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NOTE

From:	General Secretariat of the Council
To:	Council
Subject:	International agricultural trade issues

With a view to the meeting of the Council ("Agriculture and Fisheries") on 18 July 2016, delegations will find attached a note on the above subject.

ANNEX

International trade in agricultural products

The European Union further expanded agricultural trade in recent months, confirming its position as world's leading trader despite lingering negative effects of the Russian embargo. The EU's agri-food trade balance stood at the record value of €1,5 billion in April 2016, compared to €1 billion in April 2015, according to the Commission[1]. For the past 12 months, EU agri-food exports reached a value of almost €129 billion, representing an increase of 2,8% compared to the same period one year ago. The highest export increases were achieved with China (+29% over the last 12 months) and the United States (+14%). Major export gains were also recorded with Switzerland, Ukraine, Saudi Arabia, the United Arab Emirates, Australia and Malaysia.

These positive results reflect the Union's strong commitment to opening up new world markets and to promoting EU agricultural products, also as a means to reducing the supply-demand gap affecting certain key European agricultural sectors. Commissioner Hogan continues his diplomatic offensive to boost exports and find alternative markets for European produce across the globe, in particular in emerging economies. He has been in Colombia and Mexico in February, in China and Japan in April 2016, and will go to Indonesia and Vietnam in the autumn and to Canada, Iran, West Africa and the Persian Gulf countries in the spring of 2017. At the same time, the first call for proposals under the new promotion policy was published in February 2016. Some €111 million are available in 2016, including €30 million for the milk and pig meat sectors, with around 70% earmarked for promotion to third countries. In response, more than 220 proposals were submitted from 25 Member States.

[1] Commission presentation at SCA meeting on 6 July 2016. See also its latest statistical report: http://ec.europa.eu/agriculture/trade-analysis/monitoring-agri-food-trade/2016-04_en.pdf

Recent developments in multilateral trade negotiations could also have a positive impact on EU agricultural trade. The December 2015 WTO "Nairobi Package" ended export subsidies. A possible EU-level export credit scheme for agriculture could support the internationalisation of the EU agri-food sector for those companies and export destinations for which access to trade finance is difficult. There is an ongoing consultation of Member States on the value added of an EU credit guarantee scheme, and on its operational management. Their response will determine further advances on this matter.

The EU is vigorously pursuing ambitious free trade agreements with major players - countries and regions - in global agricultural trade. The successful conclusion of negotiations for the Transatlantic Trade and Investment Partnership (TTIP) continues to be a priority for the EU. The 13th round of talks between the EU and the US took place in April in New York, and the next is scheduled on 11-15 July in Brussels. The objective is to ensure substantial progress be made in all three pillars of the agreement (market access, regulatory and rules) by the summer break. In between formal rounds there will also be a number of technical talks.

The first exchange of offers between the EU and Mercosur took place on 11 May 2016. A few days before the exchange, the EU removed tariff rate quotas for beef and ethanol from its market access offer, which will be determined at a later stage. The parties will exchange text proposals by 16 September, before the first full round of negotiations scheduled for 10-14 October in Brussels. In parallel, concerns over potential negative effects on EU agriculture of an EU-Mercosur agreement have pushed a majority of Member States to request the Commission to carry out an impact assessment of the cumulative effects on EU agriculture of concluded, ongoing and upcoming EU FTAs. The study is expected by September 2016 [2].

[2] For more information, see http://ec.europa.eu/agriculture/trade-analysis/impact-assessment/index_en.htm

As outlined in the attached table, the EU has a broad and ambitious free trade agenda, not least in Asia-Pacific. Negotiations with Singapore, Vietnam and South Korea have been concluded. Work on high quality FTAs with Japan and the Philippines is ongoing, and negotiations with Indonesia will be launched in 2016. Preparations for negotiations with Australia and New Zealand are under way, and efforts are being made to restart talks with Malaysia. While contributing to the opening of new markets negotiations in this part of the world are also giving rise to new concerns e.g. as noted in the Note from Italy on rice imports from EBA countries (doc. 11144/16). The EU trade agenda will continue to move forward, in order to make a positive contribution to the economy, and to boost growth and jobs.

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At Council on 18 July, the update by the Commission on International agricultural trade issues will give Ministers the opportunity to assess how supportive of its general agricultural policies are the EU's ongoing and upcoming free trade negotiations and agreements.

