



February 3, 2012

BY ELECTRONIC FILING

The Honorable Ron Kirk
United States Trade Representative
Office of the U.S. Special Trade Representative
600 17th Street NW
Washington, DC 20508

Re: Docket Number USTR-2012-0001 – Request for Comments on U.S.-EU High Level Working Group

Dear Ambassador Kirk:

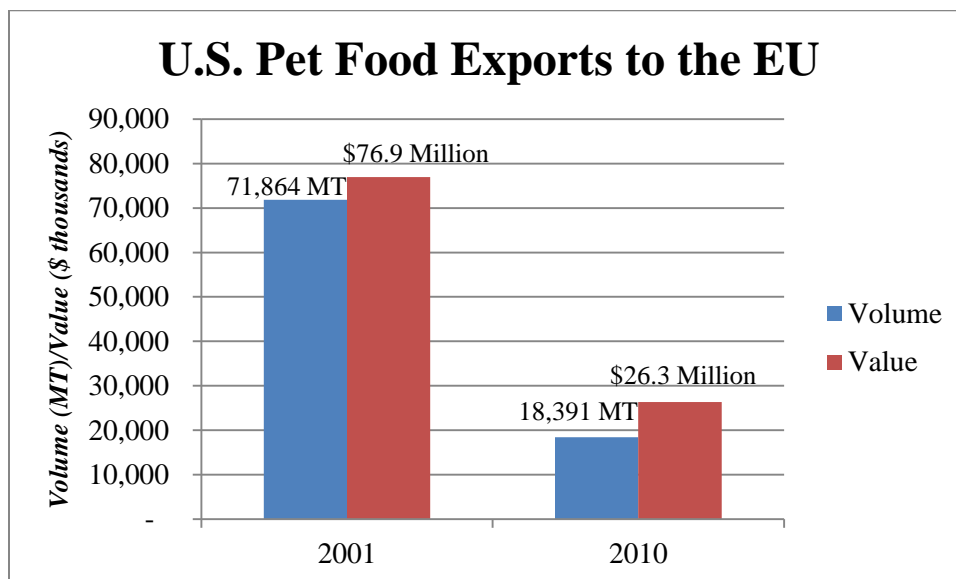
The American Feed Industry Association (AFIA) appreciates the opportunity to comment on this important issue for our members. AFIA is the world's largest organization devoted exclusively to representing the business, legislative and regulatory interests of the U.S. animal feed industry and its suppliers. Founded in 1909, AFIA represents the total feed industry, and its members include more than 500 companies and state, regional and national associations. Member companies are livestock feed and pet food manufacturers, integrators, pharmaceutical companies, ingredient suppliers, equipment manufacturers and companies which supply other products, services and supplies to feed manufacturers. The U.S. feed industry plays a critical role in the production of healthy and wholesome meat, milk, fish and eggs, and has a long history of providing safe ingredients and animal feed for use domestically and abroad. AFIA member firms manufacture 75% of the 165 million tons of U.S. feed annually.

AFIA is encouraged by the establishment of a joint High Level Working Group on Jobs and Growth between the U.S. and the European Union (EU). The negotiation of a U.S.-EU free trade agreement (FTA) is a possibility that must be explored when assessing options for generating jobs and economic growth. However, any FTA between the U.S. and the EU must follow the intent and comprehensive scope of a high-standard, truly reciprocal 21st-century agreement.

The future growth of the U.S. feed industry lies in exports; however, the industry needs the support of the Administration to remove barriers to trade and enforce trade rules. Negotiating agreements that are not comprehensive at the expense of one industry sector over another is not in the spirit of free trade. The biggest grievance the U.S. feed industry has against the EU is its regulatory regime, which often conflicts with not just the interests of the U.S., but also with WTO rules.

For example, in 2002, the EU published Regulation (EC) 1774/2002, which established new requirements for animal co-products used for animal consumption. These new requirements immediately restricted U.S. exports of pet food, tallow and animal protein products. While the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) has been working with the EU to address these restrictions and some progress has been made with two new regulations [Regulation (EC) 1069/2009 and Regulation (EC) 142/2011], there still remain serious restrictions which continue to limit access of these U.S. products to the EU market.

In taking a look at just the effects of U.S. pet food exports to the EU since the establishment of these regulations, U.S. market share went from 3.0% (71.9 TMT/\$76.9 Million) in 2001 (EU-15) to .55% (18.4 TMT/\$26.3 Million) in 2010 (EU-27).



