Study on the cumulative economic impact of trade agreements on EU agriculture - 2021 update

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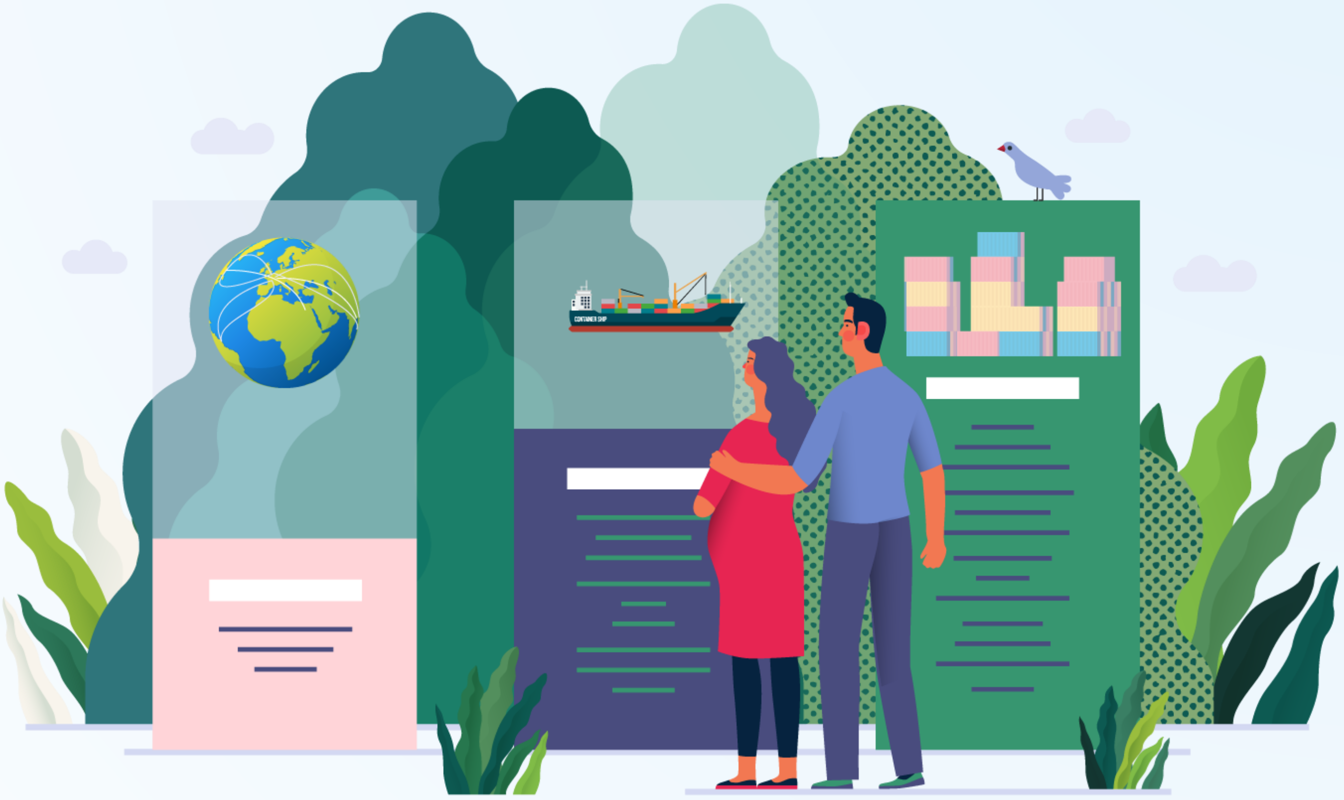
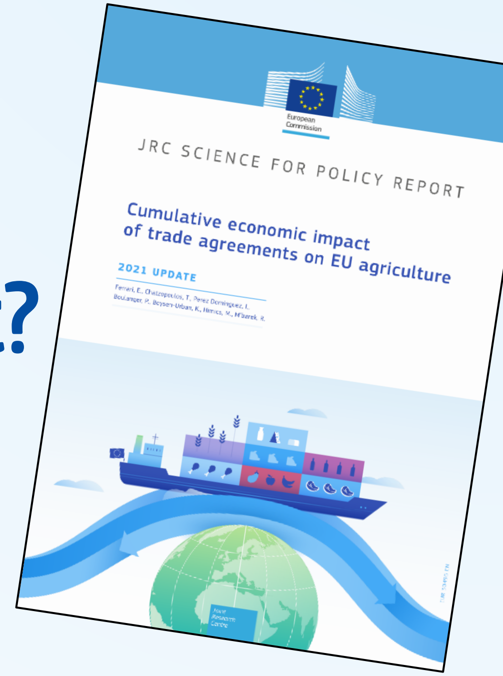


