



European  
Commission



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

18 June 2018

*Koen DILLEN*

*AGRI.A1 – Global issues and relations with ACP  
European Commission*

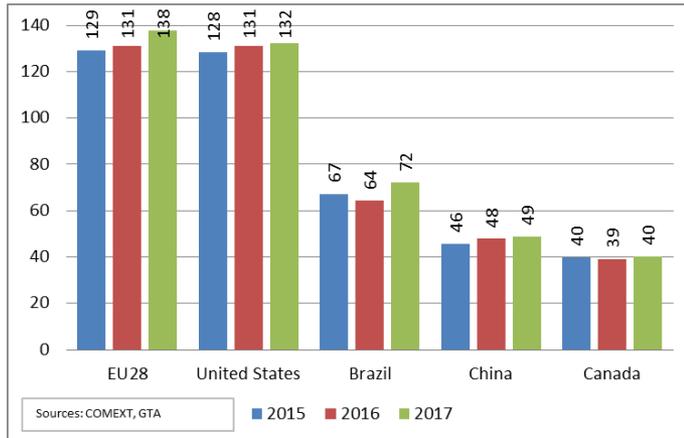


#FutureofCAP

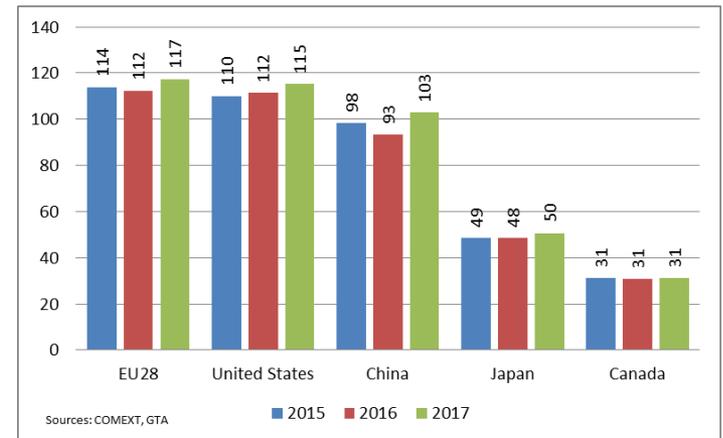
Agriculture  
and Rural  
Development

# EU is the biggest agri-food trader

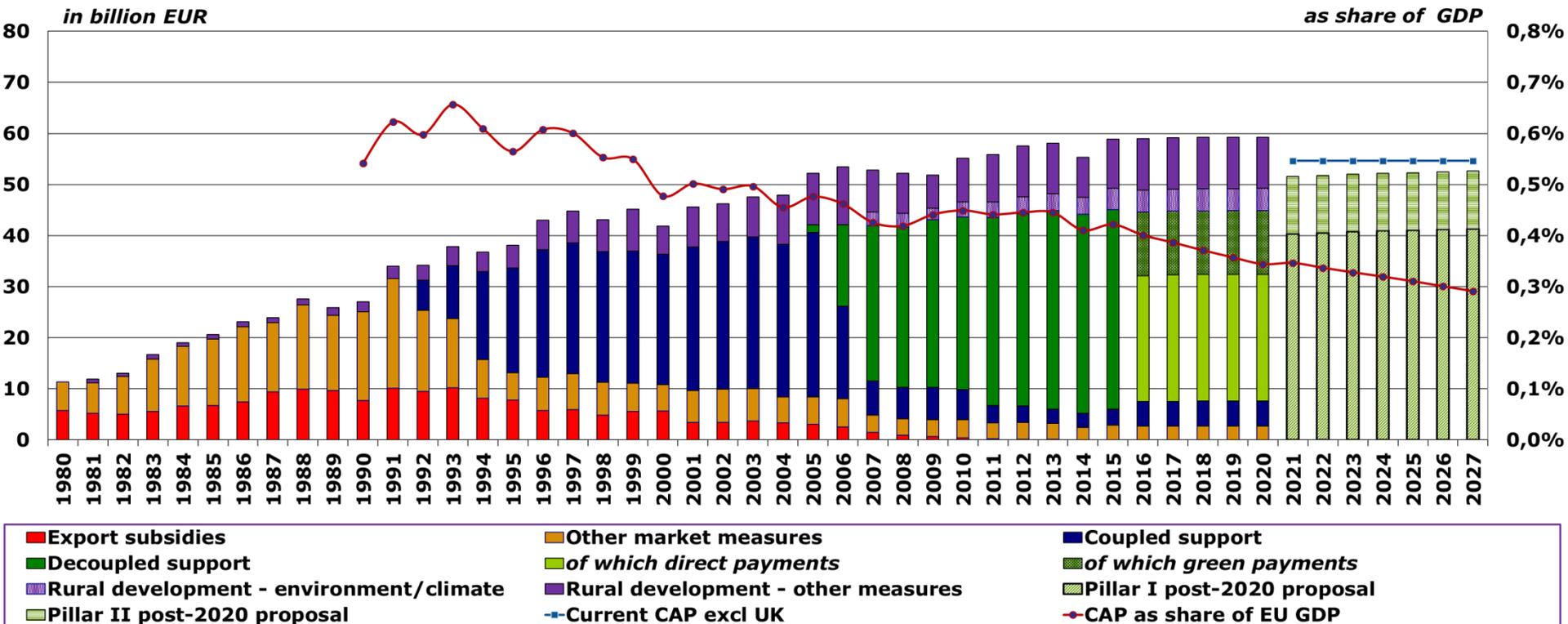
Top world agri-food exporters (billion EUR)



Top world agri-food importers (billion EUR)



