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7100 Corporate Drive  
Plano, TX 75024  
Phone (972) 338-7376

David Weiner  
Deputy Assistant USTR for Europe  
Office of the US Trade Representative  
Executive Office of the President  
600 17<sup>th</sup> Street  
Washington, DC 20508

Submitted electronically via <http://www.regulations.gov>

RE: *Request for Comments on Transatlantic Trade and Investment Partnership (TTIP)* – Docket No. USTR-2013-0019

Dear Sir:

This document is in response to the U.S. Trade Representative's request for comments on the Transatlantic Trade and Investment Partnership (TTIP).

The EU is a very important and well established market for Yum! with over 2200 KFC, Pizza Hut and Taco Bell restaurants. Despite an active trade policy program both by Yum! and through the company's membership and support of organizations such as the American Potato Trade Alliance, US Dairy Export Council, U.S. Poultry and Egg Export Council (USAPEEC) and the International Poultry Council (IPC), trade barriers on US exported dairy, poultry, meat, processed fruit & vegetables and restaurant equipment remain. By eliminating these trade restrictions, Yum! anticipates that its restaurants could expand significantly in the EU thus requiring imported US food and equipment products.

The following comments pertain to trade barriers on a number of products on EU imports.

Yum! respectfully requests that information in this document be considered in Transatlantic Trade and Investment Partnership Agreement.

In conclusion, Yum! also requests that in the TTIP negotiations there be **No product exclusions** from the United States or European Union.

Sincerely,



Ann Grappin  
Senior Manager,  
Global Trade Policy  
Yum! Restaurants International



## I. Tariffs and Quotas

With over 2,200 restaurants, the European Union is a major international market for Yum! Restaurants International. Although some of the tariffs listed below do not seem extremely high, when a restaurant company is importing million of dollars of product annually the additional duty cost is quite significant and hinders restaurant development and further imports of US product.

| Product Description   | HS Number                 | Current Tariff  |
|---|---------------------------|---|
| <b>Raw Frozen Poultry Parts:</b>  |                           |   |
| Halves or Quarters  | 0207.14.2000              | 35.8 Euro per 100kg   |
| Whole wings, with or without tips   | 0207.14.3000              | 26.9 Euro per 100kg   |
| Breasts and Cuts thereof  | 0207.14.5000              | 60.2 Euro per 100kg   |
| Legs and Cuts   | 0207.14.6000              | 46.3 Euro per 100kg   |
| Backs, Necks, Backs with necks attached, rumps and wing tips  | 0207.14.4000              | 18.7 Euro per 100kg   |
| Cuts and Offal Frozen Other   | 0207.14.7000              | 100.8 Euro per 100kg  |
| <b>Cooked Frozen Poultry Parts:</b>   |                           |   |
| Chicken wings   | 1602.32.1900/1602.31.1900 | 1024 Euro per tonne   |
| Cooked Ground Beef  | 1602.50.9500              | 16.6% of CIF  |
| Pizza Cheese, frozen, cut into pieces each weighing not more than 1g, in containers of 5kg of more of water content, by weight of 52%, and a fat content, by weight, of 32% or more | 0406.10.8010              | Quota 5,360 Mt for ALL pizza cheeses, Out of Quota 221.20€/100 kg/net |
| Pizza Cheese of a Fat Content, by weight not exceeding 40%  | 0406.10.2010              | Out of quota 185.20€/100 kg/net                                       |
| Mozzarella String Cheese of a Fat Content, by weight not exceeding 40%  | 0406.10.2080              | 19,525 Mt @92.60€/100/kg/net, Out of quota 185.20€/100 kg/net         |
| Mozzarella String Cheese, Other   | 0406.10.8080              | 19,525 Mt@106.40 €/100 kg.net, Out of Quota, 221.20 €/100 kg/net      |
| Frozen French Fries   | 2004.10.1000              | 14.4% of CIF  |
| Processed Tomatoes  | 2002.10.1000/2002.10.9000 | 14.4% of CIF  |
| Tomato Sauces   | 2103.20.0000              | 10.2% of CIF  |
| Toaster Grills  | 8516.72.0000              | 2.7% of CIF   |
| Grillers/Roasters   | 8516607000                | 2.7% of CIF   |
| Fryers  | 8516.79.2000              | 2.7% of CIF   |
| Tunnel Ovens  | 8417.20.1000              | 1.7% of CIF   |
| Holding Cabinets/Hot Cold Display Cabinets  | 8418.50.1900              | 2.2% of CIF   |

## II. Estimate of Potential Increase in Exports if Barriers Were Removed

Eliminating these tariffs would allow Yum! to annually import several million dollars of products from U.S. producers for its restaurants in EU.

