

REPORT OF THE COMMITTEE ON IMPORT-EXPORT

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The Committee met on 15 November, 2010 at the Hilton Hotel, Minneapolis Minnesota, from 1-6 pm. There were 13 members and 35 guests present. The Chairman opened the meeting by welcoming members and guests, requesting all to sign in, reviewing the agenda and asking for any requests to modify the agenda. The order of the agenda was changed to accommodate speakers travel plans.

Presentations by the following speakers were given:

Laurie Heuneke, National Pork Producers Council presented Sanitary, Technical and SPS issues and trade with China. The complete text of this presentation is included at the end of this report

Dr. Arnaldo Vaquer, Vaquer Inc. Consultant presented Animal Health and Trade Possibilities in Central America and the Caribbean. The complete text of this presentation is included at the end of this report.

Dr. Peter Merrill and Dr. Bob Bokma, National Center for Imports and Exports (NCIE), USDA-APHIS-VS, presented data on FY2010 activities. The complete text of these presentations is included at the end of this report

Paul Clayton, U.S. Meat Exporters Federation presented International Trade and Animal Traceability. The complete text of this presentation is included at the end of this report

Committee Business

The Committee reviewed the resolution passed in 2009.

The Committee discussed the issue of re-export of bovine semen from secured storage brought forward by the chair. USDA-APHIS-VS staff suggested that this issue be addressed to Dr. Jacek Taniewski USDA APHIS VS NCIE. Committee members suggested that this issue be reviewed with NCBA if brought forward as a resolution.

The chair queried USDA-APHIS-VS staff re: resolution 66 passed in 2007. USDA APHIS VS staff reported that the import requirements for various commodities are now posted on the USDA web site. The chair shared the web site and details regarding the OIE chapters up for changes and revisions.

http://www.aphis.usda.gov/import_export/animals/oie/terrestrial.shtml

The chair reminded the committee about the need for the chairman position needing to be filled, no discussion within the committee. The current chairman will work with the Executive Committee to find a new chairman for the committee

No resolutions were brought forward for the committee to act upon.

China Market Access
Laurie A. Hueneke
National Pork Producers Council

China is the world's leading producer and consumer of a wide range of agricultural commodities and holds a significant amount of potential for U.S. agricultural exports, especially pork and pork products. Since joining the World Trade Organization in 2001, China's imports of agricultural products have quintupled. In 2009, China was the second largest market for U.S. agricultural products; however, due to many sanitary and technical barriers to trade, many U.S. products are unable to realize their maximum market potential in China.

China's domestic pork consumption is just under 50 million metric tons, over half of total global pork production. Based on Iowa State University estimates, the market for U.S. pork in China could be well over a million metric tons. Today, China only imports one half of one percent of pork consumed compared to other Asian markets such as Japan that imports nearly half of total pork consumption. China's domestic pork production can be characterized by labor-intensive, backyard production, small slaughterhouses, wet markets and a willingness of consumers to buy non-standardized product. The backyard production will disappear once households can afford better employment, purchase a car to go to a supermarket and purchase a refrigerator/freezer.

The U.S. pork industry is the most efficient, safe supply of consistent quality pork and leads the world as the largest pork exporter with nearly 20% of production exported. However, U.S. pork exports are constrained by China's ban on pork from hogs raised using ractopamine hydrochloride, a discriminatory value added tax (VAT) and large subsidies. These barriers to trade, along with an inefficient pork production system result in a 58% disparity in price between U.S. and Chinese pork. Once these barriers to trade are removed, it will have a positive impact on U.S. pork prices.

These barriers to trade are not unique to pork. U.S. beef has been out of the China market for nearly 7 years due to unfounded concerns of BSE. Once this barrier to trade is removed, China could challenge Japan as the U.S. beef industry's third largest market, possibly exceeding \$200 million in sales. The U.S. poultry industry is constrained by countervailing and anti-dumping duties with unnecessarily increase the cost of U.S. poultry in the Chinese market. Poultry is also subject to other sanitary barriers to trade such as zero tolerance requirements for pathogens on food intended for further processing and unscientifically based maximum residue level requirements for certain heavy metals and veterinary drugs. The U.S. dairy industry has testing requirements for certain compounds in whey and problems obtaining import licenses despite the food safety concern for domestic milk.

While China is a large country in terms of land mass, most of it is not suitable for agricultural production and why over the long run, they will need to import more protein products to feed their growing middle class. Today, U.S. soybeans represent more than half of the total value of U.S. ag exports to China and it is expected that in 2010, 25% of the 2010 U.S. soybean crop will be exported to China. Earlier this year marketed the first time since 2006 that the U.S. exported corn to China; however, China has recently held up a shipment due to concerns of genetically modified varieties not approved in China.

The dire economic situation leading into the H1N1 crisis in 2009 could not have come at a worse time. Nearly 30 export markets closed their borders to all or a portion of U.S. pork, pork products and live hogs only days after the announcement of 'swine flu'. Producers lost \$8.36 million per day loss, which resulted in a loss of \$27.29/head at the height of the crisis. The National Pork Producers Council worked closely with Congress, the Administration, USDA, USTR, State Department, international organizations and other industry groups to develop talking points and reach out to countries that either banned U.S. pork or intended to do so. It took over a year for China to reopen their market to U.S. pork and pork products; however, the ban on live hogs remains in place. When the U.S. has a foreign animal disease outbreak, we need to be ready to prove to our trading partners and domestic markets that we can identify, control, and regionalize any possible outbreaks. The U.S. domestic market will have to find a place for the nearly 20% of pork production that is typically exported which will cause live hog prices to plummet and producers to go out of business. International markets will automatically close and it is going to be much more difficult to regain market access for a foreign animal disease than it was for H1N1.

Animal Health & Trade Opportunities in Central America and the Caribbean”

Arnaldo Vaquer, DVM, MA, MBA

The Central America and Caribbean Region is in dire need of improving its animal health sanitary status in order to be able to export live animals and animal products internationally. Trade provides income of hard currencies from various countries which can greatly improve their economies.

