



Discussion Paper  
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## **Achieving a Successful Outcome for Agriculture in the EU–U.S. Transatlantic Trade and Investment Partnership Agreement**

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## Executive Summary

Negotiations to develop the agriculture portion of the EU-U.S. Transatlantic Trade and Investment Partnership Agreement bring the possibility of great benefits but also face daunting challenges. Understanding the often conflicting U.S. and EU approaches to agricultural trade policy will be essential for effectively shaping the negotiating structure. The policy and also cultural differences on agriculture and food are significant. Most EU-U.S. agricultural issues have many years of history and the respective positions are deeply entrenched. And in this transatlantic relationship, it is clear that trade policy conflicts can have a substantial impact on the value of agricultural trade. Moreover, the two sides have generally taken significantly diverging approaches to negotiating their existing free trade agreements (FTAs).

The issues pertaining to sanitary and phytosanitary (SPS) measures and their impact on trade will comprise the most difficult part of the FTA agriculture negotiations. Both the EU and U.S. 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. However, EU policy is guided additionally by the precautionary principle and the concept of "other legitimate factors." Policies in both can be subject to the interference of political considerations in scientific decision making. For the market access segment of the negotiations, the policy structures for supporting domestic production are important indicators of the degree of openness or protection that each side will bring to the table.

The U.S. private sector has emphasized that the scope of the agriculture negotiations must be comprehensive and that the FTA should effectively address the many outstanding issues in the SPS area as well as create a foundation for avoiding future problems. For EU agriculture, top priorities will include the protection of geographical indications (GIs) and better access to the U.S. market for dairy products. A major question will be the involvement of important non-agricultural EU constituencies on issues such as animal welfare, sustainable development and biotechnology. Although success in the negotiations on agriculture will not be easy to accomplish, recent minor bilateral achievements offer some reason for optimism. But innovative, non-traditional approaches to shaping the FTA negotiations will be important for a successful outcome.

## Background

On February 12, 2013, EU and U.S. trade officials transmitted the final report of the EU-U.S. High Level Working Group on Jobs and Growth (HLWG) to the Presidents of the United States, European Council, and European Commission. The report recommended negotiation of a "comprehensive, ambitious agreement that addresses a broad range of bilateral trade and investment issues, including regulatory issues, and contributes to the development of global rules."<sup>1</sup> It calls for the elimination of tariffs, including a "substantial" number that would be zero from the date of implementation, with the remainder, except for the "most sensitive," to be phased out in "a short time frame." Options to address the most sensitive are to be considered.

Significantly, the report supports negotiation of "an ambitious 'SPS-plus' chapter, including establishing an on-going mechanism for improved dialogue and cooperation on addressing bilateral [...] SPS issues." It also advocates "early and continuing progress" on current SPS priorities.

The HLWG was formed in response to the EU and U.S. political leadership's call in November 2011 for the Transatlantic Economic Council to have such a group examine options.

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1 Final Report, High Level Working Group on Jobs and Growth, February 11, 2013, page 6.

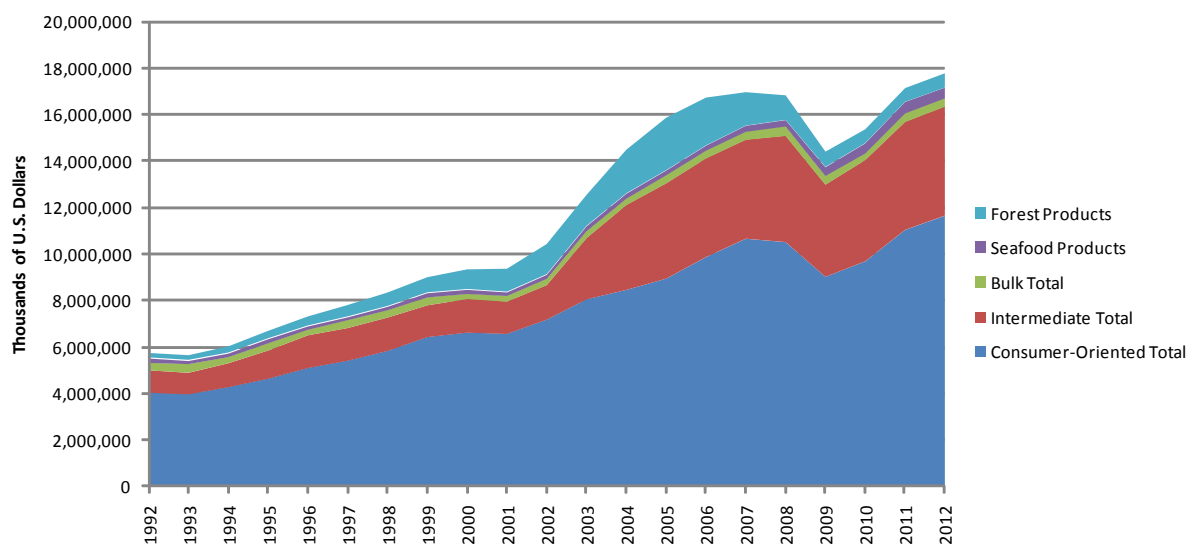
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Agricultural trade flows between the EU and U.S. are significant to both yet not at their full potential and the relationship is characterized by decades-long disagreements over policy approaches as well as conditions for trade on specific products. Understanding the essential nature and key factors in the EU-U.S. relationship in agricultural trade policy will be crucial for working with the sharply divergent positions of the two sides as the negotiations begin. The following four sections have the objective of providing that understanding.

## Section I: The Commercial Relationship in Agricultural Trade

The U.S. and the EU have each provided the other with a large and important market for agricultural exports. Over the past 20 years, the annual value of total EU agricultural exports (including forest and fish products) to the U.S. has grown from \$5.7 billion in 1992 to a high of \$17.8 billion in 2012. In recent years, nearly two-thirds of the EU total value has consisted of consumer-oriented products, with the largest components being beverages and snack foods. An additional 27 percent of the total EU export value has resulted from intermediate products, with the largest categories being essential oils and vegetable oils. Bulk commodity shipments accounted for only two percent of the total.

**EU Agricultural Exports to the U.S.**



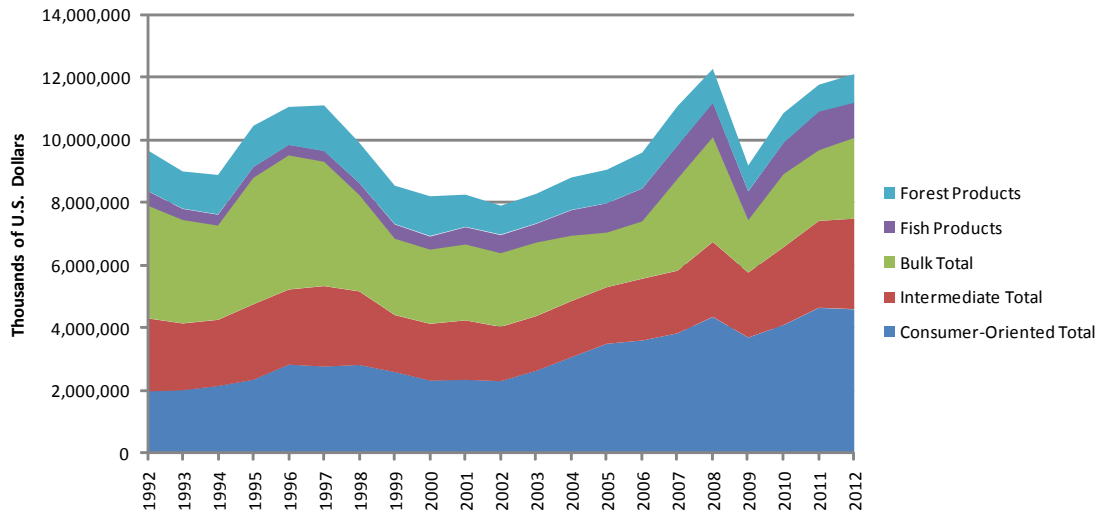
Source: U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

The corresponding annual total value of U.S. agricultural exports to the EU has grown from \$9.7 billion in 1992 to \$12.1 billion in 2012. Over the past few years, consumer-oriented products, with tree nuts providing by far the most important category, have made up approximately 40 percent of the U.S. export total. Intermediate products, such as animal feed and vegetable oil, have been roughly one-fourth. Bulk commodities have accounted for about one-fifth of the U.S. total value.

