



EU trade policy: What's in it for the beef sector.

18 June 2018

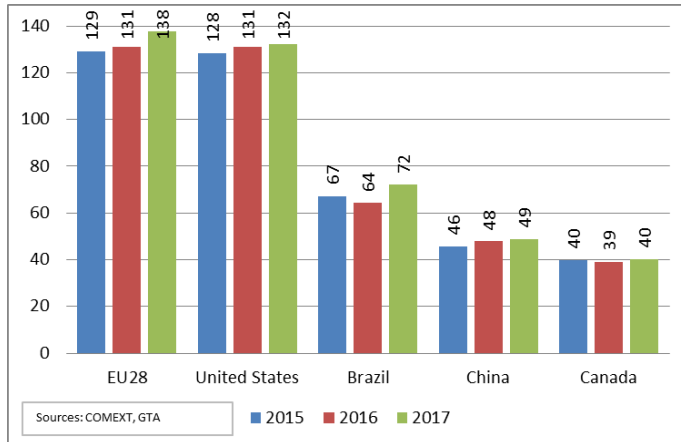
Koen DILLEN

*AGRI.A1 – Global issues and relations with ACP
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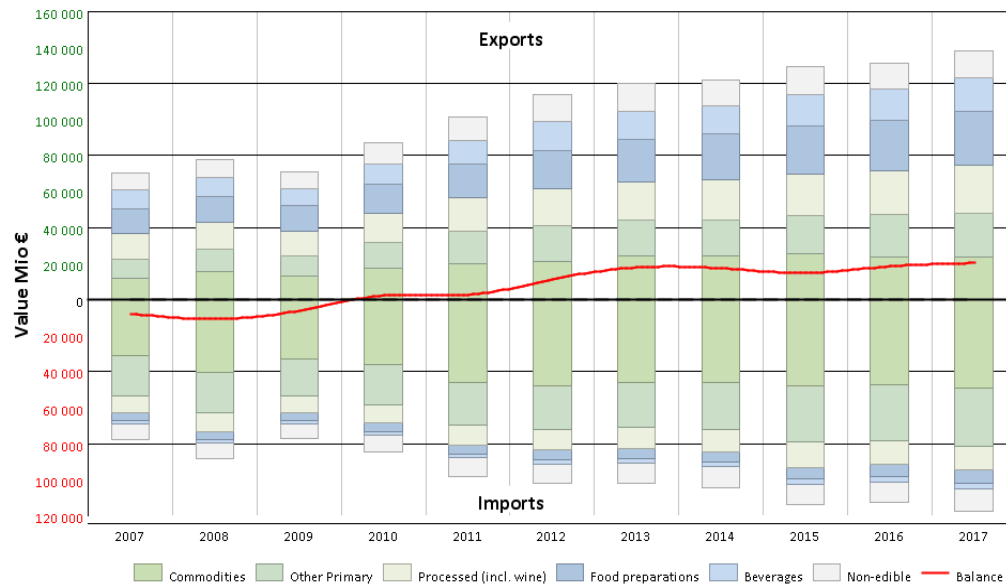
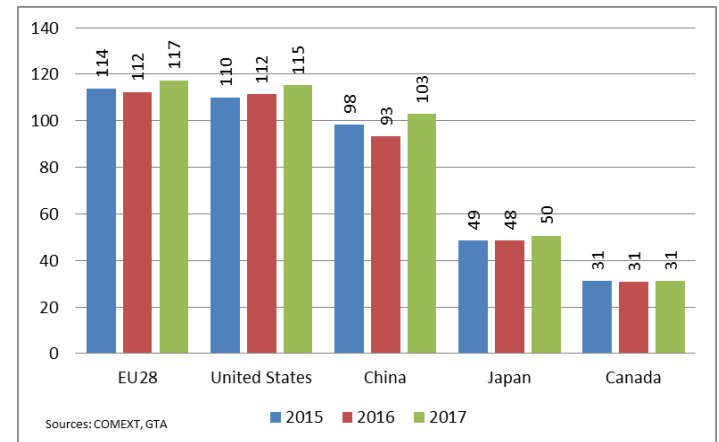
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EU is the biggest agri-food trader

