

European Liaison Committee for the Agricultural and Agri-Food Trade

CELCAA MANIFESTO

At the occasion of CELCAA Conference 'Beyond ''Trade For All'' : Time to promote the benefits of agri-food trade'

21st March 2019

CELCAA aims to engage with the current and future EU policy-makers, members of the European Parliament and potential candidates, future EU Commissioners, Commission officials, representatives of Member States and relevant stakeholders in a constructive dialogue on the trade opportunities for the European agri-food sector.

Context

The European Union (EU) is the largest global exporter and importer of agri-food products¹. With the growing world population and the increase of standards of living, demand for a wide variety of agri-food products continue to expand.

CELCAA therefore recommends keeping ambitions for free trade high, boost opportunities for sustainable agri-food markets and growth, and promote the benefits of the trade.

KEEP AMBITIONS FOR FREE TRADE HIGH

The EU's high quality of agri-food products is well known worldwide and demand for it continues to grow. However, the trade in agri-food and commodities faces a number of challenges, including Brexit, growing protectionist policies and increased technical barriers to trade.

To keep the EU's position as the first global importer and exporter of agri-food and commodities, CELCAA calls for:

A deep and comprehensive EU-United Kingdom bilateral agreement

In 2017, EU27 agri-food exports to the United Kingdom (UK) amounted to €41 billion euros while the UK exports to the EU reached €17 billion euros, reflecting the degree of integration and complexity between the EU27 and the United Kingdom.

A deep and comprehensive EU-UK trade agreement, including zero tariff duties for agricultural products and no quantitative restrictions, should be negotiated rapidly. The agreement should include a strong regulatory chapter including sanitary and phytosanitary aspects, protection of Geographical Indications (GIs), appropriate rules of origin and customs facilitation measures. In all matters (concerning tariffs and non-tariff considerations) the need for certainty for operators is paramount.

¹Trade reached a new record value of 255 billion in 2017: 138 billion of exports and 117 billion of imports, EU agricultural trade report map 2018 <u>https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/news/documents/agricultural-trade-report</u> <u>map2018-1_en.pdf</u>

Open access in key export markets while securing sources of agri-food imports and protecting sensitive sector

Export markets play an important role in supporting growth for the entire European agriculture sector, when we consider the lack of significant growth in EU consumption of agricultural goods. CELCAA has welcomed the ambitious bilateral trade agenda of the EU set in the "Trade For All" Strategy. This strategy is an essential tool to maintain the competitiveness of the EU agri-food sector towards third country exporters. EU-South Korea, EU-CETA, EU-Japan Economic Partnership Agreement, and EU- Mexico (amongst others) are all expected to deliver growth for the agri-food sector. Because FTAs are rapidly changing the dynamics of the global agricultural markets, CELCAA invites the Commission to pursue its ambitious agenda and to speed up / start up bilateral agreements with partner countries, with a particular focus on the economic powerhouse of Asia.

In 2017 EU imports in agri-food amounted to117 billion €, mainly from Brazil, the US, Argentina, Ukraine and China. Rules that govern imports into the EU should be predictable and coherent for operators to adapt. Any change of European legislation on imports, in sanitary, phytosanitary or others matters, should include a realistic transition period.

The United States is the main trading partner of the European Union in the agri-food sector. In 2017, the value of EU exports to the USA was 132 million \in and the value of imports was115 million \in . This partnership shall be preserved and trade frictions avoided. CELCAA welcomes the structural dialogue that started in July 2018 and would be interested to see sanitary and phytosanitary aspects included in the scope of the regulatory dialogue.

Several sectors continue to be severely impacted by the Russian embargo. Therefore, engagement to restore normal market conditions and access should remain an EU priority. Other markets, such as the neighbouring countries, ASEAN, China, Iran, North and Sub-Sahara Africa are also a priority for the EU agri-food trade.

While the EU has offensive interest when it comes to trade in agri-food, the recognition of certain sensitive sectors in the EU should also lead to their protection from full trade liberalisation. These sectors – the egg sector being one very clear example- have a higher cost of production linked to the EU's high animal welfare and environmental standards which are consumer led and therefore need to be accounted for within the negotiating mandate.

