



EUROPEAN PARLIAMENT

2009 - 2014

Plenary sitting

A7-0030/2011

8.2.2011

REPORT

on EU agriculture and international trade
(2010/2110(INI))

Committee on Agriculture and Rural Development

Rapporteur: Georgios Papastamkos

Rapporteur for the opinion (*):
Godelieve Quisthoudt-Rowohl, Committee on International Trade

(*) Associated committee – Rule 50 of the Rules of Procedure

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
EXPLANATORY STATEMENT	16
OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE (*)	19
OPINION OF THE COMMITTEE ON DEVELOPMENT	23
RESULT OF FINAL VOTE IN COMMITTEE.....	26
(*) Associated committee - Rule 50 of the Rules of Procedure	

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on EU agriculture and international trade (2010/2110(INI))

The European Parliament,

- having regard to Part Three, Title III and Part Five, Titles II and V of the Treaty on the Functioning of the European Union (TFEU),
- having regard to the principles relating to the welfare requirements of animals laid down in Article 13 of the TFEU,
- having regard to the WTO agreements, and in particular to the Agreement on Agriculture which was negotiated during the Uruguay Round and entered into force on 1 January 1995,
- having regard to the Declaration adopted at the fourth Ministerial Conference held in Doha from 9 to 14 November 2001, to the Decision adopted by the WTO General Council on 1 August 2004 and to the Declaration adopted at the sixth Ministerial Conference held in Hong Kong from 13 to 18 December 2005,
- having regard to its resolution of 4 April 2006 on the assessment of the Doha Round following the WTO Ministerial Conference in Hong Kong¹,
- having regard to the revised draft modalities for agriculture circulated on 6 December 2008 by the WTO chairperson of the agriculture negotiations,
- having regard to the Memorandum of Understanding of 15 May 2009 between the United States of America and the European Commission regarding the importation of beef from animals not treated with certain growth-promoting hormones and increased duties applied by the United States to certain products of the European Communities,
- having regard to the mutually agreed solution reached on 15 July 2009 between Canada and the European Union to the dispute entitled ‘European Communities – Measures Affecting the Approval and Marketing of Biotech Products’,
- having regard to the agreement initialled on 15 December 2009 between the EU and Latin American countries setting the conditions for the final settlement of pending disputes on the EU import regime for bananas (Geneva Agreement),
- having regard to its resolution of 16 December 2009 on the prospects for the Doha Development Agenda (DDA) following the Seventh WTO Ministerial Conference²,
- having regard to the conclusion, on 17 December 2009, of the negotiations between the EU and Morocco on an agreement concerning liberalisation measures on agricultural and

¹ OJ C 293E , 2.12.2006, p. 155.

² Texts adopted, P7_TA(2009)0110.

fisheries products,

- having regard to the conclusion, on 1 March 2010, of the negotiations between the EU, Peru and Colombia on the signing of a Multi-Party Agreement,
- having regard to the mutually agreed solution reached on 18 March 2010 between the Argentine Republic and the European Union to the dispute entitled ‘European Communities - Measures Affecting the Approval and Marketing of Biotech Products’,
- having regard to its resolution of 25 March 2010 on ‘Agricultural product quality policy: what strategy to follow?’¹,
- having regard to the conclusion, on 19 May 2010, of the negotiations between the EU and Central America on the trade pillar of the Association Agreement,
- having regard to its resolution of 8 July 2010 on the future of the Common Agricultural Policy after 2013²,
- having regard to the Free Trade Agreement between the EU and South Korea signed on 6 October 2010,
- having regard to the ongoing negotiations between the EU and Mercosur towards an Association Agreement,
- having regard to the ongoing negotiations between the EU and Canada towards a Comprehensive Economic and Trade Agreement,
- having regard to the ongoing negotiations between the EU and India towards a Free Trade Agreement,
- having regard to the ongoing negotiations between the EU and Ukraine towards an Association Agreement,
- having regard to its study entitled ‘Stocktake of the WTO Agricultural Negotiations after the Failure of the 2008 Talks’, of June 2009,
- having regard to the guide entitled ‘Geographical Indications and TRIPs: 10 Years Later. A roadmap for EU GI holders to get protection in other WTO Members’, which was commissioned by the Commission,
- having regard to the Commission proposal of 15 September 2010 for a regulation of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories (COM (2010)0484),
- having regard to the issue of the liberalisation of duties for Pakistan, as provided for in Article 1 of the proposal for a regulation of the European Parliament and of the Council introducing emergency autonomous trade preferences for Pakistan (COM(2010)0552),

¹ Texts adopted, P7_TA-PROV(2010)0088.

² Texts adopted, P7_TA-PROV(2010)0286.

