

TOWARD A NEW EUROPE: THE LIVESTOCK AND MEAT INDUSTRIES

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The European Community (EC) has done about all to the U.S. beef industry that can be done. For some time we have lived with the Third Country Directive which mandated that U.S. packing and processing plants exporting to the EC meet specifications beyond U.S. requirements. On January 1, 1989, the EC essentially banned beef imports from countries using growth promotants. The U.S. Department of Agriculture would not meet EC demands since it is not possible to test or differentiate product produced with growth promotants from product produced without. The National Cattlemen's Association believes the ban is a blatant nontariff barrier not justified by scientific evidence.

Regulation of live animal movement from hoof-and-mouth countries to non hoof-and-mouth countries after implementation of EC 1992 is of special interest to the U.S. cattle industry. Currently, live animals imported from hoof-and-mouth countries must pass a lengthy quarantine process while live animal imports from non hoof-and-mouth countries are much less restricted.

U.S. ability to ship beef to Eastern Europe will be constrained by beef's relatively high price and the availability of hard currency in Eastern Europe. Export of relatively low-priced competing products — pork bellies and chicken dark meat, for example — will reduce price competition for beef in the domestic market. Some relatively low-priced beef products — variety and organ meats and specialty sausages made from low-priced cuts — may also be exported in the short term.

Eastern Europe may become a competitor in the meat export market in the longer term as pork and poultry production expand. Eastern Europe is generally considered to be self-sufficient in feed grains but more deficient in protein feeds. Some increased demand for feed grains in Eastern Europe could increase prices paid by U.S. beef producers. Increased demand for protein feeds would impact U.S. pork and poultry costs more than beef — given the relatively small amount of protein feeds in beef rations — ultimately improving the competitive position for beef in the domestic market.