



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 6 November 2017, delegations will find attached a note on the above-mentioned subject.

International trade in agricultural products

The latest EU agricultural trade figures published by the Commission confirm the strong performance of EU agri-food exports registered over the last three years¹. For the September 2016 - August 2017 period, EU exports reached a value of €136.3 billion, a 5% increase in value compared to the same period one year ago. The most significant gains were again achieved in exports to the United States (+7%), Japan (+14%), Korea (+31%), Russia (+14%) and China (+5%). Over the last 12 month period, exports to Switzerland, Hong Kong, Australia and Ukraine also increased by more than €200 million in each case.

These excellent results reflect the Union's continued efforts to open up new world markets and promote Europe's agri-food products, also as a means to reducing the supply/demand gap affecting certain key European agricultural sectors. Commissioner Hogan has made promoting Europe's broad range of quality food and drink products a key part of his portfolio and he is continuing his series of diplomatic offensives to promote European products across the globe. On 1-3 May 2017, he visited Canada, leading a delegation of 60 representatives from key sectors such as dairy, meat, wine and spirits, cereals, fruit and vegetables and processed agricultural products. He will go to Saudi Arabia and Iran on 7-13 November, with the aim of enhancing cooperation in the field of agriculture and rural development and further developing bilateral trade in agri-food products. Meanwhile, the EU has set aside this year some €33 million from the EU budget for co-financing programmes designed to promote agricultural products. A new element for 2017 is €15 million earmarked for funding promotion programmes that increase awareness of sustainable agriculture and the role of agriculture in the EU's climate action.

At the same time, the EU continues to push back against protectionism and to pursue a bold agenda of trade negotiations with major players. A major political milestone was reached on 6 July 2017, when the EU and Japan agreed in principle on the main elements of an EU-Japan Economic Partnership Agreement. The agreement will remove the vast majority of duties paid by EU companies (up to €1 billion annually) and open the Japanese market to key EU agricultural exports.

¹ https://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/monitoring-agri-food-trade/2017-08_en.pdf

EU-Mercosur talks are advancing. The 29th round of negotiations took place on 2-6 October 2017 in Brasilia, and the next round is set to take place in Brasilia on 6-10 November. Good progress was made across all areas, including services, anti-corruption, technical barriers to trade, SPS, state-owned enterprises, government procurement and SMEs. However, a number of EU Member States have repeatedly expressed serious concerns, most recently at the Agriculture Council meeting on 9 October², about the risks an agreement with Mercosur would create for the most sensitive EU agricultural sectors, especially beef, ethanol, sugar and poultry.

EU-Mexico negotiations are also picking up speed. The fifth round took place on 18-30 September in Brussels. Progress was achieved in many areas, including trade in goods, rules of origin, IPR, technical barriers to trade, investment and SMEs. The parties will meet again for an intersessional meeting in Mexico on 16-20 October. The sixth round is scheduled on 27 November-1 December.

On 13 September, the Commission submitted to Council recommendations to launch negotiations for trade agreements with Australia and New Zealand, together with the respective draft negotiating directives. These are currently being examined. The Commission is ready to start negotiations as soon as Council gives its approval and aims to finalise them before the end of its current term. The EU is the third largest trading partner for both Australia and New Zealand.

On the multilateral side, preparations for the 11th WTO Ministerial Conference (Buenos Aires, 10-13 December 2017) are entering the final stretch. Despite difficult discussions, the EU remains a constructive player and continues to provide leadership while also defending the interests of its Member States, especially as regards agriculture. Its active involvement and wide outreach plays a major role in helping WTO members converge toward an outcome which may include the restriction of various forms of trade-distorting subsidies, in particular certain harmful fisheries subsidies, and addressing the issue of public stockholding programmes for food security purposes in developing countries.

² Concerns expressed by FR and supported by AT/BE/CY/EL/IE/HR/HU/LT/LU/LV/PL/RO/SI/SK. See also doc. 12812/17, note supported by AT/FR/HU/IE/LU/PL/RO/SI/SK, as well as doc. 13812/17, non-paper from the FR delegation.