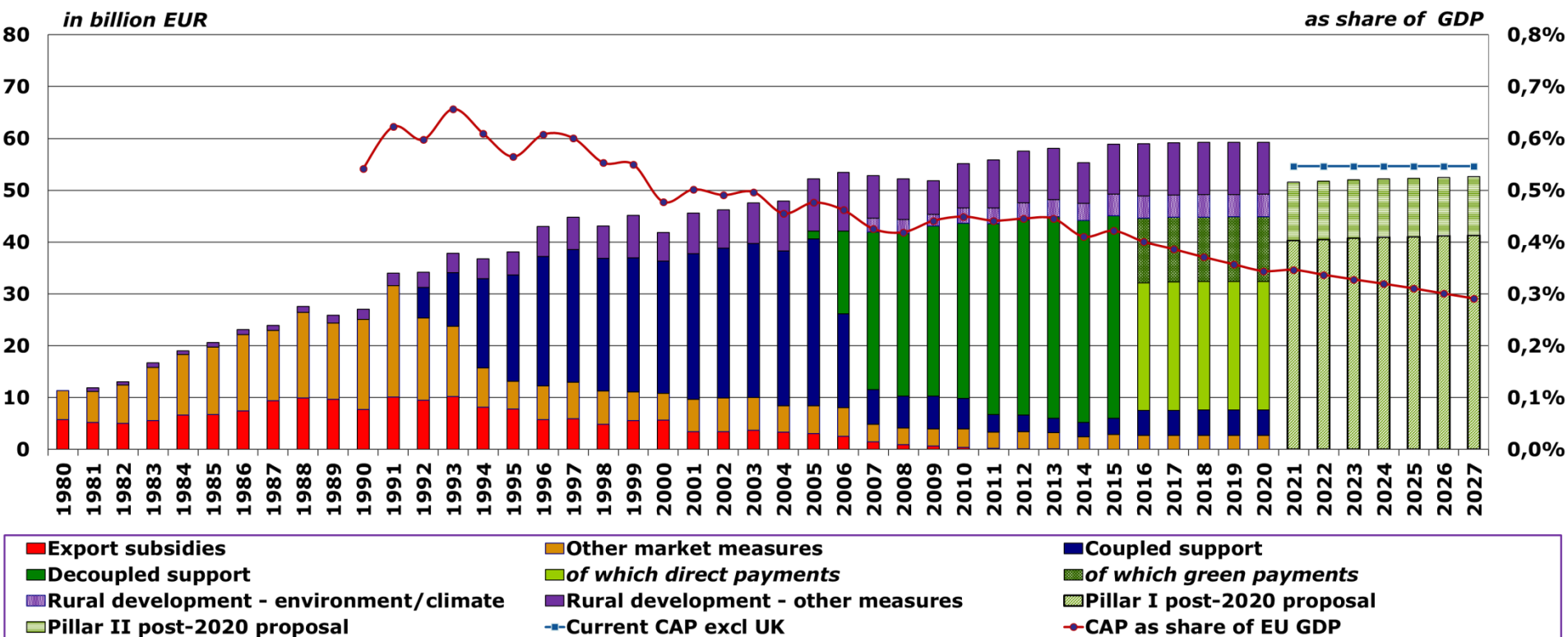
Top world agri-food exporters (billion EUR)



