

Brussels,
... / ... (2018)

FINAL MINUTES

Meeting of the Civil Dialogue Group “International Aspects of Agriculture”

Date: 16/10/2018

Chair: Mr Nikolaus MORAWITZ.

Organisations present: All Organisations were present, except ACT Alliance EU, BEUC, ECPA, EFA, EFFAT, EFNCP, FAH-Europe, FTAO.

1. Approval of the agenda (and of the minutes of previous meeting¹)

2. Nature of the meeting

The morning session of the meeting was made public via an open web streaming. The afternoon session was not public.

3. List of points discussed [Name of each point, one by one]

3.1 Administrative and governance matters

The agenda was approved following the substitution of the initial point 6.2 (exchange of views on Palm oil) by the sub point “exchange of views on trade relations with Iran”.

3.2 OECD/FAO Outlook

The Commission official (DG AGRI C.2) presented the OECD/FAO Outlook. The OECD/FAO report is published annually in June/July looking at an horizon of 10 years. It combines expert input and model-based projections for major commodities around the world. Key conclusions:

- The food price is substantially lower compared to period 2006-2008;
- Declining real prices are expected for almost all commodities;
- Demand for agricultural commodities to grow more slowly in the coming decade;
- Specialisation between regions in increasing over time;
- Most additional food demand will come from sub-Saharan Africa, India and China;
- Biofuel growth slows down, reducing the demand growth for feedstocks;
- Growth in demand for agricultural commodities slows down – except for dairy;
- Agriculture and fisheries production will grow fastest in developing regions;
- As demand growth slows down, so do agricultural trade volumes;

¹ If not adopted by written procedure (CIRCABC)

- Despite downward trend, risk of temporary price increases remains;

3.3 State of play in trade negotiations

- **Mercosur, Mexico, Chile and other bilateral negotiations**
- **Upcoming negotiations (Australia and New Zealand)**
- **G20 Meeting in Buenos Aires**

John Clarke, Director at DG AGRI, on behalf of the Commission, introduced his presentation regarding trade negotiations in 2018. A balanced and progressive trade policy to harness globalisation is one of the 10 objectives of this Commission. He highlighted the performance of agri-food trade, where the EU is a major importer and exporter. Trade surplus is increasing, due to success of reforms of CAP and that made our agri-food exports more competitive in world markets. Population growth increases demand for our agri-food products around world for meat, dairy, processed products and high quality products. We are also competitive for some commodities and semi processed products showing that we are diversifying our basket. In 2008, exports represented 7.7% of our overall production, but in 2016 it represents 12%.

State of play: Canada – provisional application; Mercosur - advanced stage of negotiations; Mexico (modernisation) – agreement in principle; Ukraine – provisional application; SADC - in force (EPA); Japan: negotiations concluded; Singapore & Vietnam - negotiations concluded, but not yet in force; Indonesia and Malaysia - negotiations ongoing; Australia & New Zealand - negotiations ongoing. In the Executive working group between EU –US, agriculture is not in the table.

The last negotiation round with Mercosur countries took place in Montevideo in September and the next round will be announced shortly. The remaining items and political priorities to be agreed upon include: dairy, GIs, cars, maritime affairs and government procurement. The EU has made substantial offers in agriculture, but has not moved on beef, sugar or ethanol. Mercosur did not engage enough on the EU's offensive interests (dairy, GIs, wine or spirits). We need to get gains in agriculture given our huge trade deficit. Mercosur countries have identified a number of sensitive sectors (dairy, sparkling wine ~~sparkling water~~, etc.) and have domestic challenges ahead (elections in Brazil and economic crisis in Argentina)

The **Chair** asked for comments and reactions from the floor.

Representative of Copa underlined the defensive status of beef, negative market forecast for EU beef sector, volatility of exchange rates in South America and inclusion of Paris agreement on Climate change

Representative of WWF asked about sustainability of Indonesia and Malaysia (e.g. palm oil) and recognition of sustainable ways of palm oil uses.

Representative of FoodDrinkEurope (sugar sector) noted the barriers for export to Canada (Anti-dumping), limited market access to Japan and enquired about the potential impact of the Brazilian elections.

Representative of FoodDrinkEurope (dairy sector) asked about the opportunities in China.

Representative of EMB enquired on situation of registration of livestock in Canada and imports of cage eggs from Ukraine.

EuropaBio enquired on plant breeding innovation and trade implications.

CEPM asked for comprehensive analysis of impact of FTAs in the different production standards in agriculture.

Celcaa (wine) asked about the impact of Nafta 2.0 on GIs and the possibility to use dispute settlement provisions foreseen in CETA.