For both, the value of agricultural exports has increased substantially more to other destinations, particularly in recent years. Looking at the time period of 2002 through 2011, EU agricultural exports to the U.S. were valued at €12 billion in 2002, 20 percent of the nearly €58 billion total, but by 2011, at €14 billion, represented only 13 percent of the total of €105 billion.

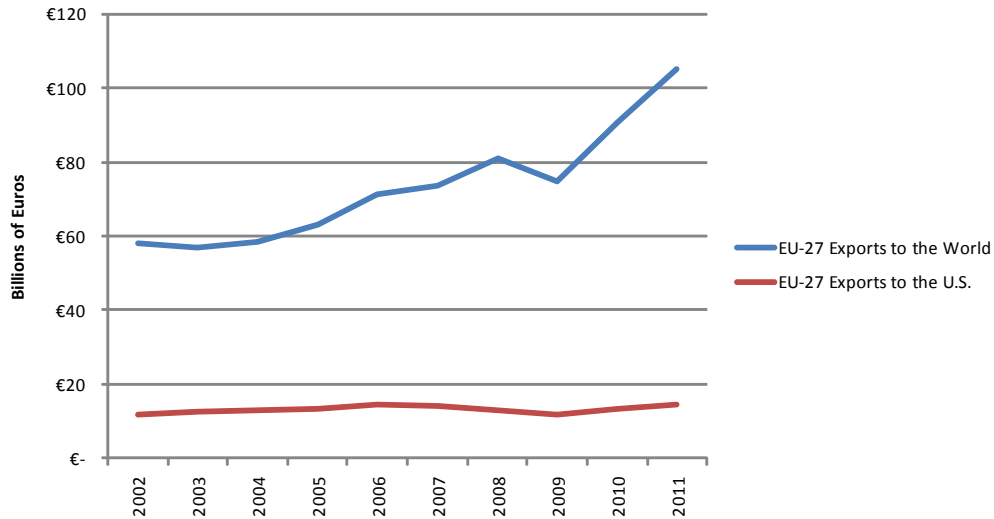
For the U.S., the value of agricultural exports to the EU in 2002 at \$8 billion was 13 percent of the total, \$61 billion. By 2012, U.S. agricultural exports of \$12 billion were only 8 percent of exports to the world of \$154 billion.

### U.S. Agricultural Exports to the EU



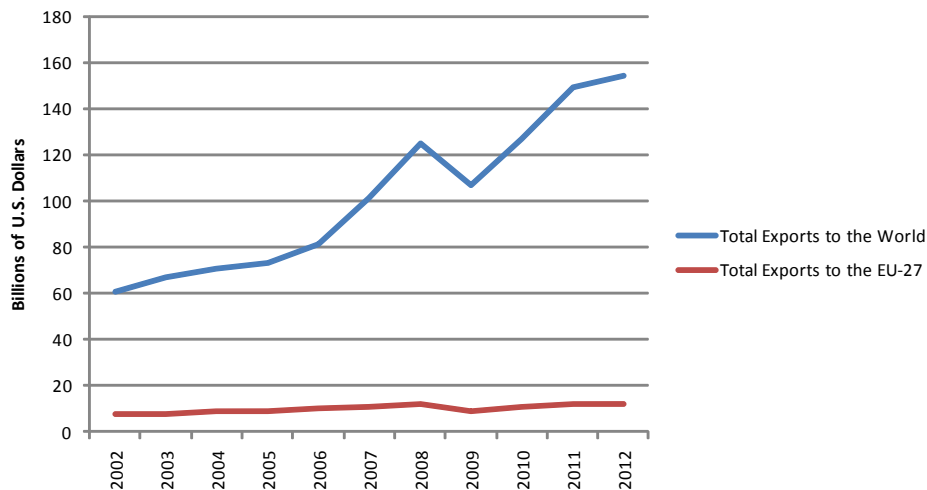
Source: U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

### EU-27 Agricultural Exports to World and U.S.



Source: EUROSTAT-COMEXT

### U.S. Agricultural Exports to the World and the EU



Source: U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

The HLWG proposed a comprehensive trade and investment agreement that would eliminate a substantial number of duties from the date of implementation. According to the WTO's tariff profiles, the average final bound duty on agricultural products entered into the U.S. is 4.9 percent ad valorem. Nearly 33 percent of U.S. agricultural tariff lines are duty free already and an additional 43 percent are between zero and 5 percent. Thus, seventy-six percent of U.S. agricultural tariff lines are at 5 percent or less. Tariff-rate quotas affect 4.5 percent of U.S. agricultural tariff lines and 2.9 percent have special safeguard measures in effect.<sup>2</sup>

For the EU, the average final bound tariff on agricultural imports is 13.8 percent ad valorem. Approximately 32 percent of the EU's agricultural tariffs lines are at zero, and an additional 10 percent of tariff lines are five percent or less. Therefore, roughly 42 percent of the EU's agricultural tariff lines are at 5 percent or less. Tariff-rate quotas affect 11.3 percent of EU agricultural tariff lines and 23.9 percent have special safeguard measures in effect.<sup>3</sup>

The following table provides more specific information on average tariffs and percent of lines that are duty free for the EU and U.S. for various agricultural product groups. Tariffs are relatively high for dairy products, sugars and confectionery, and beverages and tobacco. The EU also has relatively high rates applied to the categories of animal products and cereals and preparations.

Product Groups	U.S.		EU-27	
	Average final bound duties	Duty Free	Average final bound duties	Duty Free
	<i>Percent ad valorem</i>	<i>Percent of total tariff lines</i>	<i>Percent ad valorem</i>	<i>Percent of total tariff lines</i>
Animal products	2.4	31.0	24.3	20.6
Dairy products	19.2	0.3	57.6	0.0
Fruit, vegetables, plants	4.8	23.3	10.4	22.8
Coffee, tea	3.2	53.5	6.2	27.1
Cereals and preparations	3.5	20.8	20.3	6.3
Oilseeds, fats and oils	4.2	27.6	6.6	48.2
Sugars and confectionery	16.9	2.9	28.3	0.0
Beverages and tobacco	16.3	27.0	21.8	23.0
Cotton	4.7	38.3	0.0	100.0
Other agricultural products	1.1	62.0	4.4	65.9

Source: World Trade Organization, current tariff profiles for the U.S. and EU.

What the trade figures themselves cannot explain is the substantial impact that EU-U.S. trade policy conflicts have had on the flow of agricultural trade across the Atlantic. The best lesson in this regard may be the beef hormones dispute.<sup>4</sup> In 1999, the WTO (through its dispute settlement arbitration process) determined that the annual value of the beef exports lost by the U.S. as a result of the EU beef hormones ban was \$116 million. The U.S. then proceeded with WTO-authorized retaliation and

2 See [http://stat.wto.org/TariffProfiles/US\\_e.htm](http://stat.wto.org/TariffProfiles/US_e.htm)

3 See [http://stat.wto.org/TariffProfiles/E27\\_e.htm](http://stat.wto.org/TariffProfiles/E27_e.htm)

4 This issue will be discussed in detail later in the paper.

stopped an equal value of trade from the EU to the U.S. But citing the total value of the trade blocked in both directions does not describe the negative effect on all the producers and businesses impacted on both sides of the ocean.

