



European Liaison Committee for the Agricultural and Agri-Food Trade

A VISION FOR POST COVID-19

THE ROLE OF INTERNATIONAL TRADE AND THE AGRI-FOOD GLOBAL SUPPLY CHAIN

During the outbreak of the coronavirus pandemic in Europe, the agri-food trade sector has demonstrated its ability despite the hurdles, to ensure the provision of quantitative, diversified, high-quality and safe food for retailers and citizens; feed and agro-supply to farmers and agri-products for further processing to food industries.

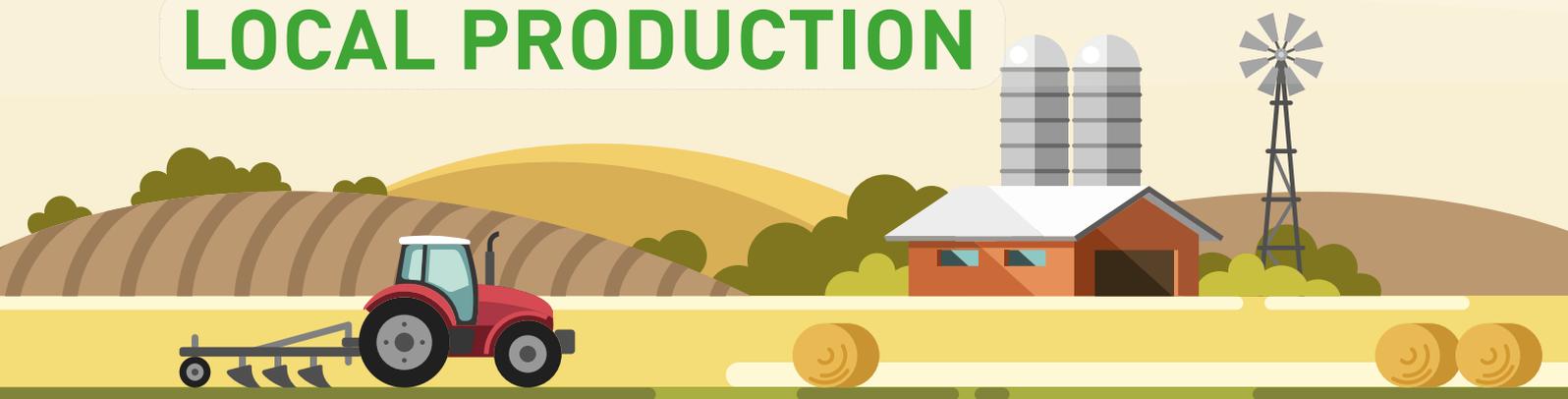
However, the sector has not been spared from the difficulties that have affected the European economy in terms of additional costs, workforce availability, logistics, and disturbance in market performance. CELCAA Members believe that a reinforced European single market; a strong global supply chain; and an ambitious EU trade policy can act as drivers for a prompt EU economic recovery.

This document outlines CELCAA's views and priorities in light of the EU post Covid-19 strategy.



FOOD SECURITY IN THE EUROPEAN UNION AND WORLDWIDE MEANS

LOCAL PRODUCTION



WORKING SUPPLY CHAIN



IMPORTS / EXPORTS



EU food security relies on both local sources and trade!

Introduction

In the recent years, agricultural trade has contributed to more than 7% of the EU positive trade balance with third countries. Agri-trade plays an important role supporting farmers' income, economic development, vitality of the European rural areas and food security in the European Union and worldwide. Imports into the EU contribute to socio-economic development in many developing or emerging countries while the EU market needs imports to meet its internal demand and complete the offer from EU production. The EU is the principal trading block, being the biggest exporting and second biggest importing trading bloc worldwide, representing 151.2 EUR billion and 119.3 EUR billion respectively in 2019¹, demonstrating the high level of interdependence of the EU agri-supply chain with its trading partners.

