



CAPITAL PORK ANNUAL REPORT



U.S. PORK INDUSTRY'S 2017 SUCCESSES



NPPC President Ken Maschhoff, left, President-elect Jim Heimerl, center, and Vice President David Herring led the organization's efforts in 2017 to advance legislative and regulatory measures beneficial to America's pork producers, stop ones that would have been detrimental and develop export opportunities for U.S. pork.

Working with members of Congress, executive branch officials, foreign governments and other agricultural industry and business groups, the National Pork Producers Council in 2017 advanced proposals beneficial to the U.S. pork industry and stopped ones that would have been detrimental to pork producers. It scored a number of important victories.

The organization — and dozens of its producer members — made hundreds of visits to congressional offices to educate

lawmakers and their staff on critical pork industry issues. NPPC also attended dozens of political fund-raisers and coalition meetings; held briefings for lawmakers on important matters; and made sure pork producers' voices were heard on issues affecting the pork industry through testimony, comments and letters.

While the U.S. pork industry will face many public-policy challenges in the coming year, NPPC again will work to protect the livelihoods of America's pork producers.

VICTORIES

Among NPPC's significant successes last year:

- Killed the GIPSA Rule.
- Rescinded the Waters of the United States Rule.
- Kept the United States in NAFTA and KORUS.
- Advanced the FMD vaccine bank.
- Got USDA to withdraw the organic livestock rule.
- Delayed a regulation on livestock truckers.
- Limited farm data EPA can release to activists.
- Extended the deadline for farms to report air emissions.
- Addressed agriculture's labor shortage.
- Limited the applicability of FDA's animal feed rule.
- Got more pork cuts into South Africa.
- Convinced Vietnam to withdraw an antibiotics proposal.
- Opened the Argentine market to U.S. pork.

Details on NPPC's 2017 wins are in the pages that follow.



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PRODUCERS PLAY OFFENSE IN 2017

*THE BEST DEFENSE
IS A GOOD
OFFENSE.*

With a new administration in the White House — one a little friendlier to American agriculture than the previous one — the National Pork Producers Council was able to go on the offensive to advance proposals beneficial to U.S. pork producers.

Once again, the NPPC staff in Des Moines and Washington, D.C., traveled extensively to visit farms throughout the country, talking with producers about their concerns and needs; attended

meetings with other agricultural industry and business groups to align public-policy positions; met with food retailers and executives to discuss industry issues; lobbied members of Congress and executive branch officials on pork producers' priorities; participated in dozens of policy meetings as part of various coalitions; and worked with representatives of foreign nations to expanded market opportunities for the U.S. pork industry.

NPPC testified before congressional committees four times during the year, submitted comments on dozens of federal agency regulations and communicated the industry's issues of importance to lawmakers on Capitol Hill.

Those efforts helped advance proposals beneficial to the U.S. pork industry and stop ones that would have been detrimental to pork producers. And with your support, we secured several victories for producers, including getting the Trump administration to forego implementing several burdensome regulations that had carried over from the previous administration, keep the United States in two important trade agreements and move forward on policies that will help the pork industry.

Also over the past year, NPPC communicated about pork producers' commitment to continuous improvement and to the ethical principles embodied in the industry's We Care program, which affirm that producers do the right things on their farms every day. We also continued to carry an important message to politicians, policy-makers and the public: Allow pork producers the freedom to use production practices that, based on science and experience, work best for the well-being of their animals and help them produce safe, wholesome and nutritious pork for consumers here and abroad.

Often in the past, NPPC has had to play defense on public-policy issues. In 2017, with hard work and your support, we got to play offense in our fight to advance reasonable legislation and regulations, to open new and expand existing markets and to protect the livelihoods of America's 60,000 pork producers.

Ken Maschhoff
NPPC President

Neil Dierks
NPPC CEO



PORKPAC HAD SUCCESSFUL 2017

The political action committee of the National Pork Producers Council, PorkPAC, had a very successful 2017, raising more than \$300,000 during the year. Those funds have

been and will be used to support federal candidates in the 2017-2018 election cycle.

PorkPAC disbursed nearly \$260,000 last year, supporting 17 Democrat and 35 Republican candidates.