On a related issue, the U.S. has had a ban on imports of beef from the EU for about 15 years. The ban was imposed, and is still being maintained despite the EU's objections, based on U.S. concerns regarding the existence of Bovine Spongiform Encephalopathy (BSE) in Europe. The value of EU beef exports to the U.S. market before the BSE ban was not large, but it certainly can be assumed that some level of trade would be occurring if the ban were not in place.

Another example of the real commercial effects that EU-U.S. trade disputes have had is the de facto closing of the European market to exports of U.S. poultry meat as a result of the EU ban on pathogen reduction treatments.<sup>5</sup> The annual value of the trade immediately lost by U.S. poultry exporters in the late 1990s was \$45 million, but that was the EU of 15 countries. With the present EU-27, the estimate of U.S. exports lost annually would be many times higher.

However, the most devastating commercial impact in terms of lost EU-U.S. agricultural trade resulting from policy conflicts has probably been that suffered by the U.S. soybean industry. The current annual value of U.S. soybean and soy meal exports to the EU is more than one billion dollars below the corresponding figure for the late 1990s. This impact can primarily be attributed to the EU policies for regulating the products of biotechnology, although much more recently the EU Renewable Energy Directive, with its sustainability requirements for biofuel production, has had some impact as well.

Despite the list of costly agricultural trade disputes between the two sides, one should not lose sight of the fact that an EU-U.S. FTA holds tremendous potential for benefiting both sides through additional access to the agricultural and food markets of the other. These are the two largest economies in the world, and each has affluent consumers who can afford and appreciate the food products produced by the other side.

## **Section II: The Inter-Governmental Relationship in Agricultural Trade Policy**

This section describes the substantially different policy concepts and negotiating mindsets that the EU and U.S. representatives will bring to the table. Three key areas that demonstrate the diverging approaches of the two sides will be examined: (1) trade negotiations; (2) SPS regulatory policy; and (3) domestic agricultural policy and market access.

### ***Trade Negotiations***

Although the EU and the U.S. each have the feature of being world leaders in both the exporting and importing of agricultural products, their negotiating approaches have differed significantly. This should be very informative for developing the conceptual structure of the EU-U.S. comprehensive trade and investment agreement negotiations on agriculture.

While the EU is a leading exporter of agricultural products, in both the Uruguay Round and Doha Round it generally negotiated multilaterally with a focus on maintaining its own market and policies. The U.S. was also careful to protect its domestic support programs, and although a major importer, it negotiated multilaterally with a much more export-oriented perspective.

In both multilateral negotiations the EU and the U.S. clearly had the objective, although generally not publicly stated, of reaching an agreement that would not require any fundamental and immediate structural changes to their programs for domestic agricultural subsidies. In fact it was the shared goal

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5 This issue will also be discussed in detail later in the paper.



of minimizing the political discomfort from reducing farm subsidies that led to the development of the “Blue Box” (Article 6.5) of the Agreement on Agriculture, which arguably was the single most important event in the latter stages of the Uruguay Round.

Likewise in the Doha Round, although the U.S. and EU had committed to the objective of “substantial reductions in domestic support,” it became clear that both intended to end up with an agreement that did not obligate them to change any domestic programs. (However, the difference between a permitted WTO ceiling and actual outlays would be shrunk considerably.) At the same time, the EU was undertaking substantial reforms in its domestic support regime that prepared it well for the Doha Round negotiations, while the U.S. was not.

However, it was the agricultural market access negotiations in the Doha Round that probably most clearly demonstrated the differing mindsets of the U.S. and EU negotiators. The U.S., despite the domestic political sensitivities surrounding its dairy and sugar programs, took a very ambitious, no-exceptions approach to agricultural market access. The EU on the other hand, despite its place as the world’s largest agricultural exporter, focused almost entirely on limiting new access to its own market. The EU advocated a much more conservative approach to market opening, and strongly insisted on the “sensitive products” concept that would exclude certain farm products from any meaningful tariff reductions. While this attitude may appear to contradict the EU’s status as a large agricultural exporter, it is worth keeping in mind that a good part of the EU’s ‘agricultural’ exports consist of wine and other beverages, processed foods and other products that are not directly relevant for farm incomes.

The difference in focus and objectives demonstrated by the EU and U.S. in the multilateral negotiations on agriculture extended as well to the development of the SPS Agreement in the Uruguay Round. The U.S. and other countries insisted on the trade-oriented, science-based approach that became the basis for the SPS Agreement. Meanwhile the EU took a much more cautious approach in the negotiations and continually advocated the inclusion of non-scientific factors, such as consumer concerns, clearly reflecting the EU policy milieu of that time.

Likewise the EU and U.S. have shown substantial differences in their treatment of agriculture in negotiating FTAs. Not burdened by having to protect its domestic programs since FTAs do not address agricultural subsidies, the U.S. has been ambitious and comprehensive in its approach to FTAs. It has generally pursued a careful strategy of including virtually all agricultural products. Among the few notable exceptions were sugar in the Australia FTA, due to U.S. political considerations, and rice in the Korea FTA, due to Korean sensitivities. As will be seen later in this paper, U.S. agriculture believes that the comprehensiveness of the approach to FTAs as well as the concept of a single undertaking, that is only reaching conclusion when all chapters are agreed to, are essential features of U.S. trade policy, and must be continued in the FTA with the EU.

The EU, on the other hand, has been much more selective in its inclusion of agricultural products while negotiating its FTAs. For example, the EU has generally excluded beef, dairy products and some fruits and vegetables from its FTAs. The list of exclusions is usually longer than that, but varies by the export capabilities of the EU’s trading partner for a particular FTA.

An interesting departure from this EU approach has been the FTA with Korea, for which an almost comprehensive approach was taken for agricultural market access. However, with the Korea FTA there are factors that advise caution before assuming a significant turn in the EU approach to agriculture in FTAs. First, the EU believed it was in its overall interest to insist that the U.S.-Korea FTA, which had just been negotiated, should be the baseline for EU-Korea. Perhaps more importantly, Korea is not an agricultural exporter that would pose a meaningful threat with better access to the EU market. This of course is in sharp contrast to the situation regarding an FTA with the U.S.

A much better indicator of how the EU will deal with agricultural issues with the U.S. will be the EU’s FTA with Canada, which is said to be very near completion. Canada presents some challenges that

are very similar to what the EU will face in negotiating with the U.S., especially on certain SPS issues and market access in sensitive areas such as beef and dairy products.

### ***Regulatory Policy—SPS and Other Non-tariff Measures***

The Uruguay Round Agreement on Agriculture brought substantial clarity to EU-U.S. issues regarding market access, domestic support and export subsidies. However, by far most of the agriculture-related trade disputes between the U.S. and EU since the implementation of the Uruguay Round agreements in 1995 have been in the area of health-related import restrictions, known as SPS measures. Such measures are to be applied with the intention of protecting human, animal or plant life or health.

These disputes have occurred despite the fact that the EU and U.S. committed to the identical SPS principles and obligations in accepting the WTO Agreement on the Application of Sanitary and Phytosanitary Measures as part of the Uruguay Round accords.<sup>6</sup> This agreement includes obligations such as not maintaining SPS import restrictions without sufficient scientific evidence and harmonizing the importing country's standards with international standards except under very specific conditions. However, diverging approaches to regulation and even cultural differences between the EU and U.S. have led to conflicting interpretations and application of the WTO agreement on SPS measures.

To understand the monumental challenge that the SPS area will present in the FTA negotiations, it is essential to have some grasp of the differing perspectives of the two sides in their approach to managing the risks within their own agriculture and food systems. This can best be done by focusing on three key aspects of this area: one is their conflicting views of the "precautionary principle;" another is their differing positions regarding "other legitimate factors;" and a third is the extent to which both sides have at times allowed political considerations to interfere with science-based decision making. Understanding these perspectives will be crucial for effectively shaping the negotiations in the SPS area, which will undoubtedly be the most difficult aspect of the FTA negotiations on agriculture.