Improve trade conditions

Increased market access negotiated in free trade agreements (FTA) are expected to translate into concrete benefits. Today, almost 37% of the EU trade in agri-food is covered by three trade agreements². Overall trade preferences through FTAs could be better used³. More information to agri-food traders on market opportunities would allow a greater and wider uptake of the opportunities. Business operators should also be able to inform the EU about trade barriers and receive support from identified contact points, whether in EU delegations, Commission or Member States.

The European Economic Diplomacy is a recent tool put in place to improve the monitoring and implementation of FTAs. CELCAA welcomes this initiative and the increased involvement of EU Delegations in third countries in tackling trade barriers on the ground. CELCAA calls for further coordination between delegations, Commission, Member States and other stakeholders. The Market Access Advisory Committee (MAAC) and SPS Market Access Working Group (MAWG) show best practice of such coordination and should pave the way for a more structured dialogue with business on the implementation of trade deals.

The European Union should have the means and capacity to meet its trade ambition. The Commission, Council and Member States should be adequately staffed to run the negotiations; accompany the process of legal scrubbing and ratification; and inform operators and the public. The delay of ratification of the EU-Vietnam FTA is an example of a missed opportunity for EU agri-food operators, who will now have to compete with trading partners benefiting of further access through the Transatlantic Trade Pact.

²DG Trade, New Trade Agreements and opportunities, <u>https://ec.europa.eu/chafea/agri/sites/chafea/files/07-benjamin-vallin_en.pdf</u> ³Report of Implementation of EU Free Trade Agreement 1 January 2017- 31 December 2017, DG TRADE <u>http://trade.ec.europa.eu/doclib/docs/2018/october/tradoc_157468.pdf</u>

BOOST OPPORTUNITIES FOR SUSTAINABLE AGRI-FOOD MARKETS & GROWTH

Sets of rules at international level should be promoted to support the EU's opportunities for growth in the agri-food sectors.

Defend the international rules-based system and trade diplomacy

CELCAA is a strong supporter of the international rules-based system. The World Trade Organisation (WTO) has proven to be the right forum to negotiate agreements towards further markets access for operators across the globe. The Dispute Settlement Understanding of the WTO is at the core of the organisation and should be preserved at all cost, including the appeal process that has provided predictability to operators.

CELCAA supports the efforts of the European Union and other trading partners in the discussions to avoid the blockage of the Dispute Settlement process, to reform the organisation to make it more efficient and transparent and to allow for plurilateral agreements.

Promote a level playing field amongst agri-food traders

Core principles should be respected before the Commission enters into any market access negotiations with third countries. These core principles will guarantee the level playing field between EU and third countries' operators, and should include :

• The dismantling of any SPS and TBT barriers;

• The recognition of the **EU as a single entity** when it comes to SPS and veterinary aspects. As a consequence, the principle of **regionalization** in case of an animal outbreak should also be recognised;

• The inclusion in the SPS chapter of **clear processes and timelines** for Member States' applications for plant products to enter the market of the trade partner. The new EU-Mexico SPS chapter in the modernised FTA is a good example and should be considered as a benchmark for any future FTA;

• A **comprehensive list of geographical indications**, developed in consultations with Member States and economic operators;

• A balance in power between the third country exporters or importers and the EU economic operators in the context of the FTA Tariff Rare Quotas (TRQs). This would imply a **transparent management of quotas** including a management of the TRQs by the EU Commission **via import** licences when it comes to imports into the EU;

- **Trade facilitation procedures**, including fast and efficient customs processes;
- The promotion of international standards.

Promote more sustainability through Trade

The EU should seek fairer trade relations with its trading partners, in particular when it comes to leveraging its high standards of food safety, animal welfare and protection of the environment. The EU should continue to engage at international level, through Codex Alimentarius, World Organisation for Animal Health (OEI) and other agencies, and through its bilateral free trade agreements with a view to increasing regulatory cooperation. Priorities should be convergence of standards, certification requirements and mutual recognition agreements. CELCAA therefore acknowledges the Reflection Paper "Towards a Sustainable Europe by 2030". The document stresses the need to promote international rules and global standards in line with the Sustainable Development Goals- to achieve a level playing field amongst farmers, food operators and traders worldwide.

