

The Americas: agriculture in recently concluded trade agreements

*DG Agriculture and rural development
Brussels, 27 November 2014*



Outline

- **EU-CANADA Comprehensive Economic and Trade Agreement (CETA)**
- **EU-Ecuador Trade agreement**
- **Product focus:**
 - **Dairy**
 - **Beef**



EU-CANADA Comprehensive Economic and Trade Agreement (CETA)



EU-CAN CETA negotiations: process and outcome

- 6 years of negotiations (2009- 2014). Milestones:
 - October 2013, political compromise, setting the main features of the agreement
 - September 2014: EU-Canada Summit declares CETA negotiations successfully concluded
- 2015: legal scrubbing and ratification process
- entry into force: likely in 2016, depending on ratification
- most ambitious agreement the EU has ever concluded, 1st with a G8 country and 1st with an agricultural powerhouse
- a blueprint for others to come ?

EU-CAN CETA negotiations: tariffs

- A very **ambitious** agreement:
 - The EU will fully liberalise **97% of agricultural imports from Canada**, including **cereals**.
 - Canada will fully liberalise **95% of agricultural imports from EU**, including **wine & spirits** and **Processed Agricultural Products (PAPS)**.
- **With specific treatment for sensitive products:**
 - **Exclusions:**
 - EU: chicken and turkey meat, eggs and egg products
 - Canada: dairy (except cheese), chicken and turkey meat, egg and egg products
 - **TRQs:**
 - EU: beef (45 K t), pork (75 K t) and sweetcorn (8 K t)
 - CAN: cheese (18,5 K t)
 - Management system: import licensing for beef, pork and cheese

EU-CAN CETA negotiations : GIs

- Canada – a GI opponent - has accepted to protect **145 EU flagship food GIs** at a level comparable to the EU
- **Administrative enforcement** against uses of any kind misleading the consumer (including evocation of a false origin)
- **Coexistence** with prior TMs
- For a **limited number** of names: **Ad-hoc solutions** for conflicts with generics, generics in translation, prior uses, plant varieties
- **Open list**: possibility to include additional GIs



EU-Ecuador Trade agreement



EU-Ecuador Trade agreement: a summary

- **A quick process:** negotiations resumed in January 2014 and concluded in July 2014, **with strong roots in a previous process**, as Ecuador took part in the multiparty agreement negotiations with the Andean Community countries, but withdrew from the negotiation in 2009.
- The deal will allow Ecuador to join Peru and Colombia in their trade agreement with the EU, concluded in 2010 and in force since 2013
- **An ambitious yet balanced outcome:** Ecuador will benefit from improved access for its main exports to the EU – fisheries, **bananas, cut flowers, coffee, cocoa, fruits** and nuts. The Agreement will provide improved access to the Ecuadorian market for key EU exports, e.g for alcoholic beverages, PAPS, pork meat and some dairy.
- Where **asymmetries in development** and **sensitivities** on both sides were **respected**: the EU will liberalise more TLs (90%) over a shorter period than Ecuador (75% over up to 17-y). Remaining lines are excluded or subject to TRQs.



EU-Ecuador Trade agreement: tariffs & GIs

Main EU concession :

- **Bananas** represent alone 62.2% of EU imports of agricultural goods from Ecuador. ECU obtained same tariff treatment as main competitors (Colombia and CA).
- Minimal concessions on **rice, sugar** and **rum in bulk**.

Main concessions from Ecuador:

- full liberalisation of **alcoholic beverages** at entry into force (EIF).
- TRQs on **dairy** + liberalisation over 17 y for **cheeses**, combined with a transitional TRQ of cheese.
- On **pigmeat**, full liberalisation EIF for offals and meat preparations in up to 15 y for + transitional TRQ for hams.
- full liberalisation within 3-5 years for most of **PAPS**

