

Daily Livestock Report

E-Livestock Volume	26-Mar	25-Mar	19-Mar
LE (E-Live Cattle):	13,684	11,780	19,489
GF (E-Feeder Cattle):	1,269	2,451	1,797
HE (E-Lean Hogs):	14,637	8,593	15,283

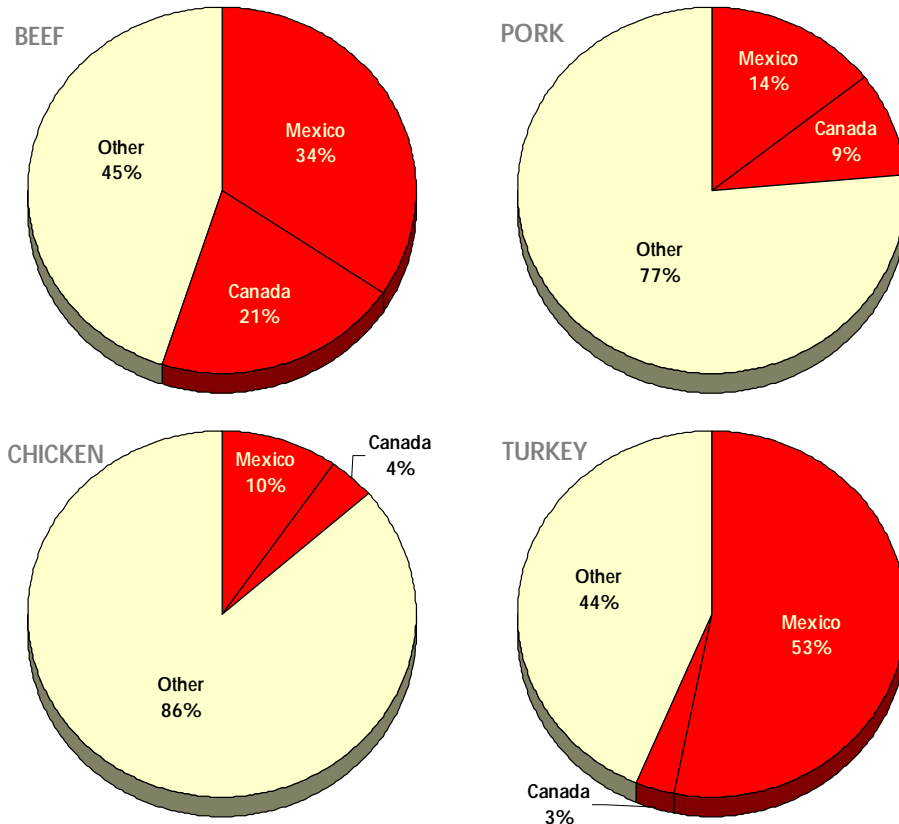
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Market Comments

US, Mexican and Canadian officials are finding it ever more difficult to cope with the rising tensions on a number of trade issues. Our neighbors to the north are frustrated by the negative economic impact of the Country of Origin Labeling law (COOL), which came into effect last week. While the final rule seemed to provide more leeway with regard to handling product that was of mixed origin, the matter has been muddled by the implied threat that USDA could at some future point re-open the issue if US packers did not 'voluntarily' adopt more explicit labels than those proscribed by the final rule. Smithfield Foods, the largest US pork packer, announced this week that starting in April 2009, its buyers would stop purchasing hogs of Canadian origin. Other US packers could follow suit, leading to a two tiered market and significant discounts for Canadian product. Canadian authorities are clearly paying attention and the Canadian Agriculture Minister was reported to have said that "Canada's World Trade Organization (WTO) challenge of U.S. COOL, a challenge that was suspended when the COOL interim rule was published, is "idling at the curb, ready to go." (USDA GAIN Report, 3/20). Mexican officials, on the other hand, already have lodged a complaint with WTO over COOL and their anger boiled over last week as the US shut down a pilot program that allowed long haul Mexican trucks to operate in the US. Mexico immediately announced that it would impose tariffs on about 90 US agricultural and manufactured products. According to news reports, the tariffs would not affect meat products.

It would be hard to overstate the importance of the Canadian and Mexican markets to US meat trade. As the charts to the left show, trade with Mexico and Canada accounted for more than half of all US beef and turkey shipments in 2008. It also accounted for about 23% of the 4.7 billion pounds of pork and 14% of the 7 billion pounds of chicken the US exported last year. Overall, US red meat and poultry exports to Mexico and Canada accounted for about a quarter of the 14.2 billion pounds exported in 2008. Growth in exports to Mexico and Canada has accounted for about 30% of the overall increase in US red meat and poultry exports since 2000. The US has in the past decade become the biggest meat exporter in the world. It has accomplished this, in part thanks to the openness and tariff free trade in the Canadian and Mexican markets. Let's hope it continues to stay that way.

SHARE OF US BEEF, PORK AND POULTRY EXPORTS TO MEXICO & CANADA



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