

# **North American Trade in An Era of Increasing Regulation & Market Disruption**

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# **Food Safety & Security Issues Disrupt Trade & Market Integration**

- Bovine Spongiform Encephalopathy & Avian Influenza
- Issues Related to Genetically Modified Crops & Foods
- Bioterrorism Act Implementation





# Mad Cows & Other Monsters!!



# **Bovine Spongiform Encephalopathy**

- **December 23, 2003 Dairy Cow Tests Positive for BSE**
- **Mega Markets Closed**
  - **Japan, Mexico, Korea (80%)**
- **Canada (10%) Reopened 1/22/04**
- **March 3, 2004: Mexico Opens Market to Deboned Meat from Cattle < 30 months**
- **Korea & Japan Still Closed**
- ***U.S. Implementing Animal ID System***
- ***U.S. Market Still Closed to Canadian Cattle***

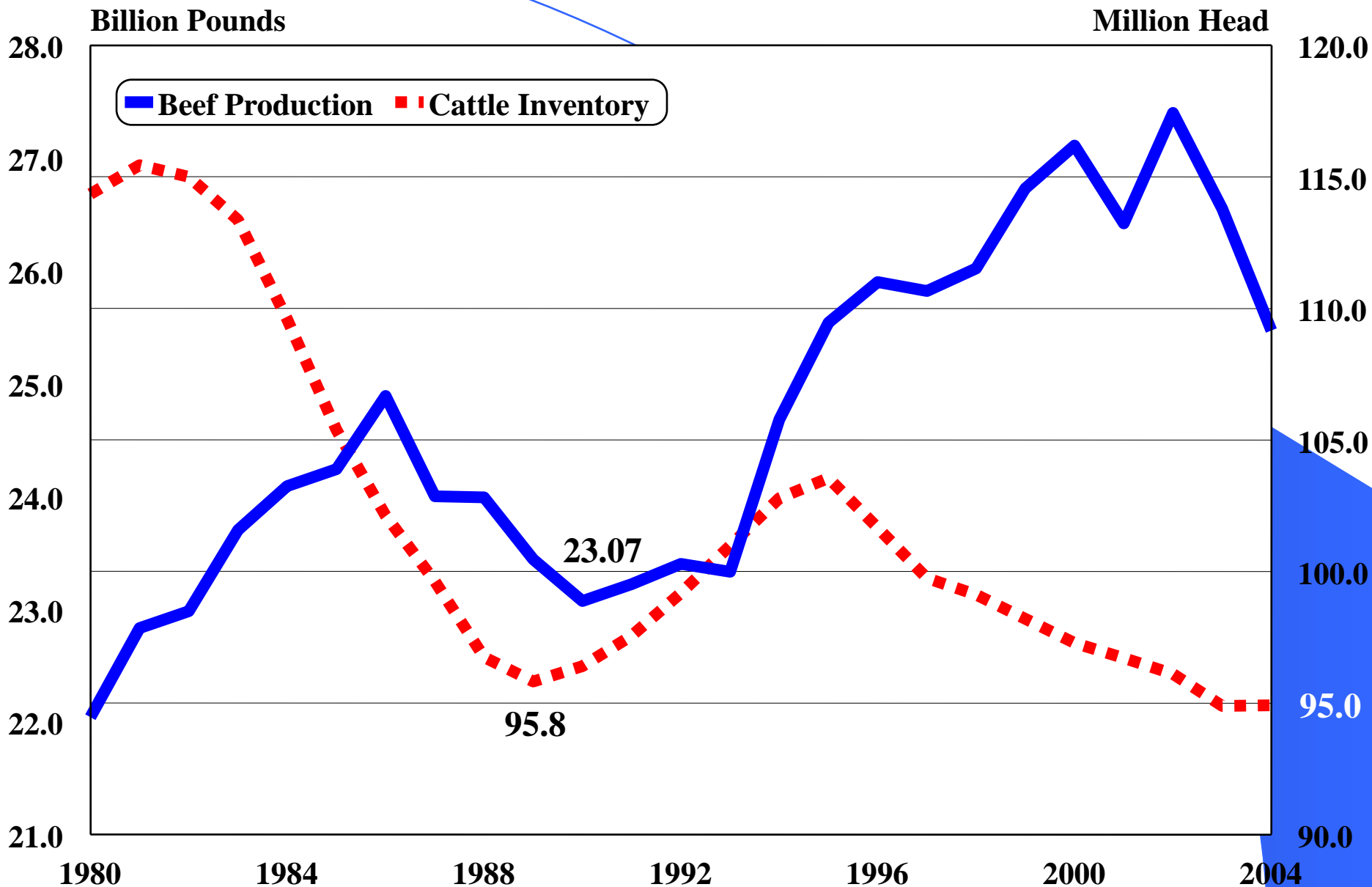
# US Feeder Cattle Futures, Nov 03-Jan 04



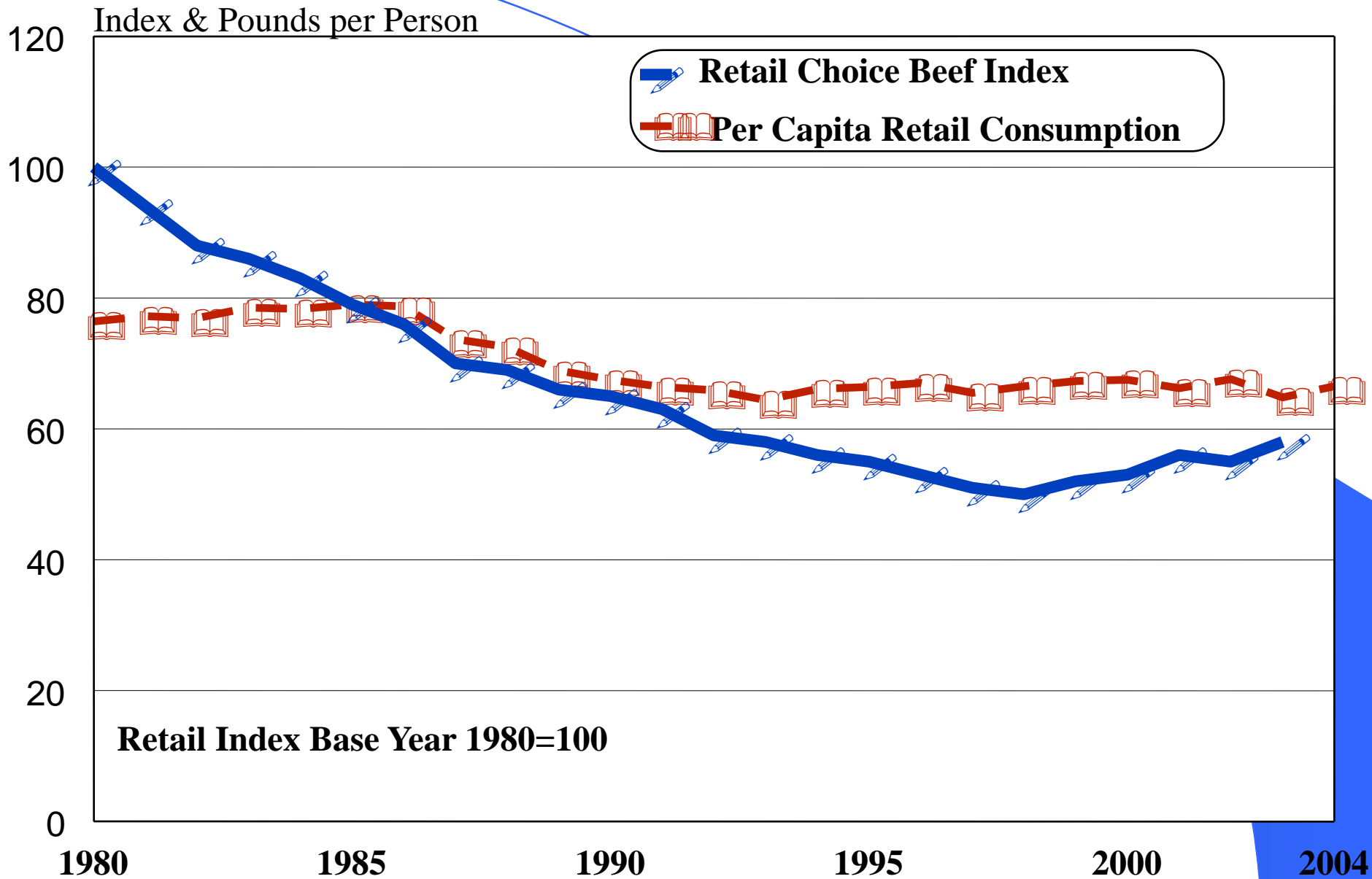
LCF04 [10] - Live Cattle    LAST: 73.90    CHANGE: ▼ 1.50    HIGH: 75.55    LOW: 73.90    1/6/2004