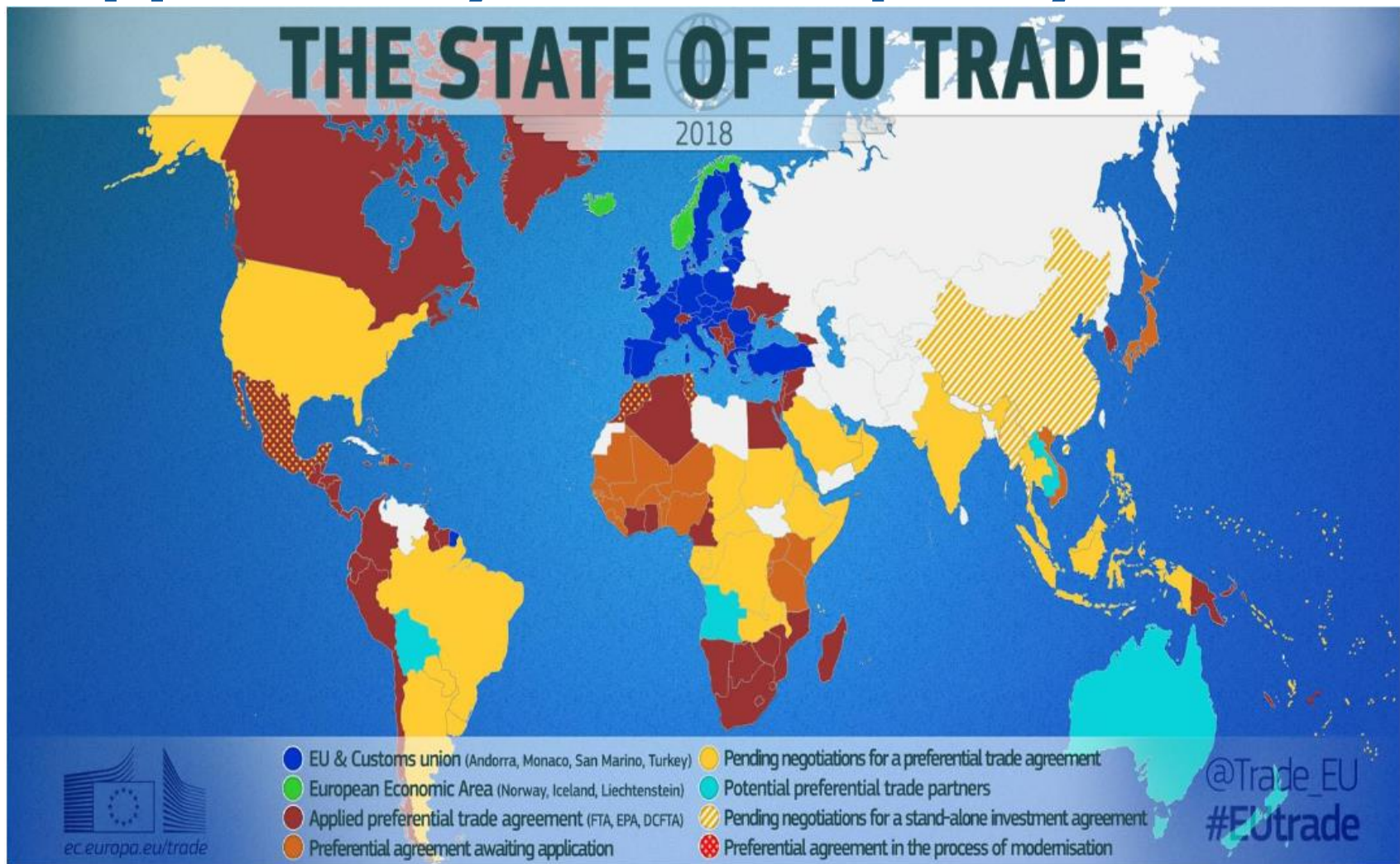
Top world agri-food importers (billion EUR)



