The United States has strong social and cultural ties to the United Kingdom, which has been popularly known as the “special relationship.” This relationship between the two countries has been strengthened throughout the years through close economic collaboration and integration, reflected in the value of goods and services exchanged each year, and the agri-food sectors of each country are included. As the U.K. considers its future trade relationship with the United States and evaluates its future priorities, agricultural trade must be included in a potential free trade agreement, as it is a sector ripe for closer cooperation and engagement. The National Association of State Departments of Agriculture (NASDA) appreciates the opportunity to answer the question, “What would you want the U.K. government to achieve through a free trade agreement (or related trade talks) with the United States, and why?” We believe the U.K. government should consider lowering tariff and nontariff barriers in agri-food trade so its citizens can enjoy the affordable, safe, and reliable products the U.S. agricultural industry is excited to supply.

I. About NASDA

NASDA represents the Commissioners, Secretaries, and Directors of the U.S. state departments of agriculture in all fifty states and four U.S. territories. State departments of agriculture are responsible for a wide range of programs including food safety, combating the spread of disease, and fostering the economic vitality of our rural communities. NASDA members are also responsible for promoting their states’ products in international markets, as well as managing regulatory and certification programs that facilitate agriculture and food exports. Because of this, and because of the important role exports play in ensuring a prosperous agriculture sector, promoting exports and increasing international trade is a top priority for NASDA.

II. U.S. Agri-Food Trade with the United Kingdom

To meet the goal of increasing foreign market access for agricultural goods and products, the United States (U.S.) government has revised previous free trade agreements (FTA’s) while also seeking new trade deals in Asia and Europe. NASDA previously supported efforts to liberalize trade between the U.S. and the European Union (EU) in the form of the Transatlantic Trade and Investment Partnership (TTIP). Similarly, NASDA is pleased U.S. Trade Representative Robert Lighthizer announced to the U.S. Congress on October 16, 2018 the U.S. administration’s intent to negotiate a trade agreement with the United Kingdom. This announcement was welcomed by NASDA, who is acutely aware of the positive agri-food trade already established by the industries of our two countries.

The U.K. is one of the largest economies in the EU, and it accounts for a large amount of the United States’ agricultural exports to the EU (about 15%). In 2015, excluding distilled spirits, fish and seafood, and bioenergy/forestry products, the U.S exported $1.8 billion in agricultural products to the U.K. The primary U.S agricultural exports to the U.K. include wine and beer, fruit products, oilseed and cereal
grains, and processed goods.\textsuperscript{1} Furthermore, the U.S. remains the U.K.’s largest food and agricultural products provider outside of the EU. However, trade is a two-way exchange, and it is important to highlight how the U.S. consumer benefits from trade with the U.K. In 2016, the U.S. imported a record $931 million in food and agricultural products from the U.K., which excludes the $1.5 billion worth of Scotch whiskey and other distilled spirits the U.S. imported from the U.K.\textsuperscript{2} Thus, the U.K. government has an opportunity to enhance and increase this exchange of food and agricultural products with the U.S. as it begins to consider an FTA.

\section*{III. Opportunities to Increase U.S.-U.K. Agri-Food Trade}

Food imports have long been a central component of the U.K.’s food supply chain. In fact, in 2016 the U.K. only produced 49 percent of the total value of the food it consumed, which means the country imported the other 51 percent. A constraining factor to this statistic is the U.K.’s limited agricultural sector/cultivableable land. A compounding factor is the U.K.’s growing population – in July, 2017, the U.K.’s population was estimated at 65.6 million, up by 500,000 from the previous year, and it’s projected to be 74 million by 2039.\textsuperscript{3} Thus, the U.K. will likely need to continue its reliance on food and agricultural imports well into the future.

Currently, the U.K. imports roughly 30 percent of the total amount of the food it consumes each year from the EU. Conversely, North American imports to the U.K. account for only 4 percent of the total amount of food consumed by the U.K. each year. While there are several major reasons for this trade pattern, among them location, perhaps the most important two are the current tariff levels between the U.K. and other EU countries as well as similar regulatory regimes. However, as the U.K. withdraws from the EU single market and customs union, it will likely have the opportunity to set new tariff rates and regulations, both with the EU and non-EU countries.

\textit{Market Access Opportunities}

NASDA is a strong advocate of free trade, which has as one of its end goal’s trade liberalization. We believe two-way trade with lower tariffs and tariff-rate quotas (TRQ’s) has the potential to bolster both British and American producers who enjoy a competitive advantage as well as consumers in the two countries. The U.K.’s (through the EU) average most-favored nation (MFN) tariff rate for agricultural products is 11.1 percent whereas in the U.S. it is 5.2 percent. For all tariff lines between the EU and the U.S., it is 5.2 percent and 3.5 percent, respectively.\textsuperscript{4} Thus, while both countries have on average higher tariffs on food and agricultural products than all other products, the U.K.’s agricultural tariffs are on average disproportionately higher than the U.S.’s.