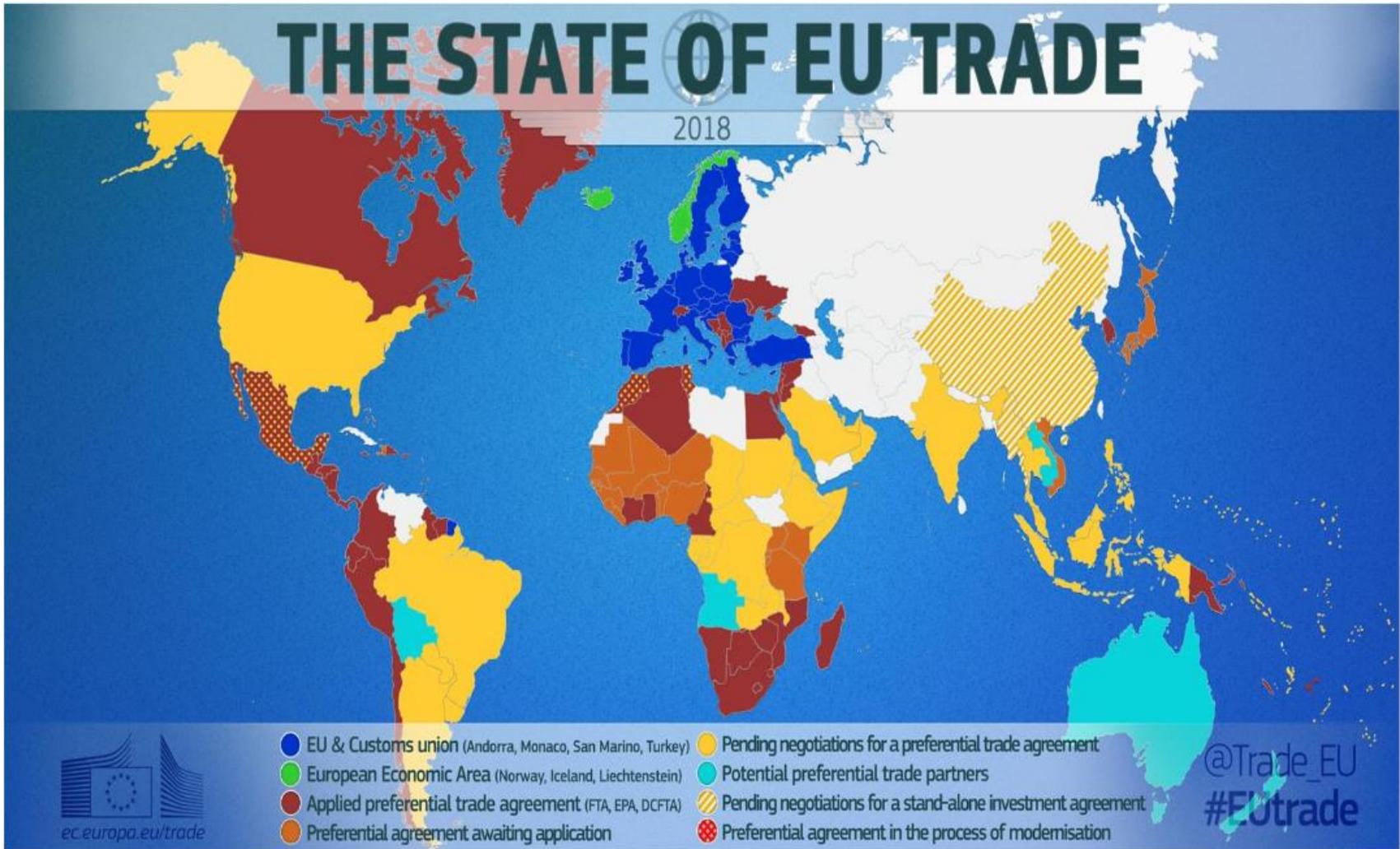
# Supported by CAP evolution



# Supported by EU trade policy

## THE STATE OF EU TRADE

2018



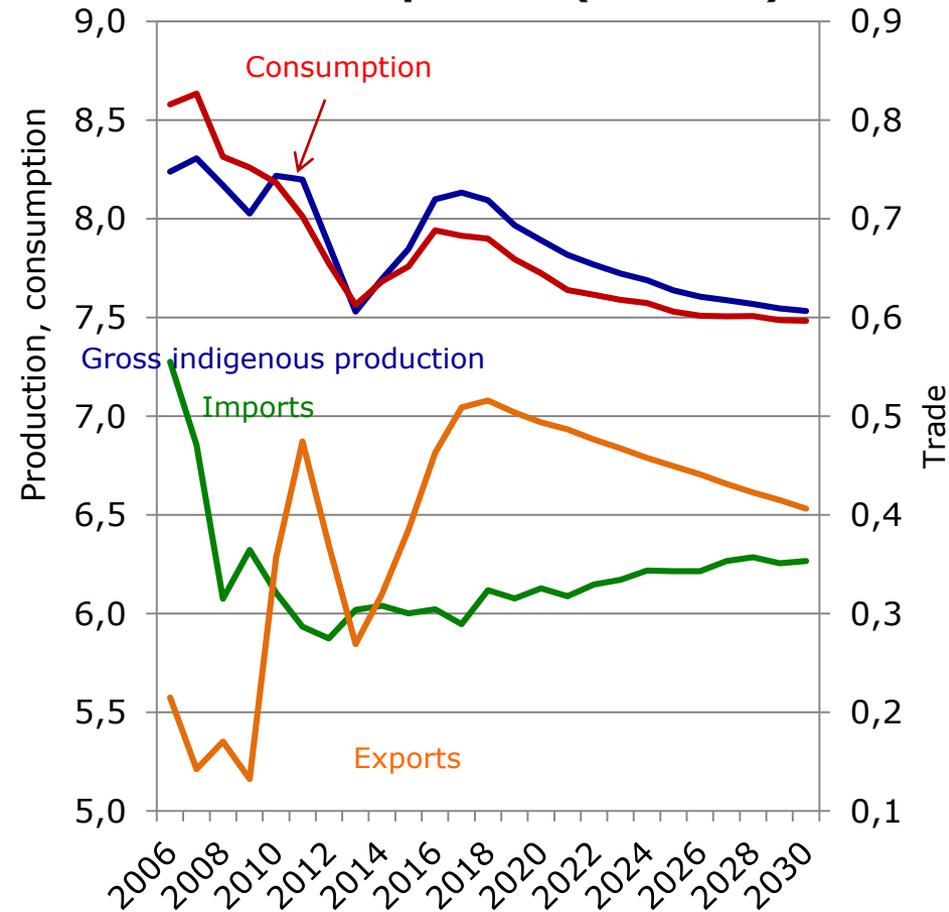
- EU & Customs union (Andorra, Monaco, San Marino, Turkey)
- European Economic Area (Norway, Iceland, Liechtenstein)
- Applied preferential trade agreement (FTA, EPA, DCFTA)
- Pending negotiations for a preferential trade agreement
- Potential preferential trade partners
- Pending negotiations for a stand-alone investment agreement
- Preferential agreement awaiting application
- Preferential agreement in the process of modernisation

