

Brussels,  
(2019)

## **FINAL MINUTES**

*Meeting of the Civil Dialogue Group “International Aspects of Agriculture”  
18/10/2019*

Chair: Mr. N. Morawitz (COPA) and Ms. A. Abad (CELCAA)

Organisations present: All Organisations were present, except ACT Alliance EU, ECPA, AmCHamEU, BEUC, Eurocoop, EPHA, FTAO, WWF

### **1. Administrative and governance matters**

#### **A. Adoption of the agenda of the present meeting (and of the minutes of previous meeting<sup>1</sup>)**

The agenda of the present meeting was adopted as circulated.

Nature of the meeting: the meeting was non-public.

### **2. State of play in trade negotiations and international policy**

#### **Introduction by Maria Angeles Benitez Salas**

Ms Benitez Salas introduced the current agri-food (uncertain) trade context, referring to the mission letters sent to the relevant Commissioners (trade and agriculture). The speaker continued by referring to the state of play of the EU trade agenda:

- EU-Canada (CETA) implemented
- EU-Singapore to enter in force by the end of the year
- EU-Vietnam (for consent of the EP) expected to enter in force in the first semester 2020.
- EU-Mexico could start ratification procedure in 2020.
- EU- Mercosur, political agreement reached in June 2019

These trade agreements help to increase exports of EU agri-food products. Each €1bn of exports sustains 20,000 jobs, from which 13700 are in the primary sector<sup>2</sup>

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<sup>1</sup> If not adopted by written procedure (CIRCABC)

<sup>2</sup> Link to the tool: [https://datam.jrc.ec.europa.eu/datam/mashup/EU\\_SAM\\_JOBS](https://datam.jrc.ec.europa.eu/datam/mashup/EU_SAM_JOBS)

The Commission is currently in negotiations with New Zealand and Australia and revising the current trade agreement with Chile.

In the future our attention will move from negotiation to implementation (e.g. SPS issues, standards of productions, substances for production and sustainability). The Commission President elect has announced the creation of the Trade Enforcement Officer. The Commission continues with the strategy to reinforce the recognition of the GIs worldwide. At the moment the COM is concluding an ambitious agreement to recognise 100 GI's with China.

## **EU Mercosur**

The Commission provided an overview of the Mercosur agreement<sup>3</sup>. Mercosur is a region of 260 million consumers and annual GDP of €2.2 trillion. A major strategic opportunity with enormous geopolitical importance - closed markets with high tariff and non-tariff barriers. The agreement provides stability in order to build stable trade relationship. A balanced (offensive/defensive) deal with strong safeguards for EU sensitive products and concessions progressively phased in. Sustainability: Explicit commitment to implement Paris Agreement (deforestation).

Assessment: Mercosur Impact Assessment (interim report just out) + Updating of Cumulative Impact assessment on agricultural concessions adding Mercosur + other new FTAs (summer 2020)

### Next steps

Complete the publication of the texts (missing tariff schedule)

Legal scrubbing: started September 2019, expected to be concluded around April 2019

Translation: until October 2020, then presentation to the Council.

### Exchange of views

The Chairman informed that the Austrian parliament approved a resolution binding the government to vote against Mercosur.

The representative of Copa believes that the agreement is not balanced within the agricultural sector, it puts tremendous additional and cumulative pressure on sensitive sectors that are already facing tremendous challenges, and widens the gap on standards between EU and Mercosur farmers. Copa and Cogeca cannot support this agreement. Agriculture was clearly sacrificed for access of other sectors. The speaker asked for the legal basis to negotiate the climate chapter. The speaker mentioned that the interim report for sustainability sector does not take in account the real concession to Mercosur, which will lead to strange conclusions. The SIA should not look only at the general figures but also examine the market impact on different cuts (specialized beef product) and prices.

The Cogeca Representative disagreed that Mercosur is an interesting market for EU pigmeat sector. There are few opportunities for fat products, but Brazil is a major exporter and is investing massively in expanding exports. In addition, its very difficult to

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<sup>3</sup> <https://circabc.europa.eu/ui/group/efed0d76-da5d-42d1-9354-6a9197cd2aae/library/bbc47031-fdfb-433c-b06b-d6e74f2d5e78/details>

take advantage of offensive interest given the length of its bureaucracy (SPS issues + administrative).