Supported by CAP evolution

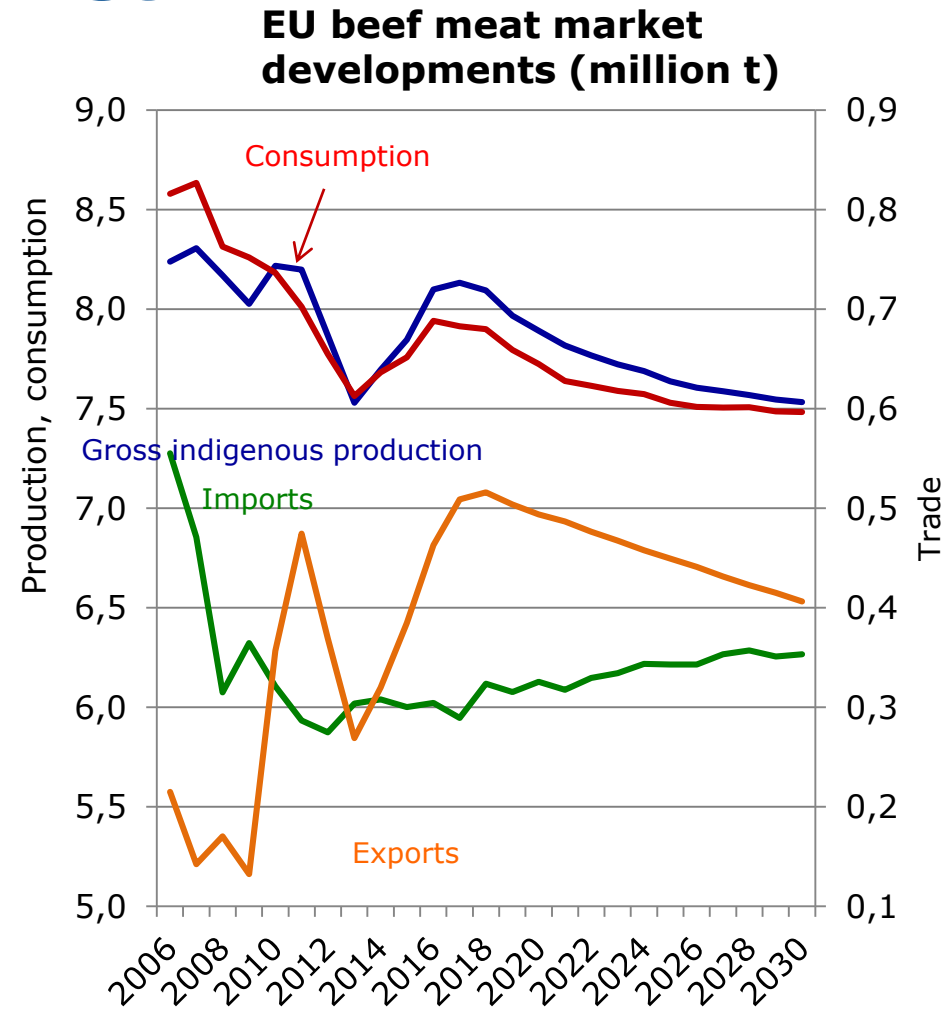


Supported by EU trade policy



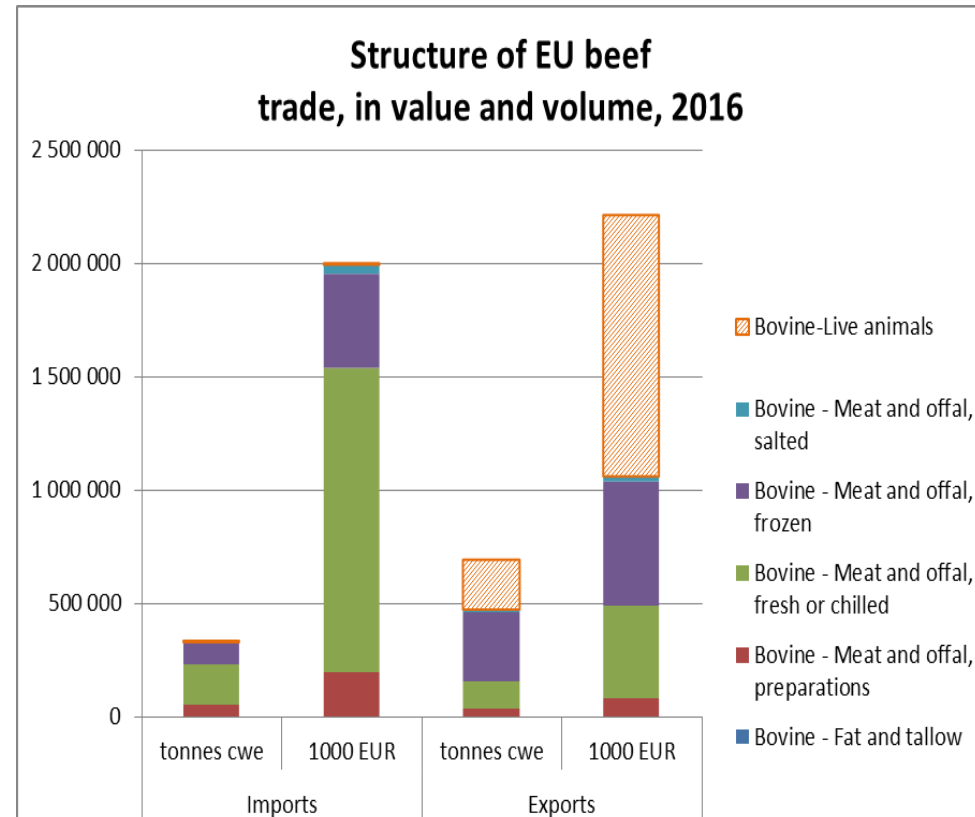
Focus the beef market

- *Recent years*
 - **Increased consumption and production from historic low => dairy market**
 - **Stable imports, strong export increases**
- *Long term trend*
 - **Decline in EU beef consumption**
 - **Decline in EU beef production**
 - **Increasing exports**



Focus on beef trade

- *EU imports*
 - **mainly high value (cut) fresh meat**
- *EU exports*
 - **low value meat and offal (+live animals)**
- *A selection of High Value Cuts provide a substantial part of the value of the carcass for EU beef producers.*



