



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

2024 update



CDG on Animal Production - focus on Poultry and Eggs

17 September 2024 – DG AGRI/G1

What is the study about?

Economic analysis of 10 significant Free Trade Agreements (FTAs) on EU agri-food markets: Chile, Mexico, Mercosur, New Zealand (recently concluded) and Australia, India, Thailand, Philippines, Indonesia, Malaysia (under negotiations)

Compare agricultural market prospects for year 2032 with and without these FTAs.

Methodology largely unchanged compared to previous studies of 2016 and 2021.

What is new? Sensitivity analysis on the impact of UK trade agenda (Australia, New Zealand, Comprehensive and Progressive Agreement for Trans-Pacific Partnership or CPTPP).

The study assumes two trade policy scenarios – conservative and ambitious

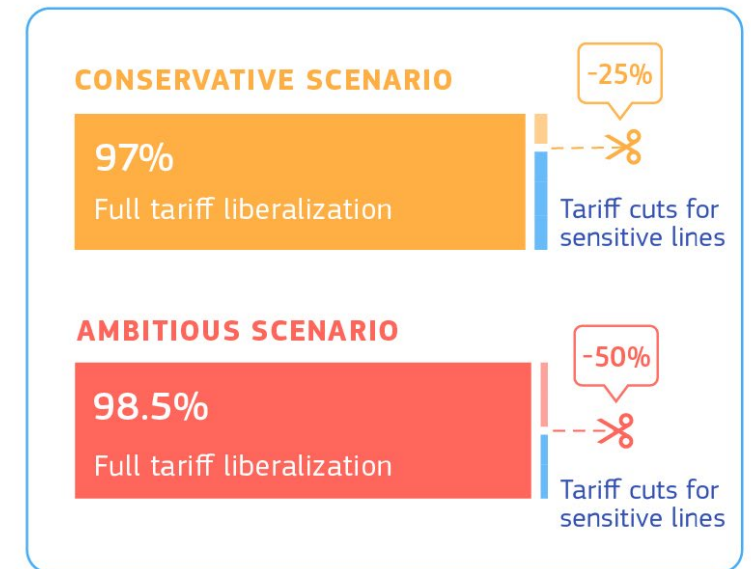
1. Conservative:

- 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:

