

Agriculture disputes threaten new US-EU talks

March 24 2013, by Desmond Butler

(AP)—President Barack Obama used Washington's grandest stage—the State of the Union speech—to announce negotiations with Europe aimed at creating the world's largest free trade agreement. Just weeks later, there are signs that old agriculture disputes could be deal-killers.

European Union leaders don't want the negotiations to include discussions on their restrictions on genetically modified crops and other regulations that keep U.S. farm products out of Europe. But Obama says it's hard to imagine an agreement that doesn't address those issues. Powerful U.S. agricultural lobbies will do their best to make sure Congress rejects any pact that fails to address the restrictions.

"Any free trade agreement that doesn't cover agriculture is in trouble," said Cathleen Enright, executive vice president at the Biotechnology Industry Organization, which promotes biotechnology, including genetically modified products.

That would threaten the dream of a behemoth free trade deal between the world's two largest trading partners that together account for more than half of the [world economy](#). It would lower tariffs and remove other trade barriers for most industries. Some analysts say the deal could boost each economy by more than a half-percentage point annually and significantly lower the cost of goods and services for consumers.

Agricultural issues have long bedeviled attempts to expand free trade across the Atlantic and have led each side to file complaints against the

other before the [World Trade Organization](#), an arbitrator in trade disputes. While the U.S. protests EU restrictions, Europeans want the U.S. to reduce agricultural subsidies.

Genetically modified organisms, or GMOs, have been a core part of the dispute. Agricultural scientists change the genetic makeup of agricultural products to improve their quality and boost production. In Europe, there is widespread public opposition to GMOs. The EU argues that the risks of altering the genetic pool are unknown. It has strict rules and imposes a heavy burden of proof before such crops can be grown or imported in the EU.

U.S. companies say that genetically modified products have been proved safe by scientific studies and are being excluded based on irrational fears. They accuse Europe of trying to help their own farmers by keeping out American products.

While they have little expectation that the EU would end the restrictions, they say it would be a victory if it clarified what it describes as opaque rules and also set timelines for considering products. Regulators now take what they call a precautionary approach, declining approval of products until they can be more certain of their safety.

But any move to water down the regulations could provoke a backlash in Europe.

"My reading of the mood in Europe around genetically modified crops is that it's extremely negative," said Paul DeGrauwe, a professor of economics at the London School of Economics. "It's going to be very difficult."

Indeed, the top EU trade negotiator, Commissioner Karel De Gucht, seemed to rule out a compromise in remarks this month: "A future deal

will not change the existing legislation. Let me repeat: no change."

The U.S. and the EU have similarly intractable disagreements on what the two sides call sanitary issues in meats. U.S. poultry products are restricted in the EU because U.S. companies use chlorine to sanitize the meat. Pork is also restricted because U.S. farmers use a feed additive that makes pigs leaner. The two sides partially resolved disputes over U.S. beef after an agreement that U.S. farmers would restrict hormones in cows intended for the European market.

Some European officials say the agricultural differences should be discussed after a major trade deal is completed. This month, French President Francois Hollande called for excluding sensitive issues, including the sanitary standards, from the talks. In the past, France has been among the most adamant of the European countries about protecting agricultural interests.

Obama, in a talk with his export council this month, suggested this could be a deal-breaker.

"There are certain countries whose agricultural sector is very strong, who tended to block at critical junctures the kinds of broad-based trade agreements that would make it a good deal for us," he said. "If one of the areas where we've got the greatest comparative advantage is cordoned off from an overall trade deal, it's very hard to get something going."

Powerful U.S. agricultural groups could probably block a trade deal from winning approval in Congress. In interviews, representatives of many of these groups said they would oppose a deal that didn't address the regulatory differences.

Robert Thompson, an academic at Johns Hopkins University and a former economist for the Agriculture Department, said that the

agricultural issues could easily upend the talks.

"I'm not expecting an agreement to emerge any time soon," he said. "I'm thinking years."

Of course, the rhetoric at the beginning of talks might not preclude compromise in the end. In his talk with the export council, Obama expressed optimism. He noted that austerity measures in response to the debt crisis in the EU have caused European countries to look to a free trade deal as a rare opportunity to boost the economy and improve competitiveness.

"I think they are hungrier for a deal than they have been in the past," he said.

Copyright 2013 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Agriculture disputes threaten new US-EU talks (2013, March 24) retrieved 18 April 2024 from <https://phys.org/news/2013-03-agriculture-disputes-threaten-us-eu.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.