# U.S. Beef Production & Cattle Inventory

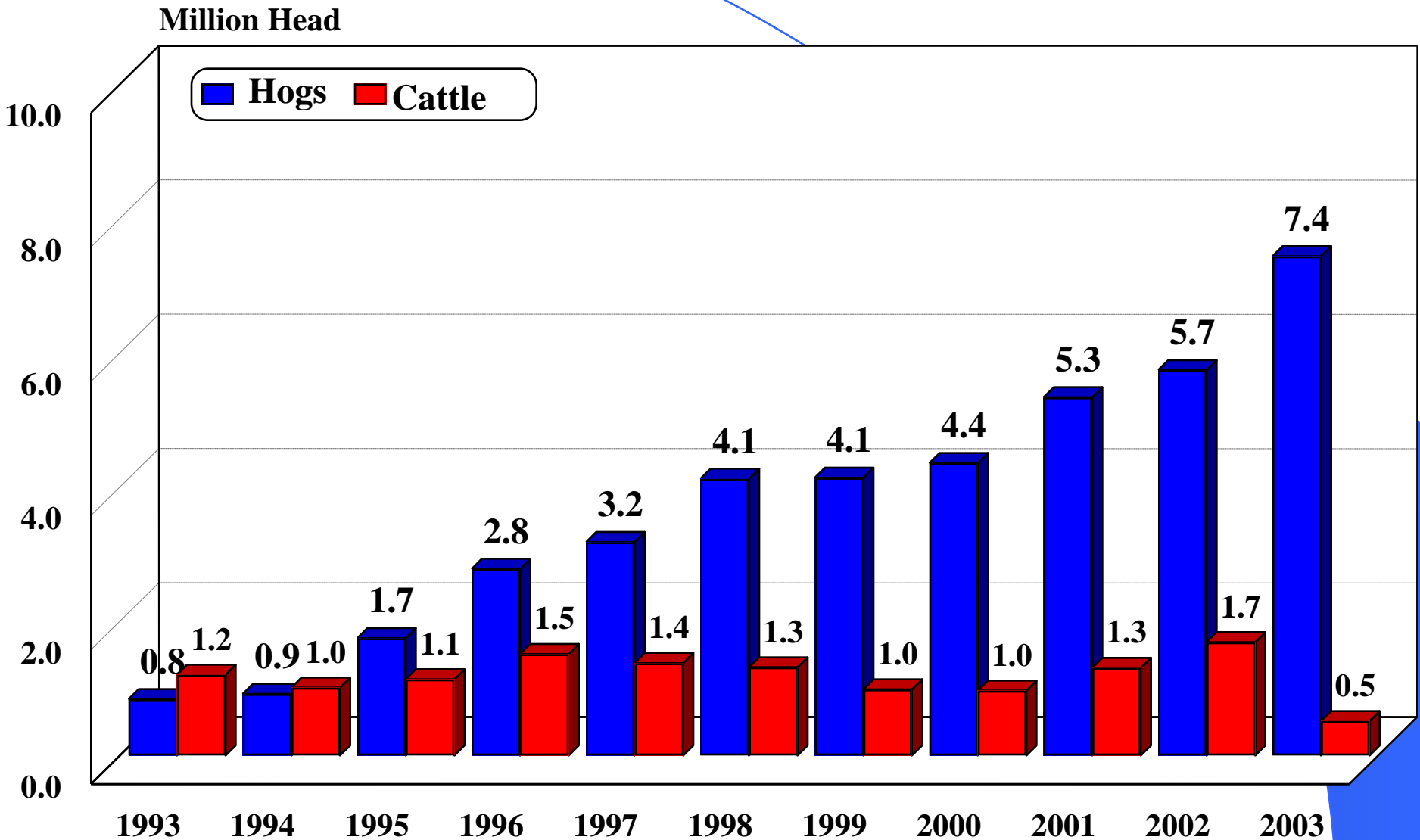


# US Beef Demand



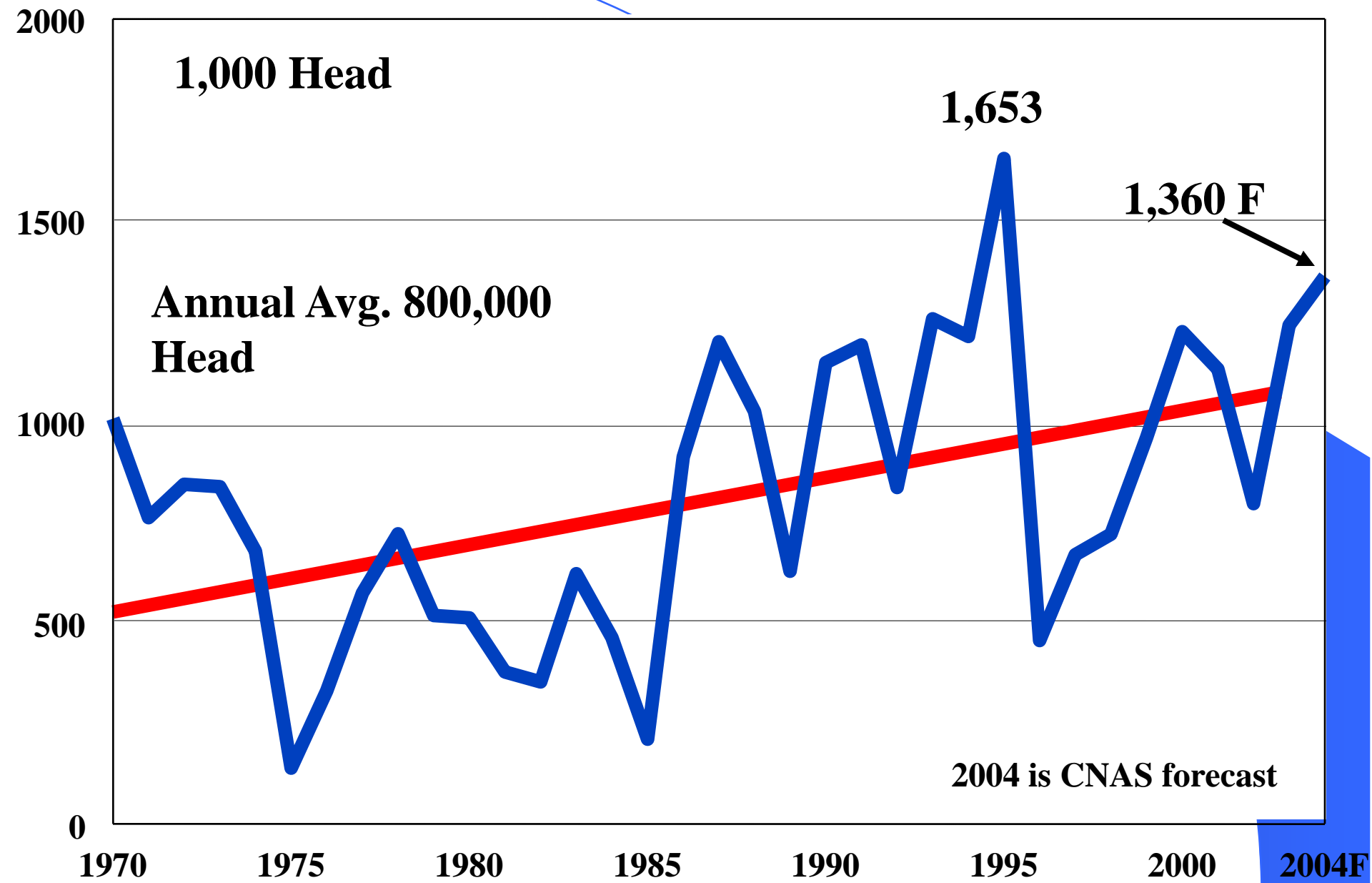


# Canadian Exports of Live Cattle and Hogs to the United States, 1993 - 2003



Source: USDA/FAS

# US Cattle Imports from Mexico



# US Feeder Cattle Futures, Apr-Jun 04

FCQ04 [10] - Feeder Cattle    LAST: 112.15    CHANGE: ▲ 0.52    HIGH: 112.50    LOW: 111.55    6/23/2004



