

Testimony of Mr. Thad Lively
Before
The House Agriculture Subcommittee on Rural Development,
Research, Biotechnology, and Foreign Agriculture

Thursday, April 7, 2011

Good morning. My name is Thad Lively. I am the Senior Vice President for Trade Access at the U.S. Meat Export Federation, and I am very pleased to be here today to talk about USDA's Emerging Markets Program (EMP).

Before I offer my comments on the EMP program, I would like to say a few words about the organization I work for, the U.S. Meat Export Federation. USMEF is a non-profit trade association based in Denver, Colorado. Our mission is to increase the profitability of the U.S. beef, pork, and lamb industries by expanding exports and maximizing the value of U.S. red meat production. We do this by conducting export market development and promotion programs for beef, pork, and lamb in over 60 countries around the world. We also work with the U.S. government and our industry partners to eliminate trade barriers and open up new export opportunities through expanded market access.

USMEF has been a participant in USDA's export programs since it was founded in 1976. In recent years, we have been the second largest recipient of funding under the Market Access Program, in addition to participating in the Foreign Market Development and EMP programs. The financial support we receive from the USDA is matched by beef, pork, corn, and soybean producers, who invest in USMEF's export programs through the checkoff. In addition, USMEF's membership includes over 125 meat exporting companies, most of which are small small-to-medium-sized enterprises, which collectively provide significant financial support to USMEF and are active participants in many of our export programs. The combination of strong government and industry support for USMEF and its programs has provided the foundation for what has been a very effective public-private partnership in export market development for the red meat industry.

Last year, the value of U.S. beef, pork, and lamb exports reached \$8.9 billion. This represented a 32 percent year-over-year increase for beef and a 10 percent increase for pork. Exports now account for 12 percent of U.S. beef production and close to 25 percent of our annual output of pork. Growing economies in countries like China, Russia, Mexico, and the Philippines are fueling demand for red meat exports. Since consumption of beef and pork in the United States is forecast to experience very limited growth in the future, exports hold the key to the continued health and profitability of the red meat industry.

Of course, this assumes that the United States will have unfettered access to export markets as they develop, and this increasingly is not the case, as countries find new, creative ways to protect their domestic industries through non-tariff trade barriers that

limit beef and pork imports. To cite just one example, we estimate that the United States is losing roughly \$1.4 billion in beef exports annually due to the non-science-based, BSE-related import requirements that are in place in Japan, China, Mexico, and Hong Kong. Finding effective ways of addressing these kinds of trade barriers is the single biggest challenge facing the U.S. beef and pork industries as they pursue their goal of increasing exports.

A critically important component of the red meat industry's strategy for eliminating non-science-based market access barriers has been the kinds of activities that are funded by USDA's EMP program. The Emerging Markets Program provides funding to private and public organizations for technical assistance activities that improve access to emerging markets. Emerging markets are defined as countries that are taking steps toward becoming market-oriented economies and which have the potential to become viable and significant export markets for U.S. agriculture. Examples of emerging markets include countries as diverse as China, Malaysia, Mexico, and Russia. Consistent with the objectives of the program, EMP funds can only be used for projects that assist the food and rural business systems of the importing country in addition to supporting U.S. exports.

The Emerging Markets Program is authorized by the Farm Bill, and funding for the program from the Commodity Credit Corporation currently is set at \$10 million a year. FAS administers the program according to regulations that specify reporting, evaluation, and compliance requirements and describe the rules for cost sharing. According to the cost sharing provisions, private sector recipients of EMP funds are required to commit their own resources to the proposed project in order to qualify for funding under the program. Through its administration of the EMP program FAS ensures that approved projects complement and support the objectives of the other export programs.

EMP funding is allocated by FAS through three different channels. The first of these, the Central Fund, is the primary means of allocating EMP funds on an annual basis. In addition to the Central Fund, FAS has the capacity to quickly review and approve projects which specifically address time-sensitive technical barriers to trade and marketing opportunities as they arise. These channels are referred to as the Technical Issues Resolution Fund, or TIRF, and the Quick Response Marketing Fund. The ability to respond quickly to developments in foreign markets makes the EMP program especially well-suited to the needs of the agricultural export industry.

