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

CDG Quality and Promotion
Videoconference – 9th March 2021

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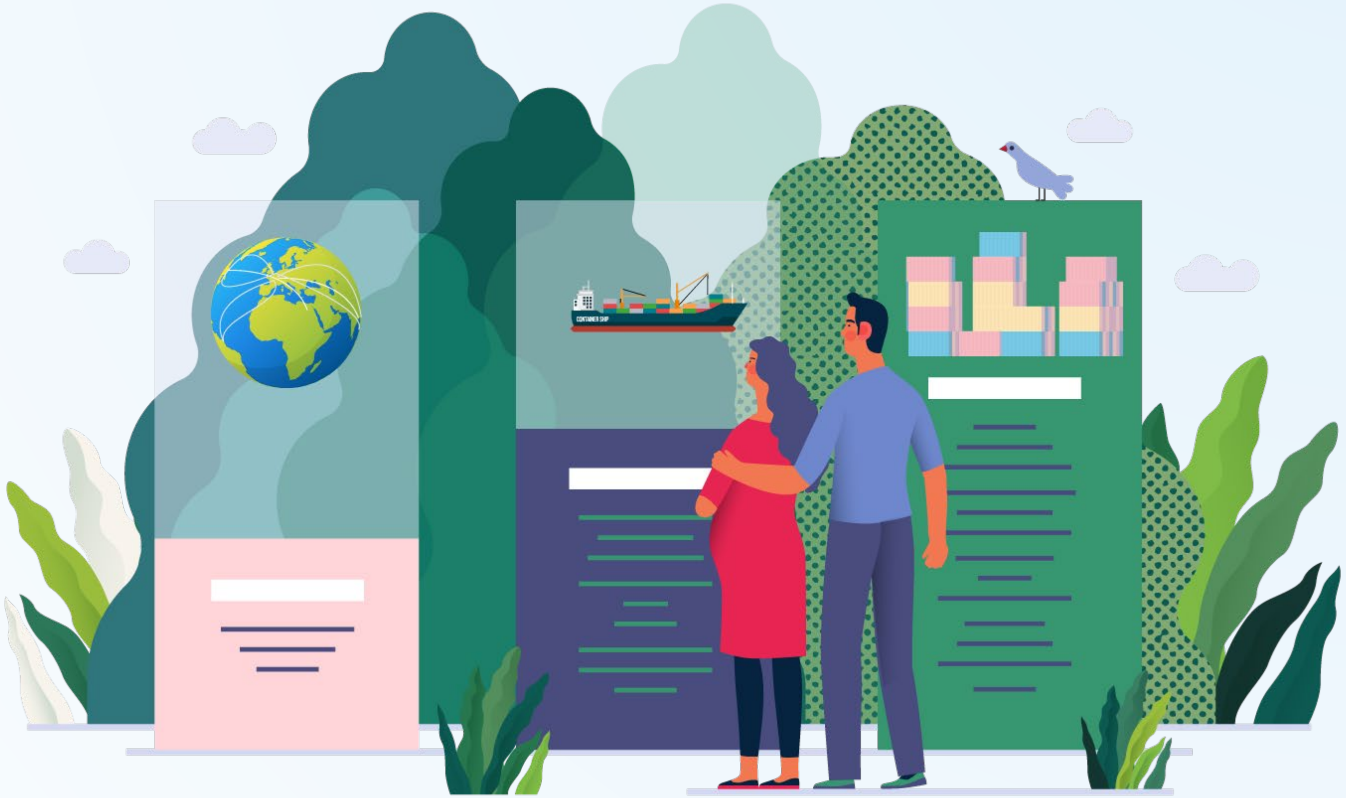
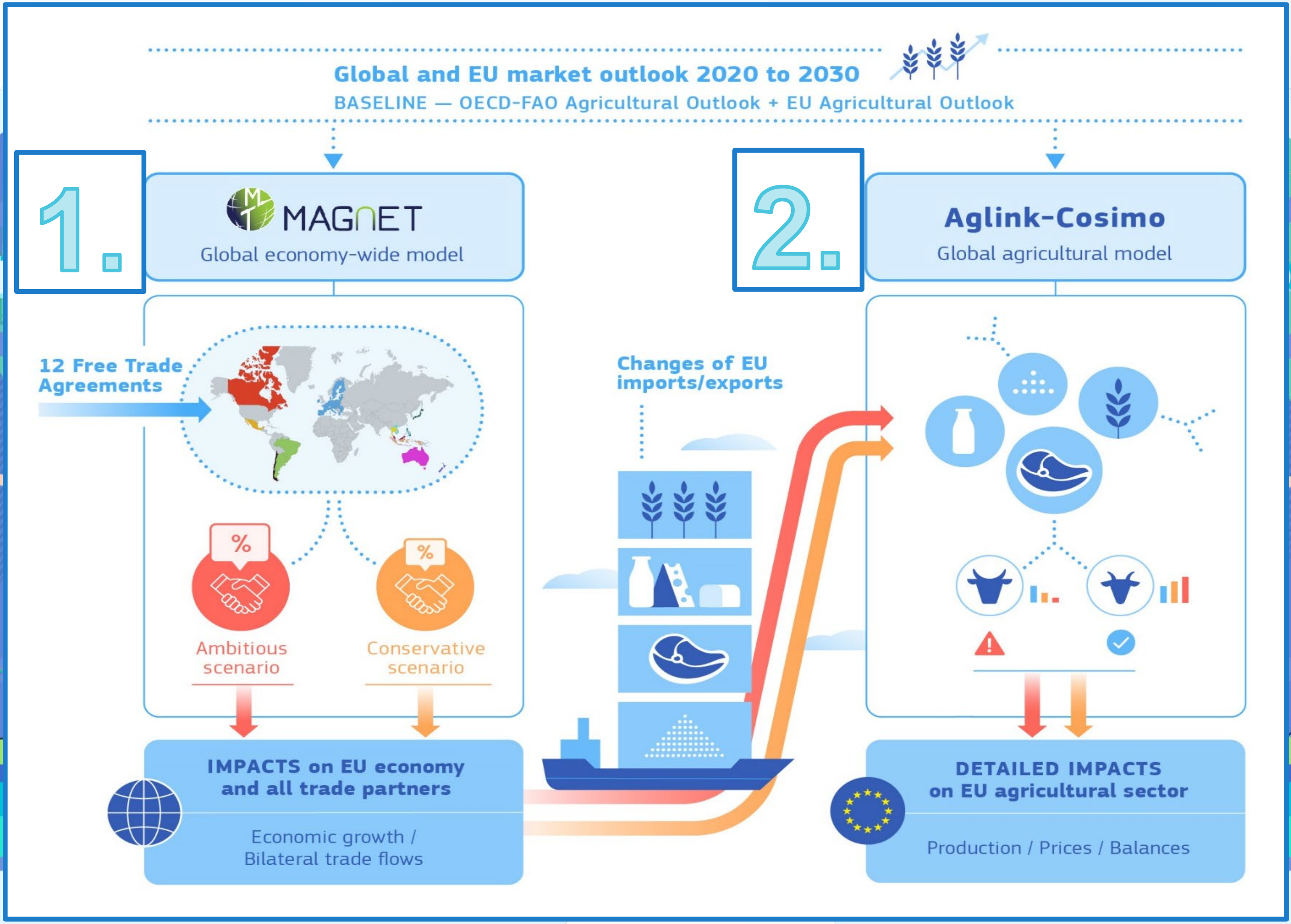


