



Study on the cumulative economic impact of future trade agreements on EU agriculture

**Civil Dialogue Group Pigmeat
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Why a study on the cumulative impacts of FTAs?

- European Commissions regularly runs impact assessment for individual Free Trade negotiations
- A study about the joint effect of different trade negotiations simultaneously – at least for the agricultural sector – has never been carried out.
- Following requests from MS and stakeholders, Commissioner Hogan at Council meeting of 15/2/16 announced study to analyse the economic cumulative effects of trade negotiations on the EU agricultural sector.
- Study to explore trade-offs between new export opportunities and more imports increasing competition on domestic agri-food markets.

What is the study about?

- Analysis of economic effects on EU agriculture of most significant future trade agreements:
 - recently concluded (Canada, Vietnam)
 - under negotiation (USA, Japan, Mercosur, Thailand, Philippines, Indonesia)
 - likely to be launched (Australia, New Zealand)
 - to be modernised (Mexico, Turkey)
- Provides the difference between prospects for 2025 with cumulative free trade agreements (scenarios) and prospects without agreements (baseline: AGRI market outlook December 2015)

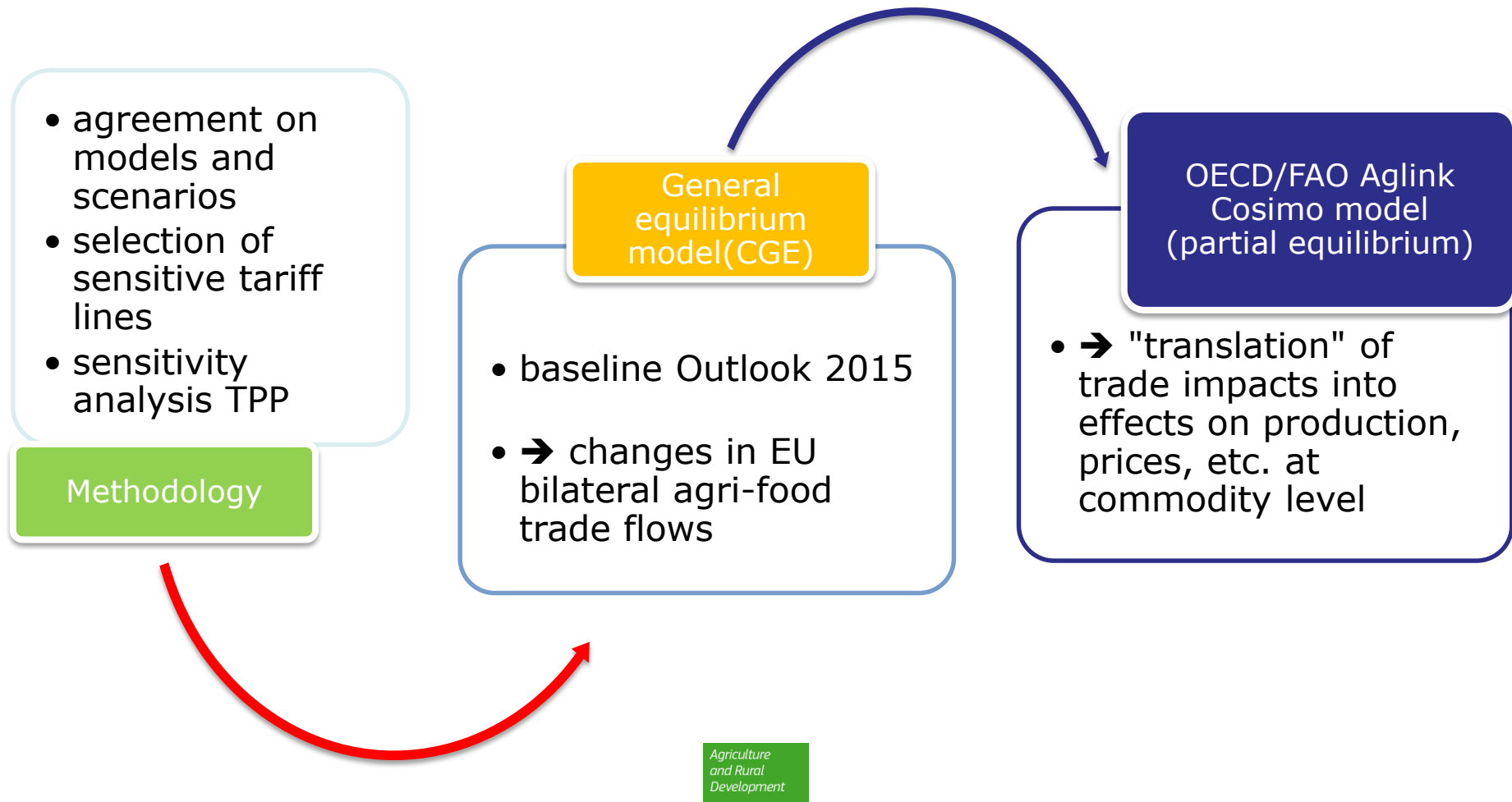
Trade scenarios

Canada and Vietnam: agreement as concluded

All other agreements: two theoretical scenarios

1. **ambitious** scenario: full tariff liberalisation for 98.5% of 6-digit tariff lines and 50% tariff cut for other (sensitive) lines;
 2. **conservative** scenario: full tariff liberalisation of 97% of 6-digit tariff lines and 25% tariff cut for other (sensitive) lines;
- ➔ avoid speculation on TRQ volumes
 - ➔ assumptions applied identically for all trade agreements and symmetrically for both the EU and the trade partners

