

SPS ACCOMPLISHMENTS REPORT FISCAL 2003

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EXECUTIVE SUMMARY

This report represents the eighth annual summary and analysis of USDA's successes in resolving trade barrier issues related to animal disease and plant pest concerns, prepared by USDA's Animal and Plant Health Inspection Service (APHIS). The Report highlights efforts of the USDA to support the principles of the World Trade Organization (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), by removing barriers to trade, participating in the development of international standards, and promoting the understanding of SPS principles at home and internationally.

In fiscal 2003 75 SPS trade related trade issues involving U.S. agricultural exports were resolved, permitting trade worth over \$2.4 billion to occur. These accomplishments include new or expanded market access for U.S. agricultural products, as well as the retention of export markets. An export accomplishment involves the exchange of technical information with our trade partners that enables trade to take place and satisfies the health concerns of the countries involved.

Likewise, this report addresses import accomplishments where new or expanded access for certain agricultural products to the U.S. market were permitted. A total of 38 such SPS related import accomplishments occurred in fiscal 2003, enabling trade worth \$141 million to occur.

The information in this Report was gathered from APHIS staffs involved in the management of SPS issues. The Phytosanitary Issues Management staff, part of Plant Protection and Quarantine, and the National Center for Import and Export of Veterinary Services provided input on the resolution of trade related issues. In addition, information was supplied by International Services, particularly the APHIS Foreign Service officers who work closely with their host country counterparts. The Trade Support Team, also part of International Services, compiled the data presented in the report, conducted the analysis, and prepared this report

INTRODUCTION

For the eighth year, APHIS has prepared the annual SPS Accomplishment Report. This report details USDA's successes in the arena of international trade related to sanitary and phytosanitary (SPS) barriers and illustrates the nature and effectiveness of USDA's efforts in the SPS trade area. These activities include the opening, retaining, or expanding of overseas markets for U.S. agricultural products, supporting the work of international standard setting bodies, and technical assistance activities.

In fiscal 2003, 75 SPS trade-related trade issues involving U.S. agricultural exports were resolved, permitting trade worth over \$2.4 billion to occur. These export accomplishments included opening new markets for various animal products in Lithuania and for stonefruit to Chile, expanding existing market access for apples to Taiwan, and peaches & nectarines to Mexico as well as table grapes to Australia. USDA-APHIS retained forty-four important markets around the world for products ranging from pet food to poultry. In addition, the United States permitted new or expanded access for imported products from Australia, South Africa, and the United Kingdom.

The report relies on the following definition for SPS trade issues resolution: an SPS accomplishment takes place when an SPS issue is resolved in a way that enables the movement of commodities and satisfies the health concerns of the countries involved. In addition, we divide SPS accomplishments into three categories: *Market access* refers to obtaining first time access to a previously closed market or reopening a market that has been closed for some time. *Market expansion* involves increasing the openness of an existing market, for instance by enlarging the area eligible for export, expanding the number of varieties eligible for export, or reducing mitigation measures (and therefore costs) applied to the export. *Market retention* means that access to an existing market is preserved in the face of some action that threatens to close that market.

For APHIS, an SPS issue arises when animal or plant health concerns potentially limit the movement of a commodity in international trade. In such instances, APHIS scientists and technical staff enter into discussions with their foreign counterparts on the scientific issues related to the movement of the product. The goal of these discussions is to determine under which conditions trade can take place without presenting a risk to the animal or plant resources of the countries involved.

Import requirements designed to protect the biological health of the agricultural sector can significantly restrict trade. The exchange of technical and scientific information can often convince an importing country that the risk associated with imported products is less than has been perceived or can be safely addressed through certain risk mitigation measures. Like the United States, our trade partners are understandably cautious in determining when and how agricultural trade can occur.

The successes presented in this report, as in the previous years, drew on APHIS' recognized expertise in key technical fields, including animal and plant health risk assessment. Another key component is extensive coordination among the U.S.

Government agencies involved in SPS trade issues. In addition to APHIS, USDA's Agricultural Marketing Service, Grain Inspection, Packers and Stockyards Administration, and the Food Safety and Inspection Service supply critical technical input to make trade facilitation possible. Within USDA, the Foreign Agricultural Service plays the lead role in developing and implementing trade policy. USDA's partners in resolving SPS trade issues include the Office of the U.S. Trade Representative (USTR), the Department of State, the Environmental Protection Agency, and the Food and Drug Administration.

EXPORT ACCOMPLISHMENTS

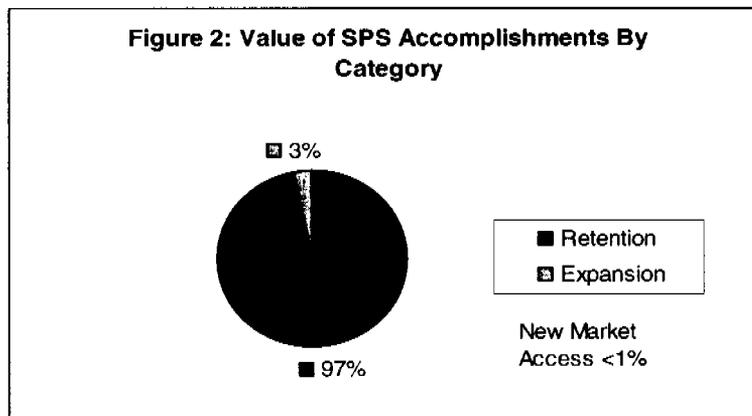
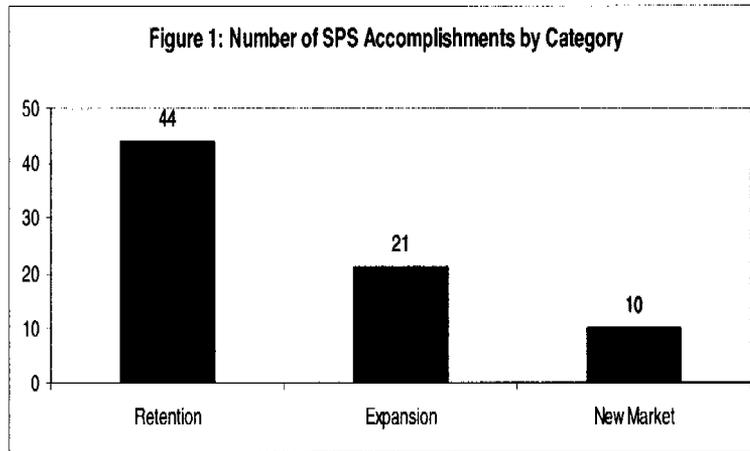
In fiscal 2003, a total of 75 SPS related trade issues were resolved resulting in more than \$2.4 billion worth of export sales (Table 1). These sales were destined for 40 different countries and involved a variety of products. These products covered the entire range of U.S. agricultural production including pet food and poultry, live animals and animal products, and horticultural products such as propagative materials, nursery stock and seeds. Likewise, the trading partners involved in these SPS issues spanned the globe from Asia and Oceania, to Europe & the Middle East and Latin America.