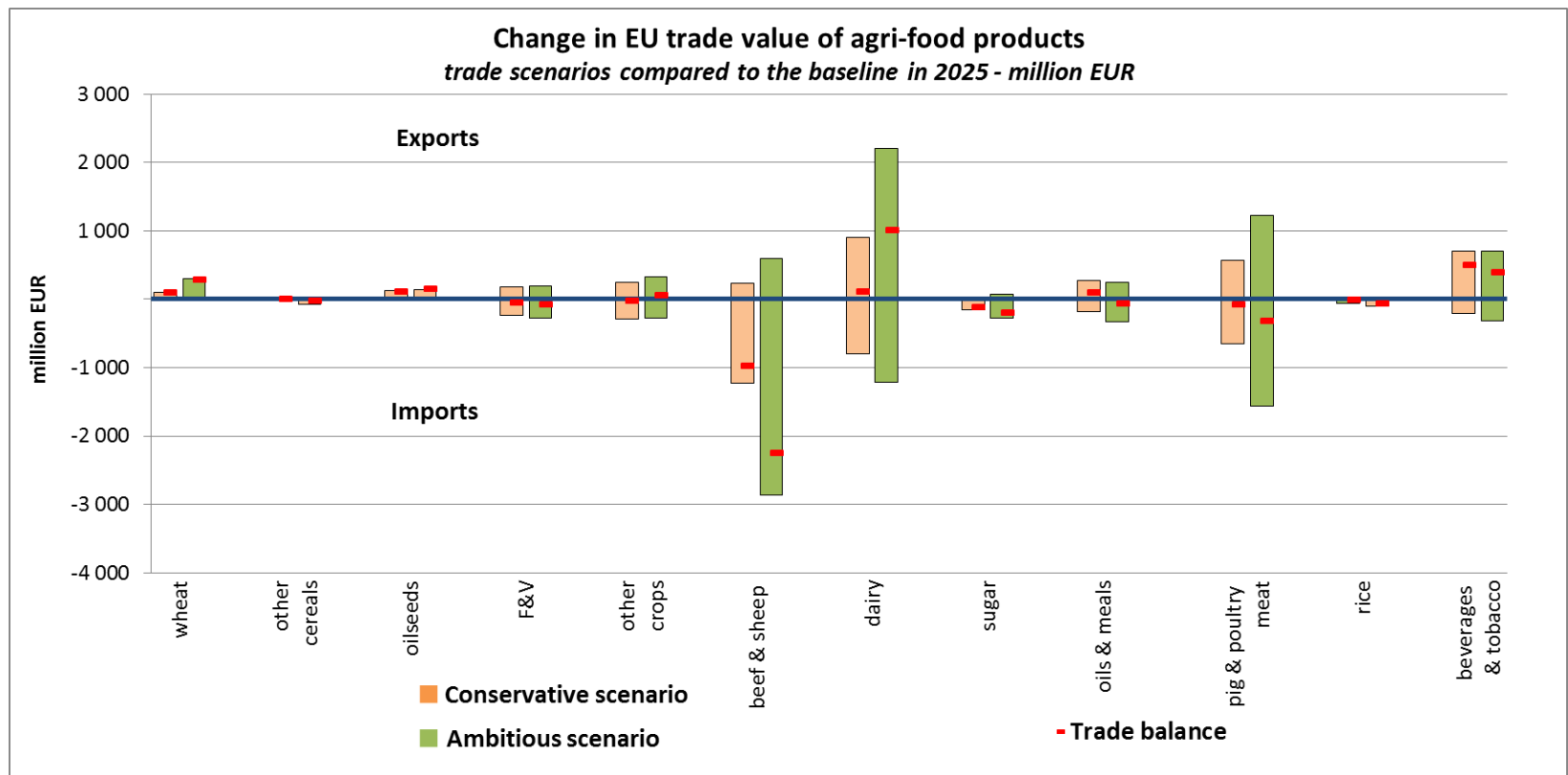
Impact analysis crucial

- *Understanding the impact of trade agreements is crucial in order to calibrate offers that reflect the sensitivities and opportunities in the EU market.*
- *The EU process foresees impact assessments two times during the negotiation process of individual trade agreements*
- *In 2016 the Commission published an additional study assessing the cumulative impact of 12 trade*



Impact analysis crucial

- *Combination of economic simulation models*
- *Ambitious and conservative scenario with different tariff cuts.*



Impact analysis

- *Gives insights in offensive and defensive sectors*
- *Allows us to calibrate the offer to the EU market (quota, tariffs, RoO, safeguards,...)*
- *Allows to arrive to a balanced outcome for the agri-food sector and the wider economy.*

Recent concluded negotiations

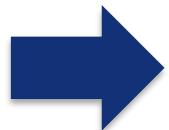
- *Japan*
 - **Offensive: opening of high value Japanese market. Tariff reduction from existing tariff of 38.5% to 9% in 16 years.**
- *Canada*
 - **Defensive: Beef TRQ 50 000t. Full liberalisation on CAN side**
- *Mexico Modernisation*

Ongoing negotiations

- *Mercosur, Australia and New Zealand key for the beef sector*
- *Together 50% of the world trade in beef and further concentration on the world market expected (OECD-FAO 61% in 2026).*
- *Defensive positioning on beef and the agricultural sector as a whole.*

Ongoing negotiations

- *Mercosur:*
 - **Almost 20 years negotiations. Optimistic view to conclude "soon"**
 - **Beef (and agriculture) important to the Mercosur countries**
 - **Potentially significant imports in the future**
- *Australia and New Zealand*
 - **Different quality orientation**
 - **Competitive on cost**
 - **Ensuring a balance between EU defensive and offensive interests will be key**

