CHAPTER 7

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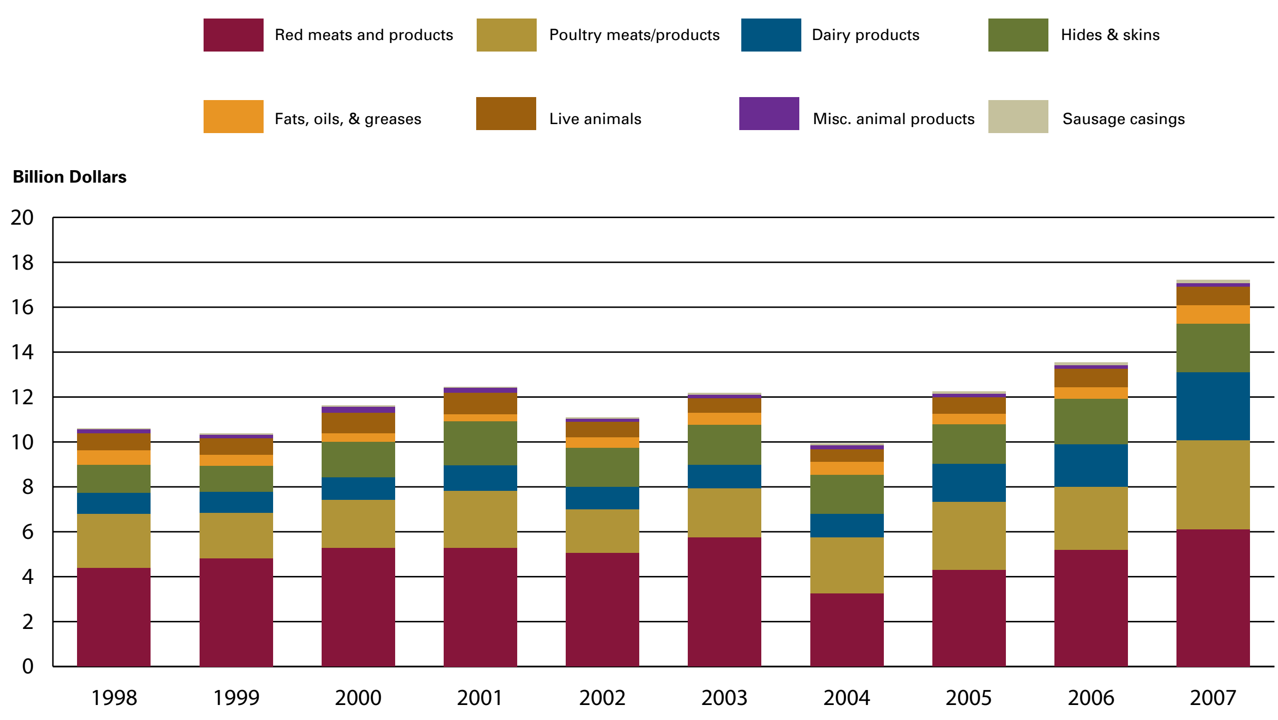
Animal Trade

The strong U.S. commitment to animal health enhances international trade opportunities for U.S. animals and animal products. Exports of animals and animal products reached $17.2 billion in 2007 (fig. 7.1). From 1998 to 2007, exports of red meat and red meat products made up approximately 30 percent of the total trade value of U.S. animals and animal products. Poultry products contributed about 20 percent of that total trade value over the same period, while dairy products and hides and skins each accounted for just over 10 percent. Throughout the 10-year period, Mexico, Canada, and Japan collectively provided markets for approximately half the value of U.S. animals and animal-product exports (fig. 7.2). From 2005 to 2007, China claimed a larger share of U.S. export values. The remaining major markets were Korea and Russia, where the total value of U.S. animal and animal-product trade fluctuated from 5 to 12 percent and 3 to 7 percent, respectively.

During the past decade, two trends emerged in U.S. animal and animal-product trade. Due to the 2004 detection of BSE in North American cattle, U.S. beef exports decreased sharply and have yet to fully recover their previous percentage of the total export value. The other trend is the strong increase in exports of U.S. pork, poultry, and dairy products, which reached record values in 2007, aided by the declining value of the U.S. dollar. Figure 7.3 summarizes the 2007 status of U.S. animal and animal-product export values by destination, emphasizing the dominant role of the North American and Asian markets in trade of pork, beef, poultry products, dairy products, hides, and skins.