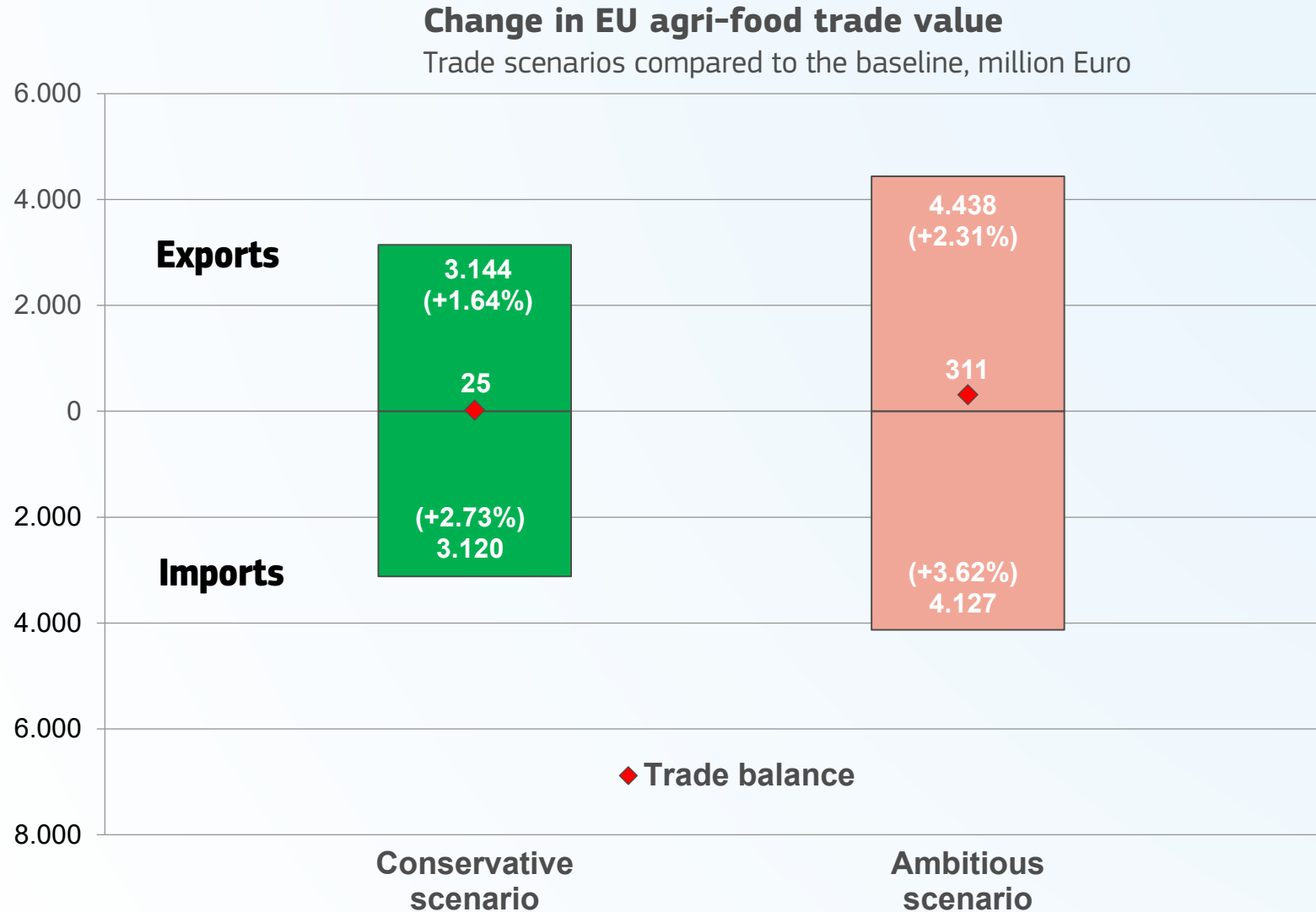
- Concluded agreements: same as for conservative
- Other agreements: **98.5%** of tariff lines fully liberalised; other (sensitive) lines get a **50% tariff cut**