Chicago Mercantile Exchange

# US Fed Cattle Futures, Apr-Jun 04

LCM04 [10] - Live Cattle

LAST: 87.20

CHANGE: ▲ 0.55

HIGH: 87.50

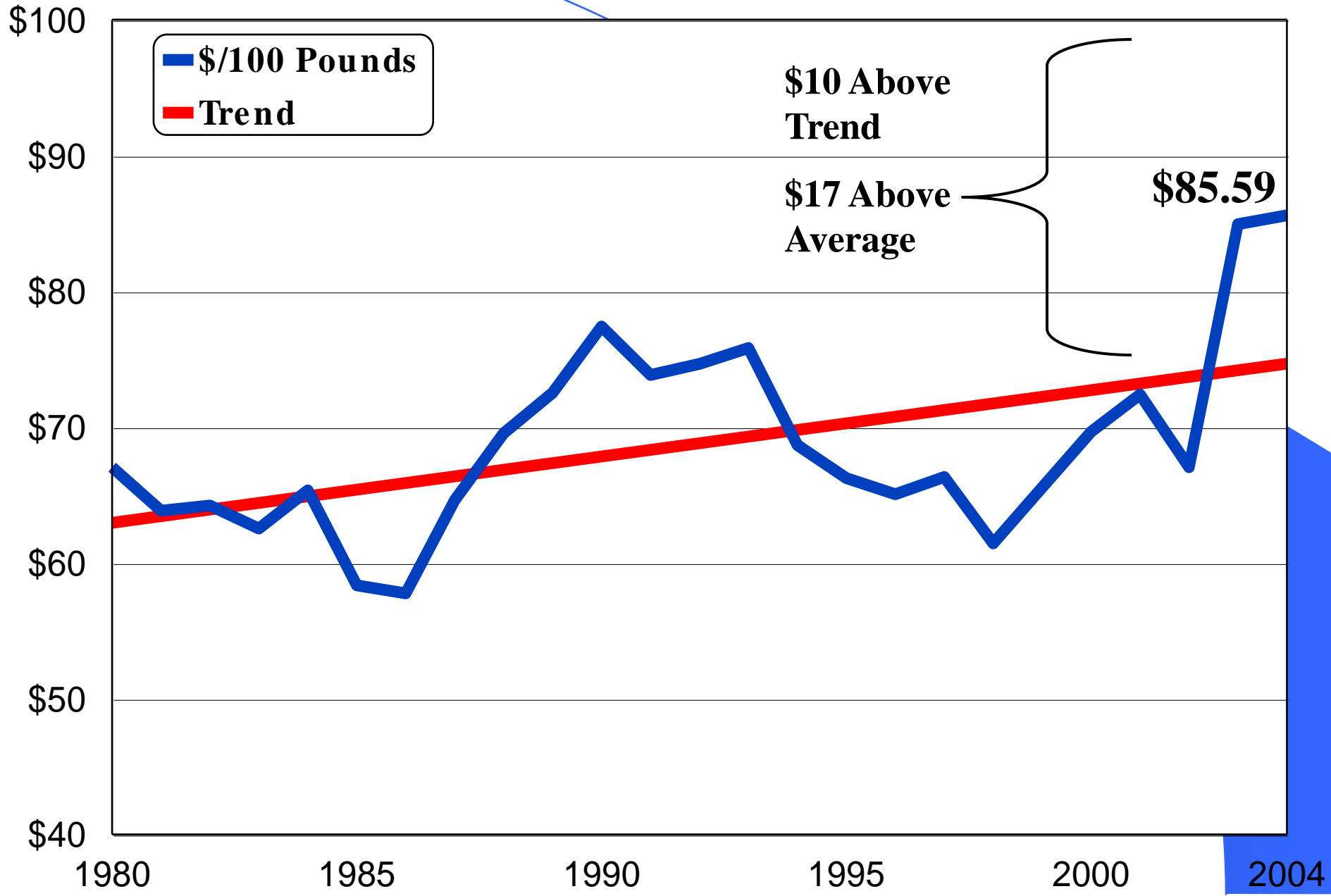
LOW: 86.70

6/23/2004

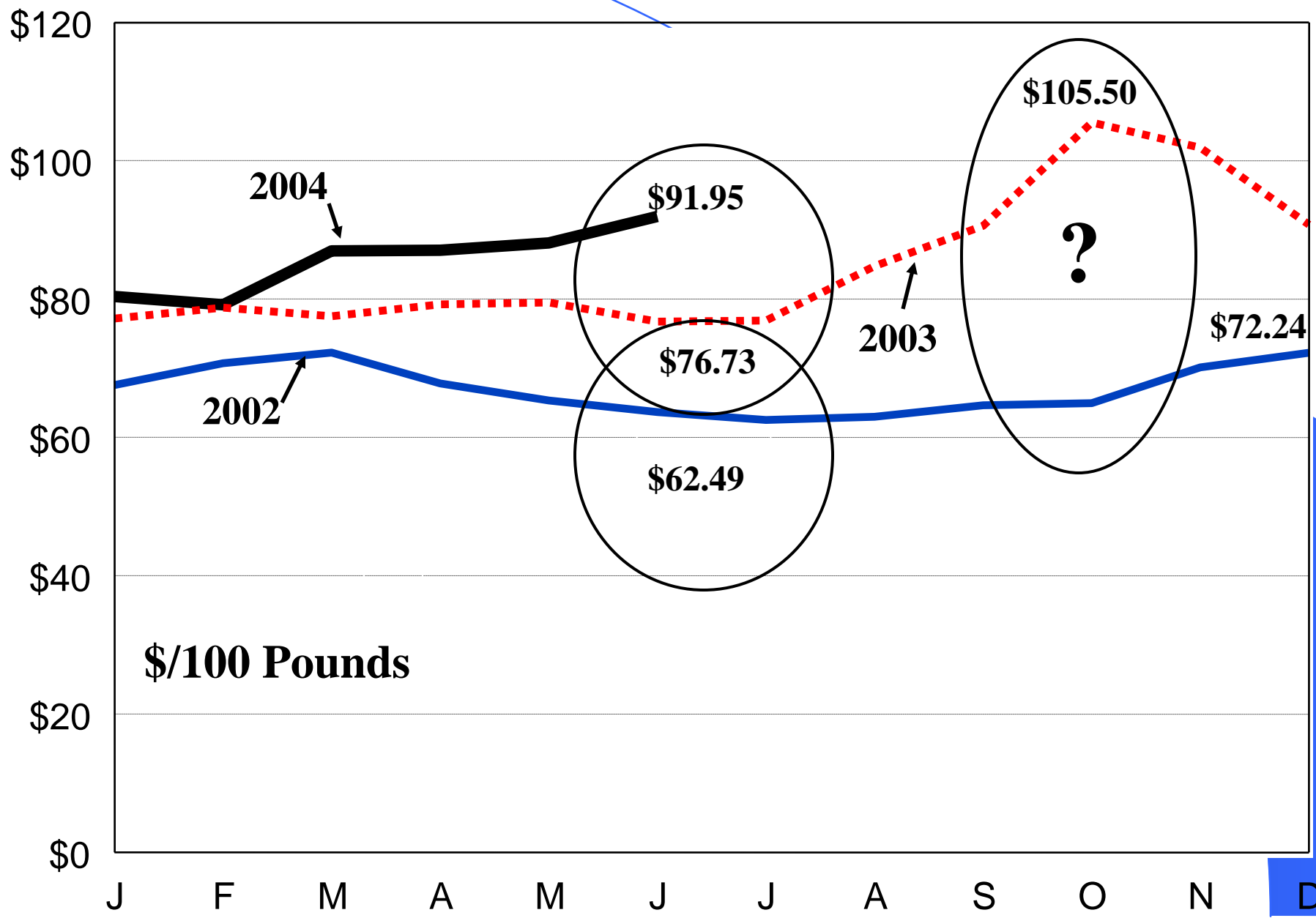