FoodDrinkEurope (CEFS) disagreed with the removal of the €98/t tariff, which will lead to the alignment of our prices with the world market. The speaker also underline the possibility for the Brazilian sector to move between ethanol and sugar. The speaker asked for coherence between EU policies. The sugar cane in Brazil is a monoculture and EU is used in a rotation system. Therefore the sugar sector cannot support the agreement nor the provisional implementation of the agreement. The representative of Maize confederation supported this conclusion underling the cumulative impact in the maize and sorghum sectors.

FoodDrinkEurope (AVEC) explained the strong negative impact of this agreement in the sector, that will add to almost 1 million tons of poultry product entering in the EU already. The representative asked for

- The introduction of labelling for processed products
- Avoid that the Mercosur takes advantage of the same loophole provided to Ukraine
- That the cumulative impact assessment clearly separates the poultry and pig production.
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FoodDrinkEurope (spiritsEurope) welcomed the agreement, reminding that 2/3 of EU spirits products are exported as GIs. The representative of Origin confirmed that he was satisfied with the agreement. FoodDrinkEurope expressed its general support for balanced agreements, which take into account the interests of all food and drink sectors. Asked about i) whether the tariff liberalisation and progressive phase-in of duties will be in sync between EU and Mercosur countries ii) the staging of duties (entry into force, 3, 5, X years) for the EU's offensive food and drink interest and iii) for which GI products there will be 'grandfathering'.

The Celcaa representative noted that 1 out 3 wine bottles exported are going to the EU, and Mercosur provides an opportunity to diversify the markets, thus reducing dependence from the US market. They support the agreement for wine.

The Commission representative clarified that the agreement includes safeguard clauses to and TRQs to protect sensitive sector. Imports of organic products need to respect our certification scheme. The Commission has informed that a first version of the cumulative impact assessment published before the agreement showed clearly that some sectors were affected.

## **EU-US**

The Commission was represented by the DG AGRI, unit A.3 that informed:

- The additional tariffs were implemented as from 18<sup>th</sup> October.
- Commission is seeking for negotiations for a settlement within WTO;
- Ruling on Boeing is excepted in 6 months, and should be positive for the EU;
- Agriculture is the most affected sector
- Total volume of sanctions €7.5 billion. The US has not used all the potential retaliation that the WTO decision allows. Escalation is not a good idea.
- Goods in transit do not benefit from exception. All goods entering at the border will be sanction with new tariffs.

## Exchange of views

The representative of Cogeca noted that once again agriculture is paying the bill of policy decisions that have nothing to do with agriculture. We ask for no escalation and for the two parties to engage in negotiations. We need to compensate sectors to ensure balance in the internal market that are in trouble and use all the tools in our arsenal that are not coming from agricultural budget.

FoodDrinkEurope regrets the US decision and urges both parties to find a negotiated solution, avoiding escalation.

The Celcaa representatives noted that the EU wine and dairy sectors are very dependent on the US market. The Commission should be ready to support the sectors proportionally to the burden in case of market disruption.

Commission informed that:

- The Commission will open private storage scheme for olive oil given the market disruption
- There is no time limit for sanctions, until an agreement or the illegal aid are removed.
- The EU is committed to find a mutually beneficial solution.
- There will be no compensation with Australia and New Zealand on beef after the agreement on hormone free beef.

## **Chile**

The Commission informed on the modernisation EU-Chile agreement. First agreement signed in 2002, in force since 2003 (first generation agreement). Next round of negotiations (6<sup>th</sup> meeting) end of November 2019.

## **WTO**

The WTO is under pressure, for several reasons:

- the unilateral imposition of tariffs by the US
- the likely blockage of the WTO Dispute Settlement Body in December. We are trying to create an interim arrangement; already agreed with Canada.
- the WTO rulebook proves not to be equipped to deal with self-declared developing countries with an interventionist state

While there is not much progress in terms of real agriculture negotiations, there is still an ambition to make modest achievements on several fronts:

- Strengthen reforms on exports competition beyond export subsidies , i.e. disciplines on export credits, food aid, state trading enterprises
- Transparency: Press for all countries to notify their subsidies and other programmes.
- Strengthen disciplines on domestic support: there seems to be a trend of some members using more trade distorting domestic support, while the EU has mostly moved away from such practices.
- Negotiations on new rules in agriculture: In Buenos Aires, there was nothing.