Trade policy scenarios

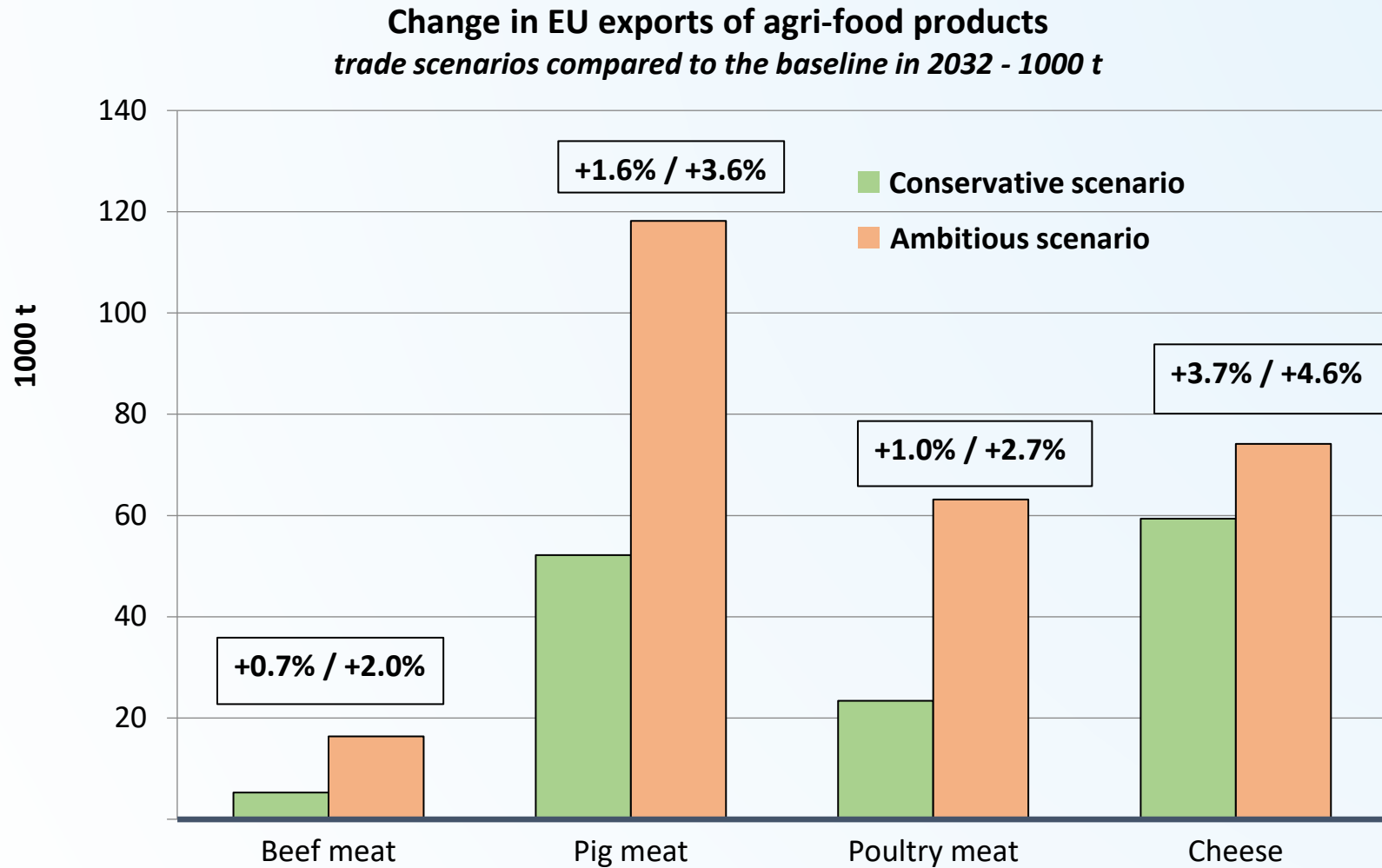


→ Note: concluded FTAs are modelled as per negotiated outcome; not concluded agreements are modelled with theoretical tariff cuts.

