagels, the opportunity to meet face-to-face with overseas customers was a vivid reminder of the important role meat exports serve for feedgrain producers.

“As a corn and soybean producer, pork and beef exports are very important to me,” he said. “I want to add value to every bushel I grow, and one of the best ways to do that is to export red meat. USMEF’s efforts in solidifying markets and opening new markets for pork and beef are very much appreciated. The results we are seeing and the market intelligence we receive are just tremendous.”



Nebraska Corn Board representatives play host to the China meat buyers delegation. Pictured with the group are Nebraska Corn Board directors David Nielsen (far left) and Mark Jagels (back row, far right), Executive Director Don Hutchens (front row, far right), Business Manager Janet Miller (front row, far left) and USMEF China Programs Manager John Lam (front row, third from right).

The Chinese delegation continued its tour of processing facilities on Thursday at the JBS beef plant in Grand Island, Neb., and Friday at the Farmland pork plant in Crete, Neb.

Poultry Dispute Enters New Phase

The government of China has requested consultations in the World Trade Organization (WTO) over Section 727 of the 2009 Omnibus Appropriations Act, recently passed by the U.S. Congress, which prohibits USDA funding from being used to advance a risk assessment on imports of China's cooked poultry.

“China’s decision to take this issue to the WTO is a significant development and may have implications for several outstanding red meat access issues,” said Joel Haggard, USMEF senior vice president for the Asia Pacific region.

While China/Hong Kong was the second-largest market for U.S. pork in 2008, pork exports to the region have declined in recent months due to China’s efforts to bolster its domestic pork production. China is currently closed to U.S. beef exports because the United States and China have been unable to agree upon an acceptable trade protocol.

China’s request for consultations is the first step in the WTO dispute settlement process. If consultations do not produce a resolution, China has the option of pursuing the case through the entire process – an approach that could take up to two years to produce a final result.

Representatives from China’s Ministry of Commerce have been quoted as saying that Section 727 is a discriminatory and protectionist action and is not in line with the principles of Most Favored Nation treatment. Delegates representing China's poultry industry had threatened retaliatory action - including filing a WTO case - during the National People's Congress (NPC) in mid-March when President Obama signed the appropriations bill. China’s Ministry of Commerce has also stated its intention to take its case directly to U.S. lawmakers later this month during a state-sponsored buying mission to the United States.

MEXICO

Combo Bin Inspection Update: July 1 is New Date for Change in Inspection Procedures

In the April 20 Export Newslines, USMEF reported that Mexico had postponed changes in its procedures for inspecting fresh and chilled meat products shipped in combo bins.

USMEF has since learned that the government of Mexico has postponed these changes in its inspection procedures until July 1, 2009. Shipment of frozen meat products in combo bins is still prohibited. USMEF will continue to work with trade officials from the United States and Mexico to reach a workable, long-term solution to this issue, and will report further developments as they occur.

TECHNICAL UPDATE

Changes in Casing Export Requirements for Australia, New Zealand

The online [Export Library](#)’s requirements for animal casings have been changed for exports to Australia and New Zealand. Members should refer to the [Australia](#) and [New Zealand](#) library entries.

USMEF MEMBERSHIP

CANAM Joins USMEF

USMEF is delighted to welcome the Canadian American Boxed Meat Corporation as USMEF’s newest member. CANAM Meats is a distributor and exporter that reports an estimated \$45

million in sales. Its main product lines are tongues, cheek meat, clods, knuckles, inside skirt, inside round and hearts. CANAM exports to Mexico, Russia, Hong Kong, the Philippines and the Caribbean and is looking to expand into the Caribbean, Eastern Europe and Japan. Contact information:

David Munro, President
Canadian American Boxed Meat Corporation (CANAM Meats)
6905 Kenderry Gate, Unit #2-3
Mississauga, Ontario L5T-248
E-mail: dmunro@canammeats.com
Additional contact:
George Kalligosfyris
E-mail: gkalligosfyris@canammeats.com

Indiana Corn Marketing Council Joins USMEF

The Indiana Corn Marketing Council has joined USMEF. First established in 2001, the Indiana Corn Marketing Council's (ICMC) 17 farmer-directors are charged with overseeing the investment of state corn checkoff funds.

The Indiana Corn Marketing Council joins a growing list of Corn State organizations that have leveraged their corn checkoff dollars with USMEF. The following corn states are members of USMEF: Illinois, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, Ohio and South Dakota.

Contact information:

Leah Beyer, Livestock Director
Indiana Corn Marketing Council
5730 West 74th Street
Indianapolis, IN, 46278
lbeyer@indianacorn.org

Additional contact:

Shelia Lingle, slingle@indianacorn.org
Tel: (317) 347-3620
Fax: (317) 347-3526
Web site www.incorn.org

TRADE LEADS

Qatar Importer Wants Quality Beef for Hotel Chains

Deliopolis, an importer and distributor in Qatar, has an executive chef client who oversees two five-star American hotel chains in the region and is seeking a quality beef supplier for an exclusive contract. Ideally, the supplier should be a small halal-certified company with whom Deliopolis can deal directly. Contact:

Mr. Brent Shaw, Manager
Procurement and Sales
Tel: + 00974 5868233
brent@deliopolis.com

TRADE SHOWS

Join USMEF at a Taste of the Caribbean in Sunny Puerto Rico This June

Sunny Puerto Rico is the site of this year's Taste of the Caribbean, a major trade show and Caribbean chef competition for exporters to the region. USMEF Caribbean consultant Liz Wunderlich will be there and she is looking for USMEF members who want to share the federation's booth. The show will be held at the Caribe Hilton, June 12-14. Each Caribbean island holds individual competitions to select a national team of three chefs, a pastry chef and a bartender for a prestigious Caribbean-wide competition. The chef competition attracts buyers and importers from the whole of the Caribbean basin. For information on participating, E-mail [Liz Wunderlich](mailto:Liz.Wunderlich@usmef.org).

Special Rates Available at Marriott for WorldFood Moscow

The 18th WorldFood Moscow 2009 on 15-18 September is Russia's largest food show. It attracts more than 50,000 buyers from Russia and the states of the Former Soviet Union. If you wish to exhibit with USMEF at this show, contact Tammy Connolly at 303-623-6328.

USMEF has booked 25 rooms at the Marriott Grand Hotel at the U.S. government rate of \$255 including breakfast. To take advantage of this special offer, contact Tammy Connolly by July 15.

Hospitality Industry Trade Show in Cancun

Billed "as the place where pleasure and business are combined," Expohotel 2009, June 17-19, in Mexico's resort mecca, Cancun, is focused on the huge Mexican hospitality industry. Last year more than 6,200 qualified visitors came to the show. USMEF-Mexico will have an information booth and members wishing to rent a booth at the show can contact Tammy Connolly at 303-623-6328 or tconnolly@usmef.org.

World of Food Asia in Bangkok

[Thaifex – World of Food Asia](#) is scheduled for May 13-15 at the Impact Exhibition Center in Bangkok. ASEAN Director Sabrina Yin will represent USMEF. Contact Tammy Connolly at (303) 623-6328 or tconnolly@usmef.org.

U.S. Meat Export Federation: 1050 17th St. Suite 2200 Denver, CO 80265 Phone: 303-623-6328 Fax: 303-623-0297

E-mail Michael Igoe at migoe@usmef.org. Visit the USMEF Web site www.usmef.org

The written policies and practices of this organization include the nondiscriminatory bases required by the USDA.