

Oral Testimony by the North American Meat Institute before the United States International
Trade Commission

“United States-Mexico-Canada Agreement: Likely Impact on the U.S. Economy and on Specific
Industry Sectors”

Investigation No. TPA-105-003

November 15-16, 2018

My name is William Westman. I am the Senior Vice President for International Affairs at the North American Meat Institute (Meat Institute or NAMI) based here in Washington, D.C. On behalf of the Meat Institute, I appreciate this opportunity to participate in this hearing and offer our comments about the United States-Mexico-Canada Agreement (USMCA) and the likely impact on the U.S. economy and on specific industry sectors. The Meat Institute is the United States’ oldest and largest trade association representing packers and processors of beef, pork, lamb, veal, turkey, and processed meat products. NAMI member companies account for more than 95 percent of United States output of these products. The Meat Institute provides legislative, regulatory, public relations, technical, scientific, and educational services to the meat and poultry packing and processing industry.

The U.S. meat and poultry industry accounts for \$1.02 trillion in total economic output or 5.6 percent of gross domestic product (GDP), according a recent economic impact analysis conducted by John Dunham & Associates. The meat and poultry industry is responsible for 5.4 million jobs and \$257 billion in wages, the report found. An estimated 527,019 people have jobs in production and packing, importing operations, sales, packaging, and direct distribution of meat and poultry products. Wholesaling directly employs an estimated 232,418 individuals in all 50 states, and 1.11 million retail jobs depend on the sale of meat and poultry products to the public. In total, the meat and poultry industry (packers, processors, wholesalers, and retailers) directly employs 1.9 million people, paying \$71.63 billion in wages and benefits. In addition, approximately two million full-time equivalent jobs are created in firms that supply goods and services to the meat and poultry industry.

In 2017, U.S. exports of red meats and poultry products to all markets totaled \$18.1 billion, approximately 25 percent of U.S. pork production, 16 percent of poultry production, and 13 percent of beef output. Under the North American Free Trade Agreement (NAFTA), U.S. meat and poultry exports to Canada and Mexico have thrived as import duties were removed and non-scientific barriers to trade have been significantly reduced. There remains work to be done in terms of regulatory cooperation and convergence of industry standards, federal government inspection procedures, regulations, and testing methods. However, today, the North American meat industry is almost fully integrated, with consumers in all three countries enjoying the safest, highest quality meat products in the world.

U.S. exports of these products to Canada and Mexico in 2017 total \$5.5 billion or 30.4 percent of total red meat and poultry exports. The integration of the North American meat and livestock sectors is essential to the long-term viability of the U.S. meat and poultry industry. Maintaining

this integrated market has a direct impact on the millions of people employed directly and indirectly by our industry.

Here are two examples of how this **market integration** plays out:

In the Northwest, losing access to the Canadian cattle market would likely have the impact of reducing processing capacity in the region by one plant.

- *The Northwest region imports 267,000 head of Canadian fat cattle per year. This would represent approximately 19% of the processing capacity in the region.*
- *Additionally, another 55,000 of Canadian feeder cattle are imported annually into OR, WA, ID, representing 8% of the one-time capacity.*
- *On the beef side, we estimate that the Northwest region exports 16-20 million pounds of beef and beef by-products annually to Canada and Mexico with an estimated trade value of more than \$30 million.*

North American cattle and leather industry integration:

- *Feeder cattle from Mexico crosses into Texas to be fed out at a feedlot – 1st crossing*
- *Animal is processed in a Texas packing house. The hide is brine cured and exported to Leon, Mexico for leather production – 2nd crossing*
- *The hide is tanned into auto upholstery leather in Leon, and used to make a seat for the Ford F-150 series truck. The seat is exported to the US for assembly in Detroit. – 3rd crossing*
- *The seat is incorporated into a Ford F-150 in Detroit that rolls off the line, and is exported to Mexico City for final sale to the consumer – 4th crossing*

U.S. food and agriculture trade in North America is one of trade's biggest success stories. Since the agreement was enacted, U.S. food and agricultural exports to Canada and Mexico have more than quadrupled—growing from \$11 billion in 1993 to more than \$39 billion in 2017 (28 percent of total U.S. agricultural exports in 2017). The North American market has played a central role in boosting incomes for millions of U.S. farmers, ranchers, meat and poultry processors, allied manufacturers, and packaging and transportation companies – and continues to provide important and profitable markets for our nation's rural agriculture-based communities.

With the productivity of the U.S. food and agricultural sector growing faster than domestic demand, the U.S. food and agriculture industry—and the rural communities that depend on it—rely heavily on export markets, most notably the North American markets, to sustain prices and revenues. The North American Meat Institute looks forward to working with the Administration in preserving and enhancing the gains our industry has achieved in the North American market and strengthening our competitiveness around the globe.



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