

**2018 GSP Annual Review  
Docket Number USTR 2017-0014**

**Petition to Remove Generalized System of Preference Benefits from  
The Kingdom of Thailand**

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**Submitted by:  
The National Pork Producers Council (NPPC)  
122 C Street, NW  
Suite 875  
Washington, D.C. 20001**

**Contact: Nick Giordano  
Vice President and Counsel, Global Government Affairs  
NPPC  
Phone: (202) 347-3600  
Fax: (202) 347-5265  
Email: [giordann@nppc.org](mailto:giordann@nppc.org)**

## **Petition to Remove Generalized System of Preference Benefits from The Kingdom of Thailand**

### **I. Introduction**

The National Pork Producers Council (NPPC) submits this petition, requesting that the United States immediately withdraw or limit Generalized System of Preferences (GSP) benefits from the Kingdom of Thailand (hereafter referred to as Thailand), in response to a Federal Register Notice dated April 4, 2018, soliciting petitions on the withdrawal of GSP benefits from GSP beneficiary countries (Docket Number USTR-2017-0004).

NPPC is a national association representing a federation of 42 state pork producer organizations and represents the federal and global interests of 60,000 U.S. pork operations. The U.S. pork industry is a major value-added enterprise in the agricultural economy and a significant contributor to the overall U.S. economy.

Thailand's treatment of pork imports from the United States provides a clear basis for removing GSP benefits under the applicable provisions of U.S. Code Title 19, Chapter 12, Subchapter V. As described in this petition, those provisions provide for the removal of GSP benefits from countries that fail to provide "equitable and reasonable access" to their market for U.S. products. As detailed in this submission, Thailand fails on several counts to provide equitable and reasonable access to U.S. pork products, thus qualifying it for the removal or limitation of GSP benefits.

Given Thai import restrictions that have prevented the United States from exporting any appreciable amount of pork to Thailand for many years, despite persistent protestations by U.S. officials, the United States should take immediate action to withdraw GSP benefits from Thailand. This petition describes the ongoing and major impact of Thai import restrictions on U.S. pork exports.

Thailand is the second largest recipient of trade benefits under the U.S. GSP program. U.S. imports from Thailand under the GSP program were valued at \$4.2 billion in 2017, accounting for 13.5 percent of total U.S. imports under the program. The country is the largest recipient of U.S. GSP benefits in agricultural trade, with U.S. imports of Thai agricultural products totaling \$832 million in 2017. The U.S. GSP program has made a significant contribution to an overall Thai surplus of \$617 million in agricultural trade with the United States.

The United States had an overall trade deficit of \$20.35 billion with Thailand in 2017. Imports under the GSP program totaling \$4.2 billion made a significant contribution to that deficit.

In short, Thailand is a nation that takes full advantage of U.S. special trade benefits provided under the U.S. GSP program, contributing significantly to its large trade surplus with the United States. Thailand's benefits under the GSP program should be reexamined in light of the restrictions it imposes on U.S. pork, as detailed below.

## II. Background on Trade Restrictive Thai Measures

Although the United States is the top global exporter of pork, shipping 2.4 million metric tons (MT) -- \$6.48 billion -- in product to more than 100 nations in 2017, Thailand, a nation of 66 million that consumes nearly 726,000 MT of pork annually, imported only 31 metric tons of pork from the United States in 2017, valued at \$127,000. By way of comparison, the United States exported more pork to the tiny island nation of Tonga, with a population of 107,000, than it did to Thailand in 2017.

Thailand maintains an array of import restrictions on U.S. pork, led by an unwarranted ban on uncooked pork and offal products and an equally unjustified ban on imports of pork produced with ractopamine.

### *Ban on Uncooked Pork and Offal*

Thailand maintains a ban on the import of uncooked pork and all pork offal products from the United States. This ban can be confirmed by a review of the USDA Food Safety Inspection Service Export Library. The import ban is inexplicable, particularly because Thailand appears to allow the import of uncooked pork and pork offal from other international suppliers, including the European Union, Australia, China and Brazil. The United States ships safe, wholesome and competitively priced pork to more than 100 countries around the world; there is absolutely no legitimate reason for Thailand to maintain an import ban on U.S. pork products.

