

A close-up photograph of a cow's head, showing its eye and a yellow identification tag with a barcode and the number 88901. The background is a soft-focus field of green grass under bright, natural light.

Factsheet

TRADING AWAY EU FARMERS

THE RISKS TO EUROPE'S AGRICULTURE FROM THE TTIP

APRIL 2016

The Transatlantic Trade and Investment Partnership (TTIP) could have major impacts on farming and food production in the European Union. Corporate lobby groups on both sides of the Atlantic are pushing for more market access^{1, 2}, but European and American food is produced to different standards of food safety³, animal welfare⁴ and environmental protection⁵.

The food and drink industry in the European Union has an estimated turnover of €1.2 trillion⁶, but the trade is highly complex, with variations between farming sectors, types of manufacturer and different member states. Only a few studies have even attempted to assess the impact of the TTIP on food and farming, and they have struggled to capture this complexity.

The studies show that export opportunities created through any TTIP do not necessarily translate into better incomes, with the US Department of Agriculture predicting falls in the price paid to EU farmers in every food category⁷. European gains are restricted to a few sectors, such as cheese, but even these are highly dependent on the US making changes to the 'non-tariff measures' that it uses to restrict trade⁸.

The models predict that the TTIP will increase food and agriculture imports from the US^{9, 10}, to the possible detriment of EU farmers, with the existence of whole sectors potentially threatened¹¹. Producers supplying the EU from other world regions would also potentially lose out as trade is displaced by US producers¹². Civil society groups and farming organisations have expressed concern that the TTIP will lead to the further intensification and corporate concentration of agriculture on both sides of the Atlantic. Consumer and environmental protection may suffer too, because both US government and producer organisations are openly calling for the EU to weaken protection in areas such as the approval of GM foods, pesticide safety rules and the bans on hormones and pathogen washes in meat production¹³.

GEOGRAPHICAL INDICATIONS

A Geographical Indication (GI) gives protected status to regional produce, which account for around 6% of total food and wine sales within the EU¹⁴. The European Commission has placed great importance on getting protection for Geographical Indications in the TTIP agreement, but there is fierce resistance to this from US lobby groups and the US Congress¹⁵.

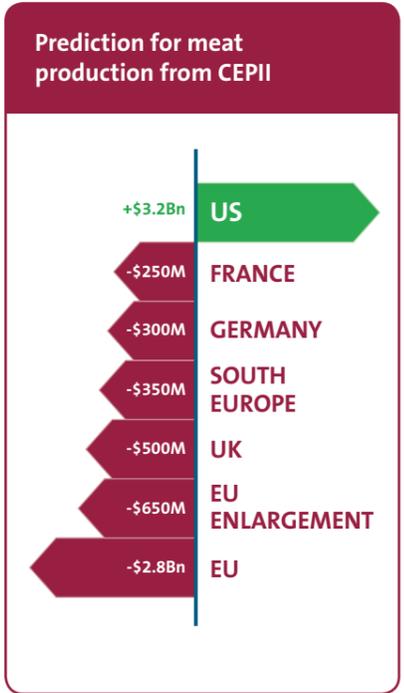
90% of GI exports outside the EU are of wines and spirits¹⁶; domestic and EU markets are far more important for producers of GI foodstuffs¹⁷. In fact, just three member states (France, Italy and the UK) accounted for 86% of GI exports in 2010, with a very small number of products accounting for much of this trade: champagne, cognac, scotch whisky, Grana Padano and Parmigiano Reggiano¹⁸.

Even if the Commission is successful in negotiating a deal on GI produce, this seems most likely to benefit a specific group of producers in a small number of member states. There are concerns that the interests of other farming sectors are being traded away in the Commission's push to get an agreement¹⁹.



BEEF

All the economic modelling studies predict that, if EU tariffs are eliminated, there will be significant increases in imports of US beef, of up to \$3 billion²⁰. Traditional beef grazing farms, which produce high quality meat, are considered particularly vulnerable to imports of cheaper US beef, and there could be "potentially far-reaching social and environmental consequences for some EU regions"²¹.



At the moment, US imports are restricted due to the EU's ban on beef hormones²² and limited import quota for hormone-free beef. There has been a lot of pressure for the ban to be lifted²³, but it is thought more likely that a deal will be struck for increased imports of US hormone-free beef. It is possible that a quota will be agreed for US beef imports, rather than a complete removal of tariffs, but this could still have severe impacts on EU farmers²⁴. One French farming organisation has suggested that the expected quota, combined with one recently agreed for Canada, could lead to a "40% to 50% drop in revenue for... European cattle farmers"²⁵.

