

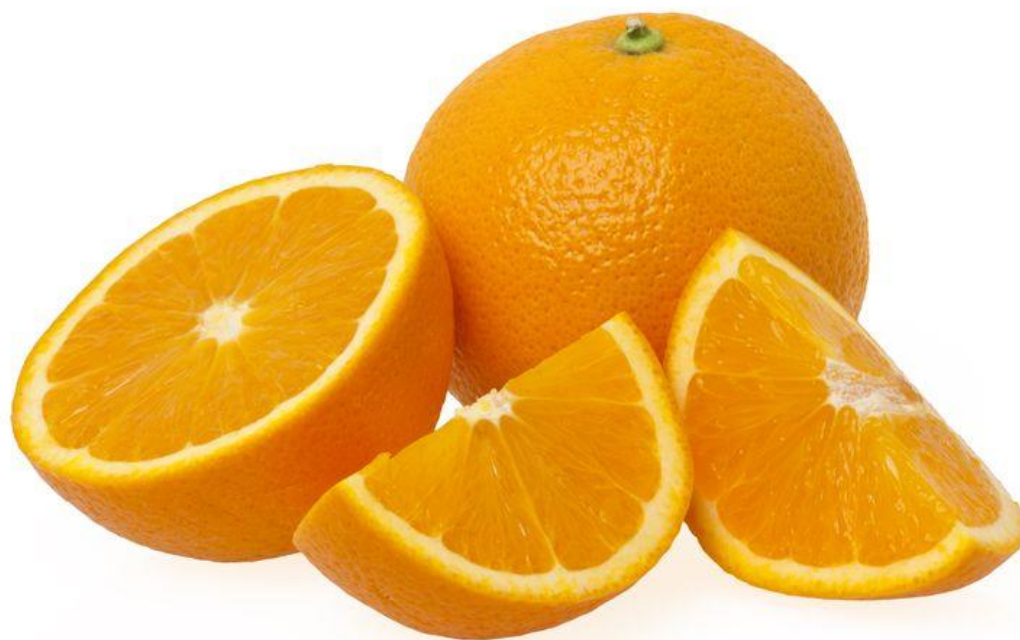
CDG

International Affairs on Agriculture

Market access for fruit and vegetables: challenges and priorities

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Freshfel Europe
8th October 2015