- having regard to the UN Millennium Development Goals,
 - having regard to Article 208 of the Treaty on the Functioning of the European Union,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development and the opinions of the Committee on International Trade and the Committee on Development (A7-0030/2011),
- A. whereas the EU remains by far the largest importer of agricultural goods in the world, with imports having almost doubled in value over the past decade and now accounting for nearly 20% of world imports,
 - B. whereas the EU's share of global agricultural exports is declining as a result of the faster growth of other key agricultural trading partners; whereas final products accounted for 68% of the value of EU exports in 2007-2009, while intermediate products and commodities represented 23% and 9% respectively; whereas, furthermore, world market prices are a factor in the difficulties the EU is experiencing in exporting its products, given that, in general, prices are low and the Union has higher production costs,
 - C. whereas the EU agricultural trade deficit reached a record high of €7 billion in 2008; whereas the EU's trade deficit with Mercosur, for example, has more than doubled since 2000 and EU imports of agricultural products from Mercosur are now worth €19 billion worth, as against €1 billion worth of exports,
 - D. whereas the EU is the world's largest importer of agricultural goods from developing countries, importing more than the US, Japan, Canada, Australia and New Zealand combined; whereas around 71% of the EU's total agricultural imports originate from developing countries, as a result of the Everything but Arms (EBA) initiative for least developed countries (LDCs), the generalised system of preferences (GSP), and the Economic Partnership Agreements (EPAs),
 - E. whereas the 2008 WTO draft modalities on agriculture would require even greater concessions from the EU than those set out in the already substantial offer made by the EU in October 2005,
 - F. whereas the application of policy coherence for development (PCD) to agriculture and trade will also impact on the fulfilment of Millennium Development Goals 1 (eradication of extreme poverty and hunger) and 8 (global partnership for development), including through provisions for fairer trade rules and market access,
 - G. whereas the EU has already drastically reduced its trade-distorting domestic support, unlike key trading partners, in particular the US, which maintained and in some cases strengthened its instruments under the 2008 Farm Bill,
 - H. whereas the EU has unilaterally made a substantial reduction in its export refunds, with their share of the CAP budget falling from 29.5 % in 1993 to only 1.2 % in 2009, and with the proportion of the value of agricultural exports for which export refunds are paid falling

from 25% in 1992 to only 0.9% in 2009; whereas some key trading partners are continuing to make considerable use of other forms of export incentives,

- I. whereas, in the framework of the ‘beef hormones’ dispute, the US is continuing to impose sanctions on the EU and had even announced that they will be rotated to cover other EU agricultural products, in order to increase their impact (‘carousel’ legislation); whereas under the Memorandum of Understanding (MoU) the EU grants a zero-duty import tariff quota of 20 000 tons of beef,
- J. whereas the US has challenged, within the WTO, the EU rules governing the hygiene and marketing of poultry,
- K. whereas a mutually agreed solution was reached with Canada and Argentina on the ‘GMOs dispute’; whereas the US has made a general retaliation request,
- L. whereas the ruling of the WTO panel on sugar was one of the main drivers of the 2006 EU sugar reform and is still having a major impact on trade in sugar; whereas the common market organisation for sugar respects all EU trade commitments; whereas in the space of three years the EU has changed from being the second largest exporter of sugar to the second largest net importer, mainly for the benefit of developing countries (LDCs and ACP countries),
- M. whereas the 2006 sugar reform has achieved the objectives of increasing competitiveness, reducing sugar prices and decreasing the sugar production quota by about 30%; whereas, however, it has led to the closure of 83 factories out of a total of 189 in the EU-27, the loss of over 16 500 direct jobs in rural areas, and the end of sugar beet cultivation for around 140 000 farmers,
- N. whereas the world sugar market is one of the most volatile agricultural commodity markets and is dominated by one country (Brazil); whereas EU sugar production provides a reliable supply to the world market and ensures a regular internal supply of high quality and sustainable products for European users,
- O. whereas the EU is promoting sustainable production of renewable energy, through requirements to be applied by the end of 2010; whereas the EU already imports more than 25% of its fuel bioethanol consumption, not including bioethanol imported in the form of mixtures with the aim of circumventing import duties; whereas the Commission needs to ensure that there is a balance between internal bioethanol production and imports, in accordance with Article 23(5)(a) of the Renewable Energy Directive (Directive 2009/28/EC¹),
- P. whereas the 4th Session of the Conference of the Parties to the WHO's Framework Convention on Tobacco Control will be held in November 2010; whereas a public consultation has been launched on the possible revision of the Tobacco Products Directive (Directive 2001/37/EC²); whereas several WTO members have raised the issue of the conformity with the TBT Agreement of Canadian Bill C-32, which effectively involves

¹ *OJ L 140, 5.6.2009, p.16*

² *OJ L 194, 18.7.2001, p. 26*

the banning of all traditional blended tobacco products except those using solely Virginia tobacco, the only variety produced in Canada and used in the manufacturing of Canadian tobacco products,

- Q. whereas the EU must strike a balance in international trade agreements between market liberalisation and protection for economic sectors and the rights of workers and consumers,
- R. whereas EU trade agreements with third countries must safeguard EU sectors that are experiencing difficulties – in particular the fruit and vegetables, livestock and cereals sectors, in which incomes have fallen substantially – and, at the same time, offer them genuine export opportunities,
- S. whereas local small farmers, who make a significant contribution to food security in their regions, must not be adversely affected by the EU's conclusion of international trade agreements,
- T. whereas the EU must aim to secure better monitoring of human rights and social and environmental standards when concluding international trade agreements,
- U. whereas Parliament's consent is required for the conclusion of trade agreements negotiated by the Commission,

