



# U.S.-Russia Meat and Poultry Trade Issues

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## Summary

In December 2008, the United States and Russia signed a protocol aimed at resolving various emerging trade issues between the two countries in order to continue U.S. livestock and poultry exports to Russia through the end of 2009. By December 2009, however, Russia had escalated these trade issues in a series of actions that threatened to shut out U.S. livestock and poultry exports. These actions, in part, followed on Russia's statements throughout 2008 and 2009 regarding its concerns about antimicrobial use in U.S. meat production.

Russia has continued to cite various food safety concerns, including concerns about antimicrobial residues and the use of chlorine rinses on U.S. meat exports, and identified several U.S. poultry and meat processing companies as ineligible to export meat to Russia. In 2008 and again in 2009, Russia announced that it was banning poultry imports from several U.S. establishments due to safety concerns. In addition, throughout 2008 and 2009, Russia refused imports of pork products from several U.S. plants because trace amounts of antibiotics were found in some of the meat tested. As part of these actions, Russian officials signaled that U.S. permits to import poultry and pork under that country's quota system might be restricted. (Russia also banned pork products for most of 2009 from several countries, including the United States, following reports about the H1N1 influenza virus in April 2009.)

In December 2009, Russia announced that it would implement its previously proposed ban on poultry imports treated with chlorine washes from all exporting countries, effective January 1, 2010. This action was expected to effectively ban all U.S. poultry exports to Russia, since pathogen reduction rinses are commonplace in U.S. poultry production. (A similar European Union (EU) prohibition has kept U.S. chicken out of the EU since 1997.) By late March 2010, trade reports were indicating that a potential resolution of the poultry dispute might be close. The delistings, as of late 2009, of virtually all U.S. pork plants that exported to Russia (purported to be mainly due to concerns about findings of trace amounts of antimicrobials on pork) was reportedly resolved earlier in March.

Also in December 2009, reports emerged that Russia would reduce its 2010 import quotas for U.S. pork and poultry below 2009 quota levels. Russia's import quotas for U.S. beef, however, would be increased above 2009 levels. Quota allocations for U.S. pork and poultry are expected to be reduced even further in both 2011 and 2012.

Many U.S. producers believe that Russia's food safety restrictions, including those regarding antimicrobial use, are not science-based, but are instead intended to protect and promote Russia's own growing domestic pork and poultry production. Some further point out that Russia's perceived "zero tolerance" regarding antimicrobial use is the most restrictive among all U.S. trading partners.

For U.S. poultry and meat producers, the economic stakes of Russian import actions are significant. In 2008, Russia was the single largest export market for U.S. poultry products, with exports valued at more than \$820 million (about 18% of total U.S. poultry exports). Russia was also among the leading export markets for U.S. pork and beef products, valued at \$330 million and nearly \$70 million, respectively. All these export products had also experienced strong growth in the Russian market. Members of Congress with important poultry and meat industry constituents have been monitoring events and ongoing negotiations between the United States and Russia to resolve these disputes.

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## Importance of U.S. Meat Exports to Russia

In December 2008, the United States and Russia signed a protocol aimed at resolving various emerging trade issues between the two countries in order to continue U.S. livestock and poultry exports to Russia through the end of 2009. By December 2009, however, Russia had escalated these trade issues in a series of actions that threatened to effectively shut out U.S. livestock and poultry exports. These actions, in part, followed on Russia's threats throughout 2008 and 2009 regarding its concerns about antimicrobial use in U.S. meat production. Efforts to resolve these issues were making progress in early 2010.

### U.S.-Russia Meat Trade Profile

Foreign sales are a critical source of income for the U.S. meat and poultry industries. Russia has become an important, and expanding, market. It purchased more than \$1.2 billion in U.S. meat and poultry in 2008, more than double the amount purchased a decade earlier (**Table 1**).

In 2008, Russia was the single largest export market for U.S. poultry products, with exports valued at more than \$820 million (about 18% of total U.S. poultry exports). Russia was also among the leading export markets for U.S. pork and beef products, valued at \$330 million and nearly \$70 million, respectively. Each of these export categories had also experienced strong growth in the Russian market (**Table 1**). Russia was among the countries to ban U.S. beef imports after the December 2003 discovery of a cow in the United States with bovine spongiform encephalopathy (BSE, or mad cow disease), but it not had been a major purchaser of such products before then. Russia is again accepting U.S. beef and veal, with imports in 2008 nearing pre-2003 levels.

