



Council of the
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NOTE

From: General Secretariat of the Council
To: Council

Subject: Trade-related agricultural issues
= Report from the Commission on the state of play
= Exchange of views

With a view to the meeting of the Council ("Agriculture and Fisheries") on 17 and 18 July 2017, delegations will find attached a note on the above-mentioned subject.

International trade in agricultural products

EU agricultural trade maintained strong performance in recent months, confirming EU's position as the number one agri-food trader in the world. For the May 2016 - April 2017 period, EU agri-food exports reached a value of €133.2 billion, an increase by 3.4% in value compared to the same period one year ago, according to Commission's latest statistical report¹. Major gains were achieved in exports to the United States (+6%), China (+6%), Japan and Korea. Exports to Vietnam, Russia (for non-banned products), Switzerland and Israel each increased by more than €200 million in the twelve-month period.

These remarkable results reflect the Union's continued efforts to open up new world markets and promote Europe's broad range of quality food and drink products, also as a means to reducing the supply/demand gap affecting certain key European agricultural sectors. Commissioner Hogan is pursuing his diplomatic missions to boost exports and find alternative markets across the globe. He was in Vietnam, Singapore and Indonesia in November 2016, visited Canada in May 2017, and will go to Saudi Arabia and Iran in November of this year. Meanwhile, some €133 million from the EU budget are available in 2017 for EU-supported programmes designed to promote agricultural products. The majority of the funding is aimed at non-EU countries and regions, including China, the Middle East, North America, South-East Asia and Japan. Over 200 proposals have been received following a call for interest in January.

At the same time, the EU continues to strongly resist protectionism and pursue a bold agenda of trade negotiations with major players, which could also have a positive impact on EU agricultural trade. A number of significant successes were registered in 2016, including the signature of Free Trade Agreements with Canada² and Ecuador, and of Economic Partnership Agreements with Ghana and the Southern African Development Community. In April 2017, the EU and Norway concluded an agreement which will further facilitate bilateral trade in agricultural products.

¹ https://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/monitoring-agri-food-trade/2017-04_en.pdf

² The provisional implementation of CETA will start on 21 September 2017.

On the multilateral side, the EU has continuously provided strong leadership in WTO's difficult negotiations, especially in recent months, and its active involvement will be essential to the success of the 11th WTO Ministerial Conference (December 2017). EU leadership in coming weeks and months will, in particular, be key to reaching an agreement based on eliminating various forms of trade-distorting subsidies, including domestic support in agriculture as well as fisheries subsidies.

As regards the bilateral side, whereas TTIP negotiations have been put on hold following the US presidential election in November 2016, negotiations with Japan reached a political milestone on 6 July 2017, when Presidents Tusk and Juncker and Prime-Minister Abe announced at the **EU-Japan Summit** in Brussels that parties have reached agreement in principle³. The EU secured very good market access conditions for its agri-food products and ensured the protection in Japan of more than 200 high-quality European products, according to the Commission⁴. Even if negotiations are actually concluded later than the planned date (end of 2017), the EU-Japan FTA represents a major signal to the world that open and fair trade, based on clear and transparent rules, remains the basis of EU's international trade relations in the context of a difficult global environment.

There have also been very promising developments in EU-Mercosur talks. The second full round of negotiations took place on 20-24 March 2017 in Buenos Aires. Mercosur showed a very constructive approach and good progress was made on all issues, including sanitary and phytosanitary measures, geographical indications, intellectual property rights, goods and services, government procurement and SMEs. The third full round was organised on 3-7 July in Brussels. The talks covered a wide range of negotiating texts including trade in goods, rules of origin, customs and trade facilitation, technical barriers to trade, sanitary and phyto-sanitary matters, trade defence instruments, trade in services, government procurement, intellectual property including geographical indications, trade and sustainable development, small and medium-sized enterprises, dispute settlement and institutional affairs. Two more rounds will be organised before the end of the year, in October and December.

³ See text at http://trade.ec.europa.eu/doclib/docs/2017/july/tradoc_155693.doc.pdf

⁴ Commission presentation at the SCA meeting on 10 July 2017. See also http://europa.eu/rapid/press-release_IP-17-1902_en.htm

Negotiations for modernising the trade pillar of the EU-Mexico Global Agreement are also picking up speed. The fourth round took place on 26-30 June in Mexico, and the next round is planned for the end of September in Brussels. During a visit to Mexico in May, Commissioner Malmström expressed confidence that a deal is possible by year's end. The new text is expected to simplify administrative burdens, cut red tape, widen consumer choice and create jobs on both sides.

