



Food and Agriculture Exports: Working Together for Results

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Cecilia Malmström, Commissioner for Trade

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Ladies and gentlemen,

Thank you to the Minister Hansen and Ambassador Jorgensen for the initiative for this conference.

And thank you to Copa-Cogeca for hosting us today.

This is a very important area of work. And it's also a sensitive one. Trade in food and agricultural products brings up the same questions that are the most sensitive political issues of our time - the tension between the local, the regional and the international.

Food is in some ways the most local product imaginable. What we eat is part of culture, history and identity. At the same time, we have always had a curiosity for new products and tastes from abroad. And that curiosity has been creating trade opportunities for centuries.

The spice and the salt cod trade were some of the most important early international traded products.

And as technology has advanced trade in food has only gotten more significant, particularly here in Europe.

The European Union is now the largest exporter of food and drink in the world. Over 600 000 jobs in the EU depend on our exports of agri-food products.

And trade is increasingly important to the European agri-food sector itself. If that wasn't already clear the closure of the Russian market to over € 5 billion EU agri-food exports in 2014 underlined it!

These facts mean that we need a clear and effective EU strategy from the European Union to open new markets to our agri-food exports.

Many livelihoods depend on access to international markets already, and new access means new jobs like those.

But doing this is, to say the least, complex. We face three main challenges:

One challenge is common to trade in other products and services: taking on vested interests who seek to exclude the competition.

The European Union is founded on the notion that opening markets helps drive innovation, productivity and competitiveness. But, I think you'll agree it's an understatement if I say that this view is not shared by all sectors, everywhere in the world, all the time. And, certainly when European exporters try to gain access to markets abroad, the resistance they face from foreign governments can be motivated by a narrow concept of commercial interest.

A second challenge is the notion of trust. Whenever people buy a product, they want to trust that it is safe and good quality. But with food - which serve to our children for dinner - trust is especially important.

That's why, over the second half of the last century, many countries around the world developed sophisticated systems to guarantee food safety and quality. Those systems - of standards, inspections and certification - mean that regulators can provide that trust to consumers.

So regulators themselves must have trust in the products they approve. Being allowed to sell a product on any given market therefore means gaining the trust of regulators in each other's systems. That trust is essential and nothing in the EU's trade policy must ever undermine it.

The third challenge is unique to the European Union. We are, as the lawyers like to say, *sui generis*.

We have a single market. If you want to sell a food product in Europe the rules are the same everywhere. Importers just comply with one system. Our industry throughout the EU produces under harmonised rules, largely in accordance with international standards.

But we are not the United States of Europe. National government bodies grant certificates of quality and safety to individual producers, with the Commission keeping watch on the quality of national control systems. We do not have tens of thousands of federal inspectors overseeing the operations of companies in the Member States. We have the EU method.

That method is a strength. For instance, no other food safety regime has its own built-in external audits.

But it's also a challenge, since few countries around the world want to recognise our system as a single entity, for legal, technical, or less benign reasons. As a result, gaining access is often vastly more complex than it needs to be.

So the question for us today is, how do we - the Commission and Member States overcome these three challenges?

The first answer to those questions is that, as the largest exporters of agri-food products, somehow we are already doing well.

The European Union uses a variety of tools to open markets to our agri-food exports. On the regulatory side, as Commissioner Andriukaitis will no doubt point out we have dedicated dialogues between the authorities and there may be more to do on that front.

On the trade side, we have free trade agreements and trade negotiations at the World Trade Organisation. We also have the Market Access Partnership, which seeks to use the combined diplomatic weight of our 28 Member States, along with the European level, to address the barriers our exports face.

None of these trade talks mean that we will trade off one standard against another. We will never use trade negotiations to lower standards. But it does mean working with the authorities of other countries on questions of mutual interest, with the aim of demonstrating that we can trust each other's systems.

This kind of approach is delivering results, as we can see with Canada or New Zealand, for example.

