Compartmentalization and its Impact on trade.

Compartmentalization: will it help when AI hits the fan?

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Overview:

• Trade of live animals
  • Complex issue?

• Primary Breeders of Poultry
  • Who we are / relevance to industry

• HPAI: effects on international trade
  • U.S. exporters
  • Global
  • Examples

• Conclusions
International trade

• WTO
  • purpose is to help trade flow as freely as possible

• But, live animals pose a unique feature for trade:
  • Animals can get sick = Diseases!
  • This requires special backgrounds to be involved
International trade

- intergovernmental organization coordinating, supporting and promoting animal disease control.
- main objective: to control epizootic diseases and to prevent their spread.
- It is recognized as a reference organization by the World Trade Organization = FAVORS SAFE TRADE!!!
International trade

• So, disease status of national flocks/herds in importing/exporting countries dictates additional set of policies that affect trade
  • OIE provides information on multiple animal diseases by country
  • OIE sets forth guidelines for fair trade, taking into consideration disease status and VS capabilities of trading partners
International trade

- Everybody (member states) uses OIE’s guidelines for trade purposes…
  - *To their convenience or advantage!*

- Countries also set their own trade policies
  - e.g. USDA has its own list of countries recognized as ND-free
  - ND-status determines in great part whether live poultry can be imported into the USA and under what set of conditions
**Importance of Poultry**

Chicken: the most abundant species on the planet

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*And they’re edible. Ants are a good source of protein and are considered a delicacy in many parts of the world.*
Poultry around the world

POULTRYMEAT TRADE FLOWS 2010

Major Broiler Meat Exporters

Flow in '000t
- 5-10
- 10-25
- 25-50
- 50-75
- 75-100
- 100-200
- >200

Red arrow decrease forecast by 2020
Black arrow no significant change
Blue arrow increase forecast by 2020

Source: Foreign Agricultural Service, Official USDA Estimates

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For trade of live poultry...

- Avian Influenza (H5/H7 and any HPAI) might be the most important of the poultry diseases
  - It disrupts markets
    - Domestic & International
    - Thailand 2004 outbreak: drop in consumption and exports
      - 2 years to recover pre-outbreak levels!
    - 2014-2015 outbreak in the USA
      - ~40 countries!
        - Country
        - State
        - County or control zone
For trade of live poultry...2014-2015

- USA 2014-2015 HPAI = worst FAD in history of the country!!!
  - Layers
  - Turkeys
  - Broilers
For trade of live poultry...2014-2015

- USA 2014-2015 HPAI = worst FAD in history of the country!!!
  - Layers
  - Turkeys
  - Broilers $$$
U.S. Poultry & Egg Export Value
(In million U.S. dollars)

Total export value in 2015 were $4.33 billion, down 25.8% from 2014.

Source: USDA/FAS
In 2015, the U.S. Poultry Industry suffered its Most Devastating Loss in history, as a result of HPAI $4.2 Billion
When do primary breeders come into play? What do they do?
World market for Meat-type Chicken Breeders (~405 mill parents world-wide)

45 - 60% originates from the USA!!!
Trade alternatives under disease presence

• Animal subpopulations

With regards to disease of interest

• How are they separated?
  • Regionalization
  • Compartmentalization

World Organisation for Animal Health
Regionalization

- Think geography
  - Natural landscape, distance
  - Political divisions (state, county level, zoning)
Example: South Korea

- 2015 HPAI outbreak in the USA
  - Complete ban over poultry imports from entire USA, right from the first HPAI report
  - The magnitude of their response in perspective…
Over imposed map of South Korea along the straight line between the affected state and the closest CVI farm.

Is this fair or justified in any way?
Compartmentalization

Management

Biosecurity

Traceability
Compartmentalization card here? Maybe
Another example: Sri Lanka

An email from customer:

Subject: RE: Importation of GPS -May 12 Fortune GP Sri Lanka

Dear Mrs Freda,

With respect to the GPS shipment schedule on 12 May 2017 from the USA, is there any possibility to get the shipment from a state/states which are not adjoining to the Tennessee.
If we could look into the problem in advance, hope we can seek the opportunities to import the consignment as scheduled.

Meanwhile, we will take necessary action to register Brazil and New Zealand with our authorities which will enable us to import DOC in future.

Thank you

With kind regards
Last example: Brazil

- March 6, 2017: OIE releases a report:
  - 73,500 broiler breeders high mortality HPAI H5N7
- The same day, Brazil:
  - Which only imports upper pipeline of breeding stock of poultry (GP and GGP; very seldom PS)
    - Very limited volumes (compared to other “commodities” including PS stock)
    - Only DOC and HE = the lowest risk!
  - Informs USDA:
    - Only HE will be allowed in, and…
    - With new set of requirements
Last example: Brazil (cntd…)

• Brazil new requirements:
  • Serology testing within 21-30 days prior to shipment
  • PCR
    - OP swabs
    - Cloacal swabs
  • Samples taken by VMO or aDVM
  • Farms inspected by VMO or aDVM within 72 h prior to shipment
    - What about the risk?
    - What is the benefit?
Last example: Brazil (ctd…)

**Brazil** president seeks to reassure foreign countries over **tainted meat** scandal

Brazil tried to reassure the world Sunday that its huge **meat** industry poses no threat despite allegations that major exporters have been selling **tainted** beef and poultry with falsified inspection certificates. President ...