There are four endemic diseases in the region which makes it impossible for the region to be able to export internationally. These diseases are: bovine tuberculosis, bovine brucellosis, Classical Swine Fever (CSF), and Exotic Newcastle Disease (END). There are other challenges in the region such as Blue Tongue, Avian Influenza, Boophilus ticks and others. These last few diseases and pests can be mitigated by placing certain conditions in the import protocols used by Veterinary Services, APHIS, USDA. It is the first four that need to be eliminated in order to export live animals, bovine semen, fertilized embryos, poultry meat, and pork products into the United States and the rest of the world.

Following the approval of the CAFTA-DR Treaty, the United States was bound by the treaty to provide technical assistance to the CAFTA-DR countries to help these countries export agricultural commodities abroad including animals and animal products. This task was assumed by the Trade and Scientific Capacity Building Division, Office of Capacity Building and Development, of FAS, USDA. My company, VAQUER INC was hired to provide technical assistance in animal health and international trade to the CAFTA-DR countries and FAS, USDA.

Our efforts were geared to help the CAFTA-DR countries improve their sanitary standards and animal health programs to meet Veterinary Services, APHIS, USDA and OIE standards in order to approve certain commodities for export in international markets. The CAFTA-DR countries needed to prove that they are free of CSF and END to export pork products and poultry products. They need to have a functioning bovine brucellosis and tuberculosis programs and be free of Bovine Spongiform Encephalopathy (BSE) or meet certain testing standards on their animal population and take certain precautions while processing beef products. They also need to be free of Rinderpest, which they are, in order to export beef. They need to have free herds of bovine brucellosis and tuberculosis in order to export bovine semen and embryos and approved Semen Collection Centers (SCC), approved protocols, etc. Also, they need to be free of bovine brucellosis and tuberculosis in order to export live cattle.

The United States and all advanced countries have certain processes to allow exporting countries to use science based procedures to prove that they are free of certain diseases in order to satisfy the importing countries that they will be getting disease free animals and animal products.

In the case of the United States this process is known as “Regionalization and Rulemaking,” and its procedure is contained in 9 Code of Federal Regulations (9CFR) Part 92-Importation of Animals and Animal Products: Procedure for Requesting Recognition of Regions. Part 92.2, Application for Recognition of the Animal Health Status of a Region explains in some detail how the process works and lists the 11 factors that the countries must fill in great detail providing information about the region. These 11 factors are:

The 11 factors listed in 9CFR Part 92.2

- 1) The authority, organization, and infrastructure of the veterinary services organization in the region.
- 2) Disease status--i.e., is the restricted disease agent known to exist in the region? If “yes,” at what prevalence? If “no,” when was the most recent diagnosis?
- 3) The status of adjacent regions with respect to the agent.
- 4) The extent of an active disease control program, if any, if the agent is known to exist in the region.
- 5) The vaccination status of the region. When was the last vaccination? What is the extent of vaccination if it is currently used, and what vaccine is being used?
- 6) The degree to which the region is separated from adjacent regions of higher risk through physical or other barriers.
- 7) The extent to which movement of animals and animal products is controlled from regions of higher risk, and the level of bio-security regarding such movements.
- 8) Livestock demographics and marketing practices in the region.
- 9) The type and extent of disease surveillance in the region--e.g., is it passive and/or active; what is the quantity and quality of sampling and testing?
- 10) Diagnostic laboratory capabilities
- 11) Policies and infrastructure for animal disease control in the region--i.e., emergency response capacity.

These factors must be answered in great detail about a country when such a country wants to export a commodity to the United States and are then sent to our Chief Veterinary Officer (Deputy Administrator for Veterinary Services, APHIS, USDA) along with the request. This action triggers and begins the "Regionalization and Rulemaking Process" which is used to determine if a country is free of certain diseases. This is a science based approach, based on accepted standards of Risk Analysis." Veterinary Services, APHIS, USDA must be satisfied at the end of this process before the commodities are accepted for import into the United States. The end of this process is known as Rulemaking whereby a rule is entered into 9CFR allowing for the importation of that commodity into the United States.

The process of Regionalization and Rulemaking is viewed as a seamless process, but it is actually divided into four separate and distinct parts. They are:

Analysis of the Data - this is the detailed study of all the information sent by the country who wants to export agricultural commodities to the United States. It consists mainly of the information provided while answering the 11 factors in 9CFR Part 92.2 plus any other information provided to the United States following the initial submission of information. Usually after the initial information package is provided, it is determined that it is not enough and more information is required. This information is then broken down and submitted to a number of experts usually in APHIS to study it and determine the most probable areas of potential risk. This process can take from 1-3 years or longer. After this process is completed a visit to the country is scheduled to verify the information provided and to check for weak areas discovered during the analysis of the data process.

Regionalization (country visit) - this is the visit to the country which wants to export to the United States by the same number of experts who analyzed the data submitted by the country in the 11 factors. There are usually from 4 to 6 persons on this team. If the exporting country wants results of the evaluation shared with other countries a member of the evaluation team can be selected from Mexico or Canada or any other country. This process usually takes one week. In very few cases a country visit is not needed. This is the case where the United States has conducted prior visits to that country and have no need for further visits.

Risk Analysis- There is always a Risk Analysis conducted to analyze the risks associated with importing these agricultural commodities. This is an important step in what makes the Regionalization Process "science based." The information used for the risk analysis is obtained from the information initially supplied by the exporting countries in the 11 factors of 9CFR Part 92.2 and all the data garnered in step #2, the visit to the country. The risk analysis can be qualitative or quantitative. Quantitative Risk Analyses are conducted following the Qualitative Risk Analysis when there are still some questions remaining. This process can take 8 months to three years or longer to be completed.