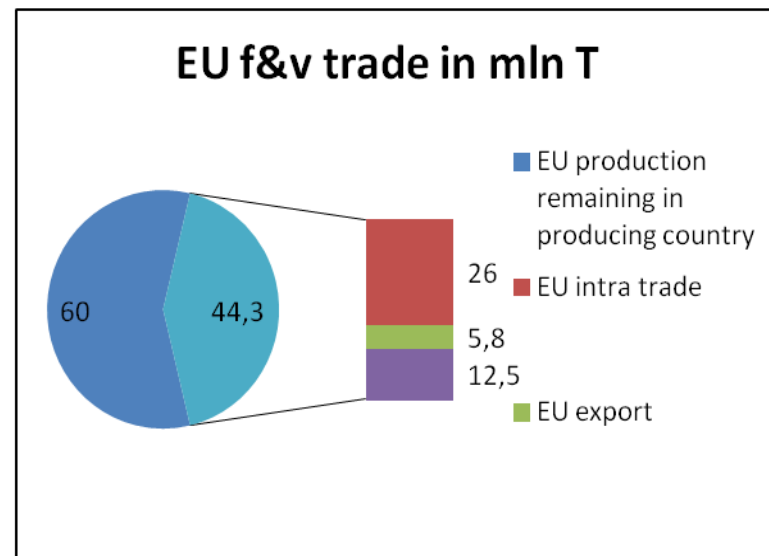
Setting the scene



Fresh fruit & vegetable sector at a glance

Fruit and vegetables at a glance

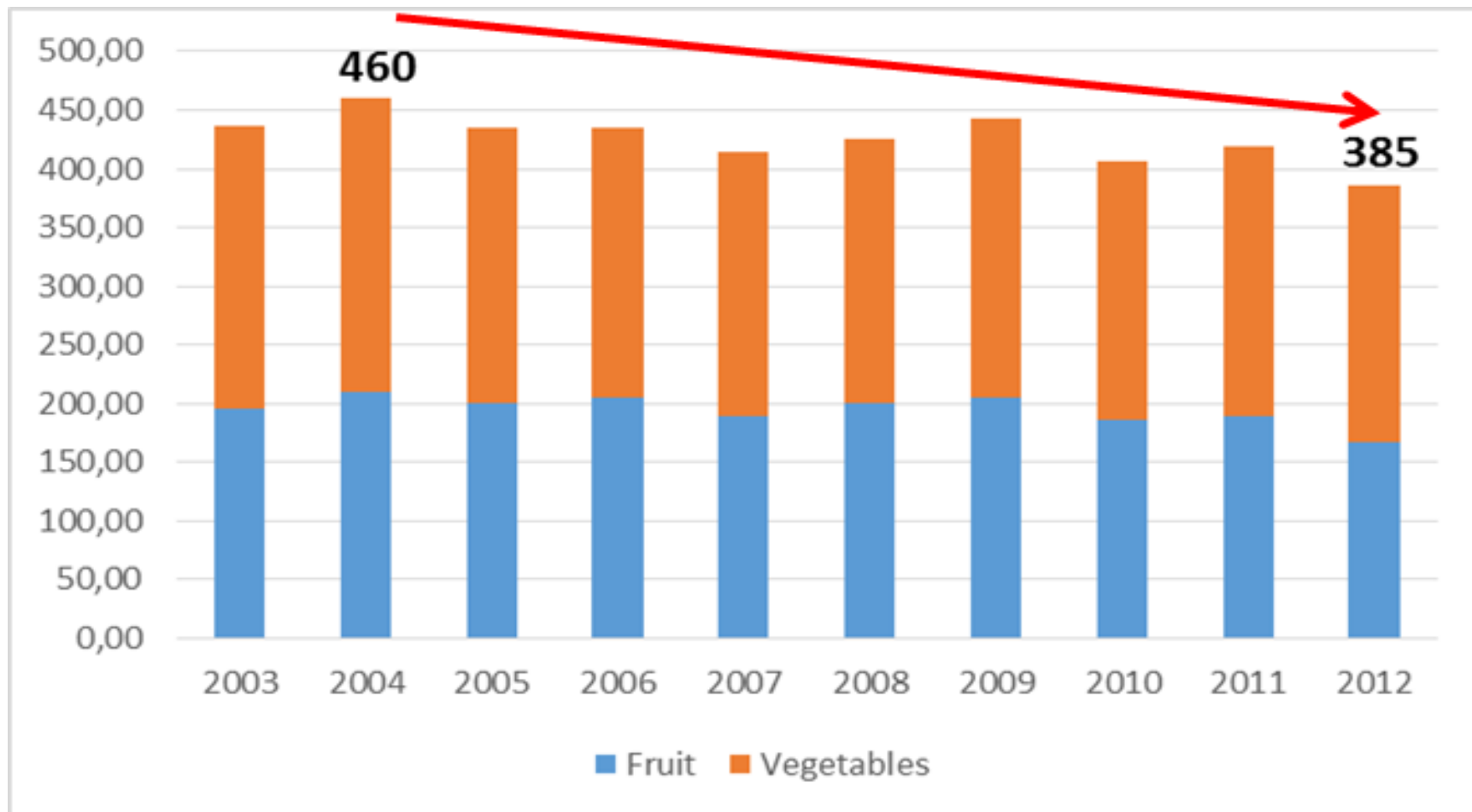
- **Total value of the sector**
 - Approximately 120 billion EUR/year
- **EU production**
 - Volume of about 90 million T in the EU28
 - 65 % on average remains in the country of production (fresh consumption or processing)
- **EU intra-trade**
 - 26 million T (24.5 billion EUR)
- **EU import**
 - 12,5 million T (11 billion EUR) - 10% decline since 2008
 - EU is the world's larger importer – but increased “competition” from other emerging regions
- **EU export**
 - 5,8 million T (5.1 billion EUR) -
 - Strong growth (+34% compared to last five years), mainly to neighbouring countries
 - 40% to Russia => embargo = opportunity for diversification but SPS barriers to overcome





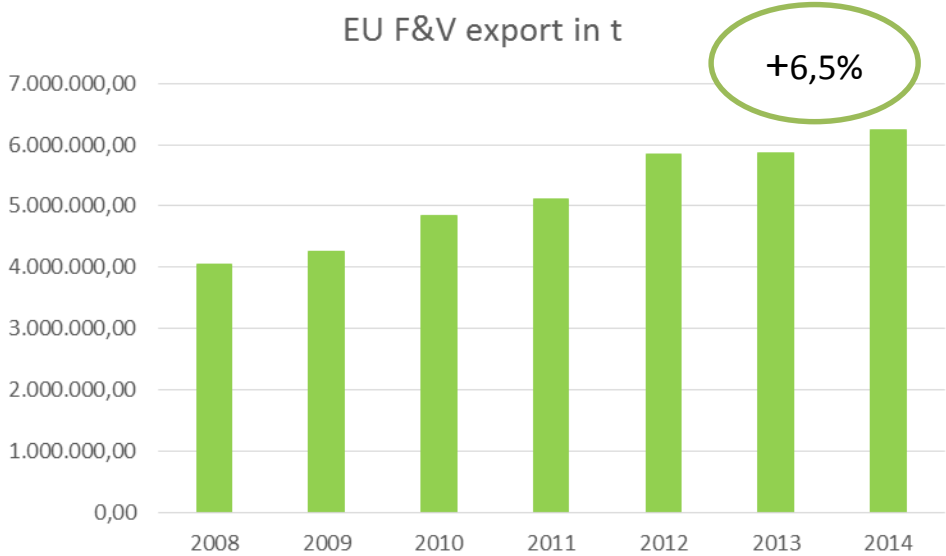
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Fruits & Vegetables

