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## **BAUCUS, HATCH OUTLINE PRIORITIES FOR POTENTIAL U.S.-EU TRADE AGREEMENT**

*Access for U.S. Agriculture Exports, Strong Intellectual Property Protection and Dispute Settlement among Finance Leaders' Priorities*

**Washington, DC** – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Orrin Hatch (R-Utah) today laid out their priorities to United States Trade Representative (USTR) Ron Kirk for a potential free trade agreement (FTA) between the U.S. and European Union (EU). In their letter to Ambassador Kirk, the senators set high-standard expectations for any FTA.

**“A comprehensive U.S.-EU FTA, negotiated and implemented with the highest standards, would have a multiplier effect and would be certain to generate much needed economic growth on both sides of the Atlantic,”** the Finance leaders wrote. **“There is no doubt that a U.S.-EU FTA is an enticing opportunity. While there is much promise in the U.S.-European Union relationship, there are remaining barriers to free and fair trade that are long-standing and difficult to overcome.”**

The senators identified several priorities ahead of any negotiation process, including:

- Access for U.S. agricultural exports like beef and pork.
- Strong intellectual property protection.
- Access for U.S. services exports.
- Regulatory compliance.
- A mechanism for dispute settlement.

They also wrote that they intend to push for renewal of Trade Promotion Authority (TPA), saying it will enable the consideration and completion of a successful U.S.-EU FTA. TPA expired in 2007.

The Finance Committee has jurisdiction over international trade.

The full text of the letter is below:

February 12, 2013

Ambassador Ron Kirk  
United States Trade Representative  
Office of the United States Trade Representative  
600 17<sup>th</sup> Street NW  
Washington, DC 20508

Dear Ambassador Kirk:

As you explore the possibility of entering into negotiations towards a free trade agreement (FTA) with the European Union (EU), we believe it is important to outline our expectations regarding the outcome of any such negotiations.

There is no doubt that a U.S.-EU FTA is an enticing opportunity. As the administration has noted, “transatlantic trade and investment constitutes the largest economic relationship in the world, creating jobs, increasing economic growth, and driving competitiveness on both sides of the Atlantic.” A comprehensive U.S.-EU FTA, negotiated and implemented with the highest standards, would have a multiplier effect and would be certain to generate much needed economic growth on both sides of the Atlantic.

While there is much promise in the relationship, there are remaining barriers to free and fair trade that are long-standing and difficult. While not a complete list, we have outlined below several elements that a successful negotiation must address.

Broad bipartisan Congressional support for expanding trade with the EU depends, in large part, on lowering trade barriers for American agricultural products. This means increased agricultural market access and firm commitments to base sanitary and phytosanitary measures on sound science. The EU has historically imposed sanitary and phytosanitary measures that act as significant barriers to U.S.-EU trade, including the EU’s restrictions on genetically engineered crops, a ban on the use of hormones in cattle, restrictions on pathogen reduction treatments in poultry, pork and beef, unscientific restrictions on the use of safe feed additives such as ractopamine in beef and pork, and other barriers to trade affecting a significant portion of U.S. agricultural exports. While we recognize the positive steps the EU has recently taken with respect to imports of beef washed with lactic acid and with respect to swine, there is still much work to be done. We urge you to resolve these and other unwarranted agricultural barriers as part of the FTA negotiations on both an individual and a systemic basis.

Congressional support will also require strong intellectual property protection. According to the U.S. Department of Commerce, intellectual property intensive industries support at least 40 million jobs and contribute more than \$5.06 trillion dollars to, or nearly 34.8 percent of, U.S. gross domestic product. Intellectual property is America’s competitive advantage, underpinning a wide range of industries including manufacturing, food processing, information and communications technology, entertainment, biotech, pharmaceuticals and financial services. It is imperative that U.S. trade agreements protect U.S. innovation and allow our innovative industries to compete in global markets.

As the U.S. and EU are the two most innovative economies in the world, any successful agreement between us must promote the highest standards of intellectual property protection. While we recognize that intellectual property protection in the EU is generally of a high standard, there are certainly areas where improvement is needed and must be achieved. It is also critical that the United States strongly promote the interests of U.S. businesses, farmers, ranchers, and workers with respect to EU policies, including geographical indications, that impede their ability to compete. In addition, the agreement must meaningfully address EU measures that undermine the value of intellectual property protection, including with respect to pricing and reimbursement and regulatory transparency. Finally, it is essential to ensure that any outcome of this agreement does not undermine the ability of the United States to achieve high levels of IP protection in other negotiations and other foreign markets.

Regulatory compliance is an enormous driver of cost and inefficiency for U.S. exporters of goods and services across the globe. There would no doubt be enormous benefits to be gained from increased regulatory harmonization between the U.S. and the EU, especially as both have highly developed regulatory systems in place. However, any efforts towards these ends must not weaken regulatory commitments, such as through adoption of the so-called precautionary principle. Therefore, a high standard U.S.-EU FTA will necessarily promote greater openness and transparency in regulatory processes, prohibit practices that discriminate or create non-tariff barriers to U.S. exports, and promote acceptance of the full-range of international standards.

A U.S.-EU FTA agreement should lead the way in defining a 21<sup>st</sup> century FTA that establishes comprehensive market access by eliminating or significantly reducing tariffs without regard to product category. A high-standard agreement will provide similarly comprehensive market access and national treatment for services.

Of course, it is vital that there be a mechanism to settle any disputes which may arise under a U.S.-EU FTA. In order to be more than a paper tiger, any such dispute mechanism must contain strong and binding enforcement provisions.

A high-standard, comprehensive, U.S.-EU FTA could serve to reinvigorate the global trade agenda, setting the standard for all FTAs to follow. While there are numerous challenges to be addressed, it is our hope that the framework we have outlined above provides useful guidance as you negotiate the path forward.

Finally, as you know, Trade Promotion Authority expired in 2007. We believe its renewal will enable completion and consideration of a successful U.S.-EU FTA. Therefore, we intend to intensify efforts to ensure prompt consideration and renewal of Trade Promotion Authority. It is our hope and expectation that the Administration will join us in these efforts.

Sincerely,

Max Baucus  
Chairman

Orrin G. Hatch  
Ranking Member