Rulemaking - once the recommendation and the decision has been made to allow for the importation of the commodity into the United States, the final step is Rulemaking. This is the process by which it is placed in 9CFR the rule allowing for this importation. It begins with a work plan and ends with the publication of the rule. This process can take from 1-3 years from beginning to end.

I have visited five (5) of the six CAFTA-DR countries, four of them in more than one occasion to review their animal health and surveillance programs using the 11 factors in 9CFR Part 92.2 as the basis for my review. These countries have had many deficiencies noted during my review visits. No country has yet been recommended to undergo the official visit by VS, APHIS, USDA for approval. All countries have been given written reports with the deficiencies noted and what they must do to correct them. We are still in the process of working with all the CAFTA-DR countries to help them meet international sanitary standards and freedom from disease status, in order to allow the exportation of agricultural commodities internationally. The current CAFTA-DR Program is set to expire on March 2011. As of this time, I do not have any hard information as to what happens next. There is the possibility that assistance to the CAFTA-DR countries will be continued under a "food security" program.

On October 20-21, 2010 in Washington, D.C. FAS, USDA and other agencies held a meeting sponsored by the United States Trade Representative (USTR) regarding the CAFTA-DR and other trade initiatives in the region (I did not attend this meeting) and what was agreed to I do not know.

The National Veterinary Accreditation Program of the United States has served the nation well and has given the United States a veterinary infrastructure unrivaled in any other place in the world. I have taught this course in several countries in Central America and has been very well received. It helps satisfy the first of the 11 factors of 9CFR in the Regionalization process.

Lastly, I have discussed the beginning of a multiyear eradication program for four diseases in the CAFTA-DR countries which are very important for trade facilitation. The four diseases are: bovine

brucellosis and tuberculosis, Exotic Newcastle Disease (END), and Classical Swine Fever (CSF). Should the CAFTA-DR countries be free of these four diseases, they could easily export many millions of dollars in agricultural commodities that now they cannot export. That could be an enormous economic advantage for the whole region. It will also have many economic benefits for the United States and Canada in reduced risk of importing a Foreign Animal Disease into the United States in agricultural commodities.

Several international and regional organizations as well as local countries can participate in this regional disease eradication program. The World Bank, InterAmerican Development Bank, Food and Agricultural Organization of the United Nations (FAO-UN), Canada, the European Union, Taiwan, Japan, several agencies of the United States government, and others could participate. Such a program could be designed for 10-15 years at a cost of 400-500 million dollars. This amount, as large as it is, is not that much if the costs are shared by all the above organizations and countries over a period of 10-15 years. Just consider that eradicating END from California a few years back cost the United States almost \$ 200 million dollars.

**Activities of the U.S. Department of Agriculture (USDA)
Animal and Plant Health Inspection Service (APHIS)
Veterinary Services (VS)**

Dr Peter Merrill
USDA-APHIS-VS-NCIE Import/Export -Animals

Dr. Bob Bokma
USDA-APHIS-VS-NCIE Import/Export- Animal Products

*National Center for Import and Export (NCIE)
FY 2010 Activities*

NCIE is responsible for facilitating international trade in animals and animal products. NCIE evaluates the animal disease status and veterinary infrastructure of foreign countries, represents APHIS in international forums, and protects and supports American agriculture through regulating imported animal commodities. Customer service is also provided to the general public typically in the form of assisting with the movement of companion animals to foreign countries or importing items such as animal hides and trophies.

I. ANIMAL EXPORT

A. Trade negotiations

NCIE develops export protocols, participates in negotiations, and provides technical expertise in developing, retaining, and expanding export markets for U.S.-origin animals and germplasm.

In fiscal year 2010, NCIE opened or retained about 100 markets for animals in over 45 countries and advanced protocols for over 100 other different country/commodity combinations. NCIE animal export staff are also responsible for requesting and negotiating exceptions to normal trade circumstances for shipments that need special consideration, or for shipments that have been detained at a foreign port, and for reviewing and harmonizing testing that is required for exported animals.

NEW, MARKETS (FY 2010)

| COUNTRY | COMMODITY |
|--------------------|--|
| Aruba | cattle, alpaca and llama |
| Barbados | breeding cattle |
| Bermuda | horses |
| Belize | breeding cattle |
| Brazil | Day old chicks, hatching eggs from the State of Minnesota. |
| Canada | Reindeer |
| Colombia | breeding swine |
| Curacao | Sheep and goats |
| Dominican Republic | breeding cattle |
| El Salvador | horses , cattle |
| Japan | Giraffe |
| Korea | Equine semen |
| Mexico | Mexican origin sport horses returning to Mexico |
| Panama | Sheep and goats |
| Turkey | sheep and goats |

NEGOTIATIONS IN PROGRESS TO OPEN NEW MARKETS, RETAIN OLD, OR IMPROVE EXPORT CONDITIONS (FY 2010)