FIGURE 7.1: Value of U.S. exports of live animals and products



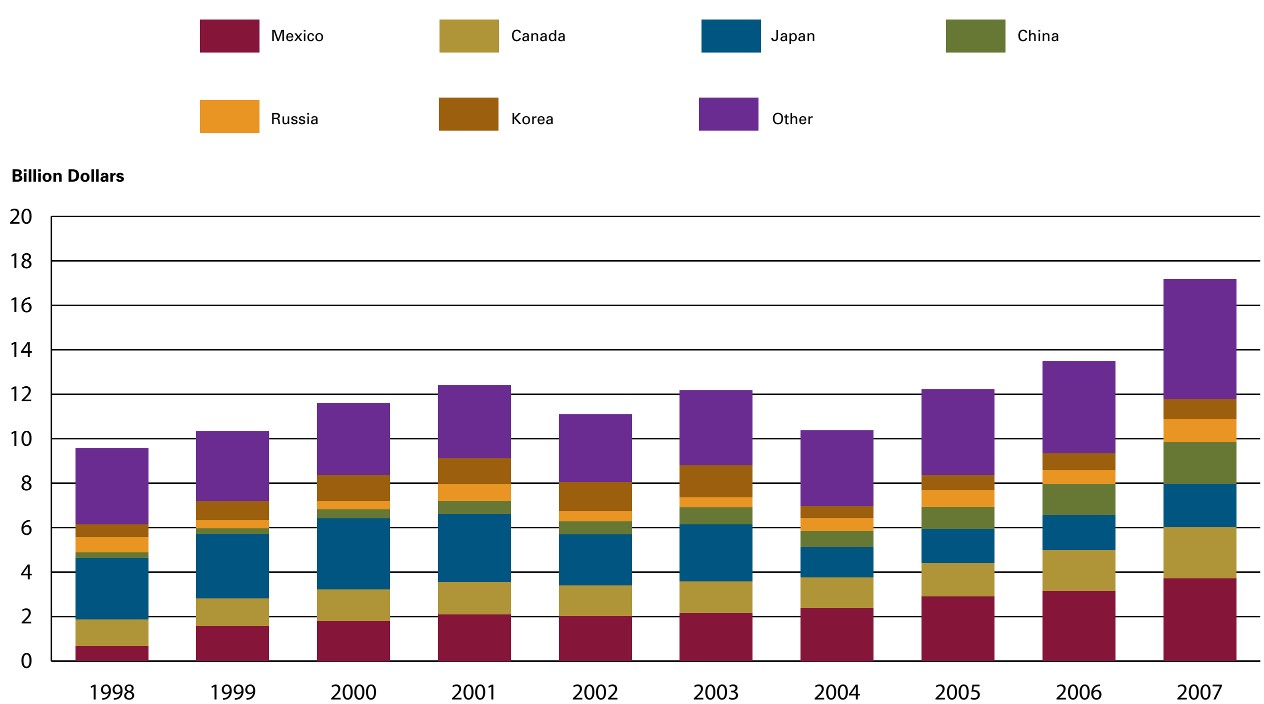
Source: Compiled from tariff and trade data provided by the U.S. Department of Commerce, the U.S. International Trade Commission, and USDA's Foreign Agricultural Service.

The value of U.S. imports of animals and animal products runs approximately 30 percent below the value of exports. However, as was true for exports, the value of imports increased over this period, rising from $6.9 billion in 1998 to $12.4 billion in 2007 (fig. 7.4). Imports of red meat and meat products, live animals, and dairy products totaled more than 85 percent of import values throughout the 10-year period. The origins of U.S. imports vary more than the destinations of U.S. exports. Canada, Australia, and New Zealand provided approximately two-thirds of the value of U.S. animal and animal-product imports (fig. 7.5). The 2003 BSE discovery in North America led to a sharp drop in U.S. imports from Canada of beef and beef products. These imports slowly recovered to previous levels by 2006. Imports from Mexico and China increased in value from 2003 through 2007. Italy and Denmark contributed fairly constant values to U.S. imports from 1998 to 2007. Canada and Oceanic (Australia and New Zealand) countries contributed the highest share of U.S. import values for beef, dairy products, and pork in 2007 (fig. 7.6).

Trade in live animals, semen, and embryos accounts for a relatively small share of U.S. trade in animals and animal products. During the past decade, this trade was characterized first by increasing levels of exports and imports from 1998 to 2001 and then by marked declines in imports and exports through 2004. This was due in part to the BSE discoveries in North America (figs. 7.7 and 7.8). After 2004, imports recovered and, by 2006, exceeded 2001 levels. Export recovery since 2001 has been slower.

The value of U.S. exports of live animals and germplasm rose from just over $750 million in 1998 to a peak of $957 million in 2001 (fig. 7.7). Export value then fell by more than 40 percent, to $563 million in 2004, before recovering to $816 million in 2007. Exports of live horses accounted for 40 percent or more of U.S. live animal and germplasm exports from 2004 through 2007, with values ranging from $293 million to $497 million annually. These exports accounted for much of the year-to-year variation in total trade value throughout this period.