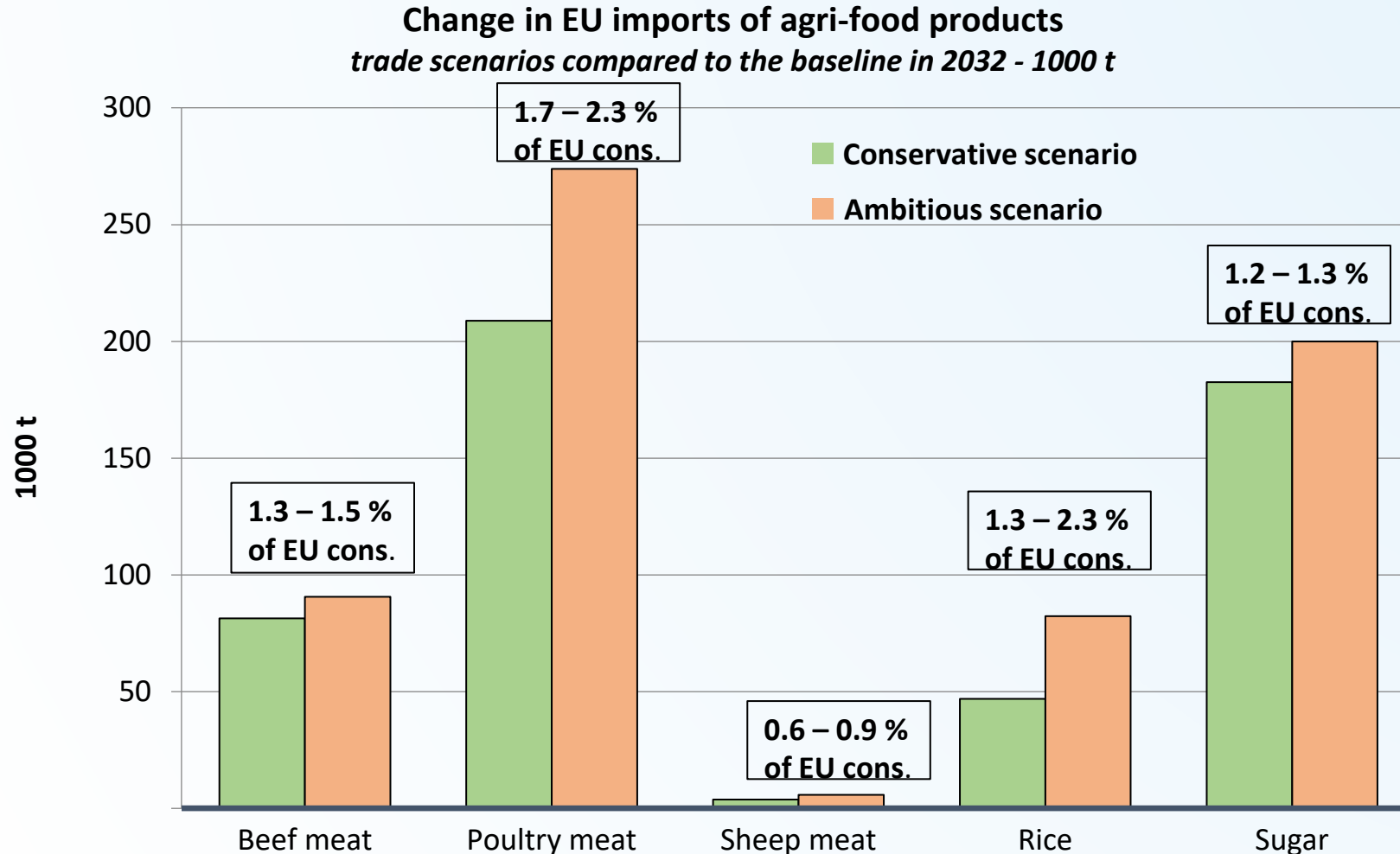
FTAs boost both EU exports and imports, net trade is overall balanced...