Consistency between EU agricultural and common commercial policies

1. Considers that the EU agricultural sector has a clear added value for the European economy and a strategic role to play in the EU 2020 strategy towards tackling the economic, social and environmental challenges that the EU is facing; underlines the need to ensure policy coherence between the EU's agricultural, trade and development policies;
2. Stresses that external trade policy must not jeopardise the EU's ability to maintain a strong agricultural sector and to ensure food security against a background of increased market volatility; calls on the Commission to defend, in all fora, and in the WTO in particular, the multifunctional role of EU agriculture, including the vital role it plays in providing employment and in sustaining the vitality of rural areas, and the European agri-food model, which is a strategic component of Europe's economy;
3. Condemns the Commission's approach, which far too often makes concessions on agriculture in order to obtain enhanced market access in third countries for industrial products and services; calls on the Commission to stop putting agricultural interests behind the interests of the industrial and services sector;
4. Calls on the Commission to propose an approach that strikes a balance between domestic production and imports, taking into account, for each agricultural sector, the development of multilateral and bilateral trade negotiations, as well as EU environmental, social, animal welfare and safety standards and respect for human rights;
5. Stresses that, in relation to the agricultural sector, the Commission must conduct impact assessments which must be made public before the commencement of negotiations and

proposed updates to take account of new positions arising in the negotiations; emphasises the need for a proper and transparent process for consulting all interested parties, particularly in Parliament and the Commission; recalls that a domestic advisory council was included in the Free Trade Agreement between the EU and South Korea and notes that this could be a precedent for the involvement of interested parties and stakeholders in future trade agreements;

6. Underlines that impact assessments must look at the specificities of each commodity, such as the beef market, taking market segmentation into account; highlights the fact that previous impact assessments have provided only global figures; urges the Commission therefore to provide detailed impact assessments taking into account the effects on specific segments of the market arising from the opening up of EU agricultural markets to the Mercosur trade bloc;
7. Takes the view that decisions to further open up the EU market to imports of agricultural goods should not be taken without ensuring that EU farmers can be compensated for their losses;
8. Underlines the fact that financial compensation cannot offset the negative impacts of the discontinuation of EU agricultural production, which guarantees food safety and quality and is essential for the prosperity of EU rural areas and the protection of rural landscapes against the threat of land abandonment and rural depopulation; emphasises, therefore, the need to maintain the conditions necessary for EU farmers to remain viable and receive a fair income in all Member States, thus clearing the way for the revitalisation of farming in Europe, in the light of the key role played by the CAP in the EU setup;
9. Recalls that EU producers are obliged to meet the highest standards in terms of quality, product hygiene, sustainable production methods, plant health, animal health and welfare, traceability, pesticide residue control, veterinary medicine and additives;
10. Is adamant that third-country production methods for export to the EU must provide European consumers with the same guarantees in terms of health, food safety, animal welfare, sustainable development and minimum social standards as those required of EU producers; underlines that this is the only way to ensure that EU producers can compete on a level playing field with third countries, and insists on the need for tighter import controls at borders and for checks on production and marketing conditions carried out by the Food and Veterinary Office in countries exporting to the EU to be stepped up, so that compliance with EU standards is guaranteed;
11. Stresses the need, in relation to imports, for strict compliance with origin rules and mechanisms for the prevention of triangular trade;
12. Urges the Commission proactively to promote the EU's offensive agricultural interests and to make it easier for EU products to gain access to third-country markets, given the vast export and world market stabilisation potential of the EU's high quality agri-food products; underlines, *inter alia*, the need to step up promotion programmes, including through an increase in the percentage of EU cofinancing; notes that these measures are WTO-compatible, falling as they do into the 'green box';

13. Notes that the outermost regions (ORs) are an integral part of the EU and that trade agreements apply in their entirety to such regions; stresses that lower customs tariffs pose a threat to the fragile economies of ORs, which are based mainly on farming and produce goods similar to those produced by, among others, Latin American partner countries; points out that, under Article 349 of the TFEU, EU policies may be tailored to the specific geographical and economic circumstances of such regions; calls accordingly on the Commission to take account, during negotiations, of the specific situation of ORs, so as to ensure that their development is not undermined;

Agriculture in the multilateral trading system

Doha Development Agenda (DDA)

14. Considers that, in a bid to secure a successful outcome to the DDA, the EU made an extremely generous offer on agriculture, which cannot be increased, but this has not, to date, been reciprocated by an equivalent level of ambition from other developed and advanced developing countries;
15. Recalls that the 2003 CAP reform and the 2008 'Health Check' have demonstrated the seriousness of the EU's reform commitments by anticipating the likely results of the Doha round, while equivalent concessions are still expected from the EU's trading partners;
16. Calls on the Commission to comply strictly with its negotiating mandate from the Council, which sets the most recent reform of the CAP as the limit of its action, provided that equivalent concessions are obtained from its trading partners; asks it to refrain from making any proposals that would predetermine the decisions to be made on the future of the CAP post-2013;
17. Emphasises the role of non-trade concerns (NTC) in the Doha Development Agenda; takes the view that, in the agriculture sector negotiations, a balance needs to be struck between the economic dimension of trade and non-economic values, such as social values, environmental concerns, human health and animal health and welfare;
18. Deplores the absence of progress on the establishment of a multilateral register for wines and spirits as well as on the extension of the protection of geographical indications to all agricultural products; recalls that these elements are *sine qua non* for a balanced outcome to the agricultural negotiations; emphasises the need for the principles underpinning the EU's agricultural product quality policy to be promoted more widely at multilateral and bilateral level;
19. Recalls that the EU has already significantly reduced its trade-distorting domestic support and asks for firm commitments to do the same from other trading partners;
20. Recalls the commitment made by the WTO members during the 2005 Hong Kong Ministerial Conference to achieving the elimination of all forms of export subsidies in full parallelism with the imposition of disciplines on all export measures with equivalent effect, notably export credits, agricultural state trading enterprises and the regulation of food aid;