The fast spread of COVID-19 around the world has resulted in an unprecedented global health and economic crisis. This emergency has had a deep impact on people's lives, and also created great socio-economic challenges for all sectors. The European agri-food sector has played a particularly relevant role amid this emergency, as it has guaranteed the supply of safe, healthy food to consumers and ensured the supply of agri-products for further processing to industry and agri-supply to farmers. Developing a strong basis for the European economic recovery is of paramount importance for the resilience of this sector.

¹Source : DG AGRI 'Monitoring EU agri-food trade: Developments in 2019'
https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/trade/documents/monitoring-agri-food-trade_dec2019_en.pdf

1. Lay best conditions and strong foundations for a sound recovery: the EU single market

In the past months, the EU Institutions and national governments have adopted several emergency measures to support businesses and workers during the outbreak of the coronavirus. One of the measures that has been endorsed in many member states has been the lockdown - hence leading to the closure of the food services sector. The drop of demand linked to the lockdown has started inevitably to lead to bankruptcies, business closures and possible rises in national protectionism.

CELCAAMembers believe that the post-Covid 19 recovery should be based on an ambitious and coordinated effort to ensure investment, promote growth and create employment, underpinned by a strengthened EU single market. The EU internal market is a crucial enabler for the EU imports and exports and a central element of EU competitiveness. As such, it could act as a driver for the recovery post Covid19 and it should not be undermined by any protectionist attempts and should be protected by all means.

The EU single market is much more resistant to adverse supply or demand shocks than an individual Member State. Plus, with 450 million consumers, it represents a great EU asset when negotiating international free trade agreements around the world. Therefore, a successful Recovery Plan should be based on the key elements of the single market such as higher standards and greater choice for consumers; and legal certainty and the easy access to a wide range of suppliers within a wider market for companies. As part of this effort, it is of paramount importance that national governments commit to remove obstacles introduced during the crisis and facilitate trade by keeping internal borders open to allow the free flow of people, goods, services and capital across countries.

CELCAA welcomes the swift action from the Commission to reiterate the guiding principles of the EU single market at a time where some member states were putting in place un-necessary trade barriers. Commission should continue to monitor and take necessary actions in case of any breach of the EU single market².

EU trade in agri-food products originates from a vital, vibrant and competitive European farming community and the European network of food industries. Again, the EU is the major exporter worldwide of agri-food products. While the EU market has become mature in many agri-food sectors, exports have been one of the vectors to pursue economic growth and vitality in rural areas of the European Union. This should be recognised by all European Institutions.

²Source: European Commission: 'Guidelines for border management measures to protect health and ensure the availability of goods and essential services', 16th March 2020; 'Communication on the implementation of the Green Lanes under the Guidelines for border management measures to protect health and ensure the availability of goods and essential services' of 23rd March 2020.

2. The role of global supply chain to guarantee food security and support growth

During the coronavirus crisis, the global agri-food supply chain has worked tirelessly to ensure the supply of high-quality food products to consumers and to maintain food logistics circuits, adapting to the changes in consumption patterns linked to confinement. Although Europe has not experienced a food crisis during the pandemic, the EU has faced protectionist attempts from third countries who have tried to tackle the effects of the pandemic through the introduction of quantitative restrictions such as export bans and export quotas. CELCAA Members consider these measures highly undesirable as they could have serious adverse consequences for food security. Food security in the EU and worldwide is the combination of both local supplies and international trade.

The European Commission has announced that the coronavirus pandemic is expected to cause a recession of historic proportions in Europe, with the EU economy forecast to contract by 7¹/₂% in 2020 . With the crucial role that global agri-food chain plays to help feeding the EU and the world, and the role played in the EU economy, the agri- global supply chain is fundamental for a quick recovery of EU economy. In particular, companies in the agricultural and agri-food trade are essential for maintaining a diffuse economic fabric and strongly contribute to the EU labour market by employing thousands of people in diverse sectors and in various and complementary professions (i.e. handlers, storekeepers, drivers, technicians, salespeople, etc). Trade can also significantly support the supply chain by providing a variety of services to business partners and limiting market inefficiencies by connecting sellers and buyers. CELCAA strongly believes that EU and national leaders should prioritise the soundness of the fundamental supply-demand balance and act to remove any obstacles to international trade and restore normal trade of agri-commodities.

