



Statement of the American Farm Bureau Federation

TO THE HOUSE WAYS AND MEANS SUBCOMMITTEE ON TRADE

**REGARDING THE HEARING ON
ADVANCING THE U.S. TRADE AGENDA: THE WORLD TRADE
ORGANIZATION**

JULY 16, 2014

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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. A successful trade agenda in the World Trade Organization (WTO) should include: a strengthened WTO Sanitary and Phytosanitary (SPS) Agreement, implementation of the Trade Facilitation agreement, and a forward looking post-Bali work plan.

While elimination of traditional tariff barriers remains a priority, we must make greater strides to eliminate non-tariff barriers, which have grown to be the primary form of trade disruption. Non-tariff trade barriers often take the form of ‘standards’ that are not based on science but are used to manage trade. In order to resolve issues related to non-tariff barriers, the WTO SPS Agreement must be strengthened to bring the world’s agricultural and food trade fully into the realm of science-based decision making.

The Trade Facilitation Agreement finalized during the WTO Bali Ministerial in December 2013 included commitments that must be implemented. Trade Facilitation also involves SPS standards as it is necessary for many countries to improve their handling of sanitary and phytosanitary measures at ports.

The WTO is also engaged in an effort this year to formulate a post-Bali work plan to guide future trade negotiations. Future WTO trade negotiations must focus on current and future challenges to the growth of international agricultural trade, such as SPS barriers, instead of resurrecting past negotiating failures.

SPS Improvements

For U.S. agriculture, changes to the SPS Agreement must include improving the use of science-based decision making and removing non-science based approaches to risk assessment. In particular, the European Union’s use of the ‘precautionary principle’ as a reason to restrict certain U.S. agricultural products highlights the need to reform the areas of the SPS Agreement that allow for the use of precaution instead of science. We support a science-based approach to risk management, the use of science-based international standards and oppose the precautionary principle as a basis for regulatory decision making.

Trade in agricultural products between the U.S. and the EU is an excellent example of how regulatory barriers can become a significant impediment to growth.

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

Despite these large numbers, 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. This is why U.S. agriculture has been insistent that 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.

Unless these trade barriers are properly addressed within the 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. Enforceable scientific standards are the only basis for resolving these issues.

A successful SPS agreement in the TTIP agreement would set the stage for higher SPS standards worldwide, an incredibly worthy goal.

Trade Facilitation and Food Stockpiling

The Trade Facilitation Agreement that was achieved at the WTO's December 2013 Ministerial meeting must now be implemented. The reduction of custom and border barriers will support all types of international trade, including trade in agricultural goods. Especially for perishable agricultural items, time spent waiting

at the border can result in a substantial decline in quality and a direct economic loss to U.S. producers.

The difficulties in achieving the Trade Facilitation Agreement last year were exacerbated by certain developing countries' insistence on an unrelated issue of food stockpiling. India and other countries are now allowed to exceed their WTO Agriculture Agreement subsidy limits for four years without a WTO dispute case.

Refusing to implement the Trade Facilitation Agreement is not compatible with the commitment of the Bali Ministerial.

Post-Bali Work Plan

Any future WTO negotiation on agriculture must be dedicated to trade liberalization for all countries, must not reduce the opportunities for trade and must be designed to work on the issues currently important to agricultural trade. We do not believe that revisiting the failed agriculture draft of 2008 will yield benefits for agricultural trade. Focusing our efforts on improving science-based decision making in the SPS Agreement and expanding market access through the elimination of tariff and non-tariff trade barriers will yield real benefits for agricultural trade for all countries.

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