Draft minutes International aspects of agriculture policy, 5th May 2015

1. Welcome and adoption of minutes from 27.11.2014

Chair Paul Rooke opened the meeting. Interpretation in FR, DE, EN, IT, SP, PORT, POL. Chair reminded the participants about the 4 round tables during lunch break on international years of soil, Asia as an opportunity for agro-food exports and CAP and development.

Leonardo Mizzi, Head of Unit, inter-institutions relations: Commission is trying to enlarge debate through round tables. Trade is high on the EU political agenda and Commission is trying to have a bottom-up approach in coffee table.

2. Adoption of agenda

Draft agenda was adopted. Chair stressed that there will be two presentations (EUWEP and WWF) and other members of the group are invited to do presentations at future meetings.

3. Adoption of rules of procedures

Document is approved.

4. Discussion on the strategic agenda and approval

Chair stressed that while the strategic agenda is set for the 7 years of the group, it can still be improved if need be. All comments received have been accommodated. Where comments where sectors-specifics, it was left out for sectors.

FRESHFEL: would like to have included in point 1 on WTO: EU to assist in dismantling SPS barriers in multilateral talks. Volunteer to do presentations at the next meeting(s).

Group adopted the strategic agenda with this amendment.

5. Russian Embargo

Diego Canga Fano, Director B- Multilateral relations (see ppt)

Presentation provides for a state of play of trade of EU agricultural products to third countries, including latest statistics. Commission stressed the combined efforts made by the services of SANTE, AGRI, TRADE. Relatively good results are also due to the active actions of the sectors to find alternative markets. Commission has a list of priorities of SPS barriers that has been elaborated together with the sectors. New promotion regulation, providing more funds and higher ratio of co-financing, as well as putting focus on export markets, will contribute to mitigate the impact of the Russian ban.

Q & A:

Answering question from **EEB** on ruling of EU court of Justice that EU shall comply with animal welfare law even for exports, Commission stressed that they cannot establish extraterritorial legislation.

Answering comment from **Cogeca** that milk and F&V are still negatively impacted as it is not easy to change destinations, Commission stressed that it is true that some sectors are doing better than others. This is current situation; trends are also moving in right direction for cheese and F&V.

UECBV: thanked Commission services for the actions put forward since the embargo and supports the internal market measures for pork. Reminded that ban to export pork to Russian is in place since January 2014. Despite progress made on third countries and despite positive exchange rate, there is a loss for the sector in 2014, in terms of volume and value. Sector believes that Russian market should still be an objective for Commission. On alternative destinations for exports, UECBV stressed that TK is still imposing SPS barriers. On animal welfare: export markets need imports so if not from the EU, will be imported from other countries. UECBV works with Commission and third countries to put in place measures to support animal welfare in these countries. To see a recent report done by a NGO on the positive developments on slaughtering in TK.

Cogeca: support Commission focus on SPS and asked for continuation of removal of SPS barriers in FTA.

Commission: SPS issues are high on the agenda. DG TRADE is running a series of meetings in USA, China, etc to try to tackle SPS barriers. Outcome of WTO case against Russia is expected end of the year. Good collaboration between DG TRADE, AGRI and SANTE. SPS file gets a more political attention- including at Commissioners' level (Mogherini agenda in TK includes a beef point). SPS market access working group is also a good tool to exchange with the industry on the SPS challenges.

FRESHFEL: F&V are suffering the most as 50% of exports were to Russian market before the ban. Supports the Commission actions on promotion, SPS, etc. Loss of value of commodities (: Apple) in the internal market is also to take into account due to export difficulties to Russia and huge crop in EU market. Looking at diversification: 40% has been to new markets such as Brazil, Middle East etc but still difficulties to diversify to USA, to Japan or Australia. Last week exchange of letters from Commission and Russian authorities on issues of origin – any comment from Commission? Decision from the Sector to be present at the Food Fair in Moscow in September 2015 as sector wants to continue on this market.