France 24 » 14d

**Amid Massive Tainted-Meat Scandal, Brazil Assures Safety Of Its Food Exports**

Brazil has long been awash with corruption scandals, but the latest to erupt is about an issue that is particularly close to the nation’s heart and stomach — and its wallet. Few people are more prolific **meat-eaters** than the ...

WUWM » 10d

**Tainted meat? | China temporarily suspends beef imports from Brazil**

Brazil’s government moved to head off a crisis over allegations that **meat** exporters had bribed inspectors to approve **tainted** beef for sale and export by summoning ambassadors to reassure them they have nothing to ...

Macau Daily Times » 10d

**Government urged to investigate 'rotten' Brazilian meat allegations**

China has urged Brazil to hand out harsh punishments to those involved …

ekosvoice.com » 1d
Last example: Brazil (cntd…)

• USDA reaction:

United States Department of Agriculture

Office of Communications
1400 Independence Ave, SW
Washington, DC 20250-1300
Voice (202) 720-4623
Email: oc.news@usda.gov
Web: http://www.usda.gov

USDA on Tainted Brazilian Meat: None Has Entered U.S., 100 Percent Re-Inspection Instituted

USDA Office of Communications sent this bulletin at 03/22/2017 02:40 PM EDT

You are subscribed to USDA Office of Communications.

Release No. 0025.17
USDA on Tainted Brazilian Meat: None Has Entered U.S., 100 Percent Re-Inspection Instituted

WASHINGTON, March 22, 2017 – Today, the U.S. Department of Agriculture’s (USDA) Food Safety and Inspection Service (FSIS) announced additional steps to keep the food supply safe for American families in light of the recent investigations of Brazil’s meat industry.

While none of the slaughter or processing facilities implicated in the Brazilian scandal have shipped meat products to the United States, FSIS immediately instituted additional pathogen testing of all shipments of raw beef and ready-to-eat products from Brazil upon hearing reports of the Brazilian investigation. FSIS has also increased its examination of all these products at ports-of-entry across the country. The agency will indefinitely maintain its 100% re-inspection and pathogen testing of all lots of FSIS-regulated products imported from Brazil.

"Keeping food safe for American families is our top priority," said Mike Young, Acting Deputy Secretary of the U.S. Department of Agriculture. "FSIS has strengthened the existing safeguards that protect the American food supply as a precaution and is monitoring the Brazilian government’s investigation closely."

The FSIS import inspection system (including equivalence determinations, in-country audits, and re-inspection processes) is designed to ensure that imported meat, poultry, and processed egg products are safe and wholesome. FSIS works closely with the U.S. Customs and Border Protection (CBP) and the Animal and Plant Health Inspection Service (APHIS) to ensure that these products are safe before they enter the country.

"FSIS will take any additional actions necessary to protect public health," said Al Almanza, Acting Deputy Under Secretary for Food Safety. "It is our mission to keep the food on American dinner tables safe."
Compartmentalization
so what is next for U.S.?

- Companies to submit applications and getting certified as Compartments
  - $$$
- Recognition!
  - Mutual – countries with similar program UK, BR
  - Friendly and dependent of breeding stock
  - Less trade-friendly countries might take longer
- Demonstration that it works!
Compartmentalization

what to expect from it?

• High investment from Primary Breeders
• Tremendous support from federal authorities to sell the Program abroad
• Negligible risk of spreading AI through movement of breeding stock from premises under Compartmentalization Program
• Fair movement of poultry breeding stock
• Slow acceptance and recognition of compartments
  • Some countries more than others
• Secure supply of breeding stock to importing countries for continued, uninterrupted food supply domestically
• Some countries may not accept it!
Compartmentalization elsewhere?

- Countries with Compartmentalization implemented:
  - UK
  - Brazil
  - USA (getting close)

- Countries that accept Compartmentalization
  - Japan - UK
  - South Africa - UK
  - Israel - UK
What’s next?

• AI is here to linger and move around (the globe)


Avian Influenza

has been identified in 77 countries and
13 strains have been detected.

Avian Influenza has killed both domestic and wild
birds and has led to the destruction of hundreds
of millions of domestic birds.

Data from WAHIS
What’s next?

- AI is here to linger and move around (the globe)
What’s next?
What’s next?

• AI is here to linger and move around (the globe)
• Countries need to change trade policies
  • based on risk mitigation =
  • regionalization/compartimentalization
• Equivalencies
• Trust = Relationships
  • collaboration!
There are many ways to skin a cat…
But don’t expect me to do it the exact same way you do.
Tell me what you want/need, then let me achieve that objective
according to my own circumstances and capabilities.
**Equivalencies!!!**

**Trust me. It works!**
Trade is easier when there is trust!

And trust is built over long-term relationships!
Thanks!
Questions?

READY FOR THE NEXT 100 YEARS