DAIRY

Dairy trade is complex, with very different products (from dried milk to traditional cheeses), and retailers varying from multinational corporations to small farmers. Changes to EU milk quotas and the subsidy regime are already having major impacts on dairy farming. The European Commission wants better access to US dairy markets through the TTIP, but in recent negotiations with Pacific countries the US government gave few concessions that would hurt its dairy industry²⁶.

The economic models predict substantial increases in dairy trade flows as a consequence of the TTIP - US exports are predicted to rise by up to \$5.4 billion, with EU exports increasing by up to \$3.7 billion, although the authors state that these figures should be treated with caution²⁷⁻²⁸. Despite increasing trade, European dairy farmers could experience falling prices²⁹ and in some member states, particularly Austria, Benelux and the UK, the value of the entire dairy industry is predicted to decline³⁰.

The European Commission argues that the TTIP will increase EU dairy exports, but most of the gains will be for cheese³¹. The Commission also appears to be placing great emphasis on getting protection for a list of registered Geographical Indications, a large proportion of which are expected to be cheeses. Farmer organisations have expressed concern that the interests of other dairy sectors will be sacrificed by the Commission in order to strike a deal³².

Due to the complexity of dairy trade, and the links between commodity prices and the price farmers receive for their milk, it is difficult to predict the impact of the TTIP. More analysis is needed of any integrated US-EU market on the survival of small and medium-sized dairy farms.

ARABLE CROPS

The US and EU are both major producers, although they differ in their most important crops³³. Trade is fairly minor - the US is not an important destination for any EU cereals or oilseeds, and the only major US export to the EU is of soybeans and soymeal³⁴.

"It is likely that more open trade with the US would be detrimental to primary producers in the cereals and oilseeds sector."

UK Agriculture and Horticulture Development Board (AHDB, 2013b)

Although the European Commission has stated that the TTIP will not affect EU legislation or procedures on GM crops³⁵, statements have been made by US government agencies highlighting GM regulation as a matter for the negotiations³⁶.

The models predict that tariff elimination within the TTIP will have a negative impact on EU cereals production, with declines of up to 6% in some member states³⁷. EU production of wheat, maize and oilseed rape are all predicted to decline in most scenarios, and "a trade agreement may lead to large EU imports from the US"³⁸. However, the consequences for arable farmers are difficult to predict because they can grow other crops.

CONCLUSION

The analyses predict that the TTIP will increase imports from the US, while having fewer benefits for EU producers. Studies foresee a decline of up to 0.8% for EU agriculture's contribution to GDP, while US agriculture's contribution to GDP increases by 1.9%. The US Department of Agriculture is predicting falls in the price paid to European farmers in every food category.

Taken together, the economic modelling studies predict that the TTIP could have serious impacts on a number of EU farming sectors, with many farmers across the EU struggling, while only a few benefit.

POULTRY AND EGGS

There is very little trade in poultry products or eggs between the US and EU³⁹, but US lobby groups want to use the TTIP to open up the EU market. European producer organisations are concerned about this because welfare standards are generally weaker in the US, and there are mostly only voluntary codes for animal welfare⁴⁰, while poultry and egg farmers in the EU must conform to stricter legislative requirements⁴¹. Despite this, animal welfare issues have been ruled out of the TTIP agreement.

Safety and hygiene standards are very different between the EU and US, with the EU taking a more costly 'farm to fork' approach⁴². Due to these differences, poultry meat imports from the US are restricted because the EU does not allow 'pathogen reduction washes' to be used on poultry products. However, there is concern that the European Commission may be clearing the way for approval of these chemical washes, so allowing in cheaper US imports⁴³.

The US Department of Agriculture is only predicting a small increase in US exports of poultry products as a consequence of the TTIP⁴⁴. Other research suggests that this may be because US poultry meat imports will still face strong competition from Brazil and Thailand⁴⁵, which are the main source of EU poultry meat imports at present. None of the economic modelling studies have examined the impact of the TTIP on egg production.

PORK



EU pork production is twice the size of the US industry⁴⁶, and has stricter animal welfare standards⁴⁷. The EU market is second only to China's, and US producer lobbies are keen to gain access⁴⁸. However, imports from the US are currently very low because the EU does not allow the marketing of meat containing residues of growth promoters such as ractopamine, due to concerns about its safety for consumers: 60% to 80% of US pigs are treated with this hormone⁴⁹.

As well as elimination of the ractopamine ban, US lobby groups are pushing for the complete elimination of tariffs. Historically, the EU has been very protective of the pork industry and so it is more likely to offer a large quota for ractopamine-free pork, which could still encourage the development of a segregated US supply.

Most of the economic modelling does not distinguish pork separately from other meats, but does predict that tariff elimination could lead to declines in the EU's 'white meat' sector, of up to 9% in the Baltic states, as well as "significant extra imports and... new economic difficulties for EU producers"⁵⁰.

ENDNOTES

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