F&V – European market : consumption



EU f&v exports

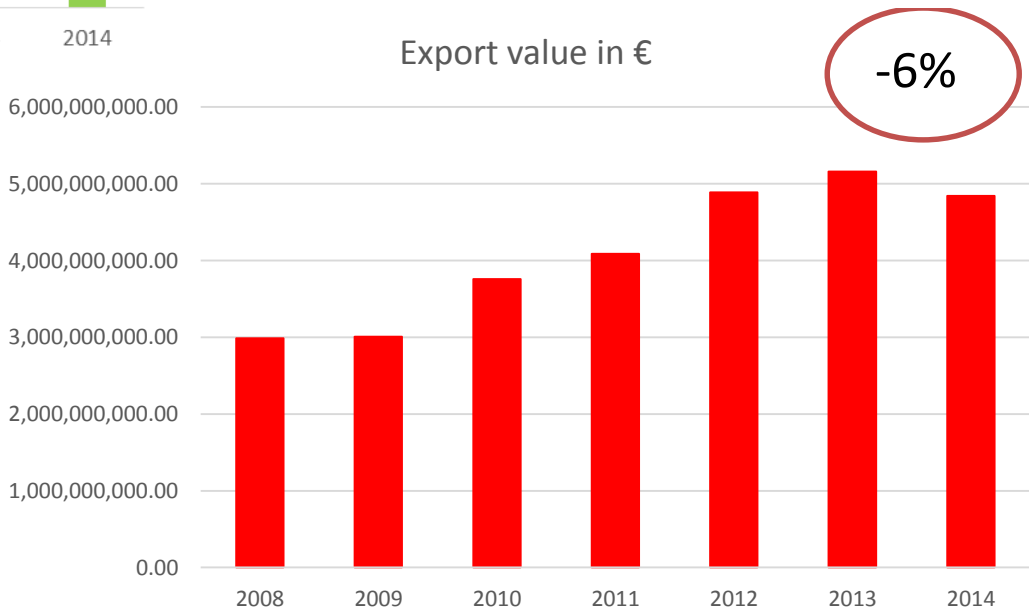
EU F&V export in t



In 2014, still on-going growth of exports in volume , but decline in value



Export value in €



F&V post Russian embargo (Season basis)

Product in tonnes	Aug - Dec 2013	Jan - Apr 2014	Aug 2013- Apr 2014	Aug - Dec 2014	Jan - Apr 2015	Aug 2014- Apr 2015	Var.
Fruit	1,516,900.1	1,624,752.0	3,141,652.1	1,539,309.6	1,565,075.1	3,104,384.7	-1.19%
Vegetables	855,150.8	763,106.3	1,618,257.1	824,575.5	707,495.2	1,532,070.7	-5.33%
Total	2,372,050.9	2,387,858.3	4,759,909.2	2,363,885.1	2,272,570.3	4,636,455.4	-2.59%

Total F&V	Volume T	Value €	€/T
Season 2013-2014	4,759,909	3,923,076,126	824.2
Season 2014-2015	4,636,455	3,240,604,433	698.9
Dif.	- 123,454	- 682,471,693	
Var. %	-2.59%	-17.40%	



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Market diversification : fruit



Top10	2013 – 2014 Aug.-April in T	2014 – 2015 Aug.-April in T	Var. %	Dif. In T
Belarus	346,893.2	802,168.6	131%	455,275
Egypt	98,771.5	186,297.5	89%	87,526
Algeria	138,312.6	184,090.6	33%	45,778
Brazil	108,686.1	151,449.8	39%	42,764
Bosnia and Herzegovina	45,417.0	87,274.4	92%	41,857
Kazakhstan	55,058.7	91,826.9	67%	36,768
Serbia	71,560.8	106,602.9	49%	35,042
United Arab Emirates	70,933.0	104,833.2	48%	33,900
Macedonia	11,573.9	40,986.1	254%	29,412
Saudi Arabia	62,380.9	85,047.7	36%	22,667
...
Oman	5,787.9	5,329.5	-8%	-458
Philippines	696.0	34.5	-95%	-662
Mexico	904.7	87.1	-90%	-818
Melilla	10,877.9	10,004.2	-8%	-874
Libyan Arab Jamahiriya	68,019.9	56,724.5	-17%	-11,295
Israel	23,745.6	12,408.5	-48%	-11,337
Ukraine	141,077.7	129,209.3	-8%	-11,868
Cambodia	18,961.4	92.7	-100%	-18,869
Russian Federation	1,082,211.8	126,759.9	-88%	-955,452
Total	3,141,652	3,104,385	-1.19%	-37,267