### Russian Agricultural Production

Agriculture has been a sensitive part of the economy throughout Russian (and Soviet) history. Its political importance far outweighs its share of the Russian economy (5.2% of Russian GDP in 2009).<sup>1</sup> Agriculture has been severely affected by the transition to a market economy, as much as, or more than, any other economic sector. According to one estimate, agricultural production has declined about 40% in volume since 1991, with much of the decline occurring in livestock production.<sup>2</sup>

Russia is not competitive in global markets for red meats and poultry, and its domestic production has not kept pace with consumption as incomes rise. In recent years, imports have accounted for half or more of Russian poultry consumption, even though government policies have attempted to encourage domestic production. On January 30, 2010, for example, the Russian President signed a new Food Security Doctrine outlining the country's agricultural production and policy goals. Among other things it sets minimum self-sufficiency (i.e., domestic source) targets for various

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<sup>1</sup> CIA *World Fact Book*, last updated 2010, <https://www.cia.gov/library/publications/the-world-factbook/geos/rs.html>.

<sup>2</sup> Parts of this section are adapted from CRS Report RL31979, *Russia's Accession to the WTO*, where a more detailed discussion and additional sources may be found.

commodity groups. For meat and meat products, the document sets a target of at least 85%, although no deadline for meeting this target was established.<sup>3</sup>

Russia has been one of the major world importers in recent years of meat and poultry products. Imports have accounted for roughly 30% of pork consumption, and roughly 40% of both poultry and beef/veal.<sup>4</sup> Some analysts conclude that this domestic situation underlies Russian actions that periodically have constrained the country's imports of poultry and meat products. The Russian federal government has been under pressure from regional and local governments and from factions within the Russian parliament to protect agriculture from further erosion and to provide time and resources to permit it to become competitive.

**Table 1. U.S. Livestock and Poultry Exports to Russia**  
(1998-2008 and average market share; \$ million)

Product	1998	2000	2002	2004	2006	2008	Avg. Share (2006-2008)
<b>U.S. Poultry Exports</b>							
to Russia	521.2	352.6	372.9	535.4	461.8	823.5	18%
to World	2,254.9	2,051.7	1,816.5	2,279.4	2,586.2	4,605.8	100%
Russia share	23%	17%	21%	23%	18%	18%	18%
<b>U.S. Pork Exports</b>							
to Russia	70.7	81.5	19.0	33.1	136.4	328.0	8%
to World	945.4	1,122.2	1,166.5	1,684.6	2,255.8	3,965.9	100%
Russia share	7%	7%	2%	2%	6%	8%	8%
<b>U.S. Beef Exports</b>							
to Russia	9.9	86.5	14.4	0.4	0.0	65.3	2%
to World	2,445.7	3,356.7	2,692.2	555.2	1,539.8	2,917.0	100%
Russia share	0%	3%	1%	0%	0%	2%	2%
<b>Total U.S. Livestock and Poultry Exports</b>							
to Russia	601.8	520.6	406.3	568.9	598.2	1,216.8	11%
to World	5,646.0	6,530.6	5,675.2	4,519.2	6,381.8	11,488.7	100%
Russia share	11%	8%	7%	13%	9%	11%	11%

**Source:** Compiled by CRS using data from the U.S. International Trade Commission, <http://dataweb.usitc.gov>.

**Notes:** By U.S. Harmonized Tariff Schedule (HTS). Beef: live cattle (HTS 0102), fresh, chilled and frozen beef (HTS 0201 and 0202), and processed products (HTS 1602.50). Pork: live pigs (HTS 0103), fresh, chilled and frozen pork (HTS 0203), and processed products (HTS 1602.40). Poultry: live birds (HTS 0105), fresh, chilled and frozen poultry (HTS 0207), and processed poultry products (HTS 1602.30). Excludes offal and other products. Nominal U.S. dollars.

