

Written Testimony of the National Pork Producers Council

Renewal of the African Growth and Opportunity Act

House Committee on Ways and Means

June 12, 2024

Introduction

The National Pork Producers Council (NPPC), representing 42 affiliated state associations, works to ensure the U.S. pork industry remains a consistent and responsible supplier of high-quality pork to domestic and international markets. Through public-policy outreach, NPPC fights for reasonable legislation and regulations, develops revenue and market opportunities, and protects the livelihoods of America's more than 60,000 pork producers.

The U.S. pork industry is a significant contributor to the economic activity of U.S. agriculture and the broader U.S. economy, marketing more than 140 million hogs annually. Those animals provided farm-level gross cash receipts of more than \$30 billion in 2022.

To produce those hogs, pork producers used roughly 1.6 billion bushels of corn and soybean meal from nearly 10.5 million tons of soybean meal. The industry also purchases more than \$1.6 billion in other feed ingredients.

Economists at NPPC and Iowa State University estimated that in 2023 the U.S. pork industry was directly responsible for creating more than 36,000 full-time-equivalent jobs in pork production and generated roughly 112,000 jobs throughout all of agriculture. In addition, the pork sector was responsible for 145,000 jobs in meatpacking and processing and 38,000 jobs in professional services such as financial services, insurance, and real estate. In total, the U.S. pork industry supports more than 573,000 mostly rural jobs in the United States and adds more than \$62 billion to the country's GDP.

Most importantly, U.S. pork producers in 2023 provided more than 27 billion pounds of safe, wholesome, and nutritious meat protein to consumers worldwide.

Pork Exports

Trade is vital to America's pork producers, who annually export about a quarter of their total production to more than 100 countries. The United States is among the top global exporters of pork, shipping more than 2.9 million metric tons, valued at \$8.16 billion in 2023. Those exports supported an estimated 155,000 U.S. jobs.

Despite ongoing challenges – inflation, a strong U.S. dollar, and the threat of African swine fever (ASF), for example – lingering supply chain issues, and continuing retaliation from some of its trading partners, the U.S. pork industry continues to export a significant amount of pork. In fact, through April of this year, America's pork producers have shipped \$2.9 billion worth of product to foreign destinations compared with \$2.6 billion for the same period last year, a 10 percent increase.

Exports of U.S. pork have increased almost every year for the past three decades generally because of improving economies and a rising middle class in countries around the globe. Another factor driving the increases is the emergence of robust hotel and restaurant industries in some nations, particularly as world travel has become relatively easier and more affordable. Additionally, several important U.S.

export markets in Southeast Asia have been battling ASF for the past several years, creating increased demand for pork imports.

The biggest reason for U.S. pork export growth over that period, though, has been trade initiatives, whether free trade agreements (FTAs), less-formal trade and investment framework agreements (TIFAs), or one-off market access deals. Through such initiatives, the United States moved from a net importer to a net exporter of pork in 1995.

Just how important are trade initiatives? Consider that the U.S. pork industry now exports more pork to the 20 countries with which the United States has FTAs than to the rest of the nations of the world combined.

In addition to trade agreements and market access deals, U.S. exports have grown as a result of preferential trade programs the United States has conferred on many countries. The programs give beneficiary nations duty-free access to the U.S. market as long as they meet certain statutory eligibility criteria set by Congress.

African Growth and Opportunity Act

The African Growth and Opportunity Act (AGOA) is one of the U.S. preferential trade programs, providing market access to sub-Saharan African countries, allowing them to export more than 1,800 products to the United States duty-free. To be eligible, among other criteria, countries must establish or make continual progress toward establishing a market-based economy and must eliminate barriers to U.S. trade and investment.

NPPC strongly supports AGOA and its objectives of expanding U.S. trade and investment with sub-Saharan African nations, stimulating economic growth, and facilitating sub-Saharan Africa's integration into the global economy. The program expires at the end of June 2025.

According to the Office of the U.S. Trade Representative's 2022 biennial review of the program, non-oil imports to the United States under AGOA were about \$4.8 billion in 2021. That was the largest amount since 2013. (With oil included, the amount was \$6.7 billion.) Currently, 32 countries are eligible for AGOA benefits.

In addition to its obvious benefits to eligible countries and U.S. exporters to those nations, AGOA is crucial to U.S. efforts to remain competitive with other global powers, including China and Russia, both of which have increased their influence on the African continent.

