



USTR 2014 National Trade Estimate Report

US Trade Representative Michael Froman submitted the 2014 National Trade Estimate (NTE) report to Congress on March 31, 2014 covering trade concerns and barriers to US trade and investment faced in the previous year. Among the issues covered in the report, several concern poultry.

Canada maintains tariffs and tariff rate quotas (TRQs) on poultry tariff lines with any US imports above these quota levels being subject to prohibitively high tariffs. The TRQs are regulated under Canada's supply management system limiting the US from increasing exports. The US continues to monitor the situation with Mexico as administrative processes are stalled. A final determination was issued on an antidumping investigation on US fresh, chilled, and frozen chicken leg quarters (CLQ) in August 2012 with final dumping margins from 25.7%-127.5% determined. But antidumping duties (AD) were not imposed due to outbreaks of highly pathogenic avian influenza (HPAI).

Under CAFTA-DR, 50%-68% of agricultural goods became duty free upon implementation. All other remaining tariffs are to be eliminated by 2020 with the exception of CLQs, which will be duty free in Costa Rica in 2022, Dominican Republic in 2025, and El Salvador, Guatemala, Honduras, and Nicaragua in 2023. TRQs for certain items will permit some duty free access for specified quantities during the phase out period.

About 70% of US agricultural exports to Colombia became duty free upon implementation of the CTPA with remaining tariffs to be phased out within 10 years. Poultry products are included with zero duty TRQs on poultry parts. The 1st round of tariff reductions took place in May 2012 with subsequent reductions each January. The TRQs permit duty free access for specified quantities of poultry with duty free amounts increasing during its tariff phase out period. Ecuador applies variable import duties on US chicken meat imports in accordance to the Andean Price Ban System (APBS), which has yet to be phased out after its WTO membership, as well as TRQs established on frozen turkeys. Ecuador pursued import substitution policies on chicken and turkey resulting in the establishment of a non-automatic import licensing regime in March 2013.

The US-Panama Trade Promotion Agreement (TPA) provided for the immediate duty free treatment of poultry and poultry products and other processed products. Tariffs on more sensitive items such as CLQs will be phased out over 15-20 years unlike other goods (5-12 years). CLQs require an Export Trade Certificate of Review issued through the Board of the Panama Poultry Export Quota Inc., which is required after an open auction for CLQs. Paraguay requires non-automatic import licenses on poultry. Obtaining a license requires review by the Ministry of Industry and Commerce.

Angola has delayed reducing tariffs under the 2003 South African Development Community (SADC) Protocol on Trade. A new tariff schedule, effective January 2014, left US chicken meat imports, the bulk of US food shipments, unchanged. Ghana administers a common external tariff (CET), which includes a 35% duty on poultry. Also, Ghana has bound all agricultural tariffs in the WTO at an average of 97.2%. Poultry imports are required to have certificates and permits for which a quantity limit is imposed. Egypt increased tariffs on non-essential goods with tariffs ranging from 20%-30% on many processed and high-value food products including poultry meat. Nigeria maintains bans on imports of bird's eggs; live poultry; fresh, frozen, and cooked poultry; and poultry products citing concerns about SPS and food safety issues, as well as its need to protect local production.

South Africa increased import duties on whole chickens to the maximum bound rate (82%) as well as increases on other poultry products (2013). AD duties have been applied to US imports of frozen bone-in chicken pieces for 13 years. With South Africa's existing and potential preferential trade agreements and increased duties US exports are at a significant disadvantage.

China continues to pursue antidumping and countervailing duty investigations and imposing duties on US poultry despite the WTO ruling China had failed to abide by WTO disciplines when imposing the duties. In 2013, China implemented questionable SPS (sanitary and phytosanitary) measures on poultry resulting in stagnant US export growth. The US persists in urging China to lift state level restrictions on US poultry products.

Indonesia has new import regulations on imports of poultry and poultry products allowing for imports with proper permits. However Indonesia does not issue import permits for poultry and poultry products resulting in a ban on these items. Consequently, the US requested the establishment of a WTO dispute settlement panel (April 2013). New Zealand joined the dispute in August 2013 and consultations were held in September 2013.