FIGURE 7.2: Value of U.S. animal and animal-product exports by destination



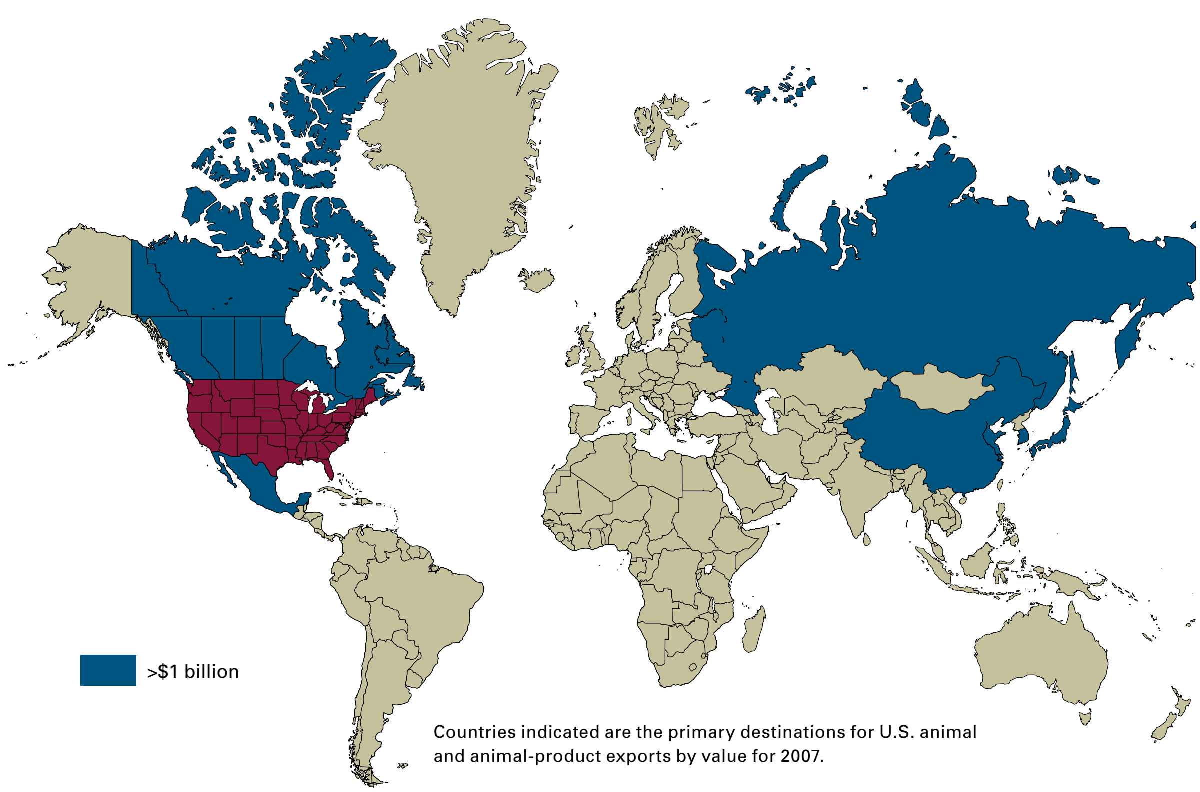
Source: Compiled from tariff and trade data provided by the U.S. Department of Commerce, the U.S. International Trade Commission, and USDA's Foreign Agricultural Service.

The exception is the value of bovine exports, which dwindled from a high of $272 million in 2000 to $3 million in 2004 because of BSE-related trade restrictions imposed by other countries. By 2007, these bovine export values recovered only slightly. Combined, broiler-chick exports and layer-chick exports accounted for a fairly steady export value of $100 million over the decade, with broiler chicks comprising the majority. The value of bovine semen exports remained fairly steady at roughly $60 million annually through 2005; the value of exports then rose to $72 million in 2006 and to $87 million in 2007. Swine exports also contributed approximately $25 million per year to the total value of live-animal and germplasm exports. The total value of exports of live sheep and goats and bovine embryos was $39 million in 1998 but declined to $17 million by 2007.

The pattern of destinations for U.S. live-animal and germplasm exports (fig. 7.9) has changed considerably during the past decade, with much greater variation compared to the pattern for import values (fig. 7.10). While Canada and Mexico claimed about 40 percent of the value of these exports from 1998 through 2002, their combined share dropped to approximately 20 percent by 2005. Over the 10-year period, Ireland, Japan, the United Arab Emirates, and France maintained fairly constant shares of U.S. export value—between 5 and 10 percent. The share of U.S. export value destined for Great Britain in 2005 and 2006 was approximately twice that of the previous 7 years, largely because of the drop in bovine exports to Canada and Mexico.

