

# International Agribusiness Center

Weekly Country Report, September 7-11, 2020

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## GAINS Reports

African Swine Fever- An Unwelcome Arrival in Germany – [link](#)

On September 10, Germany’s Federal Minister of Food and Agriculture confirmed an African swine fever (ASF) case in a wild boar found in Eastern Germany near the German-Polish border. The first ASF case in Germany jeopardizes \$867 million in exports to China, which will likely result in increased pork exports from other major suppliers, including the United States. ASF was not entirely unexpected, given the recent rise of cases in Western Poland. However, the confirmed ASF case will be devastating for the German pork sector which is still reeling from the Covid-19 crisis, including slaughter facility disruptions stemming from outbreaks among its workers, excess supply, declining consumption, trade disruptions, and depressed prices.

Canada – Livestock and Products Annual – [link](#)

The Canadian cattle herd and swine herd are both expected to contract in 2021. Cattle exports are forecast to grow, beef exports are projected to increase, and Canada will continue to import U.S. feeder cattle. Canadian pork exports are expected to be steady and the United States will remain as the dominant import/export market for Canadian beef and pork products. Both sectors are vulnerable to COVID-19 pandemic impacts.

Korea – Poultry and Products Annual – [link](#)

Korea’s 2020 chicken production is expected to increase to 971,000 MT (up two percent from 2019) driven by new slaughter plant openings and carry-over capacity from high 2019 parental stock (PS) broiler inventory. In 2021, chicken production is projected to rise only 0.9 percent as low farm-gate prices and uncertain demand continue to weigh on the industry. Despite the number of slaughtered chickens increasing by 3.4 percent during the first six months of 2020, chicken consumption has declined overall due to the COVID-19 pandemic. Korea’s 2020 chicken imports are expected to decrease by ten percent to 160,000 MT due to increased frozen domestic chicken inventory and reduced consumption. In 2021, Korea’s chicken imports are projected to increase by five percent to 168,000 MT due to steady demand for processed chicken products that can be easily consumed at home and the expected extra demand generated during the 2021 Tokyo Olympic games.

Poland Declares Freedom from HPAI – [link](#)

On August 13, 2020, Poland’s Chief Veterinary Officer (CVO) declared Poland as free of highly pathogenic avian influenza (HPAI) following three months with no HPAI detections. 35 cases of HPAI were detected in Poland from December 31, 2019 to April 1, 2020. This led some export markets outside of the European Union (EU) to ban of Polish poultry imports, resulting in an 11 percent drop in poultry exports during the first five months of 2020. Poland is not currently eligible to export poultry meat to the United States.

Mexico Announces Unilateral Rice TRQs – [link](#)

On August 7, 2020, the Secretariat of Economy (SE) published in Mexico’s Federal Register (“Diario Oficial” – DOF) an agreement establishing the specific provisions governing the unilateral tariff rate quotas (TRQs) that



were published on June 8, 2016 in the DOF. The new TRQs will allow 105,000 MT of rice from any origin to enter Mexico duty-free (30,000 MT until December 31, 2020 and 75,000 MT from January 31, 2021 until December 31, 2021).

#### China – New to Market Report - Chipping Potatoes – [link](#)

Chipping potatoes from Idaho, Oregon, and Washington were among several U.S. agricultural products that received new and expanded access under the U.S.- China Economic and Trade Agreement signed on January 15, 2020. This report briefly mentions the market access parameters for U.S. chipping potatoes, discusses key market conditions, and offers market-entry recommendations to consider when exporting to China.

#### Korea's Plan to Implement a Positive List System for Veterinary Drugs – [link](#)

This report is an update on recent efforts by Korea to update their veterinary drug safety management system, which may impact U.S. exports of meat and livestock products to Korea. Part of this update includes a proposed Positive List System (PLS) for vet drugs. This issue will continue to evolve.

#### Angola – Poultry and Products Annual – [link](#)

Post forecasts production to remain stable in 2021, as Angola will be unable to expand due to a lack of foreign exchange and the prohibition of GE feed products. Production consists of backyard chickens and a few commercial farms. With minimal production Angola relies on chicken meat imports which account for 88 percent of consumption. In 2019, Angola was the sixth largest importer of U.S. poultry meat by value (\$150 million). However, due to limited access to foreign exchange and reduced consumer purchasing power, Angola chicken meat imports have decreased significantly in 2020 but are forecast to stabilize in 2021. The United States is, and is expected to remain, Angola's largest supplier. Angola is now self-sufficient in egg production with an estimated one billion eggs produced per year.

#### Egyptian Cotton Challenged Due to COVID-19 – [link](#)

According to the Egyptian Cotton Exporters Association, between March and July 2020, Egyptian exports of cotton were essentially halted due to supply chain disruptions from COVID-19. Although exports to India – Egypt's main cotton market – have resumed, contracted shipments of some 10,000 metric tons (MT) of cotton have been cancelled outright. Indian spinning mills are now working at reduced capacity due to COVID-19 risk mitigation requirements and are thus taking in smaller volumes of Egyptian cotton. Demand for textiles and cotton products is falling both domestically and internationally and Post forecasts that cotton prices will decrease and that there will be a reduction of harvested area to accommodate the situation.