Table 1-FY 2003 Export Accomplishments	
<u>Market Retention</u>	
Plant Products	\$ 659,098,000
Animals & Products	<u>\$ 1,757,594,000</u>
Total	\$ 2,416,692,000
<u>Market Expansion</u>	
Plant Products	\$ 45,861,002
Animals & Products	<u>\$ 28,845,846</u>
Total.....	\$ 74, 706, 848
<u>New Access</u>	
Plant Products	\$ N/A
Animals & Products	<u>\$ 1,127,000</u>
Total.....	\$ 1,127,000
Total.....	\$ 2,492,525,846
Source: USDA <i>Foreign Agricultural Trade of the United States</i> .	

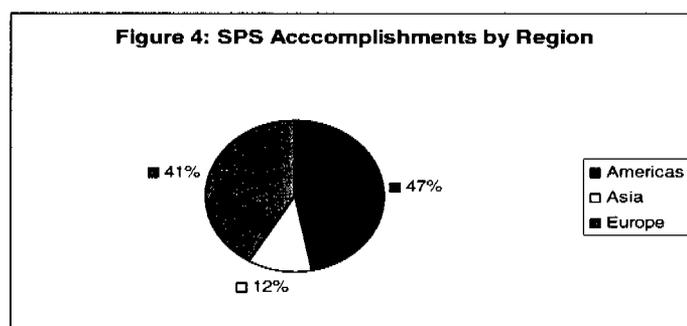
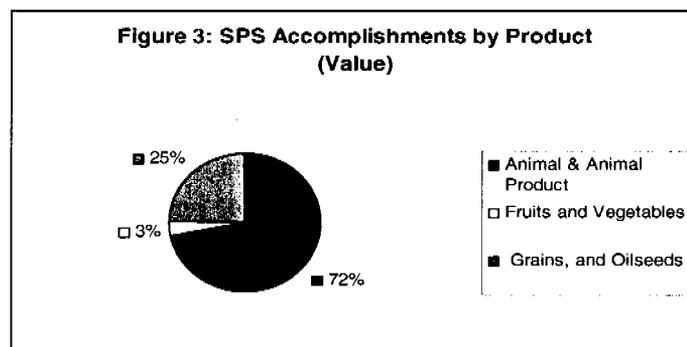
Forty-four of the 75 SPS export accomplishments involved the retention of existing markets, which accounted for 97 percent of the \$2.4 billion total. This is a higher percentage than for fiscal 2002, when markets retained contributed to 53 percent of the total. The higher percentage in retention is due in part to APHIS' efforts in maintaining poultry markets worldwide despite the outbreaks of Exotic Newcastle Disease in 2003 and Avian Influenza in the later part of 2002. Market retention has been the largest of the three categories analyzed in past reports with the exception of FY 2001, when market expansion exceeded market retention.

In fiscal 2003, 21 export markets were expanded permitting \$74 million in trade to occur. Market opportunities for several U.S. products were expanded, including the export of stone-fruit and citrus to Mexico, cherries to Korea and grains to Turkey.

Ten new markets for various animal and plant products were opened for U.S. exports in fiscal 2003. Romania signed a new protocol allowing the imports of U.S. beef. Chile finalized two rules that would allow the import of cherries and other stonefruit. In addition, Lithuania finalized several protocols that would allow the imports of various animal products such as bovine semen, hatching eggs, and pet food from the United States.



In value terms, exports of animals and animal products made up the largest share of export accomplishments in fiscal 2003 valued at \$1.8 billion or 72 percent of the total. Sales of grains and oilseeds accounted for nearly 25 percent of the total (approximately \$623 million). This marked a larger increase in both market share and value in export accomplishments involving grains and oilseeds, due to the expansion of the wheat market in Mexico and the grain market in Turkey. Fruits and vegetables accounted for nearly 3 percent of the total (approximately \$81 million). The “other” category which was composed nursery stock and cotton made up less than 1 percent.



Markets in the Americas accounted for the greatest share of the total value of fiscal 2003 export accomplishments. Export sales to the Americas region amounted to \$1.1 billion, or 47 percent of the total. Important accomplishments in the Americas in fiscal 2003 included the retention of poultry markets worth \$607 million, throughout the Americas.

Within the Americas, Mexico is by far the most important component. Sales to Mexico alone accounted for \$685 million of export accomplishments to that region. The \$685 million involved retaining the poultry and wheat market and expanding the market for products such as citrus, apricots, and plums.

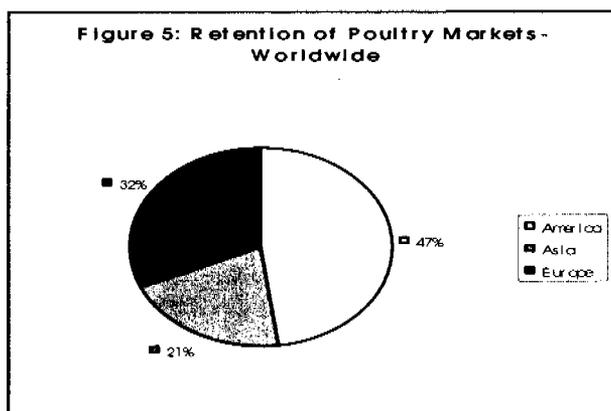
Markets in Europe, Africa, and the Middle East accounted for 41 percent of fiscal 2003 accomplishments. Key export accomplishments (\$1 billion) in this region included products such as animal by-products to the European Union and poultry products to Russia, Estonia, and Lithuania. USDA also gained new market access for various animal products such as bovine semen, hides, and hatching eggs when APHIS successfully negotiated several new protocols with Lithuania.