21. Considers that the general reduction in customs tariffs should be assessed in the light of the EU offer concerning the domestic support and export competition pillars, and should depend on the possibility of keeping the Special Safeguard clause, on a specific exemption from tariff simplification disciplines and on adequate flexibility in the formula for tariff cuts and in the designation of sensitive products; is of the opinion that the proposed mechanism for designating sensitive products is fatally undermined by the obligation to achieve a significant tariff quota expansion;
22. Stresses the need for the 'single undertaking' principle to be upheld in the WTO's DDA negotiations; points out that, for some time now, there has been a tendency for the negotiations to focus on a limited range of negotiating areas, including agriculture, in which the EU has major defensive interests, with relatively less progress being made in other negotiating areas, and this is threatening to undermine the EU's negotiating position; points out, in addition, that this is making it difficult to take stock of the Round as a whole;
23. Reaffirms that developing countries should legitimately be allowed to enact policies which create domestic added value;
24. Stresses that the volatility of prices has aggravated malnutrition problems worldwide, as the FAO observes, and that greater liberalisation of world trade in agricultural products, which has been encouraged by WTO agreements, has not so far made it possible to curb the threat of hunger in the world; stresses that the EU also has a duty to contribute to world food security;

WTO dispute settlement

25. Notes the fact that the agreement on trade in bananas settles 20 years of the most technically complex, politically sensitive and significant WTO-dispute, constitutes an important step towards the consolidation of a rule-based multilateral trading system, and at the same time could make a decisive contribution to the resolution of issues relating to tropical products and preferences in WTO negotiations;
26. Calls on the Commission to ensure that the settlement of the 'beef hormones' dispute will allow for the suspension of the sanctions on EU products, while guaranteeing that beef imports to the EU will be in line with EU requirements;
27. Considers, with regard to the 'chlorinated poultry' dispute, that the importation of such products into the EU would be contrary to the public demand in the EU for safe products and to the principles underpinning the European food model;
28. Asks the Commission vigorously to defend the EU regime for authorising and marketing GMOs against challenges in the WTO;

Agriculture in plurilateral, inter-regional and bilateral trade relations

29. Believes that the conclusion of multilateral negotiations is a priority to be pursued by the EU; believes that bilateral trade agreements must complement multilateral processes in the form of respect for equal working conditions, common environmental rules and food

safety standards already in force in the European Union and avoid the fostering solely of sustainable development programmes; recalls that the EU has substantial offensive interests in agriculture, in particular as regards high- quality processed products; believes that bilateral trade agreements with major trade partners can successfully promote the export interests of the EU agro-food industry, providing substantial economic benefits;

30. Calls for agricultural imports into the EU to provide European consumers with the same guarantees in terms of consumer protection, animal welfare, environmental protection and minimum social standards as those provided by European production methods, and draws attention to Parliament's firm position on this matter; calls on the Commission to include clauses in bilateral trade agreements that oblige third countries to comply with the same sanitary and phytosanitary conditions that are imposed on European producers; considers that such agreements must provide at least for compliance with international obligations and standards;
31. Stresses that in order to avoid 'paying twice' – first at bilateral and then at multilateral level – the concept of a 'single pocket agreement' must be supported, under which concessions in bilateral agreements will be linked to the final outcome of the Doha negotiations;
32. Emphasises the importance of strict implementation of the preferential rules of origin; calls for a review of all trade preferences given to emerging countries which are members of the G-20 by the European Union;
33. Takes the view that curbs should be put in place to prevent irregular practices in agri-food trade, such as triangular trade, when a country exports its production to the EU, taking advantage of EU market access preferences, and then meets its own needs by importing the products from abroad; considers that, in order to prevent such irregularities, EU market access concessions offered by the EU in trade agreements concluded with third countries should not exceed the actual production and export capabilities of the countries concerned;
34. Calls on the Commission strongly to defend the inclusion of geographical indications (GIs) as an essential part of the Anti-Counterfeiting Trade Agreement (ACTA); regrets that, in the framework of recently concluded or ongoing trade negotiations, only a 'short list' of EU GIs is to be protected by our trading partners; points out that, in line with the Global Europe strategy, bilateral agreements must secure enhanced international protection for geographical indications through WTO+ provisions; emphasises the need for a proper and transparent process for consulting all interested parties, particularly in Parliament and the Commission;
35. Recalls that the Free Trade Agreement with South Korea allowed significant numbers of GIs to be recognised; calls for further efforts to be made to provide for this in future trade agreements; notes that the protection and recognition of GIs in third countries is potentially of great value to the EU's agri-food sector;
36. Notes that, according to the Commission, the EU-South Korea Free Trade Agreement (FTA) would relieve EU exporters of the burden of €380 million in duties annually, by eliminating duties on 99% of EU agricultural exports;

