

Which will increase the most after the Brazilian beef agreement, beef exports or imports?

At an August 13, 2016 meeting of a state farm organization where he was the guest speaker, Harwood was asked what impact the recently inked beef agreement between the US and Brazil would have on US beef producers. The agreement he was asked about was announced on August 1, 2016 by the United States Department of Agriculture (USDA).

In that announcement (<http://tinyurl.com/grkxyc7>), Secretary of Agriculture Tom Vilsack said, “After many years of diligently working to regain access to the Brazilian market, the United States welcomes the news that Brazil has removed all barriers to U.S. beef and beef product exports.” Brazil had cut off imports of beef from the US following the discovery of bovine spongiform encephalopathy (BSE) in the US herd in 2003 and had kept restrictions in place well beyond the cautionary response in the aftermath of that discovery, despite the discovery of only 4 cases of BSE in the US cattle herd between 2003 and 2012 (<http://tinyurl.com/jze8ud5>).

Vilsack went on to say, “The Brazilian market offers excellent long-term potential for U.S. beef exporters. The United States looks forward to providing Brazil's 200-million-plus consumers, and growing middle class, with high-quality American beef and beef products.”

In that same press release, the USDA announced its Food Safety and Inspection Service (FSIS) “is amending the list of eligible countries and products authorized for export to the United States to allow fresh (chilled or frozen) beef from Brazil.” The US has long prohibited the import of fresh beef from Brazil due to the incidence of foot-and-mouth disease (FMD).

At present, some areas of Brazil have been declared FMD free, but not the whole country (<http://tinyurl.com/hf3c3ur>). Some in the cattle industry, including Bill Bullard, R-Calf USA CEO, have expressed concern that this puts the US cattle herd at risk (<http://tinyurl.com/zazjktp>).

As we read USDA’s press release, it is unclear as to whether or not the beef the US will be importing from Brazil will be held to the same standards with regard to antibiotic use as US cattle. US producers would be at a disadvantage if imported beef and domestic beef were not held to the same standards.

This becomes particularly important because with the elimination of mandatory Country of Origin Labeling, US consumers would have no way of avoiding the purchase of beef that had been produced with higher levels of antibiotics, unless they were to switch to organic beef or beef “raised without antibiotics” (see <http://tinyurl.com/j59xbyu> for information on the use of this term).

We are also concerned that the USDA may be overly optimistic about the positive impact of the export of US beef to Brazil while, at the same time, saying nothing about the level of beef imports into the US from Brazil. In 2015, the US exported \$6.4 billion worth of beef—a number mentioned in the press release. That same press release remained silent on the fact that the US imported \$9.1 billion worth of beef.

As we have said previously, we believe it is disingenuous of the USDA to focus on the potential for exports without also discussing the potential for increased imports, in this case from Brazil. In 2015, Brazil exported 1,705 thousand MT CWE (Metric Tons Carcass Weight

Equivalent) of beef and veal while importing only 61 thousand MT CWE of beef and veal. Cattle producers deserve to be told the whole story so they can make informed decisions.

The last thing we would note is that the same packer, JBS, operates in both the US and Brazil and could exert monopoly-like control over the two-country beef trade.

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