

□□□ **ACADEMIC STUDIES WITHOUT TEARS** □□□

ACADEMIC RESEARCH FINDINGS TURNED INTO INFORMATION THAT ADVOCATES CAN GRASP AND USE EFFORTLESSLY

To learn why we launch this program, read the Explanatory Note placed at the end. Feedbacks welcomed. Contact: min@tinybeamfund.org



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Transnational trade and import/export: Is this issue worth bothering about?



Advocates are faced with unbelievably full plates every day. Unless something is absolutely essential, they would rather not trouble themselves with it.

Is it essential for them to take a little time to understand the influence that import and export, that transnational and cross-border trade, that international regulatory bodies such as the WTO have on animal agriculture in low- and middle-income countries? Or is that a luxury that should be placed low down the advocates' list of priorities?

Academic studies offer compelling reasons why it would be beneficial for advocates to learn more about this issue. Consider, for example:

- Trade restrictions, trade wars, tariffs: If they are serious, an importing country X may not be able to get hold of goods Y. So even if everyone in X clamors for Y (e.g. beef), Y is not available to them to be consumed. Consumer demand is not the whole story.
- Countries (especially those in the low- or middle-income bracket) relying on export of animal-based food to foster national economic development.
- The trade in live farm animals.
- The palettes of people in developing countries being shaped in profound ways as "Western" food (often animal-based) are introduced to them thanks to international trade.

Make no mistake. Trade is a big deal.

1. One out of five chicken products eaten in Guatemala came from the U.S.

In 2017, 20-30% of chickens consumed in Guatemala were imported from the U.S.

Thanks to decades of trade liberalization in Guatemala, the value of American chicken imports into Guatemala grew from \$5 million in 1996 to \$120 million in 2017, a staggering 2,300%.

Cross-border trade is responsible for supplying Guatemalans with poultry products, which arrive as: 1) regulated imports, mainly from the U.S. ; 2) unregulated influx from neighboring countries such as Mexico.

Compared with similar countries, Guatemala's increase in imports and per capita consumption of poultry is much larger because starting in 1997 it has progressively increased import quotas and reduced tariffs.

A bit more info:

- "Trade policy has played a large role in shaping poultry availability and consumption in Guatemala. The United States is a major chicken trading partner of Guatemala, especially since the 1996 Peace Accords, which were accompanied by the trade liberalization policies of:
 - 1) Increased quotas and lowered tariffs that augmented fresh and frozen poultry imports;
 - 2) Lowered trade barriers to the import of yellow feed corn for use by domestic industrial poultry producers;
 - 3) Reduced barriers to investments that stimulated processed food industries, including those using poultry ingredients."
- "In 2017, five years ahead of schedule, Guatemala eliminated all tariffs on imported frozen chicken-leg quarters, which are a byproduct of breast production in the U.S."
- "This trade is possible partly because chicken production in the United States is highly subsidized, so the sector can export cheap poultry around the world. Dollar for dollar, chicken can cost less in the United States than in Guatemala."

Fenton, Ioulia. *Changing chicken in Guatemala: Relevance of Poultry to Income Generation, Food Security, Health, and Nutrition*. Tiny Beam Fund, 20 Apr. 2020. <https://doi.org/10.15868/socialsector.36569>



2. Transnational trade's impact on people's diet and food choices: A tale of three countries

MEXICO: A case can be made that NAFTA ruined the health of people in Mexico. It brought industrial agriculture and food processing to the country. It caused the price of tortillas to increase and that of meat and products made from high fructose corn syrup to decrease. The result was an epidemic level of obesity and chronic diseases. To take this one step further, it has been argued that trade, government policies, and corporate marketing of unhealthy food are to blame and should be the focus of attention – *not* the food choices of individuals in Mexico.

KENYA: Big Food has landed in Kenya. (Big Food refers to "multinational food and beverage companies with huge and concentrated market power".) It arrived courtesy of international trade arrangements. But government policies have played a role in preventing it from wrecking total havoc with Kenyans' dietary patterns.

INDIA: The rise in meat consumption in rural India can be traced back to the country's 1991 trade reform and liberalization. People began to acquire a taste for meat which was made much more accessible to them, and they consumed less cereals and micronutrients. Rates of obesity and diet-related diseases subsequently increased.

