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Report Highlights:

In calendar year 2013, the EU enjoyed a \$4 billion trade surplus with the United States in agriculture and related products. Although it is not surprising that the EU Member States (MS) that are most profitable in the agricultural sector are the most vocal against facilitating an agricultural trade deal between the United States and the EU. It is less clear why a MS such as Germany, having a significant agricultural trade deficit, seems to be less than enthusiastic about negotiating an agreement. It could be asserted that MS including Bulgaria and Austria, having increased their agricultural exports to the United States over time without the benefit of a trade deal, see no reason to promote one now.

General Information:

EU-U.S. Agricultural Trade in the T-TIP

On June 14, 2013, the Council, comprising the 28 sovereign Member States (MS) of the EU, approved the mandate for the Commission to begin negotiating the Transatlantic Trade and Investment Partnership (TTIP) with the United States. With this mandate, the Commission is authorized to negotiate on market access, regulatory issues and non-tariff barriers. The Council's view on the content of the negotiations is shaped by each individual MS's position and its respective weight in the voting process. The number of votes allocated to a MS is determined by the size of its population, with an adjustment that leads to relative over-representation of the countries with small populations.

Agriculture is a particularly contentious issue within TTIP and those MS that have been allocated the largest number of votes have a significant influence on sensitive agricultural issues.

Although the European Parliament has no formal role in the negotiating procedure, the Parliament's consent is required to conclude an agreement. The Parliament's Resolution of May 23, 2013 urging the Council to approve the negotiating mandate for TTIP emphasized that the agreement should include "...strong protection of precisely and clearly defined areas of intellectual property rights, including geographical indications..." and identified agriculture as a sensitive area in the negotiations "...where perceptions of GMOs, cloning and consumer health tend to diverge between the U.S. and the EU".

Total bilateral agricultural trade between the EU and the United States is valued at around \$30 billion, \$34 billion when related products such as ethanol, biodiesel, distilled spirits and fish and forestry products are included. The EU has an agricultural trade surplus with the United States, any way you look at it. When one includes agricultural related products, the EU enjoyed a \$4 billion advantage in 2013. When one calculates strictly agricultural products, the value of EU agricultural exports is \$6 billion more than its imports from the United States. The EU ships mostly high-valued consumer oriented products and the United States ships primarily bulk commodities.

The number of votes at the Council allocated to individual MS ranges from the 29 (France, Germany, Italy and UK) and 27 (Poland and Spain) at the high end, to 4 (Cyprus, Estonia, Latvia, Luxembourg and Slovenia) and 3 (Malta) at the low end. Sixteen MS have 10 or more votes and of those, 7 (France, Italy, Greece, Hungary, Czech Republic, Austria and Bulgaria) have significant trade surpluses with the United States. The amassed votes allocated to these 7 MS represent 32 percent of the total 352 votes at Council. Of those MS, France and Italy enjoy the highest agricultural trade surplus with the United States.

Distribution of Votes for Each Member State

Germany, France, Italy, United Kingdom	29
Spain, Poland	27

Romania	14
Netherlands	13
Belgium, Czech Republic, Greece, Hungary, Portugal	12
Austria, Bulgaria, Sweden	10
Croatia, Denmark, Finland, Ireland, Lithuania, Slovakia	7
Cyprus, Estonia, Latvia, Luxembourg, Slovenia	4
Malta	3
TOTAL	352

EU-U.S. Agriculture Trade by Selected Member States

France, for instance, exported \$2.7 billion worth of agricultural and related products to the United States in 2013 while the United States shipped only \$924 million to France. More than one half of France's agricultural exports to the United States was in wine and beer (\$1.4 billion), followed by exports of cheese (\$194 million, the highest since 1970). These two big ticket items are already strongly protected under the geographical indications scheme and Americans will certainly continue to import French wine and cheese. Thus, they are not threatened. The largest exports, value-wise, from the United States to France are distilled spirits and their value is much less (\$130 million) than the amount of French cheese entering the United States.

Italy's agricultural and related product exports to the United States reached an unprecedented level of \$3.9 billion, while the United States' exports, although reaching a record high, attained only \$1.3 billion. As with France, Italy's most profitable exports were in the wine (\$1.7 billion, the highest since 1970) and cheese (\$310 million) category, and, of course vegetable (olive) oils (\$576 million). The United States' top export, tree nuts, was valued at \$236 million.

Also in 2013, Austria exported nearly three quarters of a billion dollars' worth of agricultural and related products (\$664 million) while the United States only exported \$63 million dollars to Austria. Greek agricultural exports to the United States grew to \$288 million while U.S. exports to Greece were only at \$104 million. Bulgaria exported a record high of \$93 million and imported \$38 million worth of agricultural products last year from the United States (both in tobacco). Hungary exported \$65 million and imported only \$43 million worth of agriculture products from the United States. The Czech Republic exported \$53 million and imported \$32 million.

Eight MS' exports to the United States reached record highs with significant growth although the United States had positive trade balances with them. Poland's exports of agricultural and related products to the United States reached a record high of \$348 million with analogous U.S. exports to Poland being \$395 million. Portugal's U.S. exports of \$134 million were the highest since 1970, and its imports from the United States declined by 28 percent over the previous year to \$180 million. Bulgaria's record exports to the United States of \$93 million represented a 15 percent increase on the previous year's levels. Imports from the United States reached \$38 million. Romania more than doubled its exports of agricultural and related products to the United States reaching a record of \$37 million and imported \$55 million.