PorkPAC was created in 1986 to educate and support candidates at the federal level whose views represent the interests of pork producers, processors and the U.S. pork industry.

NPPC SEES CONTINUED VALUE IN SOCIAL MEDIA PRESENCE

The National Pork Producers Council in 2017 continued to utilize social media as a communications tool, expanding its presence and launching a variety of campaigns to initiate action and build relationships among key stakeholder groups and influential parties.

With notable organic growth across all platforms — NPPC's Twitter followers surpassed 10,000 — NPPC's social media efforts proved to be valuable in initiating quick and effective action from pork producers.

Among the social media successes last year was the strong response from producers to the Farmer Fair Practices Rules, regulations written in 2016 by the U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration. NPPC's call-to-action helped generate about 2,000 comments in opposition to the rules, which the Trump administration withdrew late in the year. Another successful campaign was the ongoing #TeamPork effort, which focused on strengthening NPPC's relationships with members of Congress.

The organization in 2018 will continue building its social media presence and influence.



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U.S. PORK INDUSTRY VICTORIES

IN 2017

The National Pork Producers Council in 2017 was able to secure a number of victories for pork producers. Here are some of the wins in the Agriculture & Industry area:

GIPSA RULE KILLED

After nearly 10 years, NPPC finally killed the so-called GIPSA Rule, which would have negatively affected the buying and selling of livestock. The Trump administration in mid-October announced withdraw of the regulation.

Agriculture Secretary Sonny Perdue decided not to move forward with an interim final rule of the Farmer Fair Practices Rules, which was written in 2016 by the U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration (GIPSA). The agency also decided to take no further action on a proposed regulation of the Farmer Fair Practices Rules.

The interim final rule would have broadened the scope of the Packers and Stockyards Act (PSA) of 1921 related to using "unfair, unjustly discriminatory or deceptive practices" and to giving "undue or unreasonable preferences or

advantages." Specifically, it would have made such actions *per se* violations of federal law even if they didn't harm competition or cause competitive injury, prerequisites for winning PSA cases. (The proposed rule would have defined the terms in the interim final rule.)

USDA in 2010 proposed several PSA provisions — collectively known as the GIPSA Rule — that Congress mandated in the 2008 Farm Bill. Although lawmakers did not include a provision eliminating the need to prove a competitive injury to win a PSA lawsuit, the agency included one in its regulation. Congress subsequently blocked the provision until 2016.

NPPC was the leading voice in opposition to the broader GIPSA Rule, generating in 2010 more than 16,000 comments from pork producers against it, and to the interim final rule. It



Pork producers lobbied congressional lawmakers on important pork industry issues. Above, Iowa producers talk with Sen. Joni Ernst, R-Iowa.

got about 2,000 comments in early 2017 in opposition to that rule.

An Informa Economics study found that the 2010 GIPSA Rule today would have cost the U.S. pork industry more than \$420 million annually — more than \$4 per hog — with most of the costs related to PSA lawsuits brought under the "no competitive injury" provision included in the Farmer Fair Practices Rule's interim final regulation.

TAX CUT PLAN APPROVED

NPPC backed a congressional tax package that will have a net positive impact on U.S. pork producers. President Trump signed the measure into law in December. The plan cuts business and individual tax rates, expands the bonus depreciation deduction for certain "property," raises the Section 179 limit for deducting the cost of qualifying equipment, limits the Alternative Minimum Tax (AMT), limits interest deductibility, eliminates the net operating loss carryback except for certain losses and doubles the exemption for the estate tax.



NPPC weighed in on tax issues in 2017, with Domestic Policy Adviser Corey Brown, left, participating in a meeting with Treasury Sec. Steve Mnuchin, center.

NPPC commissioned an analysis of an early version of the tax plan, which, using tax information from a sampling of pork operations of various sizes, concluded that:

- Creating new pass-through tax rates, reducing rates for subchapter C corporations and consolidating individual tax rates likely would have a nominally beneficial effect on U.S. pork producers.
- Eliminating the AMT, expanding to 100 percent the bonus depreciation and increasing the threshold for Section 179 likely would create greater benefits for U.S. pork producers than the rate reductions.
- Eliminating Section 199 — the Domestic Production Activities Deduction — limiting business interest expense deductions for larger businesses and eliminating the net operating loss carryback provision could have a significant negative impact on individual operations.
- Increasing the exemption from and eventually repealing the estate tax — while retaining stepped-up basis — would benefit family farms currently subject to the levy.