Gálvez, Alyshia. *Eating NAFTA: Trade, Food Policies, and the Destruction of Mexico*. University of California Press, 2018. ISBN: 9780520291812

O'Neill, K. "Big Food without Big Diets? Food Regimes and Kenyan Diets." *Critical Public Health* 25, no. 3 (May 27, 2015): 265–279. doi: 10.1080/09581596.2015.1007922

Law, Cherry. "Unintended Consequence of Trade on Regional Dietary Patterns in Rural India." *World Development* 113 (2019): 277–293. doi: 10.1016/j.worlddev.2018.09.014



3. Food is “weaponized” by Beijing against the U.S. in ongoing trade war

Anyone doubting the impact trade has on the supply/production and demand/consumption of meat, fish, grains, and other food products is invited to take a look at the ongoing U.S-China trade war.

In this fight, not only is “food power” displayed in all its glory, it reveals the dynamics in global food trade that shapes what kinds of food get produced, how and where they are produced, and what people get to eat.

Question: Why does China think it has the upper hand in this food trade war?

Answer: “Since emerging as the leading food importer, China has successfully tipped the food power balance in its favor through overseas agricultural investment, import diversification, and cultivation of its own global agribusiness.”

A LOT more info:

- “. . . the United States had enjoyed substantial food power against China when the country was among the poorest in the world. However, **the food power enjoyed by the United States against China has gradually waned in recent years** as China has emerged as a major industrial power. **Three key factors account for this decline.**”
- “**First**, even though China has become the largest agricultural importer in the world, its domestic production has experienced incredible growth over the past decades, making it an agricultural and food powerhouse in its own right. . . . the country’s agricultural production increased dramatically from 1979 to 2018. China’s cereal (rice, wheat, and corn) production nearly doubled during the period, and increases in the production of meat (pork, beef, and mutton) and aquatic products were even more remarkable—growing by nineteen times and seven times, respectively.”
- “**Second**. . . . While the United States is still the largest agricultural exporter, it no longer holds the dominant position because of the rise of other exporters, including the European Union, Brazil, Argentina, and Russia.”
- “**Third**, the United States’ leverage on soybean exports, which have long been considered the Achilles heel of China’s food security, has been gradually diminishing as well.”
- “. . . **China has taken four key steps to tip the balance of food power in its favor.** **First**, China has made overseas agricultural investment a key measure to safeguard its food security and strengthen its food power. . . . *Chinese officials have reiterated many times that Chinese investment in Africa and other developing countries is not about producing food for China but about boosting local production so that these countries will import less food and become self-sufficient. . . . Less competition for food imports leads to demand concentration in the global food market, thereby enhancing China’s food power as the biggest importer.*” [italics added by Tiny Beam Fund]
- “**Second**, China has pursued an import diversification strategy. Such diversification involves the import of various agricultural and food products via multiple channels, regions, and approaches. To date, China has signed more than 120 bilateral and multilateral agreements on food trade and agriculture cooperation with over 60 countries and international organizations. Its objective is to reduce the risks caused by overdependence on the United States for food supply.”
- “**Third**, . . . China has also been committed to creating its own global agribusinesses to strengthen its control over food supply beyond the country’s borders as its dependence on the global food market grows. In addition to domestic consolidation, a common approach taken by both state-owned agribusinesses (such as COFCO and Beidahuang Group) and private “dragon head enterprises” (such as the WH Group and the New Hope Group) for global expansion is overseas mergers and acquisitions (M&A). Over the past decade, there has been a large increase in China’s overseas agriculture-related M&A, which totaled \$69 billion between 2010 and 2019. Among these deals, the most well-known is ChemChina’s \$44 billion purchase of Swiss pesticides and seeds giant Syngenta. . . . The second-largest deal is the WH Group’s \$7.1 billion acquisition of U.S.-based Smithfield Foods, the world’s largest pork producer. China’s agricultural-related M&A has mostly targeted established agribusinesses in developed countries, with the dual aim of acquiring the scientific know-how needed to improve domestic food production and quickly expanding the global reach of Chinese agribusiness.”
- “**Fourth**, China has also taken efforts to weaken the “action independence” of the United States. Through buying Smithfield Foods in 2014 and Clougherty Packing in 2017, the WH Group is now handling U.S. pork exports to China. . . . In late December 2017, China’s largest state-owned agribusiness COFCO and U.S. farm cooperative Growmark reached an agreement that gives COFCO more direct access to Growmark’s food supplies. In addition, COFCO also acquired a terminal in St. Louis. . . .”