Chicago Mercantile Exchange

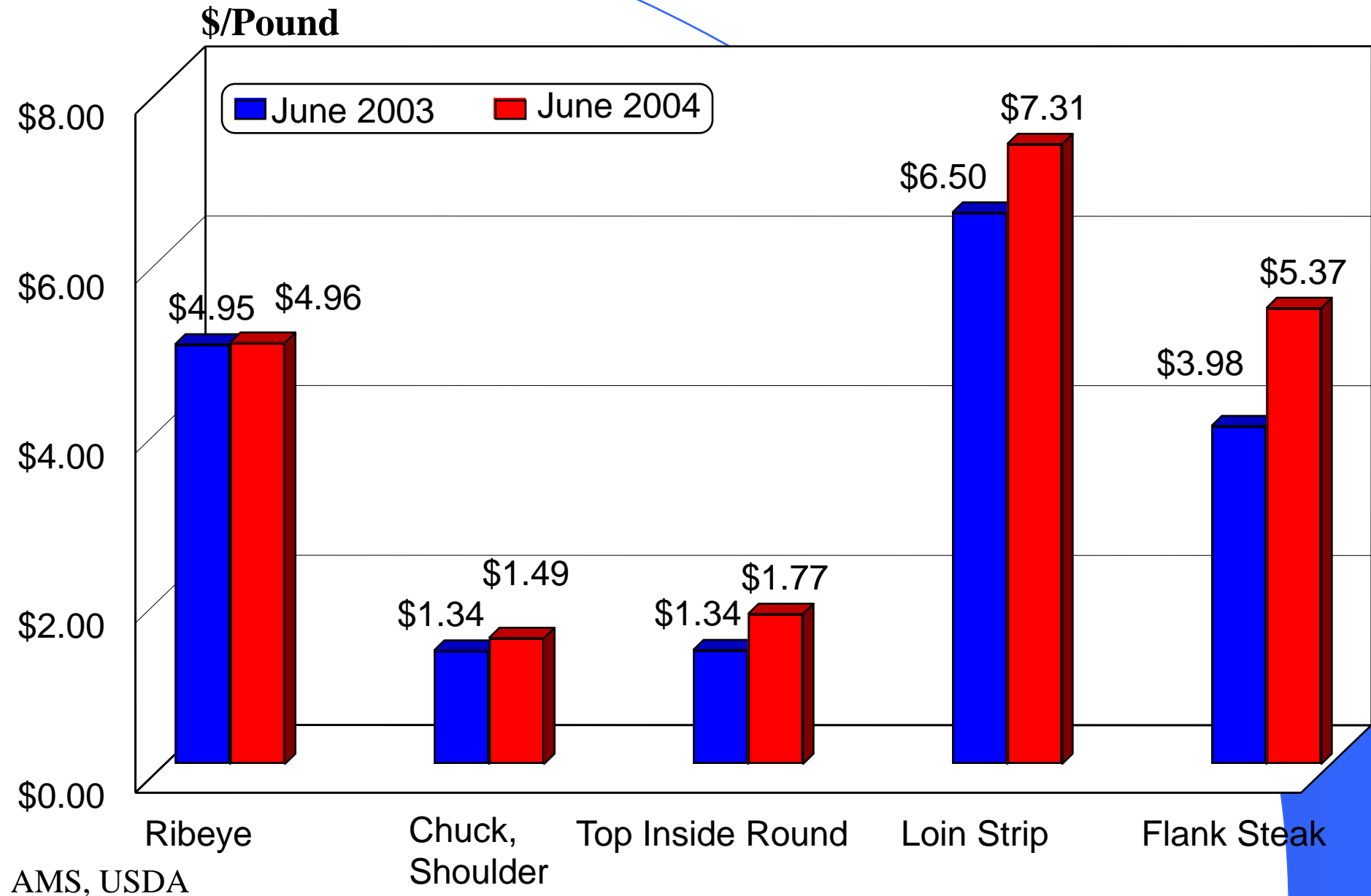
# Omaha Choice Steer Prices



# Monthly Omaha Choice Steer Prices

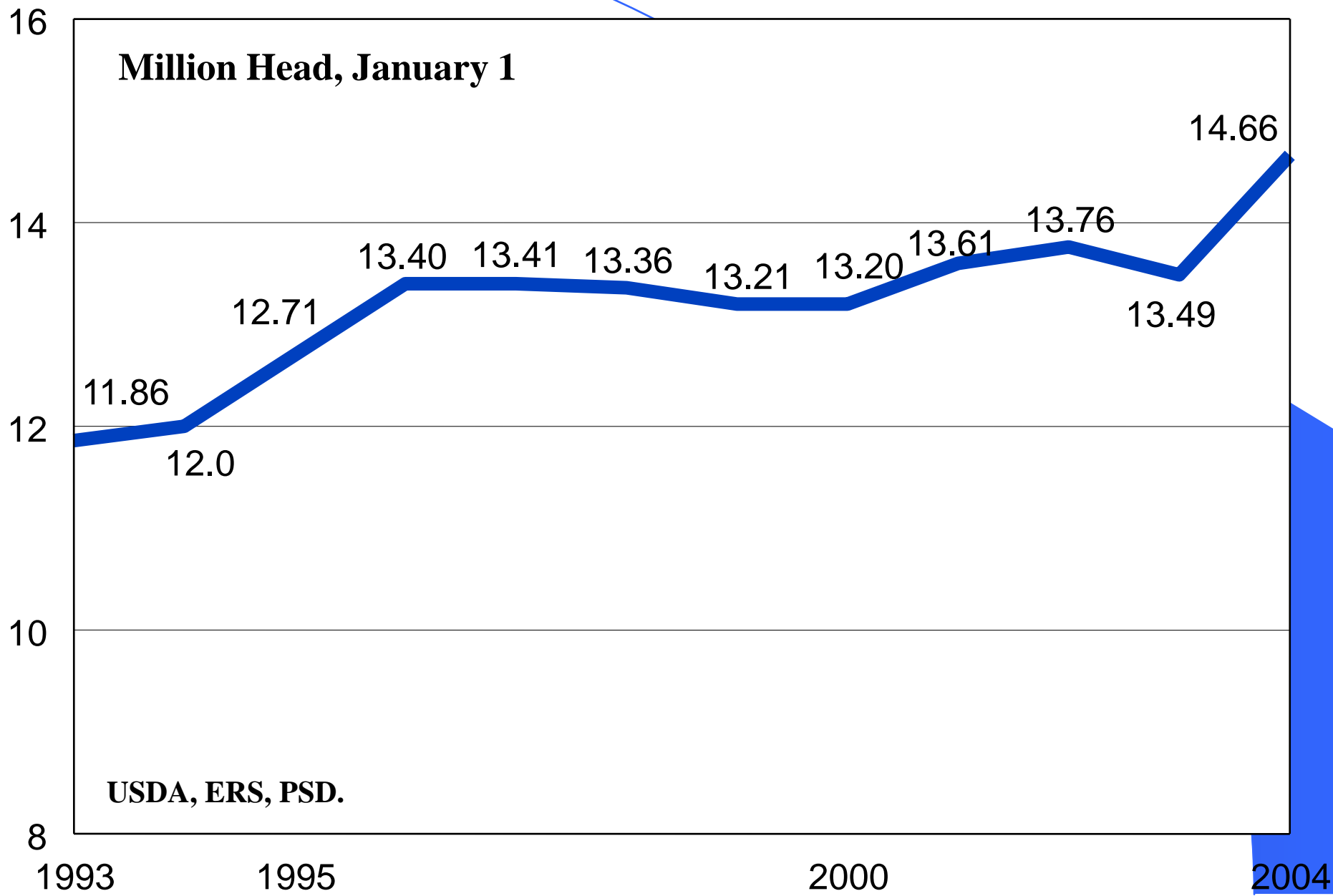


# US Boxed Beef Prices, Selected Boneless Cuts



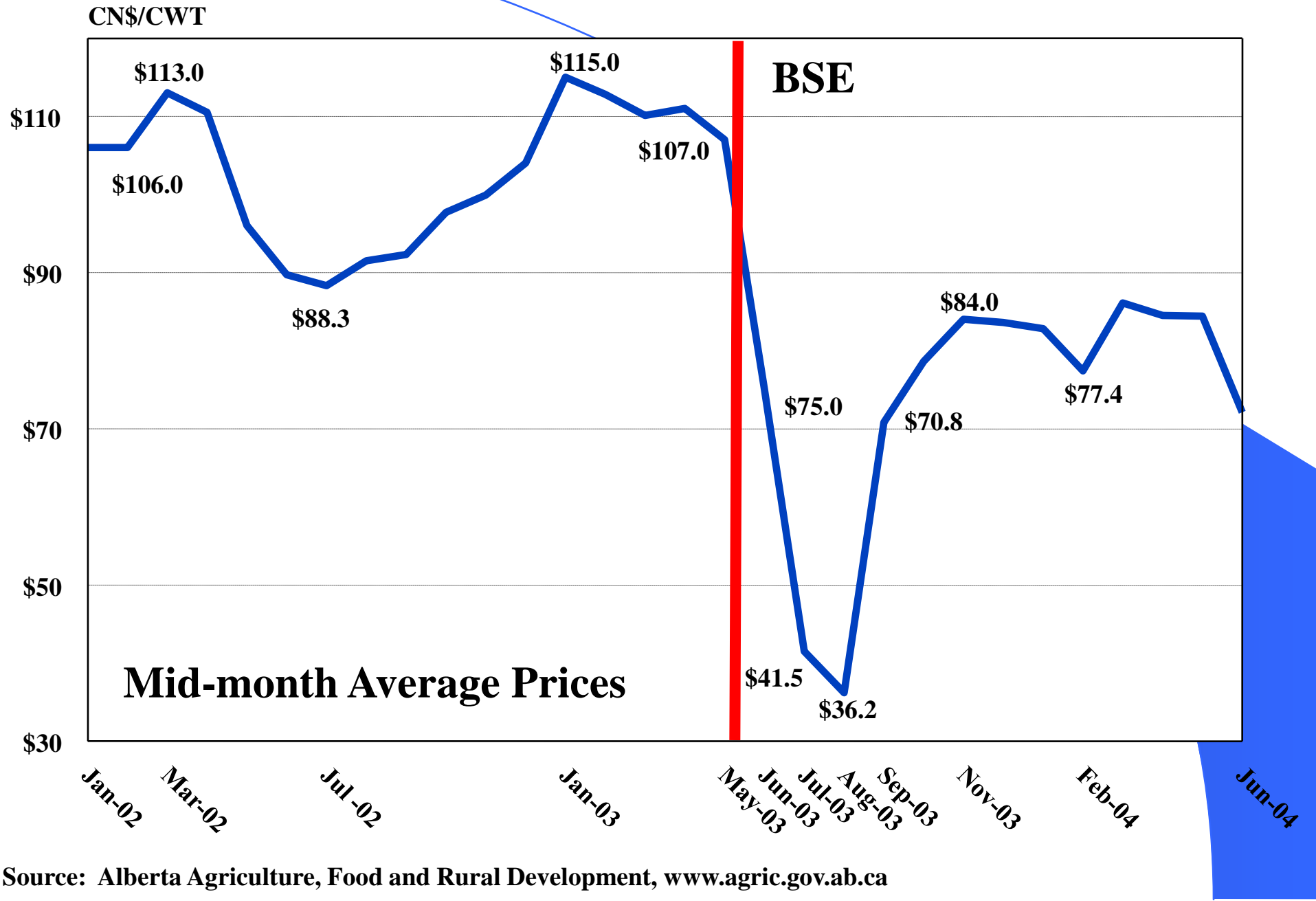
