European Commission

International Trade in Agri-food

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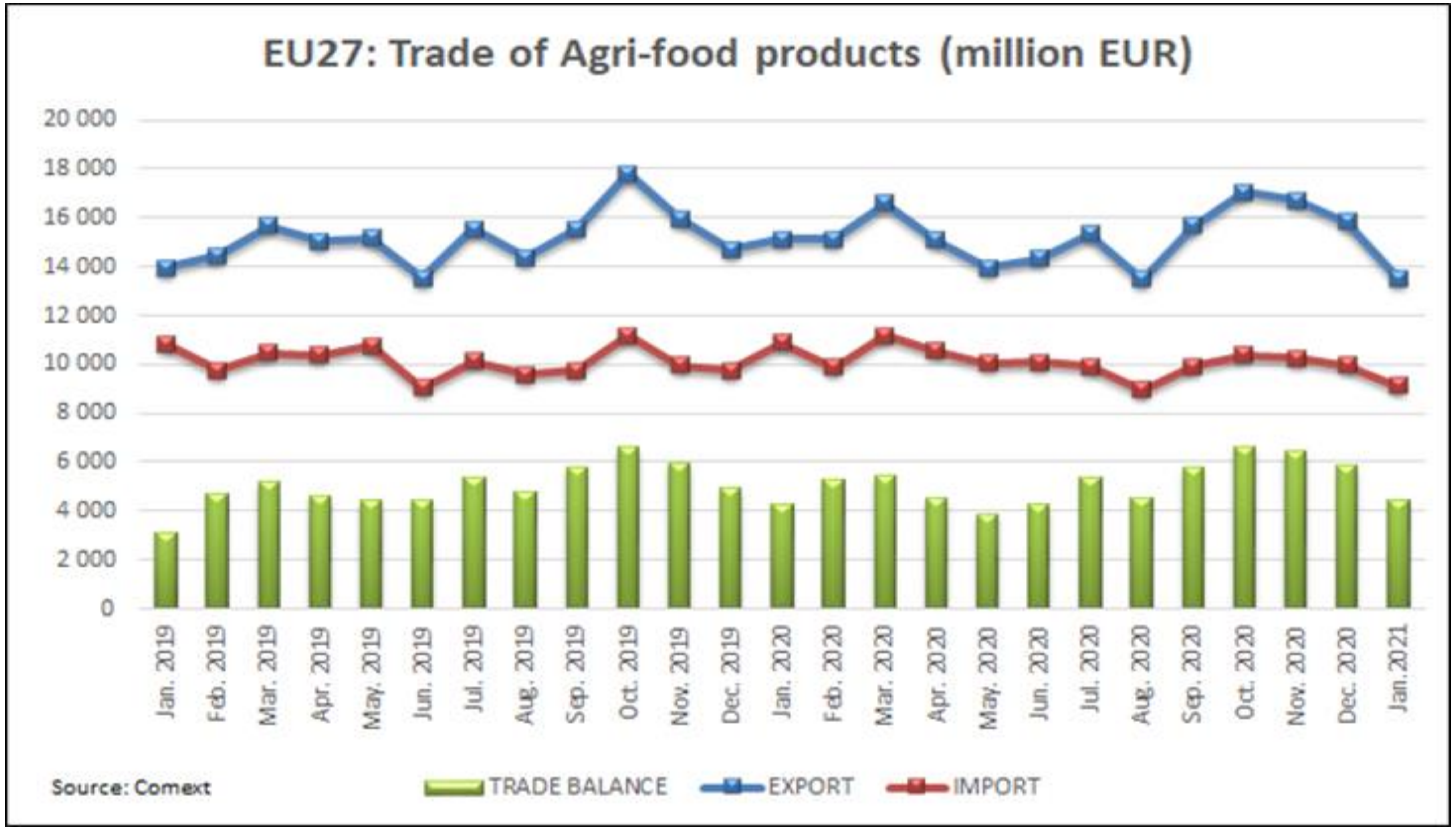
Agriculture and Rural Development