Markets in Asia accounted for 12 percent or \$294 million of the total value of export accomplishments. Access for \$226 million worth of poultry to Japan, Korea, and the

Philippines was retained through the concerted efforts of FAS, APHIS, USTR, and FSIS. In addition, Korea finalized a rule that allowed additional varieties of cherries to be exported which expanded the market access for U.S. cherries.

SPECIAL EMPHASIS ON POULTRY RETENTION

The outbreaks of low pathogenic avian influenza and exotic newcastle disease, affected the poultry exports worldwide. In fiscal 2003, APHIS retained nearly \$1.3 billion in poultry and poultry products which account for nearly half of the total retention accomplishments for fiscal 2003. These outbreaks continue to present problems for poultry exports in major markets in the Americas, Europe, and Asia.



Fiscal 2003 began with some restrictions imposed due to outbreaks of low pathogenic avian influenza in 2002. For example, Chile's ban on all US poultry products imposed in 2002 and in effect during most of 2003 was finally lifted in October, 2003 after intense negotiation with APHIS.

The outbreak of exotic newcastle disease in California in October 2002, (later also in Nevada, Arizona, and Texas) resulted in new restrictions. In many cases, intense discussions with APHIS convinced trading partners to limit or regionalize their restrictions to only the affected states. Successful regionalization discussions were concluded with countries such as Canada, Korea, and Russia limiting their restrictions to only the affected states of Arizona, California, New Mexico and Nevada.

The Russian market remains the single, largest export market for U.S. poultry. In FY 2003, APHIS and FSIS utilized significant resources to maintain the market threatened by the outbreak of END, including intense negotiations, extensive verbal and written communication regarding export conditions for US poultry, and hosting several Russian veterinary delegations in the United States. Through these intense discussions, APHIS successfully retained \$324 million worth of poultry exports to Russia.

Similar discussions regarding animal health conditions for U.S. poultry have been ongoing with Mexico, the second largest export market. APHIS successfully negotiated

Mexico's regionalization of the United States for low pathogenic avian influenza and maintained exports from states which have not experienced cases. Current restrictions are still in place for California, Connecticut, Delaware, Maryland, North Carolina, New Jersey, Pennsylvania, Texas, Virginia, West Virginia, and Maine which continue to be considered by Mexico as affected by this disease although those cases have been eradicated as much as 1.5 year ago.

In addition, Mexico still maintains restrictions for poultry and poultry products from Texas, Arizona, Nevada, and California due to the outbreak exotic newcastle disease. The last case of exotic newcastle disease was reported on May 31, 2003 and the state and federal quarantine was lifted on September 16, 2003. According to, with Article 2.1.15.3 of the Office International des Epizooties Terrestrial Animal Health Code, there are no zones affected by END in the United States. APHIS continues to work with its Mexican counterparts to develop better market access conditions for U.S. poultry and poultry products.

IMPORT ACCOMPLISHMENTS

In fiscal 2003, APHIS implemented a number of changes to its import requirements to provide new or expanded access for imported products to the U.S. market. These changes reflect the U.S. commitment to the principles of the SPS Agreement, which requires WTO member countries to select measures to protect animal and plant health that will restrict trade to the least extent possible. The total value for import market access or market expansion totaled \$141 million for fiscal 2003.

Table 2—FY 2003 Import Accomplishments

Market Access	
Plant Products	\$ 4,244,000
Animals & Products	\$ 35,203,000
Total.....	\$ 39,447,000
Market Expansion	
Plant Products	\$ 32,711,084
Animals & Products	\$ 68,895,000
Total.....	\$ 101,606,084
Total	\$141,053,084

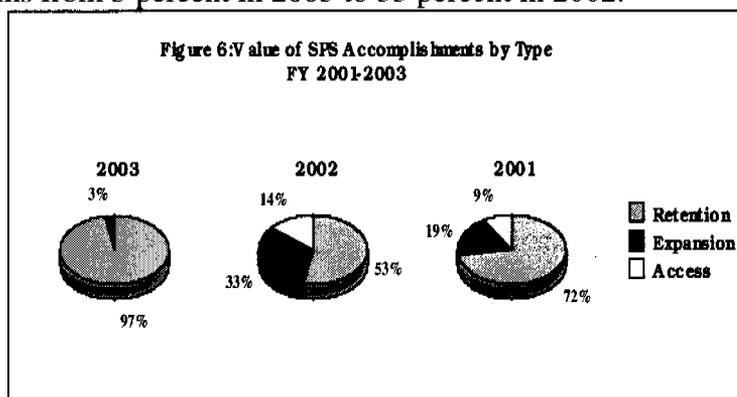
Source: USDA Foreign Agricultural Trade of the United States.

APHIS provided \$141 million of new market or expanded access for thirty-eight different commodities from twenty-one countries. In fiscal 2003, APHIS granted new market access for unshu oranges from Japan, beef from Uruguay, and clementines from Spain. In addition, USDA also amended its import regulations to expand market access for citrus from South Africa, persimmons from Korea and fennel from Nicaragua, Guatemala, and El Salvador.

COMPARISON WITH EARLIER REPORTS

Since 1997, 409 export issues have been resolved, allowing nearly \$11 billion in trade to take place. In fiscal 2003, 75 export issues were resolved as compared to 76 in fiscal 2002 and 58 in fiscal 2001. In fiscal 2003, a number of high value markets were retained or expanded such as animal by products to the European Union, potatoes and wheat to Mexico, and poultry to various markets worldwide.