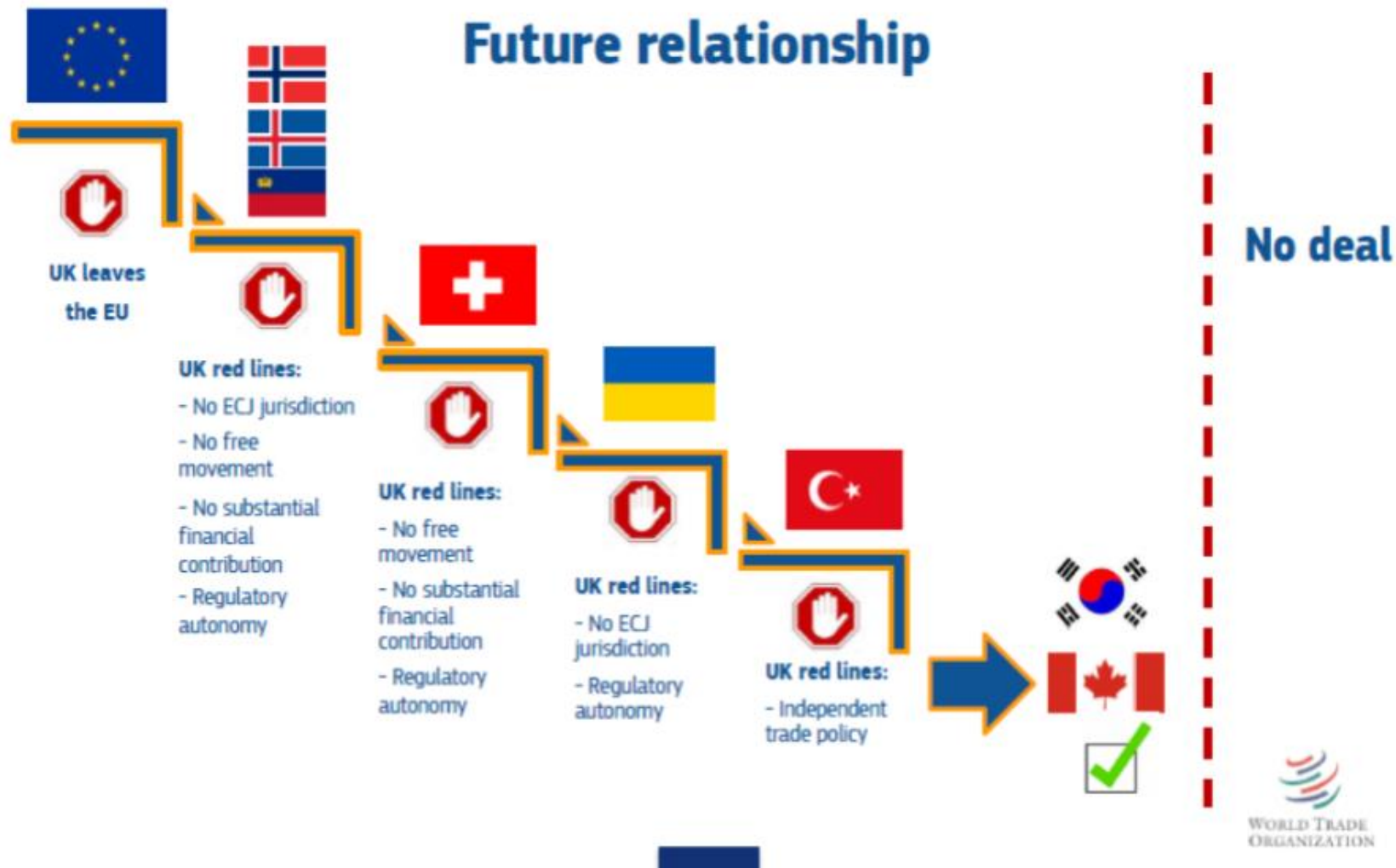


Level playing field needed

Big elephant in the room: Brexit

- *The EU27 is a strong net exporter of beef meat to the UK*
- *Frictionless trade with a third country is impossible*
 - **Tariffs**
 - **Non-tariff barriers**
 - **Time**
- *UK will set its own trade/agri policy changing the competitive situation on the UK market*
- *Council guidelines towards political framework*