@Trade\_EU  
#EUtrade

# Focus the beef market

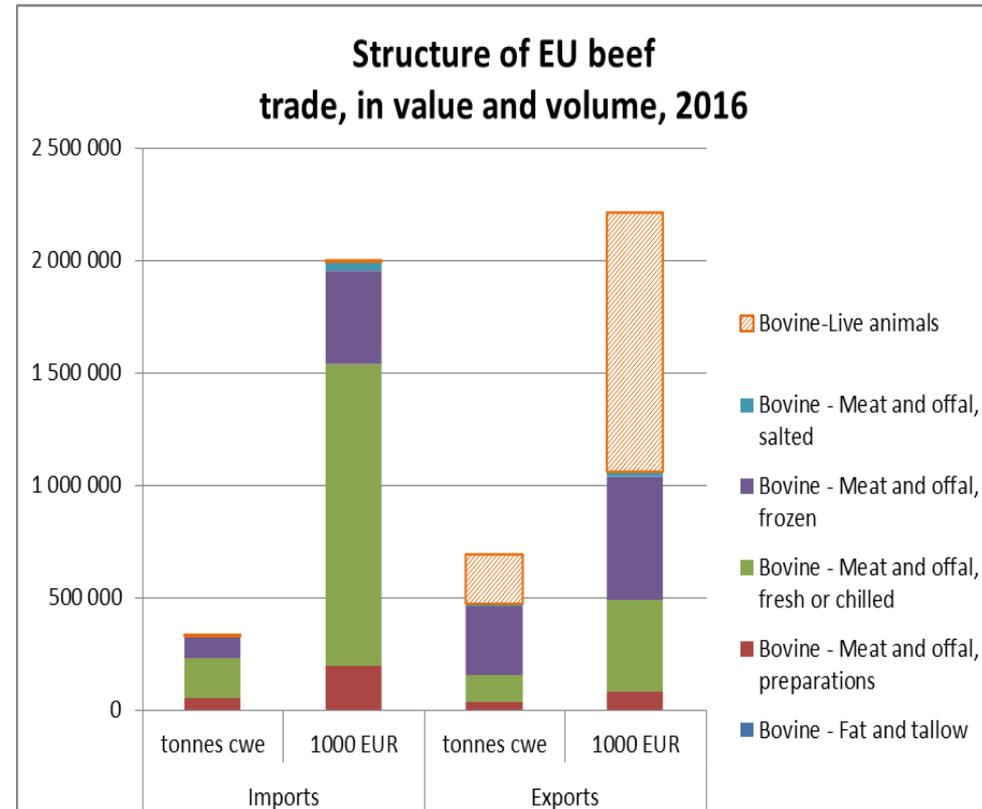
- *Recent years*
  - **Increased consumption and production from historic low => dairy market**
  - **Stable imports, strong export increases**
- *Long term trend*
  - **Decline in EU beef consumption**
  - **Decline in EU beef production**
  - **Increasing exports**