## III. Cheese/Poultry Quotas

The EU is well known for extremely high duties on out of quota poultry and dairy products, very low quota amounts that do not increase and cumbersome TRQ Administration policies and & quota licensing procedures. Therefore, Yum's EU restaurants are not able to import US product at this time. In the TTIP we would like to see ALL duties and quotas **eliminated** upon implementation. However, if there is a quota phase out period we ask that it take place over a period of a few years rather than 10-15 as has been the case in other US trade agreements and that quotas increase substantially each year in order to align with restaurant growth. Also simple and transparent quota licensing procedures and TRQ administration policies are a must if there is a TRQ.



**Yum! Restaurants International**  
**EU SPS TTIP Comments**

**I. Sanitary Import Issues: U.S. Poultry**

In order to produce poultry that is safe for consumption, both here and abroad Yum! suppliers routinely process poultry with cleansing techniques known as pathogen reduction treatments (PRT's).

In 1997, the EU began prohibiting the use of PRT's to reduce microbe levels on poultry carcasses sold in the EU, stopping the shipment of virtually all US poultry. Since that time, the United States has attempted to address this market access barrier without litigation.

In 2002, the United States formally requested EU approval of four PRT's: chlorine dioxide, acidified sodium chlorite, trisodium phosphate and peroxyacids, each of which was already approved for use in poultry processing by the US Food and Drug Administration and US Department of Agriculture.

Various EU agencies have issued scientific reports relating to the processing of poultry with these four PRTS. The general conclusion of these reports is that the importation and consumption of such poultry poses no risk to human health. Despite the advice and recommendations of its own scientific committees, the EU has continued to maintain a ban on US poultry imports.

In 2009 the USTR asked the World Trade Organization (WTO) to establish a dispute settlement panel regarding the European Union's (EU) restrictions on imports of US poultry. The United States had asked that the panel review whether the EU's ban on the import and marketing of poultry meat products processed with pathogen reduction treatments (PRTs) judged safe by US and European food safety authorities is consistent with WTO obligations.

It is our understanding that for unclear reasons the WTO Dispute Panel was never selected and there was no further pursuit by the US.

This poultry ban is not based on sound science and keeps Yum's local poultry prices high and creates a supply risk in times of capacity shortfalls or exotic disease outbreaks.

Yum! asks that in the TTIP this poultry ban be lifted and respect all scientific evidence in cases of this nature.

**II. Estimate of Potential Increase in Exports if Barriers Were Removed**

EU is a very large and growing market for Yum! The EU poultry industry is often in short supply and it is necessary to import product to supplement local supply. Lifting of these barriers would ensure uninterrupted supply for the restaurants and could potentially result in millions of dollars of poultry imports from the US.



### **III. SPS Enforcement**

Strong sanitary and phytosanitary (SPS) provisions are a critical element to achieving a successful TTIP agreement. However, in order to ensure that TPP SPS commitments are commercially meaningful, they must be enforceable.

Yum's trade personnel spend an enormous amount of time working through the web of global SPS trade issues and the EU is no exception. Each year the issues become more numerous and complicated. In the TTIP Yum asks that SPS commitments are enforced.

Without the threat of penalties for noncompliance, the US runs the risk of the EU not adhering to their TTIP obligations.

Yum would like to see the SPS obligations go beyond the WTO SPS Agreement on issues like risk assessment, risk management, transparency, border checks/laboratory testing and facilitating trade through regulatory coherence measures. In addition, significant value could be added to both SPS and TBT commitments through the inclusion of a Rapid Response Mechanism (RRM) to help improve trade facilitation and resolve shipment-specific issues.

