

POSITION PAPER

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FoodDrinkEurope's contribution to the Future EU Trade Policy Strategy

Introduction

FoodDrinkEurope welcomes the opportunity to provide input to the future EU trade policy strategy which the Commission is expected to present in autumn 2015.

FoodDrinkEurope represents Europe's food and drink industry, Europe's largest manufacturing sector in terms of turnover, employment and value added. The industry employs 4 million people in the EU and is the world's leading exporter of food and drink products.

Food and drink exports to non-EU countries have almost doubled over the past decade to reach €91 billion in 2014. Thanks to steady export growth since 2009 the industry registered last year a trade surplus of €25 billion. Despite this strong track record, access to third country markets remains constrained by trade barriers and the decline of market share in foreign markets is a matter of concern. In the face of increased competition from new and established competitors, EU market share in global food and drink exports has declined from 20% in 2003 to 18% in 2013.

- EU trade policy must be sensitive to the rapidly evolving international trade landscape to help business remain competitive.
- EU trade policy should support a thriving and sustainable food and drink sector in the EU, by driving clear, coherent and consistent policies in all areas which contribute to this. To meet this objective, the EU's future trade policy should pursue the future recommendations of the High Level Forum (HLF) for a better functioning food supply chain in the area of trade. FoodDrinkEurope is fully supportive of the new HLF mandate¹ which has identified market access and trade as one of its key focal points for the coming years.
- EU trade policy should facilitate security of supply, while providing fair terms of competition and a level playing field for domestic EU producers. The food and drink industry is the no. 1 client of the EU farming sector, using approx.70% of total production. As well as using EU agricultural raw materials, our industry also requires reliable access to imports of some raw materials from safe, secure and traceable supply chains. Some key ingredients are not

¹ Decision establishing a new High level Forum for a better functioning food supply chain
http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8298&lang=en&title=Decision-establishing-a-new-High-level-Forum-for-a-better-functioning-food-supply-chain

produced in the EU, or at least not in sufficient quantities and imports therefore play a complementary role in the production of many value-added products.

Multilateral negotiations

Despite the uncertainty as to when and how the multilateral negotiations might be concluded, FoodDrinkEurope continues to support a successful negotiation, conclusion and implementation of the WTO Doha Development Agenda (DDA). For the European food and drink industry, there is much to gain from a multilateral agreement which would clarify trade rules, strengthen disciplines applicable to agriculture and create new trade opportunities for our products. **FoodDrinkEurope continues to support the WTO in seeking a successful and balanced multilateral trade agreement.**

Bilateral negotiations

Considering the slow progress in the multilateral talks, **FoodDrinkEurope looks forward to the conclusion of ambitious free trade agreements (FTAs)**. In the absence of a multilateral agreement, the EU should seize market opportunities by means of bilateral trade negotiations taking into account interests of the different food and drink sectors and the need to secure a level playing field for the EU industry. Trading partners should aim to eliminate remaining high tariffs for EU exports and also provide a better framework on food safety (SPS) and other food regulatory issues, reduce burdensome customs procedures, improve protection of intellectual property rights (including GIs) and promote international standards in partner countries.

To enhance its competitiveness, the European food and drink industry would welcome progress especially in the **negotiations with the USA, Japan, India**, and encourages **closer relations with EU neighbouring countries, ASEAN, Russia, the Eastern Partnership Countries, Turkey, the Gulf Cooperation Council, China, Mercosur** and others.

A free trade agreement is a synonym for a privileged trade relationship. Protectionist measures, such as for example import restrictions on foodstuffs introduced by third countries including unjustified anti-dumping and countervailing duties, should not be tolerated from any countries aspiring to enter into this kind of partnership. Our trading partners should remove measures that are clearly protectionist as a prerequisite for any FTA talks with the EU.

An efficient customs union and advanced market integration within a region should be considered by the EU as a paramount issue **in all bi-regional negotiations**. European products should benefit from free circulation within the partner region, especially with regard to SPS requirements, and should be subject to simple and non-discriminatory customs procedures on its external border (e.g. talks with Mercosur).

Timing, implementation and enforcement of existing FTAs are key. The FTA process is a lengthy and resource intensive one which can last up to several years - from the time of the first FTA pre-launch scoping exercises, the conclusion of negotiations, legal scrubbing, translation of texts, ratification and entry into force. Equal importance should be given to a strong implementation and enforcement strategy which is needed for FTA's to deliver meaningful results. For the new strategy to succeed, it is essential that adequate resources are allocated within the Commission to enable the negotiation of new, complex free trade agreements, and to secure a robust enforcement of existing FTAs and WTO rules.

Access to competitive agricultural raw materials

Manufacture of many food products require both raw materials produced within the EU and raw materials imported from third countries. The EU's trade policy must ensure food and drink manufacturers have access to these raw materials, while taking into account the interest of different sectors. Multilateral and bilateral trade agreements may play here an important role by ensuring secure and stable relationships with key partners that enable EU industry to **trade competitively both at home and abroad**.

Non-tariff barriers

Non-tariff barriers are of serious concern for the EU food and drink industry and should continue to be addressed by EU policy based on international standards.

Taking into account the high and growing number of non-tariff barriers that affect exports of food and drink products to non-EU markets (e.g. labelling, additives legislation etc.), FoodDrinkEurope strongly supports the methods adopted within the EU's Market Access Partnership, which uses the synergy created between the European Commission, Member States and businesses, to **identify and remove specific obstacles** that EU companies face in foreign markets. A large number of key trade barriers identified refer to agri-food products. The **EU Market Access Strategy** proves increasingly fruitful and should be further strengthened.

The **WTO SPS and TBT Committees** should continue to constitute fora of political dialogue and cooperation with other WTO members to solve and avoid trade barriers. The EU should also insist on respect by partners of WTO transparency rules regarding early notification of intended measures. The European Commission should also consider possibilities to improve the SPS agreement.

Stakeholders need to be informed in a straightforward and timely fashion in advance of regulatory changes which have been notified to the WTO, providing ample opportunity to provide feedback on the impacts.

Small and medium-sized enterprises

The strategic importance of SMEs as key drivers of jobs, growth, and active players in trade should be reflected in the future EU trade policy.

The **European food and drink industry consists of about 280,000 small and medium-sized enterprises (SMEs)** which together employ more than 3 million people and many more up and down the supply chain.

The new trade policy should take into account the specific needs of SMEs and coherence needs to be ensured with all other EU policies designed to improve the competitiveness of EU industry, including the efforts to promote **SME internationalisation**.

In recent years, the European Commission has developed a number of **services which provide practical support for SMEs** (SME Helpdesk, Market Access Database, dialogues). The time may be ripe to reassess the current set of services, to see if they sufficiently address the specific needs of companies.

Transparency of EU Trade Policy

The Commission should **continue to consult publicly and engage in regular dialogue** to ensure the priorities of key stakeholders are being addressed.

It should also ensure that thorough and robust **ex-ante and ex-post impact assessments** are carried out in the context of negotiations and when new regulations are introduced.

About:

FoodDrinkEurope represents Europe's food and drink industry, Europe's largest manufacturing sector in terms of turnover, employment and value added. FoodDrinkEurope works with European and international institutions, in order to contribute to the development of a legislative and economic framework addressing the competitiveness of industry, food quality and safety, consumer protection and respect for the environment. FoodDrinkEurope's membership consists of 25 national federations, including 2 observers, 26 European sector associations and 19 major food and drink companies. For more information on FoodDrinkEurope and its activities, please visit: www.fooddrinkeurope.eu