Market diversification : vegetables



Top 10	Aug 2013 – April 2014 in T	Aug 2014 – April 2015 in T	Var. in %	Dif.in T
Belarus	103.328,1	260.759,6	152%	157.432
Brazil	7.688,3	96.632,1	1157%	88.944
Senegal	133.846,7	166.921,4	25%	33.075
Cote D'Ivoire	58.077,8	85.078,3	46%	27.001
Indonesia	120,6	15.759,3	12967%	15.639
Malaysia	46.481,1	62.016,6	33%	15.536
Serbia	15.830,9	28.778,8	82%	12.948
Panama	1.121,6	13.680,3	1120%	12.559
Switzerland	156.846,1	168.968,5	8%	12.122
Israel	5.799,5	17.149,9	196%	11.350
...				
Japan	5.669,0	5.380,5	-5%	-289
Guinea-Bissau	3.358,5	3.054,3	-9%	-304
Hong Kong	1.578,3	1.215,7	-23%	-363
Viet-Nam	587,1	69,2	-88%	-518
Ceuta	2.630,2	1.910,6	-27%	-720
Taiwan	2.620,6	1.023,0	-61%	-1.598
Norway	94.907,3	93.281,4	-2%	-1.626
Thailand	5.137,0	2.423,5	-53%	-2.714
Ukraine	47.550,5	10.987,8	-77%	-36.563
Russian Federation	615.983,6	54.535,6	-91%	-561.448
Total	1.618.257	1.532.071	-5%	-86.186

Setting a new strategy for export



Why stimulate EU fruit and vegetables exports?

EU fruit and
vegetable
consumption
stagnates

95% of
consumers are
outside the EU

Fruit and
vegetable
consumption in
other countries
increases

EU exporters
need to further
diversify their
export markets
after Russian
ban

EU fruit and
vegetable
exports are
competitive

Labour intensive
sector: Better export
opportunities will
create more jobs and
contribute to EU jobs
and growth strategy



EU Exports and SPS Measures

Debate 2005: twenty-five stars or one circle?

Introduction



Peter Mandelson



Peter Mandelson



Peter Mandelson

In order to let free trade flourish globally and at the same time to safeguard a high level of protection of the consumer, a fairly balanced set of Sanitary and Phytosanitary (SPS) measures has been agreed upon in WTO context. Inevitably, this raises discussion about interpretation and application. In the EU, in the case of imports these discussions are dealt with collectively. On the other hand, in export



Peter Mandelson:

“I am committed to open markets and a clear regulatory framework”

Pino Calcagni:

“A plea for a harmonized export strategy”

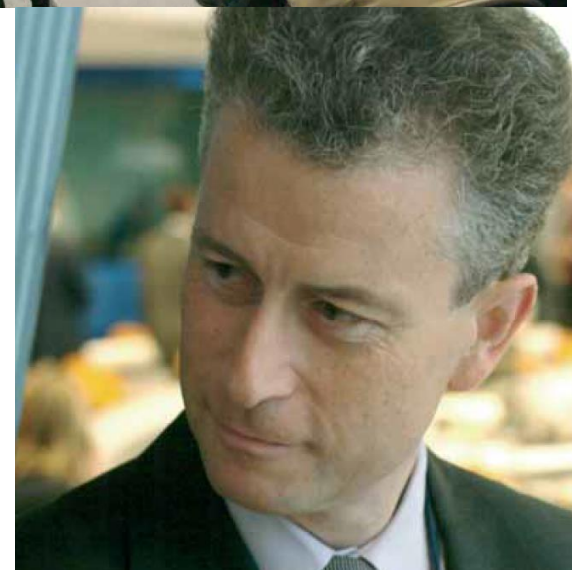


Knud Buhl:

“The EU must become an efficient negotiator in the SPS area”

Robert Madelin:

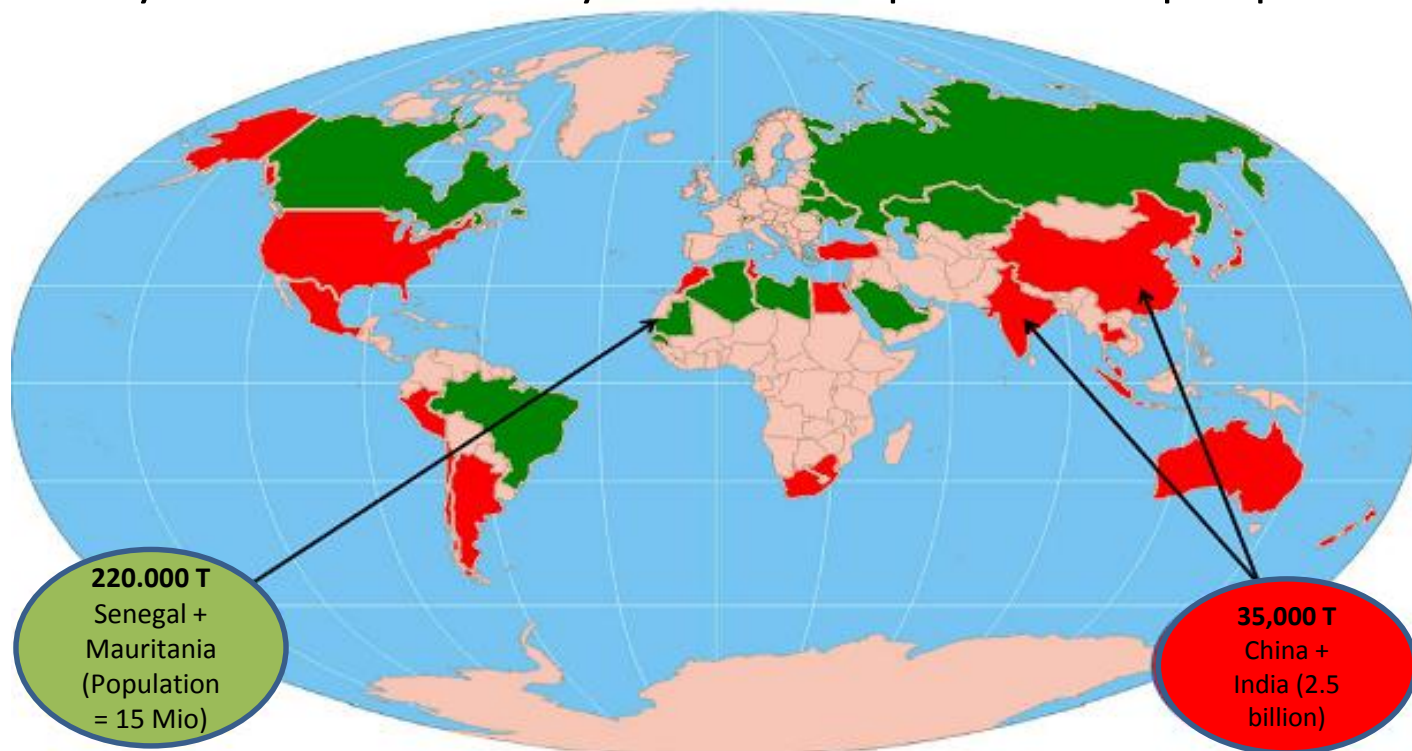
“The EU has a very powerful role to play in SPS issues”