FoEE asked about the negotiation scope of the EU-US executive group.

CEJA enquired about consistency between CAP and trade policy

The Commission official underlined that the EU decided not to take in account exchange rates in free trade agreements as it might affect the EU in future. FTAs have a sustainable development chapter to oblige both parties to different international agreements. Palm oil is the most sensitive subject of negotiations with Malaysia and Indonesia and the objective is to give preferences to sustainably produced palm oil. Commission is engaging with Canada to solve implementation issues (e.g. sugar, wine and dairy) and performing audits to Canadian livestock sector to make sure that the meat is produced according to EU regulatory requirements. Findings on the livestock sector have been so far positive. Canada has good standards but because they can't meet our hormone free standards, Canada has virtually no exports to Europe. We have not carried out any audit of Ukrainian egg production, but they need to comply with our labelling requirements.

Regarding negotiations with Mercosur, the EU is not considering full liberalisation for sensitive products but just TRQs. No agreement will be done without a satisfactory outcome on GIs. The Commission has carried out a study on the cumulative effect of trade concessions that is available in the website. All imports need to comply with EU safety requirements. The US-Mexico-Canada agreement (USMCA) will not affect the EU-Mexico agreement on GIs. The Commission has engaged with the Chinese authorities on market access and trade barriers. Exports to Russia (excluding products under embargo) are increasing. The Commission clarified that the full range of SPS measures will not be included in the EU-US executive group. Commission concluded by informing that the national CAP plans need to be WTO compatible and market oriented.

3.4 Global food security, sustainable development and relations with Africa (World Food Day 2018)

Commissioner Hogan, on behalf of the Commission, introduced the World Food Day, described the objectives (zero hunger, nutrition, etc.) and addresses the development goals. Key messages:

- Number of people undernourished is increasing again.
- Since the war EU has built a strong food production system that sets high standards.
- EU imports from all over the world (e.g. concessions under everything but arms).

European Partnership Agreements (EPAs) allow to protect sensitive sectors in their countries and there are safeguards in place, in case of a rapid surge in imports .

- Export distorting subsidies were eliminated in WTO (Nairobi ministerial).
- Organic rules (also for imports) were adapted to improve transparency.
- EU is active abroad in particular in Africa. We support investment in agri farms and business in Africa and also GIs.
- EU External Investment Plan was launched last year to improve alliance between EU and Africa².
- Set up Rural Task Force for Africa³ that is expected to deliver report this year.

² https://ec.europa.eu/commission/eu-external-investment-plan_en

³ https://ec.europa.eu/info/news/commission-creates-task-force-rural-africa-focus-development-role-food-and-farming-2018-feb-27_en

The Chair of the Rural Task Force for Africa, Tom Arnold, underlined that the relationship with Africa and EU has been longstanding. In the last years there has been an intensification of this relationship at political level but also at agricultural level. The Task Force is looking at how Europe can assist Africa on improving performance in agriculture and rural development. There is an unprecedented population increase in Africa with young people looking for jobs. President Juncker has proposed a new strategic alliance for growth and jobs. The report of the Task Force is the European agriculture contribution to the political agenda of the Commission. Today in Africa there is a rapid growth of middle class/urbanisation and food imports. Biggest market for African food producers is Africa therefore intra-regional trade in Africa needs to be increased. The Task Force is looking at the strategic partnership between the EU and Africa including on SPS, trade facilitation, etc,

The Chair asked for comments and reactions from the floor.

FoodDrinkEurope (sugar sector) informed about letter sent to the trade Commissioner to challenge subsidies of India and Pakistan.

FoodDrinkEurope acknowledged the political and socio-economic importance of strengthening EU-Africa relations in the area of agri-business, food production and trade – through the exchange of expertise and best practices from both sides - involving both private and public sector stakeholders. In addition, FoodDrinkEurope enquired about the forthcoming recommendations of the Task Force for Rural Africa and if the work of the task force will continue under the next European Commission mandate.

WWF representative underlined that it is crucial to provide financial support for smallholder farmer as majority of food comes from these household farmers. Extension services are key to learn how to handle ecological methods and ensure food security and sustainability.

The representative of Copa underlined the role of Climate Change and noted that self-sufficiency is a right for people and that trade can bring stability.

EuropaBio pointed out the lack of organisation among farmers. He was concerned that agriculture is outside priorities of African countries, and the lack of adoption of new technologies and transfer to small farmers.

Slow Food asked if agroecology will play a role in the collaboration between Africa and the EU and how the voice of the Africans will be taken into consideration. Commissioner agreed on the key role of small farmers, in particular women, and the need to encourage vocational training and extension services. Technology transfer is key. All farmers must benefit from newest technologies.