As noted above, one important factor underlying many of these problems is the divergence of views regarding the "precautionary principle" approach to risk management. There is not a universally accepted definition of the precautionary principle, but the EU has provided this official version: "The precautionary principle states that where the possibility of a harmful effect exists, but where scientific uncertainty regarding the risk persists, provisional, non-scientific risk management strategies may be adopted by the European Community."<sup>7</sup>

The EU has made the precautionary principle the cornerstone of its approach to risk management in the SPS area. On the other hand, in the U.S. the precautionary principle is often viewed as inconsistent with the basic tenets of the WTO SPS Agreement and as the pretext for scientifically unjustified barriers to trade.

Regarding the precautionary principle, two important trade disputes between the EU and U.S. can likely best be understood through the lens of this approach to risk management. One of these is

6 The WTO website provides the following information on this. "The SPS Agreement has a two-fold objective. It aims to both: 1) Recognize the sovereign right of Members to provide the level of health protection they deem appropriate; and 2) Ensure that SPS measures do not represent unnecessary, arbitrary, scientifically unjustifiable, or disguised restrictions on international trade. Indeed, the SPS Agreement allows countries to set their own food and animal and plant health standards. At the same time, however, the SPS Agreement requires that such regulations be based on science, that they be applied only to the extent necessary to protect health, and that they not arbitrarily or unjustifiably discriminate between countries where identical or similar conditions prevail. In order to achieve its objective, the SPS Agreement encourages Members to use international standards, guidelines and recommendations where they exist. Members may adopt SPS measures which result in higher levels of health protection—or measures for health concerns for which international standards do not exist—provided that they are scientifically justified."

7 Reg (EC) 178/2002, article 7.

the beef hormones conflict, which is probably so far the most important SPS issue to go all the way through the WTO dispute settlement process. Essentially the dispute centers around the U.S. practice of applying growth promoters in the later stages of feeding beef cattle in order to accelerate growth and improve feeding efficiency. There has never been any internationally accepted evidence that this practice poses a demonstrable risk to the health of consumers. On the other hand, the EU can argue that the application of growth promoters is not necessary for the production of beef, and therefore that if it even very marginally increases the health risk (through higher hormone levels), then it should be prohibited.

The beef hormones case was one of the first SPS issues to reach WTO dispute settlement. Eventually the WTO found that the EU had not performed an adequate risk assessment and therefore ruled in favor of the U.S. In one of the relatively few recent successes in addressing EU-U.S. agricultural trade disputes, the U.S. has dropped its WTO-authorized retaliation in the beef hormones case in exchange for access to the EU market for beef not produced with hormones. However, it is important to understand that in the U.S. view, this is not a final resolution of the issue because the EU has not changed its decades-long policy of prohibiting the use of beef growth promoters.

Another issue of major and more current importance is the EU prohibition on the use of the growth promoter ractopamine, which is used in the U.S. and other major meat-exporting countries to improve the efficiency of beef and pork production. This issue has recently become especially difficult because in 2012 ractopamine was approved as safe (within the indicated maximum residue levels) by the Codex Alimentarius Commission, which gives it an international standard as defined by the WTO.

Here again an understanding of the precautionary principle can help one comprehend the differences. The EU refused to accept the Codex approval of ractopamine, citing “persistent scientific uncertainty”<sup>8</sup> and making reference to its broader opposition to the use of veterinary drugs as growth promoters. Again, as in the case of beef hormones, a very practical obstacle has been that the EU had a prohibition on ractopamine in effect long before it was approved by the Codex.

In fact the ractopamine issue has an importance that extends beyond the negotiation of the EU-U.S. FTA. In addition to applying the precautionary principle, part of the EU’s objection to the new ractopamine standard was procedural, based on a lack of consensus (actually a very close vote) at the Codex. If the EU rejection of this international standard is perceived to be non-scientific and it continues, this issue could threaten to undermine the effectiveness of the SPS Agreement itself.

As noted above, there is another factor beyond the precautionary principle that adds to the challenges for the EU-U.S. relationship in the SPS area. The EU generally refers to this collectively as “other legitimate factors.” These other factors could perhaps best be described as cultural and philosophical, but they underlie in a very real way the EU’s so-called “farm to fork” approach to the food system. This approach includes concepts such as the European public’s expectations for food safety and hygiene, and the goal of bolstering European consumer confidence in foodstuffs sold in the EU. There are clearly differences in emphasis from the policy and political environment in which U.S. food safety officials are operating.

But beyond the conceptual, this emphasis on the total food chain and consumer expectations also manifests itself in very specific and real trade conflicts. A clear example is the differing approaches to the use of pathogen reduction treatments (PRTs) during the slaughter process for meats. In the U.S., it is regular practice to apply PRTs as antimicrobial agents in the slaughter houses as part of a science-based approach to food safety. The EU perspective, on the other hand, is that with careful application of the total food chain concept there is no need for PRTs, and that PRTs are likely to be used to cover up inadequate hygienic practices.

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8 Council of the European Union, Press Release on Agriculture and Fisheries, Oct. 23, 2012, page 19.

This issue is particularly problematic because the substances used as PRTs are generally considered to be safe. These diverging views regarding the appropriateness of using PRTs are, for example, at the core of the issue regarding the use of lactic acid for beef production. The lack of EU approval for lactic acid as a PRT in beef slaughter houses had threatened to derail the entire EU-U.S. beef agreement that was designed to provide the compensation and longer-term resolution of the beef hormones conflict.

As mentioned above, another important factor that challenges the EU-U.S. relationship in the SPS area is that on both sides political considerations can impede the functioning of the science-based decision-making process for resolving health-related issues. A seemingly clear example of this is the U.S. Government's extremely slow pace in revising its BSE-related rules for the importation of live ruminants, beef and products from Europe, which has kept EU items out of the U.S. market for about 15 years.

It has been clear for some time that the animal health experts in the U.S. Government have been ready to remove the BSE ban based on their scientific evaluations and the relevant international standards. In fact the website of one of the government agencies involved states clearly that removing the ban "would bring our BSE import regulations in line with ... international standards." It appears likely that high-level political concerns regarding the well-known opposition from certain groups in the U.S. livestock industry have been at least partially the cause of the long delay in the rule-making process to remove the ban.

Another important issue in which political considerations have apparently trumped science is the EU-U.S. poultry meat dispute. Dating back to 1997, the EU does not allow the application of antimicrobial rinses (a type of PRT) in the processing of poultry meat in the slaughter houses. Chlorinated water may be the best-known example of such rinses, which are used for virtually all poultry meat production in the U.S.

This issue is a particularly delicate one for the EU because a number of scientific bodies in Europe, most notably the European Food Safety Authority (EFSA), have declared that the PRTs used by the U.S. poultry industry do not pose any food safety risk. In fact in 2008 the EU Commission sought approval from the EU Council (composed of the responsible ministers from each of the EU member states) for the use of these PRTs on poultry, but the Council denied approval.

The U.S. took the poultry meat issue to the WTO in 2009 and obtained the agreement of the WTO to form a dispute settlement panel. However, the panel has never been formed and the process is stalled at that point pending a U.S. request to continue. (The U.S. Government has never explained why it has not further pursued this case.) But this does present the awkward possibility that the EU Commission may eventually have to defend at the WTO the very position it opposed within the EU decision-making process.

There are a number of EU-U.S. SPS issues which are made especially difficult due to all of the factors discussed above, i.e., the conflicting views of the two sides regarding the precautionary principle and "other legitimate factors," and the interference of political considerations in the science-based decision-making process. Two of the most important of these issues are the regulation of agricultural biotechnology and the development of a regulatory framework for cloning.

For purposes of addressing the issue of trade in the products produced through agricultural biotechnology within the context of the FTA, it is most useful to have an understanding of the WTO case involving this conflict and the most recent WTO activity on this case. In 2003, the U.S. brought a complaint to the WTO dispute settlement system claiming that the EU was handling its approval process for new biotech products in a manner inconsistent with the WTO's SPS Agreement. The U.S. also alleged that EU member state "safeguard" measures that restricted the cultivation and importation of biotech crops were WTO-inconsistent. The WTO found in favor of the U.S. on both aspects of its complaint.