In yet another positive development, at the 19th EU-China summit in Brussels on 1-2 June 2017, parties called for the conclusion of the negotiation of the Agreement on the Cooperation on, and Protection of, Geographical Indications within 2017, and instructed negotiators to accelerate work and resolve outstanding issues. They also formally published a list of 200 European and Chinese geographical indications - 100 from each side - that will be considered for protection through the bilateral agreement.

As shown above and outlined in the attached table, the EU is pursuing a broad and ambitious free trade agenda. Negotiations with Singapore, Vietnam, South Korea and Canada have been concluded. Work on high quality FTAs with Mercosur, the Philippines and Indonesia is ongoing, while negotiations with Japan could be completed by the end of 2017. Scoping discussions were concluded in March and April 2017 with New Zealand and Australia, and discussions on the negotiation mandates could start by the end of July. The positive effects of free trade agreements for EU agri-food products can also sometimes be diminished by protectionist measures, e.g. as noted in the Note from the Czech Republic on trade practices applied by third countries *vis-à-vis* the EU and its Member States (doc. 11123/17). 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 exchange views and assess how supportive of its general agricultural policies the EU's ongoing and upcoming free trade negotiations and agreements are.

Overview of concluded and ongoing FTAs

	TTIP		Mercosur		India		Japan		Mexico	
State of play	Negotiations on hold	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations
Starting date	06/2013	Suspended in 2004; relaunched in 05/2010		06/2007	11/2012	11/2012	05/2016	05/2016	05/2016	05/2016
Tentative end date										
Next steps	15th round: 10/2016 A joint EU-US Report on progress to date was issued on 17/1/2017 ⁵	3rd round: 3-7 July 2017 Additional rounds planned for October & November 2017	After summer of 2013, negotiations were stalled. In 01/2016, discussions resumed. No new round scheduled	01/2016, discussions resumed. No new round scheduled	End of 2017	End of 2017	End of 2017	End of 2017	End of 2017	End of 2017
Negotiating mandate	11103/13	Based on 1999 negotiation directives: 9340/99	7013/07	7013/07	16443/12	16443/12	7825/16 ADD1 REV1	7825/16 ADD1 REV1	7825/16 ADD1 REV1	7825/16 ADD1 REV1
Impact assessment	12/03/2013	03/2009 ; New IA requested by various MS led by FR. Cumulative IA of ongoing and upcoming FTAs on EU agriculture published on 15/11/2016 ⁶	Yes: 06/2009	Yes: 06/2009	04/2016	04/2016	12/2015	12/2015	12/2015	12/2015
Principal aspects and sectors	Investment protection, regulatory cooperation, tariff liberalisation, GP	GP, vehicles, chemicals, pharmaceuticals	Services, GP, vehicles, sustainable development, IPR, investment protection	Services, GP, vehicles, sustainable development, IPR, investment protection	Vehicles, GP, investment, IPR	Vehicles, GP, investment, IPR	Market access for goods, services and investment, protection of intellectual property rights, eliminating barriers to trade, promoting sustainable development	Market access for goods, services and investment, protection of intellectual property rights, eliminating barriers to trade, promoting sustainable development	Market access for goods, services and investment, protection of intellectual property rights, eliminating barriers to trade, promoting sustainable development	Market access for goods, services and investment, protection of intellectual property rights, eliminating barriers to trade, promoting sustainable development
Agricultural issues	GIs protection, SPS (hormones, GMOs), sensitive agricultural products liberalisation	Tariff liberalisation (especially beef, ethanol), agricultural liberalisation	Liberalisation of tariffs (much higher in India), wine and spirits, dairy. However, most of agriculture will be exempted by mutual agreement	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	Tariff liberalisation, SPS, GIs	Customs duties and tariff-rate quotas in agriculture and fisheries, export subsidies and export measures with equivalent effect, SPS, GIs	Customs duties and tariff-rate quotas in agriculture and fisheries, export subsidies and export measures with equivalent effect, SPS, GIs	Customs duties and tariff-rate quotas in agriculture and fisheries, export subsidies and export measures with equivalent effect, SPS, GIs	Customs duties and tariff-rate quotas in agriculture and fisheries, export subsidies and export measures with equivalent effect, SPS, GIs