Imports of live animals and germplasm into the United States exceeded $1.5 billion in 1998 and reached over $3 billion in 2007 (fig. 7.8). Bovine imports, particularly slaughter cattle from Canada and feeder cattle from Mexico, accounted for more than half the value of these imports in all years, with the exception of the 3 years from 2003 to 2005. Swine imports, overwhelmingly from Canada, followed cattle in terms of value, increasing from $273 million in 1998 to $653 million in 2007. Imports of horses, mostly from Canada and European countries, contributed a fairly constant share to the value of U.S. live-animal and germplasm imports, fluctuating between $200 million and $400 million

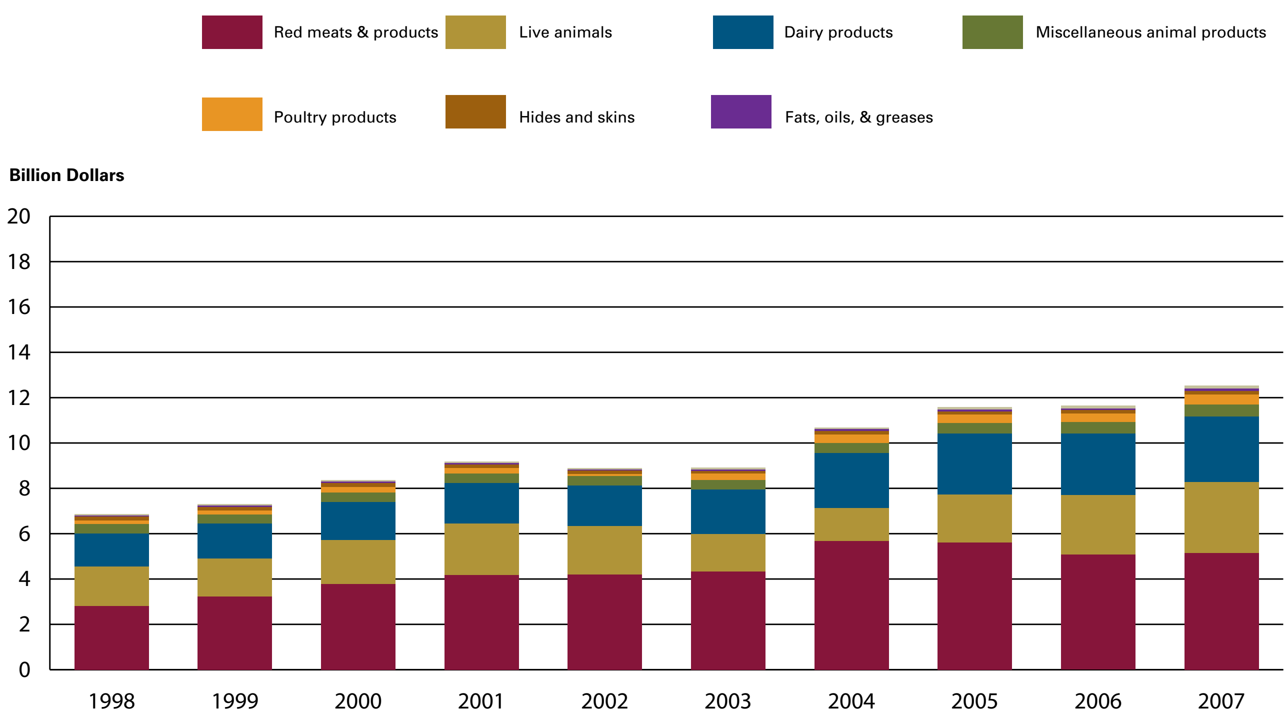
FIGURE 7.3: Primary destinations for U.S. animal and animal-product exports



over the 10-year period. Imports of bovine semen more than doubled in value, from $14 million in 1998 to $35 million in 2007, with Canada supplying approximately three-quarters of the imports. Live poultry imports, almost exclusively from Canada, increased from $19 million in 1998 to $32 million in 2007. Finally, imports of live sheep and goats grew in value from $6 million in 1998 to $13 million in 2002, before dropping below $0.1 million in 2007. Canada supplied more than 90 percent of the live sheep and goat imports to the United States in all but 3 of the 10 years.