37. Asks the Commission to ensure that trade agreements do not undermine the EU system of entry prices for fruit and vegetables, while maintaining the current import schedules; urges the Commission, nevertheless, to make the changes necessary to improve the system's functioning as soon as possible;
38. Stresses, in particular, that the complex system of entry prices that applies to tomato imports from Morocco is causing problems; calls, therefore, on the Commission to make the relevant changes without delay;
39. Expresses its strong concern about the EU-Morocco agreement; points out that, while European markets have opened up almost completely to imports from Morocco, some agricultural products are still subject to quotas on exports from the EU, including important products such as pomaceous fruits;
40. Regrets that, in the negotiations on the agricultural chapter of the association agreement with Morocco, no guarantees were given in respect of compliance with the preferential import quotas or the entry prices applying to Moroccan exports;
41. Calls on the Commission to abide by its commitments regarding the EU sugar sector and to end systematic concessions on sugar in bilateral and multilateral trade negotiations; notes in this context the initiatives of the sugar sector, which have increased its competitiveness while improving its environmental sustainability and contributing to the EU development agenda via the preferences granted to ACP countries and LDCs;
42. Points out that any additional bilateral EU sugar market access concessions granted to third countries (for example Latin American countries and Ukraine) will be destabilising for the EU sugar market and will cause preference erosion for LDCs and ACP countries; is all the more concerned by the fact that such concessions, when granted to net importing countries, encourage swap mechanisms; calls on the Commission to continue to exclude sugar and sugar-derived products, including ethanol, from the scope of bilateral negotiations;
43. Deplores the recent Commission proposal to grant Pakistan a zero-duty tariff rate quota for exporting to the EU 100 000 tonnes of ethanol per year for a period of three years; stresses that this proposal, contrary to its declared intentions, would not provide direct and immediate assistance to the Pakistani people suffering from the monsoon rains; considers also that this proposal is detrimental to the nascent and sensitive EU renewable energy industry and is therefore not consistent with the EU climate change, energy and rural development policies, nor with the EU multilateral trade negotiations;
44. Calls on the Commission to guard against the circumvention of import duties on ethanol, since growing quantities of ethanol are now entering the EU in the form of mixtures with a very low import duty;
45. Calls on the Commission to ensure that there are symmetrical tariff concessions in free trade area agreements concluded by the EU with countries with significant agricultural production and export capabilities, e.g. Mercosur;
46. Notes the resumption of negotiations on the EU-Mercosur Association Agreement – an

agreement of the utmost importance, which would affect 700 million people and would be the world's most ambitious bi-regional agreement – and therefore stresses that the European Parliament should be closely involved at all stages of the negotiations;

47. Considers it unacceptable that the Commission resumed negotiations with Mercosur without making publicly available a detailed impact assessment and without engaging in a proper political debate with the Council and Parliament; calls for a study into the impact of these negotiations on European agricultural sectors and regions to be produced and discussed before any tariff proposals are exchanged between the EU and Mercosur; points out that, given the agricultural implications of the negotiations, a link with the Doha Round must necessarily be established; calls accordingly on the Commission not to conclude the negotiations with Mercosur until the WTO round has been brought to a close, as stipulated in its mandate; calls on the Commission to keep the Council and Parliament duly informed of developments in the negotiations with Mercosur and in future to inform Council and Parliament before such trade negotiations commence;
48. Is deeply concerned about the impacts on the EU agricultural sector as a whole of a possible association agreement with Mercosur, given the request made by Mercosur in March 2006 for access to the EU agricultural market, which went considerably further than the already substantial offer made by the EU in 2004; considers it is necessary, therefore, to review the concessions so as to protect our farmers' interests;
49. Considers that the position of the new Member States has not been taken into account in the negotiations between the EU and Mercosur, based on the mandate agreed by the Council in 1999; requests therefore that the Commission suspend the negotiations until a new mandate taking into account the position of the new Member States has been adopted;
50. Notes that farm businesses in Mercosur countries have much lower production costs, including land, labour and other capital costs, and that Mercosur producers do not have to meet the same standards as EU producers, with regard to the environment, animal welfare, food safety and phytosanitary measures; emphasises that a balanced outcome for both parties must be achieved by making sure that the negotiations take full account of consequences and impacts, in particular on environmental and social challenges; calls on the Commission to carry out an impact assessment on the consequences of such an agreement for the agricultural sector;
51. Is of the opinion that the level of market integration in the Mercosur customs union is currently insufficient to guarantee an adequate circulation of imported goods within the region; takes the view that an agreement would not yield any real dividends in the absence of provisions ensuring full and effective circulation of goods within the Mercosur area;
52. Regrets the tariff concessions recently granted by the Commission to the countries that export bananas to the EU; calls for a review of the aid received by European producers under aid programmes for the outermost regions (POSEI) in order to compensate these producers for the effects that this cut in tariffs will have on prices in the EU market; believes that the interests of Community producers and ACP producers must be taken into consideration in similar future negotiations, so that these sectors, which provide numerous jobs, are not weakened;

