



# International Agricultural Trade

December 1, 2000

## Weekly Market Report: Dairy, Livestock, & Poultry

### Does the EU's BSE Crisis Present Opportunities for U.S. Exporters?

#### Summary

The EU has proposed to ban for 6 months, with the possibility of an extension, the use of meat-and-bone meal (MBM) in livestock feed rations for farm animals. More importantly for this analysis, it would also prohibit trade of this product into and from the EU. Trade restrictions raise a number of issues, including the effect on U.S. MBM export opportunities.

#### BSE-infected cattle found in France, Spain, and Germany

The EU is experiencing another Bovine Spongiform Encephalopathy (BSE) crisis following the rapid increase this year of diagnoses of BSE-infected cattle in France and the first reported findings of BSE in native-born cattle in Spain and Germany. This crisis has been linked to the use of MBM in livestock feed rations. On December 4, the Agricultural Council will meet to discuss proposals to deal with the crisis. Among these proposals is one which would extend the current ban on using MBM in ruminant feed to all farm animals. This ban addresses the concern that animal by-products in feed is the primary source of transmission for BSE.

#### Increased opportunities for U.S. exports of MBM

The EU is the world's largest exporter of MBM. Major markets are listed in the table below:

Country	EU Exports of Meat and Bone Meal (metric tons)					
	1997	1998	1999	'99 share	1-6/99	1-6/00
Poland	272,900	300,878	244,020	43%	120,053	145,118
Indonesia	32,485	4,391	38,621	7%	4,868	47,112
Egypt	72,179	95,792	38,304	7%	37,404	5,197
Japan	163	4,608	30,166	5%	7,054	22,600
Thailand	34,936	10,178	29,053	5%	11,483	10,128
Russia	11,087	11,671	27,134	5%	14,298	12,359
Jordan	322	9,009	21,293	4%	7,657	17,240
Czech Republic	19,706	29,103	19,670	4%	8,587	17,619
Lithuania	3,112	9,237	18,351	3%	7,557	5,559
India	13,227	3,799	15,907	3%	6,662	8,798
All Others	80,245	62,877	78,722	14%	38,068	47,583
World	540,362	541,543	561,241	100%	263,691	339,313

Source: Eurostat HTS 2301.10

Importing countries of EU MBM may be forced to seek alternate suppliers of animal protein meals, such as the United States. Should the EU implement legislation prohibiting exports of MBM, the United States should be well positioned to take advantage of that situation to increase its own exports of MBM. This possible increase in exports will be contingent upon U.S. supply availability, prices, and whether these potential export markets are aware of the quality of U.S. MBM.

**U.S. Exports of Meat and Bone Meal To EU's Major Export Markets for MBM**

<u>Country</u>	<u>(metric tons)</u>					
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>'99 share</u>	<u>1-6/99</u>	<u>1-6/00</u>
Poland	0	0	0	0%	0	0
Indonesia	74,894	22,017	80,897	21%	41571	38422
Egypt	521	3,101	15,325	4%	1194	21969
Japan	10,831	11,467	4,761	1%	2075	1993
Thailand	24,194	17,805	22,042	6%	9981	13210
Russia	0	0	41	0%	0	115
Jordan	0	2,519	1,647	0%	743	482
Czech Republic	0	0	0	0%	0	0
Lithuania	0	0	0	0%	0	0
India	0	57	94	0%	0	841
All Others	179,746	255,656	256,686	67%	105,743	148,339
World	290,186	312,622	381,493	100%	161,307	225,371

HTS 2301.10.

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