



Council of the
European Union

Brussels, 20 January 2017
(OR. en)

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NOTE

From: General Secretariat of the Council

To: Council

Subject: Note concerning the report « Cumulative economic impact of future trade agreements on EU agriculture »

- Information from Austrian, Bulgarian, Croatian, Cyprus, French, Greek, Hungarian, Irish, Luxembourg, Polish, Romanian, Slovene and Slovak delegations.

Delegations will find in Annex an information note from Austrian, Bulgarian, Croatian, Cyprus, French, Greek, Hungarian, Irish, Luxembourg, Polish, Romanian, Slovene and Slovak delegations on the above subject to be presented at the Council (Agriculture and Fisheries) on 23 January 2017.

Note concerning the report "Cumulative economic impact of future trade agreements on EU agriculture"

On 4 July 2014, 17 Member States called on the Commission to “undertake a global review of the results achieved or expected to be achieved by free trade agreements in the agricultural sector, with a particular attention paid to concessions related to sensitive products and the impact on sensitive sectors”. They asked this review to “also reflect agricultural quotas granted in connection with EU enlargement” and to “help determine – or, where appropriate, to update – possible future concessions”.

The signatory Member States welcome the report submitted to the Ministers at the Agriculture Council on 15 November. They thank Commissioner Hogan to have answered Member States' request. It quantifies some of the impacts on several agricultural sectors of 12 trade agreements that the European Union recently concluded or is negotiating. As such, it provides a positive added value to the global impact studies carried out prior to launching individual trade negotiations.

However, it brings out serious methodological limitations, recognized by its authors which have a significant impact on the results. Due to these methodological limitations, the assessment fails to:

- capture all the impacts of past trade concessions (even the concessions which came into force in recent years and have a significant influence on the level of prices in a number of agricultural sectors and trade balance of Member States),
- include the technical barriers to trade and the non tariff and sanitary and phytosanitary obstacles to third countries markets (if this aspect were included in the analysis, it would alter essentially the results in terms of expected benefits from trade agreements in the case of some sectors),
- include some important agricultural sectors,

- disaggregate risks and benefits at national level of individual Member States and to take into account their specificities, in particular for peripheral and/or small countries or outermost regions,
- include an analysis of the impact on the reallocation of trade flows,
- introduce in models duty-free tariff rate quotas as the basic form of trade concession for sensitive agricultural products

Furthermore the report assumes a full balance (reciprocity) of exchange of concessions for agricultural products, which seems an unrealistic assumption given the experience from trade agreements already concluded.

It should be recalled that the study concludes, on the limited perimeter of products considered, that these agreements would result in a deterioration of the European agri-food trade balance deficit comprised between 500 Million € and 1.4 Billion €

The study also highlights the risks of a high level of liberalization with several main partners, notably Mercosur, for many sensitive products. This confirms the concerns put forward by Member states, and advocates for improved coherence between UE external trade and internal agricultural policies.

Hence, Austria, Bulgaria, Croatia, Cyprus, France, Greece, Hungary, Ireland, Luxembourg, Poland, Romania, Slovenia and Slovakia consider that this report constitutes a first step to answer the need for a management tool to help determine red lines– or, where appropriate, to update – possible future concessions, as requested by Member States.

They call on the Commission to further work on alleviating the methodological caveats this useful report highlighted, and to associate Member states to the elaboration of this renewed impact assessment tool.

In the meantime, they ask for an in-depth dialogue with Member states to define, and in the case of Mercosur to update, the product coverage and the level of tariff rate quotas proposed by the EU in trade negotiations.

They also call upon the Commission to better take into account the efforts made by the EU with regard to sensitive sectors as part of the Common Agricultural Policy while defining their treatment in trade negotiations