Next WTO Ministerial Conference: Nur-Sultan, Kazakhstan, 8-11 June 2020. The prospects for new disciplines in agriculture look remote.

### **3. Report from informal discussions**

#### **- Agricultural priorities in international fora (FAO, OECD, G7, G20)**

The following priorities were raised in the discussion:

- Sustainability;
- Lack of international governance;
- Need for exporting EU model of production;
- Downward price pressure that could create problems;
- “Everything But Arms” is now importing processed and packaged product and not only raw materials;
- Pioneer local projects and show to international community once they are found to work.

#### **- Africa-Europa alliance: a political declaration for a stronger partnership in agriculture, food and farming**

Regarding the challenges for developing partners, the participants focused on environmental and climate dimension. The current programming period is concluding but the next one is still to be decided. How to address the main challenges:

- Partnership with local governments will be maintained
- Addressing more intensively with Climate Change (adaptation)
- Investment dialogue, innovation and research

#### **- Food Safety and trade**

Discussion focused on new commission working plan, including

- new technologies
- AMR and pesticides
- audits carried out in the official controls (veterinary and food safety area)
- standards setting bodies

### **4. Implementation and enforcement of EU bilateral trade agreements**

#### **- Commission Report on Implementation of EU trade agreements (2019 edition)**

The Commission has presented the report on implementation of EU trade agreements (<https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>). The report covers the 35 major agreements with 62 partners including the first full year

of CETA implementation. The report is complemented by a 300 pp staff working document consisting of information sheets for each covered agreement.

Trade agreements are becoming more and more important for EU trade (30.9 % of current trade). In 2018, EU trade agreements delivered a positive trade balance. The report also shows that the EU agri-food sector is among the main beneficiaries of these agreements. EU agri-food exports to FTA partners are quite diversified including primary products, including animal products and processed products. On the other hand, EU imports from FTA partners are dominated by primary products such as tropical products mostly not produced in the EU or counter-seasons products.

The Cogeca participant suggested to include the reference to imports of animal livestock.

FoodDrinkEurope fully supports the COM's attention to and efforts on implementation and enforcement, to ensure trade partners comply with FTA provisions and the EU increases the use of its trade preferences.

FoodDrinkEurope, on behalf of its member CLITRAVI, referred to the concluded trade agreements with Colombia and Peru. For the European meat manufacturing industry, the implementation of these FTAs hardly progresses. It urges the COM to speed up the drafting of a common veterinary certificate for European meat products to be exported to both countries and calls on the COM to get in touch with the relevant veterinary authorities in Colombia and Peru.

Responding to the question on the appointment of the Chief Trade Enforcement officer, it was clarified that the nomination will take place under the new Commission.

#### **- Example of FTA implementation, debriefing of last CETA mission**

CETA has been provisionally for two years. CETA has been a success, the agrifood trade surplus has grown to arrive to €1.7 billion euros. CETA meetings took place in September in good atmosphere. General elections will take place on Monday. Regarding the Cheese TRQ, the EU has applied for midterm review and contributed to the comprehensive evaluation of TRQ management system. In January 2020 they will have draft proposals and stakeholders may engage in the process. The Canadian authorities are concerned about limited pork, beef exports to the EU. The reason is that its difficult to meet the standards of the EU. The Next meetings will take place on summer time next year.

Wines agreement, two agreements that were incorporated in CETA. Canada has a complex constitutional structure, which gives an important rules to the provinces. There is a provision to launch probe on discriminatory practices.

Protection of GIs, we agreed to have committee on 26 November (currently drafting agenda). Please contact the Commission if you have any concern on GIs. The Canadian administration needs complains in order to have arguments to change the system in place. Since the system is in place they have had no opposition to the applications. Grandfather list has not yet been published.