# Canadian Cattle Inventory

**Million Head, January 1**

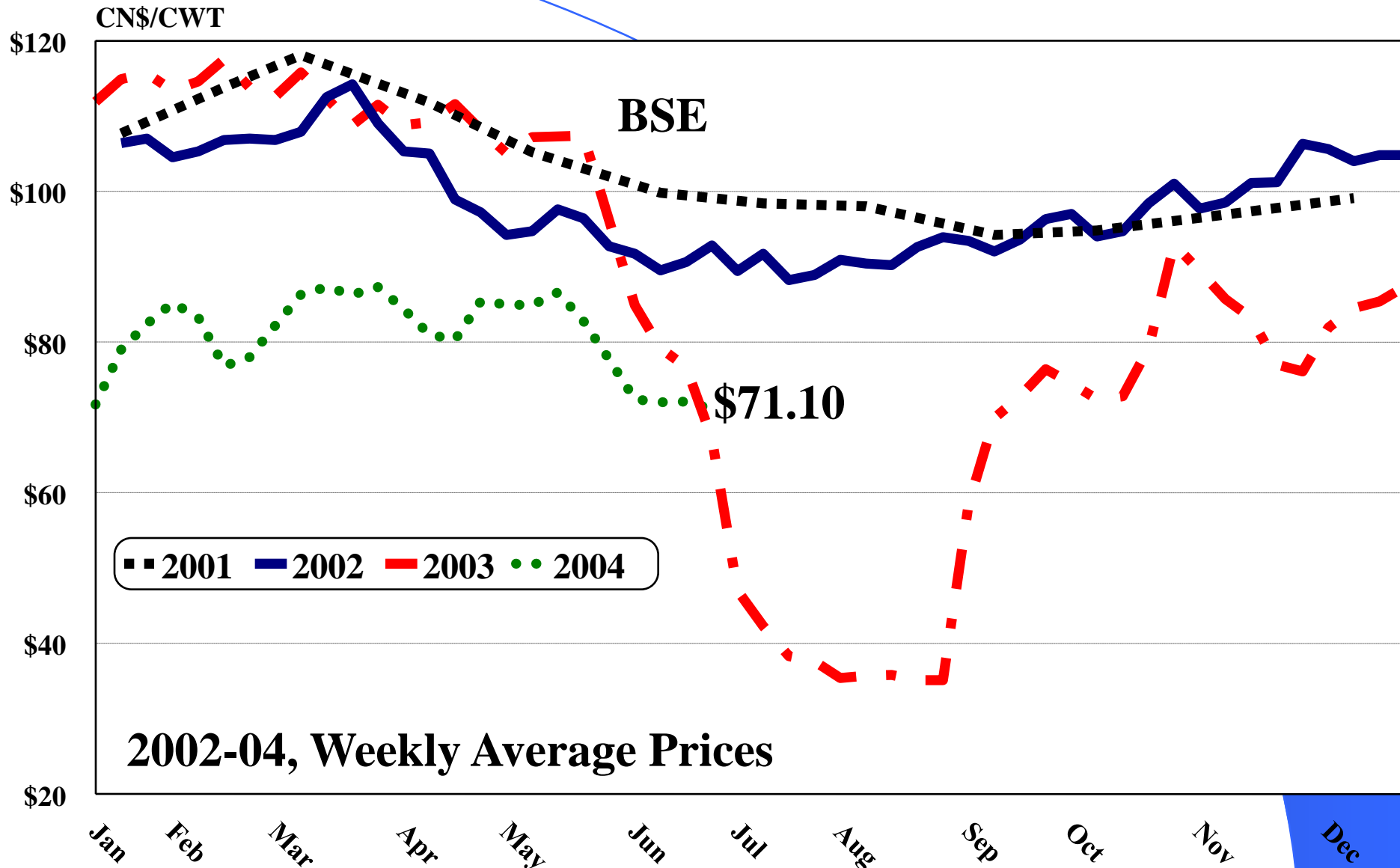




# Alberta Direct Sale Steer Prices

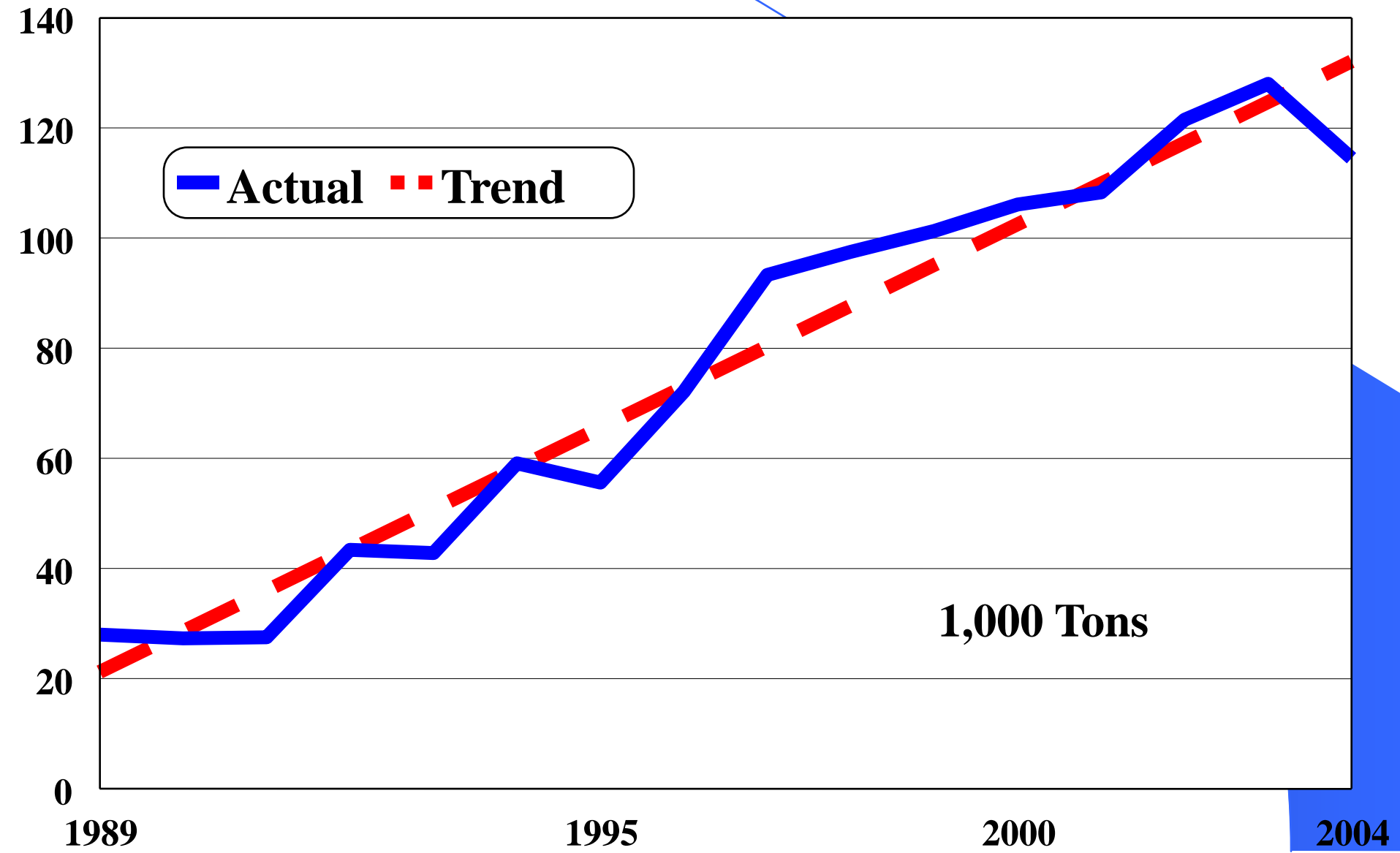


# Alberta Direct Sale Steer Prices



Source: Alberta Agriculture, Food