During debate on the package, NPPC fought to keep the cash accounting method. Draft tax bills in the previous Congress would have eliminated it and required use of the accrual method. Cash accounting improves cash flow by allowing producers to recognize income when it is received and record expenses when they are paid. That gives producers flexibility to plan for major investments in their operations and, in many cases, to guarantee availability of some agricultural inputs.

REGULATORY REFORM ADVANCES

Reforming federal regulations was one of the Trump administration's biggest accomplishments in 2017, and NPPC supported the efforts to reign in the Washington bureaucracy.

In addition to submitting a list of regulations, including the GIPSA Rule and a trucking regulation, it wanted to see rescinded under the president's two-for-one deal — elimination of two rules for every one proposed — NPPC also urged the administration to move forward on a number of important proposed rules, including ones finalizing Mexico's status as free of Classical Swine Fever and implementing the Modernization of Swine Slaughter Inspection Rule.

NPPC also backed the "No Regulation Without Representation" bill, a measure that would prohibit one state from imposing its laws and regulations on other states. The organization in July testified in support of the legislation before the House Committee on the Judiciary Subcommittee on Regulatory Reform, Commercial and Antitrust Law.

Among other things, the bill, H.R. 2887, introduced by Rep. James Sensenbrenner, R-Wis., would stop states from adopting laws and regulations that ban the sale of out-of-state products that don't meet their criteria.

Massachusetts, for example, in 2016 approved a ballot initiative that outlaws in the state the use of gestation stalls for housing sows, battery cages for egg-laying hens and crates for veal calves and prohibits the sale in the state of out-of-state pork, eggs and veal from animals kept in the banned housing. The California Legislature in 2010 adopted a similar sales prohibition on eggs after voters in the state in 2008 approved a ban on animal housing nearly identical to Massachusetts'.

The Sensenbrenner bill would prohibit state intrusions on the sovereignty of other states, limiting state taxation and regulation to persons and entities that have a "physical presence" in a state.



NPPC CEO Neil Dierks, left, talks with Rep. Tom Marino, R-Pa., before his testimony in support of the "No Regulation Without Representation" bill.

PROGRESS MADE ON AGRICULTURE'S LABOR SHORTAGE

NPPC backed legislation approved by a key congressional committee that would establish a new non-seasonal visa for foreign agricultural workers.

The "Agricultural Guestworker Act" (AG Act), introduced by Rep. Bob Goodlatte, R-Va., was voted out of the House Judiciary Committee in late October.

The bill would create an H-2C program, allowing foreign non-seasonal agricultural workers to remain in the United States for up to three years while deferring a portion of their pay as incentive for them to periodically return to their home country.

The H-2C visa would replace the current H-2A temporary, seasonal agricultural worker program and initially would let agricultural employers

hire up to 410,000 foreign workers for on-farm jobs and 40,000 for meatpacking plants each year. It also would put the H-2C program under the U.S. Department of Agriculture rather than the Labor Department.

NPPC supports the measure as a way to deal with a severe labor shortage in the U.S. pork industry and to reform the U.S. visa system to give the pork industry access to a legal and productive workforce while not placing an undue burden on employers.

The organization has pointed out that, without reform of the visa programs, production costs will increase, leading to higher food prices for consumers. In some cases, a shortage of labor could lead to facilities shutting down, causing serious financial harm for those operations.

TRUCKING REGULATION WAIVED FOR LIVESTOCK HAULERS

NPPC last year pushed for and got a 90-day waiver from a transportation regulation that could have had negative effects on animal well-being.

The U.S. Department of Transportation (DOT) in late November granted drivers who haul livestock a waiver from a requirement that certain drivers install Electronic Logging Devices (ELDs) on their trucks.

