

BILAT(17)3913

Impact of a free trade agreement between the EU and MERCOSUR

The case of pig meat

[Redacted]

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EU – Mercosur trade

- The strongest trade relation is about soya and corn imported from Argentina and Brazil;
- No trade from Mercosur due to lack of disease control in Bresil (CSF) and not compliant to ratopamine free control scheme;
- But Brazil is the 5th global exporters and closing the gap with Canada. The Brazilian exportations have been incentive by the Russian demand;
- The consumption of pig meat per capita is at 15 kg (CWE) with a high competition with the beef (38 kg) and poultry (44 kg);

SPS concerns

1-Ractopamine free scheme (RFS):

- Still lack in control at slaughterhouse and at farm to ensure ractopamine free (no regular test);
- Still 13% of test are positive in the RFS => not yet a robust system

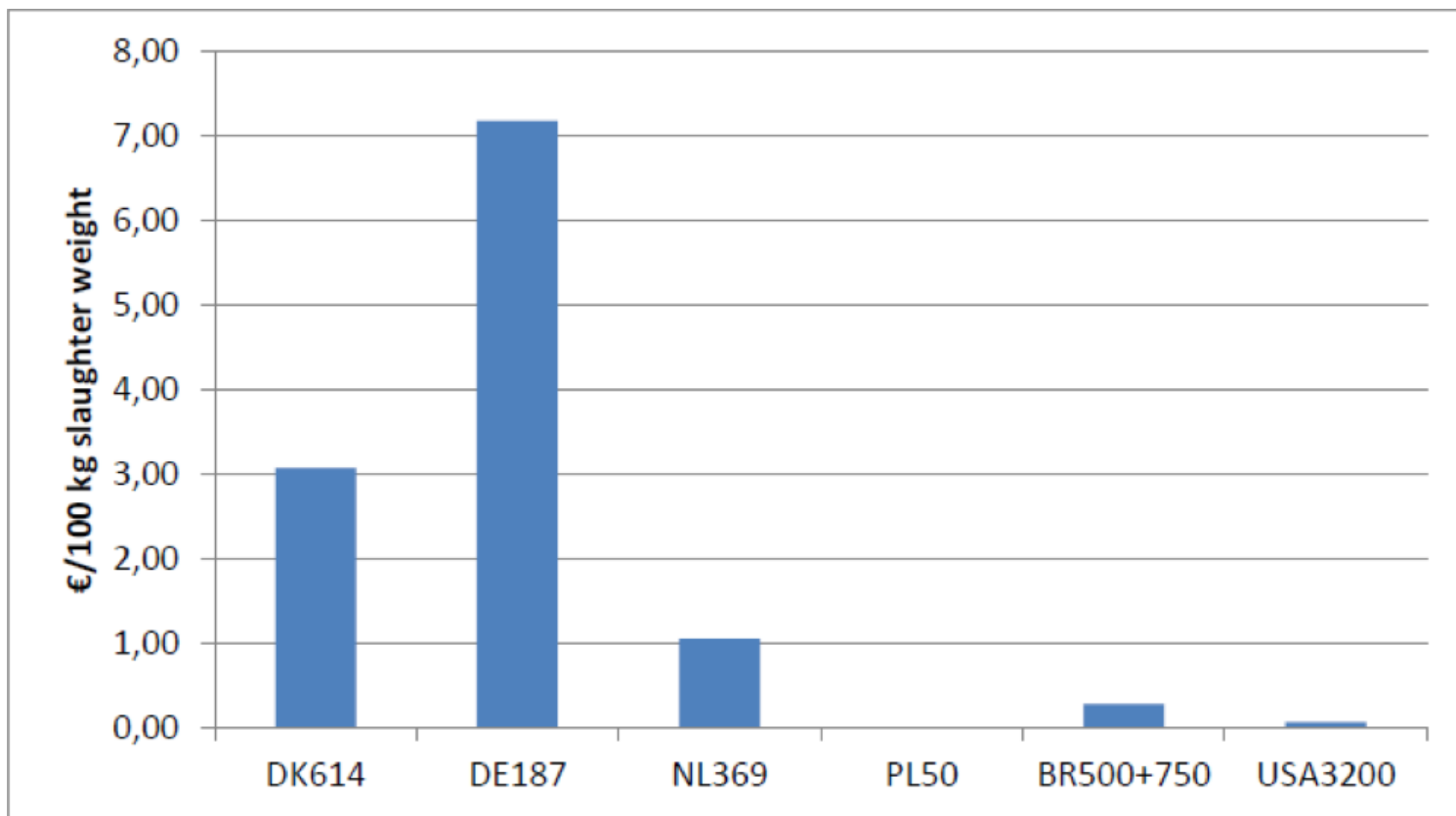
2- Lack of recording of veterinary act and medicines used at farm gate => no possibility to prove that antibiotics are not used as growth promotor (conclusion of the FVO visit in 2015)