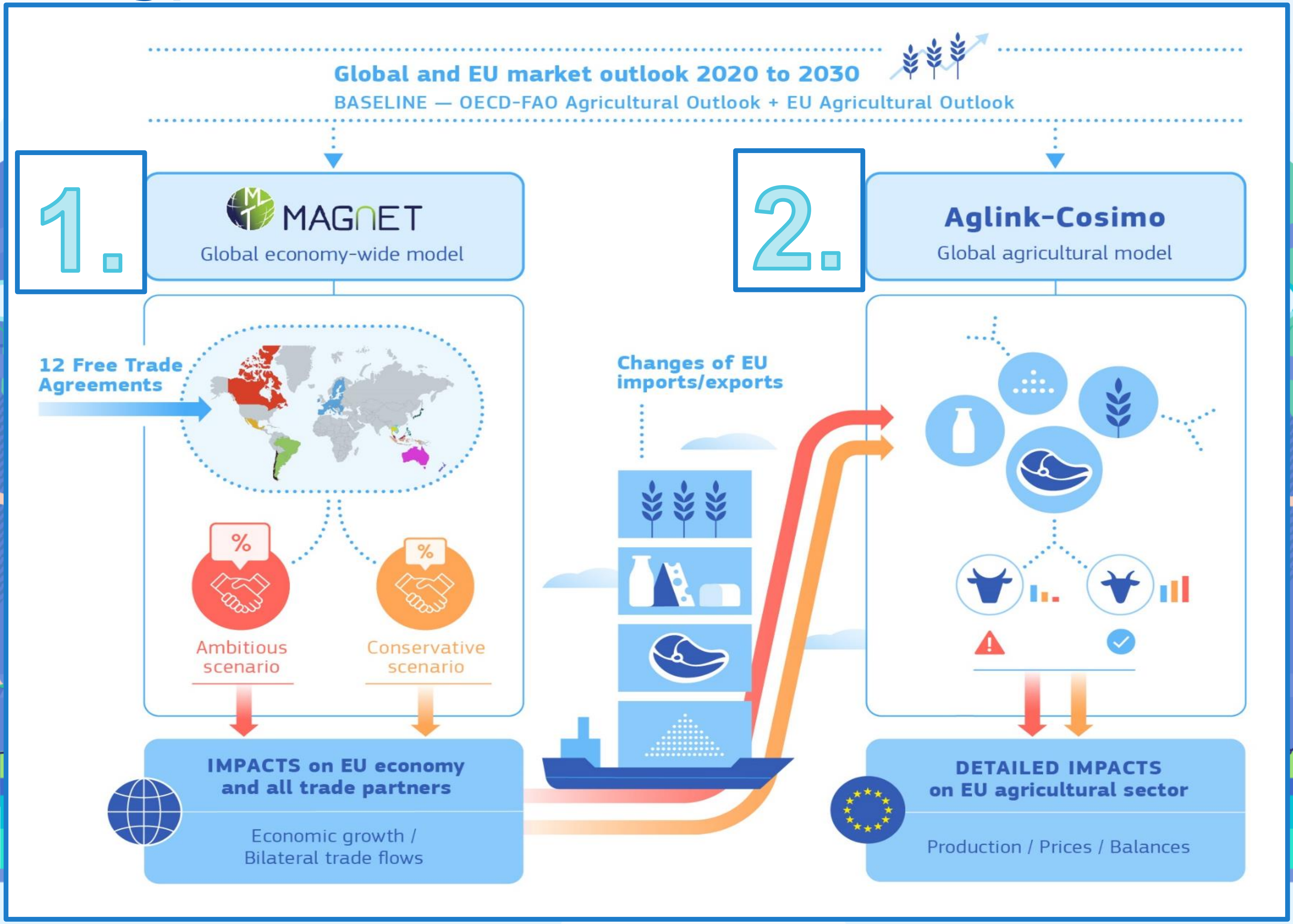
What is the study about?



What is the study about?