53. Underlines the fact that a series of reports from the Food and Veterinary Office highlights the ongoing failure of Brazilian beef to meet EU producer and consumer standards on food safety, animal identification and traceability, animal health and disease controls;
54. Urges the Commission to study the various reports published by the Brazilian National Health Surveillance Agency (Anvisa) on the widespread use in Brazil of pesticides that are banned in the EU and most other parts of the world, which highlight the grave health risks stemming from this practice;
55. Expresses its strong concern about the policy that Argentina is implementing, in violation of its WTO obligations, with a view to restricting imports of food products competing with domestic production; points out that those measures come on top of the Argentine non-automatic import licensing system, which is already having an adverse impact on EU exports; calls on the Commission to take all necessary action to ensure that those measures, which go against the spirit of negotiating an EU-Mercosur agreement, are effectively discontinued;
56. Is concerned about concessions made on fruit and vegetables within the Euro-Mediterranean agreements; maintains, in this connection, that the complementarity between the growing seasons in southern and northern Mediterranean countries should continue to be a guiding factor in the liberalisation of agricultural trade within the Union for the Mediterranean;
57. Stresses that, while tobacco products must be governed by a strict regulatory framework, the regulation of ingredients in tobacco products at EU and international level must follow a proportionate, risk-based approach reflecting scientific evidence; warns against any non-science-based ban on any ingredient, which would effectively lead to the banning of European traditional blended tobacco products, as this would have severe socio-economic repercussions for EU tobacco growers (of oriental and burley varieties) without yielding any public health benefits;
58. Calls on the Commission, in negotiations on EU trade agreements, including those with Canada and Ukraine, to take account of the interests of EU citizens, to maintain openness and to inform Parliament regularly about the progress of the negotiations; regrets that the Commission has not yet informed Parliament about the negotiations for a free trade agreement between the EU and Canada, even though these negotiations commenced in October 2009; calls on the Commission to provide Parliament and the committees responsible with detailed information on each further round of negotiations; is also concerned at possible concessions by the Commission in the negotiations, particularly in the areas of the opening up of markets, GMOs, milk, protection of intellectual property and origin labelling, and calls on the Commission not to make any concessions that might have a negative impact on European agriculture;
59. Is concerned at the prospect of concessions on cereals in the negotiations with Ukraine, in view of the fact that Ukrainian production is highly competitive and that Ukraine is already the main user of reduced-tariff cereal quotas (wheat and barley) offered to third countries; calls, therefore, on the Commission to limit its offer in this sector;
60. Reaffirms the importance of agricultural trade for economic development and poverty

alleviation in developing countries; calls on the EU to help ACP countries to adapt to the increasing global competition;

61. Calls on the Commission to take due account of this resolution when drafting and implementing its future trade strategy;

62. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

At a time when the EU is reflecting on the future of its Common Agricultural Policy, ensuring consistency between agricultural and external trade policy becomes all the more crucial.

The CAP constitutes a symbol of European integration, representing one of the highest developed forms of EU supranational decision-making. The successive CAP reforms have taken place in the light of various internal and external pressures. Multilateral trade negotiations and the WTO disciplines on agricultural policies have been a major driving force of CAP reform. The internal EU pressures towards market orientation of the CAP and greater emphasis being placed on other European policies, are equally reflected in the EU's external trade policy, where the Commission's negotiating strategy consists of offering agricultural market opening in exchange for improved market access for European industrial products and services in third country markets.

Agriculture and trade are two intersecting policy agendas. The dynamics of both economic activities influence and, to a great extent, are influenced by regulatory settings at the multilateral, inter-regional, regional, and bilateral level. These regulatory settings are not static; they create hierarchies and evolve through negotiations. Regulatory diversity, divergent commercial interests, trade tensions and disputes reflect the complexity of domestic agricultural policies and international trade.

Since agriculture is not simply an economic activity, but agricultural and food policies are to serve fundamental objectives, such as food security and safety, the principal challenge consists of effectively accommodating trade and non-trade concerns. This accommodation, depending on the level of integration among constituent parts of a legal system (varying from, at the lowest level, complete diversity, through mutual recognition, to uniformity), poses fewer difficulties within the EU than at the multilateral level. In the WTO, negative integration by way of market opening through dismantling of trade barriers, is not sufficiently accompanied by positive integration through regulatory convergence. However, the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) and the Agreement on Technical Barriers to Trade (TBT Agreement) can be considered as a step towards a new regulatory philosophy.

Agriculture was integrated in the WTO framework by the Uruguay Round Agreement on Agriculture (AoA), with the long-term objective to 'establish a fair and market-oriented agricultural trading system' through 'substantial progressive reductions in agricultural support and protection', 'resulting in correcting and preventing restrictions and distortions in world agricultural markets'.

A major difficulty in the Doha Round agricultural negotiations is that they involve groups of countries with very different agricultural models and interests. The non-trade concerns of the EU and other Members with multifunctional agricultural models are not duly taken into account. In the course of these negotiations, the EU has for a long time been -and to a certain extent still is- on the defensive as regards agriculture. However, some observations need to be

made in relation to certain misconceptions, which fail to take into account just how much the CAP has changed since its inception.

