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# U.S. Pork Export and Trade Update

JANUARY 2012



## In this issue:

[JANUARY - SEPTEMBER EXPORT STATISTICS](#)

[TRADE COMMITTEES TO HOLD STRATEGY MEETING IN FEBRUARY](#)

[RUSSIAN SPS BARRIERS UNRESOLVED AS IT MOVES TOWARD WTO MEMBERSHIP](#)

[RUSSIAN TRQs FOR 2012](#)

[HOUSE SUBCOMMITTEE ON TRADE HOLDS HEARING ON TRANS-PACIFIC PARTNERSHIP](#)

[SOUTH KOREAN PRESIDENT SIGNS US-KOREA FTA INTO LAW](#)

## JANUARY - SEPTEMBER EXPORT STATISTICS

1.8 million MT of pork were exported in the first 10 months of 2011, which is 17% ahead of 2010. The value of exports was \$4.93 billion, which is 26% ahead of 2010. This means the US will have exceeded \$5 billion in exports for the first time in history. Exports accounted for 27% of total US pork and pork variety meat production and export value was equal to \$54.68 per head. Top volume markets were: Mexico, Japan, HK/China, Canada and South Korea. Top value markets were: Japan, Mexico, HK/China, Canada, and South Korea.

[back to top](#)

## TRADE COMMITTEES TO HOLD STRATEGY MEETING IN FEBRUARY

In Dallas on February 13-14, the main objective of the NPB and NPPC Trade Committees will be to set a goal for US Pork exports in coming years. The group will then be provided with data from three sources to determine how to allocate funds towards countries and projects that have the greatest potential to meet this objective to increase pork exports.

[back to top](#)

## **RUSSIAN SPS BARRIERS UNRESOLVED AS IT MOVES TOWARD WTO MEMBERSHIP**

After 18 years, Russia moved closer to full membership in the WTO in December when a WTO Working Party report was approved at the trade organization's ministerial meeting in Geneva. Although Russia was a top export market for US pork in 2010, worth more than \$204 million, US pork sales have fallen nearly 60 percent since 2008. The decline is due largely to a number of unscientific sanitary and phytosanitary (SPS) restrictions. NPPC is working closely with the Obama administration to remedy the SPS problems before Congress determines whether to extend Permanent Normal Trade Relations (PNTR) to Russia.

[back to top](#)

## **RUSSIAN TRQs FOR 2012**

The Russia legislature has until mid-2012 to ratify the WTO accession agreement and until that time, in-quota tariffs for pork will remain at 15 percent. Then, the TRQ volumes and tariffs that Russia agreed to under the terms of its accession will be implemented on a prorated basis. The pork TRQ will be 400,000 MT (down from 472,100 MT in 2011) plus pork trimmings at 30,000 MT (up slightly from 27,900 MT). It is likely that the pork and pork trimmings TRQs will not have country-specific allocations.

[back to top](#)

## **HOUSE SUBCOMMITTEE ON TRADE HOLDS HEARING ON TRANS-PACIFIC PARTNERSHIP**

The House Committee on Ways and Means Subcommittee on Trade held a hearing on the Trans-Pacific Partnership (TPP), an Asia-Pacific trade agreement that currently includes Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, US and Vietnam. Subcommittee Chairman Kevin Brady, R-Texas, and Ranking Member Jim McDermott, D-Wash., welcomed the recently expressed interest by Japan, Mexico and Canada in joining the negotiations but emphasized that all partner countries must commit to a comprehensive agreement. Negotiators are working to strengthen a SPS agreement in the trade pact by increasing transparency and guaranteeing that food safety risk analyses are grounded in science. Adding Japan to the TPP would make it the most important trade agreement ever negotiated for US pork producers as well as for US agriculture, as it is already currently the top value and second volume market for US pork. NPPC led a coalition of 63 food and agricultural organizations that urged the Obama administration to work with Japan to bring it into the Trans-Pacific Partnership (TPP) trade negotiations.

[back to top](#)

## SOUTH KOREAN PRESIDENT SIGNS US-KOREA FTA INTO LAW

In late November, South Korean President Lee Myung-bak signed a package of bills necessary to implement the US-South Korea Free Trade Agreement (KORUS). President Obama had signed KORUS into law in October. In 2010, South Korea was the seventh largest value market and sixth largest market by quantity for US pork exports. Currently, US pork exports to South Korea are applied significant tariffs of 25 percent on frozen pork products and 22.5 percent on fresh or chilled pork products. Under the FTA, tariffs will be eliminated on all US frozen pork and some processed pork products by 2016 and fresh-chilled pork will be duty free 10 years after implementation with a safeguard. The FTA with Korea will create 9,100 direct US pork industry jobs, add \$10 to the price producers receive for each hog marketed and will be worth an additional \$786 million annually. Korea implemented an FTA with the European Union on July 1, 2011, putting US pork at a disadvantage with respect to competition from the EU. NPPC is encouraging the Obama administration and the Korean government to implement the FTA as soon as possible.

[back to top](#)

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