Although Germany, UK and Poland exported less than they imported from the United States last year, they still reached record highs, as did Spain and Belgium. Germany's exports to the United States were

valued at \$1.8 billion in 2013, with imports running at \$2.8 billion. The UK exported \$769 million to the United States and imported \$2.4 billion. Polish U.S. exports ran at \$348 million with imports of \$395 million. Spanish exports to the United States reached \$1.5 billion with imports at \$2.0 billion, and Belgium exported \$675 million with \$724 million imports from the United States.

It is not surprising that those MS that are most profitable in the agricultural sector when measured in terms of trade balance are the most vocal against facilitating an agricultural trade agreement. Although it is understandable that these MS are making efforts to protect their agricultural sectors, it is worth highlighting that they are against a successful and equitable conclusion to the TTIP negotiations as regards agriculture. Germany, on the other hand, has a significant agricultural trade deficit with the United States and would be expected to favor trade liberalization. However, Germany has been openly against TTIP. Bulgaria, a MS that was not exporting to the United States five years ago, exported \$81 million worth of agricultural products to the United States in 2013. Similarly, Austria increased its exports of agricultural products to the United States from \$380 million in 2008 to \$664 million in 2013 with an analogous decrease in U.S. imports to that MS. As those exports increased so dramatically without a trade agreement with the United States, it could be asserted that those MS have no logical interest in TTIP.

According to a USDA/Economic Research Service study, increased productivity arising from innovation and changes in technology is the main contributor to economic growth in U.S. agriculture. As the agricultural biotech story in the EU demonstrates, Europe has not achieved similar benefits in productivity as a result of innovation. An increase in productivity rates in the United States cannot explain its trade deficit with the EU. The only logical conclusion for this trade imbalance is that access to the EU market is restricted by EU policy.

Top EU MS Exporters of Agricultural and Related Products by Council Votes Allocated (2013/12 CY data)

EU MEMBER STATE	COUNCIL VOTES	EXPORTS TO THE U.S.	IMPORTS FROM THE U.S.	TOP AG EXPORTS 2013
ITALY 2013 2012	29	\$3.8 billion \$3.6 billion	\$1.3 billion \$975 million	Wine(\$1.7 billion, vegetable oils (\$576 million, cheese (\$310 million))
FRANCE 2013 2012	29	\$2.7 billion \$2.6 billion	\$924 million \$750 million	Wine,(\$1.4 billion) cheese(\$194 million) and processed fruit and vegetables (\$131 million)
NETHERLANDS 2013 2012	13	\$2.1 billion \$2.1 billion	\$2.3 billion \$2.2 billion	Wine and beer (\$850 million), cocoa paste/butter (\$191 million) and nursery products (\$189 million)

GERMANY 2013 2012	29	\$1.8 billion \$1.7 billion	\$2.8 billion \$2.6 billion	Snack foods (\$337 million), wine and beer (\$221 million) and forest products (\$149 million)
SPAIN 2013 2012	27	\$1.5 billion \$1.5 billion	\$2.0 billion \$1.5 billion	Wine and beer (\$352 million) , processed fruit and vegetables (\$281 million) and other vegetable oils (\$235 million)
U.K. 2013 2012	29	\$769 million \$782 million	\$2.4 billion \$2.2 billion	Wine and beer (\$131 million), seafood products (\$124 million) and snack foods (\$100 million)
BELGIUM 2013 2012	12	\$676 million \$661 million	\$724 million \$782 million	Wine and beer (\$243 million), snack foods (\$160 million) and processed fruit and vegetables (\$40 million)
AUSTRIA 2013 2012	10	\$664 million \$648 million	\$63 million \$54 million	Panel products - including plywood (\$40 million), wine and beer (\$16 million) and snack foods (\$17 million)

POLAND 2013 2012	27	\$348 million \$339 million	\$395 million \$209 million	Snack foods (\$50 million) and red meats, prep/pres (\$41 million) and processed fruit and vegetables(\$31 million)
GREECE 2013 2012	12	\$288 million \$244 million	\$104 million \$82 million	Processed fruit and vegetables (\$159 million), other vegetable oils (\$31 million) and cheese(\$24 million)
SWEDEN 2013 2012	10	\$201 million \$185 million	\$257 million \$245 million	Snack foods (\$24 million), roasted and instant coffee (\$11 million) and hides and skins (\$7 million)
PORTUGAL 2013 2012	12	\$134 million \$121 million	\$180 million \$250 million	Wine and beer (\$84 million), other vegetable oils (\$7 million), and processed fruit and vegetables (\$5 million)
BULGARIA 2013 2012	10	\$93 1 million \$81 million	\$38 8 million \$33 million	Tobacco (\$30 million), cheese (\$11million), processed fruit and vegetables (\$10 million) and feeds and foddors (\$7 million)
HUNGARY 2013	12	\$65 million	\$43 million	Forest products (\$8 million), snack foods (\$5 million) and, wine and beer (\$3

2012		\$47 million	\$28 million	million)
CZECH REPUBLIC 2013 2012	12	\$53 million \$45 million	\$32 million \$31 million	Wine and beer (\$8 million) , feeds and fodder (\$4 million) and snack foods (\$3 million)
ROMANIA 2013 2012	14	\$37 million \$16 million	\$55 million \$89 million	Coarse grains (\$5 million), cheese (\$2 million) and processed fruit and vegetables (\$1 million)