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ISSUES & INSIGHTS

Trade Disputes Causing Financial Distress for Pork Producers

SITUATION

Trade is critical to the financial well-being of U.S. pork producers. Over the past 10 years, the United States, on average, has been the top exporter of pork in the world; it is the globe’s lowest-cost producer of pork. In any given year, the U.S. pork industry ships product to more than 100 countries. Exports add significantly to the bottom line for all U.S. pork producers. But, the trade disputes are killing the bottom line of pork producers. Pork is on three retaliation lists – China and Mexico 232 metals and China 301. Meanwhile, we risk a huge loss of market share in Japan in coming years as that nation has concluded trade deals with the European Union and many of our other competitors in the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership.

NPPC POSITION

NPPC wants the Trump administration to resolve ongoing trade disputes, including lifting tariffs on Mexican metal imports so it will drop the duty on U.S. pork. NPPC asks Congress to ratify the U.S.-Mexico-Canada trade agreement. NPPC supports a U.S.-Japan free trade agreement. Without one, the United States could lose market share in Japan.

FAST FACTS

U.S. exports of pork added more than $53 – representing 36 percent of the $149 average value of a hog – to every U.S. hog marketed in 2018, when nearly $6.5 billion of pork was shipped to foreign destinations. But ongoing trade disputes are costing the U.S. pork industry.

- Iowa State University study found that from March – when rumors about China's initial 25 percent retaliatory tariff began circulating – through May hog futures fell by almost $18 an animal, or more than $2 billion industry wide on an annualized basis.
- For the year, U.S. pork exports to China through June were down 9 percent; exports to Mexico were down 1 percent.
- Mexico, the U.S. pork industry's No. 2 market, and China, the No. 3 market, accounted for 40 percent of total U.S. pork exports in 2017.

Opening and expanding access to international markets is paramount to the continued success of the U.S. pork industry.

2017 U.S. MARKET HOG VALUES

EXPORTS SIGNIFICANTLY INCREASE THE VALUE OF U.S. HOGS MARKETED

| Without Exports | $96 |
| With Exports    | $149 |