What is the study about?

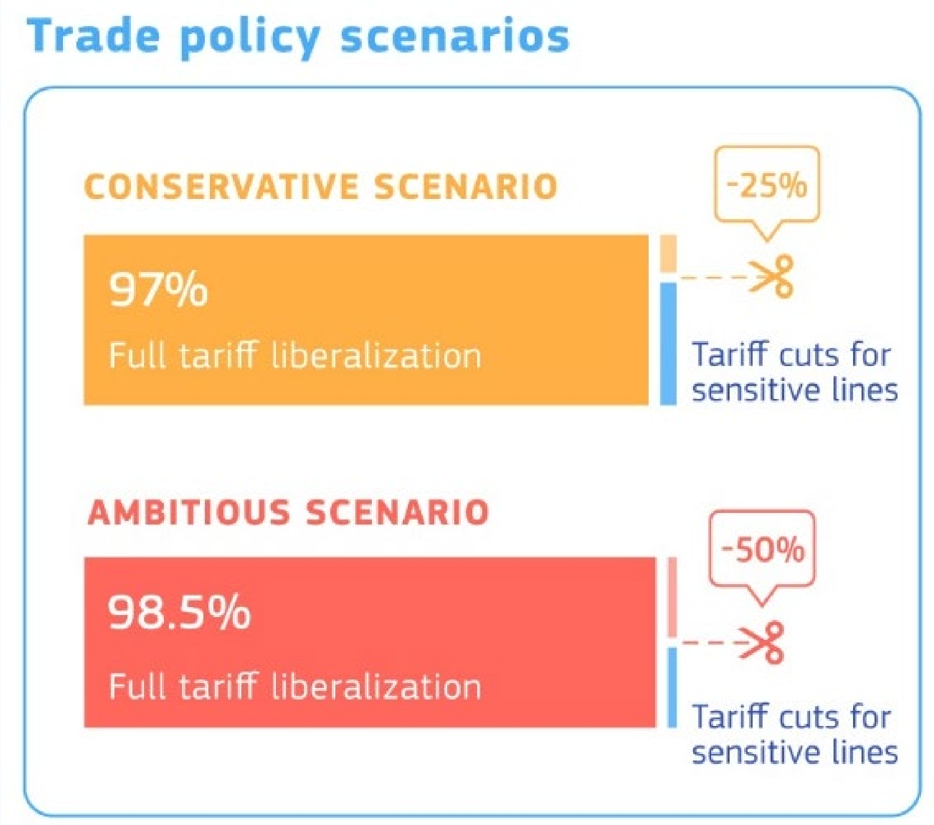
- Analysis of <u>economic</u> effects on EU-27 agriculture of most significant free trade agreements:
    - recently concluded or entered into force: Canada, Japan, Vietnam, Mexico, Mercosur
    - under negotiation or possibly envisaged: Australia, New Zealand, Thailand, Philippines, Indonesia, *Malaysia*,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

Methodology



Trade scenarios

1. Conservative:
   - 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. Ambitious:
   - Concluded agreements: same as for conservative
   - Other agreements: **98.5%** of tariff lines fully liberalised; other (sensitive) lines get a **50% tariff cut**

