

Transatlantic Trade and Investment Partnership (TTIP): Preserving the competitiveness of the EU Primary Food Processors

PFP, representing the European primary food processing industries, aims to play an active role in the negotiations of the Transatlantic Trade and Investment Partnership Agreement between the EU and the US.

As primary foods are vital to the competitiveness of the EU food chain, the European Commission should take into account the sensitivity of most PFP industries to ensure a level playing field with the US counterpart.

PFP believes that the Transatlantic Trade and Investment Partnership (TTIP) should not undermine the competitiveness of the European PFP sectors. In this context, PFP identifies as challenges the following areas:

1. Competitiveness
2. Food standard recognition
3. Access to raw materials
4. Regulatory and administrative barriers
5. Non-tariff barriers
6. Rules of origin

1. COMPETITIVENESS

The US is enjoying a competitive advantage over the EU primary food processing industry because of its lower production costs. PFP believes that EU negotiators should take into account the different specificities that primary food processing industries are faced with which causes a series of competitiveness related problems:

- **Support programmes and economies of scale:** there exist significant structural differences between the US and most EU primary food processing industries as well as in agricultural models and support programmes which provide a competitive advantage to US primary processors.
- **Energy price:** the difference in energy costs¹ and taxes between the EU and the US have significantly increased over the past years and are likely to increase further as the US producers have access to cheaper energy alternatives as well as to non-conventional

¹ According to the International Energy Agency data the EU cost for coal is twofold US cost while the EU gas cost is threefold the US cost (OECD/IEA Outlook 2013).

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fossil energy sources, such as shale gas and oil sands. According to the International Energy Agency (IEA), Europe's energy prices are up to three times than in the US for the next 20 years.

2. FOOD STANDARD RECOGNITION

The quality and safety of both agricultural raw materials and end products is of paramount importance to our industries. PFP considers that it is very important to:

- Align or mutually accept respective sanitary and phyto-sanitary standards and procedures (notably health and hygiene standards for food products), while maintaining high levels of health, safety, consumer and environmental protection. This alignment would reduce unnecessary costs and delays for companies.
- Ensure that the TTIP commits to the “SPS-Plus” Chapter that goes beyond WTO's requirements.
- Require that each measure under the SPS chapter is based on international validated standards or scientific risk assessments.

3. ACCESS TO RAW MATERIALS

- Raw materials availability and supply is the main concern of the PFP members, who must secure constant and regular access to quality and safe raw materials in sufficient quantities. As a vital partner in the food chain, most **PFP industries continue relying on European agricultural raw materials**. During the last years, due to the EU agricultural and industrial strategic reforms, the EU has increased its imports of raw materials from third countries. The EU negotiators should bear in mind the impact that these policies have on the European primary food processing sector and should take into account the sensitivity of each EU PFP sector.

4. REGULATORY AND ADMINISTRATIVE BARRIERS

The harmonization of regulatory aspects (plant protection products, contaminants) would improve trade efficiency.

5. NON-TARIFF BARRIERS

- PFP supports the suggestion of the US-EU High Level Working group to create specific “TBT-Plus chapters” in the TTIP, as technical product standards constitute today an important barrier to transatlantic trade.



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- PFP believes that redundant and burdensome testing and certification requirements for business operators need to be reduced.

6. RULES OF ORIGIN

- **Effective and strict rules of origin must be applied** once a country benefits from an FTA with the EU in order to avoid trade circumvention between member countries of the North-American Free Trade Area (NAFTA) countries and of the Trans-Pacific Partnership (TPP).
- It is crucial for the European primary food processing sectors to maintain effective and strict rules of origin for its products and to exclude such products from all cumulation possibilities.

The **Primary Food Processors of the EU (PFP)** consists of six trade associations:

European Starch Industry Association (AAF)
European Committee of Sugar Manufacturers (CEFS)
European Cocoa Association (ECA)
European Flour Milling Association (European Flour Millers)
European Vegetable Protein Federation (EUVEPRO)
European Oil and Proteinmeal Industry (FEDIOL)

PFP represents the European primary food processing industries. It provides the link between agricultural raw materials and final products (secondary processors in the food, feed and non-food sectors). PFP members process approximately **220 million tons of raw materials** (cereals, sugar beet, rapeseeds, soybeans, sunflower seeds, cocoa beans, crude vegetable oil, starch potatoes...) **employing over 120 000 people** in the European Union.

