



INTERNATIONAL AFFAIRS

ISSUE: U.S. MEAT MARKET ACCESS TO CHINA AMID RISING TRADE FRICTIONS AND TARIFFS; IMPACT ON OTHER KEY MARKETS

IMPORTANCE: The Asian markets, especially China, are the focus of the U.S. meat industry due to their enormous growth potential and proclivity for non-science based health standards. In 2017, USDA successfully negotiated a U.S. beef market access protocol for China. In June 2018, China added 20 U.S. beef plants as eligible to export to China and included ground beef as an eligible product. However, the Administration's imposition of Section 232 (steel and aluminum) and Section 301 (IPR and technology) tariffs forced China to retaliate first on U.S. pork products and subsequently on beef. The final tariffs levied by China were up to 72 percent on U.S. pork and 47 percent on U.S. beef imports depending on the tariff formula used by Chinese Customs agents, though certain U.S. products saw slight reductions in their tariff levels in late 2019. Most U.S. beef and pork exports to China are unable to remain competitive at these tariff levels with perhaps the exception of specific pork products, which are in high demand in China, especially as the ongoing African Swine Fever epidemic continues.

The U.S. and China in December 2019 announced a phase one agreement that requires structural reforms and other changes to China's economic and trade regime in the areas of intellectual property, technology transfer, agriculture, financial services and currency and foreign exchange. The U.S. subsequently announced the reduction and cancellation of tariffs on certain Chinese imports, while China committed to purchasing additional U.S. goods and services, including nearly \$80 billion in U.S. agricultural products over the next two years.

The U.S.-China Phase One Agreement entered into force on February 14, 2020, and includes many provisions that will provide increased market access for U.S. beef, pork, poultry, and processed meat products. The Meat Institute continues to press for the removal of retaliatory tariffs on U.S. meat exports to China because the U.S. meat industry will not realize the benefits of the Phase One agreement if the retaliatory tariffs remain in place. China has granted tariff exclusions to certain U.S. meat products.

OBJECTIVE: To open or retain full market access for U.S. meat and poultry products in key Asian markets. Urge governments to reduce beta-agonist and BSE-related restrictions on U.S. beef, while specifically focusing on China market access and regulatory compliance for all U.S. meat, poultry and processed meat products.

ACTION STEPS:

- Encourage the Administration to remove Section 301 and 232 tariffs on China and the EU, and press for removal of retaliatory tariffs on U.S. beef and pork exports.
- Encourage USDA to continue negotiations with China to remove barriers on U.S. lamb/sheep meat, processed meat and poultry products, bungs/intestines and edible/inedible tallow and lard.



- Encourage elimination of China’s requirement that U.S. pork imports be accompanied by ractopamine-free certificates of analysis, even though all U.S. pork destined for China is being produced under ractopamine-free verification programs; removal of China’s zero tolerance policy regarding pathogens on the surface of raw pork and beef imports; and eradication of China’s ban on the use of Codex and FDA-approved beta agonists.
- Address China’s recent COVID-related requirements and restrictions that are adding complexity and risk to the trade, although they have not yet significantly impacted U.S. meat exports.
- Encourage and facilitate a stronger working relationship with international private sector interests and between U.S. and Chinese government regulators in an effort to expand U.S. access for all meat and poultry products in China.
- Continue to work with U.S. government agencies, producer groups, pharmaceutical companies and allied stakeholders to press for greater beef market access in Asian markets by removing age restrictions for shipments Taiwan and Korea (recently removed in Japan and in China for most beef products). In Taiwan, specifically, work to remove the Ractopamine residue restrictions for exports of U.S. pork.
 - On August 28, Taiwan’s President Tsai Ing-wen announced the Taiwanese government’s intent to begin the process of easing restrictions on pork and beef imported from the U.S. The changes, once implemented, are expected to include the elimination of the 30-month cattle age limit for beef and the adoption of Codex-approved maximum residue levels for ractopamine in pork. These changes are expected to enter into force on January 1, 2021.
 - However, trade impediments persist, including Taiwan’s ban on ground beef, trimmings, and certain offal, and restrictions on beef imported from Canada and fed in the U.S. for less than 100 days. Additionally, Taiwan has proposed an onerous country-of-origin labeling regulation for imported pork, which could undermine additional access U.S. pork receives from the establishment of MRLs for ractopamine.