<sup>3</sup> FAS, "Food Security Doctrine Approved," *GAIN Report* RS1008, February 11, 2010.

<sup>4</sup> USDA, Foreign Agricultural Service, *Livestock and Poultry: World Markets and Trade*, April 2008.

## Tariff Rate Quotas for Meat and Poultry

One major trade constraint was Russia's imposition, in early 2003, of new import quotas on poultry, and of tariff-rate quotas (TRQs) on beef and pork, affecting not only the United States but other exporting countries.<sup>5</sup> At that time, Russia's poultry quotas threatened what had become an important market for U.S. producers. Although sales of U.S. pork and beef to Russia accounted for a relatively smaller share of total exports, U.S. industry officials contended that the new pork and beef TRQs would effectively block any future U.S. growth.

In 2005 the United States and Russia signed an agreement that set quota levels for Russian imports of U.S. poultry, pork, and beef products through 2009. In 2008, under the agreement, the United States had 901,400 MT or 74% of Russia's worldwide quota of 1,211,600 MT for poultry. The U.S. allocation for pork was 49,800 MT or 10% of Russia's 2008 worldwide TRQ (493,500 MT), and for beef was 18,300 MT or 18% of Russia's 2008 global TRQ (445,000 MT; **Table 2**).<sup>6</sup>

Quota levels for 2009 were adjusted in a protocol to the 2005 agreement that lowered the 2009 quota for poultry but raised the TRQ for pork.<sup>7</sup> For 2009, the United States had 750,000 MT or 79% of Russia's global poultry quota (952,000 MT); the U.S. allocation for pork was 100,000 MT or 19% of Russia's global pork TRQ (531,900 MT). The beef TRQ was virtually unchanged (**Table 2**).

**Table 2. Russian Meat and Poultry Quotas**  
(thousand metric tons; worldwide and U.S. share)

	2005	2006	2007	2008	2009	2010
Poultry quota	1090.4/811.3	1130.8/841.3	1171.2/871.4	1211.6/901.4	952/750	750/600
Pork TRQ	467.4/53.8	476.1/54.8	484.8/49	493.5/49.8	531.9/100	472.1/57.5
Beef TRQ	430/17.7	435/17.9	440/18.1	445/18.3	450/18.5	560/21.7

### Sources:

2005-2008, "Agreement Between the Government of the United States of America and the Government of the Russian Federation on Trade in Certain Types of Poultry, Beef, and Pork," June 15, 2005. This agreement specified quota levels through 2009, but 2009 levels were subsequently adjusted in 2008 through a protocol to the 2005 agreement.

2009, USDA, "Russia Federation, Livestock and Products, Meat & Poultry TRQ Mechanism Announced for 2009," *GAIN Report* RS9020, March 19, 2009. Reflected adjusted quota levels from the 2005 agreement.

2010, "Russia Slashes 2010 Poultry, Pork TRQ Allocations for U.S. Exporters," *Inside U.S. Trade*, January 8, 2010.

<sup>5</sup> Quotas and TRQs are import barriers that historically have been used by many countries (including the United States) to protect domestic industries, including agriculture. Under TRQs, countries are permitted to export a specified quantity of a product or commodity at a relatively low tariff, with any quantity above that subject to a much higher tariff. For both quotas and TRQs, an importing country generally determines an overall quantity and then allocates amounts from that quantity among exporting countries.

<sup>6</sup> USTR, "USTR Statement on Signing of Protocol to the 2005 U.S.-Russia Agreement on Trade in Certain Types of Poultry, Beef, and Pork," December 29, 2008.

<sup>7</sup> Quota changes for 2009 were reported by USDA, "Russia Federation, Livestock and Products, Meat & Poultry TRQ Mechanism Announced for 2009," *GAIN Report* RS9020, March 19, 2009.

Russia's import tariff for poultry products under quota is about 25%.<sup>8</sup> Under the beef and pork TRQ, the in-quota tariff is 15%. Russia's out-of quota tariffs on beef and pork imports are prohibitive at 60%-80%, depending on the product.