#### Saudi Arabia – Poultry and Products Annual – [link](#)

Chicken meat production is expected to continue to rise as the Kingdom pursues a goal of 80% self-sufficiency by 2025. The current percentage exceeds 60%. 2020 Saudi chicken meat production is estimated at 930,000 MT. Production is forecast to increase to 950,000 MT in 2021. Saudi chicken meat imports in 2020 are likely to reach 550,000 MT and are projected at 625,000 MT for 2021. Brazil supplies most of Saudi Arabia's poultry imports. And Saudi Arabia is Brazil's second most important export market for chicken meat. U.S. exports of chicken meat to Saudi Arabia continue to be blocked by the Saudi ban on electric immobilization.

#### Uruguay – Livestock and Products Annual – [link](#)

*Disclaimer: This list is by no means complete, for more information please refer to the links above.*

2021 beef production is forecast up at 555,000 carcass weight equivalent, on larger fed cattle inventory. 2021 cattle stock is forecast up at 12.2 million head, the largest since 2005, following several seasons of large calf crops and low cattle exports. Beef exports in 2021 are forecast up 9 percent to 435,000 tons, carcass weight equivalent, with China remaining the primary destination.

Australia – Livestock and Products Annual – [link](#)

The Australian beef industry has entered into a phase of major herd rebuilding after being decimated by the severe impacts of a two-year drought in 2018 and 2019 across much of the beef producing region. This rebuild is expected to be in full force in 2021. Widespread rains in Australia since the start of 2020, and forecasts for above-average rainfall in coming months, have triggered strong re-stocker demand and raised cattle prices in Australia to record levels. Because of this situation, FAS/Canberra forecasts lower cattle slaughter, cattle exports, beef production, and beef exports in 2021.

New Zealand – Livestock and Products Annual – [link](#)

New Zealand beef production and beef exports are expected to recover somewhat in 2021 from lower levels caused by severe drought in early 2020. This drought covered much of the country from January through May and was rated in some regions as being as severe as any drought experienced in a generation. However, since May rainfall has been ample and should mean cattle will recover well from the drought during the September to December 2020 period. Improving pasture conditions are expected to increase both average carcass weights and result in higher adult cattle slaughter in 2021. Because of this, FAS/Wellington is forecasting beef production at 687,000 metric tons (MT) carcass weight equivalent (CWE) for 2021, a 1.75-percent increase over 2020. Export volumes are forecast at 615,000 MT CWE for 2021, nearly one percent up on 2020.

### **Food Processing Magazine**

USDA Egg Inspections Cut Back – [link](#)

USDA inspectors will be able to visit egg processing plants only once per shift, and most of them will be responsible for multiple plants, under a new rule put into place by the Trump administration.

The rule puts more responsibility for product safety on processors, who will have to institute plans for HACCP (hazard analysis of critical control points). As a tradeoff, USDA inspectors will no longer have to be present for the entirety of a shift. The new rule affects 83 egg plants that had been under USDA inspection. The new rule coincides with a general trend over the last couple of decades to dial down the intensity of USDA inspections and make plants more responsible for safety. Proponents say it will lead to more efficient use of USDA inspections while not compromising safety.

Smithfield Gets Fined in COVID Outbreak – [link](#)

Smithfield Foods has become the first meat processor to be penalized by the federal government in connection with the pandemic. The Occupational Health and Safety Administration (OSHA) has issued a \$13,494 fine, the maximum possible, against Smithfield for an outbreak of COVID-19 at its plant in Sioux Falls, S.D. More than 1,200 workers there contracted the disease, with four deaths. The agency ruled that Smithfield had failed to provide a workplace free from potentially deadly hazards. Smithfield says it will contest the decision, claiming that it was being fined for conditions in March when OSHA didn't issue guidelines on distancing and other workplace procedures until April.

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## Specialty Foods Magazine

NGA Supports CBD Legislation - [link](#)

The National Grocers Association has offered support for bipartisan legislation that would allow CBD to be regulated as a dietary supplement. The Hemp and Hemp Derived CBD Consumer Protection and Market Stabilization Act of 2020, introduced September 4 and sponsored by U.S. Reps. Morgan Griffith (R-VA) and Kurt Schrader (D-OR), would eliminate regulatory confusion and establish product manufacturing standards to support the growing market for CBD products.

College Dining Downsizes for Fall Semester – [link](#)

Foodservice operations on college and university campuses around the country have changed dramatically as some students return to campus for a new school year. Many foodservice providers spent the summer planning how to navigate the new requirements brought by the pandemic, from delivering meals to students in quarantine to implementing new processes and technologies to protect the health of both students and workers. Grab-and-go meals and snacks have become a priority, and operators have accelerated the implementation of mobile ordering and payment tools.

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