



U.S.-EU TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP AGREEMENT

Issue:

The United States and the European Union have suspended negotiations toward a comprehensive trade agreement, called the Transatlantic Trade and Investment Partnership (TTIP). The negotiations aimed to expand the world's largest commercial relationship with \$1 trillion of trade in goods and services annually and \$3.7 trillion in two-way direct investment. The U.S. exported \$11.5 billion in agricultural products to the EU in 2017 while the EU exported \$22.2 billion in agricultural products to the U.S.

Background:

The issues around sanitary and phytosanitary (SPS) measures and their impact on trade have been a significant part of the agricultural relationship between the U.S. and EU. Continuing barriers to the export of U.S. beef, pork and poultry, along with the slow approval process for biotech products, were major areas of interest in the negotiation. Both the U.S. and the EU adhere to the World Trade Organization's (WTO) SPS Agreement, which states that measures taken to protect human, animal or plant life or health should be science-based and applied only to the extent necessary to protect life or health. The U.S. follows a risk-assessment approach for food safety while the EU is additionally guided by the "precautionary principle," which holds that where the possibility of a harmful effect exists, non-scientific risk management strategies may be adopted.

The EU has made the precautionary principle the focus of its approach to risk management in the SPS area. The U.S. views the use of the precautionary principle as inconsistent with the WTO SPS Agreement and as a basis for scientifically unjustified barriers to trade.

Farm Bureau asked for substantive changes to the EU approach for approving the products of biotechnology. Substantial declines in the exports of corn and soybeans to the EU have been the direct result of restrictive import policies. The EU system for regulating biotech products must be science-based and efficient in generating approvals for U.S. products.

The EU systems of geographic indications (GIs) for foods and beverages that designate their production from a specific region are legally protected for their original producers. The U.S. has opposed recognizing geographical names for foods that would inhibit the marketability and competitiveness of U.S. food products.

Tariff reduction and the use of tariff-rate quotas (TRQs) and safeguards for sensitive products were a part of the negotiations. The negotiation proposal called for working toward the elimination of tariffs. The average U.S. tariff for imported agricultural products is 5 percent, with 75 percent of tariff lines at zero to five percent tariff. For the EU, the average tariff on imported agricultural imports is 14 percent, with 42 percent of tariff lines at zero to five percent tariff.

Status:

A resumption of the TTIP negotiations is not likely until after Britain and the EU have completed the process for Britain to leave the EU (Brexit). Brexit is scheduled to be completed in March 2019.

AFBF Policy:

Farm Bureau policy for trade negotiations includes as objectives:

1. Include all agricultural products and policies in the negotiations;
2. Eliminate non-tariff trade barriers;
3. Ensure market access for biotechnology products;
4. Address issues concerning import sensitive products;
5. Oppose the Precautionary Principle; and
6. Oppose the use of geographic indicators.

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