Kazakhstan's agricultural policies on domestic support, export subsidies, and TRQs on poultry exports continue to be an issue. In obligation to the Customs Union (CU), Kazakhstan instituted TRQs on poultry imports (2010) raising concerns about calculation, allocation, and release. Revised in-quota quantities for poultry were established in December 2012. TRQ levels and allocations are expected to be unchanged in 2014. New suppliers are allocated 10% of the TRQ.

Malaysia maintains TRQs for 17 tariff lines including live poultry and poultry meat, which incur in-quota duties between 10%-25% and out-of-quota duties as high as 40%-168%. Importers in Oman are required to register with the Ministry of Commerce and Industry, while imports of poultry and poultry products require a special license. Qatar requires a bill of lading, certificate of origin, invoice, packing lists, import license, health certificate, and halal slaughter certificate issued by an approved Islamic authority. Poultry shipments without proper, authenticated documentation face rejection and return.

The Philippines bound all agricultural tariffs in WTO prohibiting tariff rate increases above this level without offering tariff compensation. High in-quota tariffs under the TRQ program (MAV) significantly constrain US exports. In-quota tariffs on poultry are one of the highest at 40%. A price-based special safeguard is also maintained and applied on chicken imports.

Taiwan maintains Special Safeguards (SSGs) on agricultural products covered by TRQs, including poultry meat, which are permitted under WTO. TRQs on chicken meat and poultry offal were eliminated in January 2005; however the US continues to seek reduction and elimination of tariffs on other items. The UAE Cabinet approved the addition of 12 commodities to the previous 15 to be sold without a local agent for livestock and eggs, which would otherwise require the employment of a local agent by foreign firms in order to distribute product. The high tariffs are an obstacle for US poultry exports to Thailand, who has bound all tariffs on agricultural goods in the WTO. Agricultural tariffs are bound at an average of 39.9% ad valorem. However ad valorem tariffs can be as high as 80% and even higher on agricultural products, especially poultry imports, which compete with local production.

Ukraine requires import licenses for poultry and poultry products, which are reviewed and amended annually by the Cabinet of Ministers. Permits must be obtained to receive import licenses from the Ministry of Economic Development and Trade, as well as approval from Ukraine's State Veterinary and Phytosanitary Service. Importers can request foreign facilities be certified in compliance with Ukraine's technical regulations to receive a certificate of conformity for 2-3 years and avoid the delays and challenges of certifying shipments and testing.

Vietnam maintains quantitative restrictions and import licenses on eggs with TRQ regimes, one of many nontariff barriers imposed despite trade agreements and WTO membership. *Source: Office of the US Trade Representative, "2014 National Trade Estimate Report on Foreign Trade Barriers", March 31, 2014*

INSPECTED EGG PRODUCTS-U.S. & CANADA IMPORT/EXPORT TRADE

U.S. Exports to Canada, in Pounds (000) (Preliminary)

Type	Year-To-Date*			2013
	2014	2013 /1	2014 /2	
Liquid	0	0	4,228	904
Frozen	0	0	39	40
Dried	40	0	274	159
Total	40	0	4,541	1,103

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Type	Year-To-Date*			2013
	2014	2013 /1	2014 /2	
Liquid	100	128	4,356	4,794
Frozen	0	8	932	803
Dried	0	0	155	0
Total	100	136	5,443	5,597

INSPECTED SHELL EGGS

U.S Exports to Canada, In 30-Dozen Cases (Preliminary)

	Year-To-Date*			2013
	2014	2013 /1	2014 /2	
Jumbo	0	0	0	0
Extra Large	3,270	4,980	106,366	65,736
Large	14,940	6,185	207,461	132,265
Medium	900	750	12,492	18,195
Ungraded	19,780	5,130	550,335	166,210
Misc	2,280	0	31,640	0
Total	41,170	17,045	908,294	382,406

/1 Comparable Week, to-date figures may not total due to rounding.