Agri-food trade performance

EU-27- Data until January 2021



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Our Trade Performance

EU27 structure of agri-food trade with extra-EU27, 2010-2020 (in million Euro)

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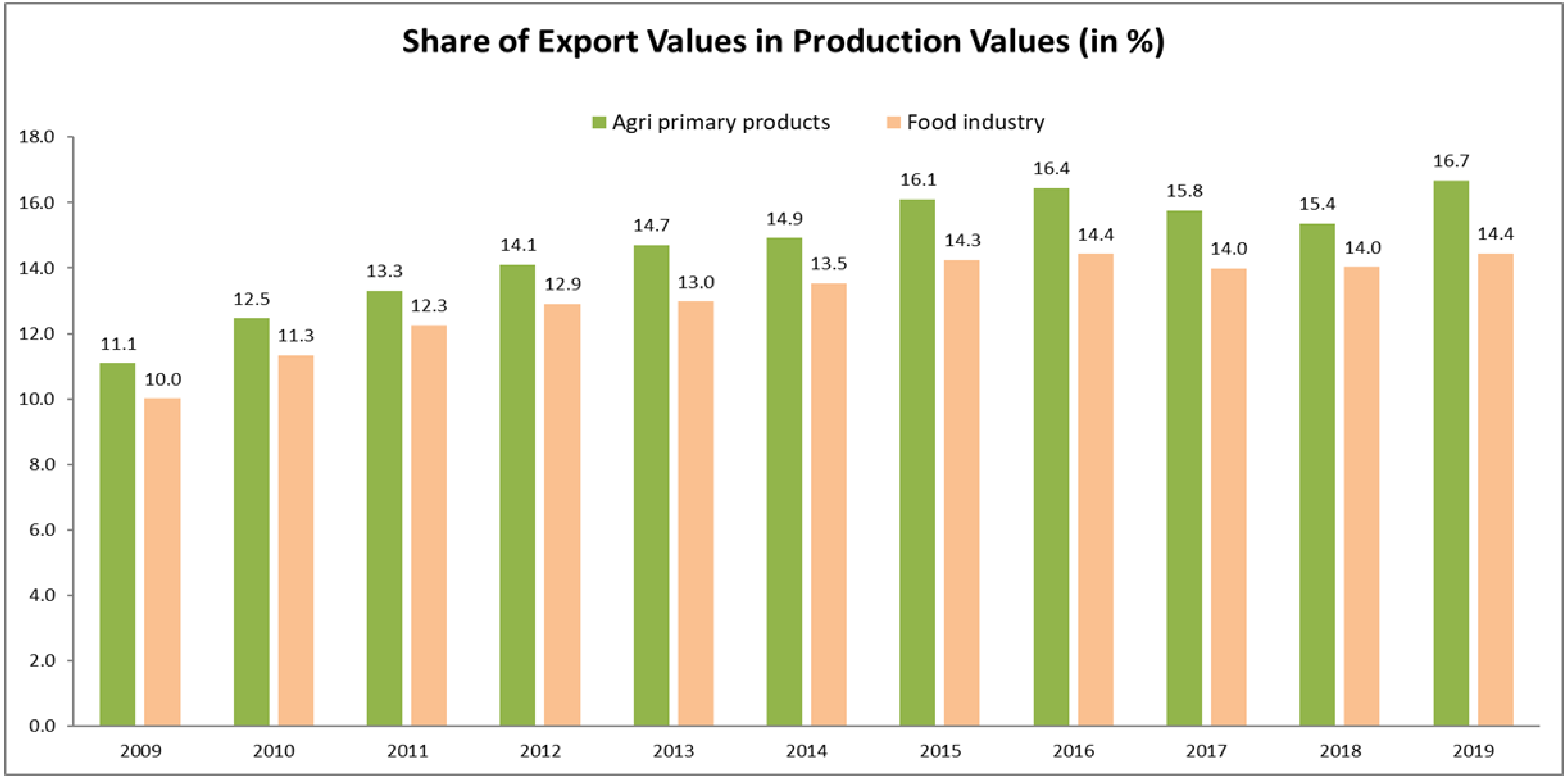
Our Trade Performance