and Rural Development, [www.agric.gov.ab.ca](http://www.agric.gov.ab.ca)  
2001 prices are monthly averages, source CANFAX calculated by LMIC.

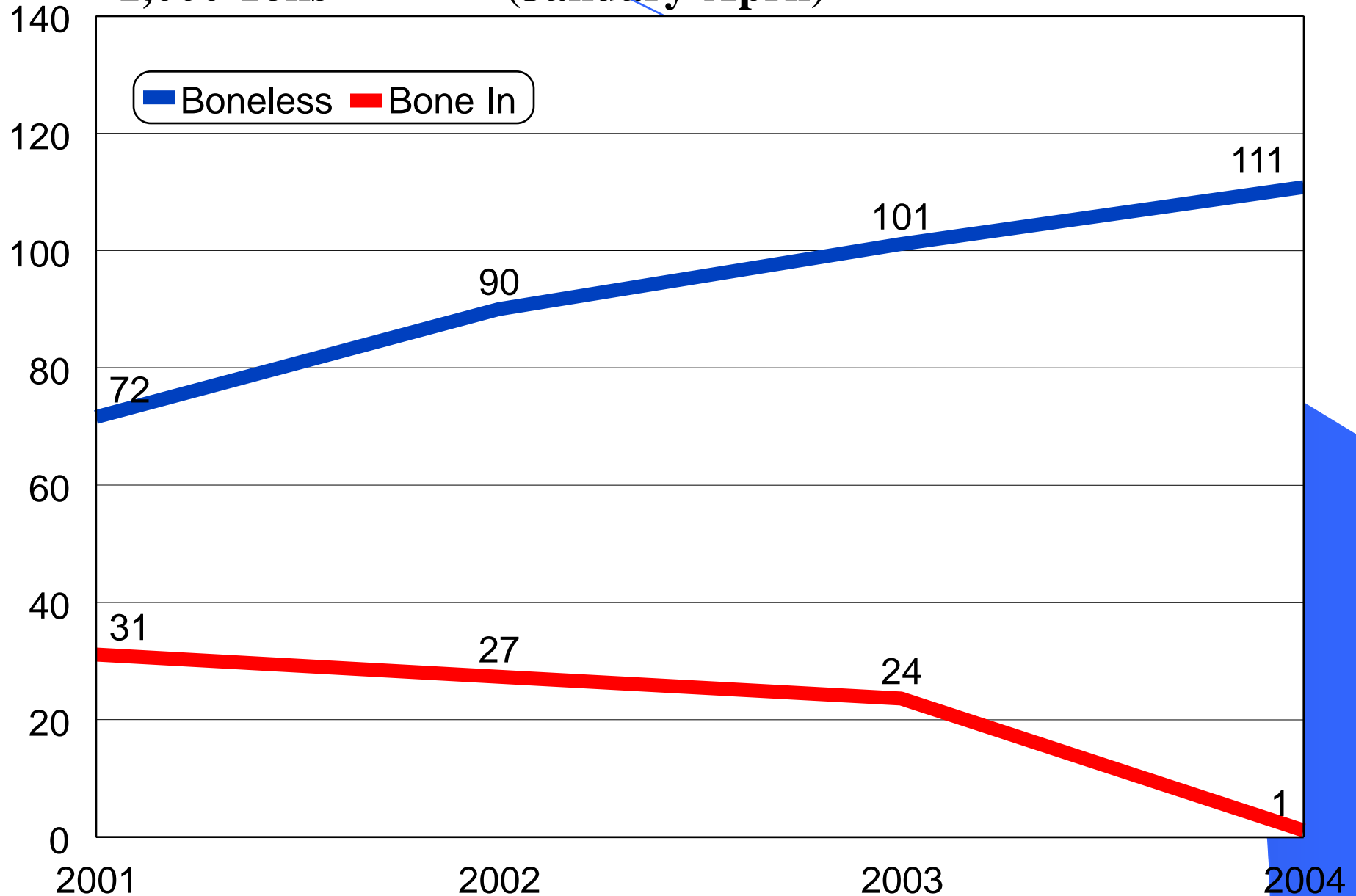
# Canadian Beef Exports to US Market, Jan-Apr 1989-2004