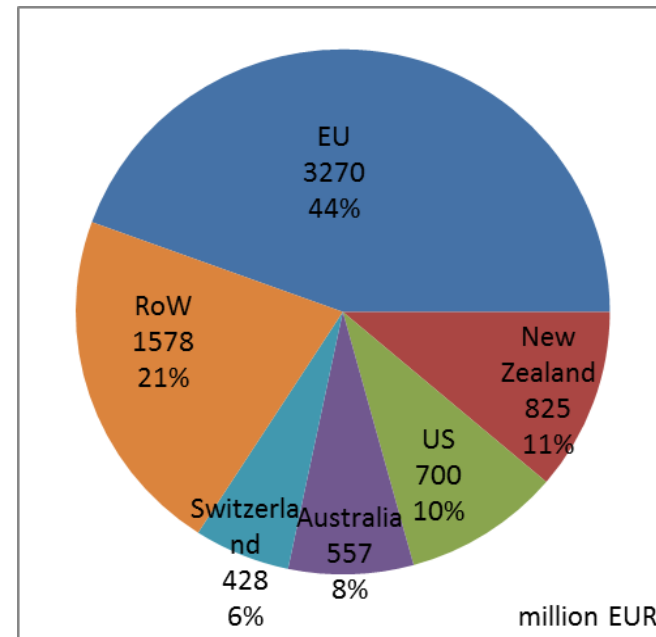
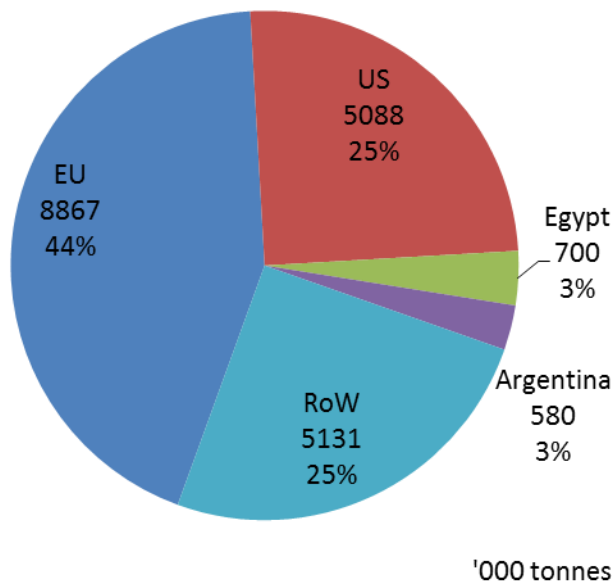
GIs: protection for 116 European GIs (same as Peru and Colombia) at entry into force, free of any administrative registration fees and possibility to expand the list in the future.

Sectoral focus:

**Dairy, a key offensive
interest in EU's FTA
agenda**

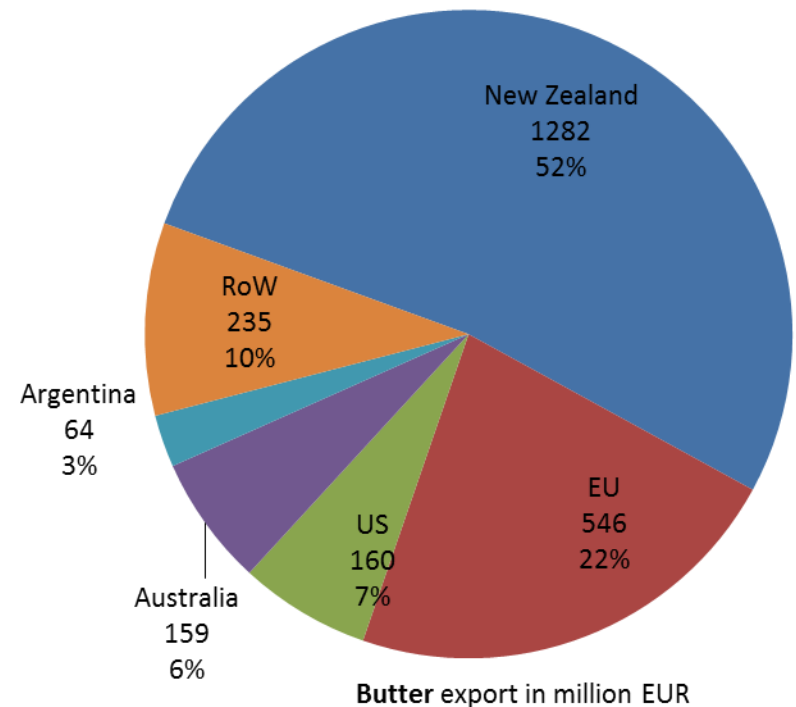
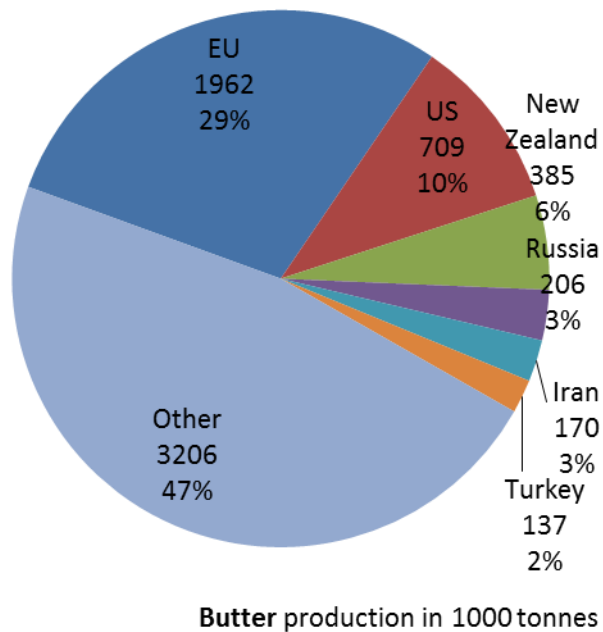
Dairy: a key offensive sector in EU's trade agenda (1)

- Cheese: EU top world producer and exporter***



Dairy: a key offensive sector in EU's trade agenda (2)