EU27: Exports relevant more than ever



Trade Policy

World Trade Organization (WTO) Update

- 12th Ministerial Conference, 30.11-3.12.2021
- WTO reform
- Transparency and export restrictions
- WFP exemption from export restrictions
- Domestic support work programme
- Post-MC12 negotiations

World Trade Organization

Trade Policy

State of EU-US Trade Relations

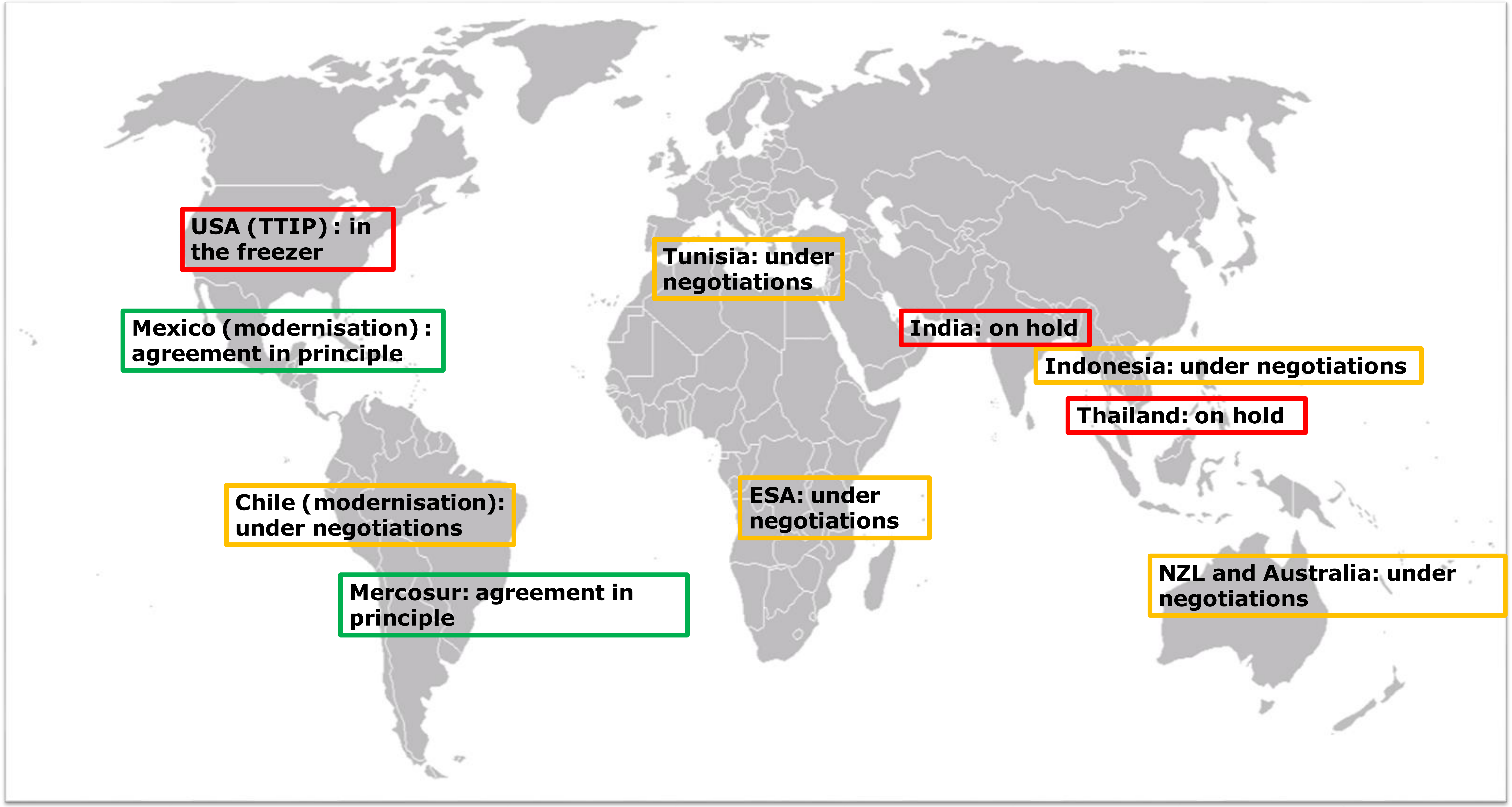
- EU exported in 2019 21.8 bn € of agri-food to the US (12% of extra-EU exports): 50% represented by alcohol (spirits, wine, beer) and soft drinks.
- Increasing EU ag trade surplus: 4bn € in 2009 → 12 bn € in 2019.
- 2020 trade affected by both Covid-19 and additional tariffs (Airbus) but surplus stable.
- After turbulent relationship under Trump, reset of relationship under Biden Presidency with major change on both form (cooperation instead of confrontation) and substance (common views on sustainability/climate change, multilateralism..)
- First concrete signs of new path:
    - Agreement on WTO TRQs following Brexit;
    - Suspension of additional tariffs on the civil aircraft WTO dispute;
    - Discussions on Digital tax;
    - US return to multilateralism: WHO, Paris Agreement.