#### **- Access to wine & spirits markets: The EU spirits markets**

FoodDrinkEurope (Spirits Europe) showcased the perspective of the spirits sector on implementation of trade agreements. The Consumption of spirits is decreasing in Europe. Total exports = €11.3 billion. The key objectives are:

- Eliminate trade barriers
- Maintain GIs protection

How can we make the best use to take advantage of FTAs? On implementation:

Access to information, using preferences (Canada, Latam).

Enforcement: to ensure that partners deliver on their commitments (Colombia, CETA);

Suggestions:

- Interactions with the European Commission
- Make best use of implementation Committee

## **5. Labour rights in the context of EU Free trade Agreements (EFFAT)**

EFFAT represents 120 trade unions. The presentation focused on Peru, Ecuador, El Salvador, Honduras, Colombia, Bolivia. These countries ratified the 8 conventions on labour. The report found severe problems in these countries.

Commission clarifies that this should be captured in the sustainable development chapters. Commission is open for ideas on how to better tackle these issues.

## **6. Brexit**

The Commission provided an update and flagged the following important information:

Council endorsed the agreement and invited Commission to take all necessary steps to ensure implementation by 1<sup>st</sup> November.

The revised Protocol provides a legally operative solution that avoids a hard border on the island of Ireland, protects the all-island economy and the Good Friday (Belfast) Agreement in all its dimensions, and safeguards the integrity of the EU Single Market.

Northern Ireland will remain aligned to a limited set of rules related to the EU's Single Market in order to avoid a hard border: legislation on goods, sanitary rules for veterinary controls ("SPS rules"), rules on agricultural production/marketing, VAT and excise in respect of goods, and state aid rules.

Northern Ireland remains part of the customs territory of the United Kingdom. It will therefore be able to benefit from future Free Trade Agreements (FTAs) that the UK may conclude with third countries, to the extent that this does not prejudice the application of the Protocol. Future UK FTAs may provide that goods produced in Northern Ireland can be exported to third countries on the exact same conditions as goods produced in other parts of the UK.

The Union's Customs Code will apply to all goods entering into Northern Ireland from outside the Union or departing from Northern Ireland to a destination other than the Union.

As far as customs duties are concerned, EU customs duties will apply to goods entering Northern Ireland if those goods are at risk of subsequently entering the EU's Single Market. No customs duties will be payable, however, if goods entering Northern Ireland from the rest of the UK are not at risk of entering the EU's Single Market, provided that they are also not subject to commercial processing in Northern Ireland.

This applies to all goods that meet the criteria that the Joint Committee will establish in order to determine the risk of the onward movement of that good, taking into account the specific circumstances in Northern Ireland. The Joint Committee will establish, by the end of the transition period, the criteria for the above risk assessments and may amend the criteria during their application. Such criteria shall take into consideration issues such as the final destination of goods and value or risks of smuggling.

The UK may reimburse duties levied according to Union law in case the UK duty is lower, subject to compliance with EU state aid rules.

The necessary checks and controls will take place on goods entering Northern Ireland from the rest of the UK, including for example, Border Inspection Posts to ensure that the necessary sanitary and phyto-sanitary (“SPS”) controls are carried out. UK authorities will implement and apply the provisions of Union law that the Protocol makes applicable in the UK in respect of Northern Ireland. Therefore, all checks will be carried out by UK authorities with appropriate supervisory and enforcement mechanisms for the EU.

The EU and the UK have agreed to create a new mechanism on “consent”, which will give the Northern Ireland Assembly a decisive voice on the long-term application of relevant EU law in Northern Ireland.

This consent mechanism concerns the substantive issues of regulatory alignment on goods and customs, the Single Electricity Market, VAT and state aid. In practice, this means that four years after the end of the transition period, the Assembly can by simple majority give consent to the continued application of relevant Union law, or vote to discontinue its application, in which case the UK would notify the EU. In such a case, the Protocol will cease to apply two years later. Every four years thereafter, the Assembly can vote on the continued application of relevant Union law. In case a vote of the Assembly gathers cross-community support for the continued application of relevant Union law, the next vote can only take place 8 years thereafter.

A revised Political Declaration on the framework of the future EU-UK relationship:

The main change in the Political Declaration relates to the future EU-UK economic relationship where the current UK government has opted for a model based on a Free Trade Agreement.