Butter: EU top world producer and 2nd largest exporter



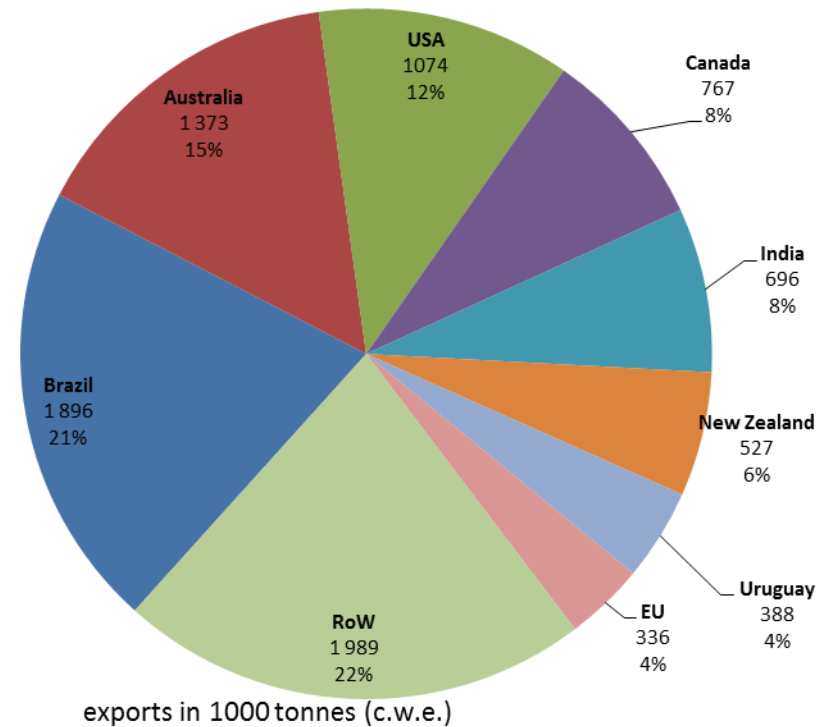
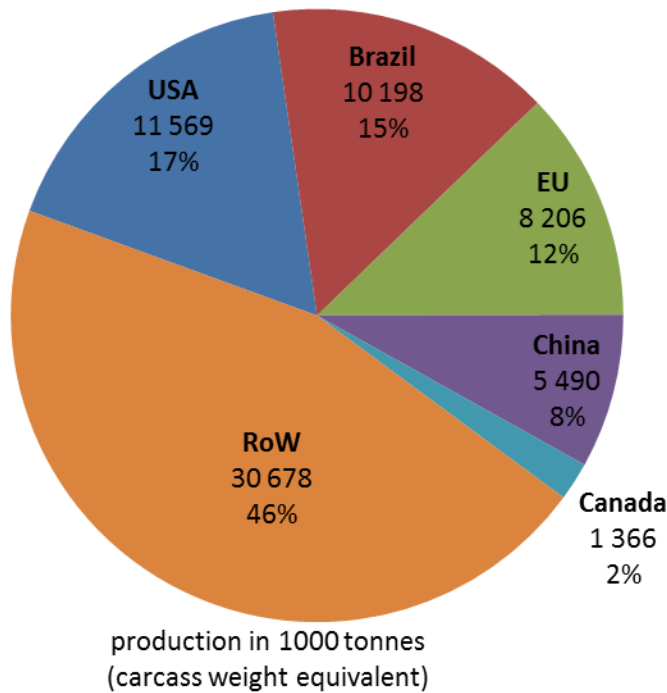
Dairy: Outlook for EU until 2022 (3)

- ***EU** is the world **largest cheese producer and exporter***
- *Cheese **demand** is expected to grow steadily both in developed and developing countries*
- *World **cheese trade** is projected to increase significantly in the coming decade.*
- *Cheese **consumption** in the EU is projected to reach 17 kg/capita by 2022*
- *EU **Cheese production** is seen to grow by **almost 7 %***
- *A strong import demand from the world market would allow for an increase in EU exports by more than two thirds*
- *More generally, medium term prospects for milk and dairy products at global level appear favourable. The continued expansion of world demand, resulting from global population and economic growth, and increasing preference for dairy products are expected to be the main drivers of growth.*

Sectoral focus:

Beef: a sensitive product

Beef: Main world producers and exporters



Beef: Outlook for EU until 2022

- **Demand** in beef **growing** worldwide due to increased consumption in DCs and changing diet.
- A series of factors led to a **global reduction** in cattle herds and in beef **meat production**.
- The slow rebuilding of global cattle herds and persisting high input costs, while consumption is growing, lead to a projection of **high prices** in MT
- In the **EU** production is expected to **recover slowly** over the medium term. During the projection period, EU beef consumption appears to be constrained by the shortage in domestic availability, which explains the projected high price level.
- EU beef **imports** are expected **to increase marginally**
- **EU** beef will continue to be seen as a **sensitive product** in FTAs, subject to treatments different from full tariff liberalisation.
- The Commission will remain **coherent** and **vigilant** in its approach towards beef in FTAs