



## **Meat Industry Comments on U.S.-EU Negotiations**

The US-European Union (EU) trade negotiations offer the United States beef, pork and poultry industries with an unprecedented opportunity to gain full and unfettered access to one of the largest and most lucrative markets in the world. However, the European Union is also one of the world's most protected import markets for meat and poultry, with high levels of tariff protection and a wide array of onerous and scientifically unjustifiable sanitary phytosanitary (SPS) measures. Taken together, high tariffs combined with SPS barriers make shipping product to Europe difficult, if not impossible. As a consequence, the U.S. meat and poultry industries seek as part of any trade agreement not only the complete elimination of EU tariffs on meat and poultry products, but also the full removal of unjustifiable EU SPS restrictions on U.S. imports. The removal of EU SPS barriers should be accomplished through a broad recognition by the EU of the equivalence of the U.S. meat and poultry practices in ensuring product safety.

### **EU Import Duties on U.S. Meat and Poultry**

The European Union currently maintains global tariff rate quotas on U.S. pork, beef and poultry that are miniscule relative to the size of the European market, representing less than one percent of total EU meat consumption. Moreover, in-quota duties under these tariff rate quotas are generally very high, and out of quota duties are prohibitive. As part of a settlement of the U.S.-EU hormones dispute, the EU does provide a specific tariff rate quota for beef, derived from "non-hormone treated cattle", of 45,000 MT. Although potentially valuable, this TRQ is again very small relative to the size of the European market and is open to non-U.S. beef exporters (we understand the quota issues may be resolved in 2019).

Consistent with the objectives and outcome of all other U.S. free trade agreements, it is extremely important that a US-EU trade agreement result in the elimination of all import duties on U.S. meat and poultry products in the shortest possible period of time. Implementation periods for elimination of import duties should, except in exceptional circumstances, not exceed five years, and in no case should the implementation period exceed ten years. The EU should not be allowed to maintain its current TRQ system for restricting imports during this implementation period.

### **SPS Restrictions**

The United States has no trading partner in the world that imposes stricter or more unjustifiable SPS restrictions on U.S. meat and poultry products than the European Union. As important as the elimination of EU import duties is, duty elimination will have little value if the EU does not remove the long list of scientifically unjustified SPS restrictions it currently applies to U.S.

imports. Failing to address these trade barriers in a comprehensive way would not only deprive the U.S. of meaningful access to the European market, but also set a highly negative precedent for any future U.S. trade negotiations.

The most practical and effective way that the United States can address the long list of EU SPS barriers on a comprehensive basis is by obtaining a broad EU recognition of the equivalence of U.S. production practices in ensuring food safety for meat and poultry products. Such an equivalence recognition should include explicit EU acceptance of current U.S. production practices that are subject to EU restrictions. A list of these restrictions is provided below. An equivalence agreement should also be forward-leaning in nature, to accommodate new production practices based on scientific review, in a manner consistent with key provisions of the WTO Agreement on Sanitary and Phytosanitary Measures.

Following is a list of current non science-based EU SPS restrictions negatively affecting U.S. pork, beef and poultry exports. All of these barriers need to be removed in order for the United States to have meaningful access to the EU market.

## **Pork**

### *Ractopamine Ban*

The EU's ban on imports of pork produced with ractopamine hydrochloride represents the most important single barrier to U.S. pork exports to Europe. Ractopamine is a feed additive that improves efficiency in pork production. There is no question about the safety of this product – it was approved for use in the United States after an exhaustive risk assessment by the U.S. Food and Drug Administration, it is recognized as safe for use in livestock production by the *Codex Alimentarius*, and many countries around the world have approved the product. In order to ship product to the EU, U.S. exporters must participate in a costly and administratively burdensome Pork for the EU (PFEU) program, ensuring that no ractopamine has been used in pork production. EU ractopamine requirements severely limit U.S. pork exports to the EU, confining exports to a small group of suppliers. The ractopamine ban also violates key provisions of the WTO SPS Agreement, and should be eliminated through a broad based EU recognition of the equivalence of U.S. production practices under the terms of a US-EU trade agreement.

### *Trichinae Testing*

The EU currently requires that imports of U.S. fresh/chilled pork undergo costly and burdensome testing requirements for trichinae. We estimate that the EU testing requirements cost U.S. exporters about \$66 per MT, severely limiting U.S. fresh/chilled pork sales to Europe.

Over the last thirty years, the United States has implemented a strong biosecurity program for pork production that has been effective in drastically reducing the risk of trichinae in the U.S. swine herd to negligible levels. There has not been a detection of trichinae in the U.S. commercial herd in well over a decade, and Dr. Ray Gamble, an expert in the field, estimates the chances of getting trichinosis through the consumption of commercially produced U.S. pork is one in three hundred million.