The Commercial Motor Vehicle Safety Enhancement Act, enacted as part of the 2012 Moving Ahead for Progress in the 21st

Century Act, mandated that ELDs be installed by Dec. 18, 2017, in commercial motor vehicles involved in interstate commerce when operated by drivers who are required to keep records of duty status. ELDs, which can cost from \$200 to \$1,000, record driving time and monitor engine hours, vehicle movement and speed, miles driven and location information.

The waiver expires March 17, but NPPC also has asked DOT for a permanent exemption from the ELD regulation, citing the incompatibility between transporting livestock and DOT's Hours of Service rules. Those

regulations limit truckers to 11 hours of driving daily, after 10 consecutive hours off duty, and restrict their on-duty time to 14 consecutive hours, which includes nondriving time.

DOT last year did issue an interpretation intended to address shortcomings in its Hours of Service rules, exempting from the regulations and from any distance-logging requirements truckers hauling livestock within a 150 air-mile radius of the location at which animals were loaded.

PROGRESS MADE ON FMD VACCINE BANK, ANIMAL FEED RULE; ORGANIC LIVESTOCK REGULATION WITHDRAWN

In the science and technology area, the National Pork Producers Council in 2017 was involved in a number of issues affecting pork producers, including ones dealing with regulating private feed mills and protecting pigs from diseases.



NPPC Vice President David Herring, right, who testified on the need for an FMD vaccine bank, meets with Rep. Roger Marshall, R-Kan., before the hearing.

FMD VACCINE BANK ADVANCES

NPPC helped convince the congressional agriculture committees of the importance of establishing and funding a Food-and-Mouth Disease (FMD) vaccine bank to deal with an outbreak of the disease in the United States. House Agriculture Committee Chairman Mike Conaway, R-Texas, said including language to set up such a bank is a priority for the next Farm Bill.

FMD is a foreign animal disease that can affect all cloven-hoofed animals, including pigs, cattle and sheep. While it rarely infects humans and isn't a food safety issue, an outbreak of FMD in North America, which currently is free of it, could negatively affect meat exports and domestic meat sales.

NPPC twice last year testified before congressional committees on the need for a robust vaccine bank, pointing out that the United States currently does not have access to enough FMD vaccine to handle more than a very small, localized disease event. It also told lawmakers that without the ability to quickly control then eradicate the disease, U.S. meat export markets would close immediately and that over a 10-year period the pork, beef, corn and soybean sectors, alone, would lose almost \$200 billion.

ORGANIC ANIMAL WELFARE RULE WITHDRAWN

NPPC last year continued to voice its strong opposition to a U.S. Department of Agriculture regulation that added animal welfare standards to the national organic program, and in December Agriculture Secretary announced that the Organic Livestock and Poultry Practices Rule would be withdrawn. (In early 2017, the regulation was put on hold by the Trump administration.)

"Organic" pertains to foods produced without synthetic pesticides, antibiotics, synthetic fertilizers, genetically modified organisms or growth hormones. The Organic Food Production Act of 1990 limited its coverage of livestock to feeding and medication practices.

NPPC pointed out that there were a number of problems with the regulation, including:

- Animal handling practices are not a defining characteristic of organic agriculture and are not germane to the National Organic Program as authorized by Congress.
- The livestock practices would be costly — if even practicable — to implement for current organic producers and be a barrier to new producers entering organic production, without making the resulting products more organic.
- Consumer misconception about the intent of the National Organic Program and the meaning of its label is not a valid rationale for expanding the program to encompass animal welfare.
- Animal welfare is complex and dynamic; decisions about animal care should be science based and carefully considered by each producer.
- The rule would present significant challenges to the maintenance and promotion of public and animal health.

The rule's requirements on outdoor access, bedding and rooting behavior, for example, conflicted with best management practices used to prevent swine diseases that pose a threat to animal and human health and with other tenants of organic production such as environmental stewardship.

RULE ON MEXICO'S CSF-FREE STATUS ADVANCED

NPPC in September submitted comments to USDA's Animal and Plant Health Inspection Service (APHIS), asking that it publish a final rule declaring Mexico free of Classical Swine Fever (CSF) and allow that country to export pork to the United States.