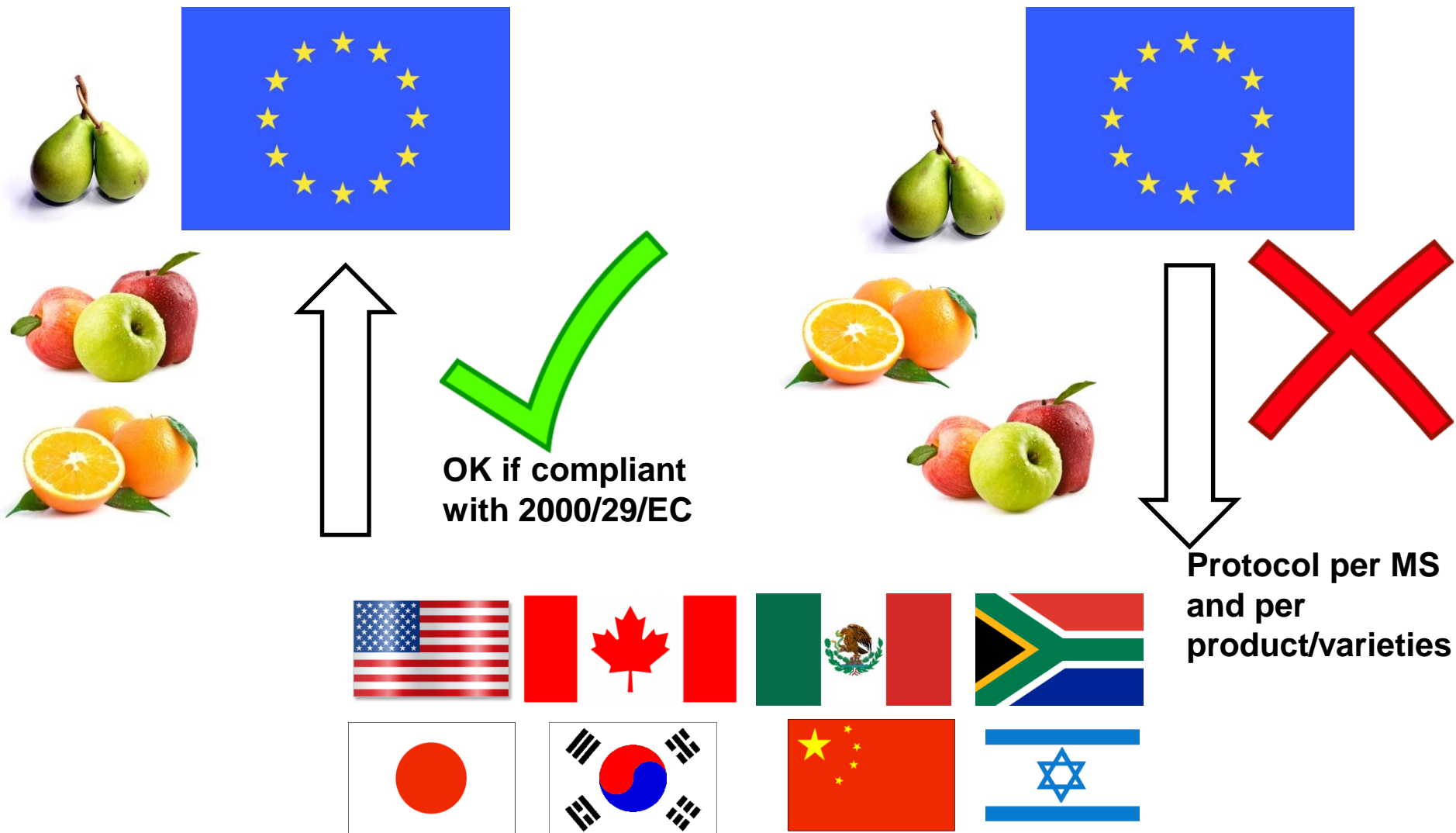
Situation of EU exports

WTO –SPS agreement : not a level playing field !

- some countries have open phytosanitary system
- many countries have closed systems – with obvious consequences for EU exports
- A close system not necessarily safer from a plant health perspective !



Access to EU and third country markets





Opening markets

Rank	Partner	Export in T	Import in T	Rank
9	United States	106.474	131.115	20
17	Malaysia	60.605	2.501	62
18	Egypt	59.995	305.549	11
26	Israel	24.295	378.571	14
30	China	16.236	157.986	18
32	Turkey	12.205	707.825	6
35	Thailand	10.799	11.791	47
36	Taiwan	10.584	2	114
45	Australia	8.373	42.463	34
46	South Africa	8.331	1.081.588	3
48	Japan	7.898	25	105
54	Colombia	5.777	1.180.730	4
63	Tunisia	4.239	87.088	23
65	Philippines	3.949	1.256	80
74	Argentina	2.598	423.960	10
81	Uruguay	1.806	72.088	28
82	New Zealand	1.748	330.105	13
83	Indonesia	1.527	130	86
85	Sout Korea	1.314	2.066	60
89	Mexico	1.066	107.215	19
114	Chile	179	597.735	7
157	Peru	-	342.628	9
	TOTAL (2013)	349.999	5.964.417	

