

Trade Talk

Optimism remains for NAFTA, China.

by **KINDRA GORDON**, field editor

Top trade officials from our nation's capital addressed attendees at the NCBA International Trade Committee meeting Feb. 2 during the 2018 Cattle Industry Convention in Phoenix, Ariz. While they acknowledged that U.S. trade is currently in flux, their tone remained optimistic.

Gary Horlick, trade counsel for the NCBA, began by listing the countries of Japan, Mexico, Korea, Hong Kong, Canada and Taiwan.

"Those are the big export destinations for U.S. beef," he said, then pointed out that the United States currently does not have free-trade agreements with three of those countries. Agreements with Mexico, Canada and Korea are under negotiation.

"This is not a static world," Horlick noted. "We have to export. There aren't that many mouths in the U.S. to eat more beef."

Regarding the North American Free Trade Agreement (NAFTA), Horlick noted it has been a huge success for beef, tripling sales during the last 30 years.

That said, he acknowledged that trade disagreements are inevitable.

"These are big, complicated economies," he said.

Going forward, if NAFTA is to be renegotiated, Horlick reported that it would need to occur by March 31, 2018. He explained that this timeline is necessary because the president is required to give Congress 90 days before voting on an agreement — which would be July 1. "After that the U.S. Congress is in mid-terms, and then it is hard to pass something."

Horlick explained that a total withdrawal from NAFTA seems unlikely.

"There was a lot of discussion about withdrawing. Your industry spoke up, and that was very effective," he said. Additionally, he explained that each country has to give six months notice if it plans to withdraw. If that were to occur, Horlick said "legal and business chaos" would ensue.

All told, Horlick said he remains "optimistic for NAFTA." Should the negotiations continue into the next year, he added, "The good news is while it's going, the current agreement stays in place, and that's good for beef."

Providing remarks on the trade policy environment in Washington, D.C., Jason Hafemeister, trade counsel to the USDA Secretary, explained that trade balances have a lot of attention.

"There are some surpluses, but some very large deficits with Japan, the European Union and others," Hafemeister stated. "This is seen by many as a problem to be fixed."

He explained that trade agreements are necessary to get past high tariffs, while also creating rules that are credible and enforceable, such as eliminating animal age restrictions and resolving product bans. He noted that feed additives, traceability and halal requirements are some of the issues that limit U.S. exports. Competition from other countries is also increasingly a factor.

Regarding China's opening to U.S. beef, Hafemeister noted that it was the right decision to "get our foot in the door" — even though the United States had to agree to a 30-months-of-age-or-less restriction along with allowing China a zero-tolerance testing policy for hormones.

He reported 42 U.S. packing facilities — seven of them in Nebraska — are now approved to export to China. Initial trade with China has been selling the highest-quality beef cuts.

"There's the in-home market and foodservice market that we haven't yet tapped," he concluded.

Looking ahead in 2018, the U.S. beef industry must also monitor renegotiation of the Korea U.S. Free Trade Agreement (KORUS), and the Trans-Pacific Partnership (TPP); 11 countries, including Japan, are still negotiating after the United States withdrew. President Trump has indicated interest in pursuing a bilateral trade agreement with Japan and other countries, but no talks are currently under way.



Editor's Note: Kindra Gordon is a freelance writer and cattlemaster from Whitewood, S.D. This article was written as part of Angus Media's coverage of the 2018 Cattle Industry Convention and is copyrighted. See additional coverage distributed through Angus Media channels including the Angus Journal, Angus Beef Bulletin, Angus Beef Bulletin EXTRA, The Angus Report and online at www.angus.org.

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