- Or Colombia. Our negotiations for a free trade agreement created a forum and an impetus for intensified dialogue between the authorities on both sides. That led to greater trust. Last year that trust translated into access. In July, the Colombian authorities recognised the EU's control system for animal and plant products, as applied in France, Portugal and Spain, as equivalent to their own.
- Another example is Ukraine, which decided to accept the BSE control system of the entire EU after a desk top exercise and inspections in two Member States.
- The most recent example I would point to is in relation to the United States. Just last week, the US authorities took a significant step towards simplifying market access for apples and pears from eight Member States in one process. It's not the final step - and this has been a long discussion with the US authorities. But this progress is the result of high-level and intense engagement from the Commission. I have raised it myself with the US Trade Representative.

But we can do better. How? By following three principles:

First, we must work more closely together. European companies compete for customers, at home and abroad. And that does make Member States competitors to a certain extent. But the EU is always stronger when we pull together. Doing so allows us to put the weight of our Single Market of 500 million consumers behind our arguments. And that does help focus minds. So it's absolutely not in our interest to allow our partners to divide us and rule us. The more and the earlier we cooperate the better.

Second, we also have to be flexible. This does not mean 28 separate negotiations with 28 different outcomes. But in some markets and for some products it will be beneficial if the Commission takes a more visible, leading role. In others that may not be the case. Being flexible also means moving ahead where possible. If we can improve conditions for the Member States who are most concerned about a given product on a given market, and who are ready to invest into heavy approval procedures, then we should.

Third, and above all, we have to be creative. There's no point continuing with old practices. There's a quote that's attributed sometimes to Benjamin Franklin and other times to Albert Einstein depending on which Wikipedia page you visit. But whoever said it, it makes sense here: "The definition of insanity is doing the same thing, over and over, and expecting different results."

What does that mean in practice? Allow me to make six specific suggestions on the way forward:

First, we need to communicate the strengths of the EU system better.

We have a unique three-tier system of controls. Many countries have mandatory checks by business and official controls by national authorities. There are complemented by the Commission's transparent external audit system. This is a major strength.

On top of the controls, we also have uniquely advanced, EU-wide procedures, contingency plans and crisis management tools to control animal diseases. And we carry out simulation exercises to keep us alerted and help to improve further.

If these strengths of our system were more widely understood we would find it easier to gain the trust of international regulators.

That means we need to convince people using the data at our disposal, as we have recently done on regionalisation and on BSE for example. There could, for example, be more regulatory

cooperation, twinning as some have suggested, and more study-visits to the EU for regulators from the trading partners. We are open to your suggestions on new areas of work.

Second, we should share more information with each other, meaning between MS and with the EU.

For example, one of the more resource intensive tasks when applying for market access is responding to questionnaires from partner governments. But many of the answers we give will be the same - since they concern legislation that is harmonised at EU level.

If Member States shared their answers we could all move more quickly. The Commission recently helped with questionnaires from South Korea, Colombia and Mexico. I hope Member States will follow with their responses to questionnaires, as well as with other useful documents like work plans.

Third, we should work on improving access to information for small and medium sized enterprises, or SMEs, in particular. For small companies, just understanding the law in a target market can be a challenge. We have just launched projects focusing on providing this kind of information about markets in Asia and Latin America, in cooperation with European chambers of commerce in those countries. What we need now is for more Member States and companies to get involved and use the information generated.

Fourth, delegations and embassies in partner countries need to work more closely together. This is not a new request. And the market access teams that already exist do a great job. But again, we need to step up our work. We need to share more information – starting from who is doing what – and help each other with tasks like translation of legal texts, for example. The EU is happy to do more to coordinate these efforts. We will need your support too.

Fifth, we need to take advantage of the progress each of us makes, whether it's the Commission or a Member State. And we all need to make the case to our partners that trade conditions that a partner grants to one Member State should apply to all Member States.

Finally, we need to keep up and further develop our ambitious programme of trade agreement negotiations. The examples I've given show what an opportunity these deals can be. We need to keep food market access issues at the forefront of our ongoing negotiations with countries in Asia and the Americas in particular. Of course that also means living up to the commitments we make ourselves - whether in bilateral deals or at the World Trade Organisation.

Ladies and gentlemen,

The food and agriculture business in Europe is an essential part of our way of life, both economically and culturally. We need to make sure we use all the trade tools at our disposal to strengthen it.

I see today's conference as the beginning of an effort to that.

So I very much look forward to your insight and your comments. And I now leave the floor to Vytenis with whom I look forward to continue working in the next months and years on this agenda.

Thank you.