

March 2, 2016

Fresh Beef Import Rules for Brazil and Argentina

On July 2, 2015, the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) issued final rules allowing import of fresh beef (chilled or frozen) from Brazil (80 *Fed. Reg.* 37923) and Argentina (80 *Fed. Reg.* 37935). U.S. beef imports from Brazil have been restricted to processed/cooked products because of foot-and-mouth disease (FMD). From 1997 to 2001, fresh beef imports from Argentina were allowed until being suspended in 2001 after an outbreak of FMD. Under the final rules, APHIS determined that Brazil and Argentina have controlled FMD and that fresh beef can be safely imported from certain regions in Brazil and from Argentina.

Before the United States removes these import restrictions, USDA's Food Safety and Inspection Service (FSIS) must determine if the countries' food safety systems provide the same level of food safety as the U.S. system. As of March 1, 2016, FSIS had not determined if the slaughter systems in Brazil and Argentina are equivalent.

Stakeholder groups, including the National Cattlemen's Beef Association (NCBA), Ranchers-Cattlemen Action Legal Fund (R-CALF), and the National Farmers Union have strongly opposed the APHIS ruling. They are primarily concerned that fresh beef imports from Brazil and Argentina could become a source of FMD infection in the United States. Opponents have raised questions about the APHIS risk assessment and whether or not it was rigorous enough. Other groups, such as the North American Meat Institute (NAMI, or Meat Institute), support the rules. Supporters argue that because the United States is a major exporter of meat and poultry, it is important that international guidelines based in science be followed to protect access to U.S. products in foreign markets.

Consequences of FMD

FMD is a highly contagious viral disease that infects cloven-hoofed animals. FMD is not a public health or food safety threat but its introduction into the United States could be devastating to the cattle industry. The United States has had nine recorded FMD outbreaks dating back to the late 1800s. The last FMD outbreak in the United States occurred in 1929.

If there were an FMD outbreak, infected animals would be euthanized and movement of animals and people would be restricted to the area around an outbreak. U.S. exports of livestock and products would be halted and it could take considerable time to regain entry into those lost markets. In 2015, according to USDA data, the U.S. beef industry exported more than \$6 billion in beef and offal products, and about \$2 billion more in cattle related products. Total exports of animals, meat, dairy and related products exceeded \$18 billion in 2015, all of which could be at risk in the event of an FMD outbreak.

A 2011 study from Iowa State University estimated that the losses of revenue for the beef and pork industry due to an FMD outbreak could be as high as \$13 billion per year for ten years. The extent of the economic damage caused by an FMD outbreak would largely depend on several factors: (1) the location of the outbreak, and how close it was to a livestock-dense area; (2) the length of time of the outbreak; (3) the extent to which the United States would be shut out of export markets; (4) whether regionalization agreements could be reached with trading partners; and (5) how consumers would react to an outbreak.

OIE Regions or Zones

FMD is a global animal disease problem. World Organization of Animal Health (OIE) member countries must report any outbreak, re-occurrence, or new FMD strain within their borders to the OIE. In 2014 there were 779 FMD outbreaks reported by 18 OIE member countries in Asia, Africa, and the Middle East. Of the 180 OIE member countries, 67 are recognized as FMD free. One country, Uruguay, is recognized as FMD free with vaccination. Some member countries have specified regions, or zones that are recognized by OIE as FMD free, or FMD free with vaccination.

The OIE has established guidelines for how trade in livestock and products should be conducted when there is an FMD outbreak and how to recover FMD-free status. The OIE recognizes that trade may take place from FMD-free regions within a country that is not recognized as FMD free. The guidelines are defined in Chapter 8.8 of the OIE *Terrestrial Animal Health Code*.

Animal Health Status Determinations

When foreign countries request U.S. recognition of a particular animal disease status, according to APHIS regulations (9 C.F.R. 92.2) they must submit detailed information on the following eight areas:

- the scope of the evaluation of health status being requested;
- veterinary control and oversight;
- disease history and vaccination practices;
- livestock demographics and traceability;
- epidemiological separation from potential sources of infection;
- surveillance practices;
- diagnostic laboratory capabilities; and
- emergency preparedness and response.

After APHIS reviews the submitted information, a team is to conduct site visits to review a foreign country's procedures, policies, surveillance, and control measures.

Following the site visit, APHS is to write a risk analysis that includes a qualitative assessment of the eight factors listed above. Once the risk analysis is completed, APHS is to begin the rulemaking process with a proposed rule, followed by a final rule that incorporates public comments. The process for APHS to determine animal health status usually takes several years.

Rules Applying to Brazil and Argentina

In December 2013, APHS issued a proposed rule (78 *Fed. Reg.* 77370) that would allow 14 regions in Brazil (Bahia, Distrito Federal, Espírito Santo, Goiás, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Paraná, Rio Grande do Sul, Rio de Janeiro, Rondônia, São Paulo, Sergipe, and Tocantins) to export fresh beef to the United States. The APHS risk analysis accompanying the proposed rule determined that Brazil's Ministry of Agriculture, Livestock and Food Supply (MAPA) has the means to control, detect, report, and respond to FMD. Brazil's active and passive surveillance system would allow for rapid detection if FMD were to appear again in these export regions.

