

May 26, 2023

Mr. Kevin Shea, Administrator
Animal and Plant Health Inspection Service
U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250



RE: APHIS-2018-0007-0001 Importation of Fresh Beef from Paraguay

Dear Administrator Shea,

On behalf of the United States Cattlemen's Association (USCA) and our nationwide membership of independent producers, livestock haulers, and regional processors, we write to you today in opposition to the proposed rule which would allow the importation of fresh (chilled or frozen) beef from Paraguay.

PROTECT THE HEALTH OF THE DOMESTIC HERD

The health of the domestic cattle herd must be prioritized when negotiating or initiating trade with other countries. This proposed rule is based on assumptions made from site visits conducted by the U.S. Department of Agriculture Animal and Plant Health Inspection Service (USDA APHIS) in 2007, 2008, and 2014. The nearly ten-year gap since the last site visit does not inspire confidence in Paraguay's animal health and food safety protocols.

The *Regulatory Impact Analysis & Initial Regulatory Flexibility Analysis* that accompanies this proposed rule fully admits, "APHIS does not consider Paraguay as free of Foot and Mouth Disease (FMD) because Paraguay vaccinates against FMD and vaccinated herd may not mean all the animals in the herd are FMD free. This may result in beef from an infected animal being imported."

According to the World Animal Health Organization, FMD circulates in 77 percent of the global livestock population, including in areas in Africa, the Middle East, Asia and South America. The U.S. has maintained its status of being FMD-free since 1929. An FMD outbreak in the United States would have serious economic impacts, with industry losses totaling in the billions of dollars. A 2019 U.S. Government Accountability Office (GAO) report to Congress acknowledged that USDA's efforts to prepare for a potential FMD outbreak could be strengthened.¹

"USDA would likely face significant challenges in pursuing its FMD response goals of detecting, controlling, and containing FMD as quickly as possible; eradicating FMD using strategies that seek to stabilize animal agriculture industries and the economy; and facilitating continuity of commerce in uninfected animals," the report stated.

This isn't an indictment on the dedicated staff and leadership of USDA APHIS, rather it is an indicator of just how difficult it would be to control and eradicate a FMD outbreak. The U.S. is particularly vulnerable

¹ FOOT-AND-MOUTH DISEASE: USDA's Efforts to Prepare for a Potential Outbreak Could Be Strengthened
<https://www.gao.gov/assets/700/697800.pdf>

to FMD transmission, given the large size and mobility of the U.S. livestock sector. The FMD virus is highly contagious and easily spread from herd to herd. With as many as 400,000 head of cattle on the road in the U.S. each day, it wouldn't take long for a coast-to-coast outbreak to develop if the virus ever made it to our borders.

MARKET DISRUPTIONS

The Regulatory Impact Analysis & Initial Regulatory Flexibility Analysis that accompanies this proposed rule estimates that U.S. producers would suffer losses of \$12 million to \$23 million each year due to the increase of Paraguayan beef imports.

The report goes on to state, "Small entities in the United States are predominant among enterprises that would be affected by the proposed rule."

This runs counter to the goals of the White House's Executive Order on Promoting Competition in the American Economy², issued in July 2021. The executive order was followed by an Action Plan for a Fairer, More Competitive, and More Resilient Meat and Poultry Supply Chain³, which USCA fully supports⁴.

Both of these decrees issued by President Joe Biden seek to create a more competitive, fair, resilient meat and poultry sector, with better earnings for producers and more choices and affordable prices for consumers. This proposed rule to allow the importation of fresh beef from Paraguay would not accomplish those goals, according to USDA APHIS' own regulatory impact analysis.

LOWER STANDARDS OF PRODUCTION

The U.S. is the largest beef producer in the world, averaging 12 million metric tons each year. That beef is raised under high standards of quality and production standards. U.S. cattle producers adhere to strict animal welfare, environmental, and labor guidelines.

This is not the case in South American countries like Paraguay. In March 2023, the U.S. Department of Labor awarded a \$5 million grant under a cooperative agreement with a U.N. agency to fund initiatives addressing abusive labor practices on Brazilian and Paraguayan cattle ranches. According to Labor Ministry data cited by the prosecutors, 116 workers, including 41 Paraguayans, were rescued from "slave-like conditions" last year in Mato Grosso do Sul, the highest toll since 2016⁵.

Further, the cattle industry in Paraguay has obliterated nearly 4.4 million hectares of rich, biodiverse forest from 1987 through 2012 to expand cattle ranchers in the Gran Chaco region. Though the country

² Executive Order on Promoting Competition in the American Economy; <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/07/09/executive-order-on-promoting-competition-in-the-american-economy/>

³ FACT SHEET: The Biden-Harris Action Plan for a Fairer, More Competitive, and More Resilient Meat and Poultry Supply Chain; <https://www.whitehouse.gov/briefing-room/statements-releases/2022/01/03/fact-sheet-the-biden-harris-action-plan-for-a-fairer-more-competitive-and-more-resilient-meat-and-poultry-supply-chain/>

⁴ WHITE HOUSE LAUNCHES ACTION PLAN TO RESTORE COMPETITION IN THE U.S. CATTLE INDUSTRY; <https://uscattlemen.org/white-house-launches-action-plan-to-restore-competition-in-the-u-s-cattle-industry/>

⁵ Reuters: U.S. grant to combat labor abuses in Brazil, Paraguay cattle industry; <https://www.reuters.com/markets/us/us-grant-combat-labor-abuses-brazil-paraguay-cattle-industry-2023-03-28/>

has made progress towards slowing deforestation practices, the deforestation risk per ton of Paraguayan beef is more than 10 times higher than that for Brazilian beef exports.⁶

Brazil plays a leading role in Paraguay's beef industry. A Brazilian global beef company operates four plants within the country's borders, and another Brazilian company operates two plants. Only ten large slaughter plants, the majority of which are Brazilian-owned, account for 80 percent of the country's total slaughter capacity.

An Annual Livestock and Products report for Paraguay⁷ issued by USDA's Foreign Agriculture Service in 2022 acknowledges that, "There is significant inter-company trade by Brazilian owned slaughterhouses."

Brazil remains a bad actor in the global marketplace. USCA consistently and urgently requests the suspension of Brazilian beef imports due to a number of reasons, including the country's laissez-faire approach to reporting animal disease outbreaks, its use of forced labor, and the exposure of political corruption within the highest ranks of food safety officials.

CONCLUSION

With risks to domestic animal health, U.S. producer livelihoods, and global biodiversity, one must wonder who is driving the decision to allow the importation of fresh beef from Paraguay. USCA found at least one investment firm in Paraguay offering the "opportunity to participate in the lucrative Paraguayan cattle raising business."⁸ The firm projects 18-21 percent annual rate of returns on an individual's initial investment of \$100,000.

The U.S. shouldn't line the pockets of overseas investors or Brazilian meatpacking monoliths at the risk of our own cattle and beef industry. For all the reasons outlined above, USCA respectfully requests the rescission of this proposed rule.

Regards,



Justin Tupper, President
United States Cattlemen's Association

⁶ Trase Insights: Pace of pasture deforestation slows in the Chaco – but for how long?; <https://insights.trase.earth/yearbook/contexts/paraguayan-beef/>

⁷ USDA Foreign Agriculture Service Paraguay Livestock and Products Annual Report; https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Livestock%20and%20Pr%20oducts%20Annual_Buenos%20Aires_Paraguay_PA2022-0003.pdf

⁸ Cattle Raising Investment Opportunity; <https://paraguayainvest.com/cattle-investment-opportunity/>