Thereafter the U.S. requested WTO authorization to retaliate (suspend concessions) against the EU, which took the matter into WTO arbitration. However, in early 2008 the two sides agreed to suspend the arbitration process until such time that the U.S. requests its resumption. At that time a process for a continuing EU-U.S. dialogue on the trade issues of agricultural biotechnology was begun.

The cloning of food animals is another issue that demonstrates the transatlantic differences in the approach to risk management. After considerable scientific evaluation, the U.S. Government took the position that meat from cloned animals and their offspring poses no health risks. The only limitation in the U.S. is voluntary guidance from the U.S. Department of Agriculture that the meat from the actual cloned animals (but not applying to their offspring) should not be put into the food supply.

The cloning issue is much more controversial among both government officials and consumer groups in the EU. In recent years there has been a stalemate among the various governing bodies in Brussels as to whether products from the offspring of cloned animals should be approved for consumption. If the EU should eventually decide to ban the consumption of meat from the offspring of cloned animals, this issue will likely become another very challenging trade dispute with the U.S. in the SPS area.

However, there is also reason for some optimism even in the SPS area, despite the many problems between the EU and U.S. The EU Food Hygiene Package, adopted in 2004, has led the EU to apply a risk-based and transparent approach to the approval of U.S. slaughter plants, which has generally been satisfactory to the U.S. industry. The EU has just provided its final approval for the application of lactic acid in the manner used by U.S. beef plants, thus clearing the way for full implementation of the EU-U.S. beef agreement, as discussed above. Finally, the EU has recently revised its animal health requirements to allow the U.S. to ship live swine into Europe. For its part, the U.S. Department of Agriculture has indicated it expects to issue a final rule on BSE later this year.

It is also worth noting that at one point the U.S. and EU were able to develop a Veterinary Equivalency Agreement (VEA), which facilitates the acceptance of the other side's SPS measures as equivalent in effect. Due to the complexity of the VEA and overlapping regulations, it is difficult to assess how useful the VEA has been so far in practice. But the agreement does offer the potential for further application in the future, and the VEA itself can be viewed as an encouraging sign that the U.S. and EU can work together on difficult SPS issues.

### *Other Non-Tariff Barriers to Trade*

Beyond the SPS area, there are many important issues that also are considered non-tariff barriers to trade. For example, in the joint EU-U.S. solicitation on regulatory issues, the EU Association of Dairy Trade has made reference to difficulties created, in particular for EU cheese exports, by the U.S. Dairy Import Assessment and by the Grade A Pasteurized Milk Ordinance. In the same solicitation process, EU and U.S. crop protection industry associations have jointly proposed harmonization of regulatory approaches to maximum residue limits.

Some progress has been made to address non-tariff barriers. In 2006, the U.S. and EU signed the bilateral Agreement on Trade in Wine. The agreement was an attempt to address difficult issues such as limiting U.S. wine's use of certain semi-generic names and facilitating the mutual acceptance of winemaking practices. The wine accord was an achievement that occurred only after 20 years of negotiation, but it was also viewed as a first phase agreement and a platform for further agreements on wine. To date, the two sides have had little success in attempting to move forward to the planned second phase of the process.

Although it did not take the EU and U.S. into the challenges of the SPS area, in 2012 they agreed on an "equivalence arrangement" for the trading of organic products. They found that their two separate systems for organics are equivalent, which means that exporters of organic products are no longer required to obtain separate certifications and deal with double sets of fees, inspections and paperwork. Although this was not the most serious of trade barriers, the organics arrangement should facilitate



trade and also serve as some encouragement that the two sides can cooperate and achieve mutually beneficial trade objectives.

### ***Domestic Agricultural Policy and Market Access***

It would not appear advisable to attempt to negotiate domestic support disciplines as part of the EU-U.S. FTA since the issues involved can be effectively handled only multilaterally. However, understanding the fundamental support policies and measures put in place by the EU and the U.S. will be important for intelligently shaping the FTA negotiations, especially in the area of market access.

### **U.S. Domestic Support and Protection**

To understand the U.S. approach to agricultural market access in the FTA negotiations with the EU, some understanding of the fundamental structure of government support for agricultural production is essential. It is a system of support that generally does not require high levels of border protection.

First, contrary to popular perceptions, by far most of U.S. agricultural production is not directly subsidized by the government. For example, according to the latest data available from the U.S. Department of Agriculture, only about 37 percent of all U.S. farms receive government payments. The entire sectors for meat, fruit and vegetable production receive virtually no federal government support.

For most of the subsidized products there is one basic structure, which covers primarily grains, soybeans and cotton. Under this structure the U.S. Government will make payments to farmers if the price of their crop falls below certain levels. However, this program has not generally caused concerns regarding import protection, and therefore the levels of U.S. agricultural tariffs are on average much lower than those of most other countries. In addition to the U.S. system of price-triggered payments, most of the producers of major crops receive the so-called direct payment, which is completely decoupled from the farmer's current production.

There are two major reasons why the U.S. has not generally been concerned about import protection for most of its agricultural production. First, the major program for supporting crop production does not obligate the government to intervene in the market and acquire stockpiles of surplus commodities. Also, the domestic production of these government-supported commodities is so large and so efficient that these crops are virtually never thought of as being import-sensitive.

The two notable exceptions in the U.S. support structure are dairy and sugar. Each of these benefits from the U.S. use of classic market price support programs. In other words, the U.S. Government sets a market price for milk and for sugar, and it is obligated to intervene in the market and acquire stocks if the domestic market price falls to the support price level. (In the case of milk this is done through purchases of butter, cheese, and skim milk powder.) And in fact the government has many times purchased and held stocks of dairy products or sugar over the last several decades.

As far as the specific border measures, the form of protection for both dairy and sugar is the use of tariff-rate quotas with very high over-quota duties. But the important point is that import protection for dairy and sugar products is an essential element of U.S. agricultural policy. Substantial increases in imports could lead to significant government outlays and could even make the support programs completely unsustainable. In addition, the dairy and sugar sectors are two of the most influential players among the agriculture lobbies, and they are traditionally quite effective in pursuing their policy objectives with Congress and the administration.

As part of the Uruguay Round agreements, the U.S. provides access through tariff-rate quotas for many dairy products, sugar and sugar-containing products. However it is interesting to note that in recent years, the U.S. tariff-rate quotas for many dairy categories have not filled. In its FTAs, the U.S. has usually expanded the quantity of duty-free access through a tariff-rate quota over an extended time period, ending with either unlimited access, a specific annual growth factor for perpetuity in the duty-free quantity or a provision to discuss additional market access.

With regard to other products, U.S. officials in the agricultural trade policy area have not been greatly concerned about import protection beyond the dairy and sugar sectors. There are some other individual tariffs that have been considered to be import (and politically) sensitive. These include the import duties on orange juice, canned fruit and similar items.

Concerning the future of U.S. agricultural policy, there is some direction clearly discernible, although the development of the new Farm Bill is frozen in place by the ongoing political stalemate in Washington, D.C. Future government policies will focus on “safety net” support such as revenue assurance programs and crop insurance. These changes should not have any significant impact in the context of negotiating an FTA with the EU.

## EU Domestic Support and Protection

In the EU, formation of a common agricultural policy (CAP) from the different national policy regimes existing before the Community was created was a difficult process, and the compromise found ended up being an agricultural policy ‘philosophy’ that was based on high price support and intensive market intervention. Domestic markets were shielded from international price developments through variable import levies and export subsidies. In a purely technical sense this regime worked reasonably well as long as the EU was a food importer.

However, the level of price support was so high, and productivity in agriculture grew so rapidly, that the EU soon became an agricultural exporter of major temperate zone agricultural products, in many cases incorporated in processed foods. As surpluses on EU markets expanded, the CAP imposed a rapidly growing burden on the EU budget, through expenditures for both domestic market intervention and export subsidies.

