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Docket Clerk  
U.S. Department of Agriculture  
Food Safety and Inspection Service  
Room 102 Cotton Annex  
300 12th Street, SW  
Washington, DC 20250

Ref.: 02-019P  
Addition of Chile to the List of Countries Eligible To Export Meat and Meat Products  
to the United States

Dear Sir or Madam:

On behalf of the Chilean-American Chamber of Commerce (AmCham Chile), I express our full support for the addition of Chile to the list of countries eligible to export meat and meat products to the United States.

AmCham Chile represents over 600 companies engaged in business between Chile and the U.S., of which over 250 are U.S. companies. In addition, the organization represents 85% of U.S. investment in Chile. The authorization of Chile to export meat to the U.S. follows in the same line as our mission, of promoting free trade and investment between Chile and the U.S., being the effective voice of the members, and facilitating related services.

We support the authorization and consider that it will be positive for the private sectors and governments of both countries for the following reasons:

1. It follows in the spirit of our international agreements.

This Proposed Rule is in the spirit of the U.S. Chile Free Trade Agreement (FTA) which is certain to boost the economies of both countries, and would comply with the United States' commitment to expand international markets and enhance the free flow of trade with Chile as required under WTO provisions.

The FTA established the opening of the U.S. market to Chilean meat. It grants duty free access for Chilean pork and lamb meat beginning January 1, 2004. It grants a quota of duty-free entry for Chilean beef during the first 3 years of the Agreement, permitting all shipments to enter the U.S. duty-free in January 1, 2007.

2. It sets a further standard for the deepening of trade relationships and integration in the Americas.

The United States government has completed negotiations or is currently in negotiations for Free Trade Agreements with 11 countries in Latin America and the Caribbean. Removing sanitary, phytosanitary and other technical barriers to trade will become ever more important as tariffs on goods are eliminated, in order to ensure a free flow of goods among countries in the hemisphere.

Approving the entrance of Chilean meat into the U.S. market demonstrates the U.S. government's commitment to engaging in significant reductions to trade barriers and resolving issues parallel to Free Trade Agreements, when countries meet adequate standards. Without the removal of these types of barriers, Free Trade Agreements do not reach their full potential.

3. Chile's inspection system and food safety procedures meet the requirements of the United States.

The U.S. Food Safety & Inspection Service (FSIS) has audited Chile's inspection system, regulated by the *Servicio Agrícola y Ganadero*, as well as several meat-packing plants, finding both the system and the plants to meet or exceed the sanitary and quality standards required by U.S. laws. The FSIS document review determined that the requirements contained in Chile's meat inspection laws and regulations are equivalent to all provisions in the Federal Meat Inspection Act.

Additionally, Chile's meat-packing plants are continually updating and upgrading their technology to comply with increasingly demanding world standards.

4. Chile's traceability systems meet U.S. requirements and International standards

Chile has shown its ability to meet, and in some cases exceed, the traceability needs of the U.S. inspection system and has also proven this capability internationally.

5. Chile has outstanding natural sanitary conditions.

Chile has outstanding sanitary conditions, being naturally free of BSE and foot and mouth disease as well all OIE A list diseases. This status helps to prevent risks for U.S. consumers and producers by importing disease free meat from a low risk country. The U.S. Animal and Plant Health Inspection Service has found no current evidence of animal disease of consequence in Chile.

Adding Chile to the list of authorized countries diversifies the U.S. import source base and will be helpful if the current source countries, or even the U.S., experience occurrences of animal disease(s).

6. The opening of this market poses no economic threat to the domestic industry.

Meat imports from Chile do not pose a threat to the domestic industry. Almost all of U.S. beef imports – 97% – are of medium-quality, low-fat content meat for use in grinding and further processing. The majority of beef produced in the U.S. is geared toward high-quality steaks and products that sell for a higher value, which require a different production process in terms of types of cattle farms and types of

feed, to meet U.S. consumers' demands for taste and tenderness. Therefore, imports tend not to be direct competitors with domestic production.

The projected quantity of meat imports from Chile does not pose a threat. The Economic Impact Analysis published in the proposed rule indicates that current U.S. meat imports total US\$ 4.2 billion (14 million metric tons) and should reach US\$ 5.1 billion (17 million metric tons) by 2011. The analysis projects that imports from Chile "would consist of an estimated 600 MT of ... beef valued at \$1.8 million; an estimated 500 MT of ... pork ... valued at \$2.65 million; and about 500 MT of lamb ... valued at \$1.5 million." It concludes that "listing Chile as eligible to export meat to the United States would therefore add a very small portion to total U.S. meat imports."

7. The opening of the market will provide opportunities for U.S. businesses.

The approval of Chilean meat opens up opportunities for U.S. investors. The U.S. is already the principal foreign investor in Chile, and the two countries have a positive and complimentary trade and investment relationship. On top of this close relationship, the U.S.-Chile FTA provides an enhanced legal framework for U.S. investors in Chile.

For example, many opportunities exist for U.S. companies. Feed, technological inputs, genetics, as well as joint ventures for U.S. investors are among the many economic possibilities that will emerge as a result of this new market access and trade liberalization. This can occur because of Chile's low risk sanitary conditions, low labor costs and stable economic and political environment.

8. Reciprocity: Chile's market is open to U.S. meat products.

Chile approved the U.S. meat inspection system and opened its market to U.S.-produced beef, pork and lamb in mid-2003.

Under the FTA, U.S. meat products have duty-free access to the Chilean market, according to the same scheme set out for Chilean meat under the conditions listed above.

We look forward to the opening of the U.S. market for Chilean meat products and further extending the economic ties between our two countries. Please do not hesitate to contact me with any questions, or concerns.

Sincerely,



Michael Grasty  
President  
AmCham Chile