



27<sup>th</sup> April 2017

## **CELCAA preliminary comments on the consultations of future of the Common Agricultural Policy**

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CELCAA, the European Association representing the trade in agri-food and agri-commodities in the EU, is pleased to contribute to the debate on the future of the Common Agricultural Policy launched by Commissioner Hogan in February 2017. CELCAA represents the EU traders of agri-food commodities and in this capacity, has a key interest in the future of the Common Agriculture Policy.

CELCAA believes that the future Common Agriculture Policy (CAP) should:

- deliver high standard and affordable products for the internal market and export markets;
- be in full coherence with other policies and instruments of the European Union, including food, trade, competition and environmental policies;
- maintain its market-orientation whilst providing mechanisms to prevent or manage crises (safety net, risk management tools or exceptional measures);
- simplify market instruments such as trade mechanisms by making them more transparent and efficient;
- support market transparency to help private operators make the right commercial decisions;
- contribute to mitigate climate change and therefore efforts to make CAP more sustainable should be fostered;
- enhance quality policy with adequate tools such as Integrated Pest Management (IPM), Good Agricultural Practices (GAP) and marketing standards with due consideration of DG SANTE food policy and international standards;
- support employment in rural areas, in line with the Lisbon Strategy, focusing also on social sustainability adopting good Agricultural Labour Practices (ALP);
- contribute to research and innovation in the agriculture and food sector to maintain the competitiveness of the EU agri-sector;
- position agricultural products in the EU trade policy and facilitate market access for EU products in third countries, among others, by addressing SPS issues;
- enhance policy on promotion and information in order to support producers of agri-products to sell their products on an increasingly competitive market;
- continue supporting the integration of the EU single market.

### **The CAP should continue to deliver high standard and affordable products for the internal market while enhancing competitiveness on the international market.**

The sustainable agricultural production that contributes to food security and retains employment in rural areas, in the EU and worldwide should continue to be the primary objective of the CAP. The EU is the first trading partner worldwide in agricultural products, both in terms of imports and exports. Agricultural trade contributes to the economic growth in the EU agri-sector, and hence to the support of the farming community and rural areas of the EU, by trading goods from areas of surplus to areas in shortage.

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#### **CELCAA AISBL**

*The voice of European traders in agri and food commodities*

10 rue de Tamines, 1060 Brussels - BE

[www.celcaa.eu](http://www.celcaa.eu) - [info@celcaa.eu](mailto:info@celcaa.eu)

T: +32 488 36 83 47 - Fax: +32 2537 37 11

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The world's population today is 7.3 billion and is projected to rise to 10 billion in the year 2056. The increase in food demand worldwide, driven by the combination of population growth, increasing income per capita and scarcity of food production in some areas of the world will challenge global food security. The FAO has projected the need of 60% increase of agricultural production by 2050 compared to 2007.

The future CAP should therefore continue to deliver sufficient quantity of products at an affordable price while meeting the high level standards set in the EU.

**The CAP should maintain its market-orientation and develop right risk management tools, while providing a safety net in case of crisis.**

The successive reforms of the CAP to make European agriculture more market-oriented have been a success. Europe is self-sufficient for many agricultural products and is competitive on world markets. The future reform of the CAP should therefore maintain and foster its market orientation policy in order to reach its objective.

The economic sustainability of the agricultural sector is vital to guarantee a successful food supply chain. Therefore, the trading community recognises that a safety net is needed for farmers, in times of market disruption and crisis. This safety net can take the form of public intervention, private storage or emergency measures, and should be decided after consultations with stakeholders. It should also provide schemes to address exceptional circumstances such as (political) embargoes with adequate non-distortive measures.

Looking to the next CAP, there are opportunities for risk management strategies to play a bigger role. Risk management tools, such as insurance products, mutual funds or future markets can be used as part of a risk management strategy to provide greater income stability and business protection with regard to both commodity markets and longer term environmental challenges such as climate change.

**The CAP should promote further simplification to enable private operators to make the right decision and support the functioning of the market.**

The market instruments relating to the CAP should continue to be simplified and modernized leading to more efficiency and transparency, and less trade distortion. This refers in particular to the management of TRQ or the functioning of minimum import prices.

**The CAP should enhance market transparency to support the functioning of the market.**

For the market to function, there is the need for market information to be comprehensive, reliable and timely available to private operators through the food chain to provide them with the right signals. Increased market transparency is essential for the development of risk management tools and strategies. Existing initiatives such as the Agri-Outlook studies or the market observatories for milk, meat and grains have a positive track record and should be further improved and developed for other sectors.