At the same time, the EU’s trading partners, not the least the U.S., felt increasingly disadvantaged, and the EU faced growing difficulties in bilateral and multilateral trade negotiations. A turning point was reached in the Uruguay Round negotiations, when the EU finally realized it had to embark on a path towards reform of the CAP. In successive steps of policy adjustment, the level of price support was reduced for a growing number of products, farmers were compensated through direct payments, and these payments were increasingly decoupled from production decisions.

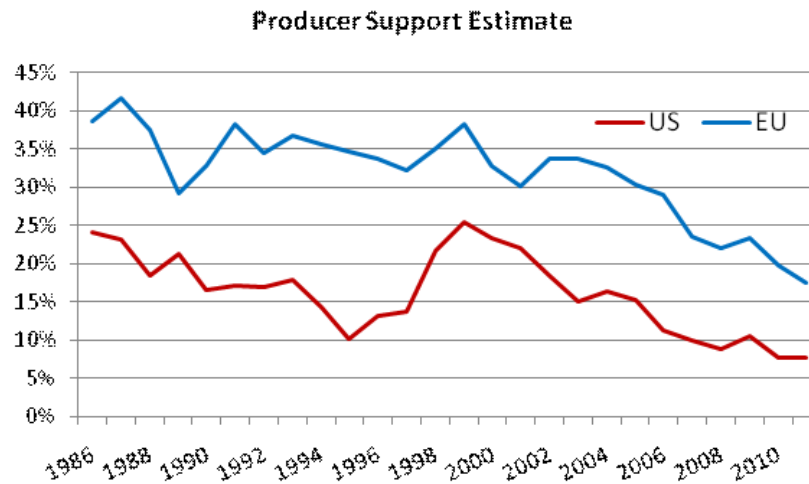
These reforms of the CAP did not only allow the EU to contribute to the conclusion of the Uruguay Round, they also have fundamentally changed the nature of the EU’s agricultural policy. To be sure, a large part of EU agriculture still operates behind rather high levels of import protection, as tariffs were not reduced more than absolutely needed in the Uruguay Round negotiations. However, given the exporter status of significant parts of EU agriculture, tariffs do not provide actual protection for many farmers in the EU.

At the same time, export subsidies have virtually disappeared, and hence a growing share of EU agriculture is now essentially facing international market prices. Meanwhile, direct payments provide a significant degree of support to farm incomes (or rather land prices) in the EU. In other words, the weight has largely shifted in the CAP, from market price support to direct income support. In the process, the perspectives (or ‘philosophy’) of EU agriculture have also changed noticeably.

A growing part of EU farmers no longer has fundamental trouble with the notion that market forces should be allowed to operate more or less freely on the EU market—as long as income support is provided through direct payments. This is clearly visible in the ongoing debate about the CAP for the period 2014-20. The focus in that debate is on the future of direct payments—their distribution across member countries and farm groups, and the conditions attached to them. There is relatively little discussion about any far-reaching changes to market policy, nor about any other major policy alternatives.

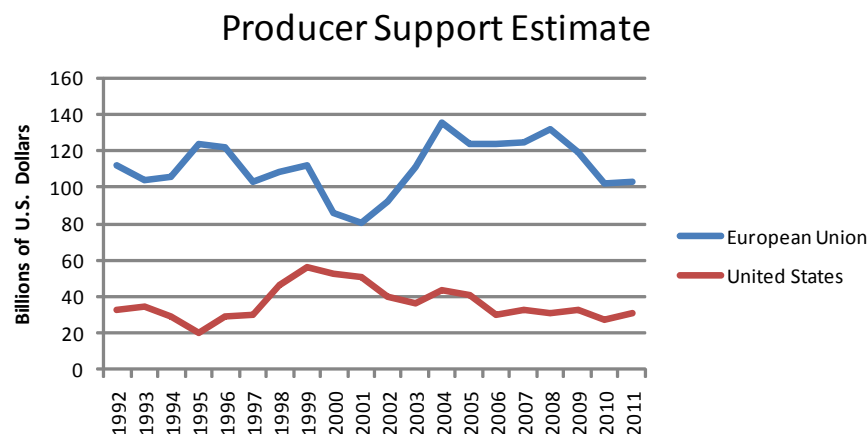
## Producer Support in the U.S. and the EU

As a result of reforms to the CAP, but more recently also due to the rising level of world market prices, the level of farm support in the EU, as measured by the OECD's Producer Support Estimate (PSE, farm support as a percentage of gross farm receipts), has come down significantly over the last 25 years or so, as shown in the following graph. At the same time, though, farm support in the U.S. has also declined, and in 2011, the EU's PSE (18 percent) was still a little more than double that in the U.S. (8 percent).



Source: OECD (2012), Agricultural Policy Monitoring and Evaluation 2012, OECD Countries. Paris: OECD.

The following graph shows absolute levels of farm support (market price support plus government payments) provided in the EU and U.S. in billions of U.S. dollars for the time period 1992-2011. It should be noted that the levels between the EU and U.S. are not directly comparable, given the different sizes of their farm sectors.

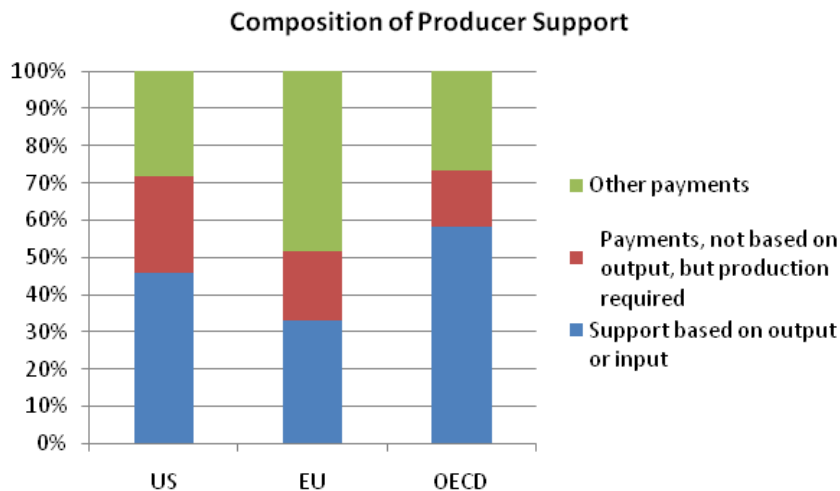


Source: OECD (2012), Agricultural Policy Monitoring and Evaluation 2012, OECD Countries. Paris: OECD.

The fundamental changes that have taken place in the instrumentation of the CAP are mirrored in the composition of the EU's farm support from different categories of policy measures. The share of instruments that can be considered as having the potential to distort production, markets and trade,

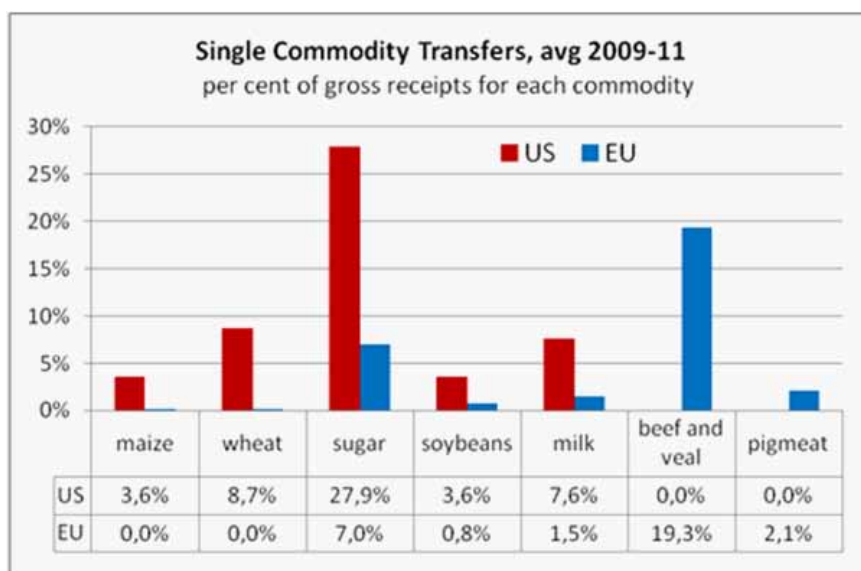


such as support based on output and input quantities and payments requiring production, in the overall PSE is now smaller in the EU than in the U.S. Other policies that can be described as being more 'decoupled' from production and hence less distorting have a larger share in the EU's overall farm support than in the U.S. (See graph, below.)



