

POLITICOPRO Morning Trade

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Mexico's suspension of imports of certain U.S. lamb products over animal health fears caught the industry off guard, with few alternate markets.

IMPORT BAAAN: When the United States confirmed it had detected a single case of scrapie, a brain disease, in a slaughtered sheep in Oregon in early August, it didn't anticipate a trade backlash.

The country had been scrapie-free for five years, the [Agriculture Department said](#), adding that the trade impacts would be "minimal" and mostly restricted to live animals. But shortly after the detection, Mexico suspended imports of U.S. lamb and sheep offal and viscera, cutting off an important export market.

"We don't have an alternative market for these variety meats," said Courtney Heller, director of technical and export services at the U.S. Meat Export Federation, in an emailed statement. "We're still waiting for Mexico to provide public justification for this particular step."

Context: The disease is part of the same family as bovine spongiform encephalopathy, or mad cow disease, and while it is not transmissible to humans, meat from a diagnosed animal is not safe to eat, according to the [Oregon Department of Agriculture](#).

Under the terms of the World Trade Organization's sanitary and phytosanitary agreement, Mexico is supposed to take a regionalized approach to limiting imports over contained animal health concerns, only banning products from an affected region.

This is not the first time this year that Mexico has implemented a nationwide ban on U.S. meat products. Earlier this year, Mexico City limited imports of U.S. pork over the detection of a porcine virus in five boars in Iowa.

Why it matters: For some in the agriculture industry, these episodes demonstrate the value of the U.S.-Mexico-Canada Agreement, which is undergoing a six-year review as the three countries weigh whether to extend the deal.

President Donald Trump has suggested the U.S. does not need the deal and said he is “not looking to renew it.” But moments like these offer opportunities to prevent future trade barriers that may arise over disease fears, an ag industry representative granted anonymity to discuss the sensitive trade talks told Morning Trade.

Officials convene regularly under a USMCA sanitary and phytosanitary working group and often discuss responses to animal diseases. But there is typically a reluctance to discuss specific diseases until they make an appearance out of fear that the other governments will think a country is hiding an outbreak.

“They don’t want alarm bells on the other side,” the industry representative said. But with a case of scrapie confirmed, this could lead to conversations about whether Mexico could more swiftly adopt narrower import bans in the future.

The agriculture industry has been a vocal supporter of USMCA, urging Trump to extend the deal.

But, but, but: A former U.S. agriculture official, also granted anonymity to speak candidly about the state of U.S.-Mexico relations, told Morning Trade that Mexican President Claudia Sheinbaum’s government may not be in a collaborative mood when it comes to streamlining ag trade in times animal and plant health crises, given the Trump administration’s hard-line approach to USMCA negotiations.

“It’s not as though USDA or [the Office of the U.S. Trade Representative] is winning hearts and minds with Mexico,” they said.