



May 10, 2013

Mr. Douglas Bell
Chair, Trade Policy Staff Committee
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
600 17th Street, NW
Washington, D.C. 20508

**Re: Transatlantic Trade and Investment Partnership
Federal Register Document 2013-07430 Filed 3/29/2013**

Comments of the National Chicken Council (NCC), USA Poultry & Egg Export Council (USAPEEC), and the National Turkey Federation (NTF) Concerning Proposed Transatlantic Trade and Investment Partnership (TTIP) Agreement: Seeking a Negotiated Outcome That Will Provide Real Market Access to the European Union for U.S. Poultry

The National Chicken Council (NCC), USA Poultry & Egg Export Council (USAPEEC), and the National Turkey Federation (NTF) in response to the *Federal Register* notice of April 1, 2013 Document 2013-07430 soliciting public comment, submit this statement to express our views that any new trade agreement with the European Union (EU) must provide for real and meaningful market access to the European market for U.S. poultry. Without a successful outcome for poultry in the Transatlantic Trade and Investment Partnership (TTIP) Agreement, the U.S. poultry industry will seriously question the need to support such a bilateral trade agreement.

Prior to 1996, the U.S. poultry industry was able to participate in the European market and had hopes that the trade liberalization promised by the WTO Uruguay Round negotiations would further improve market access. From before World War I when canned U.S. poultry meat was exported to essentially all the countries in Europe, trade continued uninterrupted for the most part, until 1996. In 1996, the EU erected a number of non-scientific and unjustifiable non-tariff barriers that have prohibited U.S. poultry from the European market for the past 17 years.

NCC is the national trade association that represents the interests of America's chicken producer/processors in Washington, D.C. Companies marketing over 95 percent of the chicken

in the United States are NCC members. About 20 percent of all U.S. chicken production is exported, making this market very important for all interests involved in U.S. chicken.

USAPEEC is a national trade that represents the interests of America's poultry and egg export industry. USAPEEC has more than 200 member companies involved in export trade including poultry and egg producers, trading companies, freight forwarders, shipping companies, cold storage facilities and port authorities, and represents companies that account for approximately 95 percent of all U.S. poultry, and egg exports. In 2012 U.S. poultry and egg exports were a record \$5.722 billion with international sales to more than 100 countries. Poultry, eggs, and related products are one of the most important export sectors for U.S. agriculture.

NTF is the national trade association, headquartered in Washington, D.C., that advocates for all segments of the turkey industry, providing services and conducting activities to increase demand for its member's products. Turkey and turkey products are an increasingly important component of U.S. agricultural exports.

The European Union is, in theory, a very attractive potential market for U.S. poultry. The EU-27 has nearly 400 million consumers and a high standard of living. In recent years, EU-27 annual poultry imports ranged from US\$1.6 billion to US\$1.9 billion, with over 60 percent being imported from Brazil. Industry analysts estimate the market for U.S. poultry exports to the EU are around \$600 million on an annual basis. In the longer run, however, the EU-27 market potential is even greater, as per capita poultry consumption in EU-27 is almost 18 kilograms (40 pounds). This compares to 44 kilograms (97 pounds) in Brazil, 43 kilograms (95 pounds) in the United States, and 39 kilograms (86 pounds) in Argentina.

Theory, unfortunately, in this case, is not real market access. History has provided very strong and compelling evidence that the European Union will act aggressively to overly-protect its domestic poultry producing industry. The EU has erecting non-tariff barriers, especially technical barriers to trade that prevent import competition from U.S. poultry. Prior to 1996, the United States had a growing export trade to the European Union, but the EU announced that it would no longer accept poultry that had been processed using hyper-chlorinated water as an anti-bacterial rinse. The use of hyper-chlorinated water as an anti-microbial treatment was, and continues to be today, the standard practice in the majority of poultry establishments in the United States. This practice is considered by U.S. regulators, in particular the Food Safety and

Inspection Service (FSIS) of the U.S. Department of Agriculture, to be both safe and efficacious. Indeed, FSIS continues to approve the use of hyper-chlorinated water with almost 180 million head of poultry (chicken, turkey, ducks, and other poultry) processed in the United States every week using this method or similar antimicrobials. U.S. chicken processed with the use of hyper-chlorinated water is consumed every day by over 300 million American citizens and by consumers in the nearly 100 countries to which the U.S. industry currently exports product, all without any negative health effect. Indeed, the use of hyper-chlorinated water as an anti-bacterial treatment in processing helps to lower the presence of *salmonella* and other surface bacteria and assists companies in meeting USDA's rigorous HACCP and pathogen reduction targets that are part of the FSIS regulatory system.

In fact, the EU's scientific committee agrees that certain antimicrobials are safe and pose no danger. Also, we understand on an unofficial basis that certain poultry processing plants in the EU do, in fact, use an antimicrobial during processing to reduce the level of pathogens on eviscerated poultry carcasses, resulting in an improved level of food safety for consumers.