As part of this effort, it is important to implement reciprocal trade facilitation measures by all trade partners, including the implementation of international 'green lanes', and the global acceptance of electronic transmission for all trade certifications and facilitations (e.g. customs, origin, organic, and any other certification) for EU traders to comply with sanitary and phytosanitary requirements. In recent weeks and months, countries and businesses are adapting to digital working methods and the industry has shown its readiness to electronic certification and transmission of documents. CELCAA supports the positive effect in trade facilitation and calls for a shift towards this direction after this experience.

European consumers have specific diets and nutrition habits that means some of the agri-food products are not valorized in the EU market. Trade allows valorization of products that would not been used otherwise on the EU market, hence contributing to the circularity and avoiding unnecessary waste.

Finally, while the European Commission has not the primary vocation to promote the role of the trade, CELCAA calls on Trade Ministers, DG TRADE and European Parliament to recognise the value of trade and to support businesses in their attempts to explain to the general public and stakeholders the value of the profession to the EU economy.

³Source : European Commission 'Spring 2020 Economic Forecast'
https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_20_799/IP_20_799_EN.pdf



3. Trade as core foundation of the EU economic recovery

The EU is the world's largest exporter and importer of agri-food products. As such, open, free, fair and regulated trade is essential to support the entire European agri-food sector and, in turn, the EU economic recovery in the aftermath of the coronavirus pandemic.

We encourage the EU to take a leading role in the international scene to stop any unnecessary protectionist attempts on agri-trade that would only worsen and disrupt trade flows. Imports are essential for the EU economy, to provide agro-supply for European farmers, products to be further processed by European food industry or directly to retails and consumers. Imports are essential to provide supply that is not necessarily provided by the home market and to provide a variety of choices to end-consumers. Exports are equally important as they help the growth in agri-food markets to find new markets when the EU market has proved mature, as the EU agri-food sector is competitive worldwide.

It is therefore essential for the European Commission to pursue its ambitious trade agenda and place the proper implementation of existing Free Trade Agreements as well as the opening of new markets as main priorities of the EU Recovery Plan post-Covid19. In particular, the EU should set clear priorities to support agri-food import and export and search for new export markets to help the diversification of exports. Likewise, promoting imports into the EU contributes to the economic development in developing or emerging countries while satisfying the demand of the EU market and completing the offer from the EU production.

The role of international trade in agriculture goods is set to become even more important in the future in light of a number of global challenges affecting food provision such as: the impact of climate change on ensuring food supply; the need to provide high-quality and affordable food while respecting sustainability and environmental standards; higher food demand due to the growing population; and increasing consumers' requirements for high-quality products and information about their food. All these elements will further emphasise the role played by the agri-food trade to match food supply and demand worldwide; to allow the purchase of a wide variety of responsibly grown and processed food.

The EU trade diplomacy has proved effective and CELCAA can only applaud the decision of the Commission to put more means into the enforcement of free trade agreements - to unleash the full potential of trade on the economy. to put it upwards

CELCAA welcomes the Commission taking a leading role in the negotiations on the reform of the World Trade Organisation and in the building-up of an alternative global rule-book on trade.

The importance of the EU trade policy should form the basis for the EU economic recovery and future growth plans. In this sense, its role should be defined and enshrined in the future EU strategy for achieving a sustainable food future, i.e. the Farm to Fork Strategy (F2F). A successful transition towards more sustainable food systems should be based on a solid trade sector able to match supply and demand in a circular market-based economic system.

Within this context, CELCAA calls on the European Commission to promote the vital role of trade in the F2F.