EU-China trade relations Update

- 2020 another record year of agrifood trade with China (+€3.2bn, +22%).
  - increase in the EU exports of pig meat (+€2.44b, +74%).
  - wheat and infant food ++
- Work for recognition of the regionalisation principle on meat exports.
- GIs agreement: in force since 1 March 2021.
  - ensure a solid implementation
  - deepen our collaboration on GIs
- Study on “EU agri-food exports via e-commerce to China”
  - Target first half of 2022

The EU and Free Trade Agreements

FTAs to be ratified, under negotiations or on-hold



Trade Policy

New Zealand FTA Update

- June 2020: EU improved MA offer
    - quotas for our sensitive products (dairy, beef and sheep meat)
    - NZ disappointed
- March 2021: Tariffs not discussed
    - Progress on Gis: enforcement of protection, reduction of number of conflictual names
    - Upcoming intersessional work to progress on GIs and W&S annex before the next round (end June 2021 TBC).

Trade Policy

Australia FTA Update

- Start in 2018
    - First MA offer October 2019. Covers well over 95% tariff lines and trade.
    - 5 sensitive sectors (beef, sheep meat, dairy, sugar and rice) excluded by the EU from discussions so far
- Agriculture:
    - More progress on GIss necessary before further engaging on market access.
    - High number of GI names subject to conflicts

- No clear political deadline for the end of negotiations; but unlikely in 2021.
    - quality comes before speed

Trade Policy

Mercosur FTA Update

- Analysis and studies undertaken by the Commission confirm the Mercosur FTA is an attractive and balanced deal for the EU economy overall; agricultural sensitivities well known.

- <u>Where we are</u>
  - ➢ Ongoing: legal scrubbing of the agreement
  - ➢ Commission developing with Mercosur a parallel sustainability agreement
    - ➢ Next: translation
      - ➢ Future: Commission proposal to Council and European Parliament

Trade Policy

Chili FTA Update

- **Main EU agri offensive interests:**
    - Art. 23 TRIPS plus protection for agri-food GIs (216)
    - Modernise SPS chapter and include Sustainable Food System chapter (EU's Farm-to-Fork strategy)
    - Better market access for EU dairy products and food preparations

- **On GIs:** difficult discussions with Chile, more progress needed but some reduction of number of conflicts

- **Market access:** so far EU sensitive agricultural tariff lines on meat and olive oil are excluded from EU MA offer. Cumulative Impact Assessment factors in a Chile FTA;
    - **2nd exchange of offers may take place before summer**;

- **Timeline/developments:** Chile wants to conclude in 1st semester of 2021 (ahead of Presidential elections in Chile end of 2021;

Cumulative impact of FTAs

Updated Study - Outcome

- Its aim is to provide broad magnitude of expected cumulative impacts of FTAs on EU agriculture market, subject to scenario assumptions;

- 12 trade agreements are covered simultaneously: Canada, Japan, Vietnam, Mercosur, Mexico, Australia, New Zealand, Thailand, Philippines, Indonesia, Chile, Malaysia;