EMP funds have been used to support a wide variety of technical assistance projects, including feasibility studies, market research, sectoral assessments, orientation visits, specialized training, and business workshops. USMEF's experience with the program has been centered on projects that addressed market access constraints. We have been able to benefit especially from FAS's ability to respond quickly to our requests for support under the TIRF fund. The availability of TIRF funding has permitted us to effectively engage importing countries on a number of rapidly emerging market access issues, most of which have stemmed from non-science-based trade barriers.

Perhaps the most notable example of USMEF's use of EMP funds is associated with our response to the BSE crisis in the beef industry. After the United States reported its first case of BSE in late 2003, most countries around the world closed their markets to U.S. beef exports. It quickly became clear that as part of convincing countries to re-open their markets we would need to restore the confidence of foreign governments in the safety of U.S. beef. This has proven to be a much larger and more complex task than we imagined, but over the past seven years, we have succeeded in changing the thinking of officials in many countries about BSE and have made major inroads in turning around negative perceptions of U.S. beef.

As part of this effort, USMEF has been able to draw on EMP funds to bring animal and public health officials from a number of countries, including Mexico, Russia, the Philippines, and China, to the United States. During these visits, we have worked closely with USDA to educate these decision-makers in foreign governments on the science of BSE and the BSE risk mitigation measures that are in place in this country. The training that foreign officials have received on these EMP-sponsored trips has made a significant contribution to the decisions by many countries to relax or eliminate their BSE-related import restrictions. Although as I have already noted, we still have work to do, the recovery of U.S. beef exports is well advanced, and the value of exports last year exceeded the pre-BSE level for the first time since 2003.

In addition to using EMP funds to educate foreign officials on BSE, USMEF also has drawn on EMP funding to support similar activities that were designed to address market access barriers to pork exports. In several of these cases, USMEF has been able to work jointly with the USA Poultry and Egg Export Council to request EMP funds for projects that benefited the pork and poultry industries equally. For example, after Russia de-listed a number of pork and poultry slaughterhouses, the EMP program supported a visit to the United States by Russian veterinary officials in the fall of 2009. This trip was the first in a series of activities to educate Russian officials on U.S. pork and poultry production practices and explain the scientific bases for the many differences between U.S. and Russian meat hygiene and inspection requirements. Although Russia has not yet recognized the equivalence of the U.S. meat inspection system, the ongoing technical exchange with the Russian veterinary authorities has increased their confidence in the U.S. system and fostered a more open, constructive working relationship.

In closing, I would like to thank you again for this opportunity to speak on behalf of USDA's export programs and the EMP program in particular.

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Profile Over 20 years of international trade policy and market development experience
Creative, results-oriented approach to decision making and problem solving
Proven track record of leadership based on consensus building

Experience 2009 – Present U.S. Meat Export Federation Denver, CO
Senior Vice President, Trade Access

- Lead a team of five professionals with responsibility for responding to the needs of USMEF's 125 meat processing and exporting member companies in the areas of market and economic analysis, market access, and technical support
- Work with colleagues in USMEF's Denver and international offices, meat producing and exporting companies, other industry associations, the U.S. Department of Agriculture, and the Office of the U.S. Trade Representative to develop and implement strategies for managing and resolving market access and trade policy issues for U.S. beef, pork, and lamb exports
- Represent the U.S. beef, pork, and lamb industries in meetings with U.S. and foreign government officials on market access and trade policy issues
- Serve on the U.S. Department of Agriculture's Agricultural Technical Advisory Committee for Trade in Animals and Animal Products
- Advise the CEO on management and governance issues

2003 – 2009 U.S. Meat Export Federation Denver, CO
Senior Vice President, Policy, Planning, and Research

- Led USMEF's strategic planning process, including advising the USMEF Executive Committee and the CEO on resource allocation decisions and the strategic direction of USMEF's market development and issues management programs
- Represented USMEF in meetings with the leadership of U.S. industry partners and stakeholders
- Advised the CEO on staffing and personnel policies
- Served as USMEF's corporate governance officer with responsibility for introducing and implementing best management practices and procedures