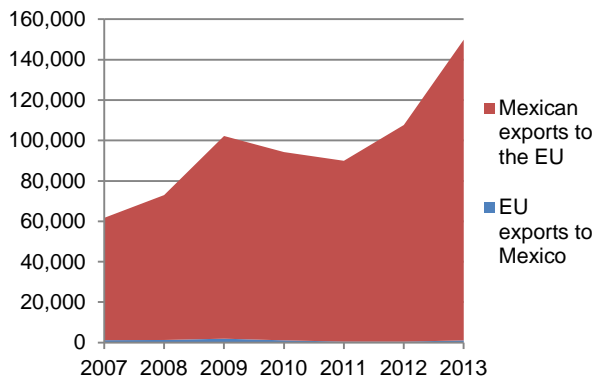


FTA did not solved SPS
issues in many cases for
EU f&v exports

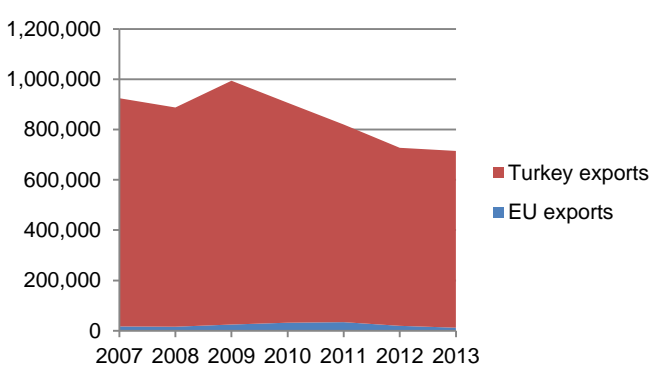


F&V trade imbalance with selected partners (in T)

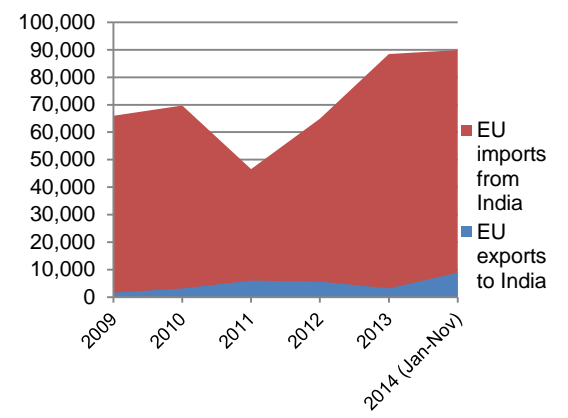
Mexico



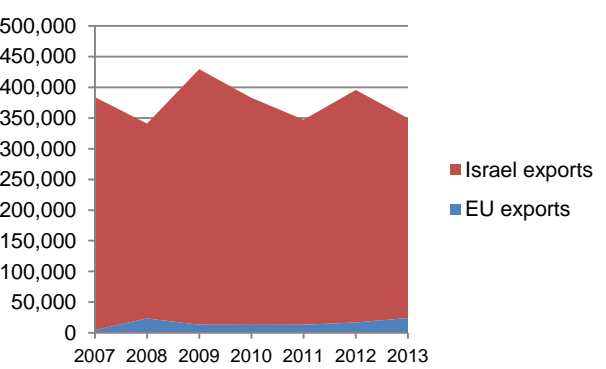
Turkey



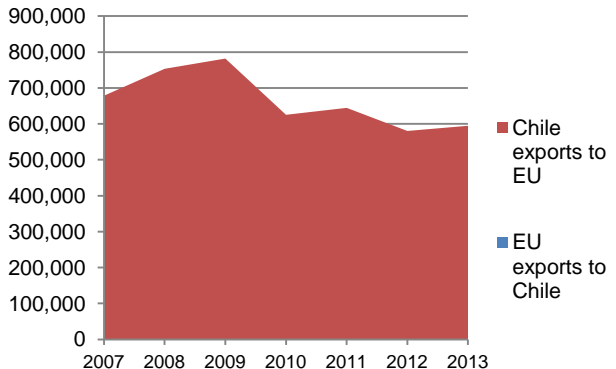
India



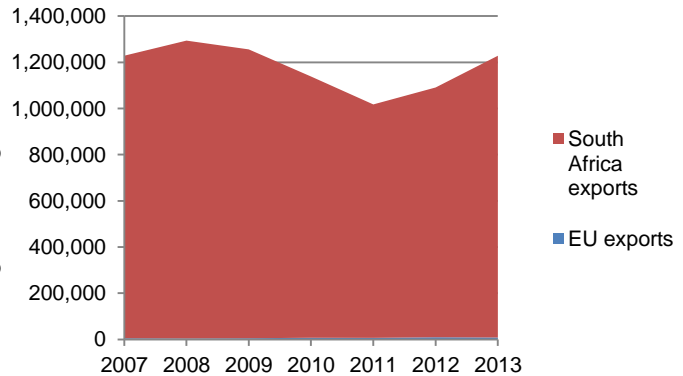
Israel



Chile



South Africa



Example: EU trade with South Korea



Tariffs: 25-50%

Approval: Only with
protocol and pre-
clearance, cost: several
tens of thousands EUR for
approval and 0,125 EUR
per kg for maintenance



Tariffs: 0-5%

No pre-approval
necessary – exports
can immediately take
place

Way forward FTA

TEXTUAL PROPOSAL

SANITARY AND PHYTOSANITARY MEASURES (SPS)

12. Without prejudice to existing arrangements at the time of entry into force of this Agreement and unless the Parties agree otherwise, consignments of regulated commodities shall be accepted on the basis of adequate guarantees by the exporting Party, without:
- a) Pre-clearance programmes. Control activities at the country of origin performed by the NPPO of the country of destination should not be applied as a permanent import measure and only foreseen to facilitate **new** trade. On a voluntary basis, the NPPO of the country of origin may request pre-clearance within the inspection activities carried out by the importing countries as a trade facilitation tool;
 - b) Import licences or import permits;
 - c) Phytosanitary protocols or work plans prescribed by the importing party.