CELCAA RECOMMENDATIONS

To support EU agri-food traders in their crucial role to ensure food security in the EU and worldwide, CELCAA calls on EU Institutions and national leaders to:

1. PROTECT THE INTERNAL MARKET

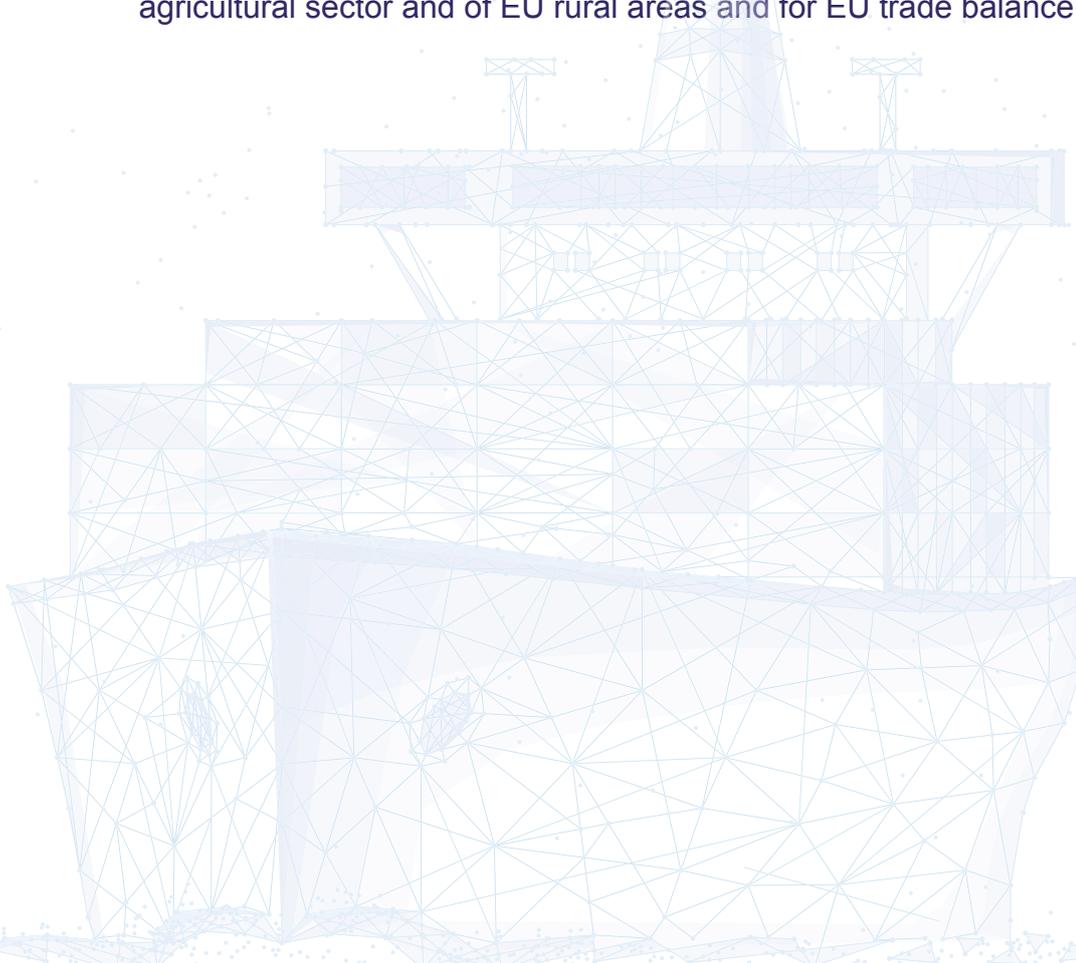
- ➔ Strengthen the EU single market as an enabler for an ambitious EU post Covid-19 Recovery Plan;
- ➔ Remove the remaining trade obstacles as soon as the pandemic is under control, in order to let the single market be fully functional again;
- ➔ Defend the integrity of the EU single market to ensure the EU economic stability and success;
- ➔ Lead and coordinate a European and global action to remove export barriers or export bans in agri-food trade and stop any unnecessary protectionist attempts on agri-trade that could further disrupt trade flows;
- ➔ Recognise the value of traders and producers as part of the economic recovery for the vitality of rural areas in the European Union.