Source: OECD (2012), Agricultural Policy Monitoring and Evaluation 2012, OECD Countries. Paris: OECD.

All this is not to say that agriculture in the EU is now completely market-oriented. A number of product sectors still benefit from high import protection. This is particularly true for beef and veal, and for sugar. Interestingly enough, support to the sugar sector in the U.S., though, is even higher than in the EU as shown in the following graph. Based on this rough comparison by commodity, the EU may, in FTA negotiations with the U.S., expect particular difficulties in the beef sector, while the U.S. is potentially vulnerable in sugar. It is also interesting to note that the level of product-specific support for milk is higher in the U.S. than in the EU, and this underlines the EU's interest in opening up U.S. markets for dairy products, in particular cheeses where the EU also feels it has quality advantages.



Source: OECD (2012), Agricultural Policy Monitoring and Evaluation 2012, OECD Countries, Paris: OECD *Note: "Single commodity transfer" measures the monetary value of all forms of support provided to producers of an individual commodity, including from taxpayers (such as government payments) and consumers (such as through a government-supported market price).*

In addition to a number of rather high tariffs, reflecting the sensitivity of the respective product sectors, the EU is also still engaged in market management for milk and sugar through production or marketing quotas. The EU's domestic milk quota system is ending March 31, 2015, which will likely result in increased production and exports to third countries. The EU's internal prices for dairy products are fully linked with international prices, which are likely to remain strong in the coming years.

For sugar, the EU Commission has proposed to abolish the quota regime in 2015 but that is not likely to be accepted at this point by the EU Council and Parliament. It may, thus, well be that the EU's sugar quotas will remain until 2020 or so. It is unclear if the EU will remain a net importer of sugar or become a net exporter. Obviously this will in large part depend on the future of international market prices for sugar, which may well remain on a relatively high level, in which case the probability of the EU becoming a sugar exporter again should not be dismissed. The more likely this outcome is to be considered, the more pressure the EU may want to impose on the U.S. to open up its sugar market in FTA negotiations, though the significant weight of high-fructose corn syrup (HFCS) on the U.S. sweetener market would in any case appear to limit the potential for EU sugar in the U.S. market.

## **Section III: Views of the U.S. and EU Constituencies**

### ***U.S. Constituencies***

U.S. agriculture has already strongly expressed many of its objectives and concerns regarding a potential FTA with the EU. Its primary overarching concern is that any FTA with the EU must be comprehensive in its coverage, apparently meaning that not only must agriculture as a sector be included, but all agricultural products must be included as well. The next major objective is that SPS and other non-tariff barriers be adequately addressed in the negotiations.

More specifically, many of the negotiating objectives expressed by the U.S. private sector involve the removal of what are perceived to be SPS import barriers imposed by the EU without scientific justification. These include the EU ban on the use of the beta agonist group of growth promoters, the best known of which is ractopamine, in the production of beef and pork. A similar measure is the EU prohibition on adding hormones in beef production, which is widely practiced in the U.S.

The U.S. private sector will also be very supportive, actually insistent, regarding the High Level Working Group's call to negotiate "an ambitious SPS plus chapter, including establishing a bilateral forum for improved dialogue and cooperation on SPS issues." The "SPS plus" concept generally means building on and going beyond the rights and obligations undertaken by all WTO members through the WTO's SPS Agreement. In this FTA it could mean, for example, that the EU and U.S. would provide each other with greater transparency and more timely SPS notifications than required by the WTO. This should not be especially problematic. However, much more challenging would be a stronger agreement to accept each other's SPS measures as equivalent or to develop some type of "rapid response mechanism" for resolving stoppages of agricultural products at the border. Additionally, there have been calls for SPS provisions to be enforceable, that is subject to an FTA dispute settlement process. U.S. agriculture can be expected to be supportive of all of the above.

Another important objective for a number of U.S. agricultural sectors is substantial changes to the EU approach to approving and labeling the products of biotechnology. Many in U.S. agriculture and the food industry find that the EU system for regulating biotech products is not science-based, and is inefficient and nonresponsive as well. More specifically, the U.S. private sector appears to believe that the EU-U.S. government dialogue begun after the suspension of the WTO biotech case has not been effective and does not hold the promise of a meaningful solution.

Many of the specific objectives put forward by U.S. agricultural and food interests can be categorized as coming under the heading of "regulatory compatibility." Examples of this include calling for harmo-

nizing pesticide and food additive registrations, and even establishing a regular dialogue between the EU and U.S. risk assessment agencies.

Another frequently cited goal for U.S. agriculture is the modification of the EU's Renewable Energy Directive, so that EU sustainability objectives do not serve as de facto trade barriers against U.S. producers of feedstocks for biofuels. Although this concern is more industry-specific (soybeans) than many others, the issue has significant importance in terms of trade flows and also the trade policy precedents involved. It may, though, be that the EU market for biofuels will be far less dynamic in the future than anticipated a while ago, if not even in decline. There is growing skepticism, in a number of EU quarters, regarding the actual climate change benefits of biofuels, and mounting recognition of the impact on food prices. Thus, the peak for EU biofuels policy may already be in the past.

In contrast to the objectives listed above, another concern from the U.S. private sector is the anticipated offensive from the EU side on the issue of geographical indications (GIs). These are food or beverage designations that derive originally from production in a specific geographical location (such as "Parma" ham). The key question is whether such designations should be legally protected for the original producers or should be considered generic and available for general use. The GI issue can have major trade implications and, for example, could even result in U.S. dairy producers losing the ability to market certain products with traditional names in their own market.

There is a perception in the U.S. that the EU has a history of successfully insisting on acceptance of the EU approach to GIs, which is usually strict protection of European GIs, in the course of negotiating its FTAs with other countries. The most recent example is the EU-Korea FTA, but the EU-Canada FTA will also be very instructive regarding the EU approach in this area. At least several U.S. agricultural sectors are very concerned and adamantly opposed to U.S. acceptance of the expected EU position on GIs.

Proponents of trade agreements in the United States recognize that support from the agricultural sector, particularly at the farm level, is crucial to Congressional approval. Historically agreements in the United States have been comprehensive and a single undertaking. Hence if an agreement between the EU and U.S. is to be successfully concluded and approved, a way forward must be found to address the disparate policies and achieve regulatory compatibility. At the end, the U.S. Congress will listen to the views of the agricultural interests before it votes to accept the FTA or not. Given the long history of agricultural disputes with the EU, Congress will have high expectations that the FTA addresses these and provides a way for a more compatible trade relationship in the future.

### *EU Constituencies*

In spite of all the changes that have occurred in EU agriculture in the last 20 years or so, much of the EU farming industry still has the tendency of looking at trade negotiations in a defensive mode. This would clearly also be the case for FTA talks with the U.S. Agriculture in the U.S. is generally considered to be highly competitive and in many regards ahead of EU agriculture. On the EU side, agriculture is mostly seen as being a potential loser from FTA negotiations with the U.S., and it may not be politically easy for EU negotiators to convince the farming community that the package eventually negotiated is balanced.