Cumulative impact of FTAs

Description of the study

- Analysis of economic effects on EU-27 agriculture of most significant free trade agreements:
    - *recently concluded or entered into force: Canada, Japan, Vietnam, Mexico, Mercosur*
    - *under negotiation or possibly envisaged: Australia, New Zealand, Thailand, Philippines, Indonesia, Malaysia, Chile*
- Compare prospects for 2030 with cumulative free trade agreements and without agreements (= baseline)
- Two trade scenarios:
    - *Both scenarios: Concluded agreements: as per negotiated outcome (tariff cuts + TRQs)*
    - <u>Conservative:</u>

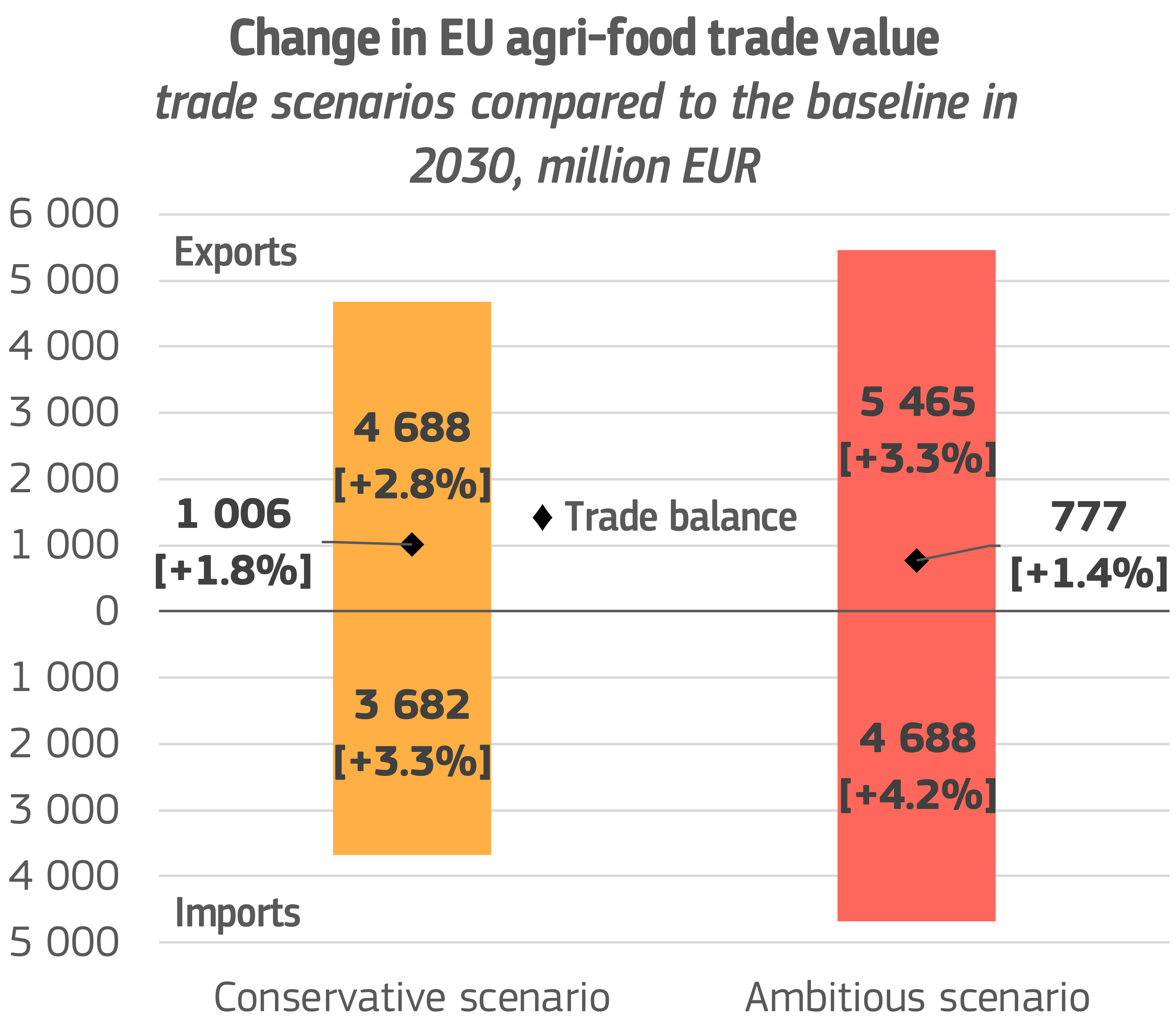
  Other agreements: 97% of tariff lines fully liberalised; other (sensitive) lines get a 25% tariff cut

