

Something to cheer for

US-Korean trade agreement could be a golden opportunity for meat and poultry processors

MeatPoultry.com, December 20, 2010

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What would you call a deal that would guarantee American meat and poultry products duty-free market access to nearly 50 million new consumers in a trillion dollar economy with a per capita income surpassing \$20,000 per year? If your answer is the Korean Free Trade Agreement, you're right.

The U.S. Korean Free Trade Agreement (KORUS), if ratified, would be the biggest shot in the arm to the meat and poultry industry since the passage of the North American Free Trade Agreement (NAFTA) in 1994.

In a nutshell, the agreement will phase out all tariffs on meat and poultry products over the next 12-15 years, and ensures that Korea recognizes the equivalence of the U.S. food safety inspection system for meat and poultry. The KORUS puts U.S. producers and processors on an equal playing field with their competitors abroad whose governments have already forged these trade agreements.

For the pork industry, passage of the KORUS will mean that by the time tariffs are phased out, Korea will be the largest U.S. export market, doubling the amount of pork we currently sell to our largest foreign customer, Japan. In the U.S., this would result in an additional \$687 million worth of pork exports, creating an additional 9,161 U.S. jobs.

For the poultry industry, it's an equally appealing picture. Passage of the KORUS could triple U.S. poultry exports to Korea to more than \$150 million, or 125,000 tons annually. Over the first 10 years of this agreement, an additional \$58 million in exports are expected to be generated along with the creation of 687 new American jobs.

For the beef industry, which is still working to regain overseas markets that were lost when Bovine Spongiform Encephalopathy (BSE) was first discovered in the U.S. in 2003, the KORUS represents a promise of hope. Recent export numbers underscore the fact that Korean consumers are regaining their faith in the safety of U.S. beef and are purchasing our products. Beef exports are expected to surpass 100,000 metric tons in 2010, at a value of over \$450 million — nearly quadruple what was sold in 2006. Passage and full implementation of the KORUS would mean an additional \$1.3 billion in beef exports, creating an additional 17,000 badly needed American jobs.

Regarding the ongoing issue of beef produced from animals over 30 months of age (OTM) — which many Korean consumers mistakenly believe poses special health risks due to BSE — we must address consumer concerns through education and promotion of the safety of U.S. grain-fed beef. As noted above, our beef trade with Korea has surged in the past 12 months and clearly consumer confidence is returning. We want this positive trend to continue as we promote the safety of U.S. beef and beef products from animals of all ages.

Some have said that the U.S. could have negotiated a better deal or that the phase-in period is too long. But the fact is that it has taken this country four years to negotiate this deal, and it now requires Congressional approval. Every minute that we spend renegotiating this agreement or pushing for additional changes, trade blocks like the 10-member federation in Southeast Asia, ASEAN, and the 27-member federation of European countries in the EU — which already have free trade agreements with Korea — are solidifying their presence in this lucrative market and building customer loyalty to their domestic brands. Congress must act soon to pass the KORUS, otherwise we will lose billions of dollars in export opportunities and the chance to create over 20,000 jobs here at home.

If the U.S. meat and poultry industry wants to continue to prosper and grow, our best option is to cultivate and harvest these overseas markets. Failure to ratify this agreement will leave the U.S. industry sitting in the port while our competitors set sail with their products to Seoul.