Retention issues are consistently the most significant among the three categories of the SPS accomplishments in both the number of issues and the value of trade involved. As Figure 6 indicates, retention issues accounted for 97 percent of the total value of SPS accomplishments in fiscal 2003, 53 percent in fiscal 2002, and 72 percent in fiscal 2001. Market expansion is the next largest in terms of the value of trade involved, varying in percentage terms from 3 percent in 2003 to 33 percent in 2002.

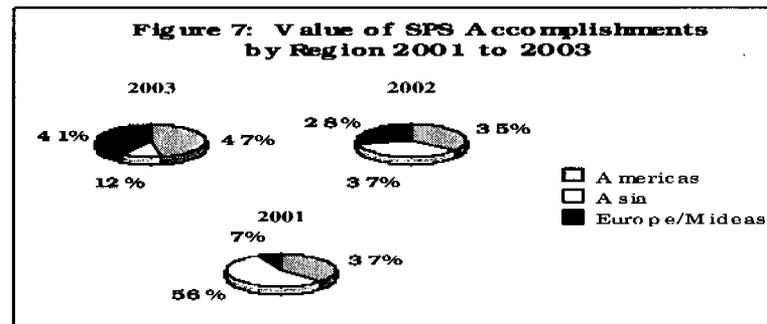


Market access is usually the smallest category of the SPS export accomplishments in value terms. However, market access accomplishments are very significant because they can contribute to the growth of exports in subsequent years, and may result in follow-on SPS accomplishments. Table 3 illustrates this by showing how the values of some markets that were opened in fiscal 2001 and 2002 have since increased. For instance, exports of cotton to Pakistan, walnuts to Korea, grapes to Australia, seed potatoes to Thailand and Uruguay, and poultry to Romania all grew in fiscal 2003.

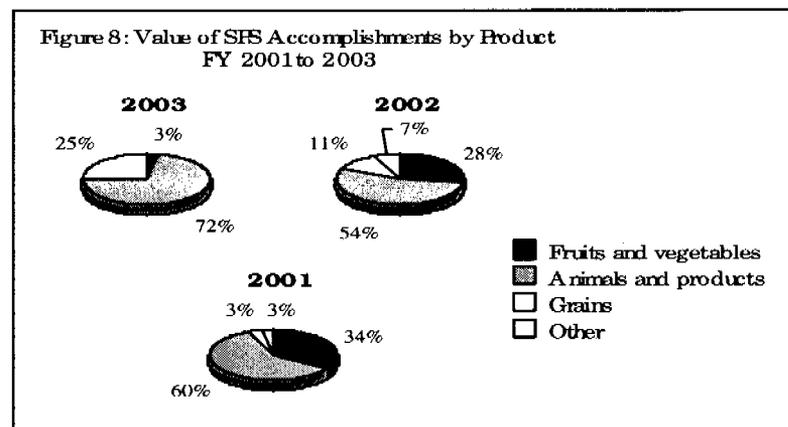
Table 3--Export Markets Opened in FY 2001, 2002, 2003

Market	Products	Opened	FY2001	FY2002	FY2003
Australia	Grapes	FY2002	n/a	\$2,285,000	\$2,344,000
Armenia	Bovine Semen	FY 2003	n/a	n/a	\$7,000
Chile	Stonefruit & cherries	FY 2003	n/a	n/a	n/a
China	Bovine Embryos	FY2002	n/a	\$151,360	n/a
China	Dairy Cows	FY2002	n/a	n/a	n/a
Cuba	Beef	FY 2003	n/a	n/a	\$0
Cuba	Apples	FY2002	n/a	\$97,000	\$795,000
Cuba	Poultry	FY2002	n/a	\$17,283,000	\$785,000
Cuba	Pears	FY2002	n/a	\$0	\$29,000
Czech Republic	Bovine Embryo	FY2002	n/a	\$241,620	n/a
Hungary	Corn Seed	FY2001	\$776,409	\$3,039,000	\$1,958,000
Japan	Cherries	FY2001	\$90,455,598	\$85,923,000	\$78,721,000
Korea	Walnuts	FY2002	n/a	\$6,346,000	\$6,923,000
Latvia	Bovine Semen	FY 2003	n/a	n/a	\$72,000
Lithuania	Animal Products	FY2003	n/a	n/a	\$35,000
Mexico	Canola Seeds	FY2001	\$8,542,077	\$9,262,423	\$10,204,908
Pakistan	Apples	FY2002	n/a	\$24,000	\$0
Pakistan	Cotton	FY2002	n/a	\$93,365,000	\$121,846,000
Romania	Beef	FY 2003	n/a	N/A	\$851,000
Romania	Pork	FY2002	n/a	\$139,000	\$88,000
Romania	Poultry	FY2002	n/a	\$16,897,000	\$26,176,000
Romania	Soybeans	FY2002	n/a	\$15,174,000	\$4,050,000
Thailand	Seed Potatoes	FY2001	\$51,000	\$51,498	\$222,000
Uruguay	Seed Potatoes	FY2002	n/a	\$53,058	\$191,000
Venezuela	Horses	FY2002	n/a	\$253,000	\$224,000

The distribution of accomplishments among regions varies considerably from year to year as shown by Figure 7. Trade issues with the Americas accounted for 47 percent of the total value of export accomplishments for fiscal 2003. However, in fiscal 2002 and 2001 the Asia region dominated the SPS accomplishments with 37 percent in fiscal 2002 and 56 percent fiscal 2001.



The SPS export accomplishments include a broad range of agricultural products, including stonefruit, poultry, and animal by-products. Animal and animal products are heavily represented in 2001, 2002, and 2003, due in part to the high per unit value of these products.



The comparison of three years' data on annual SPS Accomplishments indicates that the number of accomplishments and the value of trade involved vary extensively from year to year. There are a number of explanations for this variability. First, much of the work in the SPS arena is in response to actions taken by our trading partners, as demonstrated by the fact that most of the issues resolved deal with market retention. Second, SPS concerns affect all kinds of U.S. agricultural exports, from large markets for high value products to small markets for niche products. Finally, it is not possible to predict how long it may take to deal with an SPS trade issue. While many issues are handled in the matter of weeks, others, particularly market access negotiations, may take years to resolve. An issue may also arise repeatedly - markets that are successfully retained in one year may need to be defended again in subsequent years.