In December 2009, media reports first indicated that Russia has reduced its 2010 global import quotas for pork and poultry below 2009 quota levels. Within these global totals, 2010 quota levels for U.S. pork are more than 40% lower than the previous year, at 57,500 MT in 2010 compared to 100,000 MT in 2009. Quota allocations for U.S. poultry are 600,000 MT in 2010, down from 750,000 MT in 2009.<sup>9</sup> U.S. quota allocations reportedly are to be reduced even further in both 2011 and 2012.<sup>10</sup> Russia's beef import quotas, both global and for the United States, reportedly increased above 2009 levels, from 450,000 MT to 560,000 MT, and from 18,500 MT to 21,700 MT, respectively, for 2010.<sup>11</sup>

## Russian SPS Measures

Russia periodically has imposed sanitary and phytosanitary (SPS) measures that have impeded U.S. meat and poultry imports in recent years.<sup>12</sup> For example, in March 2002, Russia announced a ban on U.S. poultry imports because of the possible presence of avian influenza in the United States. U.S. officials countered that the ban was not scientifically defensible and was discriminatory. Months of negotiations ensued, extending into 2003, when the two sides announced a resolution to the dispute. Nonetheless, U.S. meat and poultry exporters remain wary that Russia could continue to raise safety concerns as a reason to impose future import bans. Exporter concerns were reawakened in June 2008 when Russia announced it would block U.S. poultry imports by prohibiting the use of chlorine in antimicrobial washes to kill surface pathogens on poultry, a common U.S. industry practice (discussed in the section "Poultry Products").

The Office of the U.S. Trade Representative (USTR) reported in March 2010:

Russia's SPS standards are extremely prescriptive with detailed requirements for facilities and production processes. Russia has attempted to impose these requirements on trading partners by accepting imports only from facilities that are certified as complying with Russian requirements. Since these requirements are not always based on science or consistent with international recommendations or guidelines, this has created difficulties for U.S. exporters of a range of products.<sup>13</sup>

With regard to livestock products, the report noted, "Russia requests certification that the United States is free from various livestock diseases even when there is no risk of transmission from the product in question."

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<sup>8</sup> See Chapter 2, *Customs Tariff of the Russian Federation*, <http://www.russian-customs-tariff.com/>.

<sup>9</sup> "Russia Cuts 2010 U.S. Pork, Poultry Import Quotas," *Meatingplace Online*, December 12, 2009; and "Russia Slashes 2010 Poultry, Pork TRQ Allocations for U.S. Exporters," *World Trade Online*, January 8, 2010.

<sup>10</sup> "Russia Slashes 2010 Poultry, Pork TRQ Allocations for U.S. Exporters," *World Trade Online*, January 8, 2010.

<sup>11</sup> *Ibid.*

<sup>12</sup> SPS measures refer to any of the laws, rules, standards, and procedures that governments employ to protect humans, other animals, and plants from diseases, pests, toxins, and other contaminants. See also CRS Report RL33472, *Sanitary and Phytosanitary (SPS) Concerns in Agricultural Trade*.

<sup>13</sup> USTR, 2010 *Report on Sanitary and Phytosanitary Measures*.

## U.S. Negotiations With Russia on Market Access

In 2003, when Russia announced the imposition of quotas and TRQs for meat and poultry, the United States and other meat-exporting WTO member countries expressed stiff opposition, claiming that the restrictions would slow the process of Russia's accession to the World Trade Organization (WTO).<sup>14</sup> The United States and others specifically argued that Russia was violating the "standstill" principle, under which countries applying for WTO membership are to refrain from imposing new trade restrictions during the accession process. Russia countered that it was imposing the restrictions to protect its domestic meat producers from import surges, a right that is enjoyed by WTO members.<sup>15</sup>

As noted earlier, in June 2005 the United States and Russia signed an agreement on livestock and poultry trade, which set the U.S. share of Russia's worldwide quota for poultry, and its share of the TRQs for pork and beef, through the end of calendar 2009 (**Table 2**). The "2005 U.S.-Russia Agreement on Trade in Certain Types of Poultry, Beef, and Pork" also set rules for the allocation of veterinary permits and import licenses necessary to ship products to Russia, and established mechanisms for resolving trade-related problems, including sanitary issues.<sup>16</sup>