2. SUPPORT THE GLOBAL SUPPLY CHAIN

- ➔ Ensure that global supply chains remain open and unharmed by opportunistic talk of protectionism;
- ➔ Encourage open borders for agri-food trade and keep market access as a crucial element for food security for the EU and globally;
- ➔ Urgently reinstate normal trading conditions to avoid the loss of many jobs and closure of production sites;
- ➔ Recognise the role of trade as a vector to circularity and sustainability of all agri-food products using the resources in a positive way;
- ➔ Facilitate global supply chains through the flexibility of customs process and actively promote the transition to electronic transmission of documentation.

3. PROMOTE TRADE FOR THE EU ECONOMIC RECOVERY

- ➔ Promote trade as vector to EU economic recovery;
- ➔ Maintain the ambitious EU trade policy based on the opening of new markets as part of the EU post Covid-19 Recovery;
- ➔ Nominate swiftly the EU Chief Enforcement Trade Officer and give her/him effective power;
- ➔ Prioritise the implementation of existing Free Trade Agreements, with a specific effort to tackle the trade dispute with the USA;
- ➔ Lead the reform of the World Trade Organisation and build a strong global trade rule-book ;
- ➔ Reaffirm the crucial role of trade to match supply and demand in a circular economy system in the Farm to Fork Strategy. Europe should lead the way towards more sustainable food systems but this has to be combined with openness towards the rest of the world;
- ➔ Reiterate the importance of exports for the economic sustainability of the EU agricultural sector and of EU rural areas and for EU trade balance.



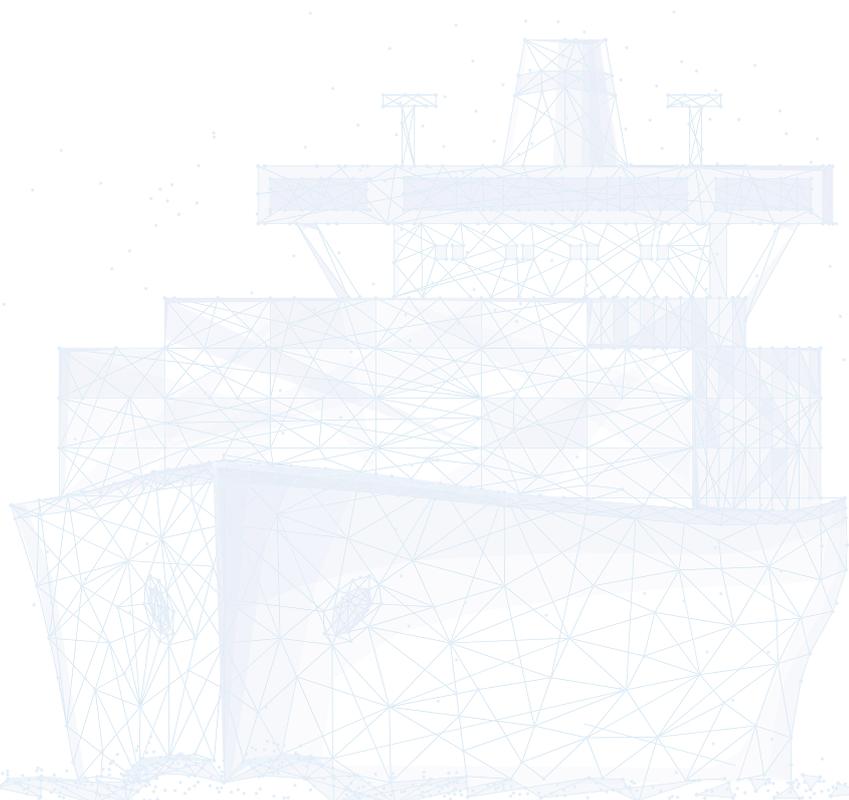


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