As shown above and outlined in the attached table, the EU continues to champion free and fair trade. The EU-Canada FTA has applied provisionally since 21 September 2017, while negotiations with Japan, Mexico and Mercosur could be completed by the end of 2017. As Commission President Juncker put it in his last State of the Union Address: "Trade is about jobs, creating new opportunities for Europe's businesses big and small. Every additional €1 billion in exports supports 14,000 extra jobs in Europe. [...] Over the last year, partners across the globe are lining up at our door to conclude trade agreements with us".

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At Council on 6 November, the update by the Commission on international agricultural trade issues will give Ministers the opportunity to exchange views and reflect on the sensitivities of, and priorities and benefits for, EU agriculture in the context of the ongoing and upcoming free trade negotiations undertaken by the EU.

Overview of concluded and ongoing FTAs

	Mercosur			India		Japan		Mexico	
	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
Starting date	06/2013	Suspended in 2004; relaunched in 5/2010	6/2007	6/2007	11/2012	11/2012	05/2016	05/2016	05/2016
Tentative end date					End of 2017	End of 2017	End of 2017	End of 2017	End of 2017
Next steps	15th round: 10/2016 A joint EU-US Report on progress to date was issued on 17/1/2017 ³	29th round: 2-6/10/2017 Next round planned for 6-10/11/2017	After summer of 2013, negotiations were stalled. In 01/2016, discussions resumed. No new round scheduled	7013/07	Agreement in principle announced on 6/7/2017	Agreement in principle announced on 6/7/2017	5th round: 18-30/9/2017. Next round planned for 27/11-1/12/2017	5th round: 18-30/9/2017. Next round planned for 27/11-1/12/2017	5th round: 18-30/9/2017. Next round planned for 27/11-1/12/2017
Negotiating mandate	11/03/13	Based on 1999 negotiation directives: 9340/99			15864/12 ADD 1 REV 2	15864/12 ADD 1 REV 2			
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 ⁴	Yes: 06/2009	Yes: 06/2009	04/2016	04/2016	12/2015	12/2015	12/2015
Main EU offensive and defensive interests (OI/DI)	OI: MA for GP including at state and city level, machinery, motor vehicles, services, PAPs, dairy, pig meat, wines & spirits, GI protection, NTB removal; DI: MA for beef, ethanol, poultry, cereals, pig meat, SPS protection (hormones, GMOs, pesticides).	OI: MA for GP, motor vehicles, machinery, chemicals, pharmaceuticals, financial services, telecommunications, wheat, beverages, tobacco, SPS, animal welfare, RoO, IPR & GI protection; DI: MA for beef, ethanol, poultry, rice, SPS protection.	OI: MA for GP, services & investment, transport equipment, motor vehicles, raw materials and energy, processed dairy products, poultry, wines & spirits, fisheries, NTB removal, IPR & GI protection; DI: MA for services, cars, textile and clothing, leather, dairy, fruits & vegetables, sugar, generic drugs, labour mobility.	OI: MA for GP, services & investment, transport equipment, motor vehicles, raw materials and energy, processed dairy products, poultry, wines & spirits, fisheries, NTB removal, IPR & GI protection; DI: MA for services, cars, textile and clothing, leather, dairy, fruits & vegetables, sugar, generic drugs, labour mobility.	OI: MA for food, feed & processed foods, wines & spirits, tobacco, business & financial services, railroad equipment, SPS, GP, NTB removal, GI protection; DI: MA for motor vehicles, machinery, chemicals, pharmaceuticals, transport equipment.	OI: MA for food, feed & processed foods, wines & spirits, tobacco, business & financial services, railroad equipment, SPS, GP, NTB removal, GI protection; DI: MA for motor vehicles, machinery, chemicals, pharmaceuticals, transport equipment.	OI: MA for GP including at sub-federal level, financial & maritime transport services, gas, oil & raw materials, living animals, meat, dairy products, investment, construction, IPR & GI protection, NTB removal, SPS, animal welfare, RoO; DI: MA for living animals, meat, dairy, vegetables, cereals, olive oil, sugar, services.	OI: MA for GP including at sub-federal level, financial & maritime transport services, gas, oil & raw materials, living animals, meat, dairy products, investment, construction, IPR & GI protection, NTB removal, SPS, animal welfare, RoO; DI: MA for living animals, meat, dairy, vegetables, cereals, olive oil, sugar, services.	OI: MA for GP including at sub-federal level, financial & maritime transport services, gas, oil & raw materials, living animals, meat, dairy products, investment, construction, IPR & GI protection, NTB removal, SPS, animal welfare, RoO; DI: MA for living animals, meat, dairy, vegetables, cereals, olive oil, sugar, services.