In November 2006, the United States and Russia reached a bilateral market access agreement associated with Russia's request to join the WTO.<sup>17</sup> The agreement provided for phased reductions in Russia's tariffs for a range of U.S. export sectors, including agricultural products. These commitments would come into force upon Russia's accession to the WTO. The agreement allowed the United States to address a broad number of sensitive issues in its economic relations with Russia, although it did not accomplish all of the original U.S. objectives.<sup>18</sup>

With regard to agriculture, the U.S.-Russia 2006 bilateral market access agreement, or side letters, committed Russia to:

- permitting the immediate resumption of imports of de-boned beef, bone-in beef, and beef by-products from cattle younger than 30 months and allowing imports of beef and beef by-products from cattle of all ages, once the United States received a positive evaluation as a beef producer from the World Organization for Animal Health;
- accepting safety certifications by the U.S. Department of Agriculture's Food Safety Inspection Service (FSIS) of pork and poultry slaughter, processing, and cold storage facilities to export products to Russia, along with procedures to expedite the certification process;

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<sup>14</sup> Russia formally applied for WTO accession in 1993 but is not currently a WTO member.

<sup>15</sup> CRS Report RL31979, *Russia's Accession to the WTO*.

<sup>16</sup> U.S. Trade Representative (USTR), "United States and Russia Sign Agreement on Meat Market," press release, and "Agreement Between the Government of the United States of America and the Government of the Russian Federation on Trade in Certain Types of Poultry, Beef, and Pork," both dated June 15, 2005. The Agreement is at [http://ustraderep.gov/assets/World\\_Regions/Europe\\_Middle\\_East/Russia\\_the\\_NIS/asset\\_upload\\_file228\\_7796.pdf](http://ustraderep.gov/assets/World_Regions/Europe_Middle_East/Russia_the_NIS/asset_upload_file228_7796.pdf).

<sup>17</sup> In accordance with WTO procedures, since then Russia has been negotiating not only multilaterally but also bilaterally with individual WTO members, including the United States, on each country's conditions for Russian entry.

<sup>18</sup> Portions of this section are taken from CRS Report RL31979, *Russia's Accession to the WTO*.



- accepting U.S. freezing treatments as an adequate measure to prevent trichinae infestation in pork to be sold for retail sale as well as for further processing (Russia previously had only allowed frozen pork to be imported for further processing); and
- continuing to apply until 2009 the provisions of the 2005 U.S.-Russia bilateral agreement on meat that established tariff-rate quotas, including in- and over-quota tariff rates, and to conduct bilateral negotiations on the treatment of meat imports after the agreement expires.

In December 2008, the U.S. Trade Representative (USTR) announced that the United States and Russia had signed a protocol to the 2005 agreement that was aimed at continuing U.S. poultry, pork, and beef exports there through the end of 2009.<sup>19</sup> The protocol adjusted previously set 2009 quota levels for poultry and pork, but did not address other issues affecting U.S.-Russia livestock and poultry trade.<sup>20</sup>

The protocol to the 2005 agreement followed several months of uncertainty after Russia blocked meat exports from several U.S. meat processing companies, as discussed in the following section. Russian officials also signaled that they might reduce U.S. permits to import poultry and pork under that country's quota system.<sup>21</sup> Russian Prime Minister Putin further indicated that the country might suspend several trade agreements reached during its WTO accession negotiations, including those covering pork TRQs as well as poultry quotas. Putin reportedly said that, under the agreements, Russia had not received anything in return of benefit to the economy, including agriculture. Any suspensions could be reversed once Russia joined the WTO, he added.<sup>22</sup>

## Developments Since the 2006 Market Access Agreements

Despite these agreements, throughout 2008, 2009, and early 2010, a number of issues continued to plague U.S.-Russian livestock and poultry trade relations. For example, according to the USTR report, in October 2008 Russia's official veterinary service announced "that it no longer recognized USDA's authority to inspect and relist [meat and poultry] plants that completed corrective actions." This announcement contradicts a key provision in the 2006 agreements that Russia would accept U.S. safety certifications.