# Canadian Beef Exports to US Market

1,000 Tons

(January-April)



# Summary/Implications

- Strong Demand, Low Domestic Production, Limited Imports of Canadian Cattle
  - Record High U.S. Cattle Prices
- Uncertainty About Opening of U.S. Market to Canadian Cattle
- Canadian Herd Size Up 8.7% from 2003
- Prices Appear to Be Following Seasonally Normal Patterns
- How Will Canadian Producers Respond?

# Frankenfoods!

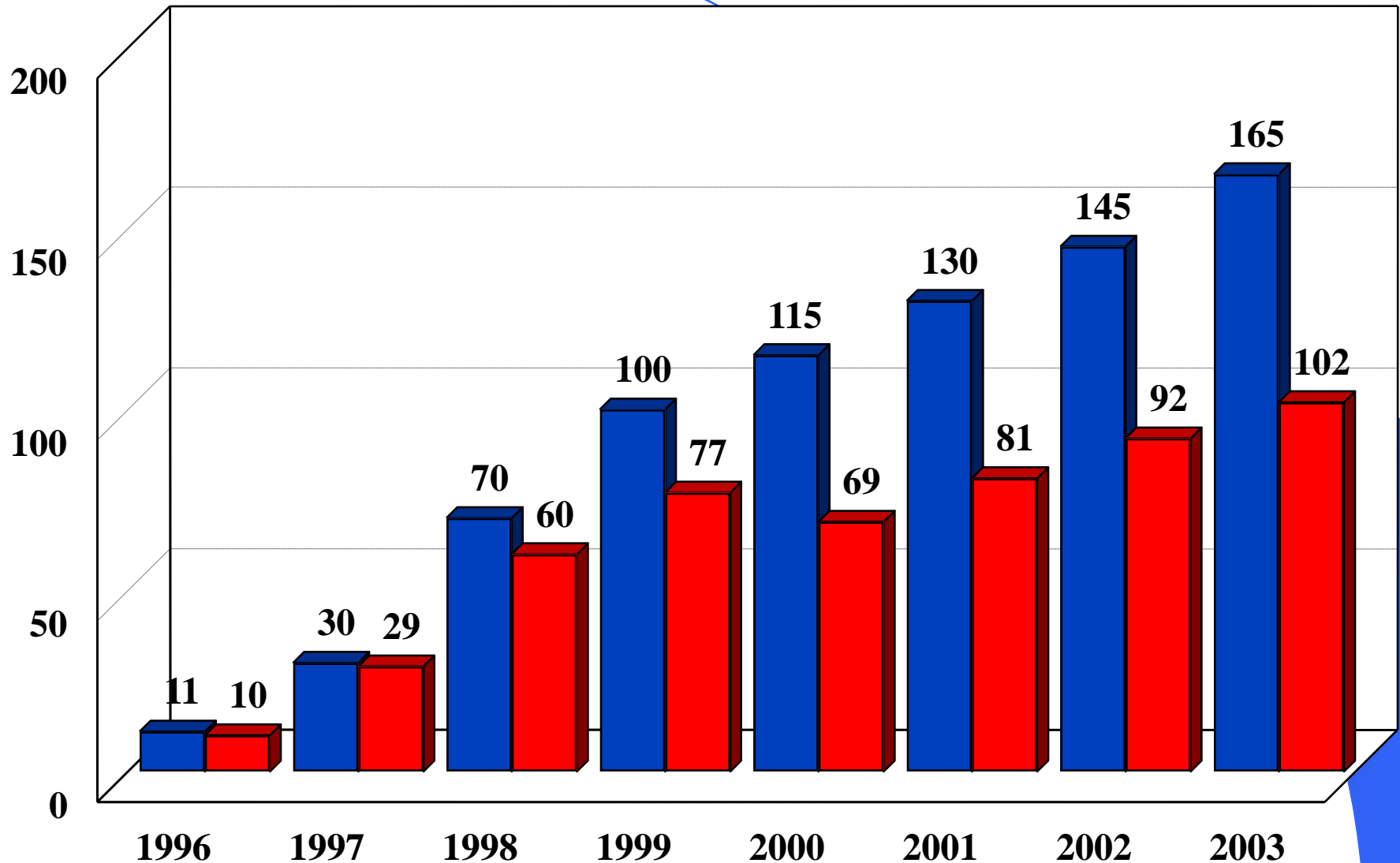


## Jumping Genes!



# GMO Crop Acres: World & U.S.

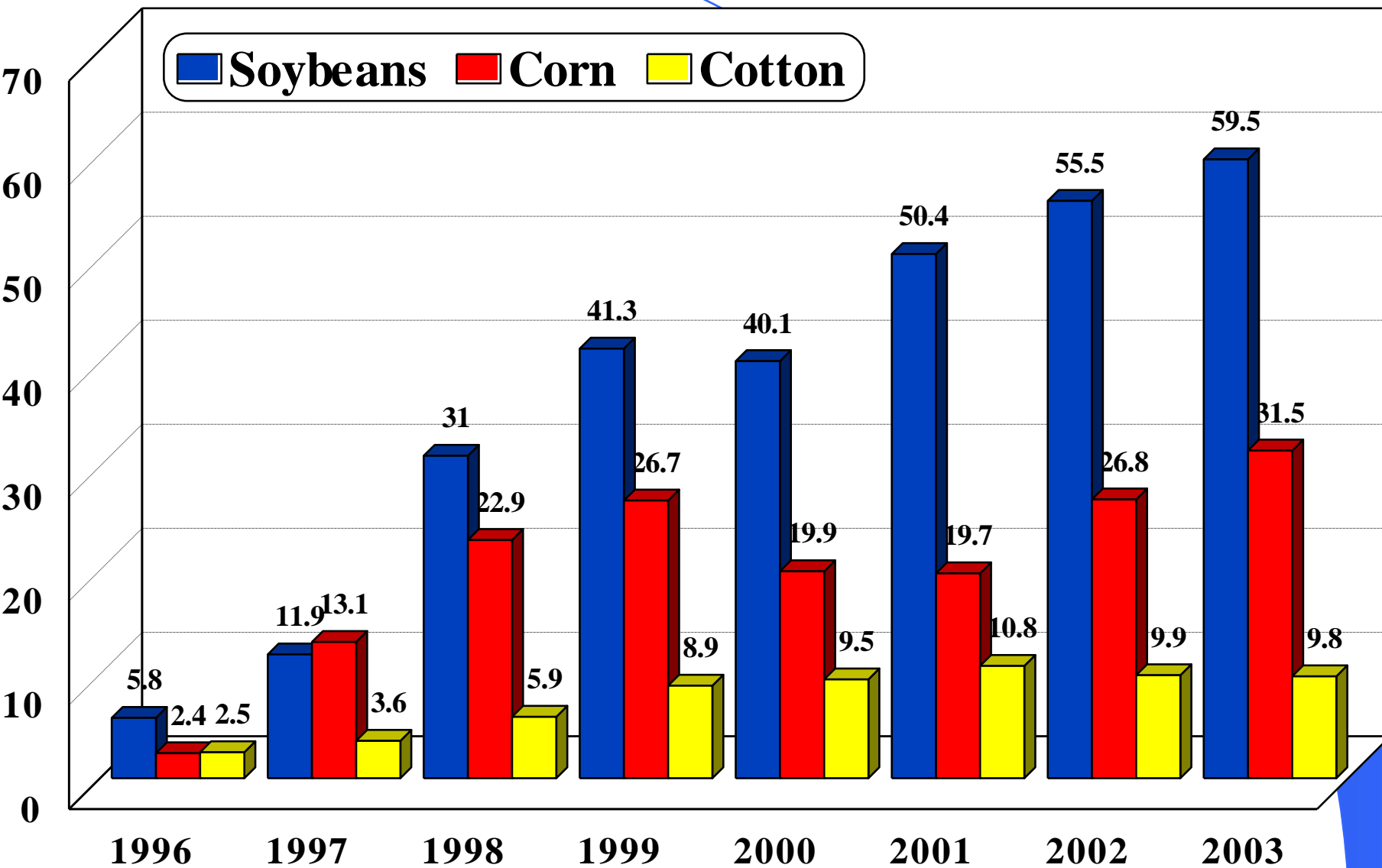
Million Acres



Source: Wall Street Journal, 4/16/04, and NASS and ERS, USDA

# US GMO Acres by Crop

Million Acres

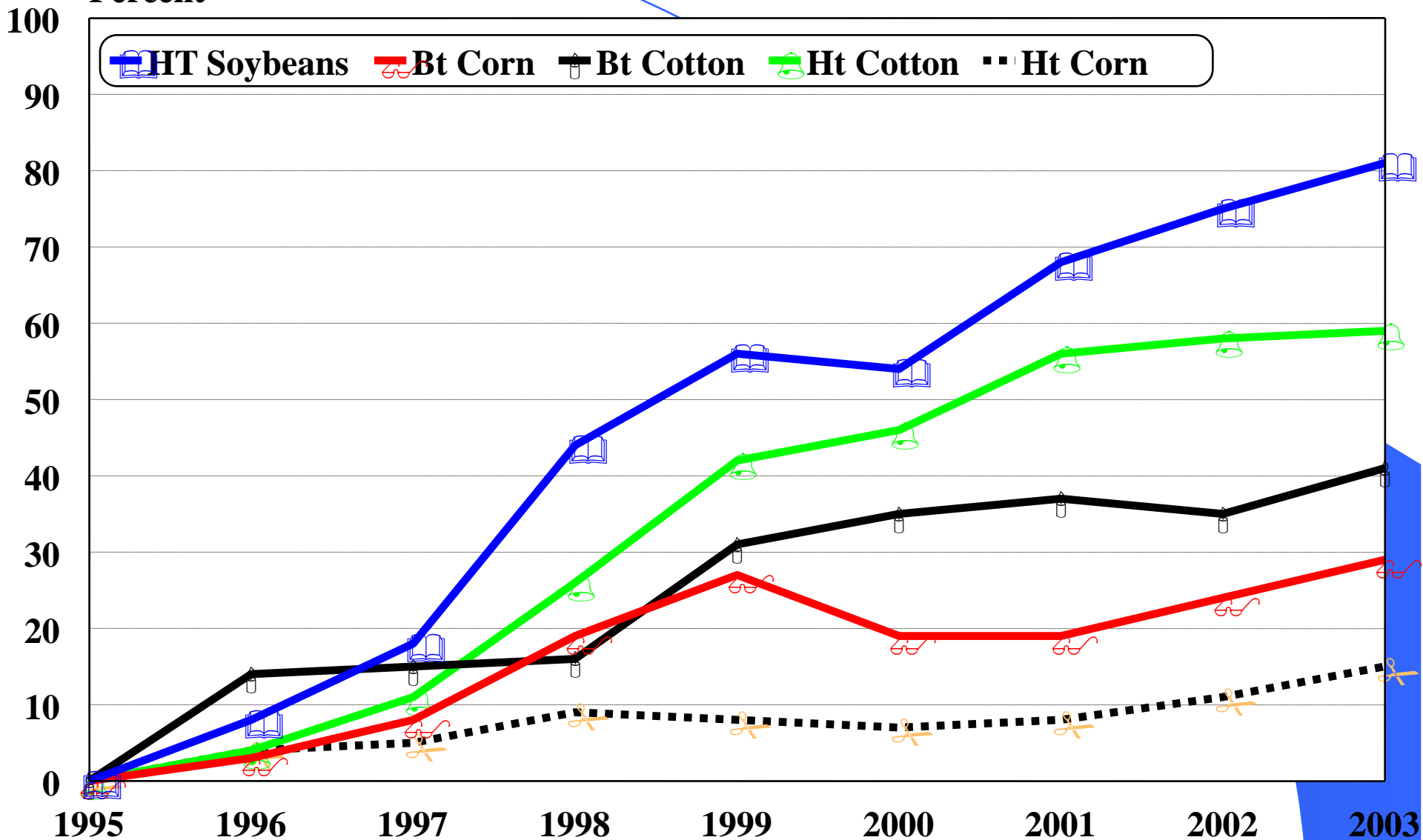


Source: NASS and ERS, USDA



# U.S. GMO Share of Acres by Crop

Percent



Source: ERS/USDA, April 2004

# United Nations Biosafety Protocol

- Cartagena Agreement): *Protect Biological Diversity*
- 87 Members (US Not Signatory)
- **Prior Notice of Exports to Recipient Countries**
- Liability Rules to Be Developed-Contamination
- **US Must Comply, Though Not Member**
- First International GMO Agreement
- Adopted January 2000, Effective September 11, 2003, GMO Rules Implemented March 2004

# European Union GMO Rules

April 18, 2004

- Allows for Informed Consumer Choice
- Moratorium on New Varieties Ended
- Warning Labels Required for Products Containing More than 0.9% GMO
- Distributors Need to Maintain Tracking of Products Containing GMOs
