



Statement of the American Farm Bureau Federation

**TO THE HOUSE WAYS AND MEANS SUBCOMMITTEE ON TRADE
REGARDING THE HEARING ON
THE BENEFITS OF EXPANDING U.S. AGRICULTURE TRADE AND
ELIMINATING BARRIERS TO U.S. EXPORTS**

JUNE 11, 2014

The American Farm Bureau Federation, a U.S. general farm organization, supports efforts to increase agricultural trade through comprehensive trade agreements that reduce and eliminate government imposed barriers to agricultural trade.

Transatlantic Trade and Investment Partnership

Farm Bureau supports efforts to increase agricultural trade flows and remove trade barriers that currently exist between the United States and the European Union.

The Transatlantic Trade and Investment Partnership (TTIP) negotiations between the U.S. and the EU must deal with the many substantive issues that impede U.S.-EU agricultural trade, such as long-standing barriers against conventionally raised U.S. beef, ongoing restrictions against U.S. poultry and pork, and actions that limit U.S. exports of goods produced using biotechnology.

The U.S. and the EU are major international trading partners in agriculture. U.S. farmers and ranchers exported more than 11.5 billion dollars' worth of agricultural and food products to the EU in 2013, while the EU exported more than 17 billion dollars' worth of agricultural products to the U.S. last year.

Just 10 years ago, the EU was the third-largest destination for U.S. agricultural exports. Today, it has fallen to our FIFTH-largest export market.

Over the last decade, growth of U.S. agricultural exports to the EU has been the slowest among our top 10 export destinations.

If U.S. farmers and ranchers were provided an opportunity to compete, the EU market could be a growth market for them. However, regulatory barriers have become a significant impediment to that growth.

Unless these trade barriers are properly addressed within the Transatlantic Trade and Investment Partnership or TTIP negotiations, they will continue to limit the potential for agricultural trade. It is imperative that TTIP be a high-standard trade agreement that covers all significant barriers in a single, comprehensive agreement. Scientific standards are the only basis for resolving these issues.

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 to the U.S. in the TTIP negotiations. Both the U.S. and the EU adhere to the World Trade Organization's Agreement on Sanitary and Phytosanitary Measures, which states that measures taken to protect human, animal or plant 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. The EU is additionally guided by the "precautionary principle," which holds that where the possibility of a harmful effect has not been disproven, non-scientific risk management strategies may be adopted.

The use of the "precautionary principle" is inconsistent with the WTO SPS Agreement and is used as a basis for scientifically unjustified barriers to trade. The TTIP negotiations must result in a modern, science- and risk-based approach, based on international standards that can truly resolve SPS disputes.

SPS issues must be directly addressed as a part of the negotiations, and these provisions must be enforceable.

The EU approach for approving products of biotechnology combines a lengthy approval process with the ability of EU member states to ban approvals. The result is restrictive import policies and substantial reductions in U.S. exports of corn and soybeans to the EU.

The EU system of geographic indications for foods and beverages designates products from specific regions as legally protected for original producers. The U.S. has opposed recognizing geographical names for foods when it would inhibit the marketability or competitiveness of U.S. products. The TTIP must not become an avenue to erect a new barrier to U.S. agricultural exports through the use of geographic indications.

Negotiations on bilateral concerns move in both directions. There must be positive outcomes for all sides. The European Union has concerns about U.S. rules on EU beef and dairy products. An emphasis on finding trade-opening solutions to sanitary barriers will assist in resolving our many trade issues.

The TTIP negotiation proposal calls for working toward the elimination of tariffs. The average U.S. tariff on imported agricultural products is 5 percent, with 75 percent of our tariff lines at between zero and 5 percent. For the EU, the average tariff is 14 percent, with 42 percent of tariff of lines at zero to 5 percent. In order to expand market opportunities for U.S. agricultural products in the EU, tariff reductions will be necessary.

We call for an ambitious agreement that addresses the real barriers to the growth of agricultural trade between the United States and the EU.

Trans Pacific Partnership (TPP)

A major regional trade effort for the United States is the Trans Pacific Partnership (TPP) negotiations between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam and the United States.

The addition of Japan to full participation in the TPP talks enhances the significance of the negotiations and makes the agreement much more encompassing of North American goals for agricultural trade. It will also fuel interest among other Asia-Pacific nations for similar opportunities to improve trade relations with the U.S. and other participating countries.

Japan is the fourth-largest agricultural export destination for the U.S. with more than 12.4 billion dollars in sales in 2013. It also has several restrictive policies in place that inhibit U.S. exports, such as high tariffs on dairy, horticulture, rice and other products, along with various Sanitary and Phytosanitary barriers. By joining the TPP negotiations under the same conditions as other participants, Japan must negotiate to resolve long-standing tariff and SPS barriers for all agricultural products.

The TPP will only fulfill its promise of improved and increased trade in the Pacific region by including the elimination of tariffs on agricultural products.

We are looking for a substantive outcome for American agriculture from these talks. This can only be achieved by removing tariffs and other trade barriers that intentionally reduce U.S. agricultural opportunities to compete in export markets.

Trade Priorities Act

Farm Bureau has long supported trade promotion authority in order to complete and pass into law trade agreements. For our important TPP and TTIP negotiations to maintain their focus on improving and expanding trade with our negotiating partners we need to have the TPA in place.

Agricultural market access measures are usually finalized at the end of negotiations when the certainty of TPA is crucial to a successful negotiation.

We urge the House to pass the Congressional Trade Priorities Act of 2014, H.R. 3830, as a necessary and critical component for trade negotiation outcomes that reduce barriers and improve market access for U.S. agricultural exports.