Although NPPC supports AGOA's trade preferences allowing goods from eligible countries to enter the U.S. market duty-free, it opposes AGOA countries reaping the rewards of the program while significantly limiting market access for U.S. pork. Two examples of AGOA countries failing to provide reasonable and equitable treatment for U.S. exports are South Africa and Nigeria.

South Africa

Pork is an important source of protein in South Africa, with total imports averaging \$66 million from 2021 to 2023, primarily from the European Union and Brazil. Net imports average about 9 percent of South Africa’s consumption – the rest is produced domestically. Almost none of this comes from the United States, however, even though America accounts for around 30 percent of the global pork trade. In 2023, the United States exported just 313 metric tons of pork, valued at \$718,000, to South Africa, representing just 1.3 percent of the country’s pork imports.

South Africa, the largest U.S. trading partner in Africa, could and should be a growing market for the U.S. pork industry, but exports there are hampered by unwarranted, non-scientific restrictions that are preventing the United States from “reasonable and equitable” access to the South African market. These restrictions, which are inconsistent with U.S. and international standards, include:

- No market access for pork offal, heat-treated/canned products, and casings.
- No guidance for the requirement that lymph nodes be removed from shoulder cuts.
- Stringent, non-science-based freezing requirements on U.S. pork related to trichinae. The United States does not require the freezing of pork because *Trichinella* is not present in U.S. commercial pork production. While data has not been officially released, USDA has tested about 2.8 million samples from geographically dispersed pigs, with none testing positive for trichinae.
- Limits on pork cuts because of – unfounded concerns related to Porcine Reproductive and Respiratory Syndrome (PRRS) and the pseudorabies virus (PRV).

South Africa has an obligation under the World Trade Organization (WTO) Agreement on Sanitary and Phytosanitary Measures (SPS Agreement) to ensure that its SPS measures are applied only to the extent necessary to protect life or health (cf. SPS Agreement Article 2.2 and Article 5.1). Despite repeated engagement from the U.S. government and the pork industry, South Africa has yet to remove these trade barriers and has not limited control, inspection, and approval requirements to what is reasonable, necessary, and appropriate (cf. SPS Agreement Annex C).

The continued use of these restrictions indicates South Africa is not meeting its AGOA obligations – commitments it made during the 2015 AGOA reauthorization – to make continual progress on eliminating barriers to U.S. trade and investment. Because of these unjustified barriers, the United States is losing tens of millions of dollars in exports and associated U.S. jobs.

The ban on variety meats (pork offal) is particularly harmful. While limited demand for them exists in the United States, variety meats are in strong demand in South Africa and other international markets. In 2015, U.S. beef gained greater access to the South African variety meat market and expanded exports to \$11.6 million in five years and stood at \$13.1 million in 2023. NPPC hopes to gain similar benefits for U.S. pork exports if it is provided equitable treatment.

Gaining access to these markets allows U.S. pork producers to increase the value of each hog sold while providing consumers with an affordable, safe product. Expanding market access for variety meat exports also would reduce rendering and landfill disposal.

South Africa currently is the largest non-oil beneficiary of AGOA, exporting more than \$3.6 billion of goods under the program to the United States in 2022. (South Africa also takes advantage of the U.S. Generalized System of Preferences (GSP) program, which also gives duty-free treatment to certain goods entering the United States.) Despite this, the country remains unwilling to extend reasonable and equitable treatment to imports of U.S. pork.

Nigeria

Like South Africa, Nigeria continues to block market access for U.S. pork, despite being the second largest AGOA beneficiary, exporting \$3.5 billion of goods to the United States in 2022. The country should be a significant importer of pork given its rapidly growing population of 236 million people and increasing protein-consumption trends. It also could serve as a useful trade hub for U.S. exports to neighboring African countries.

NPPC believes the market potential for U.S. pork in Nigeria to be valued at approximately \$26 million annually and has been working to gain market access to the country, without mitigations and under science- and risk-based policies and practices.

While Nigeria began allowing pork sausage imports from the United States in early 2022, it has maintained an express prohibition against the importation of raw pork (all tariff lines under HTS 0203, 0206, and 0210.10), as well as against beef, poultry, and associated products.

Nigeria's restrictions against U.S. meat and poultry are non-science-based, clearly violate the General Agreement on Tariffs and Trade (GATT) Article XI.1, and must be eliminated.