/2 Includes revisions to previous week(s)

*Note: Year to-date totals reflect comparable time periods.

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

U.S./CANADIAN LIVE POULTRY SLAUGHTERED UNDER INSPECTION

Week Ending Jul 26, 2014 (Preliminary)

	U.S. Fowl Slaughtered Domestically		Total Hens
	Light Hens	Heavy Hens	
	-----Thousands-----		
Head	1,208	1,709	2,917
Last Week	958	1,760	2,718
Same week yr ago	1,548	1,683	3,231
To-date/2014*	44,365	44,663	89,028
To-date/2013*	46,684	43,442	90,126

	U.S. Fowl Slaughtered in Canada		Total Hens
	Light Hens	Heavy Hens	
	-----Thousands-----		
Head	404	0	404
Last Week	368	0	368
Same week yr ago	399	0	399
To-date/2014*	11,129	0	11,129
To-date/2013*	10,706	0	10,706

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

	Total U.S. Fowl Slaughtered in the U.S. and Canada		Total Hens
	Light Hens	Heavy Hens	
	-----Thousands-----		
Head	1,612	1,709	3,321
Last Week	1,326	1,760	3,086
Same week yr ago	1,947	1,683	3,630
To-date/2014*	55,494	44,663	100,157
To-date/2013*	57,390	43,442	100,832

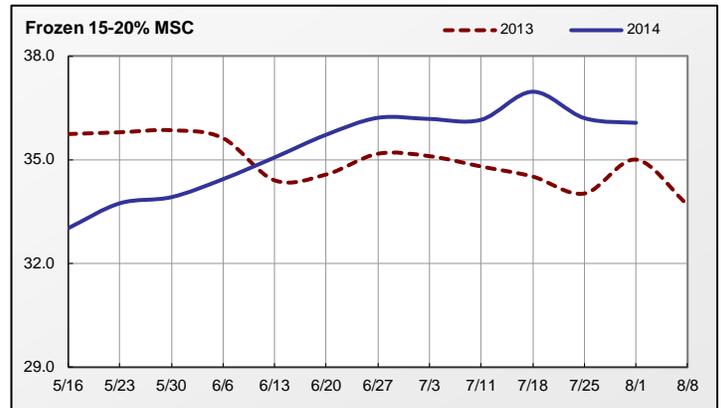
*Note: Year to-date totals reflect comparable time periods.

NATIONAL MECHANICALLY SEPARATED CHICKEN (F.O.B. Shipper Dock or equivalent; negotiated prices in trucklot and less-than-trucklot volumes reported in thousand pound quantities, cents/pound; delivery within 2 weeks.)

MSC prices are steady to weak on all fat contents. Domestic and export demand is mostly moderate; Mexico is moderate. Supplies are moderate to available. Spot MSC is available with fresh product clearing more quickly than frozen in comparison on the marketplace. Industry players are monitoring the spot marketplace closely watching for any new developments domestically and with Mexico. Market activity is slow to moderate. Supplies of raw materials are generally moderate. Frames are steady with trading levels between 12.5-15.25 cents FOB, mostly 13-14 cents FOB.

Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

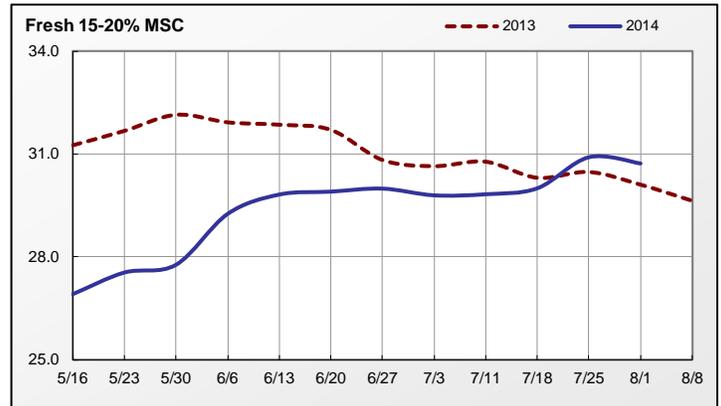
Fat Content	Frozen			Fresh		
	1-Aug-14	Last Week	Last Year	1-Aug-14	Last Week	Last Year
15% or Less						
Price Range		-	-	33.00	33.00	32.00-33.00
Wtd Avg Price	32.00	-	-	33.00	33.00	32.67
Volume Traded	40	-	-	82	102	61
Volume Exported	-	-	-	-	-	-
15-20%						
Price Range	32.00 - 39.00	32.00 - 39.00	32.00-37.00	26.00 - 34.00	26.00 - 34.00	27.00-34.00
Wtd Avg Price	36.07	36.21	34.52	30.73	30.91	30.31
Volume Traded	1,715	2,225	1,315	3,401	4,366	3,438
Volume Exported	1,390	2,105	1,315	626	1,346	163
20% or More						
Price Range	-	-	-	24.00	24.00	22.00
Wtd Avg Price	-	-	-	24.00	24.00	22.00
Volume Traded	-	-	-	82	122	82
Volume Exported	-	-	-	-	-	-



Monthly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

Fat Content	Frozen			Fresh		
	Jul 2014	Jun 2014	Jul 2013	Jul 2014	Jun 2014	Jul 2013
15% or Less						
Wtd Avg Price	32.00	32.00	34.00	32.00	30.16	32.65
Volume Traded	120	120	40	285	653	775
Volume Exported	-	-	-	-	-	-
15-20%						
Wtd Avg Price	36.37	35.41	34.61	30.22	29.73	30.56
Volume Traded	7,395	7,573	5,020	13,847	15,422	12,301
Volume Exported	6,975	7,453	4,740	2,448	3,672	1,142
20% or More						
Wtd Avg Price	-	-	-	24.75	25.00	22.00
Volume Traded	-	-	-	326	245	245
Volume Exported	-	-	-	-	-	-

Note: Volume exported refers to that portion of the total volume that is destined for export markets.



Source: USDA AMS Livestock, Poultry & Grain Market News (www.ams.usda.gov/lpsmarketnews)

NATIONAL YOUNG TURKEY PARTS

INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 01 AUGUST 2014.

The market on bulk parts steady. Demand and offerings light to moderate. White meat and white trims market was steady. Demand and offerings light to moderate. The thigh meat market steady. Demand and offerings light to moderate. Trading for parts was slow. For domestic: fresh tom full-cut wings 70 cents, fresh tom necks 65 cents, frozen tails 58 cents, fresh wing meat 134 cents, frozen grade A breast non basted 20-22 lbs. 220 cents and 12-16 lbs. 211 cents delivered.

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
FRIDAY, AUGUST 01, 2014						
DRUMSTICKS, TOMS	101.00		101.00	108	107.90	348
WINGS FULL-CUT - TOMS		T	64.00	54	71.35	294
WINGS, V-TYPE, TOM		T	70.00	432	70.00	432
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	179.00	40	179.00	40
THURSDAY, JULY 31, 2014						
DRUMSTICKS, TOMS		T	111.00	240		
WINGS FULL-CUT - TOMS		T	64.00	54		
WINGS, V-TYPE, TOM		T	70.00	432		
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	179.00	40		
WEDNESDAY, JULY 30, 2014						
DRUMSTICKS, TOMS		T	111.00	240		
WINGS FULL-CUT - TOMS		T	64.00	54		
WINGS, V-TYPE, TOM		T	70.00	432		
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	179.00	40		
TUESDAY, JULY 29, 2014						
DRUMSTICKS, TOMS	111.00		111.00	240		
WINGS FULL-CUT - TOMS	64.00		64.00	54		
WINGS, V-TYPE, TOM	70.00		70.00	432		
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	179.00		179.00	40		
MONDAY, JULY 28, 2014						
DRUMSTICKS, TOMS		M	106.00	486		
WINGS FULL-CUT - TOMS	73.00		73.00	240		
WINGS, V-TYPE, TOM						
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		M	51.00	90		
		M	178.00	42		

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.):

M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ 15-20% fat with skin added.