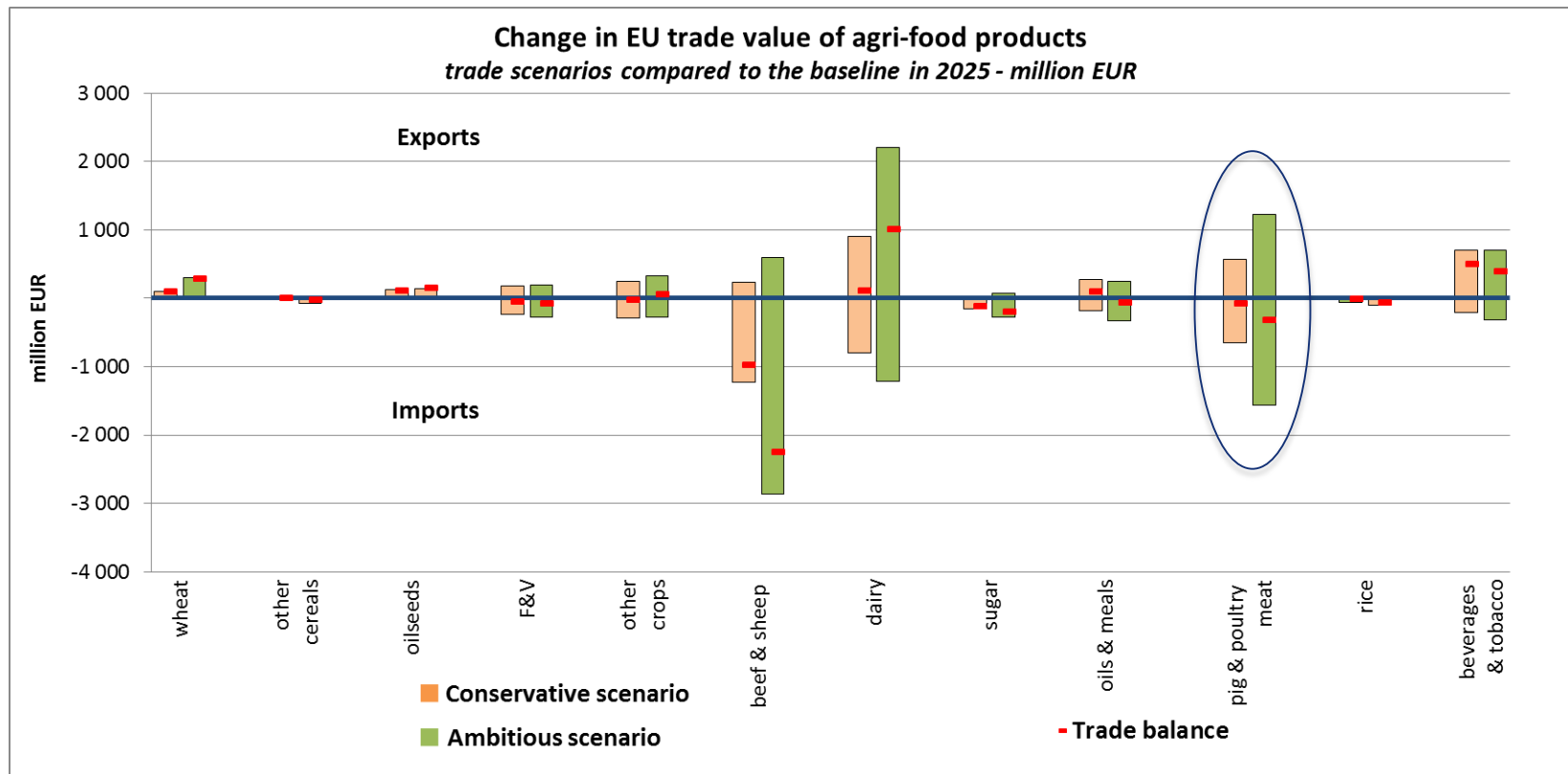
Methodology and process



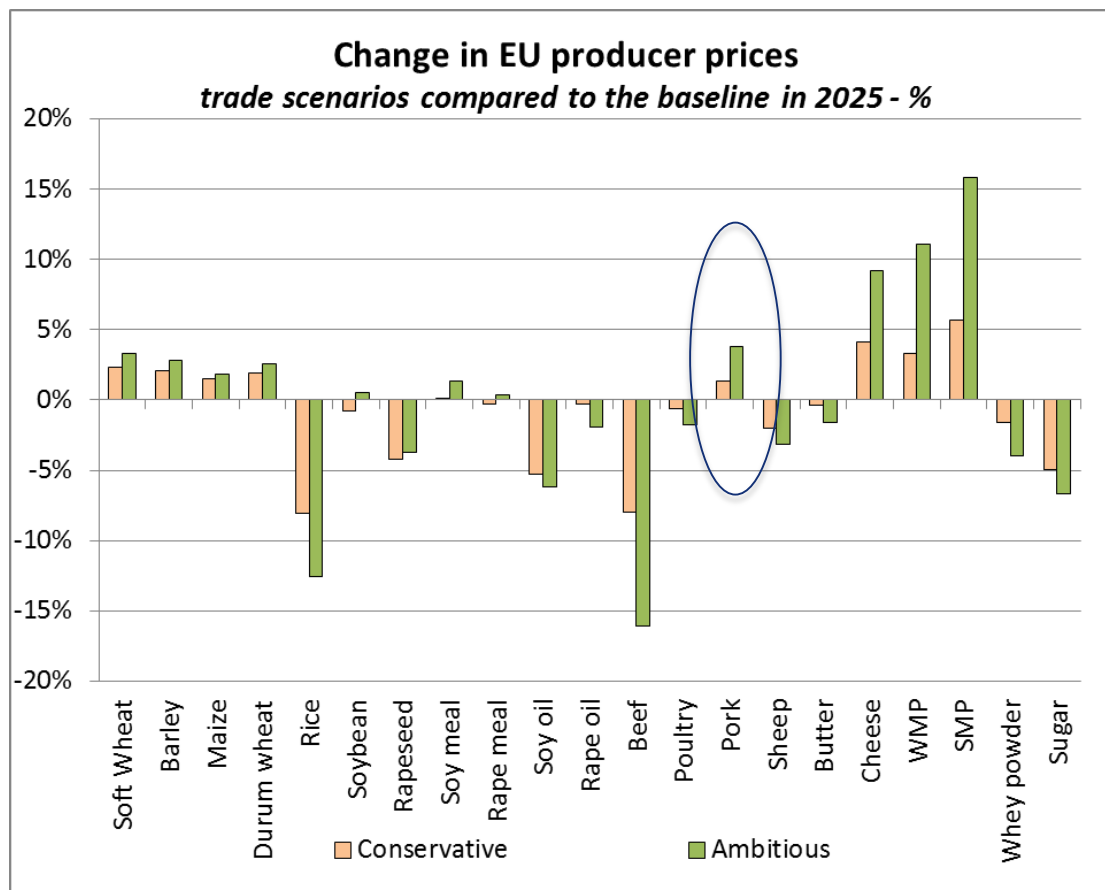
Main caveats and limitations

- Set of assumptions on many developments as in outlook exercise (macroeconomics, population growth, nutrition