



October 31, 2012

BY ELECTRONIC FILING

The Honorable Ron Kirk
United States Trade Representative
Office of the U.S. Special Trade Representative
600 17th Street NW
Washington, DC 20508

Re: Docket Number USTR-2012-0028 – U.S.-EU Regulatory Compatibility

Dear Ambassador Kirk:

The American Feed Industry Association (AFIA) appreciates the opportunity to comment on this important issue for our members. AFIA is the world's largest organization devoted exclusively to representing the business, legislative and regulatory interests of the U.S. animal feed industry and its suppliers. Founded in 1909, AFIA represents the total feed industry, and its members include more than 500 companies and state, regional and national associations. Member companies are livestock feed and pet food manufacturers, integrators, pharmaceutical companies, ingredient suppliers, equipment manufacturers and companies which supply other products, services and supplies to feed manufacturers. The U.S. feed industry plays a critical role in the production of healthy and wholesome meat, milk, fish and eggs, and has a long history of providing safe ingredients and animal feed for use domestically and abroad. AFIA member firms manufacture 75% of the 165 million tons of U.S. feed annually.

AFIA is encouraged by the establishment of a joint High Level Working Group on Jobs and Growth between the U.S. and the European Union (EU). The negotiation of a U.S.-EU free trade agreement (FTA) is a possibility that must be explored when assessing options for generating jobs and economic growth. However, any FTA between the U.S. and the EU must follow the intent and comprehensive scope of a high-standard, truly reciprocal 21st-century agreement. This means, ensuring that agriculture is included in such an agreement.

Much of the future growth of the U.S. feed industry lies in exports; however, the industry needs the support of the Administration to remove barriers to trade and enforce trade rules. Negotiating agreements that are not comprehensive and at the expense of one industry sector over another is not in the spirit of free trade. The biggest grievance the U.S. feed industry has against the EU is its regulatory regime, which often conflicts with not just the interests of the U.S., but also with WTO rules.

For example, in 2002, the EU published Regulation (EC) 1774/2002, which established new requirements for animal co-products used for animal consumption. These new requirements immediately restricted U.S. exports of pet food, tallow and animal protein products. While the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) has been working with the EU to address these restrictions and some progress has been made with two new regulations [Regulation (EC) 1069/2009 and Regulation (EC) 142/2011], there still remain serious restrictions which continue to limit access of these U.S. products to the EU market.

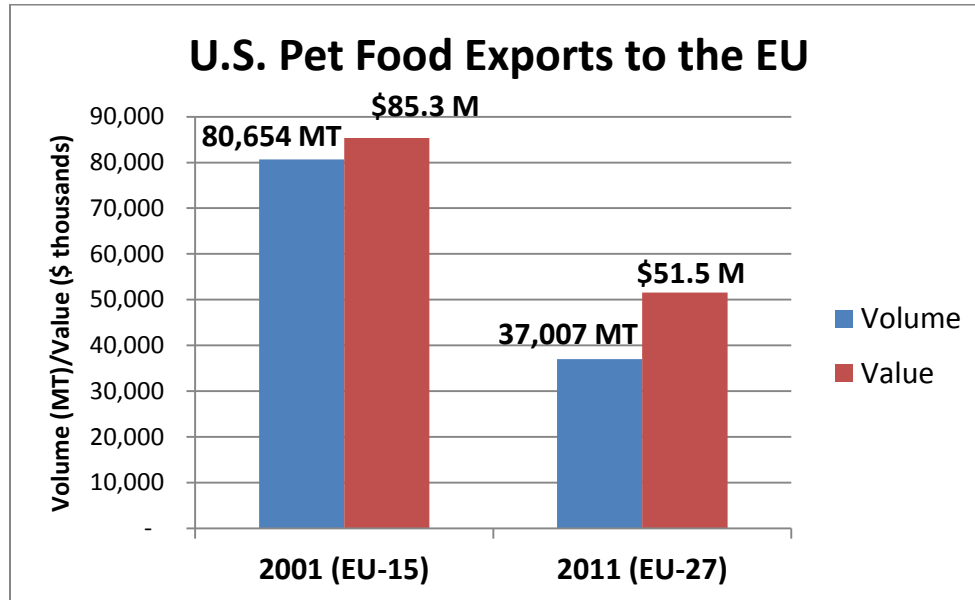
U.S. exports to the EU of animal feed (HS Code 2309), which includes pet food, livestock and poultry feed, mixed feed and feed ingredients, have significantly decreased. Exports of these products have gone from 179 TMT (\$137 Million) in 2001 (EU-15) to 70 TMT (\$125 Million) in 2011 (EU-27), and this is with the addition of 12 countries. The U.S.'s market share went from 1.77% to an even more staggering share of 0.66%.