FDE: should not lose Russian market out of side – industry wants to re-establish trade relations with Russia. On promotion policy: is there any data available on the latest trends on promotion files?

Commission: On diversification efforts: exports to different countries and other cities- Data are known every 6 months but trend show that more diversification in Asia, Latin America and Africa. No information on the exchange of letter as it is too recent.

EFA: Is there an opportunity to support more the F&V sector in the future promotion programmes as the sector has been the most impacted- and if there was a promotion campaign for the meat sector, to support promotion on prepared meat and not live animals for animal welfare reasons.

Commission: in future regulation entering into force in December, Com is not inclined to go for distribution per sectors but would focus on priority countries and then sectors. The decision has not been adopted yet however.

EFFAT: does Commission look at effect on employment of the Russian embargo and are there any information available per Member States?

Commission: Com does not have information on effect on employment and cannot be broken down per Member States. Towards Russia, COM would like to be treated as one trading block. Reiterated that this is a collective efforts and welcomes input from stakeholders.

6. Bilateral negotiations

Presentation from John Clarke, Director A – International Bilateral Negotiations- see ppt

On WTO: Agriculture remains at the center of the process. Doha is expected to be concluded by end of the yyear, at a lower of ambitions.

EU-US TTIP: Agriculture is at the heart of the negotiations. GI and market access are key for the EU. EU agricultural model and regulatory choices are not for negotiations. EU will not fully liberaliseliberalise all sectors of agriculture. For sensitive products (egg, sugar, poultry, and rice) TRQs or tariff reduction will be negotiated. Debate on GIs is difficult.

EU-Canada CETA agreement: 2015 will be legal scrubbing and ratification process. Entry into force is likely to happen in 2017. sLiberalisation of the agriculturalagricultural sector with some exclusion due to sensitivity. Canada accepted to protect 145 EU flagship food GIs and ad hoc solutions for conflicts with generics. Good precedent for TTIP according to Commission.

EU-China on GIs: negotiations launched for mutual recognitions of GI's few years ago. 250 names where potential interests to be protected on the China market. Negotiations on the text are almost completed. Conflict over 10 or 15 GIs registered as trademarks in China.

EU-Vietnam: final stage of the negotiations. Priorities: wine and spirits, meat, dairy including Milk Powder and PAPs and GIs. Main interests for Vietnam: rice and starch and to lesser extend sugar and poultry. For sensitive items, Com will negotiate TRQ with a volume sufficient to get Vietnam to conclude the deal without having a negative impact on the EU producers.

EU-Japan: not easy negotiations. EU has only offensive interests with Japanese markets. Issues for Japan with cheese and whey, beef, ethanol, starch and sugar and certain cereals and very complex of borders protection system. Japan focus is on TPP first and then with the EU. On GIs, Japan has introduced a sui generis GI's law but are not offering the level of protection that the EU is seeking and does not accept at this point in time that GI's can coexist with trademarks corresponding to GIs.

EU-neighboring countries: no active negotiations at the moment.

Q & A:

Chair: CETA a partial template for TTIP. Any reaction from USTR on this if any?

Commission: the USA does not accept that CETA is an appropriate template for TTIP at this point in time. Issue is also for the 5% GIs for cheese, semi-generic wine names (Porto, Chianti, Champagne).

COPA: How Commission combat false arguments being used to go against TTIP?

EFOW: welcome efforts of Commission on TTIP. Not supports CETA solution for TTIP. US is negotiating with China a list of generic terms and what is the strategy of Commission. On Japan: law on GIs does not include wine so what impact for the negotiations?

EEB: how Commission intends to deal with the lack of animal welfare in the USA?

Commission: On animal welfare: if there is no bearing on the final safety of the product, Commission cannot modify the US animal welfare law to reflect the EU ones. Debate in the US on raising animal welfare standards in some States. In TTIP Commission is trying to negotiate removal of the 17 semi-generic wine names and this is a big asks. China and USA have reached a non-binding understanding on how to deal with GIs in the Chinese market which says that should follow prescriptions of TRIPS agreement to determine if a name is GIs or not and same process to decide if coexistence between GIs and trade mark. On Japan they will have to protect GIs for beer and wine through other means. Commission is looking for the Minister of finances to see how they will protect GIs in wine and spirits sector.