**EU beef meat market developments (million t)**



# 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.*



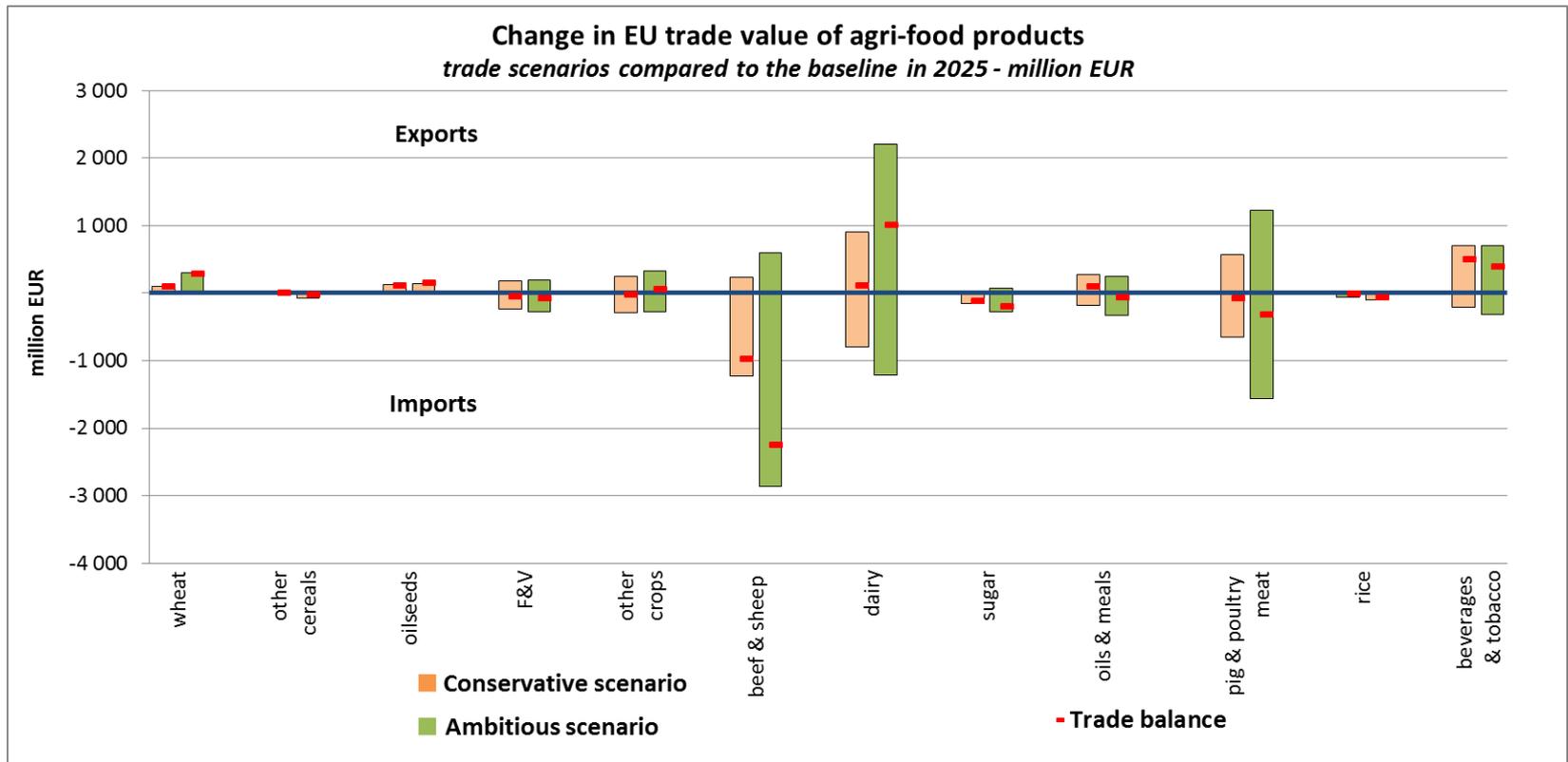
# Impact analysis crucial

- *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**

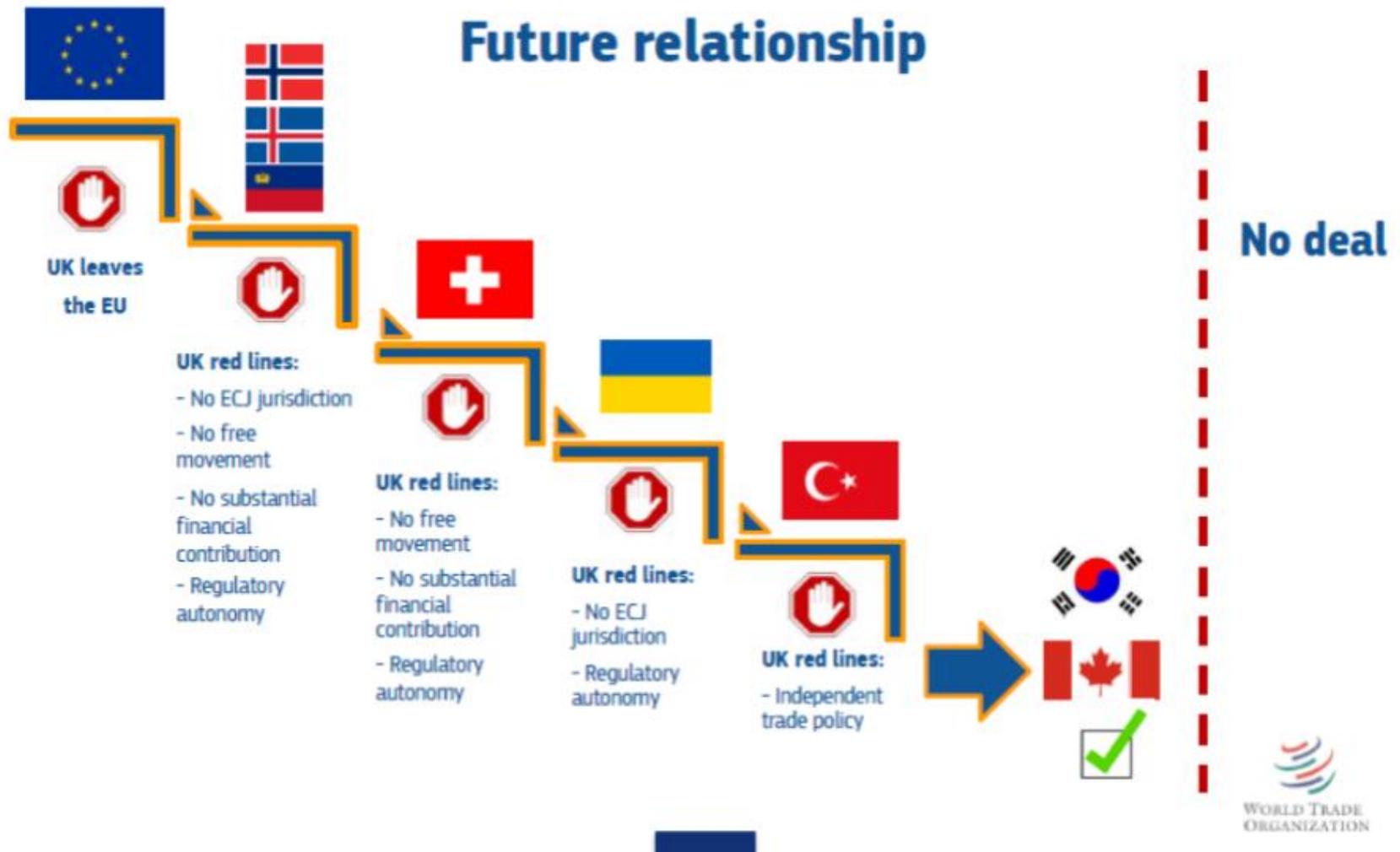