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<sup>19</sup> USTR, "USTR Statement on Signing of Protocol to the 2005 U.S.-Russia Agreement on Trade in Certain Types of Poultry, Beef, and Pork," December 29, 2008. Quota changes were reported by USDA, "Russia Federation, Livestock and Products, Meat & Poultry TRQ Mechanism Announced for 2009," *GAIN Report* RS9020, March 19, 2009.

<sup>20</sup> See, for example, "U.S.-Russia Meat Accord Delays Poultry Ban, Leaves Plants Delisted," *Inside U.S. Trade*, January 9, 2009.

<sup>21</sup> See, for example, "Russia Aims to Cut Poultry Imports by 17 Percent," *Meatingplace.com*, September 9, 2008.

<sup>22</sup> Various news reports, including "Putin Confirms Plan to Suspend Food Import Quotas," *Food Chemical News*, September 2, 2008. The United States reportedly would not be the sole target; the EU also has expressed concern about the status of its agreements with Russia.

By December 2009, Russia had escalated these trade issues in a series of actions that threatened to effectively shut out U.S. livestock and poultry exports to Russia. Information on current requirements for U.S. livestock and poultry exports to Russia is available from USDA.<sup>23</sup>

Among the concerns were Russia's delisting of major U.S. livestock and poultry processors that had been eligible for import (and were importing) into Russia, and Russia's implementation of a ban prohibiting the use of chlorine in antimicrobial washes to kill surface pathogens on poultry. As noted, Russia already has further reduced its import quotas and TRQs for U.S. livestock and poultry exports. Russia continued to cite food safety concerns, including but not limited to its findings of antimicrobial residues (legal in the United States) and the use of chlorine rinses on U.S. meat exports. Many U.S. market analysts viewed the delisting of U.S. plants as a precursor to additional actions regarding allowable import quotas for U.S. meat that could further constrain U.S. livestock and poultry exports to Russia. A discussion of these issues specifically as they relate to U.S. pork and poultry products follows.

## Pork Products

During this time Russia identified several U.S. pork processing companies as ineligible to export products to Russia. Throughout 2008 and 2009, Russia has refused imports of meat products from several European countries and from several U.S. plants—including plants owned by Tyson Foods Inc. and a unit of Smithfield Foods—because trace amounts of tetracycline and oxytetracycline were found in some of the pork tested.<sup>24</sup> By January 2010, nearly 30 U.S. plants had been delisted as ineligible for export to Russia; this was regarded by the U.S. pork industry as a “full market closure.”<sup>25</sup> Some further point out that Russia's perceived “zero tolerance” regarding antimicrobial use is the most restrictive among all U.S. trading partners.<sup>26</sup>

In addition, for most of 2009, Russia was among other U.S. trading partner countries that initiated H1N1-related import restrictions on U.S. pork or pork products, following initial reports about influenza virus in April 2009.<sup>27</sup> Russia's restrictions covered fresh/frozen poultry meat, pork, and beef from animals raised or slaughtered in most U.S. states, as well as from certain slaughtering facilities. Trade suspensions were limited to uncooked pork and pork products; heat-treated (not less than 80° Celsius for not less than 30 minutes) meat and poultry products were allowed. Russia eventually lifted its H1N1-related import restrictions on pork products from all countries in mid-October 2009.<sup>28</sup>

In early March 2010, the United States and Russia announced they had reached a new agreement intended to reopen the Russian market to U.S. pork and pork products. The agreement follows a

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<sup>23</sup> USDA, Food Safety and Inspection Service (FSIS), “Export Requirements for Russia,” RU-211, December 31, 2009, [http://www.fsis.usda.gov/regulations/Russia\\_Requirements/index.asp](http://www.fsis.usda.gov/regulations/Russia_Requirements/index.asp). Also see “Russia Bans Imports of Poultry Treated with Chlorine,” *Meatingplace Online*, December 30, 2009.

<sup>24</sup> See, for example, “Russia Bans Five U.S. Pork Plants on Antibiotic Findings,” *Meatingplace online*, December 10, 2009, and “Russia Bars Pork Imports from 70 EU Companies,” *Pig Progress.net*, June 26, 2008.

<sup>25</sup> U.S. Meat Export Federation, “Intensive Efforts Continue Toward Restoring Russian Market Access for U.S. Pork,” weekly USMEF audio report, January 4, 2010, <http://www.usmef.org>.