EFFAT: concerns about TTIP on employment and integrity of the EU farm system as shift from welfare of workers and standards to trade.

Cogeca: When and how the Commission will distribute TTIP documents?

Copa: What about regulatory cooperation?

Commission: To EFFAT, Commission will not accept any TTIP result that will negatively impact the Farm system that we value in EU. Looking at CETA, it was positive for Canada and EU while promoting trade and no lowering standards. On regulatory cooperation aspects, there are sector specific activities on the way to see if regulatory can be less divergent. On transparency issue: Commission position papers are available on Commission website. Still missing are the US documents but USTR does not want to disclose their documents to the general public. Commission has put together a concept paper on ISDS and document should be available in the coming days.

Copa: question on Ukraine strategy for agriculture and what is COM reaction?

Origin: what is position of Commission towards WIPO? On Canada, we do agree that strong enforcement on GIs is a very good precedent but exceptions could have been better negotiated if there had been a stronger coordination with GIs beneficiaries.

FDE/ EDA: would support FTA with China while Australia and other are making FTAs with China. What are possibility for progress from EU?

Commission: Commission supports the 10 years agriculture strategy of Ukraine. Ukraine today does not use GMOs and if they change their policy that would have implication for their exports to the EU. On CETA and GIs, difficult to see how the Commission would have negotiated the exceptions better; but take points that Commission can work with GIs holders when negotiating. No active thinking within the Commission on a FTA with China.

FDE/ AVEC: Is poultry a sensitive sector for Japan? TRQs for sensitive sector can be an issue for the poultry sector as cumulative efforts with all the FTAs and should be clear in WTO negotiations that poultry is a sensitive sector.

ECVC: On CETA, organised dairy sector in Canada has been impacted by the trade deal with the EU. On TTIP, regrets that no presentation on the latest round of negotiations and state of play. Issue in the US, on what the EU wants in terms of public procurement (i.e local food suppliers for schools etc). ECVC asked for impact analysis on environment and human rights under TTIP and asked for impact analysis of previous FTAs with third countries partners, especially on employment, standards and welfare in general.

Commission: poultry is less sensitive in Japan than pork so Commission is optimistic that they can achieve progress there. Commission had a meeting with ECVC representatives lately and reiterated that intention is that the agriculture outcome shall be acceptable – that is why Commission does not want to fully liberalise in all sectors. Sustainable Impact assessment on TTIP is public. On public procurement and local sourcing of canteens, etc: DG trade prepared Q&A available on the website. On suggestions on posteriori studies on impact on FTA is a good idea and within DG AGRI will pursue.

7. Cumulative effects of FTAs on a sector: illustration from the egg sector

Mark Williams – EUWEP – see presentation

Egg sector has been subject to 'light CAP regime': has benefited from export restitutions but no other CAP measures. So sector is efficient, innovative and reactive to consumers' demand. In 1999, Council Directive on animal welfare (ie cages). EUWEP study shows that for egg products, TRQs or full liberalisation will put the EU industry at an even more disadvantage and calls the Commission to limit trade concessions on egg and egg products.

Q & A

EFA:

Commission: study focus on imports but regarding exporting performance, EU exports to Japan in 2014 was greater than all imports to the EU. What about trade as an opportunity and not only threat?

EUWEP: On exports, Japan is the biggest import market. Japan fears imports of low costs Chinese eggs and are pleased to receive high value added products from the EU. One day trading partners will improve animal and environmental standards and will narrow the gap so the EU industry is vulnerable between now and then. There has been some initiatives in the USA in the sector between industry and animal welfare NGOs to do some progress but that was rejected by the Congress on the ground that this could set precedent in other sectors.

