



MEAT IMPORT COUNCIL OF AMERICA, INC.
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November 5, 2021

The Honorable Andrés Durán Hareau
Ambassador of Uruguay to the United States
1913 I (Eye) Street, NW
Washington DC 20006

**Re: MICA Support for a Free Trade Agreement between Uruguay and
the United States**

Dear Ambassador Durán Hareau:

On behalf of the Meat Import Council of America (MICA), I submit this letter to you to convey our Member companies' support for a future Free Trade Agreement (FTA) between the United States of America (U.S.) and the Oriental Republic of Uruguay (Uruguay). The two countries share a range of important values, including a commitment to democracy, rule of law, sound economic policies, strong labor rights, environmental protection, investment in people, the desire to see the peaceful resolution of disputes between nations, and a commitment to the multilateral system. For these reasons and more, MICA members strongly believe an FTA between Uruguay and the U.S. would be an economic and diplomatic benefit to both countries.

MICA is an incorporated trade association which represents the U.S. industry that imports fresh, chilled and frozen beef and sheep meat into the United States. MICA's regular members are importers who account for most of the non-NAFTA imports of this product. MICA's membership also includes organizations such as port authorities, refrigerated

warehouses, customhouse brokers, etc. who provide services in connection with this imported product, as well as processors and other users of those services.

MICA member companies enjoy a strong working relationship with their counterparts in Uruguay, especially with regard to trade in beef. As you know, beef exports from Uruguay to the U.S. have long been an important product in the countries' bilateral relationship and trade in these products serves as a "win/win" scenario. However, due to the restrictive quota that has been in place on imported beef from Uruguay for nearly three decades, the trading relationship is unnecessarily constrained. MICA believes an FTA would alleviate those unnecessary restrictions, promote growth, and further deepen the relationship between the two countries.

The U.S. meat industry stands to benefit from an FTA with Uruguay due to the complimentary nature of the trade. The majority of beef imported from Uruguay into the U.S. consists predominantly of frozen manufacturing beef. This product is mixed with U.S. domestic lean fresh beef and fat trimmings to produce hamburgers, hot dogs, meat balls and other manufactured items. The strong demand for imported beef from Uruguay reflects a historical shortage of lean beef in the U.S. for this purpose. Lean beef imports from Uruguay are mixed by manufacturers with domestic fat trimmings, which are a byproduct of the U.S. grain fed beef industry. By supplementing the domestic U.S. supply, imported lean beef adds value to these U.S. fat trimmings which would otherwise need to be rendered for lower value uses. This in turn increases the value of domestic beef to the benefit of U.S. producers, packers and processors.

Uruguay is one of the U.S.' strongest suppliers of lean beef products, but the trade has been unnecessarily restricted due to the 20,000 MT quota that was a result of the 1994

Uruguay Round agreements under the World Trade Organization. The quota was developed using trade flows from the 1970s and 1980s and no longer reflects the needs of the U.S. market. Much has changed in the decades since the quota was developed, and demand for the specific type of beef imported from Uruguay into the U.S. has grown substantially. This is evidenced by the annual filling of the 20,000 MT Uruguay beef quota in the U.S. over the last decade. In each of those years, U.S. importers of beef from Uruguay have even paid the far more limiting 26.4% out-of-quota tariff rate just to secure the supply of lean beef they desperately needed.

For these reasons, MICA is a strong supporter of a potential future FTA between the U.S. and Uruguay. It is increasingly clear that the needs of the U.S. market are no longer being met by the outdated beef quota restrictions. It is time to revisit the decades-old quota and update it to reflect modern production volumes and trade flows. A strong bilateral FTA between the U.S. and Uruguay would do just that.

Respectfully submitted,

MEAT IMPORT COUNCIL of AMERICA, INC.

BY



Stephen Sothmann
Executive Director

CC: Mr. Conrado Ferber Artagaveytia, President, Instituto Nacional de Carnes (INAC)