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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Impact of U.S. tariffs on European agrifood products
- Information from the Spanish and French delegations

Delegations will find in the Annex a note from the Spanish and French delegations on the above-mentioned subject, to be dealt with under "Any other business" at the Council (Agriculture and Fisheries) on 16 and 17 December 2019.

Impact of US tariffs on European agrifood products

Last October, the United States imposed additional tariffs on certain EU products as a countervailing measure in the framework of the dispute over the Airbus case within the WTO. The additional tariffs are 10% for products from the aeronautical industry and 25% for other products, including agrifood products, with an annual value of 7,500 million dollars.

The agrifood products affected by these tariffs are very numerous and very relevant to European exports, affecting a good number of Member States.

In addition, on 6 December, the United States Government published a new document in which it proposes a possible revision of the list and the amounts of the tariffs already imposed in the framework of the procedure related to the aeronautical dispute. This has again generated alarm and concern in the agrifood sector, since the extended list contained in this document includes almost all the agrifood products of the European Union that are exported from all Member States.

The European agrifood sector is bearing the consequences of trade disputes in other economic sectors. The imposition of tariffs by the US means a loss of competitiveness for European productions, the loss of a strategic market for European Union exports and, ultimately, a loss of income for European producers, which in some cases may have irreparable consequences on the Union's productive fabric.

These tariffs, which represent an unfair situation for the European agricultural sector, require an efficient and quick response from the whole European Union in a complex international context.

It is essential for the European Union to respond with firmness and determination, showing the strategic nature of agriculture, preventing a non-agricultural crisis from jeopardising the stability of European agri-food markets and the profitability of our producers.

The Ministers of Agriculture of France and Spain consider the unity of action of the countries of the European Union to be essential. We therefore urge the European Commission to act firmly in the search for negotiated solutions, and to intensify actions to promote stable and rule-based international trade.

France and Spain thank the European Commission for the initiatives taken in relation to the olive oil and wine sectors, consisting of aid for private storage in the first case and the flexibility and increase in the percentage of Community funding for wine promotion programmes.

However, these measures are yet insufficient. We believe it is necessary to provide additional funds and to activate all instruments of the single CMO for all the sectors that are affected.

Particularly, the amount of private storage aid for the olive oil sector needs to be increased, while the wine sector and table olives need exceptional support from the EU that could take the form of a compensation fund. The small cheese manufacturing industries with geographical indications, which have one of their main customers on the US market, must also not be forgotten.

The CAP must respond to these challenges arising from global trade uncertainty. We must also reflect on whether the instruments available to the CAP are designed to respond to the new challenges of global markets and their uncertainties.

We therefore call on the European Commission for a clear and forceful response to a trade crisis that threatens important sectors of European agriculture and jeopardise economy of many rural areas.

We also have the opportunity, within the framework of the new CAP, to provide ourselves with much-needed tools in the current global context. These considerations must be taken into account in the framework of the discussions on market instruments that we are dealing with in relation to the reformed CAP.