The Political Declaration contains the shared ambition to have an FTA with zero tariffs and zero quotas between the EU and the UK. It states that robust commitments on a level playing field should ensure a future relationship based on open and fair competition. The precise nature of commitments will be commensurate with the ambition of the future relationship and take into account the economic connectedness and geographic proximity of the UK.



Nevertheless, despite this welcomed commitment, Copa and Cogeca indicated in the Press Release enclosed that we will not be able to replicate the advantages of the EU Customs Union and Single Market through a FTA.

Next institutional steps:

Before the Withdrawal Agreement can enter into force, it needs to be ratified by the EU and the UK.

For the EU, on 17th October, the European Council invited the Commission, the European Parliament and the Council to take the necessary steps to ensure that the agreement can enter into force on 1st November 2019.

For the UK, on 19th October, Members of the Parliament will sit in the British House of Commons to vote on the deal. We are working on contingency measures and preparedness. Last communication of preparedness was published in September. One of the key elements is the checklist irrelevant policy areas to remind operators of potential issues that could arrive in no deal scenario. Commission is setting up a telephone helpline to help our operators with questions on no deal scenario. Policy areas that most affected on no deal situation, Communication explains that COM will activate market tools instruments, but this within the available financial resources. Organise dedicated large civil dialogue group and preparedness meeting and touch relevant groups.

#### Exchange of views

- How would labelling work in Northern Ireland?
- Consent mechanism – what if the assembly don't sit as currently
- Would GIs be covered by the actual legislation during the transition period?
- The Copa representative mentioned that FTA brings different challenges than customs and single market agreements and they need to be taken into account in the agreement.

Commission clarified that during transition GI's would remain protected as the UK will remain under the CAP. After transition, the Withdrawal Agreement sets out that existing GIs will remain protected in the UK unless and until provisions of an FTA with the UK that would supersede the protection under the Withdrawal Agreement enters into force. In case of no deal, protection will depend on the domestic regulation of the UK.

The future relationship would be based on the Political Declaration. By default, Northern Ireland would be subject to the FTAs negotiated by the UK. If there is a different tariff arrangement between the two, by default it will be the EU tariff scheme that will apply to those goods that risk subsequently being moved into the EU. A Joint Committee would establish the goods that would not be subject to the EU tariff scheme. Regarding EU-UK trade, as we would be trading with a third country with potentially different trade agreements, any trade would have to consider rules of origin.

On production standards, we would need stringent controls from products coming from UK.

## **7. Closing remarks**

The next meeting is confirmed for the 24 April 2020. The suggestion was made to invite the Chief Trade Enforcement Officer for the next meeting. The chair invited member organisations of the CDG IAA to propose agenda points and proposals for presentations.

Thank you to the interpreters.

### 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."*

List of participants– Minutes

*Civil Dialogue Group “International Aspects of Agriculture”*

18/10/2019

<b>ASSOCIATIONS</b>	<b>NUMBER of PARTICIPANT</b>
ACT Alliance Advocacy to the European Union (ACT Alliance EU)	0
AmCHamEU	0
BEUC	0
Eurocoop	0
EPHA,	0
FTAO	0
WWF	0
AnimalhealthEurope (formerly known as IFAH-Europe)	1
Confédération Européenne de la Production de Maïs (C.E.P.M)	1
Eurogroup for Animals EFA	1
EuropaBio	1
European agri-cooperatives (COGECA)	11
European Coordination Via Campesina (ECVC)	1
European Council of Young farmers (CEJA)	3
European Crop Protection Association (ECPA)	0
European Environmental Bureau (EEB)	2
European farmers (COPA)	12
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	1
European Federation of Origin Wines (EFOW)	1

European Forum on Nature Conservation and Pastoralism (EFNCP)	1
European Landowners' Organization asbl (ELO asbl)	1
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	5
European Milk Board (EMB)	1
FoodDrinkEurope	7
Friends of the Earth Europe (FoEE)	1
International Federation of Organic Agriculture Movements EU Regional Group (IFOAM EU Group)	1
Organisation pour un réseau international d'indications géographiques (oriGIn)	1
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	1
Slow Food	1