The EU is the world's largest importer of farm products from developing countries, importing more agricultural goods than the US, Japan, Canada, Australia and New Zealand combined. Ongoing pressure for further EU market opening comes mainly from competitive agricultural exporters. Granting enhanced market access to these countries not only has a potentially detrimental impact on EU agricultural producers, but also on those developing countries which are most in need, and whose preferential margin will be eroded.

Moreover, the EU has, unlike other key partners, substantially reduced its trade-distorting support, through the decoupling of direct aids from production, and through a general move towards safety-net intervention, leaving it with less effective instruments to cope with increasing market volatility. The EU has equally made a substantial offer to phase out its - already drastically reduced- export subsidies, provided that equivalent disciplines would be imposed on other forms of export incentives, and especially export credits and guarantees (used in particular by the US), agricultural state trading enterprises (used in particular by Australia, New Zealand and Canada), and food aid (used on a wide scale in the US).

In the WTO framework, the EU has also been a 'defendant' in major dispute settlement cases, namely the 'GMOs', the 'Geographical Indications', the 'Beef Hormones' and the 'Chlorinated Poultry' cases. In the 'Beef Hormones' case, despite the legitimacy of the EU public health concern, and the non-discriminatory nature of its measure, it was held that there was no rational relationship between the risk assessment and the means to achieve this purpose.

It has been argued that the 'judicial activism' of the WTO 'judicial organs' in the settlement of certain disputes poses a profound challenge to the legitimacy of the WTO from the perspective of democracy. It should be noted that the dispute settlement mechanism of the WTO is widely considered as the most important systemic outcome of the Uruguay Round, marking a legal paradigm shift introduced by compulsory adjudication and binding outcomes.

The establishment of the WTO has broadened the scope of regulatory issues, which directly affect domestic law and policies, with focus being shifted from barriers that lie 'at the border' to barriers that exist 'within the border'. This shift challenges the scope for WTO Members to exercise legislative authority and set (public health, environmental protection, food security) standards, which are potentially trade restrictive. The WTO Agreements identify the objectives, which may be legitimately pursued by the WTO Members (e.g. Article XX of the GATT, the SPS and the TBT Agreements). According to the SPS Agreement, domestic standards are presumed to be WTO compatible if they are based on international standards (as formulated e.g. in the Codex Alimentarius), while standards set higher than the international level need to be scientifically justified through a risk assessment.

Given the impasse in the multilateral trade negotiations, the EU has pursued the negotiation of bilateral and interregional trade agreements, as complementary and not as a substitute to the multilateral framework. Some may argue that the conclusion of this type of agreements will make trading partners lose their interest in a WTO deal if they obtain the desired access in target markets. They also see a risk in the proliferation of these agreements that will

undermine the multilateral trading system by creating competing trading blocks. Others may take issue with the fact that these agreements offer an opportunity, not currently available in the WTO framework, to negotiate sustainable development and other clauses and subject concessions to respect of social and environmental standards. Preference for bilateral agreements may simply be due to their less complex character and the belief that interests are better served through a selective approach of trading partners. Currently, there is ‘competition’ between the US and the EU as to who will enter first -and under which conditions- key new markets.

There is a clear need for the EU, in the framework of these negotiations, to ensure a more balanced approach among different sectors and to promote both defensive and offensive European agricultural interests. Coherence between the CAP and the EU external trade policy shall ensure the preservation of the European agricultural model, as well as a level playing field for EU producers in the world market.

The multifunctional role of the European agricultural sector can serve as a catalyst for new paradigms, since it delivers public goods of major importance to our societies, whose supply cannot be secured through the market: food security, safety and quality at an affordable price for EU citizens. There is a global increase in food demand against a background of higher production costs, severe volatility in agricultural markets, less land, less water and reduced energy inputs. A strong CAP is also fundamental for the preservation, environmental sustainability and economic development of the EU rural areas against the threat of land abandonment and rural depopulation.

The economic geography of the CAP is interlinked with other societal and policy objectives. The European agricultural sector has a clear added value and a major role to play in the ‘EU 2020’ strategy towards tackling the socio-economic and environmental challenges that EU is facing, both internally and as a leading global player. EU trade policy will play a determinant role in whether agriculture will continue to make a full positive contribution to these objectives. Trade policy should not undermine the dynamic of the EU agricultural sector. To the contrary, trade policy and agricultural policy can and must be mutually supportive.

8.12.2010

OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE (*)

for the Committee on Agriculture and Rural Development

on EU-Agriculture and International Trade
(2010/2110(INI))

Rapporteur (*): Godelieve Quisthoudt-Rowohl

(*) Associated committee - Rule 50 of the Rules of Procedure

SUGGESTIONS

The Committee on International Trade calls on the Committee on Agriculture and Rural Development, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Calls upon the Commission to comply strictly with its negotiating mandate in the WTO, which sets the already completed CAP reform as the limit of its action, provided that equivalent concessions are obtained from its trading partners; recalls the EU commitment to an elimination of export subsidies upon the strict condition that there is a parallel move by its trading partners regarding export subsidies, as well as all export measures with equivalent effect;
2. Recalls that the 2003 CAP reform and the 2008 'Health Check' have demonstrated the seriousness of the EU's reform commitments by anticipating the likely results of the Doha round, while equivalent concessions are still expected from the EU's trading partners;
3. Notes the fact that the agreement on trade in bananas settles twenty years of the most technically complex, politically sensitive and significant WTO-dispute, constitutes an important step towards the consolidation of a rule-based multilateral trading system, and at the same time could make a decisive contribution to the resolution of issues relating to tropical products and preferences in WTO negotiations; believes that the interests of Community producers and ACP producers must be taken into consideration in similar future negotiations, so that these sectors, which provide numerous jobs, are not weakened;
4. Notes that the outermost regions are an integral part of the territory of the European Union