⁵ http://trade.ec.europa.eu/doclib/docs/2017/january/tradoc_155242.pdf

⁶ http://publications.jrc.ec.europa.eu/repository/bitstream/JRC103602/lb-na-28206-en-n_full_report_final.pdf

	Philippines		Thailand		Malaysia		Indonesia	
	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations
State of play	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations
Starting date	12/2015	02/2013	02/2013	10/2010	10/2010	09/2016	09/2016	09/2016
Tentative end date								
Next steps	1st round: 06/2016 2nd round: 02/2017	No new round planned yet. Stalled situation due to the political situation in Thailand	No new round planned yet. Stalled situation due to the political situation in Thailand	Ongoing technical work. No new round planned yet	Ongoing technical work. No new round planned yet	2nd round: 01/2017 3rd round: 09/2017 (planned)	2nd round: 01/2017 3rd round: 09/2017 (planned)	2nd round: 01/2017 3rd round: 09/2017 (planned)
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	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	The general ASEAN SIA ; and 01/2011 annex	The general ASEAN SIA ; and 01/2011 annex	The general ASEAN SIA	The general ASEAN SIA	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	Investment protection, GP, IPR, competition, regulatory issues, pharmaceuticals and sustainable development	Services, vehicles, textiles	Services, vehicles, textiles	Environment protection, investment protection, GP, anticorruption, vehicles	Environment protection, investment protection, GP, anticorruption, vehicles	Environment protection, investment protection, GP, anticorruption, vehicles
Agricultural issues	GIs, tariff removal, tariff rate quotas, alcoholic beverages, animal welfare	Fisheries and aquaculture, SPS	Fisheries and aquaculture, SPS	Limited impact, palm oil and environment	Limited impact, palm oil and environment	SPS, GIs protection, palm oil and environment	SPS, GIs protection, 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	Negotiations concluded	Negotiations concluded	Negotiations concluded	
Starting date	06/2012	03/2010	03/2010	04/2009	04/2009	05/2007	05/2007	
End date	02/2016	10/2014	10/2014	08/2014	08/2014	10/2010	10/2010	
Next steps	Text legal translation before ratification by the Council and EP	On 16/05/2017, ECJ ruled that the EU will have to secure approval from national parliaments in order to finalise the FTA. The risk is a repeat of the delay for CETA's ratification.	On 16/05/2017, ECJ ruled that the EU will have to secure approval from national parliaments in order to finalise the FTA. The risk is a repeat of the delay for CETA's ratification.	FTA signed on 30/10/2016 during EU-Canada Summit. EP voted in favour on 15/02/2017. Provisional implementation scheduled for 21/09/2017. Will be fully implemented once the 38 EU national and regional parliaments ratify it.	FTA signed on 30/10/2016 during EU-Canada Summit. EP voted in favour on 15/02/2017. Provisional implementation scheduled for 21/09/2017. Will be fully implemented once the 38 EU national and regional parliaments ratify it.	Concluded	Concluded	
Negotiating mandate	Based on ASEAN directives: 8600/07	Based on ASEAN directives: 8600/07	Based on ASEAN directives: 8600/07	9036/09	9036/09	5131/07	5131/07	
Impact assessment	The general ASEAN SIA; and 05/2013 annex	The general ASEAN SIA; and 06/2010 annex	The general ASEAN SIA; and 06/2010 annex	12838/11	12838/11	06/2010	06/2010	
Principal aspects and sectors	Vehicles, textiles, SPS, GP, IPR, services, investment (ICS), sustainable development	Vehicles, textiles, SPS, GP, IPR, services, investment, IPR	Electronic equipment, textiles, services, financial, investment, IPR	GP, investment protection, IPR, TBTs	GP, investment protection, IPR, TBTs	Vehicles, pharmaceuticals, cosmetics, textiles, RoO, financial services, IPR, investment	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	GIs protection, SPS, wine and spirits, GMOs, Hormones, TRQ	GIs protection, SPS, wine and spirits, GMOs, Hormones, TRQ	Tariff liberalisation, GIs protection	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