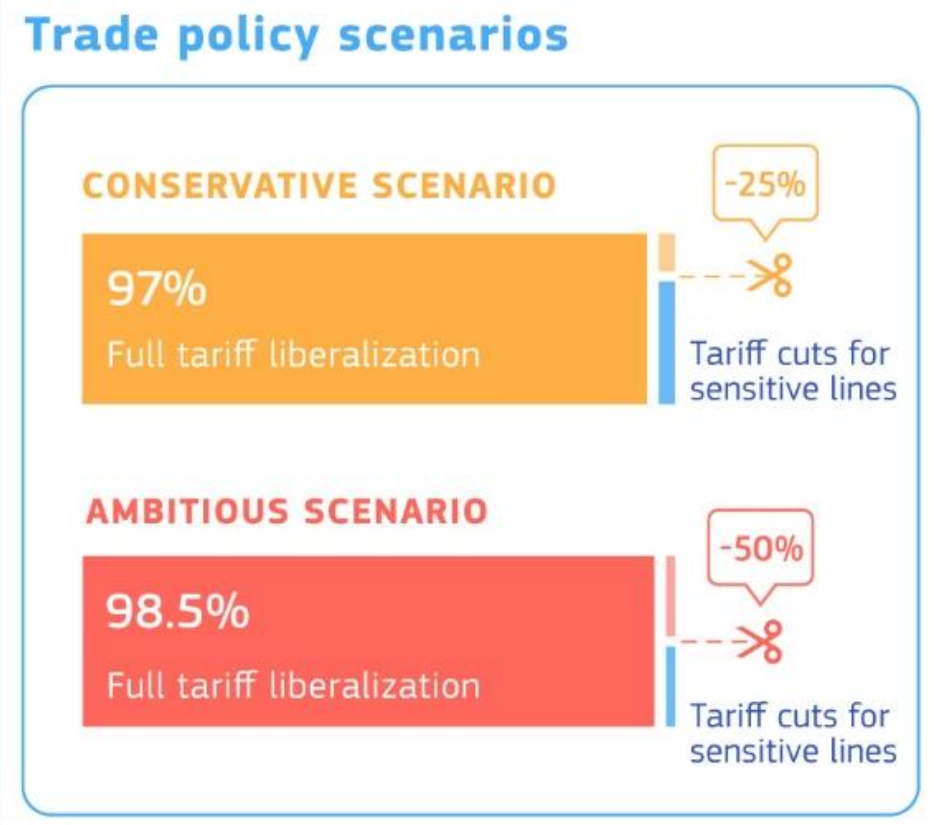
- Analysis of economic effects on EU-27 agriculture of most significant free trade agreements:
  - recently concluded or entered into force: Canada, Japan, Vietnam, Mexico, Mercosur
  - under negotiation or possibly envisaged: Australia, New Zealand, Thailand, Philippines, Indonesia, *Malaysia*, *Chile*
- Compare prospects for 2030 with cumulative free trade agreements and without agreements (= baseline)
- Similar assumptions and methodology compared to the 2016 study with some significant changes

Methodology



Trade scenarios

1. <u>Conservative</u>:
    - Concluded agreements: as per negotiated outcome (tariff cuts + TRQs)
    - Other agreements: **97%** of tariff lines fully liberalised; other (sensitive) lines get a **25% tariff cut**
2. <u>Ambitious</u>:
    - Concluded agreements: same as for conservative
    - Other agreements: **98.5%** of tariff lines fully liberalised; other (sensitive) lines get a **50% tariff cut**



