

Advisory Group on International Aspects of Agriculture  
12 March 2012, Brussels  
Draft summary

## 1. Opening

In his opening remarks to the first Advisory Group meeting on International Aspects of Agriculture the member of the Commission in charge of agriculture and rural development, Mr Dacian Ciolos, underlined close interlinkages between sustainable agriculture, trade, food security, energy and development that are crossing national borders and hence the need to be dealt with in international fora, such as FAO, WTO, G20, Rio+20. The EU is one of the key players in the international arena as regards the provision of agricultural added value and exports. He also stressed that given that the EU is also the biggest donor to the developing countries it assumes its responsibility towards policy coherence for development (PCD). Recent CAP reform is fully consistent with the "do not harm" approach while respecting developing countries' potential to produce food for themselves as they have the policy space to do so. The Commissioner also noted that other issues such as trade, animal welfare, standards and use of agricultural products for non-food purposes - energy and mitigation of climate change - are closely interlinked with agriculture and are discussed at international level. He also underlined the efforts the EU makes in order to reach bilateral and multilateral agreements, to improve the administrative capacity of our neighbouring countries, to promote quality and achieve transparency in markets. AG members raised the issue of labour standards and their possible inclusion in agriculture and concerns as regards EU funds to be used for the increase of production in neighbouring countries. Solidarité called for a better protection of the EU internal market and the respect of social clauses. ECVC drew the attention to the fact that for many agri products prices are below the production costs and mainly large farms benefit from direct payments. The Commissioner thanked all for these comments noting that they are the best proof that the creation of the AG is timely and necessary.

Mrs Dormal Marino, the Chairperson, presented the agenda and it was approved without amendments.

## 2. WTO 8th Ministerial - follow-up and Russia's accession to the WTO

The Commission (Mr Verlet and Mr Trarieux) gave a presentation on the WTO Ministerial Conference that took place on 15-17 December 2011 in Geneva and on Russia's accession to the WTO. The ordinary Ministerial Conference aimed at reviewing the organisation's activities with key highlights being a plurilateral Government Procurement Agreement and the accession of Russia and other countries. It also sought for the political guidance on Doha Round. After having presented the history of the Doha Round the speaker underlined that the EU strongly supports this process, and that the reasons why an agreement is not yet reached were not associated with the EU. He also underlined that thanks to its agricultural policy reforms, the EU has been in a position to support a high level of ambition in the Doha Round. The prospects for 2012 include the ongoing consultations by the agriculture chair on possible strands of work and stocktaking on 22 March 2012. The speaker concluded that the EU priority for 2012 remains to use as a basis progress achieved in 2008 and to strive for the conclusion of negotiations, however not at any price. As regards Russia's accession, Mr Trarieux pointed out that given that there is no move in the Doha Round this accession is seen as a very positive step for the EU since Russia is one of its key trade partners. After the accession market access in agriculture will benefit from the consolidation of lower duties and tariff rate quotas for pork, beef and poultry. Trade-distorting domestic support will be

gradually significantly reduced and no export subsidies applied. Copa-Cogeca inquired what the expectations as regards Russia's predictability were. Aprovev asked how the EU positions itself as regards De Schutter's call for greater flexibility, food reserves and impact on world food prices.

