Civil Dialogue Group (CDG) International aspects of agricultural policy	27 November 2014, Brussels CCAB 4D

Background note from DG AGRI
EU TRADE AGREEMENT WITH ECUADOR

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– **Parties**: Ecuador / EU

– **Type of agreement:** Multi-Party Trade Agreement (EU- Peru, Colombia, Ecuador)

– **Regional factors:** Ecuador initially took part in the multiparty agreement negotiations with the Andean Community countries, which were concluded in 2010 with Peru and Colombia (entered into force in 2013), but withdrew from the negotiation in July 2009. Negotiations resumed in January 2014 and have been concluded in July 2014.

– **Level of agricultural trade:** EU-Ecuador trade relations are marked by a strong Ecuador surplus when it comes to agricultural products: in 2013 imports were worth 1.3 billion with EU exports amounting to 79 million euros. Comparing with the previous year (2012), these data represent a 2% increase on EU exports and a drop by 7.9% of EU imports. Ecuador ranks 108 top destination for EU28 export in 2013, and 22 top origin for EU28 import in 2013.

  Ecuador's main exports to the EU are fisheries, bananas, cut flowers, coffee, cocoa, fruits and nuts. EU's main exports to Ecuador constitute food preparations, bakery products, pasta, infant food and olive oil.

– **Market opening in agriculture for each party:**

  o 75.4% of agricultural tariff lines will be liberalised by the EU at entry into force representing 37.7 % of imports while additional 7.6% of tariff lines will be liberalised by the end of the implementation period. 6.6% of tariff lines will be subject to a partial dismantling or other treatment while 10% of tariff lines corresponding to less than 0.1% of agricultural trade will be excluded.

  o Bananas, which will benefit from a preferential duty (the duty level of 75 €/t will be reached in 2020, as for Peru and Colombia), represent alone 62.2% of EU imports of agricultural goods from Ecuador.

  o On rice, sugar and rum in bulk, concessions were kept fully in line with the result of negotiations with comparable partners and with the Geneva agreement on tropical products. More specifically, TRQs will be opened for raw sugar (15,000 t) and products with high sugar content, including refined sugar (10,000 t). On rice, the TRQ volume will amount to 5,000 t, with no annual growth, and there is a TRQ for maize of 37 000 tonnes.

- Ecuador will liberalise at entry into force of the agreement 44.2% of tariff lines corresponding to 55.3% of agricultural imports (average for 2005-2007). Additional 32.5% of tariff lines corresponding to 36% of imports will be liberalised after 3, 5, 7, 10, 15 or 17-year transitional periods. Remaining tariff lines will be partially liberalised within TRQs or with the variable component of the price band system maintained.

- Ecuador will fully liberalise all alcoholic beverages at entry into force.

- On dairy, Ecuador will open three duty-free TRQs representing a total of 1.500 t of dairy products. These TRQs will grow 5%/year, indefinitely. In addition to these TRQs, the EU secured on key tariff lines of cheeses full linear tariff liberalisation over 17 years, combined with an immediate opening of a transitional TRQ duty-free of 1.000 t.

- On pigmeat, Ecuador will provide full liberalisation at entry into force for the most traded lines (offals and pig fat) and in up to 15 years for meat preparations. This concession is combined with a transitional TRQ duty-free of 800 t + 3% annual increase for salted, smoked and cooked pigmeat (including hams). The EU also obtained full liberalisation for most of the processed food exports within 3-5 years (e.g. sugar confectionary, pastas, biscuits, infant food and most other food preparations). Chocolates would be fully liberalised over a transitional 10-year period.

– **Export refunds:** Ecuador and the EU will not grant any export refunds to products fully liberalised and/or covered by a tariff rate quota in the importing party provided the in-quota tariff is fully eliminated.

– **Wines and Spirits:** Tariff elimination at entry into force is complemented by the removal of other relevant 'behind the border' barriers -Ecuador's import substitution policy, labelling requirements and certain technical standards- that were hampering and could potentially block access to the Ecuadorian market.

– **Geographical Indications (GIs):** The agreement foresees the protection for 116 EU and 1 Ecuadorian GIs at entry into force, free of any administrative registration fees. The list of EU GIs comprises the same names that sought protection in Colombia and Peru. It also provides for mechanisms as to expand the list to additional GIs in the future.

– **Entry into force timetable foreseen:** The agreement with Ecuador should not enter into force before all internal procedures, such as legal scrubbing, and the ratification processes are cleared on both sides, likely in 2016. The text of the draft agreement has recently been published for information purposes and is available in the DG TRADE website (http://trade.ec.europa.eu/doclib/press/index.cfm?id=1156).