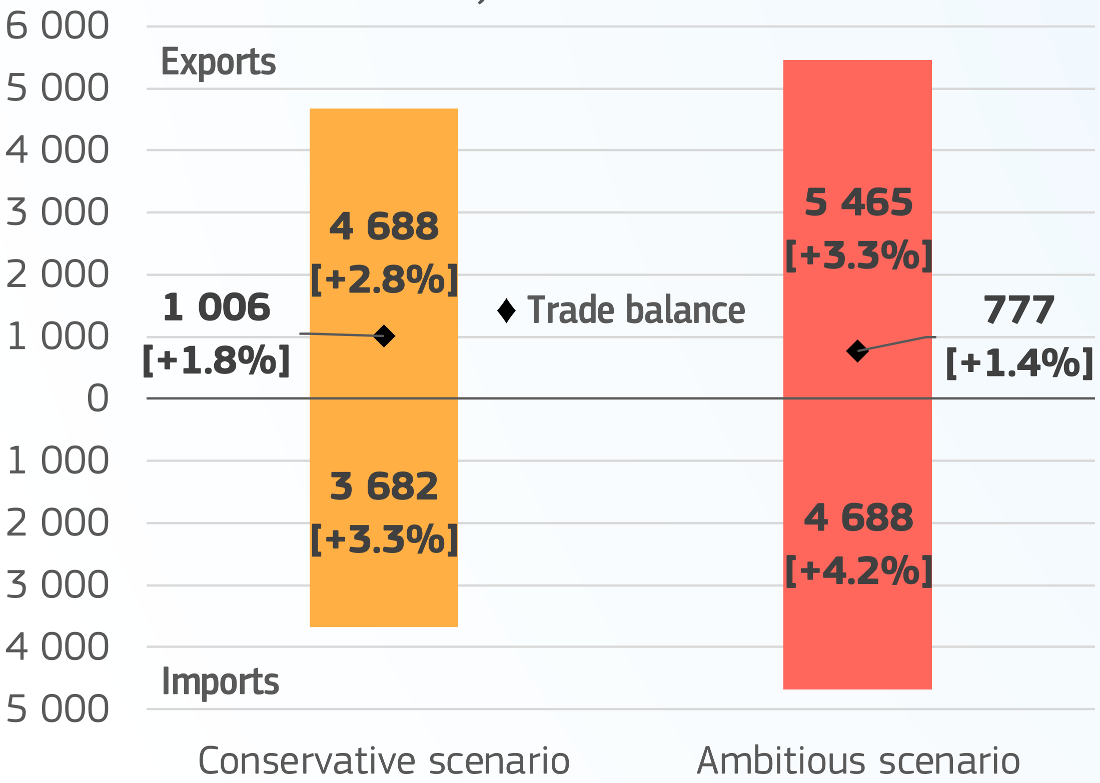
Main assumptions and caveats

- Future **EU-UK** relationship:
  - Duty Free / Quota Free trade assumption after 2020 (friction not modelled)
  - Apportioned WTO TRQs
  - UK with same level of MFN tariffs + rolling over “old” EU FTAs
- **COVID-19** not considered; **Green Deal / Farm to Fork** not implemented
- No analysis of **non-tariff barriers** (e.g. SPS) nor impact of protecting **GIs**
- EU-27 aggregated results, no national or regional disaggregation
- Detailed impact for only the main agricultural sectors

