

Open letter to EU Commission Executive Vice- President Valdis Dombrovskis

From Marcel van der Vliet, President of CELCAA,
the European Liaison Committee for Agricultural and Agri-Food Trade

Brussels, October 1st, 2020

Dear Vice-President Dombrovskis,

Tomorrow afternoon, you will appear before the European Parliament's International Trade Committee for a Hearing on your new responsibilities overseeing EU trade policy.

We are writing to you as the association representing the European Trade in agri-food and commodities. We would like to offer some suggestions about ensuring that the EU's trade policy works to open markets and builds a flourishing food supply chain that benefits farmers, food industry, food operators and consumers.

The EU is the world's leading trader of agri-food products. It is the top exporter (€151.2 billion in 2019) and second-largest importer (€110 billion). The overall EU food supply chain, from agriculture to manufacturers to retailers, employs 23 million people. Food has a powerful emotional, cultural and political resonance: people feel strongly about what they eat and drink. An open, free, fair and regulated trade is essential to support the entire European agri-food sector and, in turn, the wider EU economy and society.

You will be taking up your trade responsibilities at an uncertain time for Europe and the world. The coronavirus pandemic disrupted food production and supply chains, with travel bans, lockdowns, stricter border control, all combining to undermine trade. We saw how closures or disruptions of food supply chains in one country could have a devastating impact on other countries. We urge you to do whatever you can to keep global food supply chains open so people in the European Union can have continued access to safe, healthy, diversified and affordable food.

Yet even before COVID-19 emerged, there were challenges for the food trade, ranging from the climate change to growing trade irritants. Nor can Europe take its own food security for granted: despite its leading role in the global food trade, it is not self-sufficient.

Trade policy gives the EU a unique power on the global stage to promote its standards, engage with partners to build up a strong rules-based trade system, and seek out new opportunities for importers and exporters. It can be used to create growth and jobs while promoting free and fair markets across the world. That power should be used wisely.

As you prepare to set out your stall to MEPs, we would like to share our priorities with you. They are:

- **Recognise the vital role traders play.** The EU food sector has shown its resilience during the COVID pandemic despite the disruptions to agri-food supply chains. Indeed, food trade is playing a vital role in driving the EU's recovery. In this context, we would like to be part of an EU Trade Advisory Committee to discuss future revisions to EU trade policy.
- **Build a bold trade policy to support the global supply chain.** The EU needs an ambitious policy to find new outlets and diversify imports and exports. That means ensuring global supply chains stay open and trading conditions remain stable. Trade should also be promoted positively as a vector for agri-food circularity and sustainability. Trade creates efficiencies that mean food can be produced better and cheaper than ever before – and that can benefit everyone.
- **Use the enforcement tool for proper implementation of Free Trade Agreements (FTAs).** Some 34% of our current agri-food exports go to preferential partners but there is still room for improvement. Effective enforcement of agreements is essential to ensure FTAs actually deliver meaningful market access.
- **Lead reforms of the World Trade Organization (WTO) and write a stronger global trade rulebook.** We must ensure the trading system the EU helped create is robust and effective. We should promote global standards agreed by all to ensure fair trading conditions. We need to make sure agri-food is excluded from any retaliation measures imposed in unrelated trade disputes.
- **Seek out new markets and new trade deals.** Finding new outlets for EU products is important for stabilization of the markets, a better valorisation of EU products and promoting EU values. Domestic markets do not always satisfy our production, and the EU should embrace the growing appetite for safe and high-quality food products worldwide. We should reach a settlement with the United States, the biggest market for the EU agri-food exports, to avoid any further trade tensions. We should seek a deep and comprehensive EU-UK trade agreement, including zero tariffs zero quotas for food products. And we should build up the Chinese market, which is a growing source for EU agri-food exports.
- **Ensure EU policies are WTO compliant.** We welcome new policy instruments like the proposed Carbon Border Tax adjustment. But they should comply with WTO rules. Trading partners should not see them as additional barriers to trade, and in turn, apply retaliation measures on EU exports.
- **Use trade to support sustainability.** The European agri-food trade sector is ready to play its role in fighting climate change while contributing to sustainability. Trade plays a crucial role in matching supply to demand in a circular economy.
- **Promote trade to reinforce EU Single Market.** The covid-19 pandemic has shown that the EU single market can be under threat. We call on consistency of policies and actions to defend the integrity of the EU single market to ensure the EU economic stability and success.

In her Mission Letter to you on September 13, 2020, Commission President Ursula von der Leyen outlines the EU's trade policy goals. "It needs to focus on the swift and sustainable recovery from the COVID crisis, reinforcing our competitiveness in a challenging environment, contributing to the twin green and digital transitions and promoting the EU's values and standards," she wrote.

We agree. That is why we urge you to commit to a strong, ambitious and assertive trade policy that supports European agriculture and the agri-food trade.

Yours sincerely,

Marcel van der Vliet,
President, CELCAA