APHIS in 2013 conducted a science-based risk assessment and in 2016 concluded the risk of CSF from pork imports from Mexico is negligible. CSF, or hog cholera, is a highly contagious viral disease in pigs.

Mexico in late 2007 requested market access to the United States for pork from the eight states in its central region but later amended that request to include all Mexican states. APHIS at that time conducted multiple reviews and determined Mexico's control program for CSF was not sufficient to classify the country as negligible risk for the disease.

But because of the importance to the United States of the trade relationship with Mexico, and at NPPC's urging, USDA's Foreign Agriculture Service provided funding to assist

the country with improving its CSF control program. Through a grant, Mexican officials received training in foreign animal disease diagnostics at USDA's Plum Island Animal Disease Center and in-country training on case management and control activities.

A subsequent review by the World Organization for Animal Health (OIE) determined that Mexico was free of CSF, which was eradicated in the United States by 1978.

(APHIS finalized the CSF regulation in January 2018.)

FDA TO LIMIT APPLICABILITY OF ANIMAL FEED RULE

After concerns were raised about it by NPPC, the U.S. Food and Drug Administration agreed to a more-reasoned approach to applying an animal feed rule to private mills.

NPPC in 2017 continued to urge FDA to limit applicability of the feed rule in the Food Safety Modernization Act strictly to facilities and enterprises producing animal feed for sale in commerce and not to the production of animal feed by owners of animals for their animals whether that production occurs on their farms, as defined by the rule, or elsewhere.

The animal feed rule gave FDA broad new authority over the production of feed, but NPPC contended that the agency exceeded its mandate by extending the regulation to cover non-medicated feed prepared by

animal owners intended solely for their animals. While the regulation does contain an exemption for livestock operations that meet the definition of "farm," contract grower operations, an important component of U.S. pork production, are specifically excluded from the definition.

NPPC argued that pork producers who have private feed mills to supply their contract growers would need to comply with the animal feed rule to the same extent as commercial feed suppliers even though they are producing feed for animals they own. That, said NPPC, would place an undue and unwarranted burden on those producers, who pose no greater risk than producers who fall under the farm definition.

AGRICULTURE NEEDS COMMITMENT ON RESEARCH

In testimony delivered in early November, NPPC urged Congress to renew its commitment to funding agricultural research to help America's farmers feed a growing world population, improve public health and strengthen U.S. national security by ensuring America's food security.

NPPC Chief Veterinarian Dr. Liz Wagstrom told the House Committee on Science, Space and Technology Subcommittee on Research and Technology that the United States is the "lowest-cost and most technologically innovative producer of food in the world ... and has the safest food on the planet" because of the country's historical commitment to research.

She pointed out that research helped the U.S. pork industry deal with diseases such as Porcine Reproductive and Respiratory Syndrome and the H1N1 influenza virus. But, she added, U.S. agriculture remains vulnerable to emerging and

foreign animal diseases, including Foot-and-Mouth Disease.

Wagstrom also told the subcommittee that the federal commitment to agricultural research seems to have waned recently, pointing out that from 1970 to 2008, 50 percent of the U.S. Department of Agriculture's budget went to research but by 2013 it was less than 30 percent.

One factor for that decline, she said, is the increased costs of operating federal research facilities. NPPC asked Congress to ensure that adequate funds, "over and above" research dollars, are appropriated for operating agricultural research facilities.

Congress must renew its commitment to funding agricultural research, NPPC Chief Veterinarian Dr. Liz Wagstrom testified.



VICTORIES WON ON 'WOTUS' RULE, FARM DATA RELEASES, 'SUE-AND-SETTLE,' EMISSIONS REPORTING

The National Pork Producers Council in 2017 continued to protect U.S. pork producers from federal regulatory overreach and to persuade the U.S. Environmental Protection Agency to pull back on regulations proffered during the previous administration. The organization won several victories in the environment area.

WATERS OF THE UNITED STATES RULE RESCINDED

In one of its biggest victories of 2017, NPPC got the Trump administration to rescind the controversial Waters of the United States (WOTUS) Rule, which would have given the government broad jurisdiction over land and water.