Conclusion

As Congress considers the renewal of AGOA it must ensure that beneficiary countries provide all U.S. sectors, including agriculture, full market access without restrictions. In May of this year, 27 members of congress signed a [letter](#) sent to USTR urging USTR to take action to ensure fair market access for U.S. Pork in South Africa and committed to ensuring the renewal include robust enforcement mechanisms. If countries are reaping the benefits of U.S. preferential trade programs but failing to provide the United States reasonable and equitable access to their markets, Congress should include robust enforcement mechanisms to allow USTR to more easily consider removing countries – or at least intimidating removal – from the programs.

Congress of the United States
Washington, DC 20515

May 22, 2024

The Honorable Katherine Tai
Ambassador
U.S. Trade Representative
600 17th Street, NW
Washington, DC 20006

Dear Ambassador Tai:

We write to express our concern with restrictions by the Government of South Africa that deny U.S. pork products equitable and reasonable market access. We urge you raise these issues in your bilateral conversations with the South African Government and consider them as you conduct the ongoing African Growth and Opportunity Act (AGOA) annual review process. Further, as Congress considers renewal of AGOA, we stand ready to work with you to ensure the United States Trade Representative (USTR) has effective tools available to enforce equitable, science-based treatment for U.S. pork exports to South Africa.

For decades, South Africa has received preferential trade benefits under the U.S. Generalized System of Preferences (GSP) and AGOA programs. South Africa is our largest trading partner in Africa, and the United States is South Africa's second-largest export destination, with total two-way trade of \$20.1 billion in 2023.¹ As you know, AGOA beneficiaries are required to provide "reasonable and equitable treatment" for U.S. exports.² Unfortunately, South Africa refuses to follow international standards on pork products or uphold market access commitments made during the 2015 AGOA reauthorization.

Among those unwarranted, non-scientific U.S. pork restrictions are a ban on imported offal, heat-treated or canned products, and casings; a requirement that lymph nodes be removed from shoulder cuts; trichinae-related freezing requirements; and limits on imported cuts over unfounded concerns related to Porcine Reproductive and Respiratory Syndrome and the pseudorabies virus.³ These restrictions provide unreasonable and unequitable treatment of our exports.

As a result, and despite pork being an important source of protein in South Africa, the country imports very little pork from the United States – just 313 metric tons, valued at \$718,000 in 2023. That represents less than 1.3% of total South African pork imports.⁴

South Africa must live up to its market access commitments and eliminate its non-tariff barriers to pork trade to continue enjoying the benefits of GSP and AGOA. We urge USTR to continue to

¹ United States International Trade Commission DataWeb, Search on 3/25/24. <https://dataweb.usitc.gov/>

² United States Congress, Trade Act of 1974, (Section. 502(c)(4)) <https://www.govinfo.gov/content/pkg/COMPS-10384/pdf/COMPS-10384.pdf>

³ The Office of the United States Trade Representative, "National Trade Estimate Report on Foreign Trade Barriers" (2023) p. 371 <https://ustr.gov/sites/default/files/2023-03/2023%20NTE%20Report.pdf>

⁴ United States Department of Agriculture Foreign Agricultural Service, Global Agricultural Trade System, Report generated on 2/7/24. <https://apps.fas.usda.gov/gats/default.aspx>

engage counterparts and utilize all tools available to ensure South Africa provides fair market access for U.S. pork, as outlined in AGOA. Thank you for your previous engagement on this matter and we look forward to continuing to work with you to address this issue.

Sincerely,



Gregory F. Murphy, M.D.
Member of Congress



Randy Feenstra
Member of Congress



Vern Buchanan
Member of Congress



Adrian Smith
Member of Congress



Mike Kelly
Member of Congress



Darin LaHood
Member of Congress



Brad R. Wenstrup, D.P.M.
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Mary E. Miller
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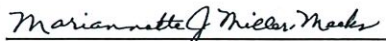
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Member of Congress



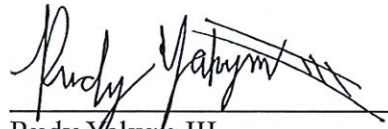
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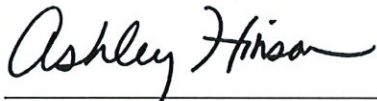
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