**The CAP should enhance food quality by complementing international standards and DG SANTE food and non-food policies.**

The EU aims to assure a high-level quality of its agricultural products. To achieve and maintain this level, adequate tools on Integrated Pest Management (IPM), Good Agricultural Practices (GAP) and marketing

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standards are required. The CAP needs to complement those policies and standards. In light of the EU's commitment to the Sustainable Development Goals (SDG) and climate change commitments, IPM promotes a more sustainable use of pesticides via low pesticide-input management. For this, the CAP should complement and be consistent with DG SANTE's policies, and ensure to be coherent and complement international standards such as those of UNECE/CODEX.

### **The CAP should enhance promotion policy.**

The CAP should ensure the continuation and enhancement of current promotional measures both for the internal and international market. The visibility of the origin, as well as a guarantee of a maximum flexibility for the priorities of the action, should be a key objective for securing the best efficiency of the program and best return on investment.

To be fully effective, promotion programmes could be paired with a tool aiming at improving market access to third countries by tackling Technical Barriers to Trade (TBT). The increasing number of TBT that the EU agri-food sector has to face is limiting its expansion and reducing its access to new markets. A tool to tackle TBT could take the form of a fund, which could be used by either associations or companies, to finance analysis and studies relating to market access in third countries or to cover the cost of hiring consultants when a technical dossier has to be presented. This would benefit all agri-sectors, as all companies willing to export to the third country in question will profit from the opening of the market through a collective and mutualized action.

### **The CAP should promote and stimulate research and innovation in the agriculture and food sector to maintain the competitiveness of the EU agri-sector.**

The future CAP should maintain sufficient funding to guarantee public and public-private research in the agriculture and food sector. Innovation is one of the key drivers to enhance competitiveness in the agricultural sector. Innovation in the sector should be promoted through public research and public-private consortia.

The future CAP should therefore continue to stimulate research and innovation under a continuation of the Horizon 2020 scheme and in the European Innovation Partnership (EIP). While focusing on priorities to improve the quality and competitiveness of EU agriculture products, the strategy should be geared towards a supply chain approach, also considering aspects relating to packing, storage and distribution, cold chain efficiency, sustainability and nutrition, involving all the partners of the supply chain in research and innovation projects.

### **The CAP should be complemented by the EU Trade policy.**

The EU trade policy should be complementary to the CAP to guarantee affordable supply of products needed in the EU while promoting EU exports to third country markets. The Russian ban has demonstrated the need to diversify export markets, and the efforts of the Commission to find alternative export markets are much welcomed.

Therefore, while recognizing that discussions in the WTO are key to develop multilateral rules, CELCAA encourages the bilateral negotiations undertaken by the European Commission to conclude new generation FTAs. CELCAA has welcomed the outcome of negotiations between the EU and Canada as a balanced outcome for the agricultural trade sector, and calls on the EU to finalise in a timely manner the negotiations with Japan.

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FTAs with Indonesia, Mexico and Mercosur will also provide exports opportunities while taking account of EU agricultural sensitivities.

**The CAP should maintain the integrity of the EU single market and help tackling growing protectionism.**

The future CAP should continue promoting the integrity of the EU single market. Many Member States are today tempted by nationalist and protectionist measures that risk to jeopardize the benefits of the single market.

**The CAP budget should be in line with the ambitions set.**

The budget shall allow the CAP to effectively deliver on the policy objectives. While there is uncertainties regarding the impact of Brexit on the CAP budget and while the budget will be up to negotiations and arbitrage, CELCAA calls for a budget that allows the CAP to deliver on the policy objectives set.

*CELCAA is the EU umbrella association representing EU organisations covering the trade in cereals, grains, oils and fats, sugar, fruit and vegetables, olive oil, agro-supply, animal feed, wine, meat and meat products, dairy and dairy products, eggs and egg products, poultry and game, tobacco, spices, cut flowers and plants and general produces. Members include CEEV, CIBC, COCERAL, EUCOLAIT, EUWEP, FETRATAB, GAFTA, SACAR and UECEV. CELCAA's main objectives are to facilitate understanding of European decision-makers and stakeholders on the role played by the European traders in agri-products; to act as a platform of dialogue and communication with the European Institutions and to encourage public and general interests in agri-trade issues.*

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