2002 – 2003 American Soybean Association Brussels, Belgium
Regional Director, Europe and the Maghreb

- Designed, implemented, and evaluated a market development program for increasing U.S. exports of soybeans and soybean products to Europe and North Africa

- Built and led a team of marketing and public policy consultants who were responsible for:
 - Identifying buyers of soybeans in the region and conducting outreach and education programs to increase their purchases of U.S. soybeans and soybean products
 - Implementing strategies for influencing policies of the governments in the region that could have an impact on U.S. soybean exports
 - Reporting on developments in the region and opportunities for increased soybean exports to U.S. soybean farmers and exporters
- Represented and advocated the position of the U.S. soybean industry to governments in the region
- Managed an annual budget of \$2.5 million in full compliance with all U.S. government requirements

2001 - 2002 Proctor & Gamble Dayton, OH
Section Head, Government and Trade Affairs

- Led a team with responsibility for managing all aspects of regulatory affairs related to the marketing and sale of pet food in Japan, Asia, and Latin America, including:
 - Registering products and packaging
 - Negotiating market access conditions
 - Ensuring that advertising and packaging are consistent with local requirements
- Launched and managed a major new initiative in the area of challenges to advertising claims
- Served as Chairman of the Pet Food Institute's International Trade Committee

1996 - 2000 U.S. Meat Export Federation Denver, CO
Vice President, International Programs

- Managed a \$23.0 million export market development program in over 30 countries
- Advised the CEO on strategic direction, revenue development, and staffing structure
- Hired and built a team of seven marketing and program evaluation professionals
- Managed the development and presentation of funding proposals to USDA and industry groups
- Increased program revenues from all major funding sources

1989 - 1995 U.S. Department of Agriculture Washington, D.C.
Agricultural Attaché

- Led a USDA team in veterinary equivalence negotiations with the European Union
- Built inter-agency and industry consensus for successful negotiating strategies
- Served as Agriculture Officer at the U.S. Mission to the EU for four years (1990-94)
- Advised senior U.S. government officials on policy issues related to agricultural biotechnology
- Assumed a leading policy role in negotiations with the EU on meat inspection

1987 - 1989 U.S. Department of Agriculture Washington, D.C.
Agricultural Economist

- Developed global production estimates for wheat and coarse grains and presented them at the monthly meetings of USDA's World Agricultural Outlook Board
- Provided staff support to an interagency team in negotiations with the European Commission on the U.S.-EU hormone dispute

1983 - 1984 Virginia Tech Blacksburg, VA
Research Associate

- Designed and implemented a marketing information network for fruit and vegetable marketing cooperatives
- Drafted and presented a proposal to the Agricultural Cooperative Service of the USDA in order to secure funding for the marketing information network project

1982 -1983 Lincoln College Canterbury, New Zealand
Research Fellow

- Conducted a feasibility study for a nationwide marketing information system for farmers
- Kellogg Foundation fellow in agricultural economics

Education French Language Qualification (3/3), Foreign Service Institute, 1993
Ph.D. Candidate, Agricultural Economics, The Ohio State University, 1985-86
M.S., Agricultural Economics, University of Kentucky, 1984
B.A., Government, Centre College of Kentucky, 1977

Honors U.S. Department of Agriculture National Needs Fellow, 1985-86
Two Distinguished Service Rewards and five Meritorious Service Awards from the U.S. Department of Agriculture for my role in various trade negotiations with the European Union

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2008.

Name: Richard T. Lively

Organization you represent (if any): US Meat Export Federation

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2008, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: None Amount:

Source: Amount:

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2008, as well as the source and the amount of each grant or contract:

Source: See Below Amount:

Source: Amount:

Please check here if this form is NOT applicable to you:

Signature:

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

Program	Approved Amounts			
	PY2009	PY2010	PY2011	Total
MAP	\$17,433,324	\$17,286,040	\$16,294,740	\$51,014,104
FMD	1,949,327	1,875,928	1,814,207	5,639,462
TIRF/EMP	76,513	184,400	184,400	445,313
Total	\$19,459,164	\$19,346,368	\$18,293,347	\$57,098,879