Lower tariffs will theoretically lead to lower food retail prices. The U.S. Bureau of Labor Statistics and the U.K. Office of National Statistics reported that in 2014 British consumers spent 16.7 percent of their

\textsuperscript{1} “Agriculture and the Transatlantic Trade and Investment Partnership (T-TIP) Negotiations,” Renee Johnson, Congressional Research Service, July 14, 2016.
\textsuperscript{3} Ibid, Julie Vasquez-Nicholson
budgets on food while U.S. consumers spent 13.9 percent of their budgets on food.\(^5\) It was reported earlier this year that higher food prices are constricting British consumer spending, leading to fewer purchases of non-essential items.\(^6\) Lower tariffs on food and agricultural products between the U.S. and the U.K. will lead to lower costs for consumers on both sides of the Atlantic. Additionally, the U.K. currently exports value-added products to the United States, such as cheese and dairy products, beer, and distilled spirits. In a prospective FTA between the U.S. and U.K., there could be additional opportunities for some of these products American consumers already enjoy. There is great potential for increased two-way food and agricultural trade, and the two governments should work toward lowering barriers at the border.

**Regulatory Harmonization Opportunities**

As the U.K. government considers the scope and content of a future trade agreement with the U.S., it should also take into account nontariff barriers to two-way agricultural trade and how the two countries can work toward greater regulatory harmonization. While we understand there is a considerable degree of uncertainty at this time surrounding the ability of the U.K. government to determine its own regulatory regime – independent of the EU – in the future, NASDA believes it is important the U.K. government enters into talks with the U.S. on regulatory cooperation. NASDA is a strong supporter of food and consumer safety, evidenced in part by NASDA’s cooperative agreement with the U.S. Food and Drug Administration (FDA) in the implementation of the Food Safety Modernization Act (FSMA). However, in its engagement with FDA and other regulatory agencies, such as the U.S. Department of Agriculture (USDA) and the Environmental Protection Agency (EPA), NASDA emphasizes the importance of science-based rulemaking and standards.

U.S. agriculture strongly supported the U.S. and the EU including sanitary and phyto-sanitary (SPS), technical barriers to trade (TBT), and agricultural technology issues in the now defunct TTIP negotiations, and NASDA believes in a future U.S. – U.K. FTA negotiation that the two governments should engage around these important topics. In determining the scope of discussions around SPS, TBT, and biotechnology provisions, the U.S. and U.K. governments should strive to build upon—and exceed—the progress made on those issues during the TTIP negotiations. Vast differences in regulations around plant biotechnology, pesticides, and animal health standards have in some cases effectively blocked American farmers and ranchers from exporting to the U.K. For instance, maximum residue limits on fruits and vegetables have led to an ad valorem equivalent (AVE) of 35 percent and 53 percent, respectively, meaning these products face an additional 35 and 53 percent tariff rate/cost when entering the U.K. market. Similarly, due to biotech restrictions, corn from the U.S. faces an AVE of 79 percent when entering the U.K.

Regarding SPS measures in a prospective U.S.-U.K. FTA, NASDA urges the two governments to build upon the World Trade Organization SPS Agreement, including commitments to fair, yet rigorous scientific risk assessments. SPS measures should be applied only to the extent necessary to protect human and animal health as well as that of the environment. To ensure these goals are met, the two governments should establish a mechanism to continue dialogue and cooperation.\(^7\)

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\(^7\) Renee Johnson, Congressional Research Service, July 14, 2016.
On the issue of agricultural biotechnology, the genetic modification or bioengineering of plants and animals so they have certain desired characteristics, our two federal governments have taken a different regulatory approach, which has led to a divergence in how U.S. and U.K. farmers produce staple crops. In 2018, U.S. farmers planted over 90 percent of soybean, cotton, and corn acres with genetically engineered (GE) seeds while in Europe, including the U.K., only one GE plant is authorized for cultivation, and this plant is not grown in the U.K.8

Moreover, the U.S. and the U.K. should consider including provisions in a trade agreement around cutting edge technologies, such as gene editing. Gene editing is utilized on both plants and animals to increase productivity, decrease the amount of inputs needed for production, and increase consumer benefits. As gene editing technologies are increasingly adopted it is important to ensure the resulting products reach the market in a timely manner without unreasonable regulatory barriers. Not only should the provisions around biotechnology be included in a chapter on technical barriers to trade, the two countries should also establish in a trade agreement, working groups to promote continued regulatory coherence as well as public outreach efforts.

NASDA understands the use and sale of GE seeds and products in the U.K. is complex, but we strongly urge the U.K. government to work with their counterparts in the U.S., the U.S. Department of Agriculture, the U.S. Food and Drug Administration and the U.S. Environmental Protection Agency, to ensure science-based standards and evaluations are consistently applied in biotechnology approval reviews. It’s also important for the U.S. and U.K. governments to consider the future of animal biotechnology and how resulting products will be regulated, commercialized, and trade facilitated, so as to ensure consumers in both countries have the opportunity to enjoy the benefits.

IV. Closing Remarks

NASDA, on behalf of the state departments of agriculture’s commissioners, secretaries, and directors, greatly appreciates the opportunity to comment on what a prospective U.S.-U.K. Free Trade Agreement should include in regards to food and agriculture. The United States and the United Kingdom have a unique opportunity to help grow each other’s economic strength, including the strength of their agricultural economies. While there are several great unknowns, which will help frame potential trade agreement talks, a future trade agreement will cement the “Special Relationship” and ensure the rural communities of the U.S. and U.K. remains prosperous while also guaranteeing consumers safe, affordable food.

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