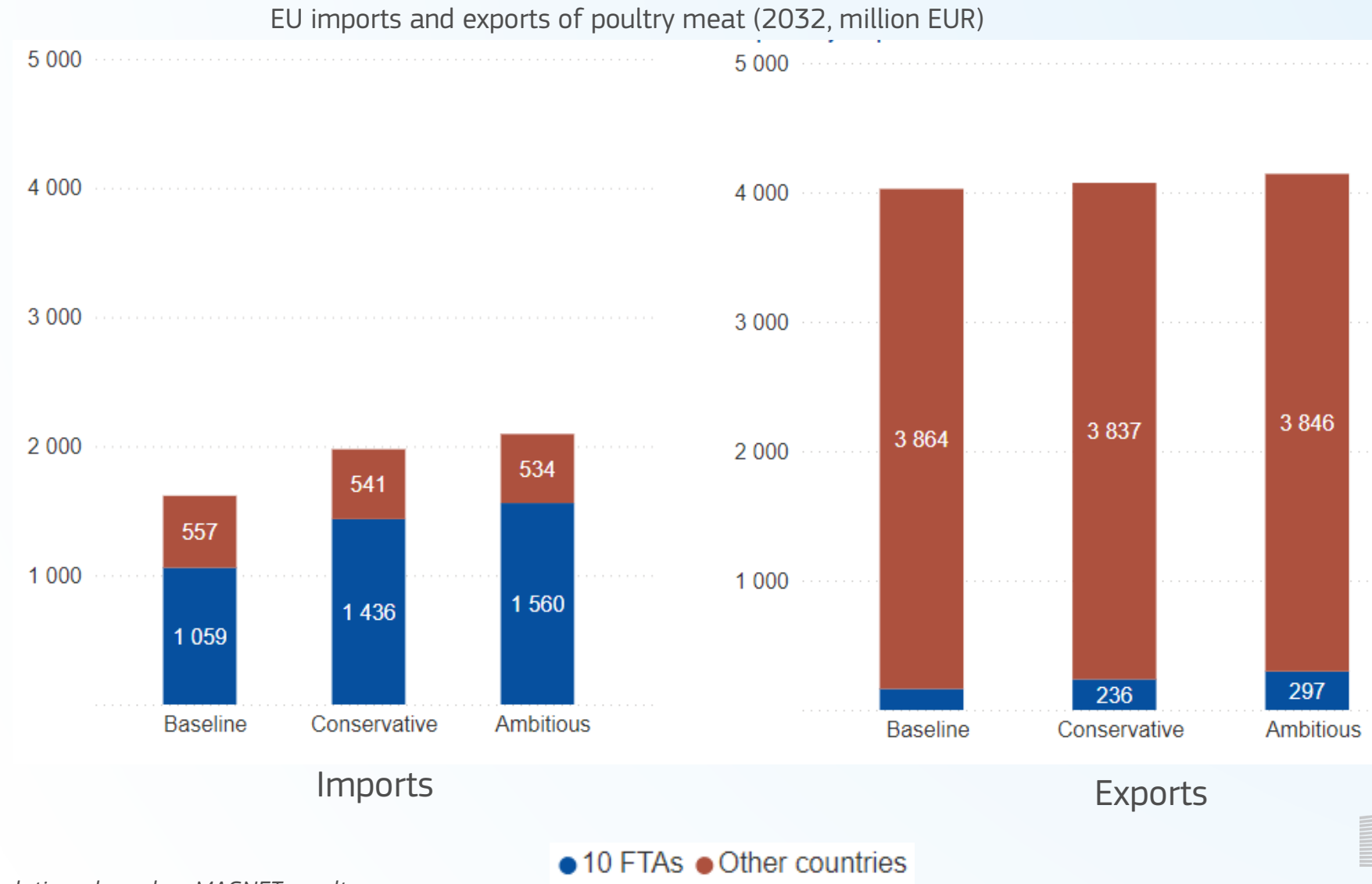
Growth in exports for EU flagship commodities...



Imports of sensitive products increase... ...but remain within limited share of EU consumption