COMPILING THE SPS ACCOMPLISHMENTS REPORT

In order to ensure continuity and consistency from year to year, a number of definitions were established to describe what constitutes an SPS accomplishment. The APHIS definition of an accomplishment is provided in the introduction of this report. Furthermore, three categories of accomplishments were established. All accomplishments are classified as market access, market expansion, or market retention issues. These definitions have been used since the first report for fiscal year 1996 was prepared.

The process by which the data on SPS Accomplishment Report was compiled, prepared, and then analyzed is also standardized (the methodology was first used for the fiscal 1997 report). The APHIS Trade Support Team coordinates the collection of data on trade issues resolved, as well as on international standard setting activities and technical assistance.

The primary source of information on trade accomplishments comes directly from the APHIS staffs directly involved with the trade issue. The Phytosanitary Issues Management staff (part of Plant Protection and Quarantine) and the National Center for Import/Export (part of Veterinary Services) provide information on plant and animal health issues, respectively. In addition, APHIS' foreign service officers are polled about their SPS accomplishments and activities. Additional information is also gathered from APHIS' press releases and from other sources such as, USDA's weekly SPS/ TBT meeting.

Once the list of trade accomplishments is complete, the value of each accomplishment is estimated (where possible). The value of each accomplishment is presented in two ways: first the value of actual trade in the affected commodity during fiscal 2003, and second, an estimate of the trade potential value of the market. The potential value of the market is an estimate of the level trade could reach over the next few years. Using the same data sources for each year's Report facilitates comparisons of the value of accomplishments from year to year.

The primary source of trade data is the USDA publication *Foreign Agricultural Trade of the United States*. For some products, trade data are not recorded. For example, in fiscal year 2003, trade data were not available for bison meat and nursery stock. Estimating this potential value of an SPS accomplishment can be a challenge, especially where new exports to a previously closed market are concerned. In arriving at these estimates, the report considers factors such as similar exports by other countries, the importing countries' purchasing power, and sales into comparable markets. Sources used for the estimates include market reports compiled by the Foreign Agricultural Service and industry estimates, in addition to trade data.

TRADE FACILITATION FOR FISCAL 2003

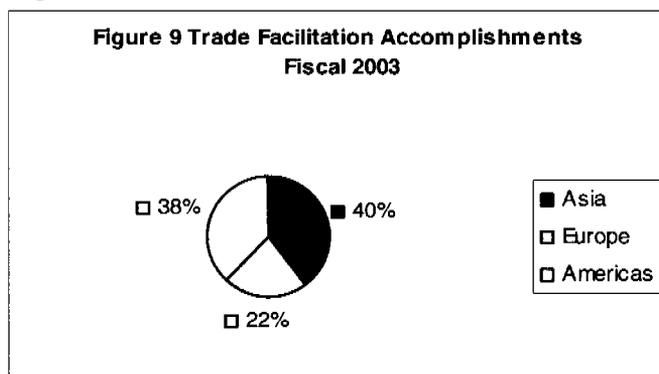
For the last five years, the SPS Accomplishments Report has included a section detailing just a few of USDA's successes in resolving problems facing individual shipments of U.S. agricultural products at port of entry. For fiscal 2003, APHIS has compiled a detailed report on these trade facilitation successes, based on monthly reports from APHIS attaches around the world. The monthly report highlights the commodity, the quantity, the unit of measure, the estimated value, the country where the shipment was held, the state of origin, and the situation surrounding the release of the shipment.

U.S. agricultural products may encounter problems at the port of entry for a variety of reasons. For instance, there may exist a minor defect with an accompanying sanitary or phytosanitary certificate. In other cases, an exporter or importer may have failed to meet all the requirements of the importing country or some pest may be intercepted. There may also be some confusion on the part of the inspector at the port of entry.

Regardless of the causes for the detained shipment, it is very costly for the commercial entities involved. Charges are incurred if a shipment must be held at port, perishable products could lose their value, or a shipment may have to be destroyed or re-exported. When shipments are held due to sanitary or phytosanitary concerns, APHIS and FAS attaches can work closely with the importing country to resolve the problem, which often results in the shipment being released and allowed entry into the country.

Trends in Trade Facilitation for Fiscal 2003

In fiscal 2003, APHIS attaches facilitated 210 shipments worth over \$22.1 million. The Americas region, which includes North, South, and Central America, facilitated 50 shipments worth over \$8.5 million. The Asia Pacific region facilitated 62 shipments worth over \$9 million. The Europe, Africa, and Middle East region facilitated 16 shipments worth over \$4.9 million.



Regional Trade Facilitation Accomplishments

APHIS' North American, South American, Central American and Caribbean Region facilitated the release of 142 shipments which resulted in over \$8.5 million in trade. Border issues are a continual challenge in US-Mexico trade. Due to the significant flow of products across the US-Mexico border, APHIS personnel in Mexico in particular are often called upon to assist in resolving difficulties.

Mexico: Through extensive consultations, APHIS Mexico clarified the new export regulations for poultry meat. As a result, two shipments of poultry meat were released.

Peru: Several shipments of dairy powder were held in Peru due to misinterpretations of the phytosanitary certificates. The APHIS office in Lima, clarified these certificates and the shipments were later released.

Guatemala: Several shipments of corn starch were held in Guatemala due to questions on the certification process. APHIS-Guatemala issued a letter explaining that processed products do not need phytosanitary certificates and these shipments were later released.

The Asia-Pacific Region facilitated the release of 62 shipments which resulted in over \$9 million in trade. These include individual shipments of grapefruit, hay, and other products held and released at various ports of entry throughout the region.

Japan: Through the efforts of the APHIS IS office in Japan, over \$3 million in citrus shipments that had been held were released by Japanese officials for various reasons.

Japan: Eleven shipments of hay valued at \$275,000 were also held by Japanese officials due errors on the phytosanitary certificates.