habits, no WTO agreement, ...)
- Product coverage: main agricultural commodities – no processed agricultural products – no detailed results for wine, olive oil, fruit and vegetables, etc.
- EU-only results, no national or regional disaggregation
- Theoretical scenario: no consideration of TRQs, partial tariff cut
- No analysis of non-tariff barriers (e.g. SPS)
- No Brexit scenarios

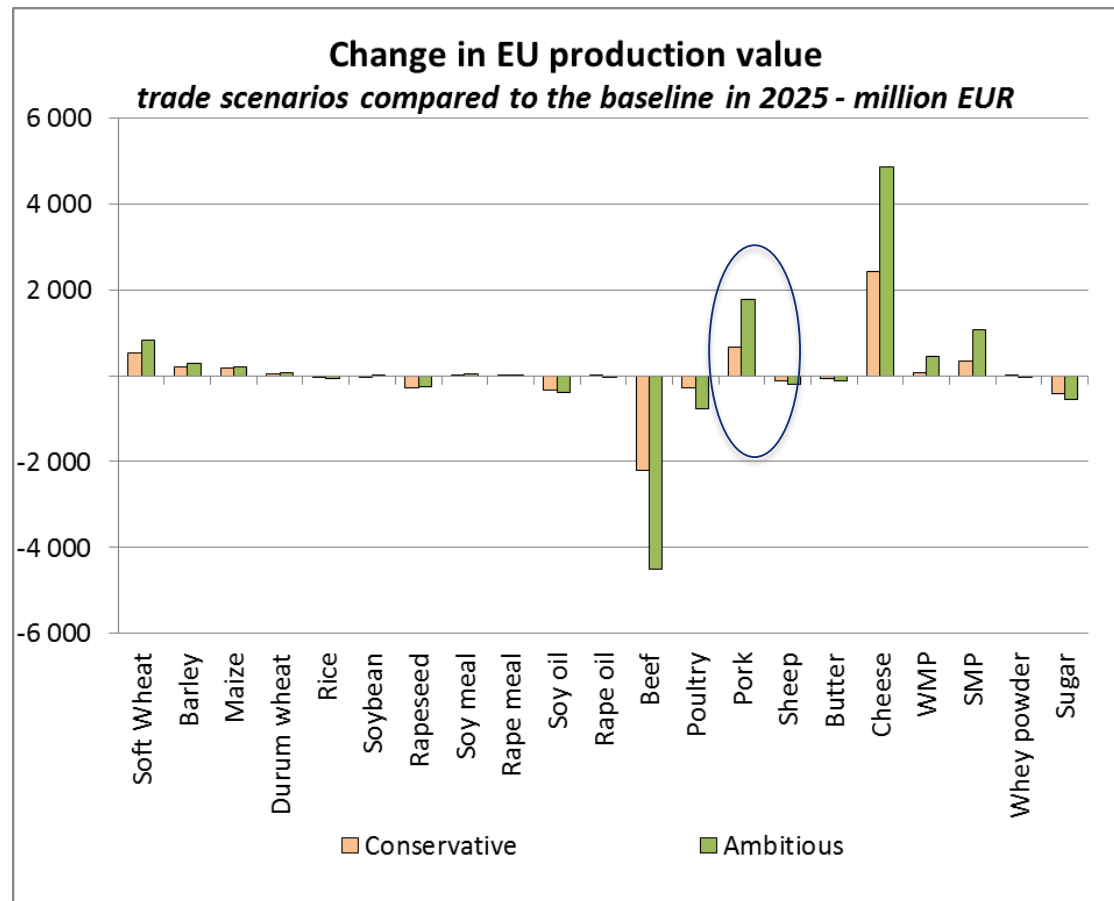
Overall trade impact for EU agri-food sectors