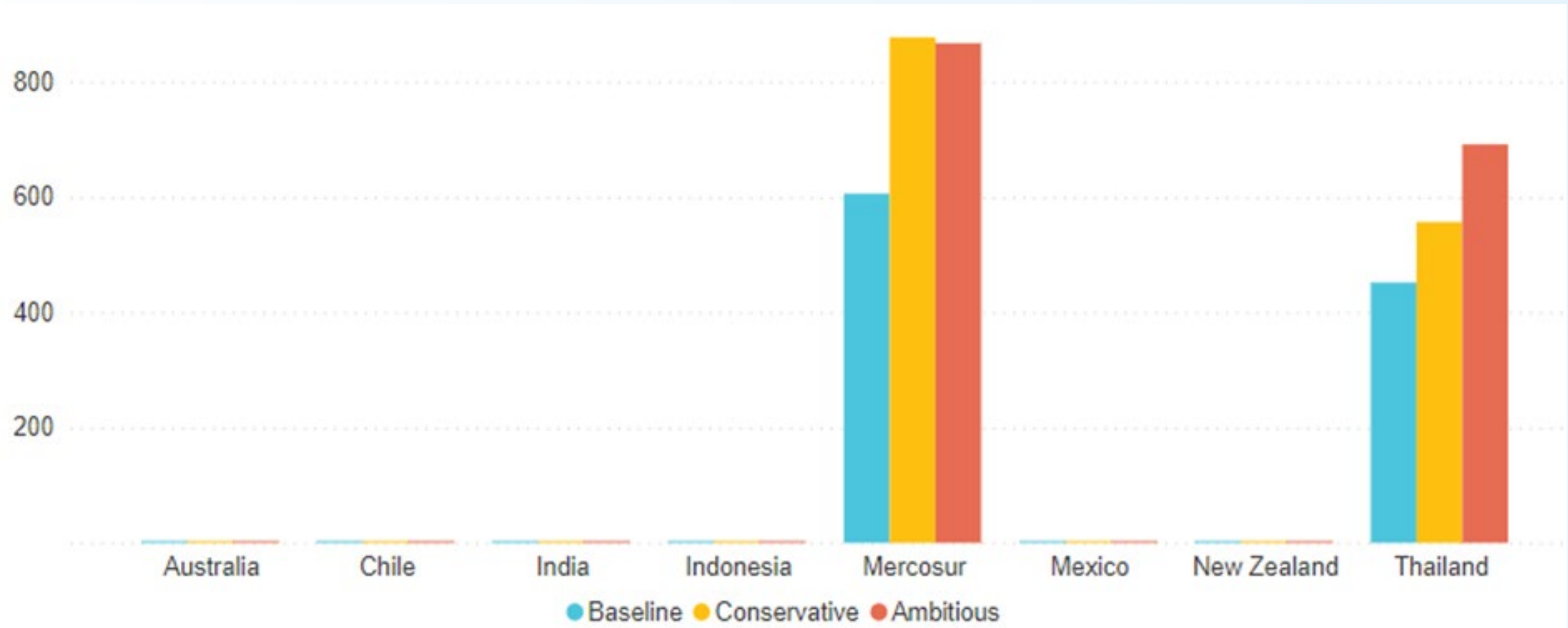


10 FTAs lead to a small increase of EU poultry exports and a larger increase of EU imports



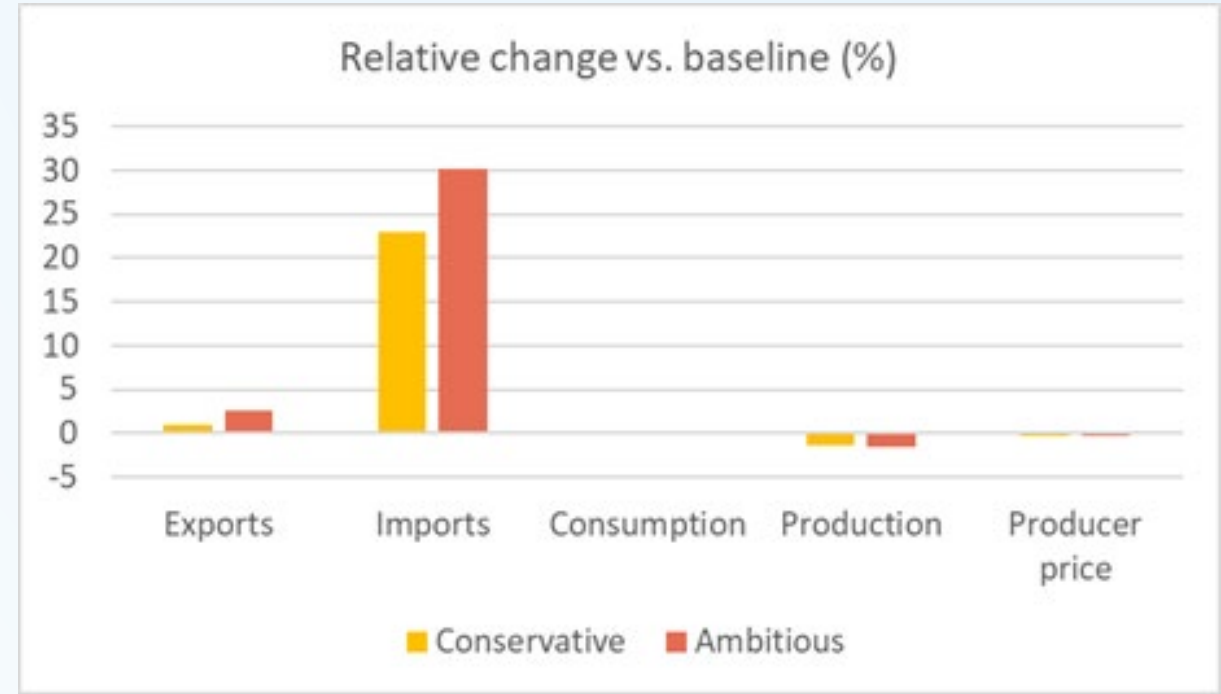
