

Emerging Markets Proposal: Followup Project on U.S. Dairy Genetics to Poland and Central Europe, Overcoming New Unjustifiable Regulatory Barriers

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- (g) Followup Project on U.S. Dairy Genetics to Poland and Central Europe, Overcoming New Unjustifiable Regulatory Barriers
- (h) Primary Target: Poland
Additional: Setting precedent for Central Europe, including Lithuania, Bulgaria, Romania and Ukraine, other EU markets
- (i) Current market situation: Further work is needed to advance the recognition of the U.S. dairy herdbook with specific negotiations to continue. The Polish market for U.S. dairy livestock genetics experienced unprecedented growth since Poland joined the European Union in 2004. This double digit growth meant Poland's market for dairy genetics was on its way to reach sales of more than \$100 Million USD annually. Recent legislative and regulatory changes were implemented in Fall 2007 without warning. These new rules were specifically shaped to limit the growth of U.S. sales and threaten the dramatic inroads made by livestock genetics to Poland in recent years. Although these barriers are unjustified, they were shaped in a way that they are difficult to challenge in court using the EU process or the WTO. As constructed they are not subject to the SPS Agreement and the EU has already approved the new law.

The source of the fear of U.S. genetics growth in Poland originated from Poland's own Breeders Association. Instead of viewing high quality U.S. genetics and the National Breeders Association as partners in advancing the Polish market, they view them with fear. Demonstrating that a partnership rather than competition is better for both the Breeders Associations and Polish farmers, we will be able to reverse the administrative barriers and restore the growth for U.S. genetics. In addition, similar breeding laws are proliferating throughout the region, such as the restrictive new rules in Bulgaria. Developing a new paradigm of collaboration between the U.S. and Polish associations, such as herd book recognition, and U.S. and Polish government-to-government

cooperation, will pave the way for future cooperation and success with neighboring countries.

Poland is the regional leader in dairy production and market development; as policy is developed in Poland, the region follows including Ukraine, Belarus, Moldova, and new member states like Bulgaria and Romania. As the powerhouse agricultural producer in Central Europe, Polish experts provide training regionally.

(j) Barrier: the Polish government based on a new breeding law in August 2007 implemented Administrative Barriers. Under pressure from USDA and thanks to an earlier project these rules have begun to relax, and this activity builds on that progress. Administrative hoops requiring multiple approvals from the Polish Ministry of Agriculture result, and imports were delayed from one to two months after requested. At present, Poland has sped up its approval, but anti-import legislation remains on the books. The Polish Ministry of Agriculture shaped these procedures upon consultation with the Polish Breeders Association.

(k) Objectives:

1. Continue the rapid growth of U.S. genetics to Poland
2. Conclude recognition of the U.S. dairy herdbook in Poland
3. Set precedent for neighboring countries' genetics regulatory systems easing exports to entire region

Method to reach these objectives:

--Extend negotiations on the recognition of United States herd book by Polish Breeders Association and the Polish Ministry of Agriculture.

--Send farm journalists to the World Dairy Expo to help reduce the anxiety of Polish breeders by publicizing win-win explanations of how U.S. stock raises Poland's own breeding resources.

--Develop close cooperation and communication between the Polish Breeders.

Association and the Holstein Association USA so the Polish Breeders Association will no longer work to slow U.S. genetics from entering Poland preventing future barriers.

--Use the model of cooperation in terms of the herd book recognition, and mutual success to demonstrate to neighboring countries the importance and value of U.S. genetics to other countries' governments and national breeders associations.

(l) Performance Measures:

1. Significant progress in recognition of U.S. dairy herd book by the Polish Breeders Association in order to overcome the INTERBULL rating which unfairly discounts the quality of U.S. sires.
2. Maintenance of the quicker turnaround administrative approval from the Polish Breeders Association for access to Polish market from 4-6 weeks, to no more than 1-2 weeks for approval and access.
3. Greater access to National Breeders Associations in neighboring countries to speak about the advantages Poland gained by opening market and U.S. herd book recognition.

(m) History/Rationale: There is widespread recognition of the high quality of U.S. dairy genetics in Poland due to the seminal research of one of its most well-known and world renowned agricultural scientists which proved the superiority of U.S. dairy and livestock genetics in the late 1980s. Therefore, Polish demand of U.S. dairy genetics had always been high. Poland's restrictive measures prior to harmonizing its rules with the EU prevented strong growth in the 1990s. Since Poland joined the EU until August 2007, U.S. genetics experienced about 20 percent annual growth. The new legislation with accompanying administrative procedures, slowed U.S. access to the market and may eliminate any future growth in Poland. Through education, the Polish Breeders Association, Polish farmers and the Polish Ministry of Agriculture will recognize that preventing U.S. genetics access will harm, not help Poland's competitiveness and future in animal breeding and agriculture. By demonstrating mutual respect and trust and investing in training and education, the government of Poland and the Polish Breeders will be inclined to support reversing the onerous new procedures. In addition, mutual recognition of the U.S. herd book by Poland, a major country and economic force in agriculture in Central Europe will demonstrate a useful and more accurate rating system than the bias INTERBUL. Market growth in Poland alone could reach \$50 Million USD annually, and in the region, continued growth could result in Central Europe as a major destination for U.S. dairy livestock genetics.

(n) The program is targeted at all US dairy livestock genetics, not one company/region.

(o) This program is designed to address a recent and immediate change in rules so that they will not become permanent. Cooperation among government officials, national organizations, farmers and importers from both countries is critical to its success. The emerging markets program is ideal to address the immediate impact of the new regulations.

(p) There are two major activities in this program

1. U.S. experts will travel to keep the pressure on reducing market roadblocks and continue negotiations on herdbook recognition.
2. Visit to United States by Association and journalists to demonstrate the source of livestock genetics and the herd book measures and the latest development in breeding and genetics of two representatives from the largest Polish farms consuming livestock genetics, two representatives of the Polish Breeders Association and two Polish Ministry of Agriculture officials. Will be coordinated along with 2009 US Dairy Expo.

(q) Start Date: March 2009

End Date: Oct 2009, post-visit and seminar; follow-up by FAS Warsaw.

(r) As a followup project this proposal seeks to build on earlier investments' progress. The project proposes to maintain the accomplishments of the earlier project that resulted in a reduction in approval times for the administrative procedures the Polish Breeders Association uses to control imports. The earlier project did not result in herdbook

recognition, but further work may achieve that end. This project complements work and EMP proposals to fund understanding globally of new American science to test bulls with genomic procedures. This new technology makes recognition of the U.S. dairy herdbook more likely.

Funding Chart

	EMP funding	National Breeders Association	Holstein Association USA
Training and seminar			
Travel for 2 experts and farmers to Poland from United States (4 days per diem/airline expense)	\$4,000	-	-
Travel to Poland-meetings and 2 days of training/expert presentations, total 5 days, plus preparation	-	\$3,000	\$3,000
Local transport, translation, and trade servicing during visit	\$1000	-	-
Venue and facilities for training seminar	\$	-	-
U.S. visit component			
Travel of two Polish policy makers and journalists to U.S. for 5 days	\$10,000	-	-
Coordination and hosting of travelers prior and during visit	-	\$4,500	\$4,500
TOTALS	EMP: \$15,000	Joint private funds: \$15,000	