



## CELCAA position on the TTIP

CELCAA welcomes the upcoming EU-USA Transatlantic Trade and Investment Partnership (TTIP) and looks forward to an agreement that will cover all aspects of trade and investment. Agriculture is one of the sectors that can benefit the most from a successful TTIP and the European agri-food trade wishes for an ambitious agreement to boost transatlantic trade in agricultural and agri-food products.

CELCAA members provide for stable supplies of safe and high-quality agri-food products both to the EU and external markets. Free movement of goods ensures adequate levels of supply and contributes to control food price volatility. However there are still a number of tariff and non-tariff barriers that prevent the free movement of agri-food products in both direction between the EU and US.

With over €21 billion<sup>1</sup> in total trade, the USA is the largest EU trading partner for agricultural products. Imports of cereals, oilseeds and their derived products are alone worth €2.7 billion<sup>2</sup> per year and represent a valuable source of raw materials for the EU food and feed industries; exports of mostly high added value EU dairy products are worth €1 billion per year; in 2012, EU wine exports to the USA represented €2,48 billion (1st Third country market) versus €387 million for EU imports from the USA.

Further growth in agricultural trade is an achievable target on condition that the future agreement pursues trade liberalisation and regulatory harmonisation, with a view of protecting Geographical Indications and truly sensitive products.

### Elimination of Tariffs

For most agri-food products, the US maintains tariff rates. From sector to sector, the tariffs can vary considerably, from residual to excessive. Certain sectors face tariffs that make exporting to the US essentially impossible, with only a certain quantity of products being allowed in via reduced tariffs under a Tariff Rate Quota system.

However, even in those sectors where the tariffs are extremely low, administrative constraints still persist in the implementation of custom procedures.

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<sup>1</sup> 2012, European Commission, Agriculture in the European Union – statistical and economic information

<sup>2</sup> Eurostat

Except where sensitive agricultural food products are concerned, the complete elimination of all tariffs is the most desirable outcome, allowing for a greater development of EU and US trade exchanges, including market arbitration exchanges, bringing about greater market stability.

### **Certification of companies and products**

Certification of companies and products is a complex issue for EU exporters. In addition, inspections carried out by US authority officials on the EU territory follow legal approaches that are not always compatible with EU rules, raise different issues.

These procedures have indeed become much more complex over time, due to the adding up of requirements on terrorism (Bioterrorism Act), food safety (Food Safety Modernization Act), and customs (Importer Security Filing and Additional Carrier Requirements, CSI and C-TPAT).

On the EU side, the status of authorized economic operator (AEO) is an important element in this approach, which could be compared to equivalent schemes on the US side.

It is essential to move towards the dematerialisation of export documents.

### **Sanitary and Phytosanitary issues**

Several requirements in the United States on the subject of Sanitary or Phytosanitary rules have the consequence of preventing the import into the United States of food products, even if they conform to Food Safety rules as least as strict as those implemented on US soil.

Similarly, the EU needs for imported agricultural raw materials is hampered by regulatory asymmetries in the legislations. Regulatory imbalances restrict the possibilities for diversifying the sources of raw materials and have particularly affected the volumes traded with the USA. The EU demand for cereals, oilseeds and plant protein sources clashes with its policy on genetically modified organisms (GMOs). The different speeds in the approval process for GM varieties cultivation in the US and for import and processing in the EU is the major obstacle to trade in plant protein sources.

The pesticide legislation provides another example of regulatory unbalance, where increased harmonisation is needed. The EU and USA have some different levels of authorised residues for certain pesticides in crops. European traders risk importing grains and oilseeds exceeding the EU limits, but still in compliance with the US ones. Codex Alimentarius provides for internationally recognized maximum residue levels, yet this is not taken as a reference. Codex establishes maximum pesticides residue limits in accordance among its 186 international members. That is an authoritative source that is too often disregarded.

Also with exports of fresh dairy products and dairy ingredients used in fresh dairy products we encounter regulatory imbalances caused by a lack of recognition of the EU food safety requirements by the American authorities.

### **Technical Barriers to trade**

Biofuel sustainability criteria established in the EU have recently added to the list of regulatory, non-tariff barriers in trade with the USA. Both parties have measures to protect the ecosystems

and limit greenhouse gas emissions, yet different certification requirements jeopardise trade by adding financial and administrative burden for traders of biofuels raw materials. The TTIP should pave the way for harmonised regulatory provisions, also in view of possible future sustainability policies beyond biofuels.

### **Geographical Indications**

The EU and the US hold very different views on the subject of Geographical Indications. For the European food market, it is an essential factor bringing a considerable added value, whereas the concept isn't nearly as widespread in the United States. This is particularly marked where products considered "generic" under US Federal Laws are concerned.

The import of products produced in the United States under a name covered by a European Geographical indicator should not be authorized, as doing so would put the European economic operators at a disadvantage.

### **Sensitive Product Status**

CELCAA is not opposed to granting certain agricultural products the "Sensitive Product" status especially where lack of competitiveness is brought about by comparatively higher European standards on food safety, animal welfare and environmental protection. Among other sectors, this issue is of particular concern in the European livestock sector, egg and egg products sector, which is bound by legislation more constraining than their US competitors, such as the animal welfare legislation (examples: the legislation on laying hens, the legislation on the sow stalls, the legislation on transport).

The criteria based upon which products were granted the "Sensitive Product" status in previous Free Trade Agreements should however be subject to reevaluation.