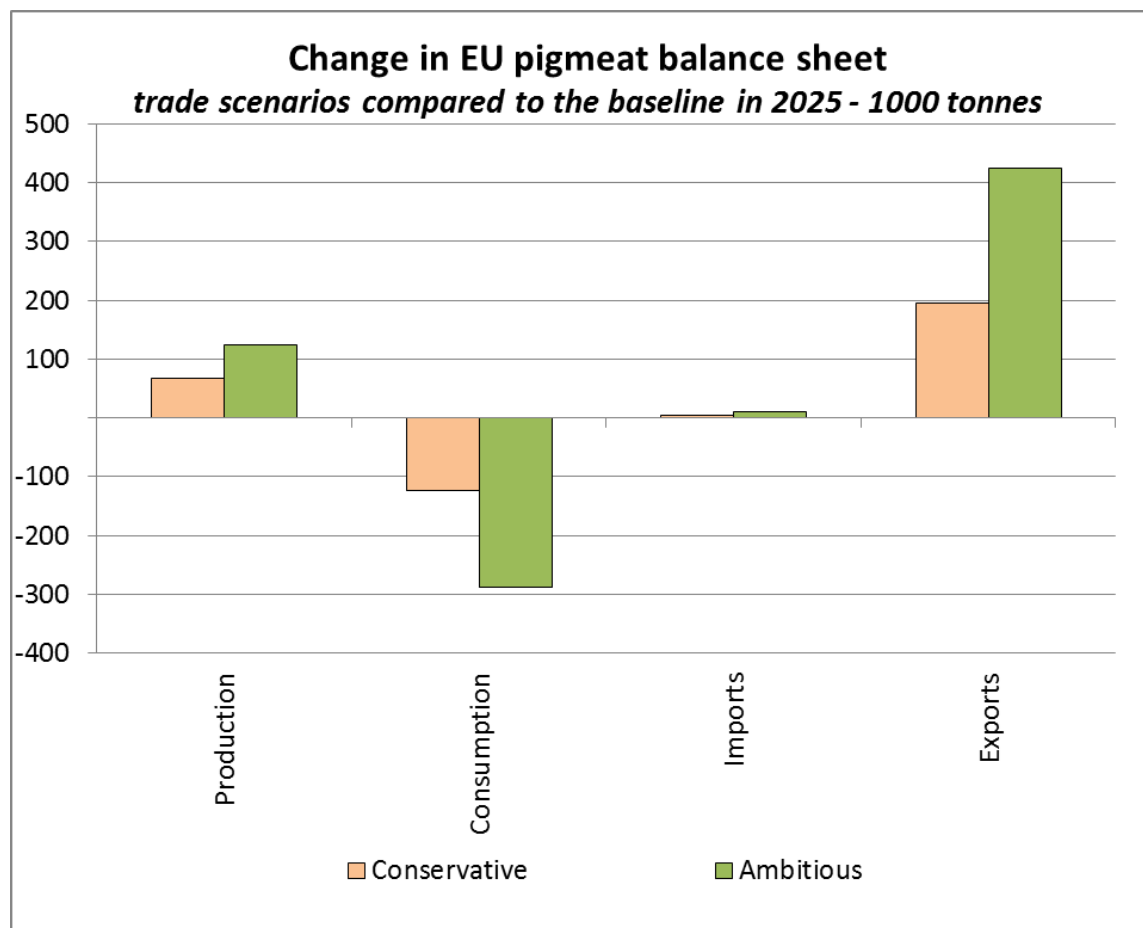
Impact on EU producer prices



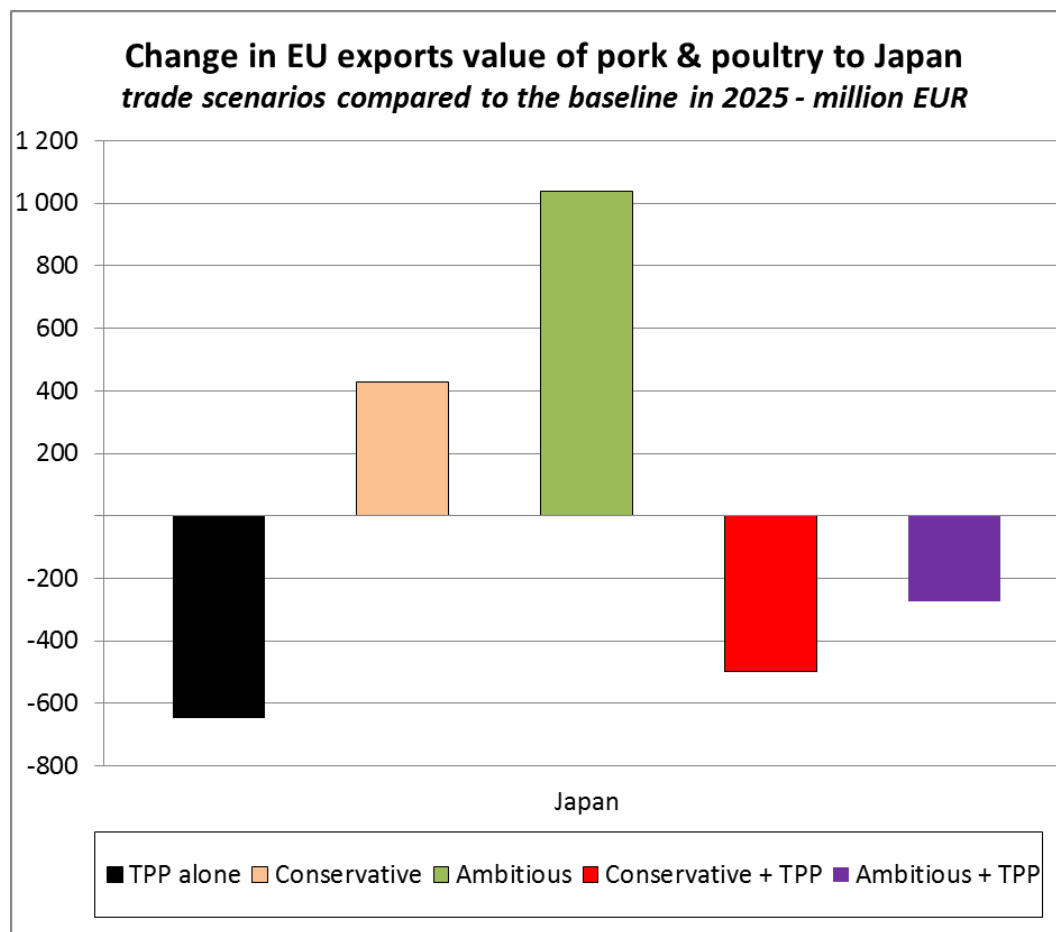
Impact on EU production value



Sector-specific impacts: pigmeat balance



Sector-specific impacts: TPP impact



Summary of main results

- Substantial opportunities for certain commodities, and sensitivities for others
- Dairy and **pork** (++); wheat, wine & beverages (+)
- Beef and rice (--); sheep, sugar and poultry (-)
- Smaller impact: other arable crops, F&V as a whole
- **TPP offsetting EU gains in pork (but TPP without EU agreements would be much worse!)** – little impact for beef, dairy and other sectors

Conclusions

- Substantial opportunities for dairy and **pigmeat** – **need for trade agreements to achieve benefits and not lose out (TPP)**
- Additional benefits: geographical indications, sanitary and phyto-sanitary, other non-tariff
- Make use of promotion and economic diplomacy
- Keep existing approach of limiting import liberalisation for sensitive products
- Agricultural policy provides instruments to accompany market opening and improving competitiveness



More information

<http://ec.europa.eu/agriculture/trade-analysis/impact-assessment/>