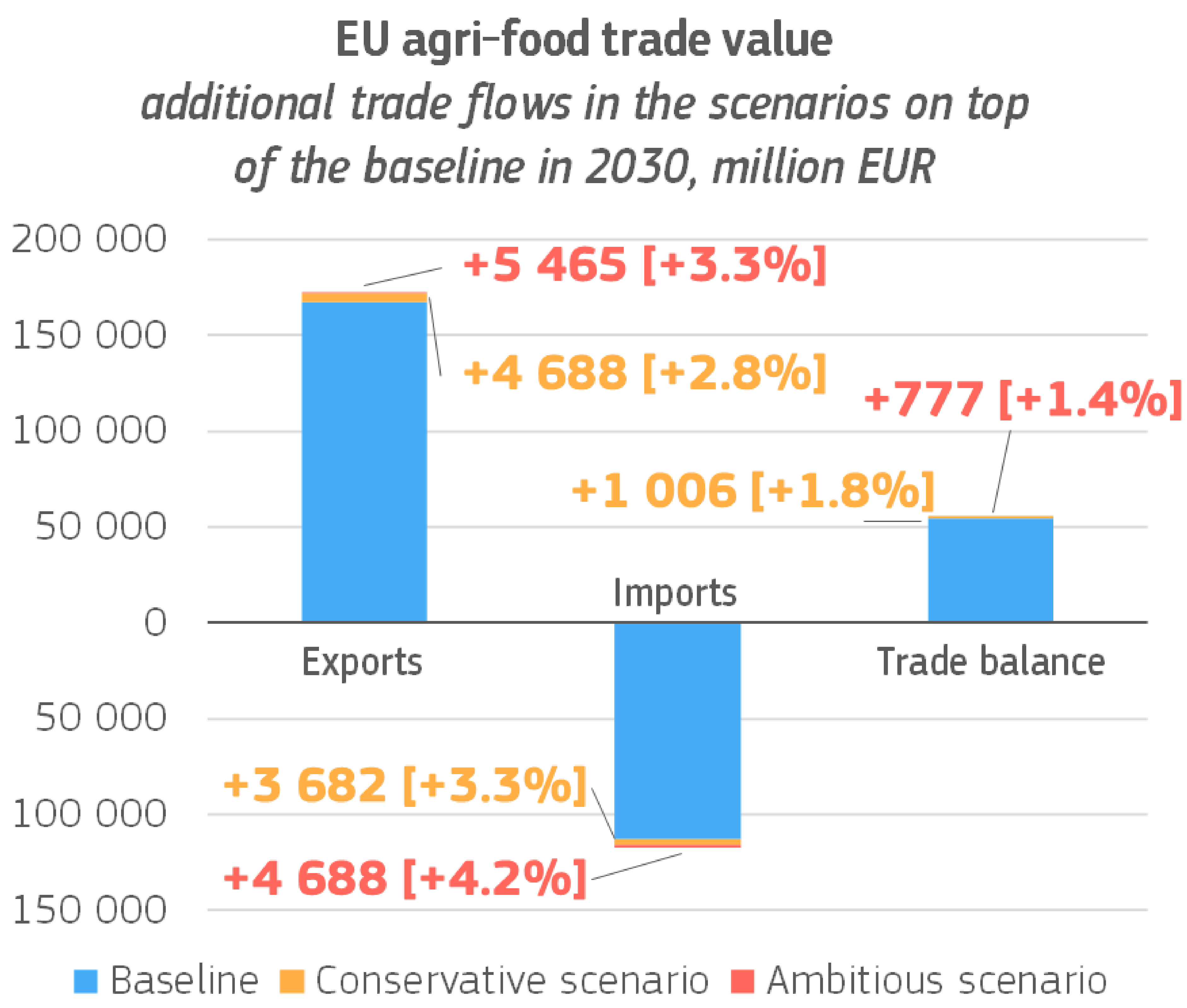
    - <u>Ambitious:</u>

  Other agreements: 98.5% of tariff lines fully liberalised; other (sensitive) lines get a 50% tariff cut