This paper also refers to unilateral trade preferences granted to vulnerable developing countries and least developed countries, such as the Generalised System of Preferences (GSP); GSP+ and Everything But Arms (EBA). Under these schemes, beneficiary countries can export their agricultural commodities to the EU with reduced or zero duties. This increases the competitiveness of beneficiary countries but also of European businesses by lowering the costs of imports and increasing the economic activity of European businesses. Beneficiary countries can build economic growth only if they can benefit from preferential access to the EU market on the medium/long term. Withdrawal from the list of beneficiary countries based on a swift economic growth might lead to them losing competitiveness, and economic growth in the medium/long term. Capacity building in developing countries is an important initiative to help them integrating the global supply chains. In this context, CELCAA welcomes the Commission programme 'Better Training for Safer Food'. Finally trade facilitation tools should be included in the unilateral preferential schemes, to enhance the competitiveness of beneficiary countries, thus increasing their overall trade flows.

PROMOTE THE BENEFITS OF TRADE

Never has the EU trade policy been under such scrutiny by the EU decision-makers, opinion leaders and citizens. There is a need to take the time to communicate and explain the benefits of the agri-commodity trade and to encourage public and private stakeholders to remain globally connected and resist the currents of protectionism. Trade drives economic growth, enhanced efficiency, increased innovation, and the greater fairness that accompanies a rules-based system.

Translate "Trade Policy For All" to Small and Medium Enterprises (SMEs)

European traders operate on a global scale but the majority of them are of small and medium size. Trade barriers are becoming increasingly complex and difficult to apprehend and prevent small and medium enterprises (SMEs) from entering into the international market or becoming more competitive. This may partly explain why FTA are not used in full.

Efforts made by the Commission to provide information to business operators, such as the Market Access Data Base, should be pursued. We support the Commission's ambition to set up new practical online tools to help SMEs understanding the market conditions in export markets. EU chambers of commerce located in export markets and EU delegation should be equipped to answer questions from operators. Member states should also nominate point of contacts per FTA to be able to relay and answers questions from operators.

Maintain a high level of investment in promotion policy

CELCAA welcomes the ambitious promotion policy following the reform in 2016. Promotion campaigns are essential tools to inform consumers in third countries of the main characteristics of the EU agri-food products including high quality, standards, diversity and taste. CELCAA welcomes the increased budget for the promotion program for 2019, a total of 191 million €, with a significant part of the budget financing promotion activities in third countries. A careful balance in the allocation of the budget between the internal and international market should be secured. Moreover, some improvements could be envisaged in the strategy of the policy, to better address the access to third country markets for some agricultural commodities, especially those where not all Member States enjoy the same market access conditions. A common challenge for exporters is finding the right business partner in external markets to help build effective distribution channels. Reaching out to markets outside the EU demands a deep level of knowledge and experience. Trade missions organised in key

export markets under the Commission's own action programme are therefore much welcomed. They have helped traders in meeting potential business partners in third countries, and in understanding in more details the export markets' opportunities. This strategy and the budget for promotion policy should be maintained in the future.

Improve the communication in a coordinated way by all institutions and stakeholders

The Commission, Member States and stakeholders should develop a coordinated communication strategy. While the Commission is competent to negotiate trade deals, it is up to member states to communicate the results of these negotiations. It is also the responsibility of industry associations to inform their stakeholders and the general public about the benefits of trade in the agri-food sector.

The European Commission has started to publish studies on the impact of the trade on people's life, such as the link between trade and jobs and income. The Commission could extend the analysis per sector, including the agri-food sector. Organising national 'Trade days' based on the experienced of the Brussels trade day would help the discussions amongst stakeholders at national level to be a forum for exchange of information and views.



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