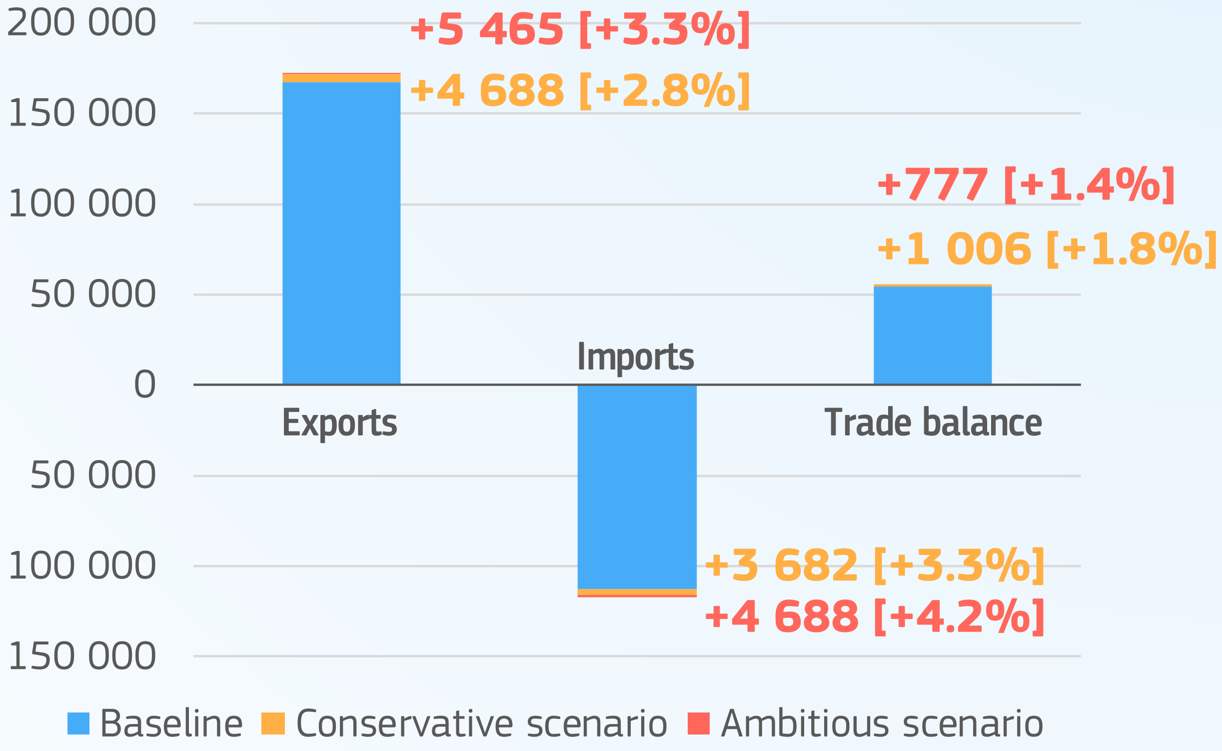
Results

Overall trade impacts

Change in EU agri-food trade value
trade scenarios compared to the baseline in 2030, million EUR

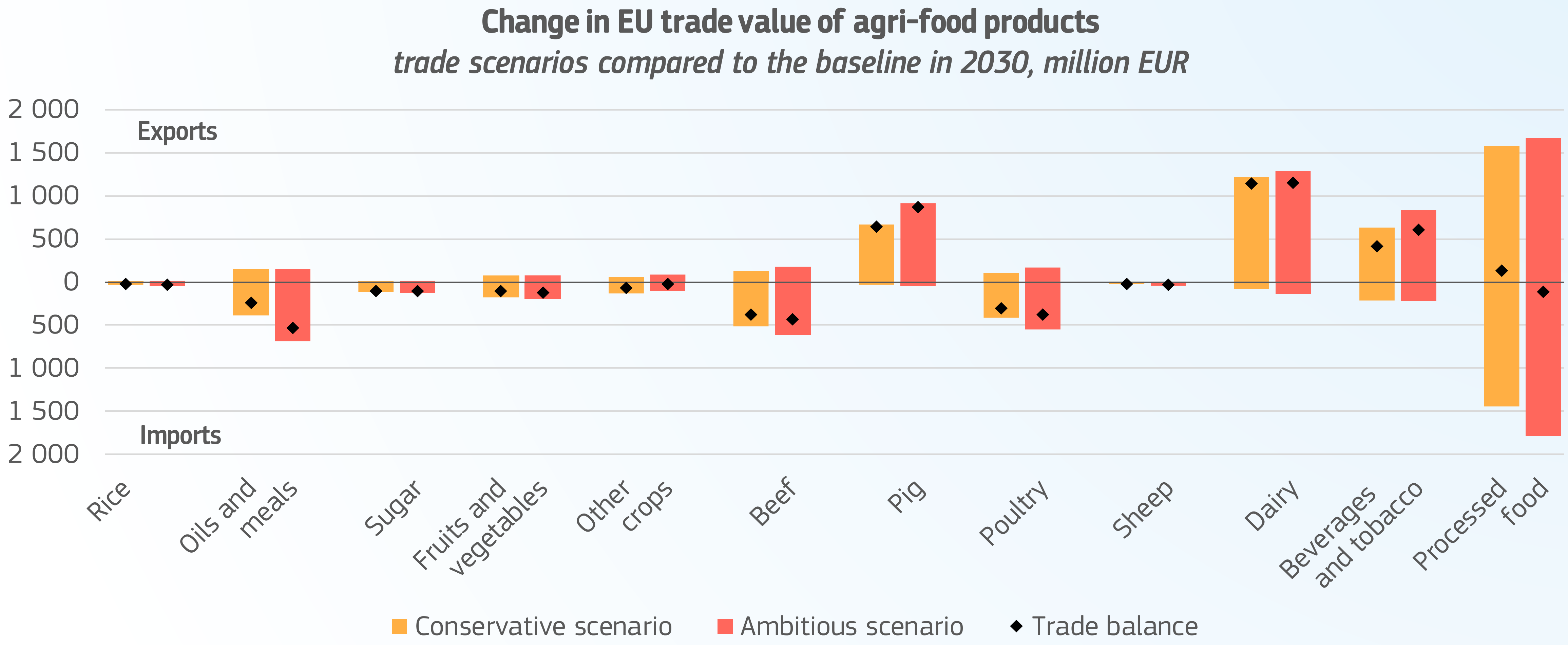


EU agri-food trade value
additional trade flows in the scenarios on top of the baseline in 2030, million EUR