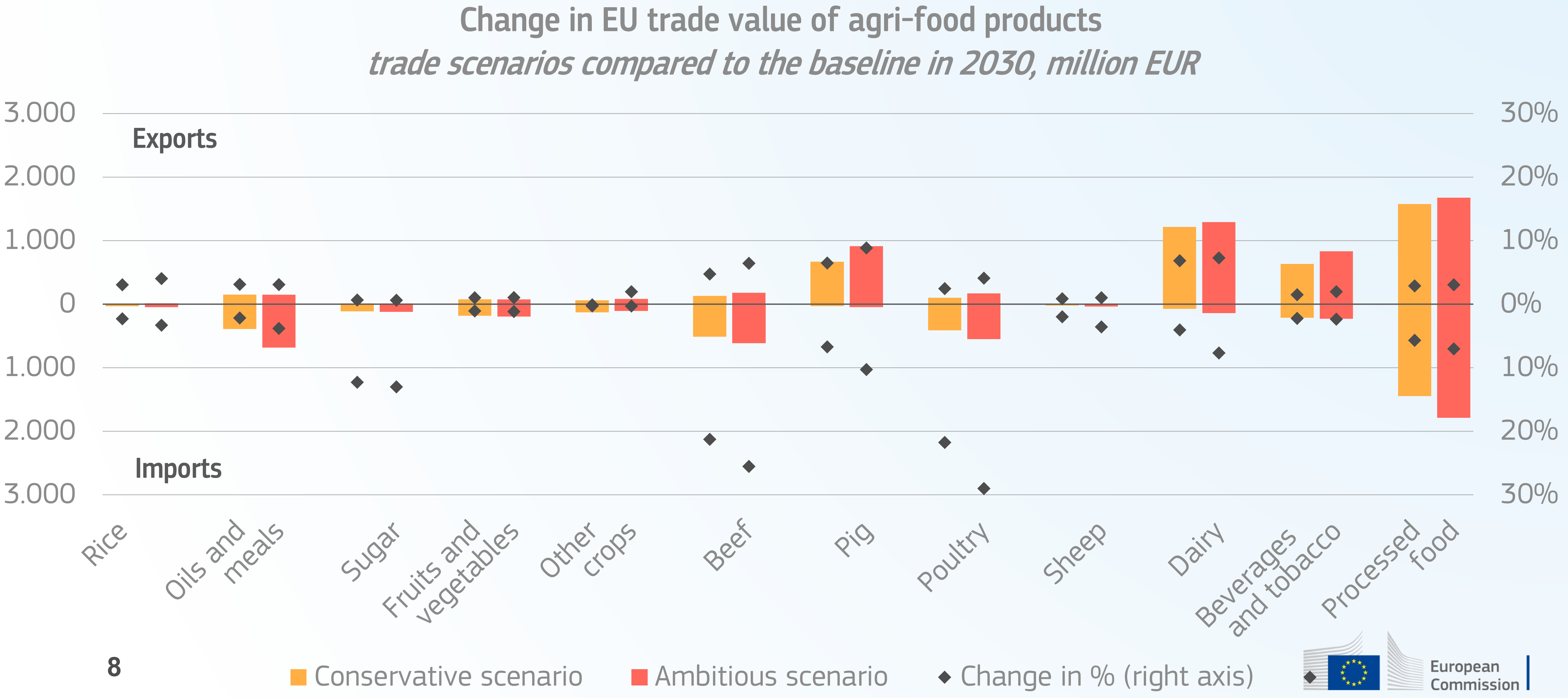


Main assumptions and caveats

- 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

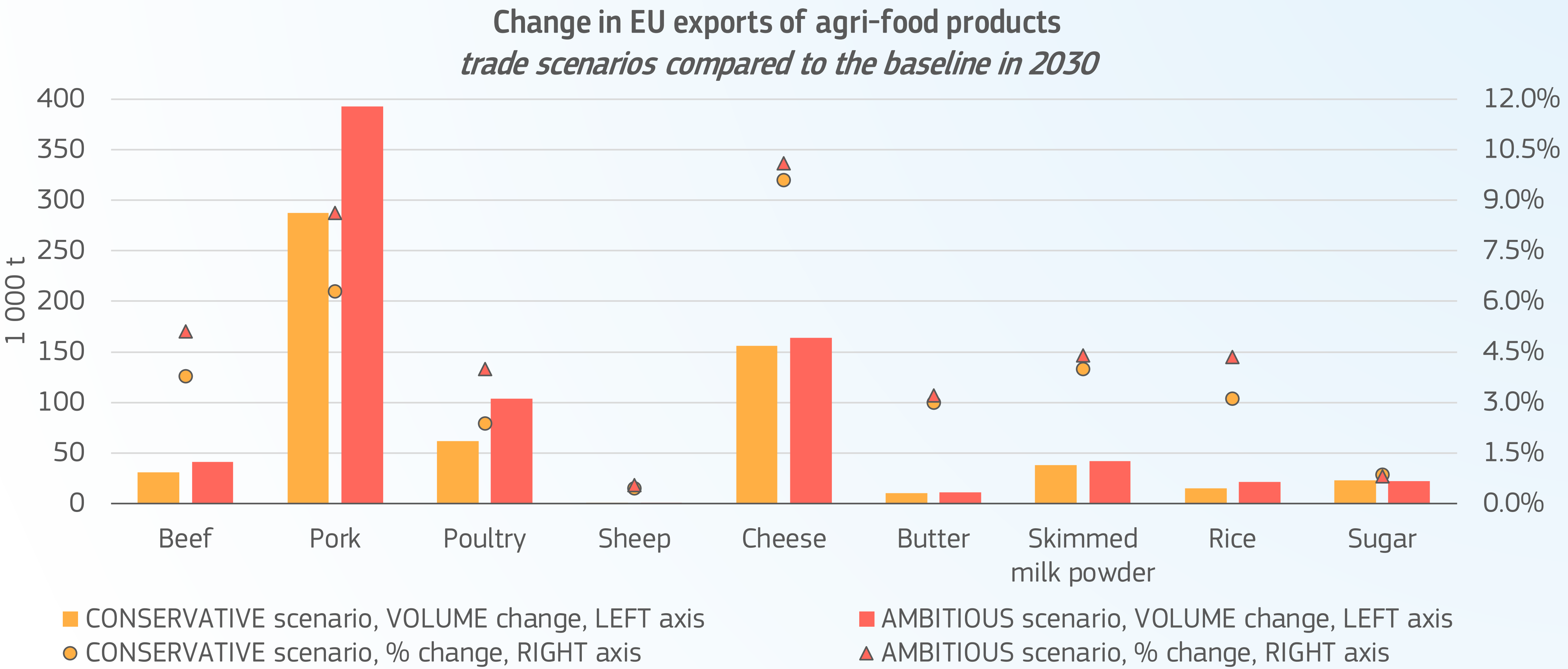
Results

Overall results by sector: change in trade value

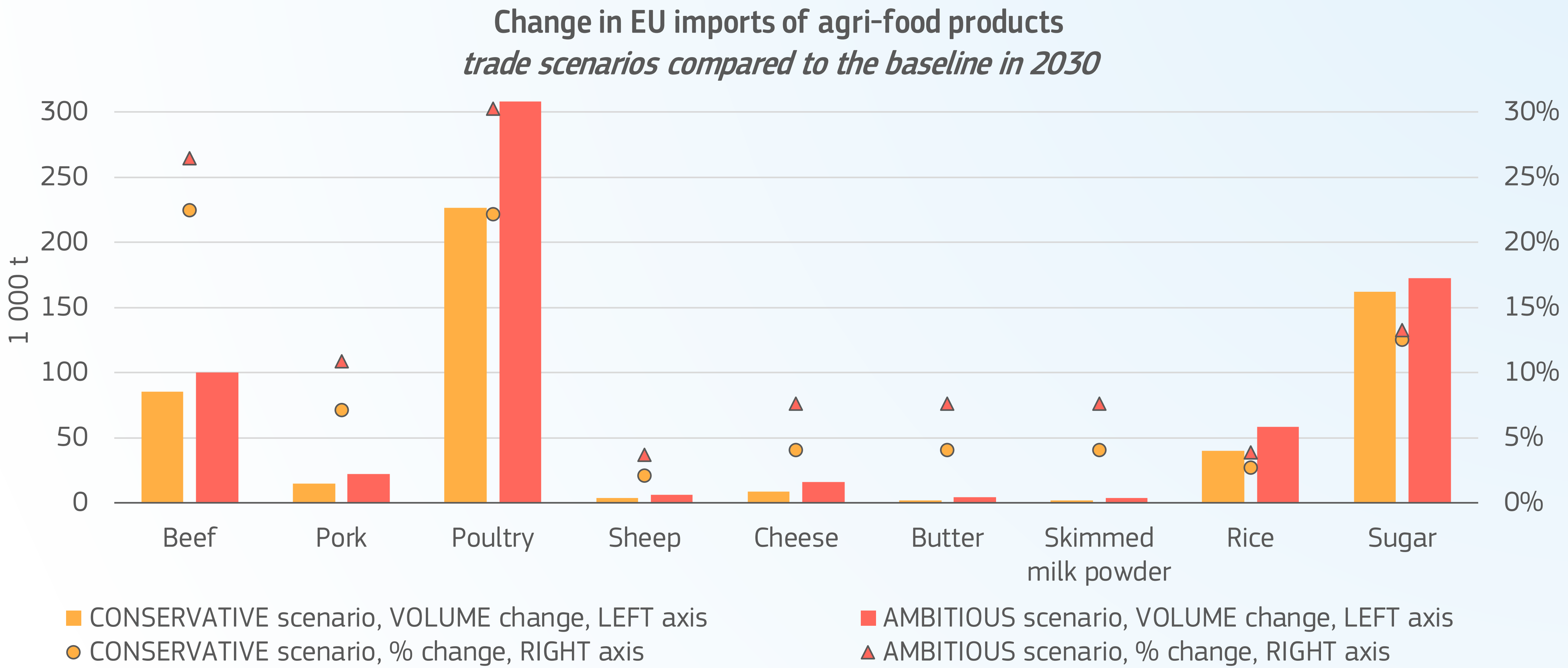


European Commission

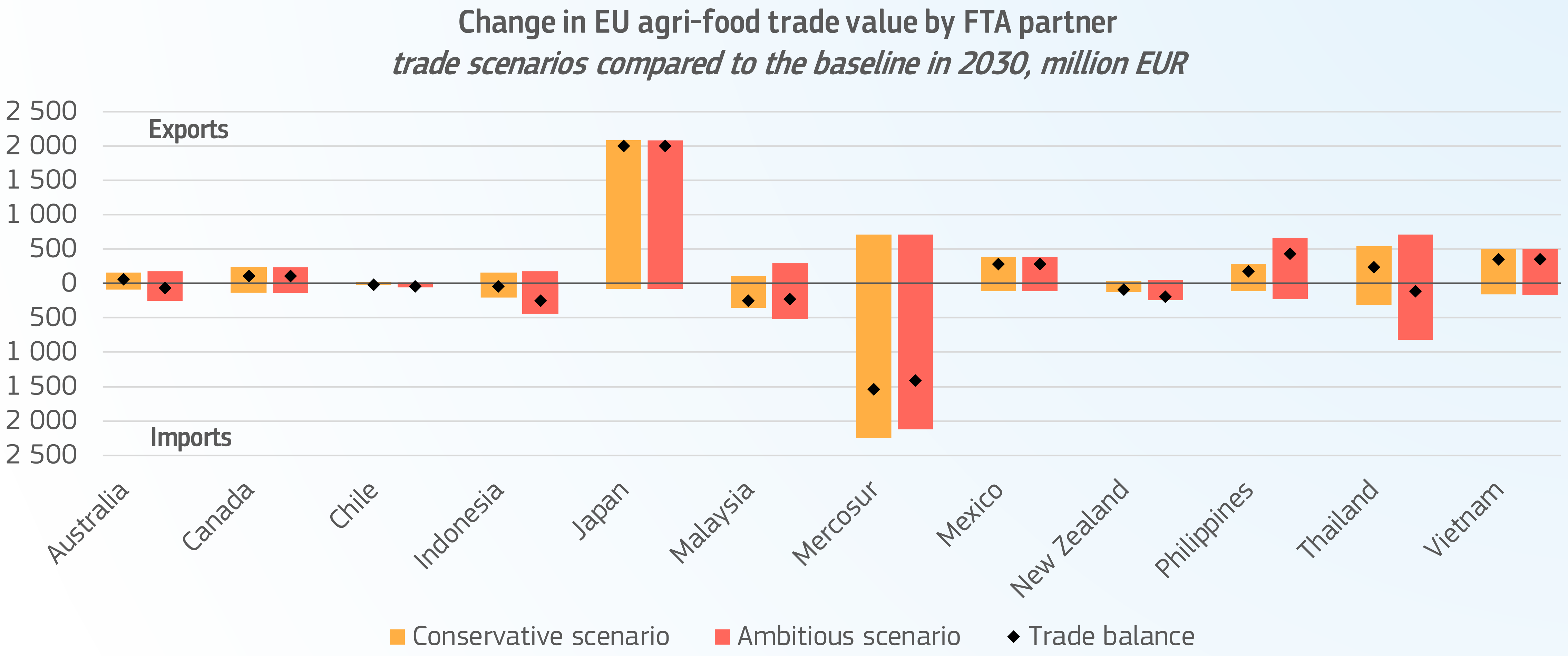
Detailed results by sector: EU exports



Detailed results by sector: EU imports



Overall results by partner



Conclusions

- The study confirms that the EU agricultural sector can benefit from the EU trade agenda.
- It justifies the existing approach taken by the Commission for the agricultural chapters in trade negotiations (incl. keeping a firm line and balance when it comes to market access for sensitive products).
- TRQs are an appropriate tool to balance market access for sensitive products while limiting negative impacts on the sector concerned.
- An ambitious future CAP, supporting innovation & competitiveness of the EU farming sector, plus better GIs protection and tackling of SPS barriers can also limit negative impacts while reinforcing the positive ones.

Thank you!

- Report

doi.org/10.2760/501873

- Press release, Questions and answers, Factsheet

europa.eu/!vw43fP

- DataM interactive infographics

europa.eu/!tn68xP