### *Ractopamine*

The U.S. Food and Drug Administration approved ractopamine for use in hogs in 1999 after carrying out extensive risk assessments. At least 25 other countries have also approved the use of ractopamine in pork production, and an additional 75 countries permit the importation of pork that has been produced using ractopamine.

Both the United States government and the private sector have had discussions with the Thai government on a Thai ractopamine risk assessment, dating back at least to 2010. When the U.N.'s *Codex Alimentarius* recognized the safety of ractopamine in 2012, Thailand's Department of Livestock told the U.S. government it was working with other Thai agencies "to align Thai laws and regulations with the recent decision by *Codex*." Thailand also indicated in a submission to USTR in the same year its intention to establish a "maximum residue limit" (MRL) for ractopamine, in line with the new *Codex* standard.

Five years later, Thailand continues to maintain its ractopamine ban. Thai promises to take action allowing the import of pork produced with ractopamine were very clearly a delaying tactic. It is equally clear that the Thai government has no intention of adopting *Codex*-consistent MRLs anytime in the foreseeable future.

Thailand's restrictions on pork produced with ractopamine are described in detail in USTR's *2018 National Trade Estimates Report on Foreign Trade Barriers*.

### *Import Permits and Fees*

The Thai Department of Livestock and Development rarely, if ever, grants import licenses for U.S. pork. The Thai government has never provided reasoning for the arbitrary import permit refusals.

Even in those rare circumstances where import permits have been granted, Thailand imposes different fee structures for domestic pork versus imported pork. The import permit fee for pork is 7 Baht per kilogram, currently equal to about \$220 per MT at the current exchange rate, which Thailand argues is needed to cover the cost of health inspections for imported pork. (This fee does not pertain to imported pork back fat, casings and offal used for re-export.) However, this fee is far in excess of the cost of any legitimate inspection fee. Domestically produced pork in Thailand is assessed an inspection fee of only \$7.50 per MT.

Thailand's unjustifiable fees on imported meat are described in USTR's *2018 National Trade Estimates Report on Foreign Trade Barriers*.

### **III. Basis for Expedited Withdrawal of Thai GSP Benefits**

The president is authorized to withdraw, suspend or limit preferences at any time with respect to GSP beneficiary countries.<sup>1</sup> The GSP statute further provides the criteria the president must use in determining a country's eligibility for GSP. Section 502 c specifically refers to "the extent to which a country has assured the United States it will provide 'equitable and reasonable access to its markets.'"<sup>2</sup>

In presenting the original GSP bill, the Senate Finance Committee emphasized the importance of market access for U.S. goods as a precondition for GSP eligibility, stating in its report that "the Committee feels strongly that the beneficiary developing countries should reduce and eliminate their own barriers to U.S. commerce before they should be granted preferential treatment in the U.S. market."<sup>3</sup> During the floor debate in the House of Representative, it was noted that "perhaps the most compelling reason for the GSP program was the opportunity it would provide to increase U.S. exports to beneficiary countries."<sup>4</sup>

It is abundantly clear, as outlined above, that Thailand has willfully denied the equitable access to its market for U.S. products envisioned by Congress as a prerequisite for eligibility for preferential treatment for its products in the U.S. market under the GSP program. Thailand's effective ban on pork imports from the United States makes it impossible for the United States to ship pork products to what would otherwise be a lucrative pork market.

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<sup>1</sup> 19 U.S.C. § 2462(d)(1)

<sup>2</sup> 19 U.S.C. § 2462(c)(4)

<sup>3</sup> S. Rep. No. 1298, 93<sup>rd</sup> Congress, 2<sup>nd</sup> Session, reprinted in 1974 U.S.C.C.A.N 7186, 7352.

<sup>4</sup> 119 Congress, Rec 40,555 (1973) (statement of Rep Whalen).

#### **IV. Petition by the National Pork Producers Council**

On the basis of the longstanding restrictions on U.S. pork described in this submission, NPPC respectfully requests that action be taken to withdraw or significantly reduce Thailand's eligibility for GSP benefits. Thailand's unjustified restrictions on U.S. pork have, for years, severely impeded U.S. pork sales to this otherwise promising market.