⇒ **No answer provided by the brazilian competent authorities**

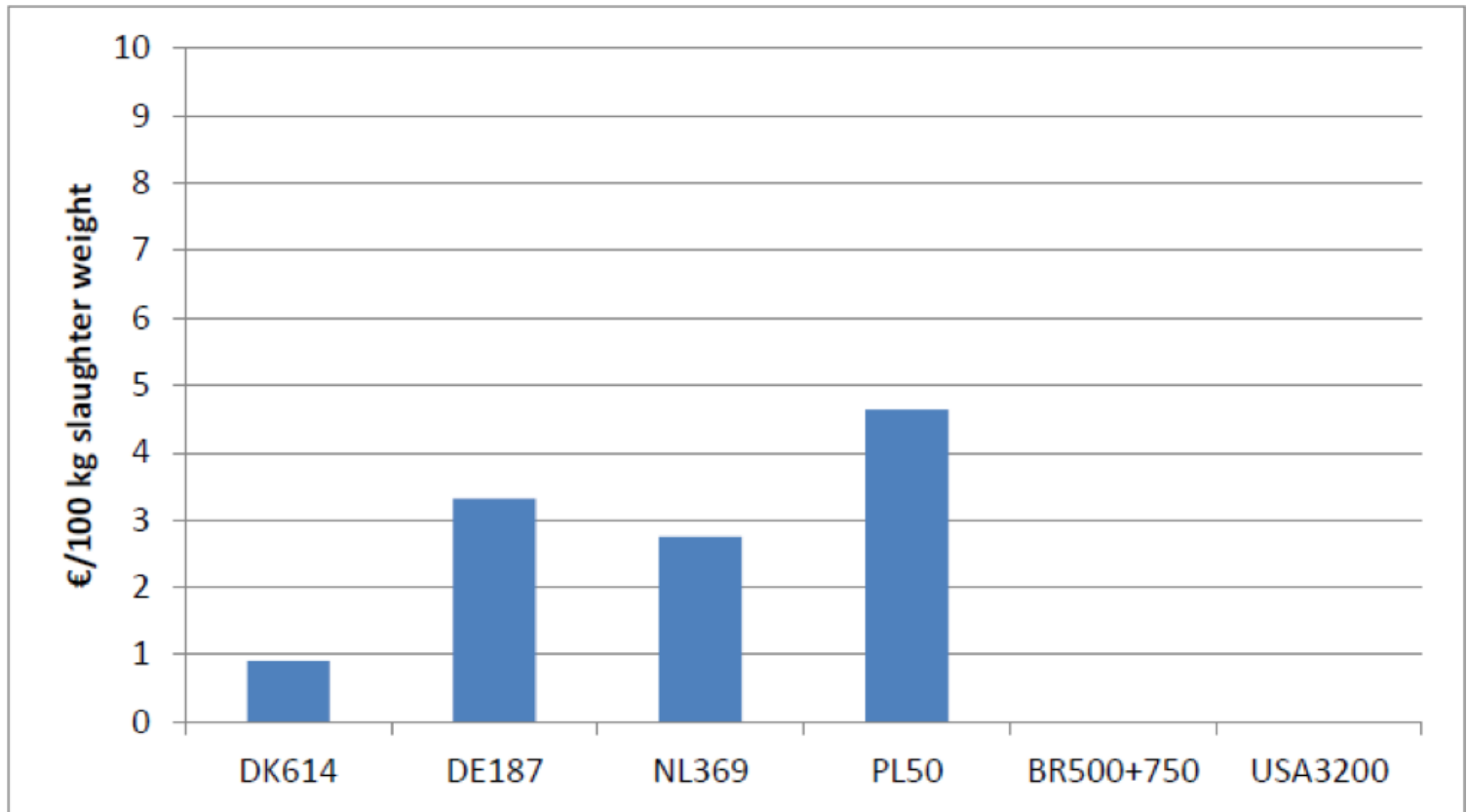
Economic performance of ractopamine

Variáveis	Ad libitum	Restrito	Ad libitum - Ractopamina e Imunocastração	Restrito - Ractopamina e Imunocastração
GPD	939,53	873,75	983,95	915,07
Conversão Alimentar 100 kg	2,510	2,400	2,260	2,138
Espessura Toucinho (mm)	13,39	13,08	12,70	12,46
Peso Médio Início (kg)	23,90	23,57	23,71	24,15
Peso Médio Abate (kg)	105,76	101,86	111,88	106,14
Idade Início (d)	63,53	63,53	63,53	63,53
Idade Abate (d)	153,14	153,14	153,14	153,14

ENV cost of compliance €/100 kg



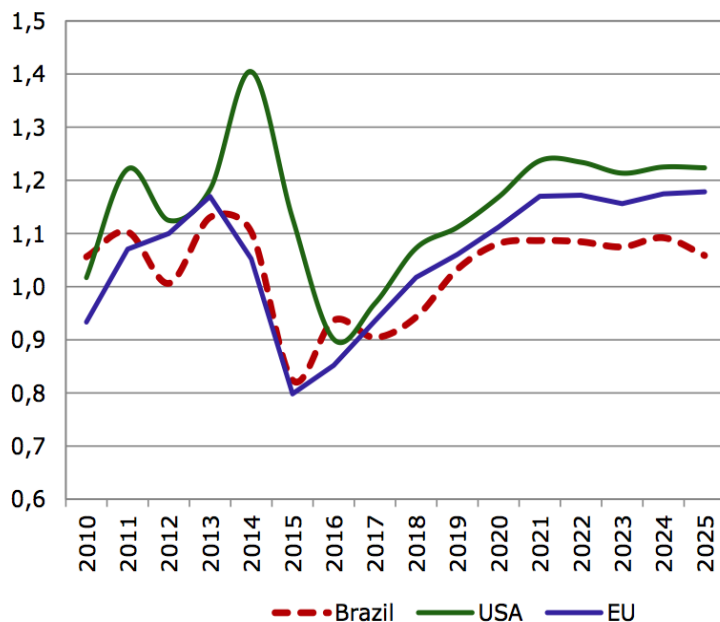
AW cost of compliance € / 100 kg



Price gap will remain stable after 2018