| | |
|--------------------|---|
| Argentina | horses, pets, bovine semen cattle |
| Australia | export isolation facility for horses |
| Barbados | sheep, goats, swine, horses |
| Belize | swine and sheep |
| Bolivia | cattle |
| Brazil | goat semen, poultry, pet birds |
| Canada | wild ruminants, honeybee queens -, horses, swine, bovine embryos |
| Cambodia | bovine semen, bovine embryos |
| Chile | bovine semen, bovine embryos, swine, swine semen, cattle, poultry |
| China | pets, mink/ferrets, swine, swine semen, IVF bovine embryos, horses, chicken and other poultry, bovine semen, bovine embryos, commercial canines |
| Colombia | Cattle, horses, swine |
| Costa Rica | day old chicks and hatching eggs, sheep and goats |
| Dominican Republic | breeding cattle |
| Ecuador | poultry genetics, poultry, horses, equine semen, cattle |
| EU | swine, , bovine semen |
| Guatemala | breeding cattle, swine semen |
| Hong Kong | horses, turtles, VC birds, pets |
| India | poultry, horses, bovine embryos, bovine semen |
| Indonesia | cattle, antelope, horses, |
| Israel | bovine embryos, cattle, horses, day-old chicks, hatching eggs, |
| Jamaica | Sheep and goats, swine, horses |
| Japan | swine, equine, bovine embryos, research quail, day-old-chicks, hatching eggs |
| Korea, Republic of | cattle, bovine embryos, bovine semen, equine semen, day-old-chicks, hatching eggs |
| Kazakhstan | bovine semen, bovine embryos |
| Macedonia | bovine semen |
| Malaysia | cattle, bovine semen, bovine embryos, sheep/goats |
| Mexico | horses, cattle, sheep, goats, lamas, marsupials |
| Mongolia | bovine embryos, cattle |
| Morocco | horses, bovine semen |
| Nicaragua | sheep and goats, horses, equine semen |
| Pakistan | Cattle, sheep, goats, horses |
| Paraguay | horses, equine semen |
| Peru | breeding cattle, |
| Philippines | bovine semen, pet birds, swine semen, swine transit via Japan or Korea (FMD) |
| Russia | day-old chicks, hatching eggs |
| Serbia | bovine semen |
| Taiwan | swine, swine semen, cattle, bovine embryos, horses/donkey, |
| Thailand | swine, swine semen, hatching eggs/day-old chicks, sheep/goats, sheep/goat semen, bovine semen, bovine embryos, cattle, horses, per birds, visits to inspect U.S. export facility. |
| Turkey | slaughter cattle, feeder cattle, slaughter sheep/goats |

| | |
|---------|------------------------------|
| Uruguay | equine semen, equine embryos |
| Vietnam | cattle, swine, swine semen |

B. Additional Examples of NCIE Animal Export Activities in FY 2010

1. General responsibilities

In addition to negotiating export protocols, NCIE facilitated international trade by serving as a technical liaison, providing technical support for visits (for audits or training) from foreign veterinarians, participating on international committees, attending meetings/conference calls, preparing letters/reports/briefings for senior level leaders, responding to notices (issued by foreign countries) to the World Trade Organization and responding to the impact of U.S. animal disease outbreaks on exports. NCIE negotiates the release of detained shipments and receives derogations from foreign requirements for trade in animals. NCIE staff officers provided support to VS field staff, VS Regional and Area Offices, the U.S. animal export industry, and the public by providing direction and responding to questions. NCIE staffs also provide interpretation of the foreign animal import requirements as well as develop associated policies to facilitate trade. NCIE staffs handle dozens of queries each month about companion animals (including efforts to release pets detained at the entry points in foreign countries) as well as negotiating new protocols for exporting pets to foreign countries.

U.S. animal disease outbreaks have substantial repercussions on the activities of NCIE staff. In FY 2010 the outbreaks involving contagious equine metritis, vesicular stomatitis and piroplasmosis continued. Animal export staff provided technical support (typically in the form of detailed and specialized scientific reports and updates) for the APHIS International Services and Foreign Agricultural Services as various countries imposed trade bans often without scientific justification. Animal export staff also requested derogations for many different commodities from foreign countries for shipments in progress. Animal disease outbreaks in the U.S. also required NCIE animal export staff to provide additional epidemiological updates to individual countries as well as renegotiate import protocols that reflect the current (and sometimes emerging) disease status of the U.S. Many countries imposed bans on U.S. animals following reports of the outbreak of novel H1N1. China, for example, still have ban on trade in swine and negotiations are continuing. Reports of all types of avian influenza continue to influence international market access and require additional research and correspondence to trading partners to limit or lift trade restrictions.

In FY 2010, NCIE met with industry groups such as the Livestock Exporters Association, the Holstein Association USA, Inc. and the National Association of American Breeders.

Some trade negotiations for animal export cut across all commodity lines and have significant impact for U.S. exporters. APHIS successfully opened 19 new and maintained, expanded, and reopened markets in 15 countries Aruba, Barbados, Bermuda, Brazil, Canada, Colombia, Curacao, Korea, Japan, Mexico Panama and Turkey (including live cattle to Belize, the Dominican Republic and El Salvador). During FY 2010 by providing detailed technical information and data that enabled many of our trading partners to accept the animal health status of the United States, and to lift restrictions imposed because of specific animal diseases.

APHIS staff conducted face to face negotiation with Japan, Chile, Indonesia, Nicaragua, Colombia, Mexico, Canada and the European Union. APHIS staff facilitated audits by foreign governments including Chile – poultry primary breeders, Colombia – swine and Korea – equine semen. APHIS staff retained or is working toward retention of 91 international markets including Argentina, Australia, Barbados, Belize, Bolivia, Brazil, Cambodia, Chile, China, Costa Rica, Dominican Republic, Ecuador, Guatemala, Hong Kong, India, Indonesia, Israel, Jamaica, Japan, Korea, Kazakhstan, Macedonia, Malaysia, Mexico, Mongolia, Morocco, New Zealand, Nicaragua, Pakistan, Paraguay, Peru, Philippines, Russia, Serbia, Taiwan, Thailand, Trinidad and Tobago, Turkey, Uruguay, and Vietnam. The commodities included: swine, swine semen, hatching eggs/day-old chicks, sheep/goats, sheep/goat semen, bovine semen, bovine embryos, cattle, horses, per birds, giraffe, fish, shellfish, pets, turtles, embryos, semen and antelope.

During FY 2010, APHIS developed extensive information packages and/or responded to questionnaires from Mexico in an effort to reopen export market for slaughter cattle

Other foreign visitors were part of technical exchange programs and NCIE staff provided presentations on the roles and responsibilities of APHIS, explained our veterinary infrastructure and

described U.S. systems of animal disease control. These training activities build more personal international relations and help build foreign veterinary capacity both of which indirectly facilitate the flow of international trade in animals and animal products. In FY 2010, presentations were given to delegations from Croatia, Egypt, Kazakhstan, Macedonia, Moldova, Saudi Arabia, Turkmenistan, Uzbekistan, Taiwan, Thailand, China, and India.