Zhang, Hongzhou. “The U.S.-China Trade War: Is Food China’s Most Powerful Weapon?” *Asia Policy* 15, no. 3 (July 2020): 59–86. doi: 10.1353/asp.2020.0044



4. How does Russia's love to export agricultural products to China get thwarted? Let me count the ways

Here's a good illustration of the benefits of "free trade" as some people see them, and why they want trade liberalization. Without it, one could face barriers encountered by Russia when it tries to get a piece of the Chinese food and agriculture market.

Russia has competitive advantage over China in terms of arable land and water resources, and there are good reasons for Russia to think China would be an excellent export destination for its agricultural goods (e.g. Chinese duties are lower than those of the Eurasian Economic Union for meat products; Russian-Chinese Fund for Agro-Industrial Development in the Far East was set up in 2016).

But Russia found itself up against a range of obstacles which render exporting agricultural goods to China prohibitive or a nightmare, including: Widespread and high degree of protectionism targeting many Russian food products (e.g. sanitary restrictions requiring grains to be in bags rather than bulk; dairy and egg products are banned). And "numerous technical barriers, quality control standards, complicated customs' procedures, and special requirements for labeling and packaging".

Makarov, I.A. "Russian-Chinese Cooperation in Agriculture." *Problems of Economic Transition* 60, no. 4 (April 3, 2018): 286-306. doi: 10.1080/10611991.2018.1497276



5. Brazil agribusinesses use the WTO to push their own global agricultural trade agendas and ambitions

Agribusinesses in Brazil have transformed into a highly export-oriented sector in recent decades. The sector's success with "internationalizing" its domestic capital has helped it to become a powerful lobby that exerts substantial influence on the national government.

With their allies from the government, Brazilian agribusinesses often march aggressively into the WTO and get involved with dispute settlement and negotiations, with the sole aim of expanding markets for their own food and agriculture exports.

Hopewell, Kristen. "The Transformation of State-Business Relations in an Emerging Economy: The Case of Brazilian Agribusiness." *Critical Perspectives on International Business* 10, no. 4 (2014): 291-309. doi: 10.1108/cpoib-03-2014-0019



6. Is this a good way to beat the WTO?: The case of farm animal welfare in EU-Brazil trade

Getting farm animal welfare measures adopted in trade negotiations at the WTO is very challenging. The case of the EU-Brazil livestock trade seems to indicate there may be a workaround.

Dramatis personae:

Actors speaking up for animal welfare [Group A]: EU Directorate-DGTrade; International Organization for Standardization (ISO); UN Food and Agriculture Organisation (FAO); European farmers and agri-cooperatives; European animal protection organizations.

Actors not keen on animal welfare [Group B]: Brazilian delegates to rounds of WTO trade negotiations (e.g. Doha round); Mercosur (a South American trade bloc); Department of Inspection of Products of Animal Origin (DIPOA) of the Brazilian Ministry of Agriculture.

Initiatives from Group A that paralleled but were not part of WTO formal negotiations have made it possible for the two groups to come to some alignment on improving farm animal welfare policies and practices in Brazil. Of great significance is Group A's use of "soft instruments such as knowledge sharing and private standards".

But there is some concern that the involvement of non-diplomatic and non-state actors in Group A and the use of private standards that circumvent the multilateral trading system may undermine trade relations in the long run, "which in turn hamper progress in animal welfare matters".

A bit more info:

- ". . . the EU Directorate-DGTrade is the authority within the European Commission to engage in international trade negotiations. Maintaining trade relations with other countries is within the exclusive jurisdiction of the Commission; individual Member States are not allowed to create trade policy on their own. As far as the protection of the welfare of animals is concerned, the general position of the Commission is that animal welfare is a legitimate non-tariff measure that must be addressed in the negotiation of trade agreements."
- "Originally an intergovernmental organisation exclusively dedicated to improving animal health by fighting animal diseases at the global level, OIE expanded its mandate to include animal welfare at the request of its Member Countries."
- ". . . OIE guidelines are currently being used as a basis for the development of the International Organization for Standardization (ISO) technical specification for animal welfare. ISO is an NGO with the national standards bodies of more than 160 countries as Members."
- ". . . programmes developed by FAO usually involve partnerships between governments, civil society representatives and the private sector. This is also the case for animal welfare capacity-building programmes, where local experts from different stakeholders are brought together to create mutual understanding on animal welfare issues."
- "The linkages providing opportunities for civil society actors to engage in the development and promotion of international animal welfare standards and guidelines . . . include the active participation of WSPA, an originally British organisation, in the Brazilian development of animal welfare policies and practices and the exchange of visiting professors and researchers between the European and Brazilian scientific institutions."
- ". . . important stand-alone channels, where the interaction between European and Brazilian actors does not rely on the common membership of Brazil and the EU . . . [One is] based on individual countries' compliance with the importing country's requirements for food safety and quality. The conformity assessment . . . is usually the responsibility of the veterinary services of the exporting country . . ."

Maciel, Carolina T., Arthur P. J. Mol, and Bettina B. Bock. "Paving the Way for Farm Animal Welfare in International Relations: An EU-Brazil Case Study." *Contemporary Politics* 21, no. 4 (October 2, 2015): 435-450. doi: 10.1080/13569775.2015.1013291

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7. Is it religion or capitalism that drives up live farm animal trade?

Live farm animal transport is often associated with demand for halal or kosher meat. But it is capitalism – in the form of open borders, absence of trade barriers, the application of division of labor and comparative advantage – that is the real driving force.

Data from 1998 – 2015 show that live farm animal trade intensified considerably after trade liberalization in Europe and the EU added more member states. For 2015, of the top 30 largest live animal trade flows (top ten each for bovine, pigs, and poultry), 19 flows were between EU countries, and none for a EU country to/from a country outside of the EU.

The same happened with NAFTA for live pigs from Canada to the U.S.

Australia's temporary ban of live cattle exports to Indonesia in 2007 – often hailed as a great success by animal advocates and used as the “poster child” for live animal transports – was short-lived. By 2015 many more live cattle were shipped to Indonesia than before.

As for Brazil, although live cattle transports to the Middle East are often highlighted, the cross-border transports to Venezuela, unhindered by trade barriers, are actually much more important.

A bit more info:

- “As soon as trade barriers are removed, countries are able to fully play to their strengths in terms of breeding animals, fattening them, or slaughtering them. The opening of borders, be it in North America or Europe, is likely to reduce the production costs of a kilogram of meat and a liter of milk through facilitating the establishment of efficient supply chains.”
- “Canada mainly specializes in the stage of pork production where it is most efficient - feeder pig production - and the United States tends to specialize in finishing hogs particularly in the Corn Belt States, where costs of corn and soybean meal are minimized - and in processing finished hogs in large-scale processing facilities that can minimize costs.”
- “It appears that certain costs can be saved, due to different comparative advantages, if animals are bred in Country A, fattened in Country B, and then slaughtered in Country C. As these savings are not huge, even moderate tariffs seem to prevent, or at least strongly reduce, trade.”

Stefan, Silviu Beciu, and Georgiana Armenita Arghiroiu. “Farm Animals against Open Borders: Uncovering Discrepancies between Narratives and Evidence Regarding Actors and Motives in the Animal Trade.” *Ciência Rural* 49, no. 3 (2019): e20180567. doi:10.1590/0103-8478cr20180567

EXPLANATORY NOTE:

- Academic studies are notoriously hard to find, read, and put into practical use by non-academics.
- Super-busy advocates cannot afford to spend a lot of time and effort to dig up, digest, and deploy academic research even though they recognize the value of academic studies in informing and improving their advocacy work.
- *Academic Studies Without Tears* aims to help advocates faced with this dilemma.
- Its target audience are leaders and funders of non-profit advocacy organizations addressing the many negative impacts of industrial animal agriculture in low- and middle-income countries.
- It uses a communication style – reminiscent of quiz or news items – that makes everything a breeze to read.
- Each issue focuses on a particular topic and includes 8 – 10 academic studies.
- It goes without saying that the academic studies featured are *not* the final word. They have flaws and limitations. They are just a tiny selection of perspectives and findings for advocates to consider, to whet their appetite. But every relevant data point and nugget of cogent information adds to one’s store of knowledge and has the potential to spark new ideas.

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