EFFAT: concern from EFFAT on social progress or safety that could be outcome of FTA. Would like to have more information on dispute settlement ie: EFFAT fear that precautionary principles for workers will not be applied. Concern that USA has not ratified ILO Conventions (i.e. Federal State does not recognize rights of workers to join a Union).

Commission: Precautionary principle is recognised in WTO agreement and Commission will continue to apply. On ILO convention, US is attached to standards but in all trade agreement they have been reluctant to make a legally binding commitment to join ILO convention – so difficult debate with the US on this is expected.

Chair: In breaking for lunch gave a further reminder of the round table discussion.

8. **Report from discussion table**

International year of soil:

DG ENVI: Key message of the international year of soil is that soil is a limited resources and takes 1000 years to generate only one centimeters of soil. Worldwide 33% of soil is degraded. Participants supported crop rotation to tackle issue of soil degradation while they are not convinced that green cover is a solution due to its costs.

Agri-food opportunities in Asia:

Sylvia Michelini, Head of Unit Asia, DG AGRI: Asia represents a great potential for EU agri exports, especially for dairy, wine and spirits, eggs and meat. Only one agreement in force is with South Korea. Japan, Vietnam, under negotiations (Thailand, Malaysia, India negotiations are on hold). Countries where no FTA discussions as yet but interests (China, Indonesia). Asia recognizes high value added of EU products and willingness to pay the premium price. GIs is important and is gaining leverage abroad also as a mean to protect and promote rural areas.

Contribution of the CAP to the UN development goals

Jules Seitz (ACP unit) on international aspects and developing countries: there is a complex set of targets and indicators in the UN Sustainable Development Goals to be discussed in September. Discussion was adressed the andissues regarding the implementation of the SDGs such as the potential contribution of famers and the facilitation of responsible investments. Attendees raised also the importance of social standards, farmers' organisations and civil society involvement along with trade issues.

Coherence on CAP and development

Francis Fay – headheadheadHead of ACP unitin , informed thata report on policy coherence, assessing the compatibility between the CAP and development policies, will soon be published. Next was discussion on GMOs and impact in EU and spillover effects on third countries and export / import policy with third countries. On the CAP there was a comment that ititthe EU should not pay twice for development (once for the farmer and then for the developing countries). On the trade agenda (third pillar of the CAP), ther is a different approach to developing countries as there is no offensive interests. DiscussionsDiscussions finished on small farmers and the issue of concentration of the value chainschains and diminishing power over these chains. Commissioner Hogan and his counterpart, Commissioner TumusiimeTumusiime from the African Union have met to discuss promotion of private investments in agriculture in developing countries.

9. **Third countries' farm policies and their impact on trade – presentation by OECD**

Martin Von Lampe, OECD, See presentation ppt.

In the area of agriculture policy: too little is done in the area of investments with long term benefits in the agricultural sector including area of risk management. Still see a lot of distortive farm policy as they distort market signals and transfer the burden of adjustments to other countries in addition to the fact that they are not well targeted.

Q & A

Chair: WTO Doha is expected to be much more modest than originally planned. How do you see multilateral talks?

OECD: such agreement of Doha still important as push for making policies more efficient and support domestic reforms that countries need.

ECVC: surprised to see that presentation focus on subsidies and no other elements (installation of young farmers, access to land etc) and focus on liberalisation only.

OECD: indeed CAP is more than subsidies. Lots of thinking now is going on environmental policies – but difficulties to make comparable other elements of policy between MS – ie difficulties to get comparable data.

Cogeca: how to better development risk management tool?

Cogeca: on how sustainability of farming?

OECD: OECD has done some work on risk management. Ideally should be three tiered; farmer as an entrepreneur- (ie diversification); next level is through insurance system, future markets elements to help farmers, and government should intervene only when catastrophes that are not covered by the market. On volatility: volatility will not go away with intervention of policies and is accentuated by intervention of policy. And to protect the farmers and the vulnerable ones, need social security system.

Cogeca: on risk management – how to see political risk (ie Russian ban) should fall under 'catastrophe' risk or other box of risk management?