The Chair concluded that we are all in the same boat. He also informed that many Copa members are cooperating with African farmer's organisations within WFO.

3.5 FAO: Presentation of the State of Food and Agriculture (SOFA) report

Rodrigo de Lapuerta, on behalf of FAO, introduced the State of Food and Agriculture (SOFA) report focussing this year on migration. He also highlighted the data of food insecurity (SOFI report) with the number of undernourished in the world has increased to 821 million of people, due to conflicts, climate events and economic slowdowns which are the three key drivers. Number of extreme climate-change related disasters has doubled since the early 1990s. Out of the 51 countries in food crisis in 2017, 34 were affected by climate shocks. Most of the developing countries exposed to climate shocks depend on rain fed agriculture, and have then to be more climate resilient to absorb these climate shocks.

On the migration dossier, rural migration (from/to/between rural areas) is the major portion of internal and international migration. Migration between developing countries is larger than

migration from developing to developed countries. 30% of international refugees are in rural areas (more than 80% when it comes to international refugees in Sub-Saharan Africa). The poorest are the less likely to migrate regionally and internationally. Top priority is to provide perspective for rural migration, which constitutes a critical portion of both internal and international migration. Policy priorities have to be provided in agriculture and rural development for economic growth and social well-being of the local populations.

Policy priorities relating to rural migration depend on country contexts that are continuously evolving. Policy coherence is fundamental to try to maximize the social benefits of migration and minimize the costs to migrants and societies. Impacts vary by the migration type and the context in which it occurs. More than 1 billion people in developing countries have moved internally.

3.6 Report from informal discussions

During Lunch Break: Informal discussions

3.6.1.1 Proposals for Horizon 2020

Participants were unanimous to underline the importance to have sustainable development based on the three components, economic, social and environment.

3.6.1.2 Iran

The EU is working with Member States in the establishment of a Special Purpose Vehicle (SPV) to support continued bilateral trade after the imposition of strict economic and financial sanctions by the US from 4 November. In parallel, a dialogue is taking place with American authorities to clarify the application of exemptions for humanitarian trade (which includes agri-food trade) . EU banking system has been reluctant to continue supporting even humanitarian trade (over-compliance problem) due to lack of clarity on sanctioning by the US . In early November there will -should be an EU announcement on these matters.

3.6.1.3 WTO modernisation

The discussion focussed on the Commission concept paper on increasing transparency, dispute settlement procedure and functioning of the decision making system.

3.7 Increasing exports of EU agri-food products – what is in for farmers?

The Copa representative introduced the subject of what is in for farmers. Key points:

- Agri-food exporters are a driver of EU economy and is well integrated in the world market
- Agri-food exports contribute to overall valorisation of EU produce, provide market balance and balancing of product categories and ensuring sustainability; market access helps distribution of competitiveness risk.
- Trading ensures funding for investment in own production/higher standards and matching of consumer preferences
- Priority to WTO multilateral agreements
- Bilateral FTAs as parallel track but they are an opportunity as long as some conditions are met (balance within agri-chapter, inclusion of the entire value chain, standards GI recognition, enforcement of the provisions including access to SMEs, etc.)

- Perspectives: Uncertainty due Budget and Cap, UTPs, loss of markets, Brexit and Mercosur

Representative of FoodDrinkEurope underlined the importance of international trade for the European food and drink industry, the opportunities in third country markets, and the importance of export and market diversification in light of recent trade developments. The European food and drink industry has traditionally close ties with the European agricultural sector. The industry processes about 70% of the EU's agricultural output. At the same time, manufacturers also rely on imports of some key ingredients that are not produced in the EU or at least not in sufficient quantities, and which play a complementary role in the production of many value-added products..

Commission informed an implementation report is being published annually. The second report of FTA implementation will be published on 9th November.

Chair concluded on the need to see how trade agreements are translated into income for farmers. More research is needed.

3.8 Sustainability in FTA's

Commission officials from DG TRADE and DG SANTE, on behalf of the Commission, introduced the chapter of sustainability in FTA's. There is recognition of trade contribution to sustainable developments. The chapter on sustainability has a broad scope from labour to environment and other cross cutting commitments, including conventions. The Commission went through several case (e.g. trade facilitation) studies with different trade partners.

Chair opened the floor for comments:

Cogeca representative underlined the enormous amount of certification requirements that obstruct trade. Copa representative asked about strategy to implement climate change, animal welfare and environment.

Commission informed that trade agreements foresee safeguard tools but not all end in sanctions. EU is stronger when it works together and we need to open up new markets.