The Europe, Africa, and Middle East Region facilitated the release 16 shipments which resulted in over \$4.9 million in trade. These include individual shipments of wheat, lumber, and other products held at ports in Europe.

Russia and Montenegro: Through the efforts of the APHIS IS office in Vienna, two shipments of wheat flour en route to Russia and Montenegro worth over \$4 million were released.

Central and Eastern Europe: APHIS-IS Vienna secured the release of various animal products such as turkey hatching eggs and bovine semen valued at \$900,000 by providing an additional information needed for several phytosanitary certificates.

TECHNICAL ASSISTANCE AND OUTREACH

The WTO SPS Agreement obligates members to facilitate the provision of technical assistance related to the Agreement to other members, especially developing countries. In fiscal 2003, USDA participated in a number of technical assistance activities related to plant and animal health, the provisions of the SPS Agreement, and risk assessment.

In fiscal 2003, APHIS staff participated in a number of international technical assistance initiatives in the areas of plant and animal health. For example, APHIS hosted several seminars on BSE in the Philippines and Korea. In addition, APHIS worked with the Mongolian government to develop an emergency preparedness plan for Foot and Mouth Disease in that country. On the plant side, APHIS is assisting Colombia in building the Colombia Plant Health Center.

The APHIS Visitors Center hosts domestic and international visitors interested in learning about APHIS' SPS activities and its domestic programs. The Visitors Center supports APHIS' trade facilitation role by arranging programs for U.S. trade partners on quarantine, safeguarding, and regulatory issues. In fiscal 2003, the Visitors Center welcomed 615 international visitors. These programs included meeting with APHIS officials, visits to port facilities, observation of field operations for domestic eradication programs, and discussions of U.S. quarantine requirements. The interest of foreign visitors ranged across the full spectrum of APHIS' activities, including biotechnology which accounted for 45 % of the total number of visits. Other programs of interest were quarantine requirements, animal disease programs, plant pest eradication, and animal care.

The Visitors Center also plays an important role in SPS outreach by providing distance learning modules that address SPS principles and their implementation. The modules, which are available in a variety of media, are provided to USDA attaches worldwide. They, in turn, share these resources with country counterparts and other collaborators as appropriate.

FAS administers the Cochran Fellowship program, which funds training programs for senior and mid-level agriculturists from middle income countries and emerging democracies. The objectives of the program are to assist eligible countries to develop the agricultural infrastructure necessary to meet domestic food needs, and to strengthen and enhance trade linkages with the United States. In recent years, the Cochran program has funded numerous training programs related to biotechnology and the SPS-related issues of food safety, animal health, and plant quarantine.

In fiscal 2003, APHIS supported 11 Cochran Fellowship programs relating to plant and animal health, veterinary trade policy and biotechnology in 41 countries. The training visits arranged by the Cochran program provide an opportunity to share U.S. perspectives on SPS principles with the participants. All U.S. government agencies working with SPS issues, including FAS, APHIS, FSIS, the Food and Drug Administration, (FDA), and the

Environmental Protection Agency, (EPA), participate in the Cochran Fellowship program visits.

The Technical Issues Resolution Fund (TIRF), also administered through FAS, funds projects to resolve specific SPS-related trade issues in emerging markets. Two kinds of activities are supported: immediate term activities geared to solving a current trade problem and longer term strategic activities such as workshops and seminars. In fiscal 2003, APHIS participated in 3 TIRF-supported projects dealing with SPS issues in emerging market countries or regions.

INTERNATIONAL STANDARDS

International Plant Protection Convention (IPPC)

The International Plant Protection Convention (IPPC) is identified in the WTO SPS Agreement as the international standard-setting body in the area of plant health. The IPPC, as amended in 1997, established a Commission on Phytosanitary Measures to oversee implementation of the Convention, particularly the development of phytosanitary standards. An Interim Commission on Phytosanitary Measures (ICPM) has been operating since 1998 and will remain in place until the 1997 amended Convention comes into force.

APHIS places a high priority on the development of international standards. Standards are critical for establishing a more predictable trade system and providing basic phytosanitary norms for fair and safe trade in plant commodities. We believe that such a system of globally accepted standards will help, overtime, reduce and prevent SPS trade disputes among countries. Accordingly, APHIS has played an active role in the ICPM, particularly in its standard setting program.

The ICPM, which met for its 5th annual session in April 2003, adopted four new international phytosanitary standards, including:

1. Guidelines for Understanding “Potential Economic Importance” and related Terms including Reference to Environmental Considerations: These guidelines are intended to clarify the meaning and scope of “economic consequences” -- a term found in various IPPC standards. The standard ensures a common understanding that “economic consequences” of pest introduction may include monetary and/or non-monetary impacts (e.g., pest impacts on wild flora or the environment which may be difficult to express in dollar terms).
2. Analysis of Environmental Risk (a supplemental standard): This standard supplements and strengthens the existing IPPC standard on “Pest Risk Analysis for Quarantine Pests” by providing detailed guidelines for evaluating the environmental impacts of quarantine pests, including quarantine pests that are invasive. This work is an example of a key IPPC standard which has been revised to reflect the IPPC’s broad scope of plant protection to include protection of non-managed systems.
3. Guidelines for Use of Irradiation as Phytosanitary Measure: This standard provides guidance for evaluating, adopting, and applying irradiation as a phytosanitary treatment. The objective is to promote consistency by providing harmonized guidelines concerning the technical and operational aspects of employing irradiation as a treatment for plant pests.
4. Guidelines for Regulated Pest Lists: The IPPC requires contracting parties to establish and update lists of regulated pests for phytosanitary certification purposes. This standard

describes the procedures for preparing, maintaining, and making available lists of regulated pests.

International Office of Epizootics

The basic mission of the World Organization for Animal Health, (OIE), (in French, L' Office International des Epizooties, or OIE), which has a membership of over 166 member countries, is to prevent the spread of animal diseases. To this end, the OIE's major functions are to collect and disseminate information on the distribution and occurrence of animal diseases, to coordinate research on contagious animal diseases, and to develop international standards for the safe movement of animals and animal products in international trade.