APHIS concluded that fresh beef could be safely imported from Brazil if: (1) FMD has not been diagnosed in the region within the past 12 months; (2) cattle and beef is not commingled with animals or beef from other regions prior to export; (3) bones and certain tissue are removed; and (4) carcasses are chilled until they reach a pH level of under 6.0. Altogether, 11 conditions that must be met, including the requirement that APHS have access to facilities that are shipping beef to the United States for onsite evaluations and inspections. Detailed requirements are in 9 C.F.R. 94.29.

In August 2014, APHS proposed a rule (79 *Fed. Reg.* 51508) that would allow fresh beef imports from Argentina. APHS designated the Patagonia region of Argentina as free of FMD. Although the area designated as Northern Argentina was not recognized as FMD free because FMD vaccinations are still used in the region, APHS rules would allow beef imports from this region under the conditions defined in 9 C.F.R. 94.29. The country's animal health infrastructure, movement and border controls, diagnostic capabilities, surveillance programs and emergency response systems are adequate to detect and control any future FMD outbreaks.

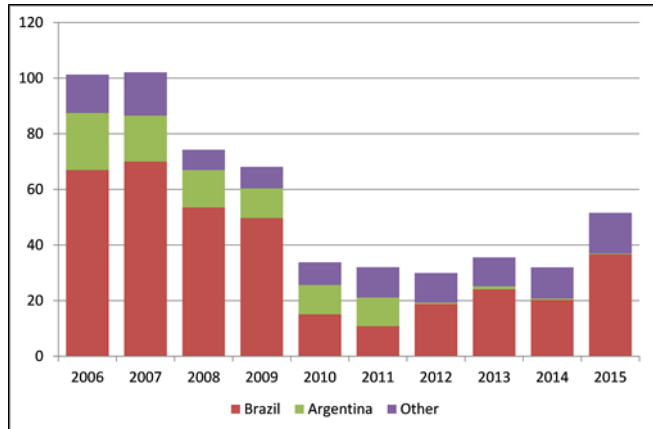
The rules for Brazil and Argentina are essentially the same as those for fresh beef imports from Uruguay. APHS issued rules (68 *Fed. Reg.* 31940; 9 C.F.R. 94.22) allowing imports from Uruguay in 2003.

Beef Imports from Brazil and Argentina

In 2015, according to USDA, the United States imported 1.1 million tons of fresh and processed/cooked beef. U.S. imports of cooked/processed beef, which usually account for about 5% of total beef imports, were 51,600 tons in 2015 (**Figure 1**). Brazil usually supplies the majority of U.S. imports of cooked/processed beef, and has not exported fresh beef to the United States. From 1997 to 2001, Argentina exported fresh beef to the United States. These imports were suspended in 2001 following an outbreak of FMD.

Figure 1. U.S. Processed/Cooked Beef Imports

1,000 Tons



Source: USDA, Foreign Agriculture Service.

APHIS estimated that under the new import rules, fresh beef imports from Brazil and Argentina would average 40,000 tons and 20,000 tons per year, respectively. APHS expects a portion of fresh imports from Brazil and Argentina would be offset by lower imports from other countries. Increased imports would result in slightly lower prices for wholesale beef, retail beef, and cattle. U.S. beef production would also be fractionally lower. Domestic U.S. beef consumption and U.S. beef exports would be fractionally higher. APHS expects these effects to be slightly greater for Brazil compared with Argentina.

Congressional Response

In response to congressional concerns about fresh beef imports from Brazil and Argentina, Section 749 of the House-reported FY2016 agricultural appropriations bill (H.R. 3049) and Section 743 of the Senate-reported bill (S. 1800) contained language that prohibited USDA from using funds to implement, administer, or enforce the final beef import rules. The provisions would have required that USDA conduct further risk analysis with a quantitative risk assessment and make additional site visits to beef slaughtering and processing facilities in Brazil and Argentina, and then submit reports to Congress.

Ultimately, the proposed House and Senate provisions that prohibited funding to implement the rules were altered in the final act. Section 752 of the omnibus appropriations act (P.L. 114-113) directs APHS to establish a prioritization process for audits and reviews for countries that have been granted animal health recognition status, without explicitly addressing Brazil and Argentina. APHS is to provide the Appropriations and Agriculture committees in both chambers a description of its process by April 2016. APHS is required to conduct audits based on factors defined in regulations for determinations of animal health status (see above; 9 C.F.R. 92.2) and to promptly make audit reports publicly available. Section 752 also requires that the audits be conducted in a manner consistent with U.S. international trade agreements.

Joel L. Greene, Analyst in Agricultural Policy

IF10373

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.