<sup>26</sup> Comments attributed to American Meat Institute, “Russia Bans Pork from 11 U.S. Plants,” *Food Chemical News*, December 14, 2009.

<sup>27</sup> See CRS Report R40575, *Potential Farm Sector Effects of 2009 H1N1 “Swine Flu”*: *Questions and Answers*.

<sup>28</sup> “Russia Lifts A/H1N1-Related Pork Ban,” *ThePigSite.com*, October 16, 2009.

series of negotiations leading “to the development of a new veterinary certificate to ensure that pork exports from the United States meet specific Russian microbiological and tetracycline-group antibiotic residue requirements.”<sup>29</sup> Under the agreement, U.S. plants that want to export to Russia must apply for approval with USDA’s Agricultural Marketing Service (AMS), which, with USDA’s Food Safety and Inspection Service (FSIS), has developed an export verification (EV) for pork that is aimed at meeting specific Russian requirements. AMS EV programs first gained widespread attention when such a program was established several years ago to gain re-entry to the lucrative Japanese beef market, after U.S. exporters were blocked due to concerns about BSE (bovine spongiform encephalopathy, or “mad cow disease”) in a U.S. cow.<sup>30</sup>

By late March 2010, reports in the trade press were that USDA had approved most U.S. plants’ EV programs, and that Russia had lifted its ban on most of these suppliers. However, “[b]efore we start exporting, we need written confirmation of these verbal statements.... We’re waiting for the process to be completed and everything to be documented,” a U.S. Meat Export Federation official was quoted as saying.<sup>31</sup>

## Poultry Products

Starting in late August 2008, Russia announced a ban on poultry shipments from 16 U.S. establishments, effective September 1, 2008. (Three other establishments had been delisted on August 6, bringing the total to 19, the number widely reported in the press.) The bans followed a round of joint U.S.-Russian plant inspections in late July and early August 2008 that uncovered what the Russians claimed were a number of safety problems. Many plants had not corrected problems found in earlier visits, they stated, adding that another 29 plants could also lose their eligibility.<sup>32</sup> Again, in March 2009, Russia temporarily suspended poultry imports from three U.S. processing plants because antibiotic residues were found in poultry from these plants.<sup>33</sup>

The Russian Veterinary and Phytosanitary Service (VPSS) claimed that tested products from the delisted plants showed higher levels of antibiotics and arsenic than Russia allows.<sup>34</sup> One of the primary reasons VPSS cited for suspending the first group of U.S. processing plants in 2008 was an inability to visit U.S. poultry farms, although the U.S.-Russia poultry agreement provides for no such visits, according to the USA Poultry and Egg Export Council. The council acknowledged that U.S. commercial producers administer small amounts of antibiotics and trace amounts of arsenic-containing compounds for animal health reasons, but stated that they were within established tolerances.

In June 2008, Russia’s Chief Medical Officer signed a resolution potentially affecting virtually all U.S. poultry imports by prohibiting the use of chlorine in antimicrobial washes to kill surface

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<sup>29</sup> “U.S. and Russia Agree on Reopening Russian Pork Market to U.S.,” USDA news release, March 5, 2010.

<sup>30</sup> Information on how to satisfy export verification requirements for pork exports to Russia are available through the USDA/AMS website.

<sup>31</sup> “Russia Okays Most U.S. Pork Suppliers: Report,” March 29, 2010, and “U.S. Pork Exporters to Russia Get Official Go-Ahead,” March 30, 2010, both in *meatingplace.com Industry News*.

<sup>32</sup> “Russia Bans Poultry Imports from 19 U.S. Suppliers,” *Clinical Infectious Diseases*, November 2008.

<sup>33</sup> “Russia Suspends Imports of U.S. Poultry from Three Plants for Antibiotic Residues,” *International Trade Reporter*, March 26, 2009.