- **Not Certain if Feeds & Other Products Affected**
- **No Labels for Meat, Milk, Eggs**
- Greenpeace Opposes New Rules
- **10 New Countries Enter EU May 2004**

# Other Major Developments

- Brazil Develops New GM Soybean
- China Approves Permanent GMO Certificates for Corn, Cotton, Soybeans
- Australia & Argentina Rapidly Adopting GMOs
- Monsanto Announces It Will Not Continue to Develop Wheat GMOs
- France Announces 8 Trial Sites for GMO Crops

# **Bioterrorism Act 2002**

## **Food & Drug Administration**

### **● Registration**

#### **— What's a Farm?**

- a facility in one general physical location devoted to the growing and harvesting of crops for food and/or the raising of animals for food (including seafood)**

#### **— Farms Are Generally Exempt from Registration- But, Some Confusion**

### **● Prior Notice**

- FDA Prior Notice Rule (Before Arrival): 2 Hrs. if Road, 4 Hrs. if Air or Rail, 8 Hrs. if Water**

### **● *Current Regulations Include Live Animals***

# Foreign Facilities— Register or Exempt?

- **Register:**

- Manufacturing/processing a finished food product
- Packing or holding a food product or food ingredient

- **Exempt:**

- Manufacturing/processing a food ingredient that is subsequently further manufactured/processed outside the U.S.

- ***Full Enforcement Begins August 13, 2004***

# **FDA Contacts**

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Change”*

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