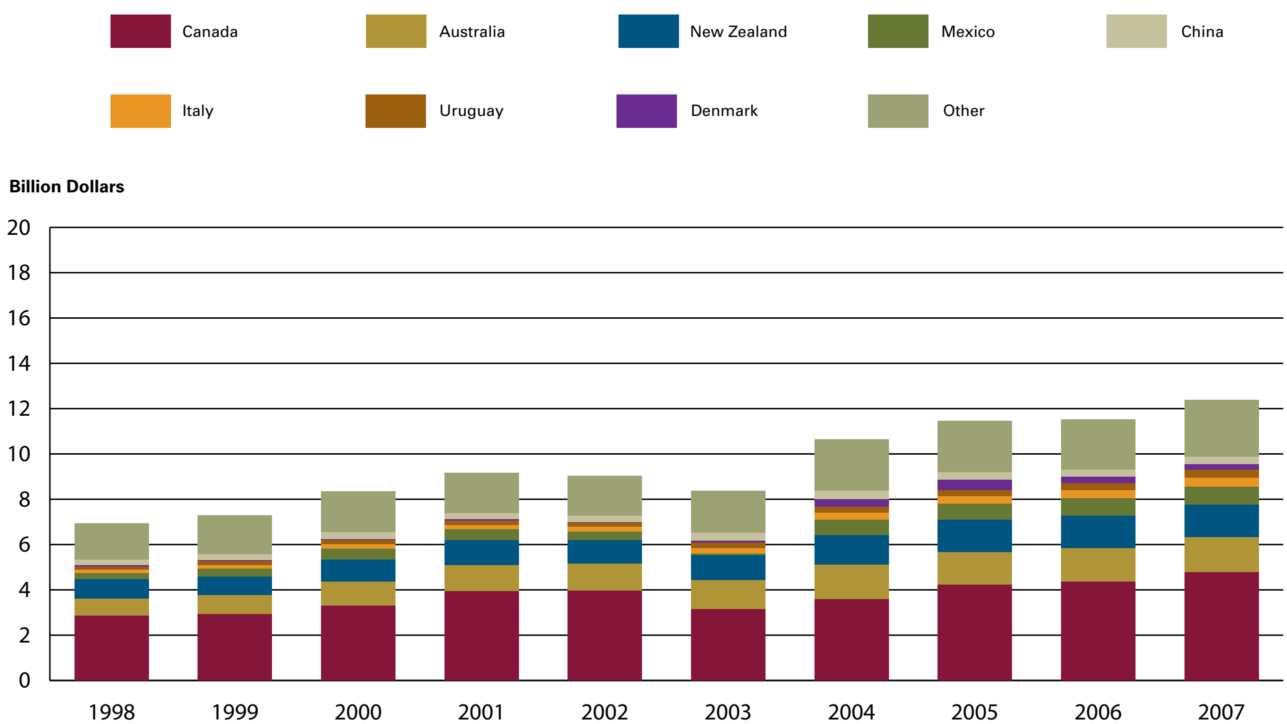
In value terms, at least 80 percent of live-animal and germplasm imports originated within North America (fig. 7.10). Another 10 percent of the value came from European origins, and only 5 to 10 percent of the total value of imports in a given year came from countries outside North America and Europe.

FIGURE 7.4: Value of U.S. imports of live animals and products



Source: Compiled from tariff and trade data provided by the U.S. Department of Commerce, the U.S. International Trade Commission, and USDA's Foreign Agricultural Service.

FIGURE 7.5: Value of U.S. animal and animal-product imports by origin



Source: Compiled from tariff and trade data provided by the U.S. Department of Commerce, the U.S. International Trade Commission, and USDA's Foreign Agricultural Service.