Level playing field needed

# 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*

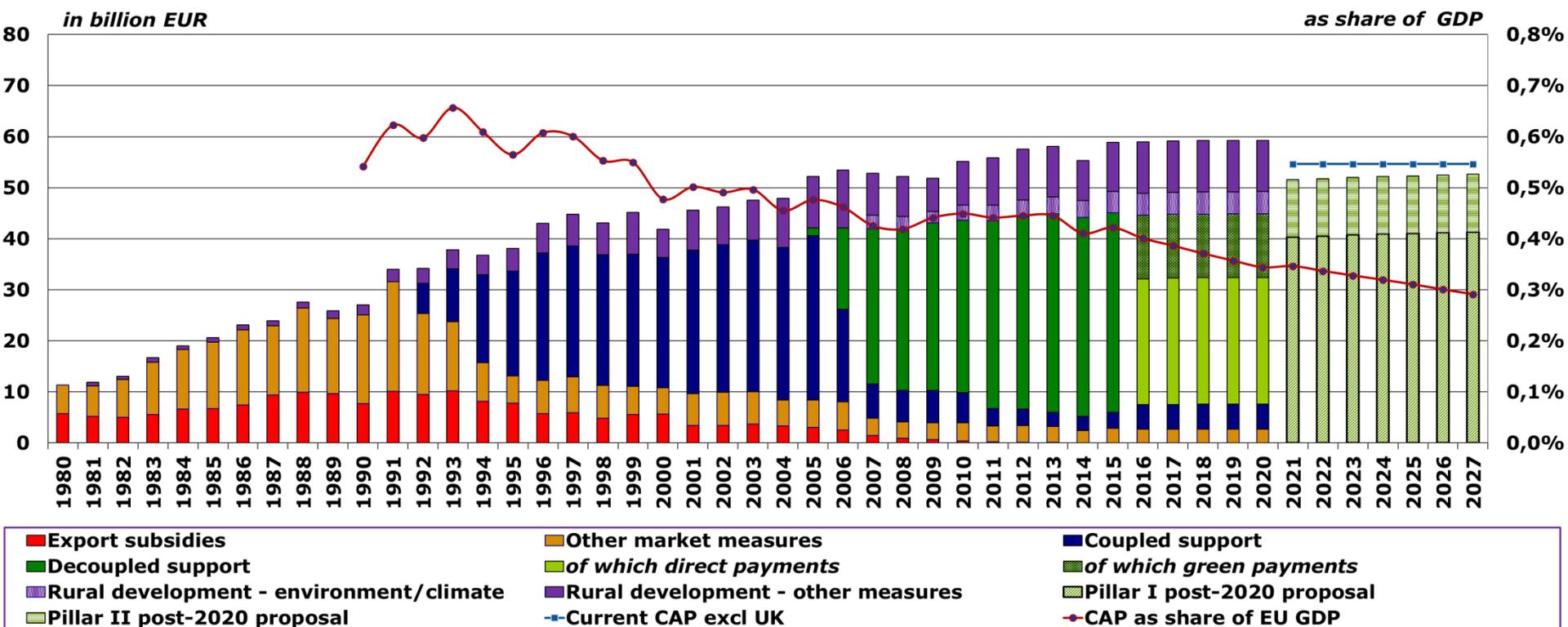
# Big elephant in the room: Brexit



# 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)**

# Supported by CAP evolution



# Need for a resilient beef sector

- *Strengthening position in the HVC sector*



- *Find remuneration for the whole carcass*



European  
Commission



# Thank you for your attention



*Koen DILLEN*

*AGRI.A – Global issues and relations with ACP  
European Commission*



Agriculture  
and Rural  
Development

#FutureofCAP