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NOTE

From: Presidency
To: Council

Subject: International agricultural trade issues
- State of play

With a view to the meeting of the Council ("Agriculture and Fisheries") on 15 February 2016, delegations will find in Annex a note on the above subject.

International trade in agricultural products

The EU remains the world's top food exporter and continues to show good performance in the global trade in agricultural goods. At the SCA meeting on 25 January 2016, the Commission indicated that EU agricultural exports, helped by a weak Euro and despite the ongoing Russian ban, increased by 5,7% in 2015 and registered significant gains vis-à-vis the United States (+18%), China (+ 41%), Saudi Arabia and South Korea.

Since the onset of the Russian ban, the EU position in international trade is being supported by initiatives aimed at removing sanitary and phytosanitary (SPS)-related barriers and other non-tariff barriers (NTBs) in third countries, as well as by increased funding for the promotion of EU agricultural products. In parallel, Commissioner Hogan is continuing his diplomatic offensive, in particular in emerging economies, and will visit this year Colombia, Mexico, China, Japan, Vietnam and Indonesia. These efforts are instrumental in finding and developing alternative markets for EU producers. For instance, in January 2016, the US Department of Agriculture made a step towards the opening of the US market to EU apple and pear exports; as of end of January, EU apples can enter the Indian market through four additional import points, as opposed to just one previously; since Turkey reopened its market to EU beef, the increase in EU live exports registered in 2015 is expected to continue in 2016.

Recent developments in multilateral and bilateral trade negotiations will also impact EU agricultural trade. The successful outcome of the Doha Round of WTO trade negotiations in December 2015 in Nairobi represents, according to the Commission, a very good deal for the EU farmers and food industry. The complete elimination of agricultural export subsidies and tougher measures against distortions regarding export credits, food aid and state-trading enterprises will give the EU the edge over competitors which were subsidizing their exports at its expense. At the same time, the EU looks forward to expanding the WTO negotiation agenda to new issues and is ready to contribute to reflection in this direction in international fora such as G7 and G20.

Among bilateral/regional trade agreements, which account for more than half of the EU agricultural trade, the FTA with Vietnam, concluded at the end of 2015, represents a very good precedent in so far as EU geographical indications (GIs) are well protected and EU agricultural offensive interests well served, according to the Commission. Similar positive outcomes are pursued in negotiations with Japan, which are nearing conclusion, as well as with Australia and New Zealand.

The EU enjoys a healthy trade surplus with its European Neighbourhood Policy partners¹, which represent its most important agricultural market, absorbing two thirds of its exports. While relations with Russia continue to suffer from the ban, the DCFTA with Ukraine, provisionally applied since 1 January 2016, offers very good trade perspectives with this country. Likewise, the Southern Africa Development Community (SADC)² - EU Economic Partnership Agreement², concluded in July 2014, is expected to be implemented in 2016. The EU is the SADC's largest trading partner and, according to the Commission, the region has very significant economic growth potential in the medium to long term.

Among ongoing negotiations, TTIP is a priority and at the same time a source of worry for the EU. The Union seeks a balanced and ambitious deal, in which EU offensive interests extend well beyond tariffs into non-tariff barriers to trade. To date, the US has avoided engaging on sensitive issues, especially in the agricultural sector, whereas EU Member States and stakeholders have repeatedly voiced concerns over sanitary and phytosanitary issues, in particular related to food safety and animal welfare standards, as well as geographical indications. Concerns over the potential impact on and benefits for EU agriculture have also been conveyed with regard to negotiations with Mercosur, which are poised to resume in the coming months. EU Member States have, in this context, repeatedly requested the Commission to draw up an assessment of the cumulative impact on the EU agricultural sector of current and pending FTAs.

¹ Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia, Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Russia takes part in cross-border cooperation activities under the ENP.

² Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland.

This item should represent an opportunity for Ministers to reflect on the interests, sensitivities and priorities of, and benefits for, the EU agriculture in the context of the ongoing and upcoming free trade negotiations undertaken by the EU.