³ http://trade.ec.europa.eu/doclib/docs/2017/january/tradoc_155242.pdf

⁴ http://publications.jrc.ec.europa.eu/repository/bitstream/JRC103602/lb-na-28206-en-n_full_report_final.pdf

	Philippines	Thailand	Malaysia	Indonesia
State of play	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations	Ongoing negotiations
Starting date	12/2015	02/2013	10/2010	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	Ongoing technical work. No new round planned yet	2nd round: 01/2017; 3rd round: 11-15/9/2017; 4th round: early 2018.
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
Main EU offensive and defensive interests (OI/DI)	OI: MA for machinery and transport equipment, chemicals, cereals, meat and dairy products, beverages, GP, pharmaceuticals, NTB removal, SPS; DI: MA for office and telecommunication equipment, machinery, electronics, textiles, oils and fats (coconut oil), fruits (bananas, pineapple), meat and fish preparations.	OI: MA for spirits and liqueurs, milk powders, cereal preparations, wine, dairy products, pharmaceuticals, GP, IPR & GI protection, SPS; DI: MA for meat, vegetables, fruits & nuts preparations, rice, coffee, tea, fatty acids and alcohols, tropical fruits and spices, fisheries and aquaculture.	OI: MA for machinery, gas equipment, financial and insurance services, rice, GP; DI: MA for electronic products, textiles, clothing, footwear & leather, motor vehicles and parts.	OI: MA for machinery & appliances, motor vehicles, transport equipment, chemical products, milk powders and whey, GP, NTB removal, IPR & GI protection, SPS; DI: MA for agricultural products (especially palm and palm kernel oils), machinery & appliances, textiles & footwear, plastic & rubber products.

	Vietnam		Singapore		Canada		South Korea	
	Negotiations concluded	Negotiations concluded	Negotiations concluded	Negotiations concluded	Negotiations concluded	Negotiations concluded	Negotiations concluded	Negotiations concluded
State of play	06/2012	03/2010	03/2010	03/2010	04/2009	05/2007	05/2007	
Starting date	02/2016	10/2014	10/2014	10/2014	08/2014	10/2010	10/2010	
End date	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.	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. Provisionally applied since 21/09/2017. Will be fully implemented once the 38 EU national and regional parliaments ratify it.	Concluded	Concluded	
Next steps								
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	9036/09 12838/11	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	The general ASEAN SIA ; and 06/2010 annex	06/2011	06/2010	06/2010	
Main EU offensive and defensive interests (OI/DI)	OI: MA for cereals, processed food, motor vehicles, insurance services, SPS, GP, IPR & GI protection; DI: MA for footwear, leather, textiles & clothing, coffee, rice, fisheries & seafood, furniture, pharmaceuticals, iron & steel.	OI: financial and professional services, GI protection; DI: MA for electronics, textiles, financial services.	OI: financial and professional services, GI protection; DI: MA for electronics, textiles, financial services.	OI: financial and professional services, GI protection; DI: MA for electronics, textiles, financial services.	OI: MA for machinery, transport equipment, chemicals, pharmaceuticals, services, wines & spirits, fruits & vegetables, dairy, PAPS, GP, NTB removal, IPR & GI protection, SPS (hormones, GMOs); DI: MA for beef, pork, sweetcorn, poultry, eggs.	OI: MA for cars and trucks, meat and dairy products, beverages, tobacco, machinery and transport equipment, chemicals, services, GI protection; DI: MA for motor vehicles, machinery and appliances, transport equipment, plastics, pharmaceuticals, cosmetics, textiles.	OI: MA for cars and trucks, meat and dairy products, beverages, tobacco, machinery and transport equipment, chemicals, services, GI protection; DI: MA for motor vehicles, machinery and appliances, transport equipment, plastics, pharmaceuticals, cosmetics, textiles.	OI: MA for cars and trucks, meat and dairy products, beverages, tobacco, machinery and transport equipment, chemicals, services, GI protection; DI: MA for motor vehicles, machinery and appliances, transport equipment, plastics, pharmaceuticals, cosmetics, textiles.

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
MA: Market Access
MS: Member State
NTB: Non-Tariff Barriers
PAPs: Processed Agricultural Products
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