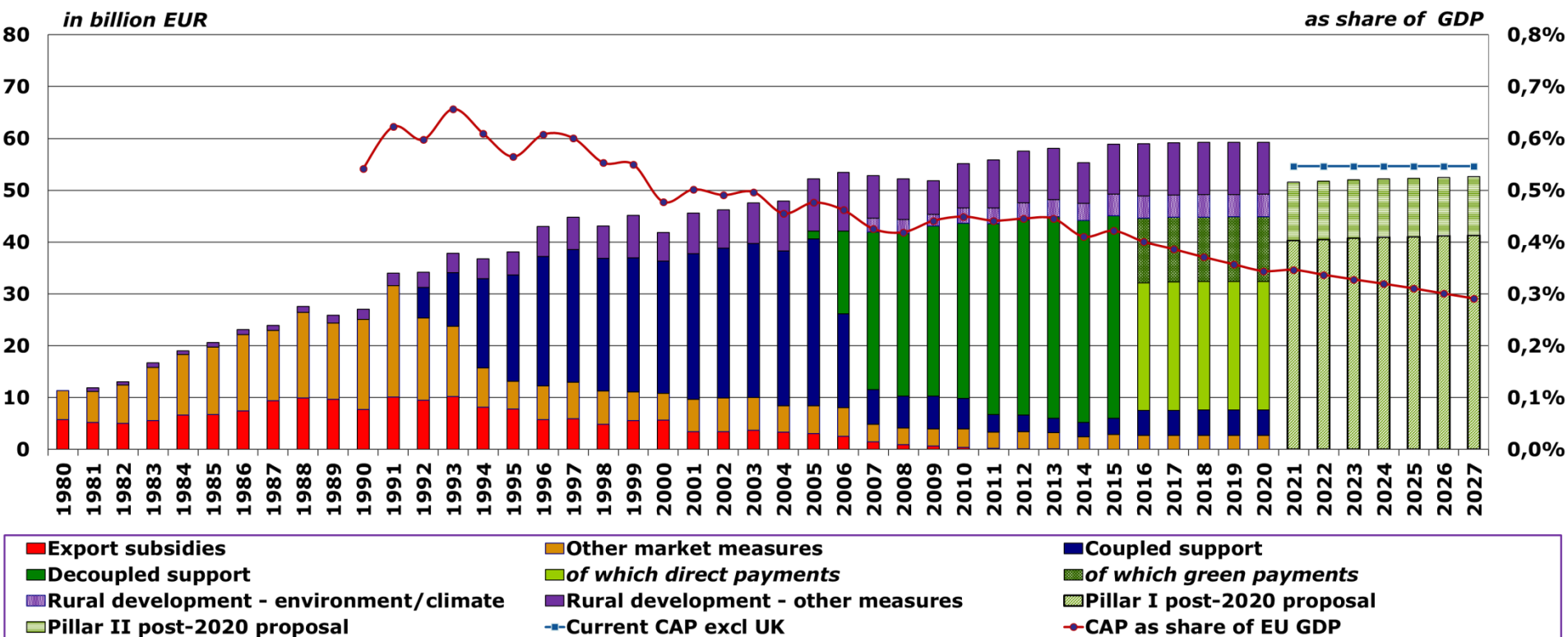
Big elephant in the room: Brexit



Need for a resilient beef sector

- *Specialized cattle/ beef farmers important sector*
 - **Public goods**
 - **Grasslands**
 - **Territorial balance**
- *Supported through*
 - **Trade policy**
 - **A strong Common Agricultural Policy**
 - **New CAP proposal (including option of coupled payments)**

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Need for a resilient beef sector

- *Strengthening position in the HVC sector*



- *Find remuneration for the whole carcass*



Thank you for your attention



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