Update on Trade & NAFTA

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What’s Going on in DC?
1) New Administration, New Congress…Same Priorities, Same Gridlock
2) Confirmation of Cabinet Members and Executive Branch Appointees
   -Cannot execute policy objectives without a team on the field
   -Hopeful that confirmation of appointees will be within 6 months
3) New Priorities: Repeal of Obamacare, Regulatory Reform, Tax Reform

Top Issues for 2017
1) Farm Bill (FMD Vaccine Bank)
2) Endangered Species Act Modernization
3) Tax Reform (Protect what we need AND eliminate estate tax
4) Transportation - Electronic Log Books
5) Trade – TPP, NAFTA, China
### Top Export Markets for U.S. Beef in 2016

<table>
<thead>
<tr>
<th>Country</th>
<th>Sales</th>
<th>Volume (metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>$1.5 billion</td>
<td>258,653 MT</td>
</tr>
<tr>
<td>Korea</td>
<td>$1.06 billion</td>
<td>179,280 MT</td>
</tr>
<tr>
<td>Mexico</td>
<td>$975 million</td>
<td>242,373 MT</td>
</tr>
<tr>
<td>Canada</td>
<td>$758 million</td>
<td>116,266 MT</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>$684 million</td>
<td>112,770 MT</td>
</tr>
<tr>
<td>World</td>
<td>$6.34 billion</td>
<td>1.2 million MT</td>
</tr>
</tbody>
</table>

### Top Export Markets for U.S. Beef in 2017 Q1

<table>
<thead>
<tr>
<th>Country</th>
<th>Sales</th>
<th>Volume (metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>$427 million (+42%)</td>
<td>74,411 MT</td>
</tr>
<tr>
<td>Korea</td>
<td>$268 million (+30%)</td>
<td>42,551 MT</td>
</tr>
<tr>
<td>Mexico</td>
<td>$227 million (+3%)</td>
<td>57,057 MT</td>
</tr>
<tr>
<td>Canada</td>
<td>$191 million (+19%)</td>
<td>29,909 MT</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>$167 million (-4%)</td>
<td>26,161 MT</td>
</tr>
<tr>
<td>World</td>
<td>$1.6 billion (+19%)</td>
<td>292,215 MT</td>
</tr>
</tbody>
</table>
Cattle and Export Values (per hd)

- **Steer Value**
- **Exp/hd Total**

Year: 95, 96, 97, 98, 99, 00, 01, 02, 03, 04, 05, 06, 07, 08, 09, 10, 11, 12, 13, 14, 15, 16 YTD

Value Range: $0 to $2,500
Trump Administration Trade Agenda Targets

TPP
- Withdrew U.S. from TPP
- Engaged Japan on Bilateral / Japan Still Pursuing TPP Publicly / Japan-EU FTA
- Bilateral FTA with Japan is TOP PRIORITY for U.S. Beef Industry

China
- Mar-a-Lago Summit leads to 100 Day Action Plan (Beef was top of the to-do list)
- US Negotiators Returned from China with Protocol for U.S. Beef
- July 16 Deadline – we beat it by a few weeks! Slow growth in China but good long-term investment

NAFTA
- Trump gets elected on anti-NAFTA platform
- Differing views in White House – some attempts to restore MCOOL
- Administration notifies Congress of NAFTA renegotiation – August 16-20 in D.C.
- Our Position: Leave beef and cattle sectors alone. Don’t bring back MCOOL
NAFTA Modernization

May 18: USTR Lighthizer notifies Congress of Administration’s intent to renegotiate NAFTA with Canada and Mexico. Statutory 90-day consultation period begins.

July 16: Deadline for USTR to notify Congress of goals of negotiation.

August 16: Formal Negotiations begin in Washington, D.C.

NCBA Position: Leave us alone. Keep scope of negotiations narrow and finish negotiations ASAP so we can focus efforts on a bilateral FTA with Japan.

Important Development: Gregg Doud nominated to be USTR’s Chief Ag Negotiator…hopefully confirmed soon (before August recess adjournment)