The Clean Water Act (CWA) regulation, which took effect in August 2015, was proposed in 2014 by EPA and the U.S. Army Corps of Engineers to clarify the agencies' authority over various waters. That jurisdiction — based on several U.S. Supreme Court decisions — had included "navigable" waters and waters with a significant hydrologic connection to navigable waters. But the WOTUS Rule broadened that to include, among other water bodies, upstream waters and intermittent and ephemeral streams such as the kind farmers use for drainage and irrigation. It also covered lands adjacent to such waters.

NPPC, other agricultural organizations, businesses and municipalities in 2015 sued EPA in various U.S. District Courts around the country to stop the regulation. The U.S. Court of Appeals for the 6th Circuit in Cincinnati, which in the fall of that year halted implementation of the rule, in 2016 consolidated the District Court cases under its jurisdiction. NPPC — and other groups — asked the Supreme Court to rule that CWA cases should be heard by the District Courts. (In early 2018, the high court agreed with NPPC.)

In late July, EPA proposed a regulation to repeal the WOTUS Rule and to work with stakeholders on a regulation that's workable and protects waterways. The public comment period on repealing and revising the rule ended in late November. (A new WOTUS Rule is expected in 2018.)



NPPC Assistant Vice President, Domestic Affairs, and Counsel Michael Formica, right, discusses environmental issues with AgriTalk's Mike Adams.

EPA FARM DATA RELEASES LIMITED

In another significant success, a federal judge approved a settlement between NPPC and the American Farm Bureau Federation and EPA that limits the agency's ability to release to activist groups data it collects on farmers.

Under the settlement agreement, EPA now only may provide under a Freedom of Information Act (FOIA) request the city, county, ZIP code and Clean Water Act permit status of a concentrated animal feeding operation. The agreement also required EPA to train its relevant employees on FOIA, personal information and the federal Privacy Act.

The settlement stems from the February 2013 release by EPA's Office of Water to several activist groups, which filed a FOIA request, of extensive private and personal information the agency had collected on farmers in 29 states. (EPA gathered the information despite being forced in 2012 to drop a proposed data reporting rule for large farms because of concerns about the privacy and biosecurity of family farms.)

In July 2014, NPPC and the Farm Bureau filed suit against EPA in U.S. District Court, seeking to stop the data releases. While the court dismissed the lawsuit, it did grant the groups a protective order to prevent release of any farm information while the case was on appeal. In 2016, a U.S. Court of Appeals ruled unanimously to reinstate the case, determining that EPA "abused its discretion in deciding that the information at issue was not exempt from mandatory disclosure under Exemption 6 [personal privacy interests] of FOIA."

A U.S. District Court in late March 2017 agreed to the settlement between the parties.

'SUE-AND-SETTLE' POLICY ENDED

In a move strongly supported by NPPC, EPA last year ended a long-standing and unwritten policy that saw the agency tacitly encourage activist groups to file lawsuits to force its hand on implementing and enforcing environmental regulations.

So-called sue-and-settle suits are a common strategy of activist groups that routinely had been used against pork producers and the agricultural sector. In one such case, the Natural Resources Defense Council, the Sierra Club and the Waterkeeper Alliance joined a 2010 lawsuit over EPA's 2008 rule for Concentrated Animal Feeding Operations (CAFOs) brought by NPPC, a suit the organization ultimately won.

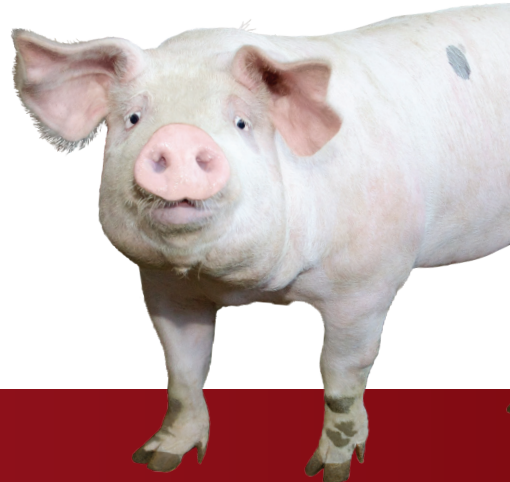
The CAFO Rule set a zero-discharge standard for manure from livestock getting into

waterways and included a duty to apply for a Clean Water Act (CWA) permit for all CAFOs that discharge or "propose" to discharge. The regulation established a presumption that CAFOs "proposed" to discharge if any future discharge occurred.

