

Ralf Eggenreiter's sustainably raised sheep have a pleasant life before they are eventually slaughtered and sold to local buyers
Photo: Ralf Eggenreiter



In the Alpine Republic, there is little appetite for food issues to be included in a massive EU-U.S. free-trade deal

For European Farmers, Size Matters

by Nathaniel Minor

Before he shoots them in the head, Alpine farmer Ralf Eggenreiter gives his sheep a treat and scratches them behind the ears to help them relax. He knows each one of them by name, so one might imagine a moment of regret.

The real reason is that relaxed meat tastes better. "They have no stress," Eggenreiter said. "They don't know what's coming."

With his eye on quality over quantity, the part-time farmer raises a small number of sheep and pigs to sell to friends, neighbours and local restaurants in and around Obertraun in Upper Austria. He has no problem finding buyers.

"The first time you sell meat to a customer, you [charge] a little less than at the [super] market. The second time, you don't have to ask them. They ask you," Eggenreiter said.

Eggenreiter's customers are not alone in their desire for sustainable, traceable food. European consumers in general are very demanding, and so standards for food quality are a key area of disagreement in the Transatlantic Trade and Investment Partnership (TTIP), a major free-trade treaty under negotiation between the European Union and the United States.

The goal is to lower tariffs and standardise regulations between the two sides to encourage trade and investment. Negotiators are duelling over issues like America's ban on European airlines flying U.S. domestic routes, divergent auto safety regulations, and even the standard length of a household appliance cord.

The Austrian government is generally supportive of the negotiations and studies suggest an agreement would boost exports of cars, machinery and textiles. One report from the Bertelsmann Foundation predicts more than 11,000 jobs would be created in Austria if a wide-ranging deal were reached. The report predicts the creation of two million jobs under that scenario, half of those in the U.S.

Major differences over food standards

Agriculture is a big sticking point in the deal. The U.S. and EU have long disagreed over food: Genetically modified organisms (GMOs) are a big part of the U.S. food industry, whereas Europeans are deeply skeptical of tinkering with genetics. The U.S. hasn't allowed the import of European beef since the outbreak of mad cow disease in the 1990s. The EU bans ractopamine, an additive used to increase lean meat in pork and beef.

Austria's food safety standards are among the strictest in the Union, and the Federal Ministry of Agriculture, Forestry, Environment and Water Management goes to a lot of trouble to protect an industry dominated by small, often family-run, farms. Small-scale farmers here would have a hard time competing against their super-sized American counterparts, a spokesman for the ministry

said, and the Austrian government would prefer agriculture is left out of the deal.

Meat production is a particularly sticky area. One Austrian government official, who did not wish to be identified, witnessed a conversation between an Irish livestock regulator and a Nebraskan cattle farmer during a visit to an American slaughterhouse.

The Nebraskan reported giving his cattle a feed boosted with a growth hormone, something the regulator pointed out would get an Irish farmer arrested. The American confessed that he would prefer not to use additives, but unless legislation banned their use, his business couldn't remain competitive.

"I thought he was really brave to say that," the Austrian official said.

Regulations create a level playing field. If GMO rules are relaxed in the EU, individual farmers who opt out will be at a competitive disadvantage, said Irmis Salzer of ÖBV-Via Campensina Austria.

"Growing GMOs is not [just] the business of the farmer," Salzer said. "Because of the contamination of the environment, [...] this has to be the decision of the society."

The European standard, known as the "precautionary principle," demands that products – GMOs, feed additives and the like – are scientifically proven to be safe before regulators allow their use. In the United States, the reverse is true, according to Karen Hansen-Kuhn of the U.S.-based Institute for Agriculture and Trade Policy: America's default position is to count products as safe until they are proven dangerous.

"Those are two very different approaches that will be hard to reconcile in the trade talks," she said.

Small vs. large producers

Some Europeans are also uneasy about U.S. agro-giants pushing for more space on European grocery store shelves, while the Americans insist European consumers will benefit from more choice and cheaper prices.

The EU does allow some GMOs, but many member states, including Austria, ban them, and the EU has promised that hormone additives and GMOs will not be part of the negotiations.

Still, some farmers are wary. Thomas Waitz, who grows apples and raises sheep in Carinthia, sees GMOs as a tool for giant agro-businesses on both sides of the Atlantic to boost their bottom line at the expense of the small farmers central to the European way of life.

"There's a whole part of society based on agriculture in the countryside," Waitz said. Having many small farms is more beneficial to rural Europe than a few big ones. "This is not in the interest of a big company anyway, no matter if it is European or American."

On a European scale, Waitz is a medium-sized farmer, and his 120 sheep and local customers allow him to make a decent living.

"When a wholesaler comes to my place and offers me a couple of cents for my products, I just laugh," Waitz said. "I say, 'go find another fool.'"

The European Union, along with many of the other member countries including Austria, has subsidy systems to support small-scale agriculture. Europe has 12 million farmers on an average of 15 hectares, according to the European Commission, while the U.S. has 2.2 million farmers and an average of 180 hectares. Most of Austria's farms are between two and 20 hectares.

While U.S. agriculture is more industrialised overall, there are exceptions. Local food

The U.S. and EU have long disagreed over food: GMOs are a big part of the U.S. food sector, but Europeans are wary of tinkering with genetics.



Left: Michael Kaiser of Obertraun, Upper Austria nuzzles one of his cows. Right: Ralf Eggenreiter sells mutton to one of his neighbours, a returning loyal customer Photos: Nathaniel Minor

movements have gained in popularity and size, with sales more than doubling from 1997 to 2007, but the free-trade deal could hurt them. According to Hansen-Kuhn, from the IATP, European firms want negotiators to truncate U.S. state-level laws that allow school districts to give preference to local food producers. Thus, protectionist farm policies on both sides of the Atlantic are being questioned in the negotiations.

"Do the trade rules support sustainable agriculture in each country? Do they help us to get to where we want to be with our economies, with our food systems, with our society?" she asked rhetorically. "Trade rules should be at the service of the local economies."

Opportunity to veto

Each country involved in the trade talks will have a say. When negotiators reach a deal, the U.S. Congress, the EU Commission and Parliament, and every EU member state's parliament must approve it.

"There are several steps and checks where Austria can make its voice heard," said Marco Botta, a lawyer with the Institute for European Integration Research in Vienna. He doesn't expect a substantial change in EU agriculture policy.

A 2013 Bertelsmann Foundation – Atlantic Council survey of academics, politicians, business people and other interested parties agreed – most respondents were skeptical that a final agreement would include a substantial change to agricultural regulations.

In the U.S., however, some states worry they will have little say in the deal and point to local laws that protect their industry.

"It's very important for states to speak up," said state Rep. Sharon Anglin-Treat of Maine, who is lobbying the U.S. Trade Representative's office. Historically, the federal government has given states permission to opt-out of free trade deals, Anglin-Treat said, but what will happen this time isn't yet clear.

All told, a final deal is unlikely before late 2014. A more comprehensive World Trade Organization treaty failed in 2011 – largely over agriculture issues. The U.S. is also negotiating a similar pact with Pacific nations.

The move toward region-specific trade agreements is a conscious one, said Joshua Meltzer of the Brookings Institute. However, whatever the outcome, it will have wide-reaching effects. "Whatever the U.S. and the EU agree to, in a way – because of the size of the two economies – is going to become the de facto standard globally," he said.

But it is unlikely to include agriculture. ♦

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