



U.S.-EU Trade Negotiations

Issue:

The United States and the European Union have agreed to begin negotiations for a trade agreement. The negotiations goal is to expand the world's largest commercial relationship, currently with \$1 trillion of trade in goods and services annually and \$3.7 trillion in two-way direct investment. The U.S. exported \$12.7 billion in agricultural products to the EU in 2018 while the EU exported \$23.7 billion in agricultural products to the U.S.

Background:

The EU has strongly resisted including agricultural issues in this negotiation. Farm Bureau and the Administration have insisted that agriculture be included in the talks and the negotiating objectives that were submitted to Congress on January 11, 2019, include agricultural issues.

The disputes 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, are 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 has also asked for substantive changes to the EU approach for approving the products of biotechnology. 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.

Achieving tariff reduction and elimination is important for the future growth of U.S. exports to the EU. The average U.S. tariff for imported agricultural products is 5 percent, with 75 percent of tariff lines at

zero to 5 percent tariff. For the EU, the average tariff on imported agricultural imports is 14 percent, with 42 percent of tariff lines at zero to 5 percent tariff.

Status:

Negotiations can begin with the EU in February 2019.

AFBF Policy:

Farm Bureau strongly supports agricultural issues being included in the U.S.-EU negotiations.

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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February 2019