



Council of the
European Union

Brussels, 19 January 2017
(OR. en)

5382/17

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NOTE

From:	General Secretariat of the Council
To:	Council
Subject:	International Trade Issues - Study on the impact of concessions in free trade agreements on agricultural products = Exchange of views

With a view to the meeting of the Council ("Agriculture and Fisheries") on 23 January 2017, delegations will find attached a note on the above subject.

International trade in agricultural products

The market orientation of the CAP as well as the slowing growth of EU domestic demand make it essential for the EU to develop export markets and therefore engage in bilateral, regional and multilateral free trade negotiations. Over the last year, the Union successfully pursued its ambitious trade agenda and achieved significant progress, especially as regards bilateral and regional free trade agreements (FTAs).

As the Commission explained at the SCA meeting on 16 January, the Trans-Pacific Partnership's uncertain fate could make an agreement with the EU a priority for Japan, a major trade partner, and the Union stands ready to seize this opportunity. At the same time, while the TTIP negotiations with the United States face a temporary pause, the EU looks forward to making progress in discussions with Mercosur, Indonesia and the Philippines, and to soon launching negotiations with Australia and New Zealand. On that occasion and without prejudice to more detailed interventions at Council, delegations reiterated several concerns e.g. as regards further development on domestic support in a WTO context, the protection of geographical indications, the need for proper coordination between Agriculture and Trade policies, and proper consideration of SPS and animal welfare-related measures.

In this context, in response to repeatedly voiced concerns by Member States over potential negative effects of FTAs, the Commission presented to Council, on 15 November 2016, a study of the economic cumulative effects on the EU agricultural sector of 12 trade agreements recently concluded (e.g. Canada, Vietnam), major agreements under negotiation (e.g. TTIP, Japan, Mercosur), upcoming FTAs (e.g. Australia, New Zealand), and existing agreements undergoing modernisation (e.g. Mexico, Turkey)¹. The study is based on models simulating reciprocal liberalisation of import tariffs between the EU and the respective trading partners, but not taking account of potential easing of non-tariff measures, such as sanitary and phytosanitary issues.

¹ See https://ec.europa.eu/agriculture/trade-analysis/impact-assessment_en

In his presentation, Commissioner Hogan pointed out that, while not being a forecast or prediction of the likely outcome of the conclusion of the 12 FTAs it covers, the study does highlight very promising prospects, with significant potential growth rates for exports, production and producer prices, for dairy products (in particular for cheese and skimmed milk powder), pig meat, the cereals sector (especially wheat), and wines and beverages. On the other hand, the study shows the vulnerability of the beef, sheep meat, rice, poultry and sugar sectors, thereby confirming the necessity of import quotas for access to the EU market for all sensitive products.

In this context, at Council on 23 January, Ministers are invited to take part in an exchange of views on the basis of the following question:

Taking into account the strengths and weaknesses highlighted in the study of the Cumulative economic impact of future FTAs on EU agriculture, what is your assessment of the relevance of the current strategy towards third countries?

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The AOB item requested by the Polish delegation on the Opening of negotiations between the EU and New Zealand (doc. 5385/17), recently announced by the Commission, will be taken under the same item.