While NPPC's case was still being considered by a U.S. Court of Appeals, EPA reached a settlement with the environmental groups. The agency agreed to propose a CAFO reporting rule that would have required operations to submit to EPA the same information — location of a CAFO's production area, CWA permit status, the number and type of animals confined and the number of acres available for land application of manure — required for a CWA discharge permit. Under the settlement,

the information would have been made available to the public.

The sue-and-settle tactic, of which NPPC was highly critical, paved the way for EPA's 2013 release of private and personal information on tens of thousands of livestock farmers.



FARM EMISSIONS REPORTING DELAYED

NPPC successfully argued to the U.S. Court of Appeals for the District of Columbia Circuit for a delay — until Jan. 22, 2018 — in the initial Nov. 15, 2017, deadline for farmers to report certain air emissions from manure on their farms.

The reporting mandate came about after the same appeals court in April 2017 rejected an exemption for farms from reporting "hazardous" emissions under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Emergency Planning Community Right to Know Act (EPCRA).

CERCLA mainly is used to clean hazardous waste sites but has a federal reporting component, while EPCRA requires entities to report on the storage, use and release of hazardous substances to state and local governments, including first responders.

EPA had exempted farms from CERCLA reporting, reasoning that, while emissions might exceed thresholds that would trigger responses under the law, such responses would be "unnecessary, impractical and unlikely." The agency limited EPCRA reporting to large, confined animal feeding operations, requiring them to make one-time reports.

NPPC and the U.S. Poultry and Egg Association in early November filed a brief in support of EPA's motion to delay the reporting mandate so that the agency could have "more time to provide farmers more specific and final guidance before they must estimate and report emissions and to develop a system that allows farmers to comply with their legal obligations." In early 2018, EPA and NPPC got another delay — to May 1 — in the reporting deadline, and NPPC asked Congress for a legislative fix to the issue.



NPPC PROTECTED AGREEMENTS

MARKETS

The National Pork Producers Council played a lot of defense on trade last year, making sure that existing export markets were maintained. But the organization also was able to make some headway on opening new and expanding existing markets. Here are some of last year's trade successes for U.S. pork producers:

NAFTA MAINTAINED

NPPC spent much of its time on the trade front extolling the benefits to U.S. pork producers of the North American Free Trade Agreement (NAFTA) and convincing the Trump administration to modernize rather than withdraw from the deal.

After the president in his first days in office scrapped the 12-nation Trans-Pacific Partnership, there were concerns that the 23-year-old NAFTA also would be terminated. But agricultural groups, including NPPC, which issued a white paper on the pact's benefits, asked then-newly confirmed Agriculture Secretary Sonny Perdue to weigh in with the president, who agreed to renegotiate the trade agreement.

NPPC throughout the year also urged the administration to maintain the zero-tariff rate on pork traded in North America, pointing out that Canada and Mexico were the No. 4 and No. 2 export markets, respectively, for U.S. pork in 2017. (The United States shipped almost \$800 million of pork to Canada and more than \$1.5 billion to Mexico last year.)

NPPC employed a full-court press in its efforts to preserve NAFTA, briefing congressional lawmakers; signing onto letters to the administration and to the nation's governors in support of the deal; placing op-eds in newspapers around the country, detailing the benefits of the agreement to U.S. agriculture; and participating in several public events on the agreement.

At an event hosted by the U.S. Chamber of Commerce, Minnesota pork producer and former NPPC President Randy Spronk told the audience that if the United States withdraws from NAFTA, the economy of rural America would take a major financial hit.

According to Iowa State University economist Dermot Hayes, withdrawing from NAFTA would result in a loss of 5 percent of U.S. pork production at a cost of more than \$12 per hog; the cumulative impact on the U.S. pork industry would be \$1.5 billion.