At the time that the EU was announcing that it would no longer accept poultry approved under the FSIS system, the United States and the European Union were engaged in the so-called "Equivalency Negotiations" attempting to implement many of the provisions of the WTO Agreement on Sanitary and Phytosanitary Measures with respect to trade in meat and poultry products. The most difficult issue to resolve – indeed, the last issue to be resolved – in those negotiations was the issue to the terms and conditions for access for U.S. poultry. Despite U.S. insistence that the FSIS system guaranteed a safe, wholesome product and the EU's failure to provide any evidence showing that the use of hyper-chlorinated water in poultry processing had any negative health effects or harm to the environment, the EU adamantly refused to lift its ban on U.S. product. At the end of the negotiations, it was agreed that the United States would propose, instead, four alternative rinses (that is, in lieu of hyper-chlorinated water) for use in poultry processing, and that the European Union would present these proposals to its Scientific Advisory Committee for an opinion as to safety and efficacy. The EU promised to complete this review within a year's time.

This promise was never kept. Instead, protectionist sentiment within the EU structure prevented the question of the alternative rinses from coming before the European Food Safety

Authority (EFSA) for nearly ten years. When the question was finally submitted to EFSA, it took nearly two more years to study the question and render an opinion. Ultimately, EFSA did advise the EU that the use of each of the four proposed alternative rinses was safe and efficacious, and it recommended that their uses be approved by the EU. When that advisory opinion was then presented to the Member States in support of an implementing proposal of the European Commission, the proposal was voted down 27-0. The EU Member States ignored the scientific facts and voted politically to continue to block imports.

Subsequently, the Office of the United States Trade Representative announced that it was initiating consultations at the World Trade Organization with the European Union on this matter, and when those consultations yielded no results, the U.S. government initiated dispute settlement. Both the United States and the European Union proposed panel members to hear the dispute, but were never able to agree on the composition of the panel. Under WTO rules, the United States was then entitled to request that the WTO Secretariat appoint panel members so that the dispute could be litigated. At that point, all progress on the case stopped without any explanation. The case has now lingered in the legal doldrums for nearly three years without progress.

The U.S. poultry industry has been one of the strongest voices in U.S. agriculture for trade liberalization and international market opening. It has unquestioningly supported the efforts of the United States to achieve greater multilateral trade liberalization through the General Agreement on Trade and the World Trade Organization during the Tokyo and Uruguay Rounds, and supported further efforts to initiate the Doha Round talks. It supported U.S. efforts in the U.S.-Canada, NAFTA, CAFTA, Morocco, Bahrain, Chile, Colombia, and Panama free trade agreements. Our industry is on record as supporting the Trans-Pacific Partnership talks and the inclusion of Canada, Mexico, and Japan in those negotiations. In short, the U.S. poultry industry has been a constant and adamant supporter of trade liberalization efforts by the United States over the past forty years.

In the case of the proposed TTIP, however, the U.S. poultry industry is, very frankly, much less enthusiastic. We have serious concerns – even serious doubts – that any new trade agreement with the European Union will result in real and meaningful access for U.S. poultry exports to the European market. Our experience with the European Union's actions to block

U.S. poultry imports – even in contradiction of the advice of its own scientists – tells us that Europe is unwilling to allow imports that would compete with European product, and that Europe will not live by the commitments that it makes in this respect. We are also concerned, based on lack of progress in the WTO case initiated several years ago, that the U.S. government will not insist on implementation of the terms of market access negotiated.

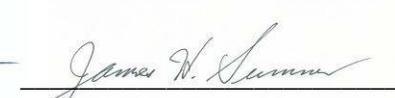
CONCLUSION

The U.S. poultry industry has always been a strong advocate of liberalized trade and a strong supporter of U.S. trade initiatives. However, after more than 17 years of being unfairly shut out of the European market by unjustifiable non-tariff trade barriers, especially technical barriers to trade and after seeing that its rights to access to the European market would not be aggressively pursued and vindicated, the U.S. poultry industry has serious concerns regarding the proposed TTIP. We hope that we will, at some point, be able to strongly support this initiative. However, until there is a clear indication of how this agreement will result in real and meaningful market access with the elimination of all non-tariff trade barriers to our products, we do not see how the TTIP is in the interests of our industry, our member companies, our workers, or the tens of thousands of family farmers who grow chicken. Having stated that serious concern, we are also aware of what a famous ice hockey player said about scoring and putting the puck in the net. He said “You miss 100% of the shots you don’t take.”

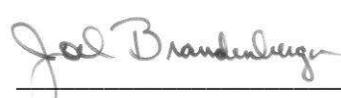
Sincerely,



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cc: Ms. Yvonne Jamison, Administrative Manager, Trade Policy Staff Committee
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