FIGURE 7.6: Primary origins for 2007 U.S. animal and animal-product imports

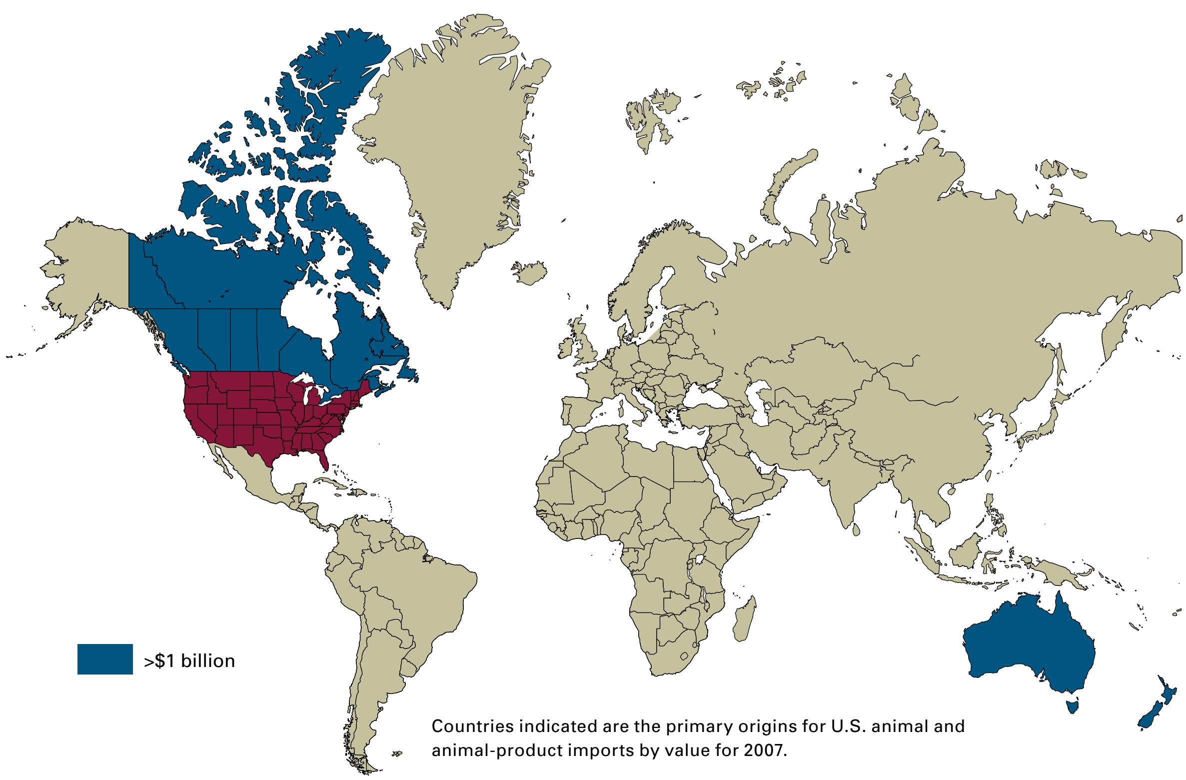
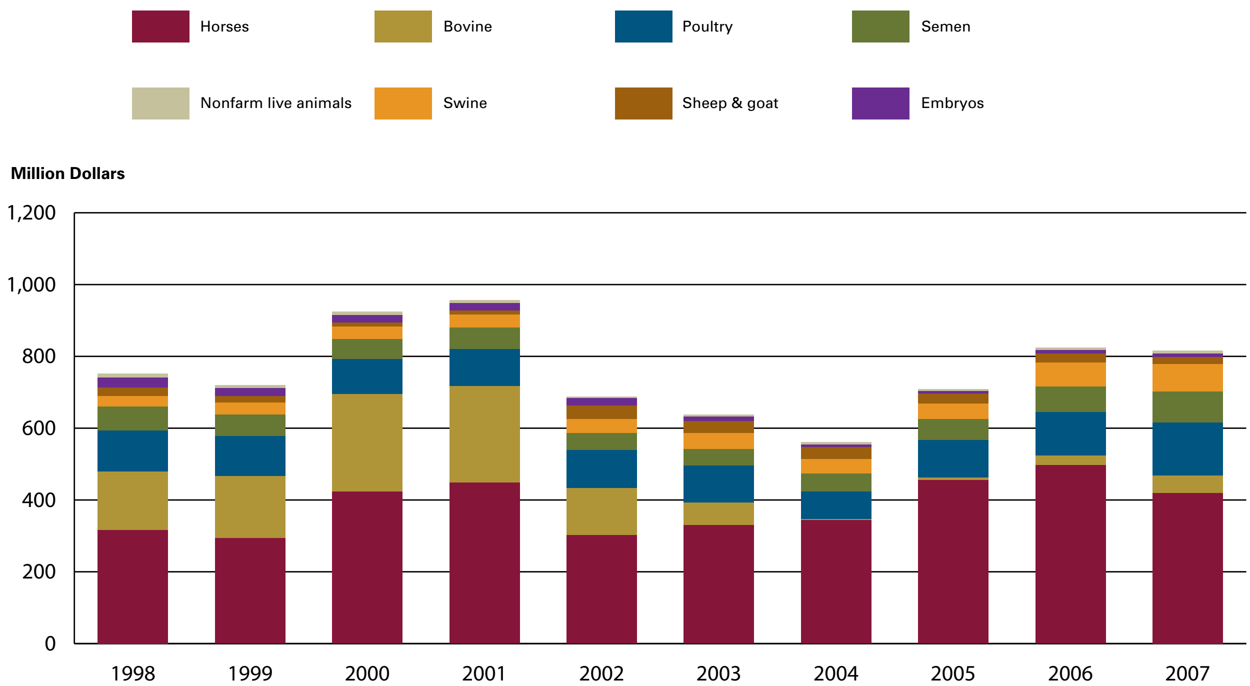
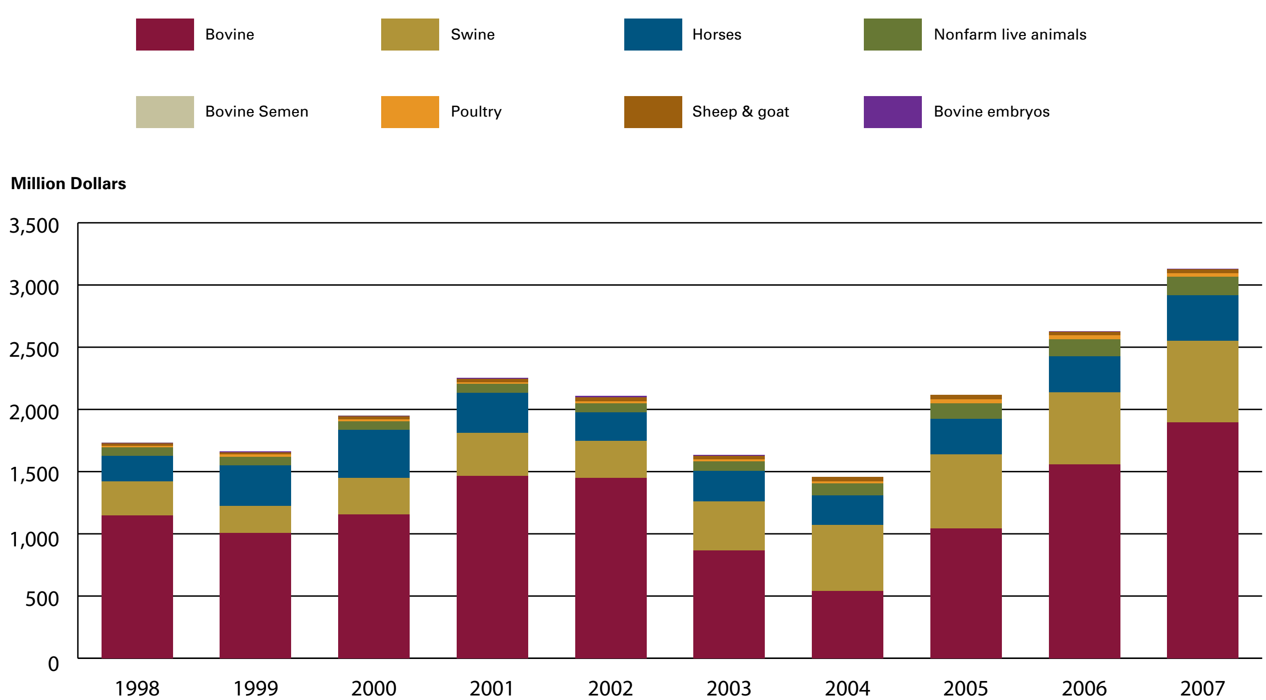