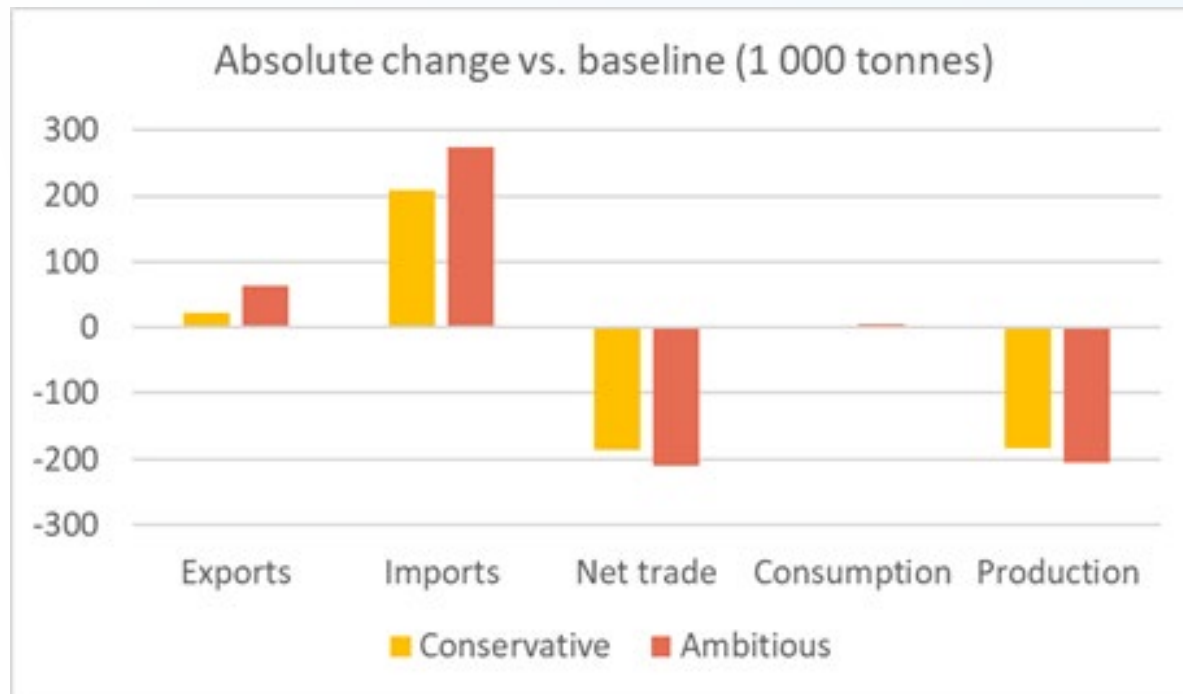
Imports increase mainly from Mercosur and Thailand

EU imports of poultry meat from the 10 FTA partners (2032, million EUR)



