



## Championing a fair game for agri-food trade

Brussels, 21 March 2019

**EU Trade Commissioner Cecilia Malmström**

CELCAA Trade For All Conference

Ladies and gentlemen,

It is a pleasure to be here today. I would like to thank you all at the European Liaison Committee for Agricultural and Agri-Food Trade. It is with great pleasure that I am here today to update you on EU trade, and give you a snapshot into:

- What we have done,
- What we plan to do,
- And the challenges we will face in the future.

Because there are many challenges to face. But we have encountered challenges before – and our trade policy has consistently been up to the task.

For example, we saw challenges to trade come to a head in TTIP. People were concerned about standards, openness and fairness. In response, we triggered a series of reforms based on core European values. We delivered transparency and inclusion – and support for trade is on the rise again. We needed to assure people trade would not lower standards – now they are enshrined in our agreements.

People responded to these changes. Support for trade began to rise again. We are still vigilant of course, to maintain this trust. But our eyes soon turned abroad – and we become some of the busiest trade negotiators in the world.

Canada, Japan, Ecuador, SADC, Singapore, Vietnam, Mexico We have closed deals with all of them.

We are close with some others like Chile, Mercosur, Tunisia and Indonesia. And starting new ones, like New Zealand and Australia. These are great successes and are well advanced. There are many economic benefits – we are opening up new markets for you.

### **TRADE DEALS FOR AGRI-FOOD**

Agri-food trade is growing – and the EU’s Free Trade Agreements are contributing to its success. Agricultural products are very popular with our partners. There is growing demand for EU food and wine. Our agreements cover a third of total EU agri-food exports and more than 40% of imports. We have been improving the terms too – because the agreements we are negotiating now are not the same old business. EU trade agreements as they stand can be divided into two generations.

Our “First Generation” agreements are with countries like Switzerland, Norway and Algeria. They are good agreements. They have made substantial contributions to the EU’s exports, and contributed to our 20 billion EUR surplus in total agri-food trade.

However, our “Second Generation” agreements are even better. We have updated them to meet the needs of the 21st century – and to meet the needs of the agri-food sector. A good example is our agreement with South Korea – since closing the deal 8 years ago agri-food exports have increased 113%.

Our agreement with Canada is expected to perform just as well. Over time, it will eliminate 91% of agricultural tariff lines. The benefits are split across the sector too – with primary agricultural products, as well as processed food and beverages enjoying the benefits.

It is important to remember that it works both ways – EU food processors, and indeed consumers, need imports from other countries too. We have a special agreement with Ukraine – it is called a Deep and Comprehensive Free Trade Area.

This is good, because Ukraine is now the EU’s first source of agricultural imports under our agreements. They provide critical inputs like cereals, vegetable oils and oil seeds. In 2017, imports from Ukraine increased by a third.

I could stand here all day and tell you good news stories about EU trade...

...how EU exporters can benefit from over 600 preferential Tariff Rate Quotas...

...how we fight for market access by tackling Sanitary and Phytosanitary barriers...

...how the EU protects special products as Geographical Indications:

- Feta
- Reblochon
- Prosciutto di Parma
- Queso Manchego

...but at the end of the day you know what it is to trade – you are the traders, you know the benefits – and you know the barriers you face

### **HELPING BUSINESSES OF ALL SIZES**

The EU wants to use your expertise to help tear down barriers to trade. Our Market Access Partnership helps us do this. By working with stakeholders and Member States, we identify and bring down barriers to trade, one by one.

We have removed 122 barriers since the start of this Commission. They have been across a wide range of sectors – including agri-food. Bringing these barriers down creates 4.8 billion EUR in additional exports. This is equivalent to the benefits of one of our Free Trade Agreements in itself! With your input we can continue to identify new barriers.

It is all well and good to negotiate agreements, but we need to make sure they work for businesses – and that they work in a fair way. At home we do that by ensuring market access for businesses, and by making sure businesses of all sizes are catered for.

A good example of this is in our Japan agreement. Japan is a highly protected market. They have high tariffs – and many more barriers besides. For example, there are long procedures to approve each variety of fruit. Paperwork, red tape, complicated procedures – this all takes time and money to overcome. Not to mention the language, customs and marketing in a new country. Japan is a hard market to crack.

Often these costs can be absorbed by bigger businesses, but they are a real barrier for smaller companies. Not only does our trade agreement lower these barriers – for companies, big and small – but we have specific provisions to help small and medium sized enterprises. SMEs are chronically underrepresented in global trade, and yet they are 99% of all businesses in the EU. They have created 85% of the new jobs in the EU in the past 5 years.

To help overcome these barriers, our Japan agreement included a chapter dedicated to SMEs. In it we commit the EU and its partners to:

- Provide SMEs with information online on how to access markets;
- Set up dedicated "Small Business Contact Points";
- And acknowledges the importance of SME access to global trade.

In this way we open up trade and spread the benefits of globalisation. This shows people that trade can work for them, and helps make the case for open global trade. We now include this type of chapter in all our negotiations.

We also need to stand up for our businesses, defending them from threats abroad. We are open traders, but we cannot afford to be naïve either. We use our trade defence instruments to stand up for the rules when others do not play by them. The EU has 121 anti-dumping and 15 anti-subsidy measures in place, as well as 3 safeguards. They defend a total of 334 000 jobs. At home and abroad the Commission stands up for EU business, and help them get the most out of trade.

## **GLOBAL ENVIRONMENT**

Each agreement is about more than economics too. They are strategic alliances for open trade. They bring together countries with similar values, to support each other in prosperity. This is particularly important, as we are operating in a difficult global environment. With our trade agreements we are creating a circle of friends with whom we defend the multilateral system.

We see trade tensions rising – with illegal actions from our close partners in the US with the imposition of steel and aluminium tariffs last summer. We do not consider that our exports are a security threat to the US. And now we are carefully watching the President's decision on cars and car parts.

I was recently in the US to discuss the state of EU-US trade. We are preparing negotiations on a limited agreement. On industrial goods, not on agriculture. We are identifying possible outcomes while making progress – Like in soya exports –our imports from US have increased by 112% last year.

the U.S. is now Europe's number one supplier of soya. We are not there yet with our mandate to start negotiations, but getting closer and there is the political will. We are trying to find a positive platform upon which we can build.

It is clear that no matter what happens in terms of our relationship bilaterally, we must continue to work together with US on China and the WTO. And WTO is in a deep crisis. WTO is the system that has underpinned international trade for decades. It has brought us stability and growth, and lifted millions out of poverty. Saving the WTO is the focus of the EU on the global stage. It will remain a top priority in the months to come.

## **CONCLUSION**

So now I have given you a picture of the state of EU trade. What we have done through our negotiations. How it has opened up country after country, market after market, for our products.

Our high standards and quality ensure that EU agri-food are particularly popular – and will continue to be one of our great success stories in future.

I have also shared what we are working on now. How we are not moving from negotiating agreements, to making sure they work properly. We are glad to have partners like CELCAA to cooperate on this. Your views are critical to effective implementation of our agreements.

Finally, I gave you a view of where we stand on the global stage. Our difficult position between China and the US, and how we are standing up for open trade between them. I also gave you an idea of our strategy for dealing with the situation – central to this is saving and reforming the WTO.

I look forward to hearing your views on these topics and more – and I thank you for your attention.