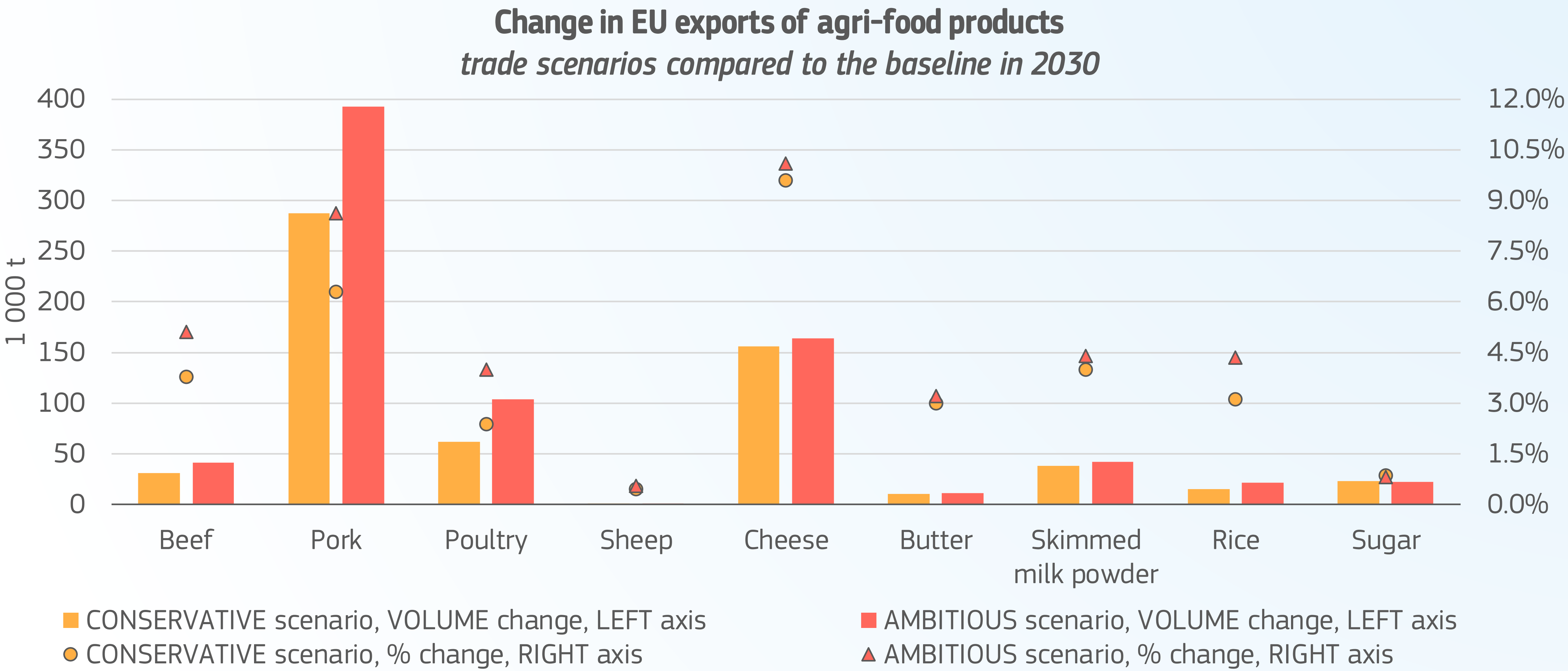
European Commission

Overall results by sector

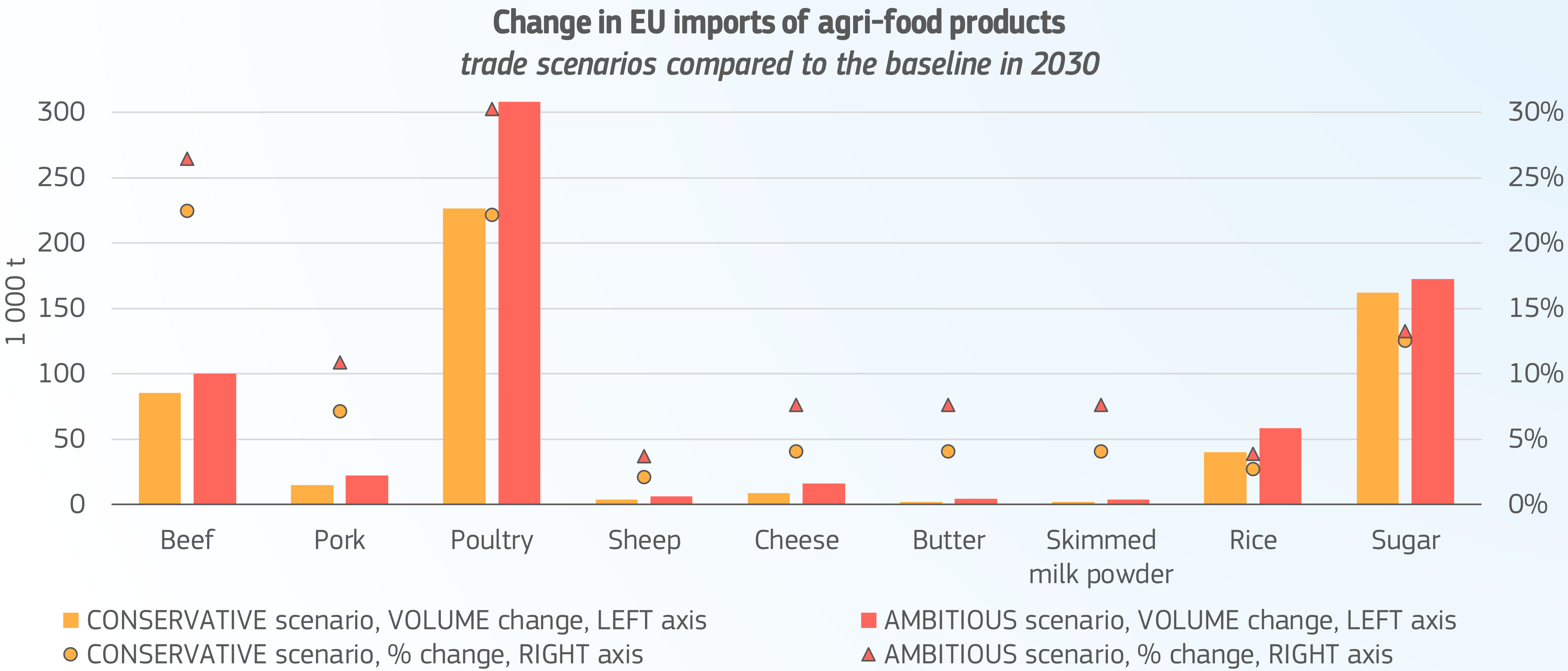


European Commission

Detailed results by sectors: EU exports



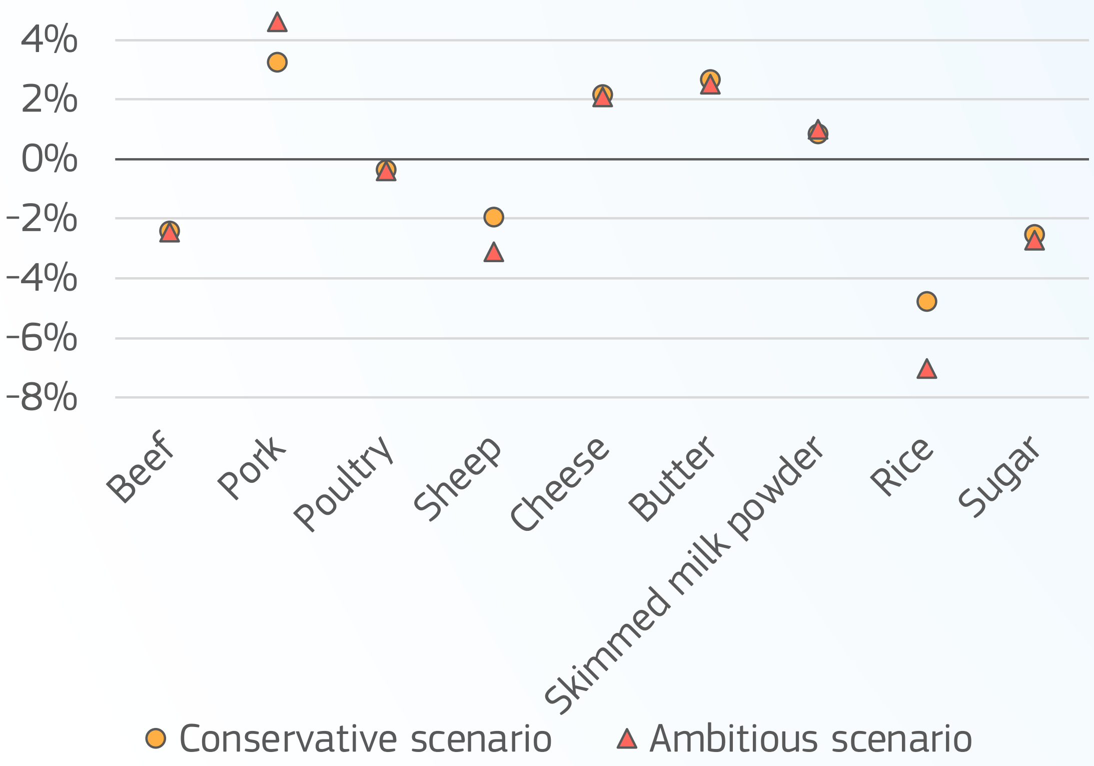
Detailed results by sectors: EU imports



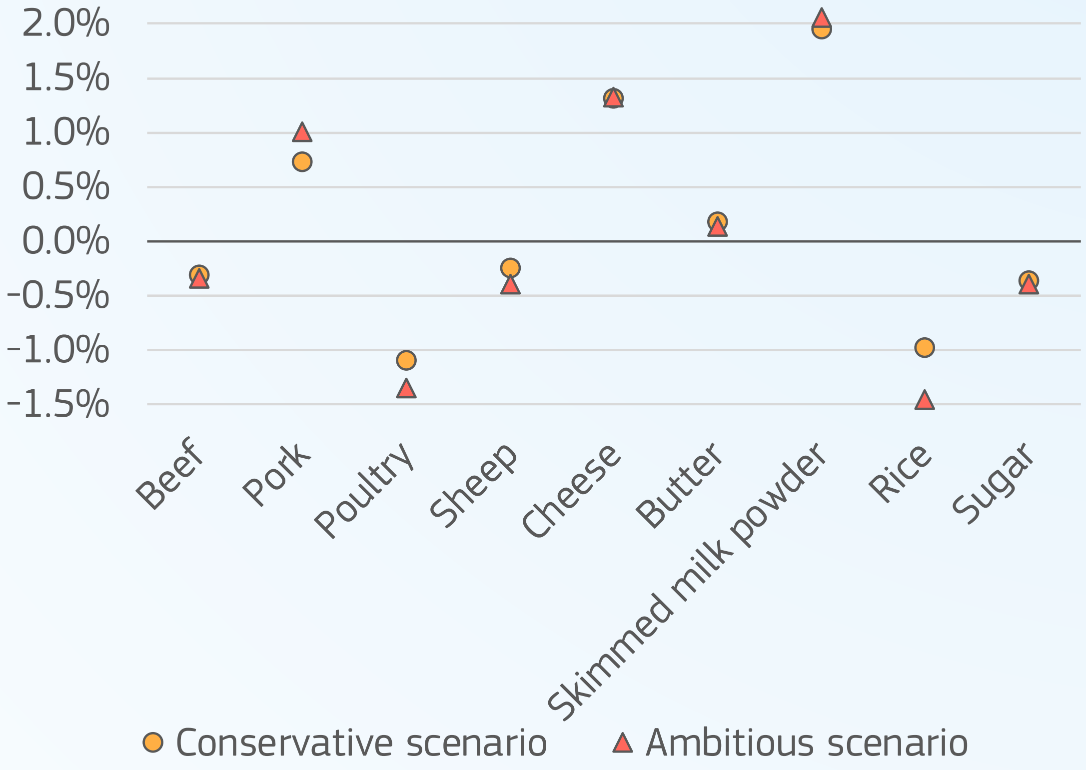
European Commission

Detailed results by sectors: prices and production

Change in EU prices of agri-food products
trade scenarios compared to the baseline in 2030



Change in EU production of agri-food products
trade scenarios compared to the baseline in 2030



Conclusion

Conclusion

- Confirmation that the EU agricultural sector can benefit from the EU trade agenda. Balance to be found however to guarantee adequate protection for the EU sensitive products.
- Justification of the existing approach taken by the Commission for the agricultural chapters in trade negotiations, incl. keeping a firm line when it comes to market access for sensitive products.
- TRQs are an appropriate tool to increase market access for sensitive products while limiting negative impacts on the sector concerned.
- An ambitious future CAP, supporting innovation and the competitiveness of the EU farming sector can also contribute to limiting negative impacts while reinforcing the positive ones.