Source: Global Trade Atlas

U.S. exports of animal fat to the EU went from 72,000 MT (\$19.3 Million) in 2001 (EU-15) to 93 MT (\$83,000) in 2010 (EU-27). The U.S. market share went from 15% to .02%. Exports of corn gluten feed (HS Code 2303100010), corn gluten meal (2303100020), distiller's dried grains with solubles (HS Code 23033) and animal feed (HS Code 2309), which includes pet food, livestock and poultry feed, mixed feed and other (but not all) feed ingredients, have significantly decreased. Exports of these products have gone from 3.9 MMT (\$542 Million) in 2001 to 1.1 MMT (\$279 Million) in 2010. Of the 1.1 MMT that were exported to the EU in 2010, 1.0 MMT consisted of corn gluten feed, corn gluten meal and distiller's dried grains.

U.S. Exports of Feed to the EU
HS Code 2303100010, 2303100020, 23033, 2309

Source: Global Trade Atlas and Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Country	2001		2010	
	Quantity (MT)	Value (\$)	Quantity (MT)	Value (\$)
Austria	311	\$ 338,327	295	\$ 554,405
Belgium	29,587	\$ 25,401,448	18,839	\$ 27,811,147
Denmark	232,496	\$ 25,593,097	1,181	\$ 1,443,363
Finland	3,951	\$ 3,041,015	3,763	\$ 3,537,863
France	32,752	\$ 7,721,248	8,800	\$ 4,622,952
Germany	546,784	\$ 60,698,230	34,950	\$ 14,129,838
Greece	1,727	\$ 1,367,047	465	\$ 838,619
Ireland	276,827	\$ 46,528,613	572,509	\$ 100,727,077
Italy	37,887	\$ 17,461,397	5,369	\$ 7,139,215
Luxembourg	-	\$ -	-	\$ -
Netherlands	1,181,286	\$ 148,016,663	54,026	\$ 28,027,148
Portugal	787	\$ 49,155,820	26,552	\$ 5,870,296
Spain	689,616	\$ 62,627,005	172,152	\$ 26,051,180
Sweden	5,202	\$ 4,240,181	1,713	\$ 1,819,861
United Kingdom	866,495	\$ 89,473,011	237,087	\$ 48,544,972
Bulgaria	<i>n/a</i>	<i>n/a</i>	95	\$ 124,500
Cyprus	<i>n/a</i>	<i>n/a</i>	190	\$ 201,389
Czech Republic	<i>n/a</i>	<i>n/a</i>	846	\$ 1,404,528
Estonia	<i>n/a</i>	<i>n/a</i>	-	\$ -
Hungary	<i>n/a</i>	<i>n/a</i>	449	\$ 845,698
Latvia	<i>n/a</i>	<i>n/a</i>	1,045	\$ 2,429,596
Lithuania	<i>n/a</i>	<i>n/a</i>	489	\$ 565,538
Malta	<i>n/a</i>	<i>n/a</i>	9	\$ 18,166
Poland	<i>n/a</i>	<i>n/a</i>	1,376	\$ 1,559,309
Romania	<i>n/a</i>	<i>n/a</i>	484	\$ 489,362
Slovakia	<i>n/a</i>	<i>n/a</i>	-	\$ -
Slovenia	<i>n/a</i>	<i>n/a</i>	284	\$ 399,510
U.S. TOTAL Exports to EU	3,905,708	\$ 541,663,102	1,142,968	\$ 279,155,532
U.S. TOTAL World Exports	8,567,136	\$ 2,276,100,159	12,803,560	\$ 2,890,698,000
% U.S. Exports to EU	46%	24%	9%	10%

The U.S. needs to not only regain lost markets for feed and feed ingredients in the EU, but also has the potential to gain markets in the EU for new feed products if regulatory constraints are revised to reflect real science. In addition, the EU has the significant weight of 27 votes in international standard-setting bodies such as Codex Alimentarius Commission, which gives the EU the ability to legitimize non-science-based measures.

AFIA understands there are important considerations to weigh and issues to be addressed if a U.S.-EU FTA were to be considered. This includes, but is not limited to, the EU's willingness to acknowledge publicly it accepts an FTA that is comprehensive in scope with regulatory components based on sound science. AFIA strongly believes that in the negotiation of such an agreement, each party must agree without reservation that sanitary and phytosanitary (SPS) and quality specifications – and ensuing certifications – must be held to the highest global standard and enforced through a strong, consistent program among all participants.

AFIA appreciates the opportunity to provide comment and supports the promotion of growth and job creation through cooperation with the EU. If you have any questions or AFIA can provide any other input or assistance, please don't hesitate to contact me.

Sincerely,

Gina Tumbarello
Manager, International Trade