2. Specific events or commodity-based activities

In FY 2010, NCIE animal export staff developed PDF version of APHIS form 7001

NCIE staffs have participated in special USDA tours of duty or working groups. One staff member recently worked to help improve animal inspection facilities at the U.S.-Mexican border. Another is participating in developing VS's role in "One Health" initiatives designed to increase interdisciplinary activities among those protecting animal and human health and ecological well-being. Another member is involved with the working group charged with the revision of the identification system.

NCIE continues to develop U.S. trade in aquaculture. Negotiations are continuing with several Central and South American countries for many types of aquatic animals. NCIE and NOAA-Fisheries are also co-developing protocols designed to facilitate the complex types of health and food safety certifications that may be necessary for live animals and their products exported to a large number of countries worldwide.

FY 2010 saw the continued growing export of cattle to Turkey, Mexico and Russia markets that were opened in the previous years. VS provides technical assistance to U.S. exporters to assure that trade moves smoothly. As international cattle markets are only now re-opening after many years of inactivity, the U.S. industry is developing the infrastructure (e.g., pre-export isolation facilities) to assemble and move herds of cattle across the U.S. and into ships and planes. Improvements in existing markets and additional new markets are being pursued in Asia, Australia, the Middle East, Eastern Europe, the Caribbean, Central America and the Pacific. Israel has agreed to trade requirements but final authorization is pending. Negotiations continue to seek Mexico's agreement to accept cattle of all ages. More inquiries are originating from politically sensitive or economically challenged countries as U.S. State Department programs encourage and enable foreign agricultural development to support social, and therefore political, stability. In spite of the U.S. receiving a BSE controlled risk status from OIE, many countries, including some in Asia, are still creating technical trade barriers for U.S. cattle and beef: USDA continues to address the entire array of issues from technical reports through high level trade international delegations. During bi-lateral negotiations and in international forums, USDA continues to emphasize the importance of following the requirements of the World Organization for Animal Health (OIE).

Opportunities for trade in germplasm are also being developed around the world. While trade in bovine semen and bovine embryos dominate, trade is also active for equine semen, swine semen, small ruminants and occasionally equine embryos or canine semen. Foreign countries raise an array of objections to accepting trade protocols for germplasm based on: the disease status of the U.S. (e.g., BSE, bluetongue); inspection requirements; testing requirements (e.g., epizootic hemorrhagic disease); a perceived lack of knowledge about the U.S. veterinary infrastructure (e.g., the Ukraine); their own national requirements (i.e., a regulation to test all species for classical swine fever); or for political reasons unrelated to veterinary health (e.g., countries intention to join to EU). Some countries are unresponsive to diplomatic inquiries others are simply obstreperous. NCIE continues to provide technical evidence and arguments for assuring animal health and for using science-based decisions (e.g., OIE does not consider BSE restrictions pertinent to bovine germplasm). VS continues to work with APHIS International Services and USDA Foreign Agricultural Service to address diplomatic and political issues blocking trade in germplasm. Trade in germplasm that is already established must be maintained by routine APHIS VS inspection of semen collection centers and embryo transfer teams and maintaining the records and developing checklists used by inspector also requires attention from NCIE staff. VS memorandum was publish on inspection and approval processes necessary to trade bovine germplasm with the EU.

The international market dynamics for primary poultry breeding products (e.g., day-old chicks and hatching eggs) continue to shift as concerns about avian influenza (AI) persist. Some countries, such as Russia, Albania, Kazakhstan, Japan and China require or impose limits on exports of poultry or primary poultry breeding products from states where any AI as been reported. NCIE provides the technical information to foreign countries to report the status and resolution of the outbreak, to reassure the country that a particular shipment is free of disease or to request the end to the imposed trade limits.

Negotiations with Russia to establish a bi-laterally agreed upon trade protocol continue slowly: The U.S. is proposing to use the National Poultry Improvement Plan as the means of U.S. inspection and approval of poultry breeders. Detailed technical responses to questions on U.S. control and surveillance programs for poultry diseases are provided routinely to foreign countries (e.g., Israel and the EU).

Very slow progress has been made in negotiating with the EU for market access for live swine. NCIE has provided extensive information to the EU and hosted (in FY 2008) an audit on U.S. swine and swine semen health and production. Opening the EU market for U.S. origin swine would also facilitate trade in Eastern Europe and other countries by allowing swine to transit the EU.

Horses are shipped around the world to new owners or moved in association with sporting events. The U.S. advises foreign countries of our equine disease status and reports of outbreaks in FY 2010 have resulted in restrictions on equine movements and NCIE efforts to provide status reports and, eventually, lift the restrictions. Modifying foreign import requirements for contagious equine metritis continued as the outbreak was controlled, testing completed and quarantines lifted.

NCIE has also been asked to address trade issues for small ruminants (e.g., sheep or goats), cervids and camelids. Technical difficulties tend to center around testing requirements especially the validity of testing requirements for those particular species. The market for exporting sheep and goats to Panama was closed in 2003 due to concerns about scrapie but was re-opened as technical negotiations resolved issues.