### 3. EU-Mercosur FTA

This agenda point was presented by Mr Clarke, Director DG AGRI. In the introduction part the speaker presented the composition and coverage of this grouping. He pointed out that despite the fact that this grouping is not yet complete and still in making, the agriculture sector has a heavy weight and there is still a lot of untapped potential. The negotiations started back in 2000 and were resumed in 2010. The EU is interested in better access to market for high value products: wine, spirits, dairy, olive oil and some processed agricultural products. The speaker drew the attention to the fact that there was no exchange of market access offers since the resumption of negotiations and no date set as yet for the nearest future. Mr Clarke also underlined the EU's genuine interest in the increased level of protection for European Geographical Indications (a list containing some 250 names) and rules of origin. Mr D'Avino from DG AGRI presented the Impact assessment of EU-Mercosur FTA - a study carried out by the Joint Research Centre. In his presentation he focused on the methodology and scenarios, selected results and underlined the conclusions and caveats. Under the main caveats he underlined that the considered scenarios only represent broad trade policy options and are not supposed to assess the actual outcome of the agreement. Mr D'Avino also pointed out that the static character of the models does not allow the determination of impacts along the implementation period of the trade agreements and that uncertainty always exists. Nevertheless, the overall impact assessment would have a positive impact for the EU economy as a whole, but the specific impact on the EU agricultural sector would be negative. In absolute terms, the monetary gains in the industrial sector and services would outweigh the losses in agriculture. Concord was interested to know what steps are taken in order to reduce the EU's dependency on imports of Soya beans which is heavily criticised not only by the NGOs but also by the EP. Aprovev enquired whether due to the Mercosur agreement further job losses are foreseen what would require the activation of the Globalisation Fund and drew the attention that the impact on biodiversity is not mentioned in the study. Member of AVEC (poultry interest representative) underlined that the poultry sector will be affected by this bilateral agreement and therefore cannot be seen in isolation in the framework of the CAP reform, particularly as regards "greening measures". FDE asked whether the Commission has an action plan on how to deal with the protectionist countries, such as Argentina. An AG member from the Sugar manufacturers drew the group's attention to the recent steps taken by the Brazilian government as regards its plan to boost sugar plants and asked how these new elements will influence the discussion. Copa-Cogeca pointed out that figures presented in the study differ from the data available at their hand and asked what measures are planned to be taken in order to cushion impacts on Southern Member states.

### 4. EU-Canada FTA

Mr Van Eesbeek (DG AGRI, A2) explained that the aim of the Comprehensive Economic and Trade Agreement (CETA) is to gradually and reciprocally liberalise substantially all the trade in goods and services between the Union and Canada, hereby respecting strict rules of origin. The CETA should furthermore lead to an adequate protection of EU agri-food GIs and improved rules and disciplines on Canadian imports and distribution on the EU wines and spirits. Dairy products together with certain high priced processed agricultural products are the most offensive interests in the EU's agricultural trade with Canada, while beef, pork and sweet corn are the most defensive. So far, as regards these products, there have been no

respective market offers proposed. On GI, Canada is the first 'New World' country agreeing to negotiate an extension to agri-food products with the EU. Separate negotiations within CETA framework are being held on wines and spirits mainly as regards liquor-board activities. The EU is aiming at the insertion of the Wines and Spirits Agreement in the CETA. An AG member of FDE (EDA) made a point about the composition of dairy standards, expressing the concern that similar new standards would also be applied by Canada on yoghurt and ice-cream products. ECVC expressed its disagreement on the aggressive position taken by the EU as regards the Canadian dairy sector. FDE urged the Commission to remain firm on the rules of origin in the sugar sector.

#### 5. EU-Ukraine FTA

This agenda point was presented by Mr Buffaria, Head of Unit DG AGRI. He presented the framework in which the EU-Ukraine Relationship is governed - the Eastern Partnership framework. The EU-Ukraine agriculture is being negotiated within the Deep and Comprehensive Free Trade Area. The speaker pointed out that being among the main world's major producers of cereals and large producer of meat Ukraine is an important trading partner. However, the Ukrainian agriculture sector is characterised as lacking the capital and not producing a high added value. Ukraine enjoys a specific situation in respect to the EU-Ukraine dialogue. There are two agriculture chapters: on market access and on the protection of GIs. EU sensitive products include: wheat, barley, oats, maize, malt, wheat gluten, starches, sugars, garlic, mushrooms, processed tomatoes, apple and grape juice. In the second part of the agreement we are seeking for the high level of protection for the GIs with the immediate effect for the majority of more than 3000 GIs with some transition periods for certain EU names. The negotiation phase for this FTA is concluded and ratification procedure is to be launched when politically appropriate. CELCAA expressed its concern as regards the business climate in Ukraine, especially with regard to VAT recovery. Another CELCAA member pointed out that GIs in wine sector seem to be ambitious. Copa-Cogeca inquired whether there is a land register already put in place in the country in question. FDE (sugar industry interest representative) pleaded for a global strategy on sugar.