Impacts on EU production, consumption and prices remain small

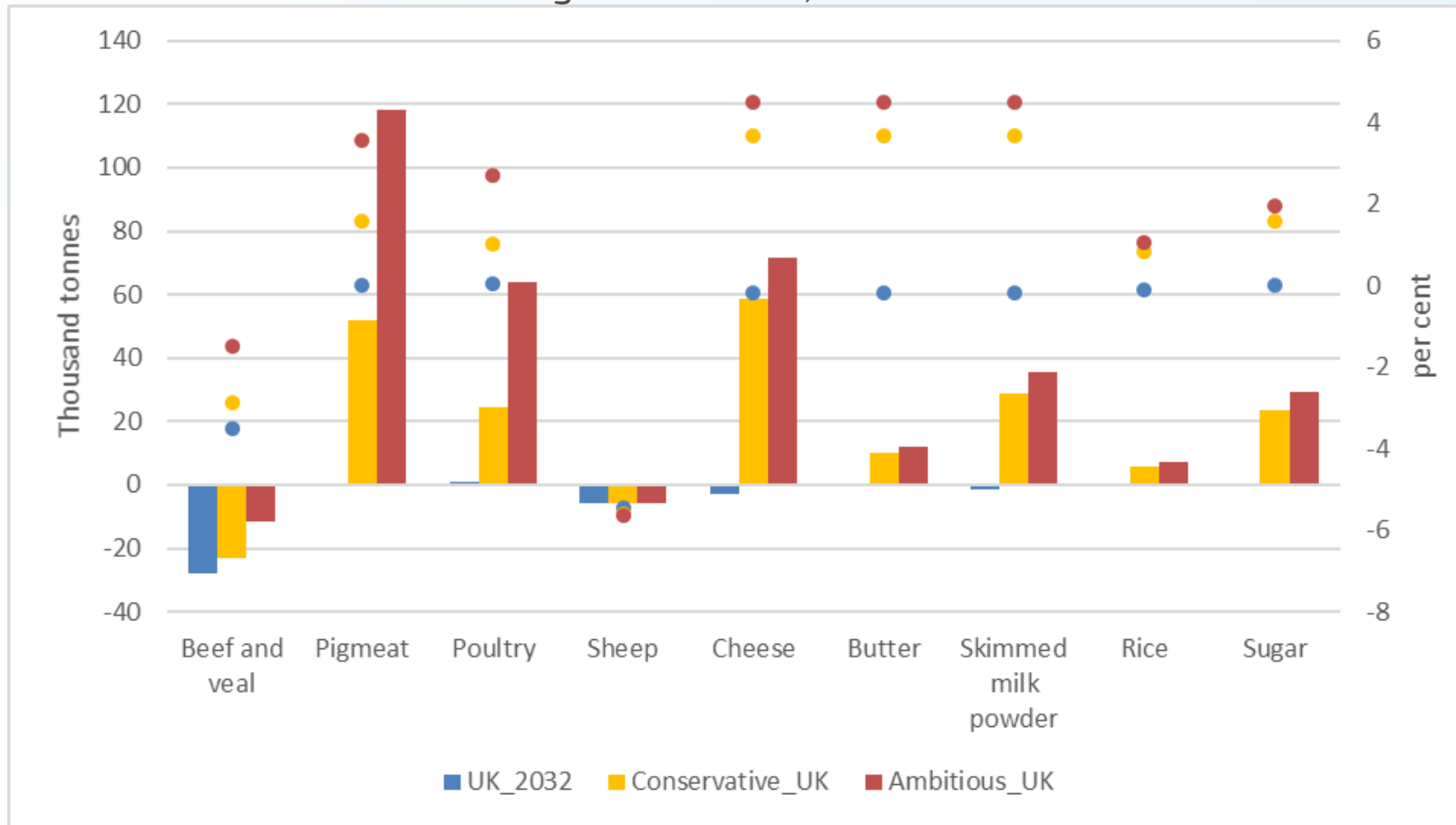
Change in the EU's trade balance in poultry meat (2032)



Source: Authors' estimates, based on Aglink-Cosimo simulations (European Commission 2022 model version).

Impact of UK FTAs (Australia, New Zealand, CPTPP)

EU exports of selected agri-food products – 2032,
change vs baseline, thousand tonnes



Source: Authors' estimates, based on Aglink-Cosimo simulations (European Commission 2022 model version).

Conclusions

The FTAs studied lead to a small increase of EU poultry exports and a larger increase of EU imports, partially eroding EU trade surplus in poultry

Increased imports mainly originate from Mercosur, for which the TRQ negotiated is represented in the scenarios, and from Thailand, for which a theoretical tariff cut without quantity limitations is represented.

Increased imports of poultry would lead to a small reduction of EU production, while EU poultry prices and consumption would remain mostly unaffected

UK trade agenda has a minimal impact on EU poultry meat exports

Results show that TRQs are an appropriate tool to limit negative impacts in sensitive sectors.