ANNEX TO THE ANNEX

Overview of concluded and ongoing FTAs

	TTIP	Mercosur	India	Japan
State of play	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations
Starting date	06/2013	Suspended in 2004; relaunched in 05/2010	06/2007	11/2012
Tentative end date	End of 2016			End of 2016
Next steps	14th round: 07/2016	10th round: after summer break	After summer 2013, negotiations were stalled. In 01/2016, discussions resumed. No new round scheduled	17th round: end of September 2016, Brussels. Possible delays due to TPP negotiations and national elections
Negotiating mandate	11103/13	Based on 1999 negotiation directives: 9340/99	7013/07	16443/12
Impact assessment	12/03/2013	03/2009; New IA requested by various MS led by FR. Cumulative IA on past and presents FTAs on agriculture expected for 09/2016	Yes: 06/2009	04/2016
Principal aspects and sectors	Investment protection, regulatory cooperation, tariff liberalisation, GP	GP, vehicles, chemicals, pharmaceuticals	Services, GP, vehicles, sustainable development, IPR, investment protection	Vehicles, GP, investment, IPR
Agricultural issues	GIs protection, SPS (hormones, GMOs), sensitive agricultural products liberalisation	Tariff liberalisation (especially beef, ethanol), sensitive agricultural products liberalisation	Liberalisation of tariffs (much higher in India) , wine and spirits, dairy. However, most of agriculture will be exempted by mutual agreement	Tariff liberalisation, SPS, GIs

	Philippines	Thailand	Malaysia	Indonesia
State of play	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Negotiations not yet started, but broad support in TPC
Starting date	12/2015	02/2013	10/2010	Not yet started
Tentative end date				
Next steps	2nd round: 10/2016	No new round planned yet. Stalling situation due to the political situation in Thailand	Ongoing technical work. No new round planned yet	First round expected in 2016
Negotiating mandate	Based on ASEAN directives: 8600/07	Based on ASEAN directives: 8600/07	Based on ASEAN directives: 8600/07	Based on ASEAN directives: 8600/07
Impact assessment	The general ASEAN SIA	The general ASEAN SIA	The general ASEAN SIA; and 01/2011 annex	The general ASEAN SIA
Principal aspects and sectors	GP, RoO, vehicles, NTBs, energy, IPR, finance, electronics, textiles, investment protection	Investment protection, GP, IPR, competition, regulatory issues, pharmaceuticals and sustainable development	Services, vehicles, textiles	Environment protection, investment protection, GP, anticorruption, vehicles
Agricultural issues	GIs, tariff removal, tariff rate quotas, alcoholic beverages, animal welfare	Fisheries and aquaculture, SPS	Limited impact, palm oil and environment	SPS, GIs protection, palm oil and environment

	Vietnam	Singapore	Canada	South Korea
State of play	Negotiations concluded	Negotiations concluded	Negotiations concluded	Negotiations concluded
Starting date	06/2012	03/2010	04/2009	05/2007
End date	02/2016	10/2014	08/2014	10/2010
Next steps	Text legal translation before ratification by the Council and EP	Ratification pending a ECJ resolution on the EU competence on the agreement	Agreement to be given in TPC (Full Members) on 15/7/2016. Signature foreseen on 27/10/2016 during EU-Canada Summit	Concluded
Negotiating mandate	Based on ASEAN directives: 8600/07	Based on ASEAN directives: 8600/07	9036/09 12838/11	5131/07
Impact assessment	The general ASEAN SIA; and 05/2013 annex	The general ASEAN SIA; and 06/2010 annex	06/2011	06/2010
Principal aspects and sectors	Vehicles, textiles, SPS, GP, IPR, services, investment (ICS), sustainable development	Electronic equipment, textiles, services, financial, investment, IPR	GP, investment protection, IPR, TBTs	Vehicles, pharmaceuticals, cosmetics, textiles, RoO, financial services, IPR, investment
Agricultural issues	Tariffs gradually removed, TRQ for sensitive products, 169 EU GIs protected	GIs protection	GIs protection, SPS, wine and spirits, GMOs, Hormones, TRQ	Tariff liberalisation, GIs protection

ABBREVIATIONS:

ASEAN: Association of Southeast Asian Nations
ECJ: European Court of Justice
FTA: Free Trade Agreement
GI: Geographical Indication
GMO: Genetically Modified Organism
GP: Government Procurement
IA: Impact Assessment
ICS: Investment Court System
IPR: Intellectual Property Rights
MS: Member State
NTB: Non-Tariff Barriers
RoO: Rules of Origin
SIA: Sustainable Impact Assessment
SPS: Sanitary and Phytosanitary
TBT: Technical Barriers to Trade
TPC: Trade Policy Committee
TPP: Trans-Pacific Partnership
TRQ: Tariff Rate Quota