U.S. Feed Exports to the EU

	Joined EU	2001			2011				
		US exports to EU-15 (MT)	Total Imports (MT)	US Market Share	US exports to EU-27 (MT)	Total Imports (MT)	US Market Share		
Austria	1995	237	117,604	0.20%	24	199,045	0.012%		
Belgium	1952	29,121	989,700	2.94%	19,199	1,228,853	1.56%		
Denmark	1973	5,855	215,257	2.72%	912	406,775	0.22%		
Finland	1995	3,924	75,309	5.21%	4,235	113,409	3.73%		
France	1952	3,695	545,490	0.68%	2,298	909,886	0.25%		
Germany	1952	4,446	1,948,544	0.23%	8,269	1,848,553	0.45%		
Greece	1981	1,727	142,541	1.21%	1,017	145,522	0.70%		
Ireland	1973	9,113	565,639	1.61%	1,374	537,342	0.26%		
Italy	1952	19,027	547,846	3.47%	5,247	542,312	0.97%		
Luxembourg	1952	0	40,361	0.00%	0	78,605	0.00%		
Netherlands	1952	44,049	1,873,644	2.35%	11,322	1,343,516	0.84%		
Portugal	1986	787	745,253	0.11%	414	282,852	0.15%		
Spain	1986	7,967	854,520	0.93%	1,564	354,372	0.44%		
Sweden	1995	5,202	166,772	3.12%	1,663	165,103	1.01%		
United Kingdom	1983	43,677	1,287,528	3.39%	8,479	1,011,854	0.84%		
EU-15 Total		178,827	10,116,008	1.77%					
					Joined EU				
					Cyprus	2004	151	32,252	0.47%
					Czech Republic	2004	901	196,419	0.46%
					Estonia	2004	10	62,176	0.02%
					Hungary	2004	293	125,584	0.23%
					Latvia	2004	741	61,334	1.21%
					Lithuania	2004	219	67,186	0.33%
					Malta	2004	1	25,918	0.00%
					Poland	2004	1,131	509,466	0.22%
					Slovakia	2004	0	105,616	0.00%
					Slovenia	2004	196	53,905	0.36%
					Bulgaria	2007	264	43,807	0.60%
					Romania	2007	573	202,487	0.28%
					EU-27 Total		70,497	10,654,149	0.66%

Source: Global Trade Atlas

In taking a look at just the effects of U.S. pet food exports (230910 and 2309901010) to the EU since the establishment of these regulations, U.S. market share went from 3.45% (80.6 TMT/\$85.3 Million) in 2001 (EU-15) to 1.13% (37 TMT/\$51.5 Million) in 2011 (EU-27).



Source: Global Trade Atlas

The U.S. needs to not only regain lost markets for feed and feed ingredients in the EU, but also has the potential to gain markets in the EU for new feed products if regulatory constraints are revised to reflect real science. In addition, the EU has the significant weight of 27 votes in international standard-setting bodies such as Codex Alimentarius Commission, which gives the EU the ability to legitimize non-science-based measures.

AFIA understands there are important considerations to weigh and issues to be addressed if a U.S.-EU FTA were to be considered. This includes, but is not limited to, the EU's willingness to acknowledge publicly it accepts an FTA that is comprehensive in scope with regulatory components based on sound science. AFIA strongly believes that in the negotiation of such an agreement, each party must agree without reservation that sanitary and phytosanitary (SPS) and quality specifications – and ensuing certifications – must be held to the highest global standard and enforced through a strong, consistent program among all participants.

AFIA appreciates the opportunity to provide comment and supports the promotion of growth and job creation through cooperation with the EU. If you have any questions or AFIA can provide any other input or assistance, please don't hesitate to contact me.

Sincerely,

Gina Tumbarello
Manager, International Trade