NPPC Vice President David Herring and board member Terry Wolters, center left and right, respectively, participate in a trade mission in Mexico.





KORUS MAINTAINED

The organization also asked the administration to keep the United States in the Korea-U.S. (KORUS) Free Trade Agreement. The White House agreed to renegotiate the deal.

As it did for NAFTA, NPPC urged the administration to maintain in any renegotiated deal the zero-tariff treatment for U.S. pork exported to Korea, the industry's fifth-largest export market.

Iowa State's Hayes estimated that withdrawing from that agreement would cause live hog prices to fall by \$4.71 an animal.

VIETNAM ANTIBIOTICS PROPOSAL WITHDRAWN

Following its 2016 victory, which saw Vietnam revise a proposal to set zero-tolerance maximum residue limits (MRLs) for veterinary drug imports, NPPC last year led the charge — providing science-based justification — to get the Southeast Asian nation to withdraw the proposal.

NPPC submitted comments opposed to the proposal, which would have set zero-tolerance residue levels for 12 veterinary products, including ractopamine, prohibiting their use in food-animal production. (The original proposal included 40 substances.)

In a White House meeting in June, President Trump and Vietnamese Prime Minister Nguyen Xuan Phuc agreed to resolve the veterinary drug issue, among other trade matters.

Vietnam's request to ban ractopamine was particularly confounding, said NPPC, given that it had been accepting imports of pork from hogs fed ractopamine — and other veterinary drugs used in pork production — since 2013. The feed additive improves weight gain, feed efficiency and carcass leanness in pigs and is widely used in U.S. pork production.

SOUTH AFRICA ACCEPTS MORE U.S. PORK

South Africa, which in February 2016 began accepting some U.S. pork — thanks to pressure from NPPC — in 2017 agreed to take five more cuts for unrestricted sale.

The country previously banned all U.S. pork imports ostensibly to prevent the spread of Porcine Reproductive and Respiratory Syndrome (PRRS) to South African livestock even though the risk of disease transmission from U.S. pork products was negligible. There is no documented scientific case of PRRS being transmitted to domestic livestock through imported pork. South Africa also claimed it had concerns about pseudorabies and trichinae.

After NPPC in 2015 weighed in on the *de facto* ban with the Office of the U.S. Trade Representative, asking USTR to suspend the trade benefits South Africa receives — duty-free access for products exported to the United States — through the African Growth and Opportunity Act, Pretoria in 2016 agreed to allow a variety of raw, frozen pork, including bellies, hams, loins, ribs and shoulders, for unrestricted sale and other pork for further processing.

Last year, NPPC continued to work for complete access to South Africa's market of more than 50 million consumers, and the country agreed to allow imports of U.S. pork backfat, front and hind feet, skin — excluding mask — and tails.

ARGENTINA CLOSE TO TAKING U.S. PORK

In August 2017, the Trump administration announced that the Argentine government agreed to open its market to U.S. pork, a significant victory for the U.S. pork industry.

In early October, Argentina concluded an audit of the U.S. meat inspection system as one of the last steps before the market formally opens and pork shipments commence. NPPC worked with the U.S. Department of Agriculture and the Office of the U.S. Trade Representative to finalize and implement the market opening. (An export certificate is expected to be finalized in 2018.)

Argentina, which has a *de facto* ban on U.S. pork, has a population of more than 41 million and a per capita income of \$17,250 — higher than Mexico's — making it the third largest nation in Latin American and an attractive market for U.S. pork.

OIE AMENDS PRRS CHAPTER

NPPC provided research and recommendations to the U.S. Department of Agriculture for its effort to get the World Organization for Animal Health (OIE) to update and amend its chapter on Porcine Reproductive and Respiratory Syndrome (PRRS) to consider meat and meat products from PRRS-positive countries safe commodities.

OIE now deems that the PRRS virus poses a negligible risk of being transmitted through the legal trade of pork and pork products, and countries requiring PRRS mitigation do not have a legitimate request, according to OIE. There is no documented scientific case of PRRS being transmitted to domestic livestock through imported pork.

NPPC will use the chapter to apply pressure to countries that have such a barrier to recognize the OIE PRRS chapter and open their markets to U.S. pork.



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