4 Closing comments by the chair person

The Chairman informed that the next meeting is provisionally foreseen on Tuesday 9th April 2019. Elections for the chairmanship of the CDG will take place in this meeting.

5. Conclusions/recommendations/opinions and next steps

Elections for the Chairmanship of the CDG IAA will take place in the next meeting.

6. Next meeting

The Chairman informed that the next meeting is foreseen on Tuesday 9th April 2019. Elections for the chairmanship of the CDG will take place in this meeting.

7. List of participants - Annex

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”

Date: 16 October 2018

#	Delegation	Last Name	First Name
1	American Chamber of Commerce to the European Union (AmCham EU)	Zuluaga Zilbermann	Marta
2	American Chamber of Commerce to the European Union (AmCham EU)	Leclercq-Spooner	Sharon
3	Confédération Européenne de la Production de Maïs (C.E.P.M)	COTTEN	Gildas
4	European Community of Consumer Co-operatives (EURO COOP)	Tarsitano	Giulia
5	EuropaBio	NARRO	Pedro
6	European agri-cooperatives (COGECA)	TRENZADO FALCÓN	Gabriel
7	European agri-cooperatives (COGECA)	Kuropatwiński	Lech
8	European agri-cooperatives (COGECA)	LACZKÓ	András
9	European agri-cooperatives (COGECA)	Saron	Tiina
10	European agri-cooperatives (COGECA)	Van de ven	Driekus
11	European agri-cooperatives (COGECA)	MATAFOME	José Vasco
12	European agri-cooperatives (COGECA)	Armengol	Ramon
13	European agri-cooperatives (COGECA)	Zens	Heinz-Jürgen
14	European agri-cooperatives (COGECA)	Di Stefano	Paolo
15	European agri-cooperatives (COGECA)	BERTONI	Micol
16	European agri-cooperatives (COGECA)	DEJONCKHEERE	Dominique
17	European agri-cooperatives (COGECA)	AZEVEDO	Daniel
18	European Coordination Via Campesina (ECVC)	Garau	Laura
19	European Council of Young farmers (CEJA)	parisi	Enrico
20	European Council of Young farmers (CEJA)	Caillard	Julien

21	European Council of Young farmers (CEJA)	Gastaldi	Christian
22	European Environmental Bureau (EEB)	KIKOU	Olga
23	European farmers (COPA)	MORAWITZ	Nikolaus
24	European farmers (COPA)	PUECH D'ALISSAC	Arnold
25	European farmers (COPA)	HELLER	Peter
26	European farmers (COPA)	Furustam	Christina
27	European farmers (COPA)	PRANAUSKAS	Eimantas
28	European farmers (COPA)	Ruippo	Juha
29	European farmers (COPA)	Morgan	Victoria
30	European farmers (COPA)	Edel	Kelly
31	European farmers (COPA)	Valentini	Filippo
32	European farmers (COPA)	FLEURY	Jean Pierre
33	European farmers (COPA)	Marinac	Jan
34	European Federation of Origin Wines (EFOW)	ZANDONÀ	Daniela Ida
35	European Landowners' Organization asbl (ELO asbl)	AZEVEDO	Jorge
36	European Liaison Committee for Agriculture and agri-food trade (celcaa)	ROOKE	Paul
37	European Liaison Committee for Agriculture and agri-food trade (celcaa)	MARK	WILLIAMS
38	European Liaison Committee for Agriculture and agri-food trade (celcaa)	O'DONOVAN	Alice
39	European Liaison Committee for Agriculture and agri-food trade (celcaa)	Martinez	Pascual
40	European Milk Board (EMB)	van Keimpema	Jantje Sieta
41	European Public Health Alliance (EPHA)	Andersen	Cecilia
42	FoodDrinkEurope	HINZEN	Louis
43	FoodDrinkEurope	KORTER	Muriel

44	FoodDrinkEurope	MARIE-CHRISTINE	RIBERA
45	FoodDrinkEurope	COBIANCHI	Denny
46	FoodDrinkEurope	HOEYER	Lise Andreasen
47	FoodDrinkEurope	GROSBOIS	Claire
48	FoodDrinkEurope	LAVA	Paul-Henri
49	Friends of the Earth Europe (FoEE)	SCHIMPF	Mute
50	International Federation of Organic Agriculture Movements EU Regional Group (IFOAM EU Group)	Magliola	Christian
51	Organisation pour un réseau international d'indications géographiques (oriGIn)	chareyron	Mathilde
52	SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	Santos-Garcia Bernabe	Natalia
53	SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	Pérez Vega	Daniel
54	Slow Food	AGRILLO	crisrina
55	WWF European Policy Programme (WWF EPO)	MEISSNER	Matthias