The more there is a balance within agriculture, the easier it will be for the agricultural side in the EU to accept a deal. Among the most important elements of the EU's offensive interests are progress on GIs and better market access for dairy products, in particular cheese, and possibly also for sugar. The EU has no allocation for sugar access as it was not an exporter to the U.S. during the historical base period, but it would have some interest in further exports of specialty sugars and certain sugar-containing products that are currently limited. Making progress on such items may make it easier to convince the EU's agricultural interests that they need to compromise on some of their defensive interests, in particular high tariff protection for meats, especially beef and veal.

Moreover, in the FTA negotiations the EU will be pursuing other SPS issues that could bring some benefits for their agricultural interests. For example, the EU maintains that U.S. import restrictions on certain animal products due to concerns about the Schmallenberg virus are not based on current international standards or the most recent scientific findings. Furthermore, the EU believes that the U.S. process for setting or changing its SPS measures is often non-transparent and unduly slow, and that this, for example, has unjustifiably prevented exports of EU apples and pears to the U.S. market.

The regional dimension of all this is likely to play a significant role in the EU, with beef being an important source of income and employment in some economically less well-off regions, for example in France and Ireland. Such regional interests come into play in different ways, but increasingly also through the European Parliament (EP) that now (after the Lisbon Treaty) has an important role in the EU's decision-making process. Agricultural interests are well represented in the EP, and are typically not much tamed by other elements in that body. Moreover, the EP is still in the process of making it clear to everybody what its new powers are, and hence has a tendency to look at issues not necessarily from the perspective of their substance, but as to whether or not they provide an opportunity to demonstrate the Parliament's power.

Two other areas of likely interest from the EU will be provisions on animal welfare and sustainable development. The EU-Korea FTA calls for the exchange of information and experiences in animal welfare and cooperation in the development of international standards, specifically regarding the stunning and slaughter of animals. That FTA also commits the parties to "strive to facilitate and promote trade in goods that contribute to sustainable development, including goods that are the subject of schemes such as fair and ethical trade and those involving corporate social responsibility and accountability." The EU will also likely see the U.S. FTA as a vehicle to make progress on broader social, environmental, and sustainability objectives.

On the issue of agricultural biotechnology, EU farmers certainly understand the significant benefits that genetically modified organisms (GMOs) can offer to producers. However, NGOs have had the predominant voice among EU constituencies, and have traditionally been very skeptical regarding the use of GMOs in agriculture. Underlying the policy debate to a certain extent is a European cultural aversion to "genetically engineering" food and a belief that consumers have the right to know if their food has been produced in this manner. The political result of all of this is that on the GMO issue the EU will begin the FTA negotiations with a defensive posture and a resistance to significant changes in its regulatory approach to biotechnology.

Social and environmental concerns are playing an increasing role in EU consumption and therefore for imported products. Private standards are being adopted by retailers as well as food companies to meet social, environmental, and sustainability objectives. Many of these include certification protocols, such as GlobalG.A.P. These standards are not concerned with WTO requirements for SPS or technical barriers to trade, but are increasingly becoming the de facto basis for trade.

## **Section IV: Developing an Effective Negotiating Process for Agriculture**

Any serious approach to the agriculture portion of the EU-U.S. FTA could become one of the most difficult and complicated trade negotiations ever attempted. Innovative ideas may be essential if this process is to have any possibility of success. First, the most important lesson from the Doha Round failure in agriculture should be well learned, i.e., the highest political levels on both sides should have the clearest possible agreement on the specific objectives, and a firm commitment to achieving them. Then practical and innovative approaches, informed by experience, should be developed.

If a comprehensive approach, such as is sought by U.S. agriculture, is adopted by the two sides, this will likely be a process requiring much more than the traditional blueprint of continual meetings between the usual negotiating teams. However, this should also be viewed as a tremendous opportunity, as it offers the prospect of bringing consistent high-level attention to some previously intractable issues, especially in the SPS area. One idea for taking advantage of this opportunity might be to set up a structure of regular reporting to high-level officials to be done jointly by EU and U.S. lead negotiators.

In addition, consideration should be given to establishing specific SPS working groups consisting primarily of staff from counterpart EU and U.S. regulatory agencies. This could be particularly effective if it includes the officials responsible for risk assessment for each side. Also in the SPS area, it may be very useful to draw on the structure and concepts developed in the work on the SPS Chapter of the Trans-Pacific Partnership negotiations.

More broadly, the U.S. Government's formal system of private sector advisory committees for trade policy could provide a structure for advancing the negotiations. For example, an ad hoc and non-permanent Agricultural Trade Advisory Committee could be established to focus solely on the EU-U.S. FTA negotiations. Another idea for facilitating the process would be the initiation of a formal producer-to-producer dialogue to focus on very specific aspects of the negotiations.

Particular attention should be given to the trade-related issues of biotechnology. Although many of these issues are considered to be SPS, they also have certain unique features that derive from the rapid and relatively recent emergence of the field of genetic engineering. In fact, a wholly new approach may be needed to talks on biotechnology and animal welfare. In both areas, there appear to be rather fundamental differences in attitudes between the EU and the U.S. On many issues, the resulting trade troubles have been negotiated between the two sides for years, without much progress, and it should not be expected that merely shifting the talks to bilateral negotiations on an FTA will necessarily yield more progress in the future.

While the trade difficulties that have originated in these areas, or may arise in the future, might appear rather similar to those resulting from protectionist tendencies in other domains, it is useful to remember that they are indeed of a rather different nature. Most of the concerns in these areas are expressed, often rather vehemently, not by producers but by other constituencies, in particular groups of consumers or environmentalists.

In the EU, the regulatory approaches in these matters, which often eventually cause trouble in trade, are essentially political responses directed not to farm groups but to non-governmental organizations (NGOs) from a completely different part of society. Given the rather vocal activities of these groups, they have managed to bring a good part of the public behind them, and there is no way EU politicians and government officials can disregard these political forces – irrespective of whether or not they consider them scientifically grounded. Given the nature of the pressure groups behind these matters, it is also difficult to expect them to weigh their concerns against potential benefits that could be reaped in other elements of FTA talks. They are not part of the trade community typically engaged in such negotiations.

In that situation it may be worth considering the involvement of the appropriate NGOs more or less directly in the FTA negotiations. One should not be naive and expect their attitudes to change overnight once exposed to trade talks. These groups will not easily be susceptible to the typical horse trading in FTA negotiations, and may not at all be used to the type of quid pro quo deals that have to be eventually struck in such talks. But it may be helpful for them to face more directly the difficulties their positions create in the field of trade. And involvement of such groups may also help trade negotiators from both sides to understand each other's problems somewhat more effectively.

## Conclusion

The opportunity to negotiate a comprehensive trade and investment agreement between the EU and U.S. presents the possibility of changing the agricultural dynamic between the two trading partners for the first time in decades. To be certain, there would be gains from eliminating tariffs and improving market access. However, the most significant benefit would be a paradigm shift in the trade-related approaches to protecting human, animal, or plant life or health. The trade relationship has been damaged by the conflict between the U.S. adherence to science-based policies and the EU's adoption of the precautionary principle and "other legitimate factors" in addressing SPS and other non-tariff barriers. In order to gain support from the U.S. Congress, any agreement will have to sufficiently address these differences. For the EU, adequate attention must be paid to the concerns of NGOs regarding their social, environmental and sustainable development objectives.

Innovative approaches to the negotiations will be needed to achieve such results. High-level attention to the discussions between technical experts, an ad hoc Agricultural Technical Advisory Committee for the FTA negotiations, and dialogue with non-farm NGOs could improve the prospects. But if approached with a clear eye to the broader political context and potential gains for producers and consumers, the U.S. and EU should finally be able to put many of these contentious issues behind them.



### About IPC

The International Food & Agricultural Trade Policy Council promotes the role of trade in creating a more open, equitable, productive and sustainable global food and agricultural system. IPC makes pragmatic trade policy recommendations to help solve the major challenges facing the global food and agricultural system in the 21st century—the need to promote global food security, to sustainably increase productivity, and to contribute to economic growth and development.

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