and must be fully covered by the trade agreements; stresses that the fragile economies based on the agriculture sector in these regions and their productions are in competition with products from Latin American producers benefiting from the lowering of customs tariffs; points out that Article 349 TFEU allows for the tailoring of Community policies to the geographical and economic realities of those regions; calls on the Commission to take into account the specific interests of the outermost regions in the negotiations so that the development of those regions is not affected;

5. Calls on the Commission to abide by its commitments regarding the EU sugar sector and to end systematic concessions on sugar in bilateral and multilateral trade negotiations; notices in this context the initiatives of the sugar sector which have increased its competitiveness while improving its environmental sustainability and contributing to the EU development agenda via the preferences granted to ACP and LDCs;
6. Calls upon the Commission to continue, in order to safeguard consumer interests by providing consumers with reliable and relevant product information, to seek more effective protection of geographical indications (GI) in the WTO by extending the higher level of protection currently available for wines and spirits (Article 23 of the TRIPS agreement) to all GIs, and by establishing a system of notification and registration of geographical indications;
7. Calls upon the Commission to maintain an even stronger stance on the inclusion of GIs within the scope of the Anti-Counterfeiting Trade Agreement and in bilateral trade negotiations;
8. Believes that the conclusion of multilateral negotiations is a priority to be pursued by the EU; believes that bilateral trade agreements must complement multilateral processes in the form of respect for equal working conditions, common environmental rules and food safety standards already in force in the European Union and avoid the fostering solely of sustainable development programmes; recalls that the EU has substantial offensive interests in agriculture, in particular as regards high- quality processed products; believes that bilateral trade agreements with major trade partners can successfully promote the export interests of the EU agro-food industry, providing substantial economic benefits;
9. Notes the resumption of negotiations on the EU-Mercosur Association Agreement – an agreement of the utmost importance, which would affect 700 million people and would be the world's most ambitious bi-regional agreement – and therefore stresses that the European Parliament should be closely involved at all stages of the negotiations; emphasises that a balanced outcome for both parties must be achieved by making sure that the negotiations take full account of its consequences and impacts, in particular on environmental and social challenges; calls on the Commission to carry out an impact assessment on the consequences of such an agreement for the agricultural sector;
10. Emphasises that all products marketed within the EU, domestic or imported, must continue to comply with the same stringent food safety requirements; in the case of animal welfare and environmental standards, calls on the Commission to do all it can to promote common understanding with third countries where standards go beyond international recommendations, as well as including provisions for adoption and enforcement of international standards in its bilateral trade agreements;

11. Calls on the Commission to encourage EU trading partners in their ongoing efforts to improve their social and environmental standards so as to prevent a diminution of EU competitiveness in world agricultural production and to achieve consistent and comprehensive standards in these areas;
12. Emphasises the importance of strict implementation of the preferential rules of origin; calls for a review of all trade preferences given to emerging countries which are members of the G-20 by the European Union;
13. Reaffirms the importance of agricultural trade for economic development and poverty alleviation in developing countries; calls upon the EU to help ACP countries to adapt to the increasing global competition;
14. Underlines the need for trade policy to play a role in tackling food security and food sovereignty challenges; calls for reinforced surveillance of the effects of agro-fuel schemes on food security and coordination of export restriction measures to prevent the aggravation of any future food crisis;
15. Is concerned at the prospect of concessions on cereals in the negotiations with Ukraine, in view of the fact that Ukrainian production is highly competitive and that Ukraine is already the main user of reduced-tariff cereal quotas (wheat and barley) offered to third countries; calls, therefore, on the Commission to limit its offer in this sector.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	1.12.2010
Result of final vote	+: 21 -: 6 0: 0
Members present for the final vote	William (The Earl of) Dartmouth, Laima Liucija Andrikienė, David Campbell Bannerman, Daniel Caspary, Harlem Désir, Christofer Fjellner, Joe Higgins, Yannick Jadot, Metin Kazak, Bernd Lange, David Martin, Vital Moreira, Godelieve Quisthoudt-Rowohl, Tokia Saïfi, Helmut Scholz, Peter Šťastný, Robert Sturdy, Keith Taylor, Paweł Zalewski
Substitute(s) present for the final vote	George Sabin Cutaş, Ryszard Czarnecki, Małgorzata Handzlik, Salvatore Iacolino, Maria Eleni Koppa, Jörg Leichtfried, Michael Theurer, Jarosław Leszek Wałęsa
Substitute(s) under Rule 187(2) present for the final vote	Giommaria Uggias

9.12.2010

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on Agriculture and Rural Development

on EU agriculture and international trade
(2010/2110(INI))

Rapporteur: Patrizia Toia

SUGGESTIONS

The Committee on Development calls on the Committee on Agriculture and Rural Development, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Points out that Article 208 of the Treaty on the Functioning of the European Union states that: ‘The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries’;
2. