



## **The madness to integrate agriculture into a transatlantic Free Trade Agreement**

Jacques Berthelot (jacques.berthelot4@wanadoo.fr), Solidarité  
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### OUTLINE

- I – The methodological issues related to tariffs, particularly in agriculture
- II – Analysis of the CEPR's report on agricultural tariffs
- III – The agricultural tariffs are much higher in the EU than in the US
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The madness to launch, and a fortiori to conclude, negotiations on a Transatlantic Trade and Investment Partnership (TTIP) between the European Union (EU) and the US has already been criticized for the pseudo-scientific methodology used to justify it, the risks to disintegrate the EU and to marginalize even more the poorest developing countries (DCs) which would have to face a global extension of the new trade liberalization rules concluded between the EU and US<sup>1</sup>. The present analysis is centered on the agricultural aspects, although the analysis of tariffs has a broader interest than just for agriculture.

A TTIP would completely undermine the objective of reforming the European agriculture on more sustainable lines – on the economic, social and environmental levels –, accelerate the process of farms concentration to maintain a minimum competitiveness, reduce drastically the number of active agricultural workers and greatly increase unemployment, the desertification of rural areas, the degradation of the environment and biodiversity and put an end to the goal of creating short marketing chains between producers and consumers.

We will focus mainly on the comparison of tariffs and tackle briefly the issues of subsidies and norms and regulations related to agriculture and food.

But let us have a short look first at some indicators comparing US and EU agricultural production structures (table 1) to get a first idea of the huge risks incurred. Let us stress that the average size of holdings hides wide disparities within both the US and EU.

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<sup>1</sup> J. Berthelot, *The pseudo-scientific methodology to assess the TTIP and the risks of shrinking intra-EU trade linked to exchange rates and transport costs*, Solidarité, 15 août 2013, <http://www.solidarite.asso.fr/Articles-de-2013>. That note criticizes also the PTCI macro-economic impacts on the EU agricultural sector, which will not be considered here but which would be advisable to read before the present paper.

Table 1 – A comparison of some characteristics of the EU27 and US agricultures

	UE27	US
Total population in 2010, in million (M)	500	310
Rural population " "	131	55
Agricultural population " "	21.745	5.148
AWU (agricultural working units)* "	10.714	2.509
UAA (used agricultural area), in M ha	187	411
Arable land and permanent crops, M ha	119	162
Average UAA per farm (2007) in ha	12.6	169
Number of farms (2007) in M	13.700	2.204
AWU per farm	0.78	1.17

Source: FAOSTAT; \* AWU: full time-equivalent agricultural worker

### **1 – The methodological issues related to tariffs, particularly in agriculture**

There are huge misunderstandings on the meaning and comparison of protection levels, and not only for agriculture. This is not related, for the EU and US, at the possible gap between the 'bound' tariffs at the WTO – that is the maximum level that can reach the applied duties<sup>2</sup> – or 'bound margin' or 'binding overhang' which, according to M.H. Bchir and al., is only of 2.5% for the EU and 0.3% for the US<sup>3</sup>, against 29.2% in developing countries (DCs), and even of 87.1% in the least developed countries (LDCs).

A first remark is that the EU and US applied tariffs differ largely according to sources.

For the WTO, the EU simple average rate of applied MFN tariffs – of the Most Favoured Nation, i.e. excluding preferential duties – on all products was of 5.3% in 2011<sup>4</sup> whereas, according to the EU Budget, the tariff revenues (€16.824 bn) represented 0.97% of total imports (€1,727 bn) in 2012 and in fact were of €22.432 bn or 1.3% of total imports given that 25% of tariff revenues are left to Member States to cover their collection costs. On the other hand for the WTO the US simple average rate of the applied tariffs in 2012 was of 3.5% whereas the tariff revenues (\$30.3 bn) represented 1.1% of total imports of \$2,734 bn. Still according to the WTO the average MFN agricultural tariff in 2011 was of 13.9% in the EU against 5% in the US whereas the average MFN tariff of non-agricultural products was of 4% in the EU and 3.3% in the US. On the other hand for the CEPR the average MFN tariff of processed agricultural products is of 14.6% in the EU against 3.3% in the US.

According to Jacques Gallezot, if we take into account the preferential duties actually used, the EU average applied agricultural tariff in 2000 was of 10.5% against an average agricultural bound tariff of 20.7%<sup>5</sup>.

Table 2, drawn from the WTO world tariff profiles of 2012, shows that the EU and US have about the same number of total tariff lines (TLs) but the EU has twice the number of US agricultural TLs. If the level of peak TLs is much higher in the EU (175 exceeding 50% *ad valorem* against 14, and 36 exceeding 100% against 8) the maximum tariff is to be found in the US. For dairy products the US average tariff is 19.1% (with a maximum tariff of 95%) against 56.2% in the EU (with a maximum tariff of 205%).

<sup>2</sup> We will use indifferently the words duty or tariff.

<sup>3</sup> Mohamed Hedi Bchir, Sébastien Jean & David Laborde, *Binding Overhang and Tariff-Cutting Formulas*, CEPII, October 2005, <https://www.gtap.agecon.purdue.edu/resources/download/2287.pdf>

<sup>4</sup> [http://www.wto.org/english/res\\_e/booksp\\_e/tariff\\_profiles12\\_e.pdf](http://www.wto.org/english/res_e/booksp_e/tariff_profiles12_e.pdf)

<sup>5</sup> Jacques Gallezot, *L'accès effectif au marché agricole de l'UE*, INRA, 24 July 2002, [http://trade-info.cec.eu.int/doclib/docs/2003/july/tradoc\\_113491.pdf](http://trade-info.cec.eu.int/doclib/docs/2003/july/tradoc_113491.pdf)

Table 2 – US and EU rates of applied agricultural tariffs

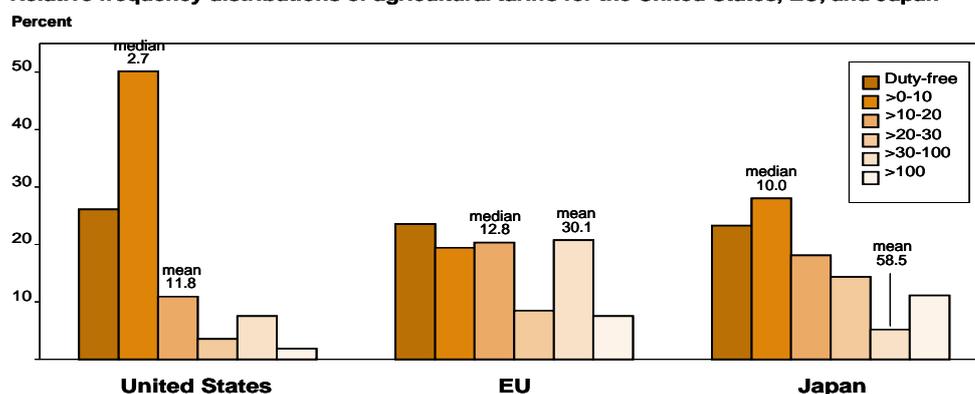
	Number of tariff lines (TLs)				Number and % of highest agr. tariffs			Dairy products	
	Total	Agri.	Non-agri.	% agri.	TLs>50%	TLs>100%	Maximum	Average	Maximum
US	10992	1595	9397	14.5%	14 (0.9%)	8 (0.4%)	350%	19.1%	95%
UE	10295	2987	7308	29%	175 (5.8%)	36	205%	56.2%	205%

Source : WTO, World tariff profiles, [www.wto.org/statistics](http://www.wto.org/statistics)

According to a USDA report of 2001<sup>6</sup>, 24 US TLs or 2% of the US agricultural TLs exceeded 100% (the highest duty at 350% on some tobaccos) against 141 EU TLs or 8% of total agricultural TLs (with a maximum rate of 540% on powder of sugar beet or sugar cane). The highest average US agricultural TLs were on tobacco products (102%), against an average of 38% for tobacco in the EU, followed by sweeteners (of which sugar) at 46%, against 59% in the EU, and dairy products at 43% against 87% in the EU. Given the high percentage of non-*ad valorem* agricultural TLs in the EU and US, USDA converted them in *ad valorem* tariff equivalents (AVEs)<sup>7</sup> through the use of the unit values of world imports for the 1995-97 years because, when tariffs are too high, there is no specific value for national imports as these tariffs are deterrent. And the USDA adds: “*Since calculating AVEs takes considerable time and effort, and since the data needed to perform such calculations are often not available, non-ad valorem tariffs for agriculture are often excluded from calculations of average tariffs. This can result in an average that is underestimated, since the AVE of these tariffs tends to be quite high*”. It is likely that a part of the gaps between the several evaluations of the EU and US average agricultural tariffs is linked to the exclusion of the non-*ad valorem* TLs. Indeed, for USDA, “*The average of bound tariffs specified solely in ad valorem terms is 58 percent, while the average AVE of non-ad valorem tariffs is 123 percent*”.

What should be stressed is the common mistake to take as a good indicator the simple average of all agricultural TLs. According to the same USDA report of 2001, the following chart shows the median and mean of the EU, US and Japan MFN agricultural duties, the mean being of respectively 11.8%, 30.1% and 58.5%.

Relative frequency distributions of agricultural tariffs for the United States, EU, and Japan<sup>1</sup>



Source: <http://www.ers.usda.gov/publications/aer796/aer796j.pdf>

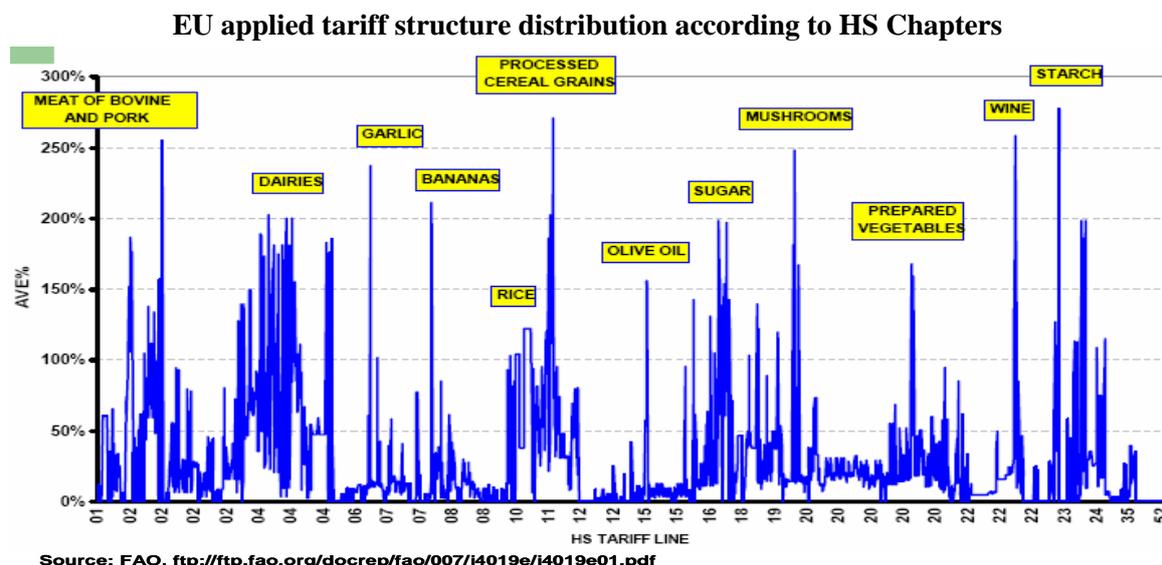
When USDA says that "Only 21 percent of U.S. tariffs are greater than the mean, while in the EU's schedule only 28 percent of all tariffs exceed the mean", it blurs the debate. First because, when we speak of the mean of bound agricultural tariffs in general, we speak of the simple (non-weighted) mean of all TLs. But the EU and US means are meaningless (without punning) because 19% and 21% respectively of their agricultural TLs are duty free and that, besides, many TLs do not correspond to actual imports either because some products, even with low

<sup>6</sup> USDA, *Profiles of Tariffs in Global Agricultural Markets*, <http://www.ers.usda.gov/media/919871/aer796.pdf>

<sup>7</sup> An *ad valorem* tariff is the rate applied on the CIF value (cost, insurance, freight).

tariffs, are not demanded or because the very high tariff of other products is deterrent. Even the often used weighted average tariff is misleading because the tariffs are weighted according to the actual imports so that the average does not take into account the highest tariffs which have a deterrent effect on imports.

Again according to the USDA's report, in the US 21% of the 1821 agricultural TLs were duty free but the simple average of the 244 MFN TLs of dairy products was of 43% with 7 TLs exceeding 100% and the simple average of the TLs on sugar and sweeteners was of 46% with 5 TLs exceeding 100%. The EU's unweighted average MFN tariff of its 2,202 agricultural TLs was of 22.9% but, as 425 lines (19.3% of total) were duty free, the mean of the 1777 lines with a positive tariff was of 28.3%. For frozen meat (beef, pork, poultry) the mean tariff was of 66% but 66 TLs of meats exceeded 100%. The mean tariff of dairy products was of 87% but 41 TLs exceeded 100%. For cereals and cereal products the average tariff was around 50% but 13 TLs exceeded 100%. For sweeteners the average tariff was of 59% but 8 TLs exceeded 100%<sup>2</sup>. The graph below shows that some tariff lines exceeded even 250%. We have used the perfect but those levels should not have changed significantly as the implementation period for the tariffs reduction decided by the Uruguay Round was 1995-2000, even if the number of the EU agricultural TLs has increased. The following chart shows that some TLs exceeded 250%.



However it is clear that the AVEs change considerably with the CIF prices: when the world (or CIF) prices jump, as it has been the case from 2006-07 to 2012-13 (with the exception of 2009-10), the AVEs fall all the more that the weight of specific tariffs is large. And this has particularly affected the EU agri-food products. So that the USDA figures for 2000 are no longer relevant and the EU AVEs have been reduced considerably.

The reason put forward to explain why there is no comparison between countries of the average tariffs weighted by the consumption of the various (here agricultural) products rests on the fact that, even in the EU and the US, no data are available on the average agricultural consumption per TL but only for a few broad types of processed food products. For example although the EU has 175 TLs on dairy and the US 244TLs, the data on the consumption of dairy products are available for at most 10 types of dairy products (butter, full milk, skimmed milk powder, not fully skimmed milk powder, 2 to 3 types of cheese, casein, etc.), each type grouping together TLs with highly differentiated rates. And as the processed products do not correspond to the same groupings of TLs from one country to the other, even at the level of the HS (harmonized

system) nomenclature at 4 figures (HS-4), there is no comparison available of the average tariffs weighted by their consumption or production levels.

Yet, if food consumption is generally assessed in monetary terms, it can also be assessed in nutritional value. According to FAO, the average food consumption per capita and per day of the EU-15 was in 2003 of 3,536 calories, 109 grams (g) of proteins and 149 g of lipids<sup>8</sup>. Now the share of the food products with the highest tariffs (cereals, sugar, meats, dairy produce, fruits and vegetables) has accounted for 68% of total calories (2,390 calories), 83% of proteins (90 g) and 49% of lipids (70 g). Given that the tariffs on these products are often higher than 50%, we see that the EU applied (very close to the bound) average agricultural tariff weighted by food consumption is much higher than its average applied tariff weighted by actual imports. The more so as there are few preferential tariffs on these products as they apply mostly to tropical and mediterranean products of DCs.

Tariffs weighted by consumption, or production, refer also to the issue of 'sensitive products'. Jacques Gallezot has analyzed in 2005 the products that the EU could classify as sensitive, which would be subjected to lower tariff cuts in the tiered formula discussed during the Doha Round negotiations. He identified 170 of them, or 7.7% of the EU agricultural TLs, a percentage close to the 8% the EU asked for in the negotiations. Considering only the TLs with a positive tariff, the 170 sensitive products accounted for 64.4% of the EU total agricultural imports in 2000 and 2001, 56.2% of intra-EU trade and 87% of the collected agricultural tariffs, of which 94% of those collected on meats imports, 87% of those collected on dairy imports, 92% of those collected on imports of fruits and vegetables, 95% of those collected on cereals imports and 96% of those collected on sugar and sweeteners imports. Whereas the bound average agricultural tariff was of 22.9%, that on sensitive products was of 52%, of which 69% on meats, 79% on dairy products, 55% on cereals, 117% on sugar and sweeteners, 64% on vegetables and 29% on fruits.

Indeed all the EU sensitive products do not correspond to the highest tariff bands. Because the TLs with the highest tariffs have already a deterrent effect on imports, there is no interest to classify them as sensitive. Thus 58 sensitive products were in the band of 0 to 30% (where they account only for 4.5% of the TLs of that band), 49 are in the band of 30% to 60% (where they represent only 17.9% of the lines), 39 are in the band of 60% to 90% (where they represent 33.9% of the lines) and 24 in the band higher than 90% (where they represent only 24% of the lines).

All this underscores the great caution, not to say suspicion, with which we should receive the data and comments on the tariffs reduction contemplated for the TTIP.

## **II – Analysis of the CEPR's report on agricultural tariffs**

The CEPR is particularly obscure on the TTIP impact on "agricultural products" and "processed food products"<sup>9</sup>. One cannot find annexes on the websites of the EU Commission and CEPR for data on those products. The only data correspond to the gap between the EU and US average tariffs, which is the largest for those products as can be seen on the following graph: 14.6% *ad valorem* (AV) in the EU against 3.3% in the US, whereas the average duty is the same on "agricultural, forestry and fishery products": 3.7%.

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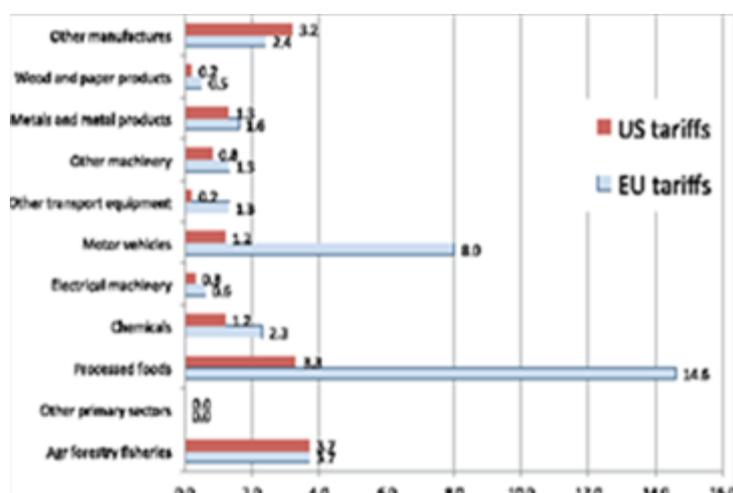
<sup>8</sup> <http://faostat.fao.org/site/502/DesktopDefault.aspx?PageID=502>

<sup>9</sup> According to the United Nations' classification, "agricultural products, beverages and tobacco" cover processed products (among which meat and fish), whereas "agricultural products, forestry and fishing" cover non processed products: cereals, oilseeds, pulses, fruits and vegetables, tobacco... and also milk.

But average tariffs per product are meaningless as they group together very high tariffs on some TLs (often exceeding 100%) with many more tariff-free TLs and various intermediary tariff levels. Besides we ignore how the CEPR has transformed the "specific" tariffs (x euro per tonne or cattle head) to their *ad valorem* equivalents (AVEs), knowing that the percentage on non-*ad valorem* agricultural TLs is of 45.8% in the EU and 42.5% in the US.

We ignore also if the hypothesis of partial tariff liberalization (98%) means that the non-liberalized 2% concern the TLs – which is meaningless as the EU and US agricultural and non-agricultural imports concern only a small part of their total TLs – or the imports values, which has a much higher economic sense.

In that second hypothesis, as the EU agricultural imports from the US represented in 2012 4% of its total imports from the US (\$8.232 bn over \$205 bn, see table 30 in the annex), 50% (2% over 4%) of agricultural imports would be liberalized. And, as the US agricultural imports from the EU represented 5.2% of its total imports from the EU (\$15 bn over \$292 bn), 61.5% would be liberalized.



But, apparently, the first hypothesis is retained since, in the partial tariffs liberalization scenario, the 2% of non-liberalized TLs are allocated in the Annex 3 to 3 types of agricultural products covering between 2% to 3% of TLs. For the US they are tobacco, dairy products and residues of agri-food industries and other feedstuffs and, for the EU, the same last two products plus meats and offals. Furthermore they are only a small part, unknown, of the TLs of these 3 groups of products because, for example, dairy products alone cover 175 LTs in the EU (5.9% of the 2987 agricultural TLs) and 244 TLs in the US (15.3% of the 1595 agricultural TLs).

Table 3 – Annex 3 of the CEPR report on the average duties of 2 to 3% of tariff lines with the highest tariffs

Codes SH-2	Produit	% des LT	% cumulé des LT	DD moyen
In the US				
23	Residues of agro-industries and feedstuffs	0,172%	0,172%	23,2%
24	Tobacco	0,383%	0,554%	43,2%
4	Dairy products	2,160%	2,714%	17,9%
In the EU				
23	Residues of agro-industries and feedstuffs	0,531	0,531%	71%
2	Meats and offals	1,033	1,563%	46,6%
4	Dairy products	1,353	2,916%	46,3%

Source : CEPR report, <http://trade.ec.europa.eu/doclib/html/150737.htm>

As for the dominant proposal to eliminate 100% of tariffs, hence also on all agricultural and food products, it is totally unrealistic and sufficient to disqualify the whole CEPR report as well as the European Commission, Parliament and Council, of whom the French Trade Minister, which praise its

results. One wonders then the logics for the EU Commission which succeeded to impose to other WTO Members, in the Revised Draft of agricultural modalities of 6 December 2008, that developed countries could keep in "sensitive products", subject to lower reductions of tariffs, 4% of their agricultural TLs (paragraph 71), even if it had tried for a long time to negotiate at least 8% of TLs<sup>10</sup>. What is more, the Draft of agricultural modalities authorizes developed countries to keep some agricultural TLs above 100% *ad valorem* (paragraph 76)! Which implies that the fact for the EU Authorities – Commission, Parliament and Council – to have agreed to negotiate the TTIP on the basis of the CEPR study will weaken hugely the the EU Commission's position in the on-going Doha Round negotiation, as well as in the negotiation of its multiple free trade bilateral and plurilateral agreements.

### **III – The EU agricultural tariffs are much higher than the US ones**

Table 4 compares the average applied tariffs of some basic staple foods, where we see clearly that they are much higher in the EU. The EU tariff on wheat of medium and low quality is €95 per tonne (€/t) but only beyond a tariff quota of 3 million tonnes (Mt), of which 572,000 t for the US. But, as the representative prices of durum wheat and maize have been well above 157 €/t for several years and as the euro weakened against the dollar since 2008, no duties have been levied on them as well as on high quality wheat from 17 August 2010 to 30 June 2013.

Table 4 – Average applied MFN tariffs of US and EU on cereals, dairy products and frozen meats: 2012 ou 2013

	Soft	Hard	Rice	Maize	Refined	Butter	Concentrated milk	Frozen meats		
	wheat	wheat			sugar			bovine	porcine	volaille
US	3,5 \$/t	6,5 \$/t	11,2%	5 \$/t	357,4 \$/t *	123 \$/t	33 \$/t	44 \$/t	0	88 \$/t
EU27	95 €/t	148 €/t	175 €/t	94 €/t	419 €/t	1896-2313 €/t	1254 €/t	12,8%+1768 €/t	536 €/t	299 €/t

Source: WTO data base on applied tariffs for the EU; for the US: [http://dataweb.usitc.gov/scripts/tariff\\_current.asp](http://dataweb.usitc.gov/scripts/tariff_current.asp); \* an additional duty is levied when the world price is low but not when it exceeds 350 \$/t which has been the case for several years and, according to FAO-OECD projections, this should not change before at least 2022.

Table 5 shows that the EU27 has a large *agricultural trade surplus* with the US – €5.606 billion (bn) on average from 2007 to 2012, of which €6.614 bn in 2012 – but which is only due to beverages without which the EU27 would have had an average deficit of €541 million (€M), of which however a small surplus of €195 M in 2012. Similarly the deficit in the trade of *food products* in the SITC nomenclature would have been of €781 M (of which €9 M in 2012), mainly because of an average trade deficit in fish and preparations of €482 M (of which €422 M in 2012). See table 31 at the end of the paper for the details per class of products.

According to Eurostat, the French exports to the US have accounted for 13.9% of all its agricultural exports in 2012 (table 31), which is largely due to wines and spirits which represented 27.3% of its total beverages exports extra-EU27, of which 25.2% for wines and 32.4% for spirits. On the other hand French agricultural imports from the US have accounted for only 5.5% of its agricultural imports extra-EU27. However, as explained in the paper "*The pseudo-scientific methodology to assess the TTIP and the risks of shrinking intra-EU trade linked to exchange rates and transport costs*", Eurostat data on France minimize French imports as part of them are in fact cleared from customs in the ports of the Channel or North Sea, mainly Anvers and Rotterdam. Thus, according to French Customs and for the classes 1 to 24 of the Harmonized System (including class 3 on fish), the EU French imports extra-EU27 were of €13.535 bn in 2012, of which €781 M from the US, whereas for Eurostat they were of €10.048 bn, of which €593 M from the US (table 32 in the annex).

<sup>10</sup> J. Berthelot, *Revised draft modalities for agriculture, Solidarité's comments*, <http://www.solidarite.asso.fr/Papers-2009>.

Table 5 – Balance of agricultural trade between the EU and US from 2007 to 2012 in HS nomenclature

€ million	2007	2008	2009	2010	2011	2012	Moyenne	2012/07
Agricultural trade according to the Harmonised System (HS)								
01- Live animals	87,3	49,8	3,5	37,1	108,8	95	63,6	109%
02- Meats	139	79,9	102,5	84,7	48	58,3	85,4	41,9%
03- Fish	-594	-576	-380	-356,6	-381,6	-398,1	-447,7	67%
04- Dairy produce	594,8	567,8	521,3	557	616,2	676,1	588,9	114%
05- Products of animal origin	-20,4	-26,7	-42,6	-21,6	-6,2	-28,8	-23,4	141%
06- Live trees and other plants	19,1	15,4	14	12,6	12,6	115	31,5	60,2%
07- Vegetables	-7	-18,4	11,7	-17,5	-11,6	-33,4	-12,7	477%
08- Fruits	-1160,3	-1177,3	-1115,7	-1226,7	-1359,3	-1427,6	-1244,5	123%
09- Coffee, tea, spices	330,1	365,5	330,4	380,3	523,9	472,4	400,4	143%
10- Cereals	-935,7	-1018,7	-233,4	-396,9	-654,2	-312	-591,8	33,3%
11- Milling products	115,4	122,4	116,8	129,7	168,1	173,1	137,6	150%
12- Oilseeds	-956,2	-1470	-759	-1175,1	-1115	-1102,4	-1096,3	115%
13- Lac, gums, resins	38,6	-5,9	-20,8	28,7	16,6	71,9	21,5	186%
14- Vegetable plaiting materials	20,4	11,5	14,3	-13,5	-8,1	-7,6	2,8	-37,3%
15- Animal and vegetable fats and oils	428,4	376,3	362,1	433,8	311,5	401,4	385,6	93,7%
16- Preparations of meats and fish	30,6	2,5	18,1	17,2	14,9	34,6	19,7	113%
17- Sugars and sugar confectionery	75	83,9	102,1	118	136,4	132,5	108	177%
18- Cocoa and cocoa preparations	373,4	359	388,3	617,2	617,7	653	501,4	175%
19- Preparations of cereals	470	445,4	423,9	459,6	501,2	585,6	480,9	125%
20- Preparations of vegetables, fruit	361,1	277,5	242,4	335,6	303,3	405	320,8	112%
21- Miscellaneous edible preparations	-35,7	-60,9	-102,7	-17,9	-24,4	1,9	-40	-0,1%
22- Beverages	6223,3	5251,6	4635,4	5204,4	5708,9	6614,3	5606,3	106%
23- Residues, oilseeds meals	-345,5	-408,5	-238,3	-566,2	-527,8	-438,1	-420,7	127%
24- Tobacco	-235,1	-158,3	-176,1	-210,8	-219,7	-265,7	-211	81,5%
Total classes 1 to 24	5016,6	3087,8	4218,2	4413,1	4780,2	6476,4	4665,4	127%
Fish preparations in class 16	-29,8	-42,9	-27,6	-37	-41,8	-24,3	-33,9	81,5%
Fish and preparations	-623,8	-618,9	-407,6	-393,6	-423,4	-422,4	-481,6	67,7%
Meat preparations in class 16	60,4	45,4	45,7	54,2	56,7	59	53,6	97,7%
Classes 1-24 less fish & preparations	5640,4	3706,7	4625,8	4806,7	5203,6	6898,8	5147	120%
Agricultural products outside 1-24	-105,7	-2,9	-2,7	-54,2	-134,6	-89,4	-64,8	84,6%
Total agricultural products in AoA	5534,7	3703,8	4623,1	4752,5	5069	6809,4	5082,2	121%
Total without beverages	-688,6	-1547,8	-12,3	-451,9	-639,9	195,1	-524,1	-13,3%
Food trade according to the SITC nomenclature								
Classe 0: food products	-578	-996,7	100,5	41,6	-58,5	560,8	-155	-97%
Classe 11: beverages	6183	5190,3	4588,5	5158,7	5664,5	6651,5	5572,8	108%
Classe 22: oilseeds	-935,4	-1422,9	-741,6	-1158,2	-1057,8	-1056,2	-1062	113%
Classe 4: fats and oils	452,6	405,4	406,4	492,4	375,6	486,2	436,4	107%
Total	5122,2	3176,1	4353,8	4534,5	4923,8	6642,3	4792,2	130%
Total without fishes	-1060,8	-2014,2	-234,7	-624,2	-740,7	-9,2	-780,6	0,009%

Source: Eurostat

The French Ministry of agriculture underlines that France has offensive interests for dairy products, sugar and confectionery, biscuits, chocolate, fruits and vegetables. Yet the fact that the EU, and France particularly, outclasses the other countries in the US imports of beverages – 56.5% for the EU (€11.213 bn on a total of €19.816 bn), of which 17.1% for France (€3.396 bn) – should not hide the very small share, particularly for France, in the list of agricultural products for which they claim to have offensive interests on the US market (table 6). If we except dairy produce where the EU share is of 42.6% and that of France of 8.4%, on the other products the share of France does not exceed 2%.

Table 6 – Shares of US agricultural imports coming from the EU and France in 2012

\$ million	Dairy products	Sugar products	Cocoa products	Vegetables	F&V preparations	Fruits	Cereals	Milling products	Cereal prepar <sup>o</sup>	Various prepar <sup>o</sup>
US imports	2095	4366	4103	7417	6772	10186	3126	1296	5165	4001
" from EU	894	216,5	816	172	738,7	206,9	94,3	336,1	852,8	659,3
	42,6%	5%	19,9%	2,3%	10,9%	2%	3%	25,9%	16,5%	16,5%
" from France	176,8	11,6	63,5	13,3	108,4	6,1	7,9	21	76,7	79,4
	8,4%	0,27%	1,5%	0,18%	1,6%	0,006%	0,25%	1,6%	1,5%	2%
AV tariffs	8,2%*	5,8%*	4,8%*	4,2%	4,5%	3,9%	0,9%	1,9%	1,3%	5,9%

Source: <https://usatrade.census.gov/data/Perspective52/Dim/dimension.aspx?ReportId=46>; \* these tariffs concern only cheeses (code 0406), confectionery (code 170490) and not all sugar products, and chocolate (code 180632) and not all cocoa products.

The TTIP negotiations did not start well because the CEPR as well as the European Commission overestimated hugely the level of agricultural tariffs applied by the US, hence the possibility that a reciprocal elimination of tariffs would improve the EU balance of agri-food trade. Thus, in the agumentaire "Questions and Answers", the Commission states: "*Europe has a clear interest in being able to sell more of the top quality foods it produces to the US. At the moment, some European food products, such as apples and various cheeses, are banned from the US market; others are subject to high US tariffs – meat 30%, drinks 22-23%, and dairy products up to 139%. Removing these and other barriers will help boost EU exports to the US*"<sup>11</sup>. Clearly we must take into account the fact that the deterrent level of some tariffs prevent trade to occur but, from here to overstate greatly the level of US tariffs, there is a large margin not to cross as we will see below.

The United States International Trade Commission (USITC) avails of two data bases on trade flows, very precious because very precise, and that are not available at the European Commission, as Gallezot has shown in 2006, who nevertheless succeeded in comparing the rate of collected duties of both partners for 2003 on several trade codes at two figures level (HS-2)<sup>12</sup>. The first USITC base<sup>13</sup> presents imports by exporting country both in customs value<sup>14</sup> and in dutiable value – which takes into account the non-dutiable imports, not only in its preferential bilateral agreements, and first with Canada and Mexico within NAFTA, but also on many MFN tariffs –, and in total quantity per product with the actual duties calculated at the level of the SH-10 codes. Which allows to deduct the *ad valorem* (AV) rates on the CIF value as well as on the dutiable value, even for the frequent specific or complex tariffs. Let us underscore that, if we can differentiate the US actual tariff rates on the CIF value from those on the dutiable value, the lack of such differentiation for the EU tariffs makes that we do not know if they apply to the whole CIF value or only to the actually taxed value. Hence the lack of transparency in the EU tariffs while it is total in the US.

The other US trade data base presents tariffs according to tariff regimes, of which the MFN tariffs for imports from the EU, with the distribution of import values per country from 2010 to 2012<sup>15</sup>.

Those two trade data bases bring a clear denial to the European Commission's illusions on the high level of the US tariffs, particularly in agriculture, hence on its possibilities to increase its trade surplus on the US, particularly in agriculture. We will review the actual level of US agricultural duties on its main imports from the EU, for which the EU has a significant surplus or deficit.

Tables 7 to 27 present the evolution from 2007 to 2012 but comments will focus only on data for 2012.

The US duties are zero on spirits (excepted \$23.7 per hl for some rums) and very low for wines in 2012 (1.35%).

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<sup>11</sup> <http://ec.europa.eu/trade/policy/in-focus/ttip/questions-and-answers/>

<sup>12</sup> <http://ageconsearch.umn.edu/bitstream/18871/1/wp060016.pdf>

<sup>13</sup> <http://dataweb.usitc.gov/scripts/prepro.asp>

<sup>14</sup> The US calculate the duties on the customs value which is the FOB (free on board) of the exporting country, contrary to the EU and most countries which calculate it on the CIF value but, as the USITC shows also the value of freight and insurances and the CIF value, one can deduct the duty rate on the CIF price.

<sup>15</sup> [http://dataweb.usitc.gov/scripts/tariff\\_current.asp](http://dataweb.usitc.gov/scripts/tariff_current.asp)

Table 7 – US CIF value and tariffs on wine (2204) from the EU27, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	3221714	3232289	2599805	2769433	3284830	3376387	3080743
CIF value	3367982	3364497	2712601	2894940	3425059	3516841	3213653
Imports in 1000 litres	470928	438995	412197	445944	508722	527385	467362
CIF price in \$/1000 l	7152	7664	6581	6492	6733	6668	6882
Calculated duties	39529	37322	34646	37479	44678	47589	40207
Calculated duties/CIF value	1,17%	1,11%	1,28%	1,29%	1,30%	1,35%	1,25%
Calculated duties in \$/1000 l	83,9	85	84,1	84	87,8	90,2	85,9
Dutiable value	3219657	3229645	2598061	2767970	3283279	3374766	3078896
Calculated duties/dutiable value	1,23%	1,16%	1,33%	1,35%	1,36%	1,41%	1,31%
Dutiable value/customs value	99,94%	99,92%	99,93%	99,95%	99,95%	99,95%	99,94%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

On the other hand, if the EU spirits are also imported at zero duty – except also for rum, for which it is of 43.2 €/hl for a rum at 40° abv<sup>16</sup> –, the duties on wines lower than 13° go from 13.1 €/hl to 14.8 €/hl and those on wines from 13° to 15° go from 15.4 €/hl to 15.8 €/hl. Assuming that the average EU imports from the US were on wines of 13° and, given that the average CIF price was of 165.5 €/hl in 2012, this corresponds to a tariff of 8.94%, 6.6 times higher than the US tariff on its wine imports from the EU. Besides, the excise duties on wine and spirits, which are not included in tariffs, are higher on average in the EU and differ widely from one Member State to the other: if they are at zero for wine in 13 EU Member states, they go from 6 €/l of pure alcohol in Cyprus to 13 € in Germany, 14.50 € in France and 39.25 € in Finland. Even though the US cumulates excise duties at the federal level (of 0.28 \$/l for wine and 3.56 \$/l for spirits at 50° abv) with those at States level (0.18 \$/l on average for wine and 1\$ on average for spirits), their sum is lower than that of most EU Member States. Above all the EU adds a value added tax (VAT) of 20% on average while the US does not use a VAT but a turnover tax levied both at the federal level and at levels of counties and municipalities for a total of about 6 to 7%<sup>17</sup>. Now wine and spirits imports from the US are not negligible (2.4 million hl for €334 million on average from 2007 to 2012) and could increase if duties are deleted or greatly reduced.

Table 8 – US CIF value and tariffs on spirits (2208) from the EU, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Moyenne
CIF value	4014498	4033492	3802373	4070929	4543664	4788992	4208991
Imports 1000 l proof (50% abv)*	299362	298005	285452	304142	347061	357696	315286
CIF price in \$/1000 l "	13410	13535	13321	13385	13092	13388	13355
Calculated duties	82	78	25	53	122	28	65
Calculated duties/CIF value	0,00002%	0,00002%	0,000007%	0,00001%	0,00003%	0,00006%	0,00004%
Calculated DD in \$/1000 l "	0,27	0,26	0,09	0,17	0,35	0,08	0,02

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>; \* One litre proof corresponds to 50% of pure alcohol.

The EU second agricultural surplus over the US concerns dairy products (€589 M on average from 2007 to 2012, of which €676 M in 2012), owing to cheese only as the EU has a deficit on concentrated milk and butter. Table 9 shows that the US duties in dairy produce from all countries and for codes 0401,0402 and 0403 enjoy many duties exemptions, reflected in low ratios of dutiable value to customs value, while the most heavily taxed products are butter and cheese.

On the other hand the average duty on dairy products imported from all countries (table 9) – 5.6% for the duty calculated on the dutiable value and 8,1% for that calculated on dutiable value – is to be compared to the 17.9% alleged by the CEPR report (table 3) and to the 19.1% according to the WTO data base on tariffs (table 2), even if these duties alleged by the CEPR and the WTO are simple averages of all tariff lines of dairy products.

<sup>16</sup> abv: average by volume alcohol content

<sup>17</sup> <http://thestic.com/SRates.stm>

Table 9 – US CIF value and duties on imports of dairy products from all countries in 2012

In \$1,000	0401	0402	0403	0404	0405	0406	Total
Customs value	10346	100334	32489	305905	61995	1093227	1604296
CIF value	10763	104101	33596	317124	64815	1136659	1667058
Tonnes	8032	39951	11030	63579	15533	153969	292094
CIF price in \$/t	1340	2606	3046	4988	4173	7382	5707
Calculated duties	43	783	1516	1290	3033	86608	93273
Calculated duties/CIF value	0.4%	0.7%	4.3%	0.4%	4.5%	7.1%	5.6%
Dutiable value	2746	22312	8914	277598	48233	796789	1156592
Calculated duties/dutiable value	1.6%	3.5%	17%	0.5%	6.3%	10.9%	8.1%
Dutiable value/customs value	26,5%	22,4%	27,4%	90,7%	77,8%	72,9%	72,1%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>; 0401 (non-concentrated milk and cream); 0402 (concentrated milk and creams); 0403 (fresh products, yogurt); 0404 (whey); 0405 (butter); 0406 (cheese).

The comparison of tables 10 and 11 shows that the US duties on cheese from the EU have been higher than those on cheese coming from all countries – 8.2% in 2012 on the CIF value and 11.3% on the dutiable value against respectively 7.6% and 10.9% on those coming from all countries –, that 77.3% US imports of cheese came from the EU, that the CIF price of EU cheese was 10% higher than the average of those from all countries and that the percentage of duty free imports was 4.3% larger on those coming from the EU.

Table 10 – US CIF value and duties on cheese imports from all countries from 2007 to 2012

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	1108028	1168113	1004469	966863	1072857	1093227	1068926
CIF value	1152680	1209620	1042818	1003806	1114381	1136659	1109994
Tonnes	197614	172187	162029	138533	142146	153969	161080
CIF price in \$/t	5833	7025	6436	7246	7840	7382	6960
Calculated duties	97607	94921	78342	77232	81063	86608	85962
Calculated duties/CIF value	8,47%	7,85%	7,51%	7,69%	7,27%	7,62%	7,74%
Dutiable value	767543	800831	667393	684007	782082	796789	749774
Calculated duties/dutiable value	12,72%	11,85%	11,74%	11,29%	10,37%	10,87%	11,47%
Dutiable value/customs value	69,3%	68,6%	66,4%	70,7%	72,9%	72,9%	70,1%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

Table 11 – US CIF value and duties on cheese imports from the EU from 2007 to 2012

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	811349	862140	722574	740851	867757	844653	808221
CIF value	841949	891600	748944	769185	901919	877883	838580
Tonnes	121507	108237	96176	96653	106661	108020	106209
CIF price in \$/t	6929	8237	7787	7958	8456	8127	7896
Calculated duties	74760	73236	60281	66282	71407	72381	69725
Calculated duties/CIF value	8,9%	8,2%	8%	8,6%	7,9%	8,2%	8,3%
Calculated duties in \$/tonne	615	677	627	686	669	670	656
Dutiable value	590704	624699	505592	560141	669233	642246	598769
Calculated duties/dutiable value	12,7%	11,7%	11,9%	11,8%	10,7%	11,3%	11,6%
Dutiable value/customs value	72,8%	72,5%	70%	75,6%	77,1%	76%	74,1%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

On the other hand the EU average MFN tariff on cheese imports was of 31 % in AVE, knowing that the EU imported 76,751 t for a CIF value of €430.9 M, the specific duties going from 1,409 €/t to 2,032 €/ t for the 5 major classes of cheeses.

Jacques Gallezot's calculations for 2003 showed an average duty of 16.4% levied on dairy products and eggs (code 04) in the EU against 7.8 % in the US.

Eucolait, the European trade association of dairy products, acknowledges that "*For the majority of dairy product, the EU tariffs do not allow regular imports*"<sup>18</sup>.

<sup>18</sup> [http://trade.ec.europa.eu/doclib/docs/2012/july/tradoc\\_149701.pdf](http://trade.ec.europa.eu/doclib/docs/2012/july/tradoc_149701.pdf)

Cocoa and preparations are the EU third surplus products with the US (€501 M on average, of which €653 M in 2012), but its MFN duties are significantly higher than in the US (4.8% AVE) since there are a 8% AV plus a specific duty of 252 €/t (for code 18061020) and even 419 €/t for the code 18061090 to take into account the incorporated dairy and sugar.

Table 12 shows that for chocolate, the dutiable value is the same as the customs value but the calculated duties based on the dutiable value are nevertheless slightly higher than the calculated duties based on the CIF value because the US duties are not calculated on the CIF value but on the FOB value of the exporting country.

Table 12 – US CIF value and duties on chocolate imports (180632) from the EU27, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	73317	71330	64490	73451	79879	86368	74806
CIF value	77417	75012	67666	76851	83311	89567	78304
Tonnes	13288	11282	10345	12072	12345	13815	12191
CIF price in \$/t	5826	6649	6541	6366	6749	6483	6436
Calculated duties	3716	3556	3154	3550	4006	4270	3709
Calculated duties/CIF value	4,8%	4,7%	4,7%	4,6%	4,8%	4,8%	4,7%
Calculated duties in \$/tonne	280	315	305	294	325	309	304
Dutiable value	73317	71330	64490	73451	79879	86368	74806
Calculated duties/dutiable value	5,06%	4,99%	4,89%	4,83%	5,02%	4,94%	4,96%
Dutiable value/customs value	100%	100%	100%	100%	100%	100%	100%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

Cereals preparations (table 13) are the EU 4th agricultural surplus with the US (€481 M on average, of which €586 M in 2012), but here too the US duties are much lower than the EU ones so that the EU has everything to lose in their reciprocal removal. If, for all cereal preparations (code 19) imported from the EU27, the average duty was of 1.3% on the CIF value in 2012, it was of 6.5% on the dutiable value given many non-taxed products (Table 13).

Table 13 – US CIF value and duties on cereals preparations (19) imported from the EU (19): 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	710820	738541	661983	700491	794531	857010	743896
CIF value	778363	797816	714107	761359	859307	928667	806603
Tonnes	303421	245581	243625	257222	277492	301705	271508
CIF price in \$/t	2565	3249	2931	2960	3097	3078	2980
Calculated duties	10118	11216	8512	10777	12057	11774	10742
Calculated duties/CIF value	1,30%	1,41%	1,19%	1,42%	1,40%	1,27%	1,33%
Calculated duties in \$/tonne	33,4	45,7	34,9	41,9	43,5	39	39,6
Dutiable value	123091	137704	124015	139928	160689	180824	144375
Calculated duties/dutiable value	8,22%	8,14%	6,86%	7,70%	7,50%	6,51%	7,44%
Dutiable value/customs value	17,3%	18,6%	18,7%	20%	20,2%	21,1%	19,4%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

Table 14 – US CIF value and duties on biscuits, pastry (1905) imported from the EU27, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	440654	445683	395281	416790	476437	509807	447442
CIF value	477001	478611	423396	450900	512312	548692	481819
Tonnes	113903	99235	92895	98833	105123	114312	104050
CIF price in \$/t	4188	4823	4558	4562	4873	4800	4634
Calculated duties	3289	3066	1531	1463	1698	2287	2222
Calculated duties/CIF value	0,69%	0,64%	0,36%	0,32%	0,33%	0,42%	0,46%
Calculated duties in \$/tonne	28,9	30,9	16,5	14,8	16,2	20	21,2
Dutiable value	24807	28158	32475	32504	37735	50827	34418
Calculated duties/dutiable value	13,26%	10,89%	4,71%	4,50%	4,45%	4,50%	6,46%
Dutiable value/customs value	5,6%	6,3%	8,2%	7,8%	7,9%	10%	7,7%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

For biscuits and pastries (code 1905, Table 14) the tariff was only of 0.42% on the CIF value but of 4.5% on the dutiable value, against an EU tariff of 9% plus 24.2% on the value of the incorporated sugar and milk. According to Jacques Gallezot the EU average duty levied on cereals preparations in 2003 was 17.7% (no data for the US).

The coffee, tea, spices and preparations are the EU 5th agricultural surplus on the US (€400 M on average, of which €472 M in 2012) and here too the US has a zero MFN duty on coffee and preparations – which account for 78% of the trade surplus of this class 9 – against 7.5% in the EU for roasted coffee so that the EU would lose much in the abolition of tariffs.

Fats and oils are the 6th EU surplus (€386 M on average, of which €401 M in 2012), where the surplus in olive oil of €545 M (of which €599 M in 2012) exceeds largely the surplus of the classe 9. But, as the US has a zero duty on olive oil there is nothing to gain in the TTIP, the more so as the EU has very high MFN duties (from 1,245 €/t to 1,603 €/t).

Table 15 shows that the US duties on vegetable imports from the EU were of 4.2% of the CIF price or 6.1% on the dutiable value in 2012.

Table 15 – US CIF value and duties on vegetables imported from the EU27, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	123407	116928	128140	164502	169394	171236	145601
CIF value	157621	152523	174530	218063	229867	223014	192603
Tonnes	61435	54892	65675	91183	91536	107584	78718
CIF price in \$/t	2576	2779	2657	2391	2511	2073	2496
Calculated duties	5731	5638	5514	6986	8099	9303	6879
Calculated duties/CIF value	3,6%	3,7%	3,2%	3,2%	3,5%	4,2%	3,6%
Calculated duties in \$/tonne	93	103	84	77	88	86	87
Dutiable value	117840	111695	123410	155496	158769	151784	136499
Calculated duties/dutiable value	4,86%	5,05%	4,47%	4,49%	5,10%	6,13%	5,04%
Dutiable value/customs value	95,5%	95,5%	96,3%	94,5%	93,7%	88,6%	93,7%

On the other hand it is not easy to identify an average duty on the U imports of vegetables, but it is higher than 10% on most vegetables tariff lines.

Preparations of fruits and vegetables (table 16) represent the 7th EU agricultural surplus on the US, with €321 M on average (of which €405 M in 2012), where canned vegetables account for 85% of the total, while the EU average duties are of about 17 %, well above the US 4.5% on the CIF value and 5% on the dutiable value, so that there is again a big risk of deficit. J. Gallezot confirmed for 2003 that the US duties were of 4.7% in 2003 against 7.6% in the EU.

Table 16 – US CIF value and duties on preparations of fruits & vegetables imported from the EU, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	617366	621303	550888	612448	705615	744575	642033
CIF value	674394	671442	592546	660302	758599	805561	693807
Tonnes	299339	233112	227730	268582	314269	342867	280983
CIF price in \$/t	2253	2880	2602	2458	2414	2349	2493
Calculated duties	30604	25168	23392	30470	34422	35864	29987
Calculated duties/CIF value	4,54%	3,75%	3,95%	4,61%	4,54%	4,45%	4,32%
Calculated duties in \$/tonne	102	108	103	113	110	105	107
Dutiable value	598542	601546	534580	602898	685039	712639	622541
Calculated duties/dutiable value	5,11%	4,18%	4,38%	5,05%	5,02%	5,03%	4,82%
Dutiable value/customs value	97%	96,8%	97%	98,4%	97,1%	95,7%	97%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

Products of the milling industry (Table 17) represent the 8th EU surplus on the US with €138 M on average (of which €176 M in 2012), of which €60 M for wheat gluten where the US duty is

of 4.3% against 512 €/t in the EU, and a surplus of €37 M on starches with a US duty of 2.6% against 19.2% in the EU. Again the EU has everything to lose by removing the tariffs.

Table 17 – US CIF value and duties on products of the milling industry (11) imported from EU, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	232602	303472	277081	298269	322942	343012	296230
CIF value	259880	330397	299512	325386	355294	376850	324553
Tonnes	219970	237917	223524	251344	259933	312130	250803
CIF price in \$/t	1181	1389	1340	1295	1367	1207	1296
Calculated duties	8022	12273	10318	10770	9184	7269	9639
Calculated duties/CIF value	3,09%	3,72%	3,44%	3,31%	2,58%	1,93%	2,97%
Calculated duties in \$/tonne	36,5	51,6	46,2	42,9	35,3	23,3	38,4
Dutiable value	224986	295450	270314	289756	310849	327817	286529
Calculated duties/dutiable value	3,57%	4,15%	3,82%	3,72%	2,95%	2,22%	3,36%
Dutiable value/customs value	96,7%	97,4%	97,6%	97,1%	96,3%	95,6%	96,7%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

As for imports of cereals from the EU (table 18) the US duty on the CIF value was 0.9% in 2012 and of 1.3% on the dutiable value.

Table 18 – US CIF value and duties on cereals (10) imported from the EU, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	17862	62159	58949	42615	55829	101372	56464
CIF value	19201	66134	63178	45003	58764	106644	59821
Tonnes	25129	183968	267123	174772	116606	294894	177082
CIF price in \$/t	764	359	237	257	504	361	414
Calculated duties	133	278	615	409	414	935	464
Calculated duties/CIF value	0,69%	0,42%	0,97%	0,91%	0,70%	0,88%	0,78%
Calculated duties in \$/tonne	5,3	1,5	2,3	2,3	3,6	3,2	2,6
Dutiable value	12280	19496	38283	27514	37349	72116	34506
Calculated duties/dutiable value	1,08%	1,42%	1,61%	1,15%	1,11%	1,30%	1,34%
Dutiable value/customs value	68,7%	31,4%	64,9%	64,6%	66,9%	71,1%	61,1%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

If the EU has suspended the duties levied on the import of cereals in recent years, and again on December 23, 2013 from January 1, 2014, nevertheless they are still of 93 €/t for barley and they could be reestablished for the other cereals if the world prices (US prices CIF Rotterdam) fall below 155% of the intervention price.

J. Gallezot indicates that the EU duties imposed in 2003 on imports of cereals were of 14.1% and of 17.7% on cereal preparations (no data for the US).

Sugar and confectionery (table 19) is the 9th EU surplus over the US (€108 M on average, of which €132 M in 2012), where the confectionery accounted for 95% (103% in 2012) with an EU duty of 13.4% against 5.8% on the US CIF value and 6.2% on its dutiable value.

Table 19 – US CIF value and duties on confectionery (170490) imported from the EU, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	135307	125652	117427	130974	164930	178417	142118
CIF value	143743	133190	124999	139583	175216	188646	150896
Tonnes	41266	34812	34402	37738	44990	49391	40433
CIF price in \$/t	3483	3826	3633	3699	3895	3819	3726
Calculated duties	7896	7289	6876	8246	10215	10950	8579
Calculated duties/CIF value	5,5%	5,5%	5,5%	5,9%	5,8%	5,8%	5,7%
Calculated duties in \$/tonne	191	209	200	219	227	222	212
Dutiable value	134642	123917	116005	129910	163278	177073	140804
Calculated duties/dutiable value	5,9%	5,9%	5,9%	6,3%	6,3%	6,2%	6,1%
Dutiable value/customs value	99,5%	98,6%	98,8%	99,2%	99%	99,2%	99,1%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

The US CIF duty on refined sugar is 357.4 \$/t, which, for a world price of 584.2 \$/t in 2012, represents an AV rate of 61.2%. In the EU the duty is of 419 €/t, or 538.3 \$/t, which corresponds to an AV rate of 92.1%, or 50% higher than in the US. J. Gallezot DD indicates that the EU imposed in 2003 on imports of sugar and sweets were 21.2% (no data for the US).

Once again EU confectioners have everything to lose in the TTIP. This is confirmed by the CEFS (European Committee of Sugar Manufacturers): "*US is a huge net importer of sugar. CEFS doesn't see the reason why US should be granted concessions on sugar... If a FTA with US will be launched in the future, US will probably consider sugar as a sensitive product... European Commission is concluding ambitious bilateral/regional Free Trade Agreements (FTAs) with all parts of the world and TRQs have been already granted to Central America, Peru/Colombia and Ukraine. As already stated in different occasions sugar tariff lines should be excluded. In the same way products containing high amount of sugar should also be excluded from negotiations*"<sup>19</sup>.

Table 20 shows that the US duties on miscellaneous edible preparations from the EU27 in 2012 were 5.85% of the CIF value and 6.93% of the dutiable value. On the other hand the average EU duties are of about 10% although highly variable from one product to another.

Table 20 – US CIF value and duties on miscellaneous edible preparations (21) imported from the EU, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	378717	401682	458140	481665	542718	669359	488714
CIF value	408457	429996	483464	511574	575393	709574	519743
Tonnes	158648	142948	135466	152957	171151	186168	157890
CIF price in \$/t	2575	3008	3569	3345	3362	3811	3278
Calculated duties	28295	29433	27439	28442	33411	41537	31426
Calculated duties/CIF value	6,93%	6,84%	5,58%	5,56%	5,81%	5,85%	6,11%
Calculated duties in \$/tonne	178	206	203	186	195	223	199
Dutiable value	348139	373264	416426	433720	488293	599244	443181
Calculated duties/dutiable value	8,13%	7,89%	6,59%	6,56%	6,84%	6,93%	7,16%
Dutiable value/customs value	91,9%	92,9%	90,9%	90%	90%	89,5%	90,9%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

Let us now examine meats. Although the EU has a surplus of €85 M over the US it is probably the most risky sector. Indeed, if the EU has a surplus on pork with the US – €110 M on average, of which €145 M in 2012, with 33,191 t on average, of which 40,883 t in 2012 –, the US has been a net exporter to all destinations of 2,877 bn on average from 2007 to 2012 (of which \$3.827 bn in 2012 or €2.979 bn) with 1.051 Mt (of which 1.349 Mt in 2012). For its part the EU was a net exporter of pork to the rest of the world for €2.689 bn on average (of which €3.835 bn in 2012) with 1.244 Mt (of which 1.589 Mt in 2012) and its net exports to the rest the world have doubled from 2007 to 2012 but increased by only 28% to the US. And, from 2007 to 2012, US pork exports have increased by 132 % against 100% for those of the EU. Above all the duty on frozen carcasses is 12.5 times higher in the EU (536 €/t) than in the US (55 \$/t or 42.8 €/t in 2012) and it would therefore be folly to liberalize this market.

On the other hand the EU has not been able to export beef to the US since the BSE crisis, except the tiny 61 t exported in 2008 for \$ 4,000.

Table 21 shows that the US average rate of duties levied on the CIF value of all meats from all countries was only 0.16% in 2012 (0.36 % on average from 2007 to 2012) – which is due to the fact that only 20.8% of imports were taxed: zero duty with Canada and Mexico (NAFTA) and imports of pork from all countries are made also at zero duty – DD and the rate of the taxable

<sup>19</sup> [http://trade.ec.europa.eu/doclib/docs/2012/july/tradoc\\_149690.pdf](http://trade.ec.europa.eu/doclib/docs/2012/july/tradoc_149690.pdf)

value was 0.79% in 2012 and 1.83% on average from 2007 to 2012. And table 22 shows that the duties were even lower on imports from the EU – at 0.03% on the CIF value and 0.10% on the dutiable value – which is explained by the predominance of pigmeat imports (table 23) as those of beef are prohibited and there were no poultry imports since 2010 (table 24).

Table 21 – US CIF value and duties on meats (02) imported from all countries, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	4615138	4362976	3993326	4582263	5121772	5606981	4713743
CIF value	4782615	4510489	4140720	4718114	5258515	5780458	4865152
Tonnes	1451221	1270037	1320829	1277544	1179519	1245407	129076
CIF price in \$/t	4750	5029	5414	5521	5030	4967	3796
Calculated duties	58492	10500	10304	8448	7860	9212	17469
Calculated duties/CIF value	1,22%	0,23%	0,25%	0,18%	0,15%	0,16%	0,36%
Calculated duties in \$/tonne	58,1	11,7	13,5	9,9	7,5	7,9	18,3
Dutiable value	1006958	896919	764880	854638	1045384	1163882	955444
Calculated duties/dutiable value	5,81%	1,17%	1,35%	0,99%	0,75%	0,79%	1,83%
Dutiable value/customs value	21,8%	20,6%	19,2%	18,7%	20,4%	20,8%	20,3%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

And J. Gallezot indicates that the EU duties on meats imports in 2003 were of 14.6% and those on meat (and fish) preparations of 5.4% against 2.2% for the ones in the US (no data on meats).

Table 22 – US CIF value and duties on meats (02) imported from the EU, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	250354	248497	234509	239086	262653	287503	253767
CIF value	259438	258009	243375	247618	271580	297730	262958
Tonnes	49736	48751	46197	47170	47,09	50023	48161
CIF price in \$/t	5216	5292	5268	5249	5767	5952	5458
Calculated duties	79	76	67	63	70	83	73
Calculated duties/CIF value	0,03%	0,03%	0,03%	0,03%	0,03%	0,03%	0,03%
Calculated duties in \$/tonne	1,59	1,56	1,45	1,34	1,49	1,66	1,51
Dutiable value	63070	66732	61163	60030	74231	84453	68280
Calculated duties/dutiable value	0,13%	0,11%	0,11%	0,10%	0,09%	0,10%	0,11%
Dutiable value/customs value	25,2%	26,9%	26,1%	25,1%	28,3%	29,4%	26,9%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

Table 23 – US CIF value and duties on pig meat (0203) imported from the EU, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
CIF value	191757	186496	177448	182142	191646	207383	189479
Tonnes	43939	42552	40268	41103	40211	42235	41718
CIF price in \$/t	4364	4383	4407	4431	4766	4910	4544
Calculated duties	0	0	0	0	0	1	#0
Calculated duties/CIF value	0	0	0	0	0	#0	#0
Calculated duties in \$/tonne	0	0	0	0	0	#0	#0

Table 24 – US CIF value and duties on poultry meat (0204) imported from the EU, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
CIF value	1144	742	382	0	0	0	378
Tonnes	1088	708	365	0	0	0	360
CIF price in \$/t	1051	1048	1047				524
Calculated duties	15	8	5	0	0	0	4,67
Calculated duties/CIF value	1,31%	1,08%	1,31%				0,61%
Calculated duties in \$/tonne	1088	708	365				360

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

Let us consider also the primary deficit position to know if it may get worse or not. These are fruits with a deficit of €1.245 bn on average, of which €1.428 bn in 2012. Table 25 shows that the US rate of duties levied on the CIF value of fruits imports from the EU was 3.88% in 2012 (only 1.89% on average from 2007 to 2012) and the rate on the dutiable value of 5.30% in 2012 (and 2.87% on average).

Table 25 – US CIF value and duties on fruits (08) imported from the EU, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	210032	157054	131143	133698	152980	207816	165454
CIF value	277324	201020	174068	181173	204491	242079	213359
Tonnes	137637	84419	78580	78247	83279	104493	94443
CIF price in \$/t	2015	2381	2215	2315	2455	2317	2283
Calculated duties	4353	3362	2533	2253	2311	9390	4034
Calculated duties/CIF value	1,57%	1,67%	1,46%	1,24%	1,13%	3,88%	1,89%
Calculated duties in \$/tonne	31,6	39,8	32,2	28,8	27,8	89,9	42,7
Dutiable value	189713	132359	106723	112299	126208	177319	140770
Calculated duties/dutiable value	2,29%	2,54%	2,37%	2,20%	1,83%	5,30%	2,87%
Dutiable value/customs value	90,3%	84,3%	81,4%	84%	82,5%	85,3%	85,1%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

84% of the deficit is due to dried fruit (especially almonds) for €1.050 bn on average, of which €1.292 bn in 2012 (90.5% of the deficit). If the duties are lower in the EU than in the US for shelled almonds (69 €/t against 240 \$/t or 187 €/t in the US) the EU almond production receives a specific support of 121 €/ha, which has been incorporated into the SPS (single payment scheme) since 2012 (for €87 M in 2011) and the EU Member States may grant State aid at the same level. The US producers complain of these subsidies restricting their exports. The second item of the EU fruit trade deficit with the US concerns raisins for €102 M on average (€100 M in 2012). Although the US duties on raisins are not high (18 \$/t) as in the EU (2.40%), they are nevertheless twice as much in the EU due to the high world price. California producers complain of this high EU subsidies, as well as Australia which challenges the EU stance that the decoupled aid integrated into the SPS does not affect dumping.

J. Gallezot DD indicates that the EU duties on fruits imports in 2003 were at 10.4% and those on the preparations of fruits and vegetables at 7.6% (no data on the USA) .

Finally let us examine the US duties applied to the other two products that the CEPR considers the most sensitive and therefore not liberalized (table 3 above): tobacco, food industries residues and animal feed.

Table 26 shows that the US duties on imports of tobacco from all countries were only of 2.4% on the CIF value and 6.8% on the dutiable value in 2012, including 2.9% and 6.6% respectively for unmanufactured tobacco (code 2401) and 1.8% and 8.2% on cigars and cigarettes.

Table 26 – US CIF value and duties on tobacco (24) imported from all countries in 2012

In \$1,000	2401	2402	2403	Total
CIF value	909020	760556	50482	1735603
Calculated duties	26034	13573	750	40817
Value after duties paid	935054	770948	51548	1776420
Dutiable value	392737	165015	25196	597052
Calculated duties/CIF value	2.9%	1.8%	1.5%	2.4%
Calculated duties/dutiable value	6.6%	8.2%	3%	6.8%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

Tables 27 and 28 show that the rate of duties on the US imports from the EU were much lower on cigarettes than on other manufactured tobacco products and that, furthermore, there was little difference between the rate of duties on the CIF value and customs value for cigarettes, unlike for the unmanufactured tobacco.

Once again these very low rates give the lie to the CEPR report that the US duties on tobacco are at 43.2%, even if it does have several TLs up to 350%, which are the highest US agricultural rates of TLs – on codes 2401.20.35, 2401.20.87, 2401.30.70, 2403.19.90 and 2403.99.90, which does not correspond to cigars and cigarettes but to unmanufactured tobacco (2401 codes) and

other forms of tobacco (2403 codes) –, but we do not know what they represent in the total US production and consumption of tobacco. Especially these codes with prohibitive MFN tariffs are duty free for Canada and Mexico (NAFTA) and Israel. So that the reduction or elimination of these prohibitive duties would hardly bring benefits to the EU compared to these other competitors. Finally let us underscore that the US does not consider manufactured tobacco (including cigars and cigarettes) as an agricultural product.

Table 27 – US CIF value and duties on unmanufactured tobacco (2401) imported from the EU, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	87325	96271	95065	49370	41504	49242	69796
CIF value	92119	102545	98475	51177	43062	51140	73086
Tonnes	25757	29478	23385	11383	9101	10821	18320
CIF price in \$/t	3576	3479	4211	4496	4732	4726	3989
Calculated duties	1902	3159	2286	1390	533	963	1706
Calculated duties/CIF value	2,1%	3,1%	2,3%	2,7%	1,2%	1,9%	2,2%
Calculated duties in \$/tonne	10,4	17,5	17,6	20,3	7,3	14	14,6
Dutiable value	12484	27665	22658	15573	8857	13195	16739
Calculated duties/dutiable value	15,2%	11,4%	10,1%	8,9%	6%	7,3%	10,2%
Dutiable value/customs value	14,3%	28,7%	23,8%	31,5%	21,3%	26,8%	24%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

Table 28 – US CIF value and duties on cigarettes imported from the EU, 2007-12

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	11846	11157	10744	9270	11400	13537	11326
CIF value	12351	11597	11190	9670	11700	14006	11752
Tonnes	308	252	253	197	120	178	218
CIF price in \$/t	40,1	46	44,2	49,1	97,5	78,7	54
Calculated duties	383	293	301	242	105	182	251
Calculated duties/CIF value	3,10%	2,53%	2,69%	2,50%	0,90%	1,30%	2,14%
Calculated duties in \$/tonne	1,52	1,44	1,47	1,61	1,84	1,98	1,57
Dutiable value	11835	11149	10725	9270	11400	13485	11311
Calculated duties/dutiable value	3,24%	2,63%	2,81%	2,61%	0,92%	1,35%	2,22%
Dutiable value/customs value	99,91%	99,93%	99,82%	100%	100%	99,62%	99,87%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

Finally, tables 29 and 30 show that the US duties levied on imports of residues from food industries and feed from all countries in 2012 have been of only 0.07% on the CIF value and 1.28 % on the dutiable value, and of 0.31% and 1.35% respectively for imports from the EU, against 23.2% in the CEPR report!

Table 29 – US CIF value and duties on residues of food industries & feed from all countries, 2007-2012

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	1027333	1294123	1241030	1424106	1991630	2554516	1588790
CIF value	1088909	1361273	1303281	1498454	2090040	2663447	1667567
Calculated duties	579	895	747	1041	1262	1932	1076
Calculated duties/CIF value	0,053%	0,066%	0,057%	0,069%	0,060%	0,073	0,065%
Dutiable value	37312	59873	52252	75961	92729	151147	78212
Calculated duties/dutiable value	1,55%	1,49%	1,43%	1,37%	1,36%	1,28%	1,38%
Dutiable value/customs value	3,63%	4,63%	4,21%	5,33%	4,66%	5,92%	4,92%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

Table 30 – US CIF value and duties on residues of food industries & feed from the EU, 2007-2012

In \$1,000	2007	2008	2009	2010	2011	2012	Average
Customs value	149430	165697	171452	193258	241616	240954	193735
CIF value	155350	172153	177872	201882	251995	250939	201699
Calculated duties	253	483	433	657	735	787	558
Calculated duties/CIF value	0,16%	0,28%	0,24%	0,33%	0,29%	0,31%	0,28%
Dutiable value	15525	29915	29043	47218	53071	58268	38840
Calculated duties/dutiable value	1,63%	1,61%	1,49%	1,39%	1,38%	1,35%	1,44%
Dutiable value/customs value	10,4%	18,1%	16,9%	24,4%	22%	24,2%	20%

Source: <http://dataweb.usitc.gov/scripts/prepro.asp>

Let us conclude by noting that the much higher EU agricultural tariffs than in the US have led FoodDrinkEurope, the EU Federation of the agri-food industries, to declare on April 23, 2012: "*Considering that the tariff level for a major part of the food and drink exports to the US is already quite low, we believe that the EU food and drink industry as a whole has relatively little to gain from tariff dismantlement*"<sup>20</sup>.

#### **IV – Agricultural subsidies, a key forgotten factor of competitiveness**

Agricultural subsidies are a key factor to take into account in the TTIP, even if they are never part of bilateral agreements, particularly of the EU, under the pretext that they are to be regulated exclusively at the WTO, namely in the AoA.

Yet the informal road map for internal use by the European Commission of 20 June 2013 deals with subsidies but seems to exclude agricultural products: "*The EU is concerned about the subsidization not only of SOEs/SERs [State-owned enterprises/enterprises granted special or exclusive rights or privileges] but also of the private sector in some situations, e.g. by direct grants, below-market interest rates on loans or unlimited guarantees... The WTO Agreement on Subsidies and Countervailing Measures (ASCM) disciplines the use of subsidies, and regulates the actions countries can take to counter the effects of subsidies... The TTIP would provide an important opportunity to explore the shared concerns in this area, taking the already binding WTO disciplines, in particular those foreseen in the ASCM, as a starting point to improve the global approach*"<sup>21</sup>.

The exclusion of agricultural subsidies in the negotiations was emphasized by Jean-Claude Debar, director of FARM and specialist in the US farm policy in a roundtable organized on July 2 by the French Association of Agricultural Journalists<sup>22</sup>. Philippe Vinçon, head of the International relations in the French Ministry of Agriculture, said that it is totally wrong to say that the French and European farmers are more supported than the USA.

Clearly the EU producers of white meat do not receive direct payments but, as the US farmers, the EU producers of feeds – particularly of COPs: cereals, oilseeds, pulses – get large direct payments even if they are hidden in the SPS in the EU and in the fixed direct payments in the US, knowing that feed is by far the largest production cost of pork and poultry and a significant cost for red meat and milk. But the new 2014 Farm Bill has eliminated the fixed direct payments (\$4.955 bn in 2012) , which are the main subsidies as rising prices in recent years have almost eliminated anti-cyclical aids (marketing loans, counter- cyclical payments and ACRE payments) which fell at \$50 M in 2012, so that direct aid excluding insurance fell to \$7.148 bn – if you add the \$1.492 bn of subsidies of various disaster programmes (including milk and livestock) and \$651 M in compensation for tobacco producers who lost their production quotas – or fell to \$10.845 bn if one adds the \$3.697 bn on conservation. But subsidies to agricultural insurance, the backbone of the 2014 Farm Bill, became by far the largest agricultural subsidy: about \$9 bn in 2012, the same figure as the average estimated by the Government Accountability Office for the next 10 years. The only subsidies to insurance premiums in 2012 were \$2.681 bn for maize and \$1.469 bn for soybeans, the two main livestock feed.

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<sup>20</sup> [http://trade.ec.europa.eu/doclib/docs/2012/july/tradoc\\_149674.pdf](http://trade.ec.europa.eu/doclib/docs/2012/july/tradoc_149674.pdf)

<sup>21</sup> <http://www.iatp.org/documents/european-commissions-initial-position-papers-on-ttip>

<sup>22</sup> <http://www.youtube.com/watch?v=udY1qIb3SVQL>

Clearly the EU producers of white meat (pork and poultry) do not receive direct payments but, as the US ranchers, they get the direct payments included in the feedstuffs that the EU and US producers of cereals, oilseeds and pulses are getting, even if they are hidden in the EU Single Payment Scheme since 2005. And we know that feed is by far the largest production cost of pork and poultry and a significant cost of red meat and milk. The new 2014 Farm Bill has eliminated the fixed direct payments which have been the major US subsidies in recent years as the higher market prices have eliminated the anti-cyclical subsidies (marketing loans and counter-cyclical payments), even if the subsidies to insurance premium are now in the first place, particularly for maize (\$2.681 bn in 2012) and soybeans (\$1.469 bn in 2012). But the sum of these two US aids is much lower per tonne than the EU direct payments to cereals, oilseeds and protein crops hidden in the Single Payment Scheme.

To claim that European farmers are less supported than their US colleagues is risky because the EU agricultural budget was of €46.7 bn in 2012, or €69.4 bn when taking account the €12.7 bn for rural development and about €10 bn of State aids. If agricultural subsidies are calculated per full-time equivalent active agricultural worker (AWU, table 1) their amounts are close – \$7.909 in the US against \$8,322 in the EU27 – but, when calculated per hectare, the amount is about 10 times higher in the EU: \$477 against \$48.4 in the US.

We know that Shuanghui, first Chinese pork producer, has bought Smithfield Foods, the largest US pork producer also (15% of production). On the other hand China has imposed anti-dumping and countervailing duties since February 2010 on imports of US chickens' parts on the ground that feeds (cereals and soybeans) are subsidized. The U.S. responded by asking a panel against such rights and the panel issued its findings on August 2, 2013. While the panel condemned China because it did not correctly calculate the subsidies attributable to feed from chicken exports to China of the three US companies concerned, the panel did not question the fact that subsidies to feed consumed by the chickens can be allocated to the exported chicken parts. This means that, despite its defeat in this panel, China, which is likely to become a major exporter of US pork to China, could in the future sue the EU exports of poultry, pork and even dairy products, on the same ground that they are highly subsidized through feed consumed by these products. And the US itself could all the more agree to sue the EU that, after its condemnation by the WTO Appellate Body on 3 March 2005 that its fixed direct payments were not fully decoupled, hence not in the green box, the 2014 Farm Bill has deleted these fixed direct payments. So that, given this precedent, the Appellate Body would have the best chance to condemn the EU feed subsidies camouflaged in the SPS and now in the BPS (Basic Payment Scheme) for the CAP 2014-20.

More broadly the EU is totally unconscious that the US could to-morrow sue easily the EU at the WTO on all the EU agricultural exports because, as the BPS cannot be attributed to any specific product, it can be attributed to any or all of them.

And, as the TTIP will force the rest of the world, including the poorest DCs, to increase the opening of their markets, without the capacity to subsidize their own products, their underdevelopment can only increase.

#### **V - Non-tariff barriers (NTBs) on agricultural products**

The CEPR study indicates that "*non-tariff barriers are the highest for food and drinks, with a tariff equivalent of NTBs at 56.8 % for EU imports coming from the US while EU exports of these products to the US face an additional cost of 73.3%*". It is certain that health and environmental regulations are particularly strong on these products in the EU and the US, and are politically

very sensitive on both sides of the Atlantic, particularly in the EU for those on food safety and the cultural food model: GMOs, growth hormones, appellations of origin, standards for use of chemicals in the food chain, such as chlorinated chickens.

Specifically the contradictions on agricultural and food standards among the US States anticipate the difficulties that the EU would face for its exports to the US. Thus the new 2014 Farm Bill did not incorporate the King amendment passed in the House of Representatives' Farm Bill that would have prohibited States from regulating other States' means of agricultural production, among which California's rules requiring that eggs imported into the State from January 2015 be produced under standards ensuring that hens can spread their wings. Producers in other States are upwind because they would no longer be competitive, knowing that 45% of the eggs consumed in California come from other States. But the Farm Bill also kept in place the Country of Origin Labeling (COOL) law enacted in 2002, which "*helps guarantee food sovereignty and security for the United States of America*"<sup>23</sup>, but to the despair of six of the most powerful meat and poultry groups, including the American Meat Institute, National Chicken Council and National Pork Producers Council<sup>24</sup>. More broadly, many States have adopted some 150 more stringent than federal standards on various agricultural products and standards aspects: on pesticides, calves in battery, foie gras, cheese from raw milk, labeling of non-GMO products, etc. The proceedings of the Committee on Agriculture of the House of Representatives' meeting of 15 May 2013 show the conflict in the interpretation of the US Constitution that says at the same time that Congress has the power to regulate commerce with foreign countries as well as among the States of the Union and that the US is a federal State in which the 10th Amendment of the Constitution recognizes the right of each of its States to enact more stringent than federal standards<sup>25</sup>.

All these would be obstacles to the EU agro-industries export prospects in the TTIP. FoodDrinkEurope already stressed on April 23, 2012 that "*The abundance of regulation at the state level presents particular problems for companies without offices in the US. There are more than 2700 state and municipal authorities in the US, which require particular safety certifications or respect of particular environmental rules for products sold within their jurisdictions. These requirements are not always consistent with each other and not always transparent. Food imports are often confronted with additional state-level requirements leading to obstacles to trade. FoodDrinkEurope recommends working closely with the US to increase transparency of internal US rules for EU exporters*"<sup>26</sup>.

In brief the fact that the 50 US States and thousand of municipalites could maintain and even expand their specific agricultural and food norms demanded by the US citizens is an arguement that brings grist to the mill of the opponents to TTIP. So that the EU agri-food industries should ponder more on the huge risks they would face in agreeing to support the TTIP.

This is an additional reason not to weaken the EU standards but to expand them, including on social and environmental aspects. Which would be in line with the right of each country or group of countries of comparable level of development to base its agricultural and food policy on food sovereignty, as long as it does not harm the rest of the world, including through the dumping of its exports camouflaged under alleged decoupled aids notified in the green box.

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<sup>23</sup> <http://dakotarural.org/2014-farm-bill-passes/>

<sup>24</sup> <http://www.politico.com/story/2014/01/farm-bill-review-102726.html>

<sup>25</sup> <http://farmpolicy.com/wp-content/uploads/2013/05/Ag-Committee-MarkupKingAmd13May15.pdf>

<sup>26</sup> [http://trade.ec.europa.eu/doclib/docs/2012/july/tradoc\\_149674.pdf](http://trade.ec.europa.eu/doclib/docs/2012/july/tradoc_149674.pdf)

**Annexes on EU and France's shares in agricultural trade with the US and all countries in 2012**

**Table 31 – France's agricultural trade with the US, intra-EU27 and extra-EU27 in 2012 for Eurostat**

Euros million Harmonized System codes	France-US			France-intraEU27			France-extraEU27		
	X	M	B	X	M	B	X	M	B
Agricultural products of the Harmonized System nomenclature, classes 01 to 24									
01- Live animals	8	19,8	-11,8	1608	211	1397	356	39	317
02- Meats	0,6	0,1	0,5	2571	4432	-1830	958	132	826
03- Fish	9,2	161,9	-152,7	848	2431	-1583	294	1264	-970
04- Dairy produce	143,1	4,2	138,9	4523	2943	1580	1568	97	1471
05- Products of animal origin	3,1	8,3	-5,2	124	290	-165	99	117	-18
06- Live trees and other plants	1,6	0,8	0,8	112	1074	-962	33	24	9
07- Vegetables	8	19,0	-11	1603	1875	-273	315	623	-308
08- Fruits	7,5	99,4	-91,9	1276	2593	-1318	358	1115	-757
09- Coffee, tea, spices	16,4	1	15,4	380	943	-562	76	1175	-1099
10 - Cereals	6,7	7,6	-0,9	4444	519	3926	2517	197	2320
11- Milling products	6,9	2,8	4,1	654	389	265	475	16	459
12- Oilseeds	22,8	55,5	-32,7	1398	567	831	317	679	-362
13- Lac, gums, resins	84,9	17,7	67,2	189	125	64	229	129	100
14- Vegetable plaiting materials	0,2	0,3	-0,1	7	16	-9	4	12	-8
15- Animal and vegetable fats and oils	17,3	5,7	11,6	1342	1568	-226	175	658	-483
16- Preparations of meats and fish	13,4	6,6	6,8	687	1078	-391	165	556	-391
17- Sugars and sugar confectionery	10,9	2,9	8	1956	791	1165	404	108	296
18- Cocoa and cocoa preparations	50,3	1,3	49	1368	1647	-279	377	657	-280
19- Preparations of cereals	52,1	6	-5,4	2382	2568	-186	951	189	762
20- Preparations of vegetables, fruit	68,8	7,7	61,1	1151	2815	-1665	393	385	8
21- Miscellaneous edible preparations	65,4	21,3	44,1	1472	1633	-160	969	278	691
22- Beverages	2078	129,1	1948,9	6567	2800	3767	7598	353	7245
23- Residues, oilseeds meals	44,8	4	40,8	1795	1477	318	606	1136	-530
24- Tobacco	4,2	9,5	-5,3	329	1865	-1536	657	109	548
Total classes 1 to 24	2724	593	2131	38786	36650	2168	19894	10048	9846
Other agricultural products outside the HS classes 01 to 24 du SH, according to the WTO Agreement on agriculture									
Total other agricultural products, of which:	111	47,3	64	1051	593	458	668	363	305
" 3301 essential oils	48	9	39	88	80	8	124	151	-27
" 3501 caseins, caseinates	16,4		16	124	32	92	101	4	97
" 3503 gelatin	24,5	0,4	24	60	46	14	93	6	87
" 3505 dextrin	10,6	0,4	10	231	117	114	65	2	63
" 4103 other raw skins	0	23,5	-23,5	18	2	16	7	66	-59
Main traded beverages									
Mineral water	88	2	86	765	673	92	463	36	427
Wines	1034	32	1002	3700	506	3194	4111	123	3988
Spirits, of which:	926	84	842	824	850	-26	2857	138	2719
Ethylic un denatured alcohol >80% abv	5	10	-5	667	75	592	40	35	5
Total of agricultural products plus fish and preparations									
Total	2835	640	2195	39837	37243	2626	20562	10411	10151
Fish preparations									
Fish preparations	13,2	6,6	7	228	584	-356	43	511	-468
Fish + preparations									
Fish + preparations	22,4	168,5	146	1076	3015	-1939	337	1774	-1437
Total of agricultural products according to the AoA (without fish and preparations)									
	2813	471	2342	38761	34228	-4533	20225	8637	11588
Total of agricultural products without beverages									
Total without beverages	735	342	393	32194	31428	766	12627	8284	
The same total + natural rubber – manufactured tobacco*									
Natural rubber	2,3		2,2	84	64	20	36	417	-381
Manufactured tobacco	1,4		1,4	279	1827	-1548	534	22	512
Grand total + natural rubber – manufactured tobacco									
	2814	471	2341	38566	32465	6101	19727	9032	10695

Source: Eurostat; X: exports; M: imports; B: balance. \* Contrary to the EU and the WTO AoA, the US does not consider manufactured tobacco as an agricultural product but include natural rubber.

Tableau 32 – France's agricultural trade with the US, intra-EU27, extra-EU27 in 2012 for French Customs

Euros million Codes SH	France-US			France-intraEU27			France-extraEU27			France-intra+extraEU27		
	X	M	S	X	M	S	X	M	S	X	M	S
01- Live animals	8	19,4	-11,4	1579,9	201,3	1378,6	355,8	43	312,8	1935,6	244,3	1691,3
02- Meats	0,6	5,2	-4,6	2539,3	4149,9	-1610,6	957,7	302,2	655,5	3497	4452,2	-955,2
03- Fish	9,2	199,6	-190,3	796,7	1424,6	-627,9	294,1	2217,2	-1923,1	1090,9	3641,8	-2550,9
04- Dairy produce	143,1	6,7	136,4	4479,8	2770,7	1709,1	1567,4	198,6	1368,8	6047,2	2969,3	3077,9
05- Products of animal origin	3,1	12,2	-9,1	119,7	243,9	-124,2	99,7	153,2	-53,5	219,3	397,1	-177,8
06- Live trees and other plants	1,6	1,7	-0,1	102,9	934,2	-831,3	33,2	52,3	-19,1	136	986,4	-850,4
07- Vegetables	8	22,4	-14,4	1540,1	1649,5	-109,4	314,4	787,6	-473,2	1854,5	2437,1	-582,6
08- Fruits	7,5	156,2	-148,7	1229	1970,1	-741,1	358,5	1706,4	-1347,9	1587,5	3676,5	-2089
09- Coffee, tea, spices	16,4	1	15,4	385	777,7	-392,7	76	1328,8	-1252,8	460,9	2106,4	-1645,5
10 - Cereals	6,7	11,6	-4,9	4439,6	417,6	4022	2517	283,3	2233,7	6956,6	700,9	6255,7
11- Milling products	6,9	6,8	0,1	653,3	366,2	287,1	476	28,9	447,1	1129,3	395,2	734,1
12- Oilseeds	22,8	59,8	-37	1377,7	486,6	891,1	321,2	739,5	-418,3	1698,9	1226,1	472,8
13- Lac, gums, resins	84,9	18,4	66,5	183,8	108,7	75,1	228,8	140,6	88,2	412,7	249,2	163,5
14- Vegetable plaiting materials	0,2	0,3	-0,2	5,4	13	-7,6	3,6	12,4	-8,8	9,1	25,4	-16,3
15- Animal & vegetable fats & oils	17,3	8,4	8,9	1337,5	1498,9	-161,4	175,2	701,3	-526,1	1512,7	2200,2	-687,5
16- Preparations of meats and fish	13,4	7	6,4	656,9	952,4	-295,5	165,3	651,3	-486	822,2	1603,8	-781,6
17- Sugars and sugar confectionery	10,9	3,7	7,2	1963,4	741,9	1221,5	404,3	137,3	267	2367,7	879,2	1488,5
18- Cocoa and cocoa preparations	50,3	1,5	48,8	1369,8	1538,4	-168,6	377,1	722,3	-345,2	1746,9	2260,7	-513,8
19- Preparations of cereals	52,8	6,9	45,9	2357,9	2481	-123,1	950,9	237,8	713,1	3308,7	2718,8	589,9
20- Preparations of vegetables, fruit	68,8	44,3	24,4	1131,4	2326,3	-1194,9	392,8	809	-416,2	1524,2	3135,3	-1611,1
21- Miscellaneous edible preparations	65,4	29,4	36	1455,7	1532,6	-76,9	969,2	350	619,2	2424,9	1882,6	542,3
22- Beverages	2078,2	139	1939,2	6313,4	2546,7	3766,7	7598,5	528,4	7070,1	13911,9	3075	10836,9
23- Residues, oilseeds meals	44,8	6,7	38,1	1789,8	1298,1	491,7	605,8	1273,2	-667,4	2395,6	2571,4	-175,8
24- Tobacco	4,2	12,5	-8,2	285,9	1850,3	-1564,4	341,8	130,2	211,6	627,7	1980,5	-1352,8
Total classes 1 to 24	2724,9	780,6	1944,3	38093,9	32280,6	5813,3	19584,3	13534,8	6049,5	57678	45815,4	11862,6
Sub-total food products*	2631,1	735,6	1895,5	37396,2	29130,5	8265,7	18877,2	13046,1	5831,1	56273,2	42176,8	14096,4
Sub-total food products minus fish	2621,9	536	2085,8	36599,5	27705,9	8893,6	18583,1	10828,9	7754,2	55182,3	38535	16647,3
Sub-total **minus fish preparations**	2598,4	377,4	2221									

Source: data processed by the French Customs; \* the sub-total of food products corresponds to codes 01 to 24 minus codes 05, 06, 13, 14 and 24 of the HS-2, because the French Customs do not use the SITC nomenclature (codes 0, 11, 22 et 4); \*\* lack of time to identify fish preparations for France-intraEU27, extraEU27, all countries.

Table 33 – Agricultural trade intra-EU27 and extra-EU27 in 2012 according to Eurostat

Euros million Harmonized System codes	EU27 to EU27-intra			EU27 to EU27-extra			EU27intra/EU27extra	
	X	M	B	X	M	B	X	M
Agricultural products of the Harmonized System nomenclature, classes 01 to 24								
01- Live animals	7953	7728	225	205	264	-59	3,87	29,30
02- Meats	34562	32816	1746	8403	3663	4740	4,11	8,96
03- Fish	13931	13503	428	3288	14552	-11264	4,24	0,93
04- Dairy produce	30156	30275	-119	9195	1042	8153	3,28	29,06
05- Products of animal origin	1964	2097	-133	833	1338	-505	2,36	1,57
06- Live trees and other plants	9787	8469	1318	2003	1588	415	4,89	5,34
07- Vegetables	16229	17124	-895	2796	3631	-835	5,80	4,72
08- Fruits	19088	18793	295	3899	13865	-9966	4,90	1,36
09- Coffee, tea, spices	6345	5658	687	1723	10698	-8975	3,68	0,53
10 - Cereals	14291	13891	400	5682	4656	1026	2,52	2,98
11- Milling products	3653	4044	-391	2367	153	2214	1,54	26,42
12- Oilseeds	9768	9577	191	2401	9894	-7493	4,07	0,97
13- Lac, gums, resins	1070	1065	5	954	887	67	1,12	1,20
14- Vegetable plaiting materials	93	85	8	14	22	-8	6,87	0,39
15- Animal and vegetable fats and oils	16065	15608	457	4755	9460	-4705	3,38	1,65
16- Preparations of meats and fish	11010	10526	484	1550	5650	-4100	7,10	1,86
17- Sugars and sugar confectionery	9178	9311	-133	2407	2819	-412	3,81	3,30
18- Cocoa and cocoa preparations	12091	11491	600	4367	4921	-554	2,77	2,34
19- Preparations of cereals	18325	18290	35	7835	1199	6636	2,34	15,26
20- Preparations of vegetables, fruit	16184	15898	286	4221	4894	-673	3,83	3,25
21- Miscellaneous edible preparations	15199	15678	-479	6834	2547	4287	2,22	6,16
22- Beverages	28919	28774	145	24950	5341	19609	1,16	5,39
23- Residues, oilseeds meals	15287	14881	406	3943	10467	-6524	3,88	1,42
24- Tobacco	10805	11580	-775	5415	2649	2766	2,00	4,37
Total classes 1 to 24	321954	317161	4793	111888	116393	-4505	2,88	2,72
Other agricultural products outside the HS classes 01 to 24, according to the WTO Agreement on agriculture								
Total of other agricultural products outside 1 to 24	8026	7341	685	6168	6741	-573	1,30	1,09
Total of agricultural products plus fish and preparations								
Total	329980	324502	5478	118056	123134	-5078	2,80	2,64
Fish preparations								
Fish preparations	3826	3652	174	637	3978	-3341	6,01	0,92
Fish + preparations								
Fish + preparations	17757	17155	602	3925	18530	-14605	4,52	0,93
Total of agricultural products according to the AoA (without fish and preparations)								
	312223	307347	4876	114131	104604	9527	2,74	2,94
Trade in natural rubber and manufactured tobacco*								
Natural rubber	987	1207	-220	34	3026	-2992	29,03	0,40
Manufactured tobacco	10594	11549	-955	5292	2562	2730	2,00	4,51
Grand total + natural rubber – manufactured tobacco								
	302616	297005	5611	108873	105068	3805	2,78	2,83

Source: Eurostat; X: exports; M: imports; B: b&lance. \* Contrary to the EU and the WTO AoA, the US does not consider manufactured tobacco as an agricultural product but include natural rubber

Table 34 – Share of US agricultural trade with the EU27 in 2012\*

Euros million	US-EU27 trade			US extra-US trade			US-EU27/US-extra		
	X	M	B	X	M	B	X	M	B
Agricultural products of the Harmonized System nomenclature, classes 01 to 24									
01- Live animals	131	226	-95	927	2059	-1132	14,1%	11%	8,4%
02- Meats	177	235	-58	12534	4500	8035	1,4%	5,2%	0,1%
03- Fish	749	351	398	3906	10388	-6482	19,2%	3,4%	-0,6%
04- Dairy produce	53	730	-677	3309	1693	1617	1,6%	43,1%	-0,42%
05- Products of animal origin	69	41	28	697	720	-23	9,9%	5,7%	-122%
06- Live trees and other plants	86	201	-115	311	145	-1139	27,7%	138,6%	101%
07- Vegetables	195	162	33	3151	6187	-3036	6,2%	2,6%	-1,1%
08- Fruits	1604	177	1427	10318	8856	1462	15,5%	2%	97,6%
09- Coffee, tea, spices	27	500	-473	1007	6505	-5497	2,7%	7,7%	8,6%
10 - Cereals	382	71	311	16063	2568	13495	2,4%	2,8%	2,3%
11- Milling products	35	208	-173	742	1071	-329	4,7%	19,4%	52,6%
12- Oilseeds	1281	179	1102	23051	1887	21164	5,6%3	9,5%	5,2%
13- Lac, gums, resins	151	223	-72	580	3425	-2846	26%	6,5%	2,5%
14- Vegetable plaiting materials	9	1	8	38	68	-30	23,7	1,5%	-26,7%
15- Animal and vegetable fats and oils	355	756	-401	36127	4844	-1231	1%	15,6%	32,6%
16- Preparations of meats and fish	112	147	-35	1529	3631	-2101	7,3%	4%	1,7%
17- Sugars and sugar confectionery	59	191	-132	1981	3546	-1565	3%	5,4%	8,4%
18- Cocoa and cocoa preparations	44	697	-653	1334	3282	-1948	3,3%	21,2%	33,5%
19- Preparations of cereals	81	666	-585	3010	4186	-1176	2,7%	15,9%	49,7%
20- Preparations of vegetables, fruit	245	650	-405	3695	5629	-1934	6,6%	11,5%	20,9%
21- Miscellaneous edible preparations	484	485	-1	5591	3232	2358	8,7%	15%	-0%
22- Beverages	1240	7854	-6614	5393	16144	-10751	23%	48,6%	61,5%
23- Residues, oilseeds meals	578	140	438	7594	2077	5517	7,6%	6,7%	7,9%
24- Tobacco	369	104	265	1287	1457	-170	28,7%	7,1%	-156%
Total classes 1 to 24	8516	14995	-6479	111660	99404	12256	7,6%	15,1%	
Other agricultural products outside the HS classes 01 to 24, according to the WTO Agreement on agriculture									
Total of other agricultural products	575	485	90	8711	2167	6544	6,6%	22,4%	1,8%
Total of agricultural products plus fish and preparations									
	9091	15480	-6389	120371	101571	18800	7,6%	15,2%	
Fish preparations									
Fish preparations	110	86	24	380	3143	-2763	28,9%	2,7%	-1%
Fish + preparations									
Fish + preparations	859	437	422	4286	13531	-9245	20%	3,2%	-4,6%
Total of agricultural products according to the AoA (without fish and preparations)									
Total agricultural products	8232	15043	-6811	116085	88039	28046	14,4%	34,1%	
Total of agricultural products without beverages									
Total without beverages	6992	7189	-197	110692	71895	38797	6,3%	10%	
Trade in natural rubber and manufactured tobacco**									
Natural rubber	12	63	-51	409	691	-282	2,9%	9,1%	18,1%
Manufactured tobacco	11	3	8	136	2758	-2622	8,1%	0,1%	-0,3%
Grand total + natural rubber – manufactured tobacco									
Total + caoutchouc-tabac manufact.	8233	15103	-6870	115812	90107	25705	7,1%	16,8%	

Source: Eurostat and Comtrade; X: exports; M: import; B: balance; \* here trade is considered from the US point of view: exports are those of the US to the EU. Total US trade data come from Comtrade and dollars are converted into euros at the exchange rate of 1.2848 dollar for 1 euro in 2012. \*\* Contrary to the EU and the WTO AoA, the US does not consider manufactured tobacco as an agricultural product but include natural rubber. This table has revised some errors of calculation in "Total of agricultural products" in the paper circulated on 29 June 2013.