Cumulative impact of FTAs

Overall trade impacts



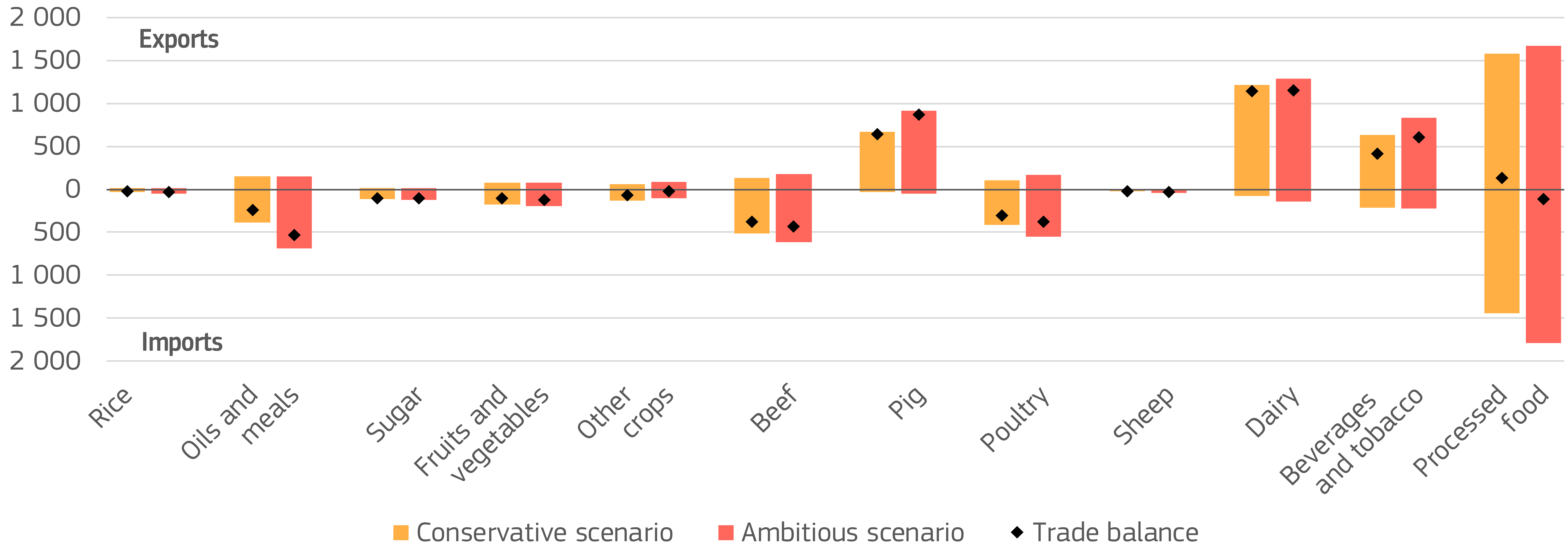


Cumulative impact of FTAs

Overall results by sector

Change in EU trade value of agri-food products

trade scenarios compared to the baseline in 2030, million EUR



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Conclusions

- Difficult trading climate for the rest of this year, hopefully some improvements next year together with FTAs that are delivering results;

- More optimistic medium term outlook for the agrifood sector (cf the FAO/OECD ten year outlook report. EU Outlook coming up in December;

- Trade policy- supporting multilateralism, better implementation of exisiting FTAs, keeping existing markets open, removing trade and SPS barriers- will play a role in the EU economic recovery that we need.

Questions and Discussion