The EU's trichinae related restrictions on U.S. pork are inconsistent with key provision of the WTO SPS Agreement, and should be eliminated through a broad based EU recognition of the equivalence of U.S. production practices under the terms a trade agreement.

#### *Pathogen Reduction Treatments*

The EU currently prohibits the use of anti-microbial or pathogen reduction treatments for pork. PRTs are approved for use in the United States as a way of reducing or eliminating bacterial contamination, and improving product safety for meat products including pork. PRTs were approved for use in U.S. livestock production only after rigorous risk assessments by the FDA, and the *Codex Alimentarius* also recognizes the safety of PRTs in meat production when used in accordance with good production practices. The EU has approved the use of one PRT, lactic acid, in beef production, and should extend that approval to all PRTs currently used in U.S. livestock production.

#### *Plant Approvals*

Although the EU has recently simplified the process of pork plant approvals for export to the EU, some barriers still remain in place. This includes a non cominglement requirement for product shipped to the EU, and a completely unnecessary pig heart incision requirement. These requirements discourage U.S. packers from seeking approval to export to the EU. EU plant approval requirements should be eliminated through EU recognition of the USDA plant inspection and approval system. The United States has obtained such equivalence recognition under other U.S. FTAs, and no less should be expected under a US-EU trade agreement.

### **Beef**

#### *Hormones*

The EU has maintained a ban on the import of beef from cattle that have been administered growth promoting hormones, despite a 1998 WTO ruling that the ban was WTO illegal. In 2009, the United States and the EU came to agreement on compensation related to the EU refusal to remove the hormone ban, including an expansion of the EU's tariff rate quota for U.S. beef produced without the use of hormones. However, the EU's hormone ban continues to act as a major impediment to U.S. beef sales, with only fourteen U.S. suppliers currently eligible to ship beef to the EU under the Non Hormone Treated Cattle (NHTC) program. As part of a US-EU trade agreement, the EU should remove its ban on the import of beef produced with hormones, and allow unfettered access for U.S. beef in the European market.

#### *Pathogen Reduction Treatments*

The U.S. beef industry appreciates the EU approval of lactic acid as a pathogen reduction treatment method for beef. The EU should accept strong scientific evidence, including findings by the European Food Safety Agency that other PRTs currently used in the United States are safe, and approve the use of all PRTs currently used in U.S. beef production.

## *Plant Approvals*

As noted in the pork section, although the process has been somewhat simplified, costly requirements still remain in place that deter most U.S. meat packers from seeking establishment approval to export meat to the EU. These impediments include requirements that meat destined for the EU not be comingled with other meat products. In the course of the US-EU trade negotiations, the EU must recognize the U.S. systems-based approach for plant inspection and approval of meat and poultry plants as equivalent if more businesses, particularly small and medium-sized enterprises, are to participate in transatlantic trade.

## **Poultry**

### *Pathogen Reduction Treatments*

Prior to 1997 the U.S. poultry industry had a large and growing market to the EU, with sales totaling \$55 million in 1996. However, beginning in 1997, the EU imposed a ban on the use of hyperchlorinated water, used by the U.S. poultry industry as a pathogen reduction treatment.

As a result of the U.S. - Equivalency Agreement, the U.S. and EU agreed that the U.S. would propose four alternative PRT for use in poultry processing; peroxyacetic acid, chlorine dioxide, acidified sodium chlorite and trisodium phosphate. Even though the EU assured U.S. officials that it would provide an expedited review of the safety of these PRT in poultry production, it took ten years before the PRTs were submitted to the EFSA for a review. Ultimately, EFSA advised that all four of the PRT were safe and efficacious. However, when a proposal for their approval was then submitted by the EU Commission to the European Council for a vote, the Council rejected it by a vote of 27-0.

The Office of the U.S. Trade Representative subsequently initiated WTO consultations with the EU on the PRT ban. Although the U.S. began the process of WTO dispute settlement, it never requested the formation of a panel, one was never formed, and all progress on the case ceased without explanation.

As noted, the EU has recently approved the use of another PRT, lactic acid, on beef as part of a settlement of the U.S.-EU hormones case. DG SANCO resubmitted a request for approval of one of the poultry PRTs, peroxyacetic acid. However, to date all poultry PRTs are banned by the EU, resulting in an ongoing effective ban on U.S. poultry exports.

Both USDA's FSIS and the U.S. FDA have recognized hyper-chlorinated water, and other PRTs used by the U.S. poultry industry, as safe and effective treatments for poultry. The EU's own food safety agency has also acknowledged the safety and effectiveness of these treatments. There is no food safety related reason for the EU ban on PRT; it is a purely protectionist action that must be ended through the US-EU trade negotiations.