Way forward multilateral

WTO/IPPC:

- Establish harmonised rules at international level that leave no space to arbitrary measures, delays and refusals of consignments (e.g. cold treatment)
- In case of arbitrary measures and delays, challenge third country measures more aggressively in front of WTO/IPPC, in the same way as third countries do with the EU (South African citrus, Indian mangoes, etc.)

**Systematically
challenge partners
imposing excessive
barriers in WTO**

**Get clearer
international rules or
guidelines on issues
such as cold
treatment
IPPC**



**WORLD TRADE
ORGANIZATION**



International Plant Protection Convention
Protecting the world's plant resources from pests



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Way forward at EU level



Give higher importance to fruit and vegetables in the EU's trade agenda

Increase coordination at EU level of market access issues for exports

Insist that EU is recognised as single phytosanitary system

Ask EFSA to systematically map pests in EU28 for key fruit and vegetables in cooperation with NPPOs

Exports to be allowed before pre clearance

More reciprocity, in particular in SPS within FTA

Why are protocols and pre-approvals bad?

Protocols must be negotiated for **each EU member state and product** individually

Approval of protocols depends on human resources (and political will!) in MS and third countries (e.g. China: **only one official** for all applications from Europe and North America)

Protocols are often excessively prescriptive: separate packaging line, prescribed methodology for physical inspections, etc.

Protocols only increase cost but **do not give added security** to trade partners

Protocols may require **phytosanitary treatment** that is **not approved** in EU or outlawed by growers GAP and/or European retailers requirements

Orchards must be approved many months before season – **impossible to react to short-term market opportunities**
→ Frustration for exporter and customers

Massive cost for pest-risk assessment and (sometimes unnecessary) mitigation measures

Protocols show that **trade partners do not trust** inspections by European plant health authorities
→ This must be changed



Plant health protocol

Addressing current challenges



Key target markets

United States



Canada



China



India



Brazil



Mexico



South Africa



Japan



Indonesia



Korea



Taiwan



Turkey



Some SPS issues faced by the fruit and vegetable sector

Mexico

Non transparent import conditions and expensive pre-clearance requirements make it near impossible to export to Mexico. The review of the bilateral agreement should establish reciprocity for EU exporters

Chile

Review of the bilateral agreement should eliminate the use of phytosanitary protocols and allow exports on basis of systems recognition

Brazil

Brazil allows historical trade from the Iberian peninsula to enter without protocols, but obliges all other EU countries to negotiate bilateral protocols

United States

US asks EU producers to develop mitigation measures against five pests if the pre-clearance regime is used. The list increases to 29 pests if a systems approach is used in which the exporting country's NPPOs give the plant health guarantees.

Turkey

No transparent rules for market access, combined with asymmetric duties

Israel

Quota regime and rejections based on plant health

Some SPS issues faced by the fruit and vegetable sector

Taiwan

Taiwan refuses shipments of fruit if the temperature probes inside the containers are just a few centimeters out of place

South Africa

South Africa only accepts import applications from EU governments if they are supported by at least one domestic importer – a clear technical barrier to trade

Vietnam

Several mitigation measures that Vietnam concludes from its PRAs will destroy the fruit (combination of fumigation, irradiation, vapour heat treatment and other treatments).

Korea and Japan

Complicated phytosanitary protocols in both countries. For Japan, individual citrus varieties need separate protocols. Korea allows a single duty-free container of oranges per year. Massive tariff barriers in Korea, to be gradually phased out through FTA.

Indonesia

Recently multiplied market access restrictive measures ranging from port limitation to quota regime and complex new food safety rules

India

New port limitation for apples , limited to only one aggregated port
Combination of cold treatment and methyl bromide

Conclusions



Summary

- EU fruit and veg are competitive on international markets
- Many trading partners has restrictive import practices based on SPS barriers to discourage imports
- New strategies are needed to develop exports while diversifying from Russia
- Internal steps are needed and stronger stance in FTA and multilateral fora for greater “reciprocity”

Thanks for attention



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