U.S. GRAINS COUNCIL

STATEMENT

OF THE U.S. GRAINS COUNCIL

TO THE U.S. INTERNATIONAL

TRADE COMMISSION

ON THE

UNITED STATES-EUROPEAN UNION AGREEMENT:

Probable Effect of Providing Duty-Free Treatment for Imports into the EU on Agricultural Products

(Investigations Nos TA -131-044 and TPA-105-005)

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Mr. Chairman, Mr. Vice Chairman and fellow commissioners, my name is Floyd Gaibler. I am Director, Trade Policy & Biotechnology for the U.S. Grains Council.. The Council is a private, non-profit organization representing U.S. producers of corn, sorghum, barley and co-products such as ethanol, distiller's dried grains with solubles (DDGS), and corn gluten feed and meal, as well as associated agribusinesses.

Founded in 1960, the Council now has 10 international offices, representatives in an additional 15 locations and a network of consultants and partnerships that support programs in more than 50 countries. Our members, leadership and staff fundamentally believe exports are vital to global economic development and to U.S. agriculture's profitability.

On behalf of the Council, I appreciate the opportunity to appear before the Commission and provide our perspective on the economic implications of a U.S.-EU trade agreement. At the outset, the Council believes that it is fundamental that food and agriculture issues are a key component of this bilateral agreement. The Council strongly supports the objectives of a trade agreement with the EU similar to our support during the negotiations of the Transatlantic Trade and Investment Partnership (T-TIP). In addition, the recently signed U.S.-Mexico-Canada Agreement (USMCA) contains provisions in both market access and regulatory provisions that should serve as foundational language for negotiations in a U.S.- EU trade agreement.

As the 28-member states together represent the second largest global economy, a trade agreement with the EU will provide opportunities for free and fair trade and strengthen our economic and strategic relationship and help promote economic growth in the European Region.

Importance of European Market for U.S. Feed Grains

The EU's 28-member states have a population of about 513 million people 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 62 mmt in 2017/18. Traditionally, the EU is a cereal-surplus and protein-deficit market, but has experienced domestic cereals production shortfalls, such as in 2007-2008, 2010-11, and most recently 2017/18 requiring the EU to import corn, sorghum, and other feed products to make up for a shortfall of domestic cereals.

Parts of the EU are feed grain deficient on annual basis such as Spain, Portugal, and Ireland. In addition, weather related issues can cause other parts of the EU-28 to import feed grains to make up for the losses. Thus, opportunities exist yearly for U.S. corn, sorghum, corn co-products, depending on current biotech policies, price relationships between U.S. feed grains and EU origin feed grains as well as annual weather-related grain production problems. According to USDA Agricultural Projections to 2027, the EU will continue to be a net importer of corn averaging 14 mmt per year through 2027/28 (Excluding intra-EU trade).

The Council utilizes the feed grains in all forms calculation to help capture how important overseas markets are for U.S. feed grain producers by including both exports of corn, barley and sorghum and products made with them as inputs including the corn equivalent of co-products like ethanol, DDGS and corn gluten feed/meal as well as beef, pork and poultry meat exports.

The EU was the 7th overall GIAF market overseas in 2017/2018 with shipments totaling 4.5 mmt, up from last year at 2.5 mmt. Corn shipments increased from 838 thousand metric tons in 2016/17 to 1.9 mmt in 2017/18. Dried distiller grains exports ranged from 902,000 metric tons in 2016/17 to 793,000 in 2017/18.Corn gluten feed/meal exports totaled 414,000 metric tons to over 587,000 tons in 2017/18. Sorghum exports jumped dramatically from only 430 metric tons in 2016/17 to over 83,000 metric tons in 2017/18. Barley exports totaled 2,250 metric tons in 2016/17 and 2,280 metric tons in 2017/18. The EU imported nearly 110 million gallons of ethanol in 2017/18, up dramatically from 30 million gallons in 2016/17.

An analysis that was conducted to analyze the benefits of a successful T-TIP negotiation estimated that it could result in a significant gain for U.S. corn shipments reaching nearly 1.5 mmt from a projected baseline to 2023.[i] Removing tariff and non-tariff barriers for corn co-products and DDGs would potentially gain 873,000 and 640,000 metric tons, respectively. Gains for sorghum and barley were smaller and would come only from the removal of tariffs for U.S. products. Ethanol would be positioned to make modest gains totaling 117 million gallons. The analysis was based on projections from 2012/13 to 2023 and included the United Kingdom. To establish more precise estimates, the baseline would be need to be updated and exclude the United Kingdom.

Negotiation Objectives and Priorities

Market Access for Goods

The EU limits the entry of lower priced grains from non-EU countries through quotas and a reference price system based on U.S. exchange prices and transportation costs. Corn tariffs are capped at 9 Euros per MT, and there is a 242,000 MT duty-free quota available to all exporters of corn. There is also an *abatimento* quota available for corn and co-products. Under this quota, tariffs are capped at 50 Euros per MT, with 2 million MT for Spain and 0.5 million MT for Portugal. In the case of sorghum, tariffs are capped at 94 Euros per MT, with an *abatimento* quota of 300,000 MT for Spain. For barley, tariffs are capped at 93 Euros per MT. Corn gluten products are subject to a 320 Euro per MT tariff in the EU; however, the U.S. has exclusive access to a 10,000 M quota with a tariff rate of 16 percent ad valorem. EU imports of DDGs are not currently assessed tariffs.

The U.S. government should demand that the EU eliminate the price reference system and commit to maintaining zero duties on U.S. corn, barley, sorghum, DDGs, and co-products.

The EU tariffs for ethanol for fuel use differ depending on the ethanol content level: Greater than 80 percent Ethanol – 19.2 Euro per hL; Ethanol at any strength – 10.2 Euro per hL. In addition, the EU has a number of trade preferences for individual countries, regional blocs, and trade development programs.

The United States is subject to an additional 62.30 Euro per metric ton (bioethanol content basis) duty for ethanol due to an antidumping/countervailing duty (AD/CVD) decision against U.S. exports that went into effect beginning in 2012. The AD/CVD was in place five years, meaning that the European Commission should evaluate the need for duties in 2018. Blenders' tax credits were the policies at issue in the AD/CVD case. Since those policies have expired in the United States, it was expected that the AD/CVD would be removed upon the scheduled review. However, the Commission is conducting an expiry review on whether it should continue. The U.S. industry has filed documents challenging the extension and the faulty math that was used to calculate the original five-year duty.

U.S. ethanol exports to the EU experienced substantial growth from 2010 to 2012. From 2010 to 2012, the EU was considered a top export destination, becoming the second-, third-, and top-ranked export destination, respectively. The AD/CVD placed on U.S. ethanol effectively discouraged trade in 2013, however. In 2013/14 U.S. ethanol exports were 40 million gallons ($111 million) and continued to decline over the next years resulting in exports of only 20 million gallons ($35 million) in 2015/16. However, exports increased modestly in 2016/17 to 30 million gallons ($49 million) and rose dramatically in 2017/18 to 110 million gallons ($182 million).

According to a recent study contracted by the Council, the EU is projected to dramatically increase both its production and consumption over the next 10 years. Consumption is expected to increase at a faster rate than production, which projects that net imports are projected to increase 290 million gallons by 2023. Additionally, the growth in production and consumption is not expected to occur in parallel. Fuel use is expected to increase steadily until 2020 before declining slightly, production's growth will be much steadier over the period. As a result, the baseline shows that net imports could reach as high as 850 million gallons in 2020 before production and consumption converge slightly.

Imports of U.S. ethanol to Europe are likely to improve once the AD/CVD expires. However, if they are extended, the U.S. will be unable to capture the expected growth in EU net imports. The U.S. government should demand that all tariffs on ethanol for fuel use be eliminated as well as eliminate the ant-dumping duty.

Asynchronous Biotechnology Policies

Once the largest foreign supplier of corn to the EU—consistently exporting over 2 million MT of corn each year--there has not been substantial exports to the EU since the late 1990's, when U.S. producers began adopting biotechnology and EU consumers and policy makers raised concerns over GMO products. Traditionally, U.S corn exports represented the lion's share of EU corn imports. Between 1987 and 1996 the US share of EU corn imports averaged 63%, fluctuating between 72 and 47%. In 1996/97 US corn market share was 58%. Beginning in 1996. US share dropped to single digits, which coincided with the introduction of GM events in the U.S. and has remained there for most years since then. If the US had continued to have a market share of 55% (lower than all but 1 year in the previous decade), US cumulative sales over the 1997 – 2015 period would have been more than 65 mmt and exceeded $3 billion.

The **asynchronous approval process** between the U.S and the EU severely limits our ability to provide our traditional customers with corn and co-products (Dried Distiller Grains and Corn Gluten Feed and Meal) irrespective of competitive factors such as price and quality.

The EU authorization process is taking more time and exacerbated with ever increasing submissions and a growing backlog. This results in increased trade disruptions that will continue to deny the opportunity for U.S feed grain exports and increased input costs for our customers.

The EU does import GM corn, and other products, for feed use, but its authorization system is increasingly slow. This is a growing problem as product submissions have increased over the years. At the same time that the EU has been slowing down approvals, the major corn exporting countries of the Americas -- the US, Argentina and Brazil -- have been taking steps to improve and accelerate their respective authorization systems.

The EU risk assessment process by the European Food Safety Authority now takes nearly 4.5 years, far beyond the 19-22 months prescribed by EU law. In addition to the increasing time for the European Food Safety Authority to approve biotechnology events, the risk management process involving the 28 Member States continues to extend beyond the 3-4 month process and when completed results in no qualified opinion for or against approval. Thus, it left to the European Commission to resolve.

Complicating the process, in early 2017, the **Commission proposed changing the voting rules at the last stage of the comitology procedure (the Appeal Committee),** so that only votes in favor or against an act are taken into account (and not the countries abstaining or absent). The Commission hoped that this would reduce the use of abstentions and the number of situations where there is no QM in favor or against; involving national Ministers by allowing the Commission to make a second referral to the Appeal Committee at Ministerial level if national experts do not take a position in the first Appeal Committee meeting. The Commission argues that this will ensure that sensitive decisions are discussed at the appropriate political level; increasing voting transparency at the Appeal Committee level by making public the votes of Member State representatives; ensuring political input by enabling the Commission to refer the matter to the Council of Ministers for an Opinion if the Appeal Committee is unable to take a position.

The **Brexit vote** will complicate the efforts to complete a bilateral U.S.-EU trade agreement and address the biotechnology approval process. The member state voting on biotech approvals at the standing and appeal committees requires a qualified majority of at least 55% of member states (16 out of 28) and representing at least 65% of the EU population (328.6 million out of a total 505.6 million. The United Kingdom has been supportive of biotech approvals and with the 3rd largest population (64 million) of the 28 members represents 13% of the total EU population. At the same time, fewer countries are abstaining from votes leading to a simple majority against approval. The combination of existing voting patterns and the UK withdrawal could result in enough votes to actually reject approvals, setting up further trade obstacles.

Separately, the EU Parliament and the EU Commission continue to have disagreements on biotech issues by rejecting the Commission's "opt-out" proposal for GMO import approvals and urged the Commission to submit an alternative proposal. The Parliament routinely raises objections with the Commission over final approval of corn and soybean events. The Parliament also again called on the Commission to submit an alternative proposal to the "opt-out" and to bring in a moratorium on biotech approvals until such a new system has been adopted by the EU institutions. This ongoing tension between the Commission and Parliament will likely complicate

efforts to address the need for the EU to follow their respective timelines and provide for timely and predictable risk assessment and approval processes.

A continual complication 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 for a stacked event after the risk assessment of all the single events composing that stack is completed, adding more time to the final approval.

The absence of a workable EU standard on low level presence is a further impediment. In 2011, the EU 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.

During the TTIP negotiations, the Council advocated for a timely and synchronous biotechnology process by having the EU simply abide by its existing timelines for the EFSA risk assessment process and a more timely and transparent risk management process. We also advocated on the need for predictable, science-based risk assessment of stacked biotechnology events and the need to improve the "technical solution" and participate in the Global LowLevel Presence Initiative. Finally, we supported the need to establish a formal working group or committee to address specific regulatory issues and resolve trade concerns.

For this agreement, the Council would endorse the adoption of the biotechnology provisions that were included in the U.S.-Mexico-Canada trade agreement (USMCA). Given the concern that trade disruptions could occur when a biotech trait is approved under a science-based regulatory system but not by an importing country, the provisions noted the **importance of Low Level Presence (LLP) and provides procedures for parties to follow when the low level presence of a biotech material is detected in a shipment of agricultural commodities or food products.** Since it is not possible to achieve zero tolerance, identification and implementation of a LLP maximum concentration value will be helpful. Appropriate and transparent regulatory procedures will allow the U.S. planting seed industry to continue progressing in adoption of biotechnology and advanced agriculture.

UCMCA included the **recognition of modern biotechnology and the regulatory implications of both *in vitro* nucleic acid techniques, including recombinant deoxyribonucleic acid (rDNA) and direct injection of nucleic acid into cells or fusion of cells beyond the taxonomic family, that overcome natural physiological reproductive or recombinant barriers and that are not techniques used in traditional breeding and selection. Given the current uncertainty of how the EU will regulate these new breeding techniques, particularly given the recent European Court of Justice opinion, we believe these provisions would enable efforts of the parties to work cooperatively on policies for products produced through new plan breeding techniques.**

Finally, the agreement established a **Biotechnology Working Group under the Agriculture Working Group to exchange information issues, including on existing and proposed domestic laws, regulations and policies related to the trade of agricultural biotechnology products**. Most importantly, **these provisions were made binding.**

We would request that the administration reconsider our previous request in other trade agreements for language supporting a **mutual recognition agreement with the European Union on the safety determination of biotech crops intended for food, feed, and further processing.** This would provide the EU another alternative as they move to a more synchronous approval process. The most effective way to reduce the risk of trade disruptions and enable farmers to access the most advanced technologies within a reasonable time is to eliminate the gap in product approvals through an agreement on mutual recognition of safety determinations of biotech-enhanced commodities for use as food, feed or further processing. Such an agreement, in addition to reducing risk to international trade and enabling innovation, would be consistent with existing international obligations and the current direction that the U.S. government and others are taking in the areas of regulatory cooperation.

Pesticides Regulation

Developments in EU policies and regulations pertaining to crop protection products have the potential to negatively impact U.S. grains exports to the EU in the future. A hazard-based approach to renewing the authorization of existing pesticides in Europe has resulted in an increasing number of active ingredients losing their authorization. This may lead to the reduction or removal of Maximum Residue Levels (MRLs) and Import Tolerances (ITs) of long-used products. Products that have approval in the U.S but not in the EU risk becoming subject to an MRL of 0.01 mg/kg default or an MRL at the Level of Detection (LOD) and could potentially see applications for ITs refused.

EU legislation, Regulation (EC) No. 1107/2009, governs the registration of pesticides in the EU. While the initial EU legislation on the authorization of plant protection products was based on a risk assessment, Regulation 1107/2009 introduced hazard-based criteria, requiring active substances to be approved only if they comply with both the hazard criteria as well as the risk assessment criteria. It is likely that a number of widely used substances will not be reapproved due to these hazard "cut-off" criteria when their current registration expires.

EU Regulators establish MRLs and import tolerances under separate legislation, Regulation (EC) No. 396/2005. The regulatory decision-making process under this regulation is nominally risk-based. Nevertheless, there is overriding concern that for substances approved under Regulation 1107/2009 due to the cut-off criteria, the EU may decide to ignore the normal risk assessment process and automatically reset the MRLs and import tolerances to the default level – 0.01mg/kg.

In July 2017, the European Commission stated in a policy document that MRLs should be lowered to the LOD and that applications for ITs should be refused when an active substance is not renewed because of the hazard-based cut-off criteria (Carcinogenic/Mutagenic/Toxic to Reproduction, Category 1 or Endocrine Disruptor) under Regulation (1107/2009).

In May 2018, the Commission updated its policy that was tacitly endorsed by Member States. However, even among Brussels industry experts there is still a lack of clarity, and somewhat diverging opinions as to exactly how this new policy will work and what the precise impact may be. This is due to the complex nature of this issue and the fact that the policy has only been recently endorsed, and implementation of it is only now about to start.

The new document states that when an active substance is not renewed because they are triggered by hazard-based cutoff criteria, the existing MRL/IT will be reduced to the Level of Determination versus the Level of Detection. Limit of Determination is defined as "the validated lowest residue concentration which can be quantified and reported by routine monitoring with validated control methods." In essence, it could be the default level but it could also be lower.

The document stipulated that applications for new ITs would be continued to be considered, using the risk assessment approach. This approach is different from the 2017 policy document which outlined that applications for new ITs would not be considered. Reportedly, several Member States were not happy with the potential liability they could face by refusing IT applications.

The new document also states that the granting of the IT will considered on a case-by-case basis, taking into account, 'where appropriate, other legitimate factors as well the precautionary principle'. What such legitimate factors are is not defined anywhere in the legislation and leaves considerable room for interpretation.

The Commission indicates that this new policy will be applied regardless of whether the company submits an application for the renewal of EU authorization of the active substance or does not seek such renewal in the EU. In the 2017 policy document, the Commission intimated that if the renewal was not actively sought, the existing MRL and IT could stay in effect.

WTO rules governing such regulatory decisions are clear. The *Agreement on the Application of Sanitary and Phytosanitary Measures* (SPS Agreement) requires that SPS measures that trade be based on a risk assessment. According to international standards-setting organization, a risk assessment for crop protection products involves hazard identification, hazard characterization, exposure assessment and risk characterization. If the EU chooses to reset MRLs and import tolerances for non-approved substances automatically to the default level, it would be doing so based solely on hazard identification, not risk assessment, and would therefore be in violation of this obligation.

Resetting MRLs and import tolerances to a default level would have a devastating impact on U.S. exports. Nearly all bulk commodities, fruits, vegetables, nuts, and processed foods would be affected. U.S. producers rely on crop protection products to control pests and plant diseases, improve quality and yield, and limit human disease outbreaks associated with rodent and insect populations. Many of the products at risk of being delisted under Regulation 1107/2009 are important to this effort. Such substances would no longer be available for use by U.S. producers wishing to export to the EU. In many cases, adequate alternatives do not exist.

Likewise, the proposed definition of criteria for identifying pesticides and biocides considered to be endocrine disruptors (ED) will substantially increase the number of substances that would trigger the cut-off criteria. The proposal appears to allow for the consideration of risk in the setting of import tolerances for ED substances. However, it is not clear how many substances would meet the new "negligible risk" standard. Moreover, unless a risk-based approach is applied to all cut-off categories, significant trade disruptions are still likely to occur.

The Council will continue to work with USTR and USDA to engage the European Commission on the scientifically questionable and unduly trade-restrictive regulations and proposed ED criteria. Separately, the Council will continue to work with the USG to expand efforts under the a joint statement on pesticide maximum residue levels (MRLs), which was signed by 17 countries at MC11. The statement reinforces the critical role of science-based standards under existing WTO rules and recognizes the increase in MRL and similar regulatory issues faced by farmers around the world.

To help address these issues, the Council would advocate strongly for inclusion of the provisions of the Sanitary and Phytosanitary (SPS) measures included in USMCA as referenced below.

Sanitary and Phytosanitary Measures

Efforts to resolve outstanding bilateral **sanitary and phytosanitary (SPS)** disputes with all trading partners are important to create a free competitive environment, particularly within the European Union region. The U.S.- EU Agreement should include an SPS chapter laying out more detailed commitments relating to human health and animal/plant safety issues which would go beyond those found in the WTO SPS Agreement.

USMCA built on the already strong SPS chapter agreed to during the TPP negotiations. High standards on **transparency, import notifications, and technical consultations prior to disputes**, among other provisions, should be helpful in establishing a baseline for future trade negotiations and serves as an ideal placeholder for the U.S. – European Union agreement.

It provides **enforceable SPS obligations that build upon WTO rights and obligations. In fact, it goes beyond WTO, NAFTA and TTP obligations while still allowing each party to establish its own level of protection, while committing to avoid unnecessary barriers to trade. The parties are to base measures on international standards or assessment of risk, and relevant scientific principles. It allows for provisional measures if an international standard or risk assessment does not exist. However, parties commit to seeking additional information necessary for a more objective assessment of risk. Measures are to be applied only to the extent necessary to protect human, animal and/or plant life/health and in a manner that is not a disguised restriction to trade.**

It establishes a mechanism to resolve unwarranted barriers that block the export of U.S. food and agricultural products and it seeks to establish cooperation, communication and consultation between parties to ensure that science-based SPS measures are developed and implemented in a transparent, predictable, and non-discriminatory manner. The parties commit to select sanitary or phytosanitary measures that are not more trade restrictive than required to achieve the level of protection to be appropriate.

National Treatment of Goods

Import and Export Restrictions

The negotiations should ensure that countries do not maintain or expand other discriminatory trade barriers at the same time that they are eliminating tariffs or invent new barriers to circumvent obligations, the national treatment and market access for good chapter should incorporate the broad World Trade Organization (WTO) obligations regarding import and export restrictions into a bilateral agreement as the fundamental framework for trade in goods between the Parties. In addition, the Goods chapter should prohibit import licensing conditioned on performance requirements, as well as prohibiting requirements that exporters establish contractual relationships with domestic distributors as a condition of importation.

Performance Requirements

Performance requirements impose obligations on companies, such as requiring that a certain level of goods or services be exported or that domestic goods and/or services be used in order to obtain preferential treatment for their imports. These requirements are used by some countries to unfairly discourage the use of imports even as tariffs are reduced. A bilateral U.S.-EU agreement should prohibit Parties from using performance requirements as a condition of qualifying for reduced tariffs.

Import Licensing

Complicated and unclear import licensing procedures can create costs and obstacles for exporters and can result in significant barriers to trade. The bilateral agreement should include requirements for Parties to notify each other of their import licensing procedures, including any conditions and eligibility requirements, and to regularly update these notifications. In addition, Parties should not apply import licensing procedures to bilateral goods without notifying all Parties of the license requirement and the reason for it.

Agricultural Export Subsidies

The agreement should contain a commitment by all Parties to eliminate agricultural export subsidies—which are considered among the most trade-distorting agricultural trade measures—on goods sold in both markets. The United States—which does not use agricultural export subsidies—has long sought to eliminate the use of such subsidies at the multilateral level. These provisions would also support the groundwork for global agricultural trade reform on export subsidies in the WTO.

Domestic Supports

If supporting producers, parties should consider using domestic support measures with minimal or no trade or production effects to ensure transparency of domestic support programs.

Agriculture Safeguards

Originating agricultural goods traded under preference from any party should not be subject to any duties applied by a party pursuant to a special safeguard taken under the Agreement on Agriculture

Food Security Export Restrictions

Provisions should provide for limits on export restrictions on foodstuffs to six months, requires notification of both Parties in advance when a country imposes such restrictions, and mandates consultation with interested importing countries if the restriction remains in place more than 12 months. This provision would be intended to discourage countries from imposing export restrictions on food and agricultural products as a means of protecting their domestic market from changes in the world market. When countries do so with respect to staple food products like rice and wheat, poor countries relying on the international market to import food supplies can suffer immediate and sharp crises in access to food.

State Trading Enterprises

Some countries have state trading enterprises that control exports of specific products. The negotiations should include provisions to agree to work together in the WTO to improve transparency around the operations of agricultural export state trading enterprises and agree on rules preventing these enterprises from receiving special governmental financing or trade-distorting restrictions on exports.

Technical Barriers to Trade

The Council supports provisions for a Technical Barriers to Trade chapter that build both on the WTO TBT agreement but also the USMCA TBT provisions and ensure that they facilitate trade, including eliminating unnecessary technical barriers to trade, enhancing transparency, and promoting greater regulatory cooperation and good regulatory practices.

The USMCA provisions requires parties to parties to apply decisions and recommendations adopted by the WTO TBT Committee that apply to standards, conformity assessment, transparency, and other areas. It requires **transparency and public consultation**. Parties are to **publish drafts of technical regulations and conformity assessment procedures and allow stakeholders in other countries to provide comments**. It also allows authorities to **address any significant issues raised by stakeholders and explain how the final measure achieves the stated objectives**. And it establishes a **Committee on Technical Barriers to Trade to monitor and strengthen implementation of the Chapter, to support coordination between the parties, and to encourage the exchange of information.**

Good Regulatory Practices

An objective in past and proposed FTAs is the establishment of provisions to foster and open a fair and predictable regulatory environment for U.S. businesses promoting the use of widely-accepted good regulatory practices including core principles such as transparency, impartiality and due process as well as coordination across governments to ensure a coherent regulatory approach. USMCA includes provisions **that provide more predictability and transparency in the development of regulations relevant to U.S. agriculture and associated products.** The Council would offer its support for inclusion of these provisions in a U.S.-EU agreement

Customs Administration and Trade Facilitation

USMCA **builds on TPP and the WTO Trade Facilitation agreements to help ensure that goods among the three countries will move quickly across borders, governed by facilitative and transparent procedures that require customs authorities to treat goods fairly and reduce conflicts of interest in customs administration.** Similarly, the Council supports inclusions of these provisions as part of the negotiations for a U.S.-EU agreement.

Summary

The Council strongly supported the completion of TTIP in an effort to remove the existing tariffs and quotas, the anti-competitive price reference system and fundamentally address the regulatory challenges, particularly the long-term asynchronous biotechnology approval process and the lingering ethanol anti-dumping duty. In addition, the most recent challenge of increasing regulatory challenges facing pesticides will have major repercussions on U.S. feed and grains exports. The U.S. and the EU need to reconsider a systematic approach to normalize trade. Agriculture has to be included in these negotiations to meet that objective.

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[i] Opportunities & Challenges of a TTIP Agreement—Grain and Ethanol, Informa Economics, September 2014