The World Trade Organization's (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) designated the OIE as the international forum for setting standards on animal health and zoonoses for international trade. While the OIE has traditionally focused on diseases of livestock and on setting diagnostic standards (e.g., for vaccines and reagents), it has also begun to address disease risks associated with wildlife and animal aquatic species. Considerable progress has already been achieved in establishing OIE standards for trade in aquatic species (e.g., fish, crustaceans, and mollusks).

USDA's Animal and Plant Health Inspection Service (APHIS) plays an active role in the OIE's standard-setting activities. APHIS participates vigorously in the various OIE Commissions and Working Groups, where OIE positions, policies, and standards are developed and drafted. These include the International Animal Health Code Commission -- which develops health standards to ensure the safety of international trade in animals and animal products that trading partners must observe to avoid the transfer of agents pathogenic to animals or humans, the Foot-and-Mouth Disease and Other Epizootics Commission, the Fish Diseases Commission, the Working Group on Wildlife Diseases, the Ad-hoc Groups on Animal Welfare, on Animal Production Food Safety, Avian Influenza and several others disease specific expert groups.

Specifically, at its 71st General Session in May 2003, the OIE delegates voted to adopt several changes into the 2003 International Animal Health Code. These include:

1. Code Chapter on Rift Valley Fever: a new updated chapter incorporating current knowledge was adopted.
2. Code Chapter on Classical Swine Fever: the Chapter was updated to incorporate some changes that would distinguish vaccinated from unvaccinated pigs.
3. Code Chapter on Bovine Spongiform Encephalopathy: this Code Chapter has been updated every year. This year, updates to the chapter were made to reflect

knowledge about the risks associated with progeny and cohorts in BSE infected herds.

4. Code Chapter on Leptospirosis: modifications to the Chapter were made to reflect the widespread occurrence of leptospires, and addressed the problem associated with the use of dihydrostreptomycin.
5. Code Chapter on Avian Influenza: a new draft Chapter was presented for consideration, and although it was not adopted by the International Committee, the Chapter will be further refined for adoption in 2004.
6. Minor updates were also made to the Code Chapters on Bovine Anaplasmosis, Bovine Babesiosis and Theileriosis.

In addition, the OIE voted to adopt the following mandates:

1. Animal Welfare - the OIE established a Working Group on Animal Welfare which developed an operational plan and guiding principles, and established several ad hoc groups in the area of terrestrial and sea transportation and humane slaughter.
2. Animal Production Food Safety - Working with the Codex Alimentarius Commission, the OIE will clarify its role in the area of food safety at the farm level, review current standards to identify gaps and areas of duplication, and work closely on issues of common interest.

TABLE 4: CURRENT EXPORT MARKETS RETAINED IN FY 2003

Country	Products	Trade in FY 2003	Market Potential
Argentina	Corn	\$3,000,000	\$5,808,000
Argentina	Poultry	\$159,000	\$350,000
Australia	Pet Food	\$765,000	\$1,000,000
Azerbaijan	Poultry	\$2,593,000	\$10,000,000
Belarus	Poultry	N/A	N/A
Brazil	Paddy Rice	\$60,798,000	\$65,000,000
Brazil	Poultry	\$9,237,000	\$1,000,000
Bulgaria	Poultry	\$3,777,000	\$4,000,000
Canada	Poultry	\$345,676,000	\$350,000,000
Canada	Seed Potatoes	\$2,804,000	\$3,100,000
China	Poultry	\$98,747,000	\$100,000,000
Colombia	Apples	\$2,047,000	\$4,000,000
Colombia	Nectarines	N/A	N/A
Colombia	Peaches	\$348,000	\$500,000
Colombia	Pears	\$1,258,000	\$1,500,000
Costa Rica	Hatching Eggs	\$112,000	\$ 500,000
Costa Rica	Live chicks	N/A	N/A
Costa Rica	Poultry	\$1,180,000	\$4,000,000
Cuba	Poultry	\$28,373,000	\$30,000,000
Cyprus	Poultry	\$87,000	\$100,000
Dominican Republic	Poultry	\$4,004,000	\$5,000,000
Estonia	Poultry	\$3,115,000	\$5,000,000
European Union	Animal By Products	\$464,944,000	\$465,000,000
Grenada	Poultry	N/A	N/A
Guyana	Poultry	\$882,000	\$1,000,000
Honduras	Poultry	\$4,001,000	\$5,000,000
Jamaica	Poultry	\$9,164,000	\$15,000,000
Japan	Poultry	\$66,813,000	\$150,000,000
Korea	Poultry	\$55,503,000	\$90,000,000
Lithuania	Poultry	\$9,708,000	\$3,000,000
Mexico	Dry Beans	\$36,420,000	\$93,000,000
Mexico	Horses	\$3,981,000	\$4,000,000
Mexico	Potatoes	\$6,364,000	\$10,000,000
Mexico	Poultry	\$211,289,000	\$250,000,000
Mexico	Wheat (TX)	\$398,042,000	\$400,000,000
Panama	Poultry	\$3,703,000	\$5,000,000
Philippines	Poultry	\$13,094,000	\$15,000,000
Poland	Poultry	\$30,277,000	\$40,000,000
Romania	Poultry	\$26,176,000	\$30,000,000
Russia	Poultry	\$324,259,000	\$700,000,000
Switzerland	Poultry	\$4,109,000	\$4,000,000
Taiwan	Poultry	\$28,877,000	\$30,000,000
Thailand	Poultry	\$993,000	\$1,000,000
Trinidad & Tobago	Poultry	\$1,996,000	\$2,000,000
Turkey	Grains	\$151,014,000	\$200,000,000
Total		\$2,416,692,000	\$ 3,103,858,000