FIGURE 7.7: U.S. exports of live animals and germplasm



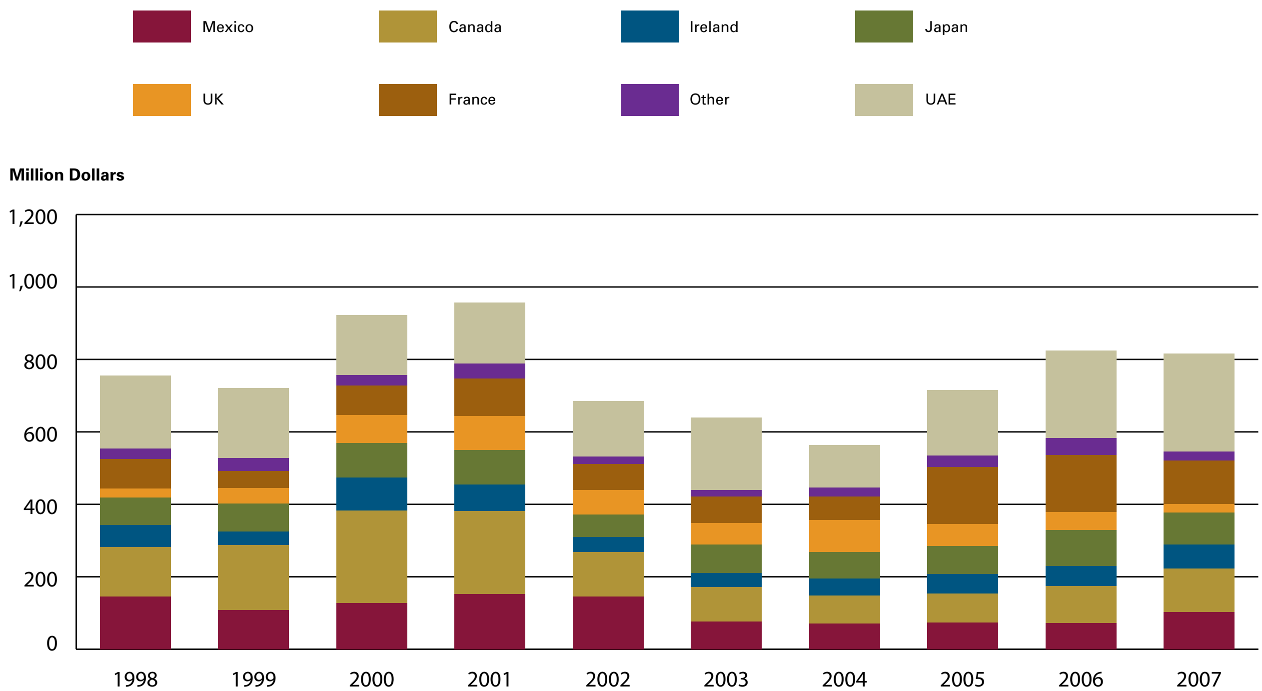
Source: Compiled from tariff and trade data provided by the U.S. Department of Commerce, the U.S. International Trade Commission, and USDA's Foreign Agricultural Service.

