

Transatlantic Trade and Investment Partnership
Request for Comments: USTR – 2013--0019
May 10, 2013
Washington, D.C.

Statement of the U.S. Grains Council

The U.S. Grains Council offers the following statement to the United States Trade Representative (USTR) with respect to the Transatlantic Trade and Investment Partnership (T-TIP). The U.S. Grains Council develops export markets for U.S. barley, corn, grain sorghum and related products. The Council believes exports are vital to global economic development and to U.S. agriculture's profitability.

Founded in 1960, the Council is a private, non-profit corporation with nine international offices and programs in more than 50 countries. Its unique membership includes producer organizations and agribusinesses with a common interest in developing export markets. Membership funds trigger matching market development funds from the U.S. government and support from cooperating groups in foreign countries to produce an annual development program valued at more than \$28 million.

The Council tailors its programs to meet individual countries' cultures and needs. Our technical programs teach livestock and poultry producers how to use feed grains effectively and manage their operations efficiently. Our trade servicing efforts educate potential and current customers about the U.S. marketing system, including financing, government programs, U.S. feed grains quality and prices. Our trade policy initiatives identify foreign barriers to U.S. feed grains exports.

Importance of EU Market for U.S. Feed Grains

The European Union's 27 member countries have a population of 500 million and produce over 150 million metric tons (mmt) of compound feed and 45 mmt of on-farm mixed feed annually. Almost two thirds of EU maize (corn) production, 46-52 mmt, is used for animal feed with 15 mmt devoted to food, seed and industrial use. Total corn production fell to 55.6 mmt in 2012, from 66 mmt in 2011. Traditionally, the EU is a cereal-surplus and protein-deficit market, but has experienced domestic cereals production shortfalls, such as in of 2007- 2008, and 2010-11 requiring the EU to import corn, sorghum and other feed products to make up for a shortfall of domestic cereals.

Parts of the EU-27 are feed grain deficient on an annual basis, such as Spain, Portugal, and Ireland, and to some extent the Netherlands and the United Kingdom. In addition, weather related issues can cause other parts of the EU-27 to need to import feed grains to make up for weather related losses to domestic feed grains. Thus, opportunities exists yearly for U.S. sorghum, corn co-products and even corn, all depending on the current biotech policies, price relationships between U.S. feed grains and EU origin feed grains as well as annual weather related grain production problems.

Asynchronous Biotechnology Policies/ Approval Prevent Market Access

By far the most significant barrier for U.S. market access for corn and corn co-products (dried distiller grain, corn gluten feed, and corn gluten meal) is the EU asynchronous approval process for genetically modified organisms (GM) events. Traditionally, U.S. exports represented the lion's share of EU corn imports until 1997/98, which coincided with the introduction of GM in the U.S. market. Since then, U.S. corn exports have fallen dramatically to historically low levels and vary widely year to year. For example, U.S. corn exports to the EU-27 have ranged from a low of 6,000 tons in 2008 to 972,000 tons in 2011. U.S. exports of corn co-products have experienced similar variability. Exports of DDGs have ranged from 113,000 tons in 2008 to 550,000 tons in 2011. Exports of corn gluten feed ranged from 85,000 tons in 2009 to 944,000 tons in 2011. Over the 2007-2012 period, U.S. exports of corn gluten meal have ranged from 9,200 tons in 2010 to over 62,000 tons in 2007.

This variability in exports can be tied to timing of EU approvals of GM corn traits. For example, in late 2009, the EU approved the last of the several single trait biotech corn varieties in production in the United States at that time. This led to a resumption of imports of DDGs and corn gluten feed by a handful of the EU- 27 countries (Ireland, UK, Netherland, Spain and Portugal). However, that window was closed late 2011 when there was a new single biotech corn event that was planted in the U.S. (and in Brazil, and approved for planting in Argentina) in 2011 that had not yet been approved for importation into the EU. That event was not approved by the EU until October, 2012.

Complicating the situation is the increasing development of stacked events, in which two or more GM traits are combined by means of conventional crossing. Most of the GM events entering the market today are stacked events, and as a result, the number of stacks to be approved in the EU is growing. In the United States, when a single event is approved, any combination of that event with other approved single events is automatically approved (or is approved thereafter with a fast-track procedure). The EU conducts a separate risk assessment for stacked events. To further complicate the matter, the EU has a policy of only starting the risk assessment to a stacked event after the risk assessment of all the single events composing that stack is completed, adding more time for final approval.

In addition, in 2011, the EU has adopted a 0.1% tolerance threshold for testing--which applies to feed only—for unintended presence of a GM event that is not yet approved in the EU. This so-called "technical solution" does not replace the EU's zero-tolerance policy and will not effectively address the risks associated with unapproved events that may be included in shipments to the EU.

Thus, the ability to respond to market conditions and opportunities to export U.S. feed grains to the EU is severely constrained and unpredictable at best. It is further complicated by the current backlog and growing gap between approval timelines of the U.S. and the EU. With new, mostly stacked biotech events being submitted for approval, the backlog will only increase with the likelihood of presence of more not yet EU-authorized GMOs in imports. Increased trade disruptions will not only deny the opportunity for U.S. feed grain exports, it will result in increased costs for our customers.

Recommendations to Resolve Technical Barriers and Improve Regulatory Compatibility

In our view, it is imperative that these regulatory challenges are addressed as an integral part of the Transatlantic Trade and Investment Partnership (T-TIP) negotiations. The U.S. and the EU need to consider a systematic approach to normalize trade. Effort should be made to provide for a more efficient EU authorization system with data requirements and approval timeframes that are more in line with the U.S. and other comparable government systems. There needs to be greater efficiencies in the processing of stacked events that are addressed in a more timely manner in the U.S. and other major importing countries. While maintaining a zero-tolerance policy is untenable, the so-called “technical solution” should be extended to include food.

Equally important, there needs to be a comprehensive strategy for a low level presence policy for EU unauthorized GM products in feed, food, and seed. The policy should consider practical approaches to unauthorized products, discontinued events, off-license products and products not submitted for approval in the EU. Finally, the negotiations should ensure that risk assessment of GM events remains science-based and that efforts be made to acknowledge mutual recognition of approvals with third countries.

In closing, the U.S. Grains Council appreciates the opportunity to provide its views to USTR to develop U.S. negotiating objectives and proposals for the proposed T-TIP agreement.