B. ANIMAL IMPORT

1. Live Animals

Among other activities in FY 2010, NCIE's Live Animals import staff participated in international meetings, developed import protocols, responded to requests for special projects, and developed additional policy for the safe movements of ruminants and other livestock into or through the United States. These activities are summarized in the bullet points below:

- Processed and issued 3,190 import permits for live animals, embryos and semen (AES) consignments. An additional 1350 permits were issued directly by the three APHIS Animal Import Centers for animals going to quarantine at those facilities.
- Assisted an additional approx. 15,000 stakeholders with live animals, embryos and semen import information requests.
- Continuously monitored world animal disease status reports for all countries as issued by OIE, CEAH/CEI, FAO and others, and coordinated review/response involving appropriate import requirements and/or restrictions
- Issued 13 Import Alerts for changes in H5N1, screwworm, FMD, brucellosis and tuberculosis status resulting from foreign outbreaks
- Revised or developed 56 import protocols for live animals, embryos and semen
- Revised or created 12 VS Memoranda
- Facilitated 6 FOIA requests for historical animal import or export data and documents
- Made numerous changes to APHIS Import-Export websites for clarity and understanding
- Assisted with the continuing development and implementation of new database systems including ePermits for Live Animals, the Live Animal Import Module for VSPS, and the Animal Import Center Reservation Module for VSPS
- Attended two Bi-national Committee meetings with Mexico (Jan., June)
- Attended U.S.-Canadian cross-border animal imports working group meeting
- Attended U.S.-MX-Canadian trilateral meeting
- Participated in 3 aquatic animal technical working group meetings with Canada
- Participated in technical working group sessions with the European Commission for swine, equine and poultry import-export issues
- Participated in numerous commodity-specific trade meetings and conferences to interact with key stakeholders for import-related issues
- Collaborated with Biotechnology Regulatory Services and FDA-CVM to better understand and assess the roles VS might undertake for the regulation of transgenic animals
- Provided technical expertise and trade updates as member of CEM Coordination Group, responding to 2008 CEM outbreak in the U.S.; drafted initial CEM testing protocol.
- Planned and presented training on CEM testing and regulations for State and APHIS personnel in Nevada and Florida.

- Finalizing MOU concerning the dual U.S.-Canadian use of certain land border port facilities
- Continued evaluation of risk assessment for import of cloned equine tissue. Implemented decision memo for import of cloned equine tissue, to facilitate import of tissue samples for cloning from the EU.
- Assisted domestic programs on development of draft recommendations for handling domestic equine piroplasmosis cases and reactors for WEG games in KY. Finalized CEM tracking database and submitted for administrative review.
- Completed interim rule updating CEM testing procedures, and submitted for USDA review
- Implemented final rule on standards for privately owned quarantine facilities for horses; finalized VS Memo for implementing the rule
- Drafted proposed rules for Equine Viral Arteritis and Equine Infectious Anemia, as coordinated with domestic programs
- Working on regulatory text for scrapie and BSE requirements for imported sheep, goats and non-domesticated ruminants
- Collaborated with Products staff regarding BSE Comprehensive rule
- Coordinated numerous complex import, export and transit requests for live animals with importers and VS field staff in a timely manner
- Co-organized and participated in Animal Import Center directors' meeting in Miami FL
- Revised Northern Border Port manual for Canadian land border port animal import operations
- Attended Northern Border Port training session in Minneapolis, MN
- Reviewed and commented on approximately 35 WTO TBT/SPS notifications for aquatic and other animals
- Worked with CFIA and NCIE regionalization/Programs staff to review and adequately assess CWD status for cervid populations in and around EINP in Alberta, Canada
- Responded to public access email box for Import-Export questions
- Analyzed and updated database for Canadian import non-compliance issues for follow-up with CFIA
- Analyzed and updated databases for all live animal shipments that were refused entry to the U.S.
- Archived NCIE Import and Export Alerts on intranet
- Gave presentations at 2009 USAHA meeting (Import/Export, Infectious Diseases of Horses committees)
- Reviewed and commented on 24 chapters for the OIE Aquatic Animal Health Code and Manual
- Co-developed and implemented numerous protocols for the facilitation of horse imports/exports for the 2010 World Equestrian Games in Lexington KY
- Assisted with completion of OIG and GAO audit processes and responses to recommendations
- Participated in 2010 station review of VS operations in Florida
- Developed additional standards for the approval of privately-owned avian quarantines
- Developed standards for the transit movements of regulated animals through the United States to third countries
- Participated in VS 2015 Movement and Marketability working group discussions
- Developed VS 2015 M&M pilot projects for the use of electronically-submitted health certifications for cattle imported from Mexico.
- Assisted with orientations and seminars on U.S. import and quarantine processes for 14 visiting foreign delegations
- Attended border port security sessions and developed import alerts for 3 port activity suspensions (Reynosa/Pharr, Nuevo Laredo/Laredo, and Piedras Negras/Eagle Pass TX)

2. Products:

NCIE Technical Trade Services Animal Products conducts activities pertaining to the development of policies and regulations and provides guidance to field personnel and industry (organizations and businesses) for the import and export of diverse products. In order to assure animal disease safeguarding and export certification, Animal Products works in collaboration with other regulatory agencies, such as Veterinary Regulatory Services (APHIS), Food Safety Inspection Service (USDA), Customs and Border Protection (CBP, Department of Homeland Security), the Food and Drug Administration (Department of Health and Human Services), the U.S. Fish and Wildlife Service (Department of Interior), and NOAA's Seafood Inspection Program (Department of Commerce), among others. In order to assure appropriate animal disease export certification for meats, dairy products and shell eggs, Animal Products also

collaborates with the USDA Agricultural Marketing Service. Finally, Animal Products works with the Trade Support Team (APHIS), Foreign Agricultural Service (USDA), the Office of the U.S. Trade Representative, and with foreign officials, providing expertise and technical support during negotiations concerning animal disease requirements.

