

TTIP: Can The U.S. And E.U. See ‘Eye To Eye’ On Trade Pact?



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After decades of trade disputes, the world’s two largest economies are ready to sit down and negotiate ways in which they can harmonize regulations and expand exports across the Atlantic. If successful, the Trans-Atlantic Trade Investment Partnership (TTIP) talks could create the world’s largest free trade zone and also provide a much-needed boost to their struggling economies.

This week, U.S. trade officials will host European Commission negotiating teams for the opening “stock-taking” at which each side will lay out its goals. The U.S. Trade Representative’s Chief Agriculture Negotiator Isi Siddiqui will meet Owen Paterson of the British farm ministry and Deputy U.S. Trade Representative Miriam Sapiro was scheduled to brief senior officials of Washington embassies from EU member countries about U.S. hopes in the talks.

U.S. Trade Representative Michael Froman was upbeat as he kicked off the formal TIPP discussions in Washington, while encouraging negotiators to “be creative, be flexible, and think outside of the box as necessary to make progress.”

“In TTIP, we have the opportunity to accomplish something very significant for our economies, for our relationship, and for the global trading system as a whole.

“We will give our teams the space they need to move forward and find solutions, but we will stay very closely engaged to ensure that we are finding those solutions,” Froman added. “We want you to avoid unnecessary delays, but we also recognize that the most important thing is to get the substance right. We need to resist the temptation to downsize our ambitions or avoid tough issues just for the sake of getting a deal.

But making headway on TIPP won’t be easy, especially when it comes to agriculture.

Americans and Europeans have distinctly different views on the way to produce food and preserve rural communities. As a result, there is fierce opposition in the EU to crops produced through genetic modification, while the majority of U.S. crops – with the exception of wheat – utilize GMOs. In the EU, there strong support for geographical indications for agricultural products, such as champagne and several cheeses, much to the dismay of agricultural interests here.

Despite complaints to the World Trade Organization, the EU blocks U.S. poultry imports treated with chlorine washes to kill pathogens and meat from animals fed ractopamine as a growth stimulant.

“The U.S. side has some ambitions with regard to sanitary and phytosanitary standards and biotechnology, and other things,” says Ellen Terpstra, president of the International Food and Agricultural Trade Policy Council. “We’ll reiterate that and they will reiterate their concern about practices in dairy.”

The first session likely will set the stage for the next steps. Negotiating teams first will “lay out some of their expectations and see if there is a basis on which they can negotiate,” Terpstra adds.

“The U.S. side recognizes a great opportunity

to deal with reasons we have had confrontations over last 30 or 40 years and see if there is a way to get convergence and perhaps minimize the number of disagreements. It’s going to take a lot of work,” she adds.

U.S. agricultural interests are calling on negotiators to dismantle an array of EU barriers to U.S. exports of meat, poultry, dairy products, soybeans, corn and other commodities, many related to safety or quality standards that U.S. groups believe lack scientific justification. Farm and export interests here will be looking for progress toward those goals as the negotiations continue, but they don’t expect an early solution to meet their ambitions.

Obama Administration officials would like to wrap up negotiations in time to present an agreement to Congress for approval next year, a timetable that some trade veterans see as too optimistic.

But Terpstra, a former USTR negotiator and former administrator of USDA’s Foreign Agricultural Service, senses some urgency. “It becomes a matter of timeliness,” she says. “If the point of the TTIP is to spur growth and jobs, you don’t want it to drag on for five years. You want progress in the near term. That means you need a process to deal with the toughest issues.” Δ

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High Hopes For TTIP

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The Obama Administration says TTIP will aim to boost economic growth in the United States and the EU and add to the more than 13 million American and EU jobs already supported by transatlantic trade and investment. In particular, TTIP will aim to:

- Further open EU markets, increasing the \$458 billion in goods and private services the United States exported in 2012 to the EU, our largest export market.
- Strengthen rules-based investment to grow the world’s largest investment relationship. The United States and the EU already maintain a total of nearly \$3.7 trillion in investment in each other’s economies (as of 2011).
- Eliminate all tariffs on trade.
- Tackle costly “behind the border” non-tariff barriers that impede the flow of goods, including agricultural goods.
- Obtain improved market access on trade in services.
- Significantly reduce the cost of differences in regulations and standards by promoting greater compatibility, transparency, and cooperation, while maintaining our high levels of health, safety, and environmental protection.
- Develop rules, principles, and new modes of cooperation on issues of global concern, including intellectual property and market-based disciplines addressing state-owned enterprises and discriminatory localization barriers to trade.
- Promote the global competitiveness of small- and medium-sized enterprises.

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