FIGURE 7.8: U.S. live-animal and germplasm export value by destination



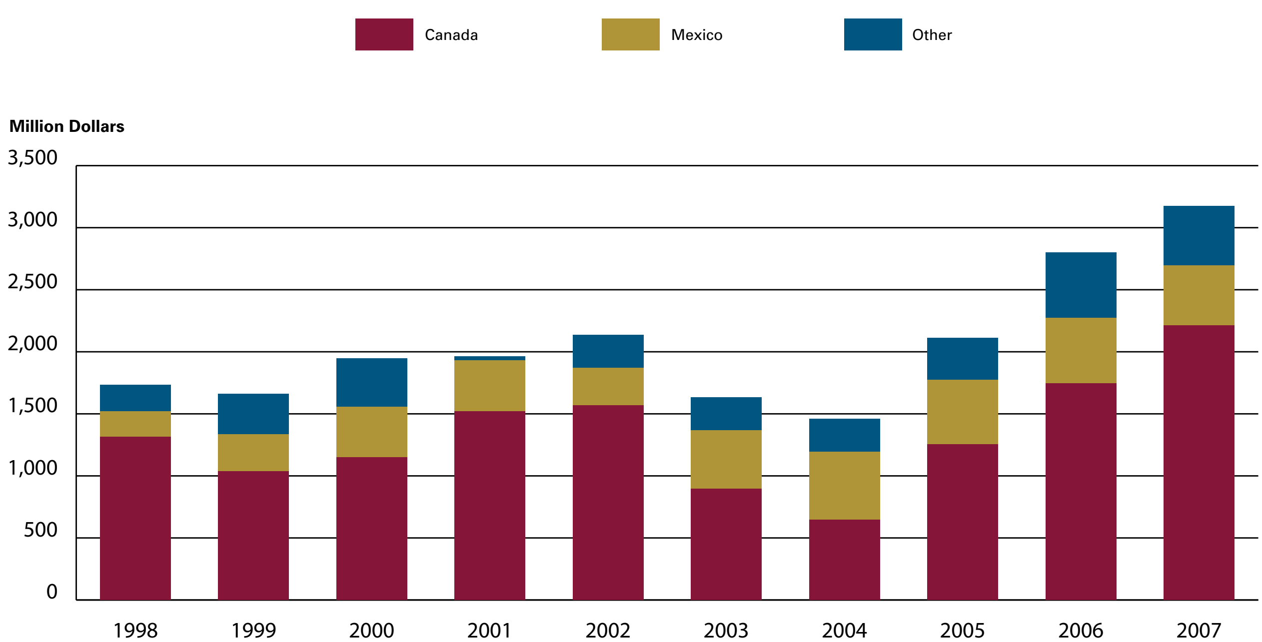
Source: Compiled from tariff and trade data provided by the U.S. Department of Commerce, the U.S. International Trade Commission, and USDA's Foreign Agricultural Service.

FIGURE 7.9: U.S. imports of live animals and germplasm



Source: Compiled from tariff and trade data provided by the U.S. Department of Commerce, the U.S. International Trade Commission, and USDA's Foreign Agricultural Service.

FIGURE 7.10: U.S. live-animal and germplasm import value by origin



Source: Compiled from tariff and trade data provided by the U.S. Department of Commerce, the U.S. International Trade Commission, and USDA's Foreign Agricultural Service.