<sup>34</sup> “Statement of the USA Poultry and Egg Export Council Regarding Russia’s Suspension of 19 Poultry Plants,” August 29, 2008.

pathogens on poultry, a common U.S. industry practice. That rule would set the maximum chlorine level at no higher than the hygienic requirements for drinking water.<sup>35</sup> Initially, the rule was set to be implemented on January 1, 2009. In late July 2008, U.S. and Russian poultry industry leaders reportedly forged a position whereby Russia would not enforce the antimicrobial rule and would extend the expiring poultry quota allocations beyond 2009, but at reduced levels. The ban on chlorine rinses was postponed for one year. However, Russian health and safety officials continued to threaten to enforce the ban on chlorine treatments, referring to such treatments as outdated technologies.

Russia's ban went into effect on January 1, 2010, banning poultry imports treated with chlorine washes from all exporting countries, including the United States.<sup>36</sup> As noted above, since pathogen reduction rinses are commonplace in U.S. poultry production, this action was expected to effectively ban all U.S. poultry exports to Russia. Other acceptable alternative practices and technologies, such as treating birds with cold air or acid sprays, would be allowed for import. The United States and Russia have been negotiating the terms of this new restriction.<sup>37</sup> By late March 2010, the trade press was reporting further progress toward a settlement of the dispute. For example, U.S. negotiators reportedly presented their Russian counterparts with a list of 17 different types of safe and suitable anti-microbial treatments, with the hope that the Russians would deem a number of them acceptable alternatives. Another point of discussion was whether Russia would permit a transition period for plants to convert to one of these alternatives.<sup>38</sup>

The United States has had a longstanding similar trade dispute with the EU since the EU first banned the use of antimicrobial rinses or pathogen reduction treatments (PRTs) on poultry, effectively shutting out U.S. poultry exports.<sup>39</sup>

## Considerations for Congress

Members of Congress with important poultry and meat industry constituents have been closely monitoring events and ongoing negotiations between the United States and Russia to resolve these trade disputes. Several have weighed in with their concerns in communications with the Administration. For example, the Chair and the ranking Republican on the Senate Agriculture Committee sent a January 15, 2010, letter to the President urging him “to fully engage all Administration resources to address these agricultural trade issues, especially with respect to U.S. exports of pork, poultry, and beef.”

Other Members of Congress have proposed alternative measures to address these types of issues. In particular, in response to the most recent developments regarding antibiotic residues and

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<sup>35</sup> USDA, “Russia Federation, Poultry and Products, Chlorine Use in Poultry Production Banned,” *GAIN Report* RS8050, July 7, 2008; and USDA, “Russia Federation, Poultry and Products, Chlorine Ban Postponed until January 1, 2010,” *GAIN Report* RS8099, December 29, 2008.

<sup>36</sup> USDA, Food Safety and Inspection Service (FSIS), “Export Requirements for Russia,” RU-211, December 31, 2009, [http://www.fsis.usda.gov/regulations/Russia\\_Requirements/index.asp](http://www.fsis.usda.gov/regulations/Russia_Requirements/index.asp). Also see “Russia Bans Imports of Poultry Treated with Chlorine,” *Meatingplace Online*, December 30, 2009.

<sup>37</sup> “Putin Weighs In on U.S.-Russia Poultry Spat,” *Meatingplace Online*, January 15, 2010. Also see CRS Report RS22948, *U.S.-Russia Meat and Poultry Trade Issues*.

<sup>38</sup> See, for example, “Poultry Exporters Push for Quick Russia Deal, Drop Transition Demand,” *World Trade Online*, March 26, 2010.

<sup>39</sup> For more information, see CRS Report R40199, *U.S.-EU Poultry Dispute*.

chlorine rinses, Representative Slaughter has recommended that the United States take more proactive steps and consider legislation that she has introduced in H.R. 1549 (Preservation of Antibiotics for Medical Treatment Act of 2009, PAMTA).<sup>40</sup> This bill aims to curtail the use of certain medically significant antibiotics in animal production, similar to legislation enacted in other countries. A similar bill has been introduced in the Senate (S. 619) by Senator Reid (for Senator Kennedy). For more information on H.R. 1549 and S. 619, see CRS Report R40739, *Antibiotic Use in Agriculture: Background and Legislation*.

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<sup>40</sup> Letter to USDA Secretary Vilsack from Representatives Slaughter, DeLauro, and Schakowsky, dated January 15, 2010.

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