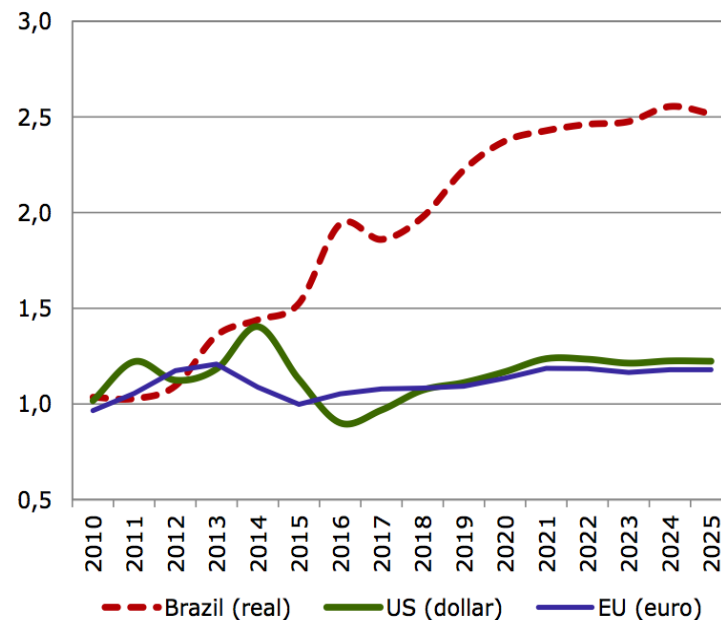
Prices faced by exporters and producers

The pigmeat price in dollar



Note: 2010 = index based on a 3-year average of 2009-2011

The pigmeat price in local currency



Note: 2010 = index based on a 3-year average of 2009-2011

Market access - conditions

- Full compliance of SPS measures (ractopamine and antibiotics as growth promotor) prior negotiation on market access;
- Secure a balance approach with the natural fall of the carcass for the TRQ discussion (sensitive product);
- Due to specific EU regulation on environment and animal welfare, no duty free approach for the TRQ;
- TRQ management under import license scheme as multinational are very active in Brazil.



Thank you for your attention!