United States Department of Agriculture
Foreign Agricultural Service

WHY TRADE PROMOTION AUTHORITY IS ESSENTIAL FOR U.S. AGRICULTURE AND THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP

April 2014

A Transatlantic Trade and Investment Partnership (T-TIP) agreement will remove obstacles that have hampered U.S. agricultural exports to the European Union (EU).

FARMERS AND RANCHERS DEPEND ON EXPORTS

U.S. agricultural producers depend on exports, which generate approximately 20 percent of their farm income. America's farmers and ranchers are the most productive in the world, but foreign market expansion is critical to their continued success.

U.S. AGRICULTURAL EXPORTS TO EUROPE NEED A BOOST

The EU imported nearly $135 billion of agricultural products from global sources in 2013, up more than 150 percent from 2000. Yet U.S. agricultural exports to the EU grew by only 82 percent during this period while our exports to the world grew by 181 percent. U.S. agricultural exports to the EU are not keeping pace with either EU market growth or with overall U.S. export growth.

The United States faces increased international competition in the EU. This is partly because the EU has aggressively pursued bilateral preferential trade agreements with other countries. U.S. market share for agricultural products in the EU has fallen from 15 percent in 2000 to 9 percent in 2013.

The EU's purchases of many key U.S. commodities and products have fallen as non-tariff barriers have been erected and competition from other international suppliers has increased. Between 2000 and 2013, U.S. exports of:

- Grain and feed fell from 4.3 million metric tons to 2.2 million metric tons;
- Oilseeds and products fell from 12 million metric tons to 5.3 million metric tons;
- Poultry meat and products fell from 332,000 metric tons to 77,000 metric tons; and
- Fresh fruit fell from 187,000 metric tons to 88,000 metric tons.

A successful T-TIP would eliminate tariff barriers, resolve disagreements over existing unwarranted non-tariff barriers and reduce costs associated with regulatory differences.

Tariff Barriers Put U.S. Agricultural Exports to Europe at a Disadvantage

The EU's average agricultural tariff is 30 percent, while the average U.S. agricultural tariff is only 12 percent.

The impact of high EU agricultural tariffs on U.S. exports is exacerbated by the fact that other countries have preferential tariff access. The EU has already concluded free trade agreements with 35 countries and announced negotiations with 12 more, giving key competitors like Canada an advantage over U.S. exporters.

T-TIP provides an opportunity to knock down EU tariffs on key U.S. exports such as meat, dairy products, rice and processed foods.

Non-Tariff Barriers Unfairly Hinder U.S. Agricultural Exports to the EU

The EU's non-tariff barriers to U.S. agricultural products must also be addressed in the negotiations.

- Long delays in reviews of biotech products create barriers to U.S. exports of grain and oilseed products.
- U.S. meat exports are blocked by a number of barriers such as a ban on the use of antimicrobial treatments.
- Burdensome and complex certification requirements hinder access for many U.S. processed foods, animal products and dairy products.

The U.S. government is proposing strong regulatory provisions that would build on World Trade Organization commitments and improve transparency and ensure that regulatory actions have a sound basis.

TPA Strengthens our Negotiators

Trade Promotion Authority signals to our European trading partners that Congress and the Administration stand together on the high standards our negotiators are seeking at trade talks. Trade Promotion Authority will help U.S. negotiators get the best deal possible.

For more information about Trade Promotion Authority and its importance to U.S. agriculture, please contact FAS Legislative Affairs at (202) 720-7115 or LPA@fas.usda.gov.