TABLE 5: POULTRY MARKETS RETAINED IN FY 2003

Country	Product	Trade in FY 2003	Market Potential
Argentina	Poultry	\$159,000	\$350,000
Azerbaijan	Poultry	\$9,708,000	\$10,000,000
Belarus	Poultry	N/A	N/A
Brazil	Poultry	\$416,000.00	\$1,000,000
Bulgaria	Poultry	\$3,777,000	\$5,000,000
Canada	Poultry	\$345,676,000	\$350,000,000
China	Poultry	\$98,747,000	\$100,000,000
Costa Rica	Poultry	\$1,180,000	\$4,000,000
Cuba	Poultry	\$28,373,000	\$30,000,000
Cyprus	Poultry	\$87,000	\$100,000
Dominican Republic	Poultry	\$4,004,000	\$5,000,000
Estonia	Poultry	\$3,115,000	\$5,000,000
Grenada	Poultry	N/A	N/A
Guyana	Poultry	\$882,000	\$1,000,000
Honduras	Poultry	\$4,001,000	\$5,000,000
Jamaica	Poultry	\$9,164,000	\$15,000,000
Japan	Poultry	\$66,813,000	\$75,000,000
Korea	Poultry	\$55,503,000	\$75,000,000
Lithuania	Poultry	\$2,593,000	\$3,000,000
Mexico	Poultry	\$211,289,000	\$250,000,000
Panama	Poultry	\$3,703,000	\$5,000,000
Philippines	Poultry	\$13,094,000	\$15,000,000
Poland	Poultry	\$ 30,277,000	\$40,000,000
Romania	Poultry	\$26,176,000	\$30,000,000
Russia	Poultry	\$324,259,000	\$500,000,000
Switzerland	Poultry	\$4,109,000	\$4,500,000
Taiwan	Poultry	\$28,877,000	\$30,000,000
Thailand	Poultry	\$993,000	\$1,000,000
Trinidad & Tobago	Poultry	\$1,996,000	\$2,000,000
TOTAL POULTRY		\$1,278,971,000	\$1,487,025,000

TABLE 6: CURRENT EXPORT MARKETS EXPANDED IN FY 2003

Country	Products	Trade in FY 2003	Market Potential
Australia	Beef	\$65,000	\$100,000
Australia	Table Grapes	\$2,344,000	\$20,000,000
Canada	Feeder Cattle	N/A	N/A
Canada	Nursery Stock	N/A	N/A
Canada	Wheat	\$2,170,000	\$5,000,000
Czech Republic	Bovine Semen	\$861,000	\$1,000,000
Guatemala	Rice	\$8,235,000	\$10,000,000
Hungary	Milk Products	\$98,000	\$1,000,000
Korea	Cherries	\$3,487,000	\$5,000,000
Mexico	Apricots	\$2,971,000	\$3,000,000
Mexico	Citrus	\$8,770,000	\$9,000,000
Mexico	Nectarines	\$14,000	\$3,981,000
Mexico	Peaches	\$11,746,000	\$15,000,000
Mexico	Plums	\$6,124,000	\$10,000,000
Peru	Cotton	N/A	N/A
Slovenia	Pet Food	\$68,846	\$100,000
Taiwan	Apples	\$26,806,000	\$71,000,000
Ukraine	Milk and eggs	\$519,000	\$750,000
Ukraine	Pet Food	\$304,000	\$500,000
Ukraine	Skin Products, Hides,	\$124,000	\$500,000
Total		\$74,706,846	\$155,931,000

TABLE 7: NEW MARKET ACCESS GAINED IN FY 2003

Country	Products	Trade in FY 2003	Market Potential
Armenia	Bovine Semen	\$7,000	\$10,000
Chile	Stone fruit and cherries	N/A	N/A
Cuba	Beef	\$162,000	\$100,000
Latvia	Bovine Semen	\$72,000	\$1,000,000
Lithuania	Animal Products (Bovine Semen, Hatching Eggs, Pet Food)	\$35,000	\$100,000
Poland	Live Cattle	N/A	N/A
Poland	Processed Animal Protein for Human Consumption	N/A	N/A
Romania	Beef	\$851,000	\$900,000
Russia	Bison Meat	N/A	N/A
Slovakia	Heat Treated Milk	N/A	N/A
Total		\$1,127,000	\$2,010,000

TABLE 8: FISCAL 2003 IMPORT ACCOMPLISHMENTS**NEW MARKET ACCESS**

Country	Products	Trade in FY 2003	Market Potential
Argentina	Beef Tongue	\$78,000	\$80,000
Australia	Tomatoes	N/A	N/A
Belize	Rambutan	N/A	N/A
China	Longans	N/A	N/A
China	Ya Pears	\$4,180,000	\$5,000,000
Colombia	Pitaya	N/A	N/A
Colombia	Cape Gooseberries	N/A	N/A
Costa Rica	Rambutan	N/A	N/A
El Salvador	Fennel	N/A	N/A
El Salvador	Rosemary	N/A	N/A
El Salvador	Parsley	N/A	N/A
Guatemala	Fennel	N/A	N/A
Guatemala	Rambutan	N/A	N/A
Honduras	Rambutan	N/A	N/A
Honduras	Basil	N/A	N/A
Japan	Unshu Oranges	N/A	N/A
Korea	Persimmons	N/A	N/A
Mexico	Eggs	\$20,000	\$25,000
Mexico	Rambutan	N/A	N/A
Nicaragua	Fennel	N/A	N/A
Nicaragua	Yard long bean	N/A	N/A
Nicaragua	Rambutan	N/A	N/A
Spain	Clementines	\$45,000	\$500,000
Spain	Persimmons	N/A	N/A
Taiwan	Sphagnum Moss	\$19,000	20,000
Uruguay	Beef	\$35,105,000	\$40,000,000
Total		\$39,447,000	\$45,625,000

EXPANDED MARKET ACCESS

Country	Products	Trade in FY 2003	Market Potential
Australia	Citrus	\$27,570,000	\$30,000,000
Chile	Peppers	N/A	N/A
England	Pork	\$65,734,000	\$70,000,000
Israel	Peppers	\$8,000	\$10,000
Mexico	Pork	\$3,161,000	\$4,000,000
Mexico	Figs	\$388,000	\$400,000
South Africa	Citrus	\$0	\$0
Spain	Peppers	\$4,744,000	\$5,000,000
Spain	Tomatoes	\$1,084	\$2,000
Total		\$101,606,084	\$109,412,000