#### 6. Policy Coherence for Development.

In his presentation Mr Mizzi, Head of Unit DG AGRI, explained the background to Policy Coherence for Development when pursuing EU policies. He also presented the positive evolution of the CAP vis-à-vis development goals including the decoupling of direct payments and sharp decrease of export refunds besides enhanced market access (EU is the main importer from developing countries of agricultural products). Mr Mizzi also presented steps taken for the EU reporting on PCD as well as the process leading to the Impact Assessment (IA) that captured the external dimension. He illustrated the positive trends of the coherence by picking up three commodities most relevant to the developing countries: sugar, bananas and cotton and emphasised the need in the future for clear indicators to be developed and adopted internationally. Concord inquired about the outcome of the study conducted by DG DEVCO in the light of the CAP IA and pointed out that EU Delegations could have a role to play when assessing coherence of the EU policies. AG member from Solidarité drew attention to the situation in the cotton market and the aid to it. ACP CSF pointed out that measures taken should be effective and timely and gave an example of Banana Accompanying Measures. Aprovev in absence of robust indicators, called for the establishment of a complaints mechanism. Concord expressed doubts whether moving from coupled to decoupled support has no impact on developing countries. Another participant underlined the role of national policies when dealing with hunger in developing countries.

## 7. EU-India FTA

The HoU of AGRI B1, Mr Onofre, presented the state-of-play of the EU-India negotiations.

Overall negotiations are continuing. Following the recent EU-India Summit of February 2012, there is hope for progress in 2012. Probable next steps are a Ministerial meeting in June 2012, and in the autumn. Conclusion of the FTA in 2012 is possible but is not a certainty.

In agriculture, the speaker pointed out that there is complementarity in terms of interests. The EU wishes to have access to the Indian market for a range of export interests (including wines and spirits, dairy, olive oil, malt and processed products, and other products). In the negotiations the EU is careful to stress that these products are mostly complementary to Indian agriculture and do not pose a significant threat to Indian agriculture and prospects for its development. In return the EU is ready to offer India access to the EU market for almost all India's requests (in particular rice and sugar, but numerous other sectors too). The EU has certain sensitivities as regards imports into the EU, and India recognises these.

In conclusion there is now a framework in place which is broadly acceptable – and beneficial - to both sides. Negotiations will continue to fine-tune this.

Aprodev warned the EU not to play with fire (opening of India for supermarkets' access; destruction of the fragmented dairy farmers' sector; protection of India's plant varieties). CELCAA urged the Commission to remain ambitious for AMA, and requested information on the India's pork meat interests. Solidarité wondered why the EU was requesting India to reduce its tariffs on dairy products, if the Union at the same time was maintaining her's, while COPA encouraged the Union to progress with the negotiations. The Eurogroup for animals enquired about the incorporation of the animal-health standards in the ongoing negotiations.

The speaker took note of these comments and reassured the participants that the EU wanted to strike a balance in the negotiations between offensive and defensive interests. Specifically concerning the comment by Solidarité on dairy, the speaker reminded that the aim of the FTA was to dismantle tariffs on a mutual basis, and that there was no question of the EU attempting to maintain tariffs unilaterally.

Summarising, the speaker reminded that there is mutual benefit in securing an ambitious a deal as possible, whilst respecting the sensitivities of both sides.

### Conclusion

At the end of the meeting the participants expressed their appreciation for the establishment of this AG and commended the Commission for this initiative. The dates for the next AG meetings are provisionally the 25.6. and 3.12.2012 (to be confirmed).