OECD: on income question: OECD is looking at income of farmers and the analysis of OECD depends on the national administration if they are willing to provide the data to OECD. On political risk: personal view is that this is a business risk – risk of policy restrictions on trade goes behind agriculture; is this appropriate to call for public intervention to deal with this? Should be integrated in an overall management system.

EFFAT: support the statement that this is a business risk – so in parallel why ISDS –position is not clear as one could see that the risk of environmental law or social law on ISDS could be seen as a business risk.

10. **Environmental effects of agricultural imports to the EU- with a specific focus on vegetable proteins**

See powerpoint presentation. Arnaud Gauffier

Q & A

Copa: if EU were to stop importing soya from Brazil, it would not help Brazil to change as China has a huge demand so farmers in EU should not be at disadvantage as they import soya.

EPHA: huge value from a public health perspective to consume more high quality and less meat. Changing dietary patterns is really difficult.

Cogeca: which are the alternatives plants for feed purposes or human consumption? Danube soya: very positive to promote soya production in EU and difficulties to grow soya towards cereals in EU.

WWF: WWF Brazil also works on this issue with Brazilian government and Brazilian farmers. Consumers' good forum (distributors and food industry) group has a role to play, rather than public policies. On change of diet patterns, WWF has focused on communication but indeed difficult to see positive outcome. Now WWF is more inclined to do partnership with private initiatives- on new products based on vegetable proteins. Alternative is EU soya-such as Danube soya (Luzerne, lupine, etc) issue of agronomy now but especially as there has not been much Research for years on these alternatives.

OECD: on environmental damage of soy beans – is that because GMO soya or just related to the area? And on deforestation, new research has showed that it has not slowed down at all.

CEPM (corn producer): need to examine first generation of vegetable protein to see how this can provide alternatives. Also make sure that FTA should not undermine the development of the sector of first generation.

ECVC: supports the report of WWF.

WWF: presentation is on Brazil and not only Cerrado. GM soya does not use less of chemicals but indeed need to compare with non-GM soya. If deforestation continues, it is less due to soya. On intensification of agriculture, WWF US stressed that we need to intensify agriculture at worldwide scale but in a sustainable way. In EU, not necessary – but in USA or Africa.

11. International aspects of organic agriculture

Presentation from Daniela Planchensteiner – DG AGRI- see presentation

Commission informed that Latvian presidency has the ambition to have a general approach adopted at the Council of 11th May. Once the EP will adopt its report (Mr Häusling from Greens has been appointed as rapporteur), trilogues for the adoption of the regulation can start.

Q & A:

IFOAM EU: would suggest to recognize regional standards; believes that better supervision of controls need to be implemented in third countries. In case where no regional standards, conformity with some exceptions should be allowed. Concern that in the international agreement, there would be lack of transparency and poorest countries would have difficulty to obtain equivalence.

Commission: The Commission has listened to all stakeholders' position, including IFOAM's, during the extensive consultation process that has preceded the adoption of the proposal. Move to compliance has not been identified as an issue by and for developing countries. Equivalence remains for third countries with international agreements. On regional standards it is not foreseen in Commission proposal but is being discussed indeed. Issue with regional standards is that Commission needs a body/ authority to discuss with when issues liked to certification and control of organic products in third countries arise.

12. Update on bilateral relations with ACP

Francis Fay, Head of Unit, ACP and Development issues in bilateral relations – see presentation.

Since agreements were concluded in 2014, Parties have been working on legal scrubbing. Status of agreements is unchanged since the latest meeting. Trade performance with ACP: ACP balance is strongly positive with the EU.

ECVC: ask for impact analysis and impact for Eastern Africa in particular of EPAs.

Commission: took note about the request for impact assessment and will inform the group. Underlined need to improve the dialogue with stakeholders and to promote private sector and investment in ACP agriculture, using the predictable market access provided by the EPAs.

Chair thanked the participants and all speakers from Commission and stakeholders speakers.

Date of 15.10.2015 for the next meeting to be confirmed at later stage.

Disclaimer

"The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."

***