ANIMAL PRODUCTS ACTIVITIES

Significant routine activities of the Animal Products area include the following:

- The Animal Products area continues to update various Memorandums and Notices related to the importation and export of animal products.
- Import Animal Products inspected foreign facilities to assure compliance with APHIS import requirements.
- During the past year, Import Animal Products issued over 9,000 import permits. 196 permits of these were with FSIS joint jurisdiction. Import Animal Products also denied 73 permits.
- VS and the Animal Products area have hosted various groups. On the import side, groups include: Israeli, Vietnamese, Peruvians and Iraqi Government veterinarians, and pharmaceutical industry. The export side meets routinely with the major animal products industry groups and has hosted or participated in meetings with numerous trading partners, including those mentioned.
- Export Animal Products continues to direct and support the approval process for facilities that export animal products to other countries. This includes the development and revisions of inspection packages for a number of countries (Australia, Canada, China, the European Union, Indonesia, Japan, Korea, and Mexico), review and processing of these, and general oversight of inspections done by VS field personnel.
- Some 103,827 export certificates were issued by APHIS for animal products during Fiscal Year 2010. Among commodities certified were dairy products (34 percent), hides and skins (15.4 percent), animal feeds (12.7 percent), and meat and bone meals (3.5 percent).

NEW INITIATIVES IN ANIMAL PRODUCTS

Under the Veterinary Services 2015 initiative, a Movement and Marketability (M&M) Working Group has been studying options and making recommendations that will help APHIS prepare for the realities VS will be called to serve in 2015. Several such VS 2015 and other pilots are underway. The scope of the 2015 M&M committee is broad, addressing international and interstate movements, and includes fostering efficiency, safeguarding, better stakeholder understanding, regulations overhauls, as well as improved processes to increase exports. The scope of the working group includes preparing for possible new certification requirements, such as animal welfare and quality under continuity of operations and/or disease outbreak scenarios.

An example of a 2015 M&M pilot is tracking of restricted imports to evaluate the efficiency of the current paper tracking system. Imported hunter trophies are allowed to move to approved establishments for treatment to guard against foot-and-mouth disease and Rinderpest. This evaluation follows products from the port of arrival to their final destination at an approved establishment by tracking the VS form 16-78 through CBP and the VS Area office. Lessons learned from this project also may be useful when considering tracking for other high-risk products.

Other Animal Products initiatives include:

- Still in its infancy, the Animal Products area is beginning a process that would streamline animal products regulations in the Code of Federal Regulations and make these less prescriptive and more adaptable. Decisions would be based on appropriate risk evaluation.
- NCIE has implemented electronic export certificate forms that are printed at the time of issuance and signature, and has eliminated the use of the carbon paper versions of the VS form 16-4.
- Responsibility for the certification of animal products previously certified by USDA APHIS Plant Protection and Quarantine is now wholly by Veterinary Services. Actions have included increasing personnel and working with exporting interests, including brokers and freight forwarders, to assure timely and high quality certificates.
- A Regional approach for export certification for animal products is understudy. Two pilots have started, both of these have an export specialist assigned to review and approve facilities for the export of animal products to specific countries.

- Nebraska (export specialist and issuing office) and Montana, North Dakota, South Dakota, and Wyoming.
- Kansas (export specialist and issuing office) and Colorado (issuing office only).
- Also, efforts are underway to improve connectivity between computer systems that are in use for permits issuance (ePermits) and the processing of imports (VSPS, Veterinary Services Process Streamlining).

II. Import-Export (Animals) Statistical Data Graphs FY 2010
All NCIE permits

| Permit Category | Total Applications | Total Permits |
|---------------------|--------------------|---------------|
| APHIS Form 2005 | 308 | 308 |
| Animal By-Products | 8,144 | 8,127 |
| Live Animals | 3,210 | 3,190 |
| On-Hold Shipments | 248 | 219 |
| Organisms / Vectors | 2,381 | 2,256 |
| Select Agents | 370 | 355 |
| Totals | 14,661 | 14,455 |

Live Animal Import Permits

| Commodity | FY09 | FY10 |
|------------------------------------|--------------|--------------|
| Pet Birds | 76 | 87 |
| Poultry | 24 | 43 |
| Day-old chicks | 39 | 52 |
| Bovines (live animals) | 76 | 61 |
| Horses (equine) | 407 | 572 |
| Fish (goldfish and/or Koi) | 1,576 | 1,493 |
| Swine/pigs (porcine) | 90 | 87 |
| Hatching eggs | 106 | 115 |
| Semen and/or embryos (all species) | 602 | 674 |
| Others (non-bovine livestock, zoo) | 75 | 6 |
| Totals | 3,071 | 3,190 |

Aquaculture imports

| | FY08 | FY09 | FY 10 |
|-----------|------------|------------|------------|
| Fish Eggs | 0 | 0 | 0 |
| Live Fish | 14,145,557 | 10,498,564 | 20,103,449 |

Aquaculture exports

| | FY08 | FY09 | FY10 |
|-----------|------------|------------|-------------|
| Fish Eggs | 77,370,813 | 70,754,911 | 243,516,676 |
| Fish Live | 29,839,663 | 41,425,945 | 27,627,149 |

Equines

| | FY10 |
|---------|-----------------------------------|
| Equines | 42,078 imports 140,225 exports |

Avian imports and exports

| Commodity | Imports | Exports |
|------------------|------------|--|
| Pet Birds | 986 | (not separately Tracked but included in commercial number below) |
| Hatching Eggs | 10,917,146 | 83,202,295 |
| Day-old chicks | 7,375,900 | 17,517,129 |
| Other poultry | 2,866,841 | 51,808,721 |
| Commercial Birds | 107,395 | 413,173 |

Bison imports

| | FY08 | FY09 | FY10 |
|---------------------|--------|--------|--------|
| Feeder | 8,778 | 8,252 | 9,267 |
| Immediate Slaughter | 18,515 | 16,871 | 14,472 |
| Total | 27,293 | 25,123 | 23,739 |

Cattle imports

| Commodity | FY 2009 | FY2010 |
|------------------------|-----------|-----------|
| Feeder cattle (CAN) | 351,498 | 179,465 |
| Feeder cattle (MX) | 910,468 | 918,624 |
| Slaughter cattle (CAN) | 758,663 | 1,016,273 |
| Breeding | 19,243 | 11,950 |
| Comp/Show/Rodeo | 11,302 | 10,176 |
| Other | 75 | 496 |
| Live Cattle Totals | 1,690,282 | 2,136,984 |

Misc live animal imports and exports

| Commodity | FY 2010 Imports | FY 2010 Exports |
|-----------|---|-----------------|
| Porcine | 122,257 (breeding) 12,642,549 (feeding) 861,202 (slaughter) | 6,566 |
| Ovine | 850 | 78,345 |
| Caprine | 113 | 13,154 |
| Cervids | 790 | 46 |
| Camelids | 71 | 0 |
| Bovines | 2,136,984 | 51,013 |

Semen and embryo imports

| SPECIES | FY 2009 Embryos | FY 2010 Embryos | FY 2009 Semen | FY 2010 Semen |
|---------|-----------------|-----------------|---------------|---------------|
| Bovine | 1,588 | 735 | 4,379,782 | 5,130,736 |
| Caprine | 170 | 0 | 0 | 36 |
| Cervine | 311 | 0 | 519 | 100 |
| Equine | 0 | 65 | 12,286 | 40,233 |
| Ovine | 0 | 0 | 2,192 | 485 |
| Porcine | 0 | 0 | 74,448 | 80,149 |
| Total | 2,070 | 800 | 4,469,227 | 5,251,739 |

Semen and embryo exports

| SPECIES | FY 2009 Embryos | FY 2010 Embryos | FY 2010 Semen | FY 2010 Semen |
|---------|-----------------|-----------------|---------------|---------------|
| Bovine | 5,846 | 16,087 | 6,064,609 | 15,603,755 |
| Caprine | 0 | 0 | 0 | 0 |
| Cervine | 0 | 0 | 195 | 417 |
| Equine | 65 | 1 | 40,2233 | 58,232 |
| Ovine | 0 | 0 | 0 | 0 |
| Porcine | 0 | 0 | 14,938 | 81,114 |
| Total | 5,911 | 16,088 | 6,119,975 | 15,743,518 |

International Trade and Food Animal Traceability

Paul Clayton U.S. Meat Export Federation

Food animal traceability has become an integral part of international trade of meat products. The U.S. Meat Export Federation (USMEF) is providing information and the current status of traceability with our trading partners as well as those countries the U.S. considers competitors. USMEF does not make prescription to specific traceability programs but does provide information to livestock producers and trade associations so meaningful decisions can be made on the traceability issues.

Very high production efficiencies for U.S. beef and pork coupled with the production of high quality meat products positions the U.S. as a major supplier of animal protein to many major international markets. Past, current and future exports show a steady increase and the U.S. will continue to be a major international meat supplier. The U.S. can take advantage of a growing world population and its ability to be a low cost producer in one of 3-4 regions in the world that will have sufficient arable land to be a major supplier in the world food markets. As trading partners' economies become more robust and per capita consumption of beef and pork increases the U.S. will have the ability to garner greater margins from the foreign markets.

The U.S. experiences many market access issues with their trading partners including animal disease, food safety, restrictive tariffs and other concerns. Within some of the access issues traceability plays a role. There are international guidelines for traceability as defined by the World Trade Organization (WTO), International Organization for Standardization (ISO), OIE and Codex. Fundamentally traceability can be broken down in general categories such as regulatory, private standards and commercial uses.

Traceability used in a country's regulatory program is focused on animal disease and food safety controls. Currently we see the use of traceability in 3 specific export programs for beef and pork to be exported to certain countries. Age and source verification for the Japanese beef exports, birth origin for beef and pork export to the EU and a source verification for beef export to Hong Kong. All of these programs are administered by USDA AMS Export Verification programs.

In many cases the current EU Passport traceability program sets a basis for other countries to use. This program was formulated during the BSE crisis in the 1990s to track beef from birth to retail packages. It functions with the use of the Universal Commercial Code (UCC) technology. All of Europe's suppliers have adopted some form of this program. As we compare the various traceability programs throughout the world they differ on whether they are a voluntary or mandatory program and contain key components such as premise ID, individual animal ID, groups ID and animal movement. U.S. trading partners such as the EU, Japan and Korea have several mandatory components and countries the U.S. considers as competitors such as Australia, Canada, Brazil and Uruguay also have mandatory components in their traceability programs. The U.S. must be aware that trading partners such as Japan and Korea that have mandatory traceability programs could legally (WTO) impose this requirement on all of their meat imports. Japan and Korea are vital markets to the U.S. beef and pork industries and exceed 3.5 billion dollars in value. The beef and pork industries need to understand the economic impact of meeting this potential requirement. USMEF has chartered a research study to assist in answering some of the concerns if Japan and/or Korea were to require mandatory traceability on beef and pork exported to those countries.

As the beef and pork retail markets and food service establishments become more and more globalized and have operations in several different countries it becomes difficult for these companies to manage all the supply requirements for each individual country. In the last few years we have seen more requirements established by private standards such as animal welfare and food safety. The U.S. livestock industry needs to be aware that some private companies may begin requiring certain traceability components to the supply chain. Today we see these requirements for food safety reasons such as the ability to track products into the market place and effectively recall products in the event of a food safety concern. There are also some private standards to track the live animal origin of meat products for marketing and commercial purposes.

Traceability plays a major role in the marketing of various meat products. Some beef and pork producers and processors have marketing programs that make various claims explaining certain production practices or meat quality attributes that may be pleasing to consumers. In some cases the marketers prefer these claims be verified by a government agency such as USDA AMS Processed Verified Program. In other cases the marketers are making claims through a brand name. In either case the marketers are providing the consumer easy access to information on the product. Availability to the

information is enhanced as communication technology continues to be advanced. In many cases the marketing messages are facilitated by way of key components of traceability.

In summary, the world meat markets are vital to continuing and improving the value of U.S. beef and pork. Traceability is a component of regulatory, private standards and commercial marketing of U.S. meat products. The U.S. beef and pork industries need to carefully evaluate the integration of workable traceability programs that facilitate and maintain export programs.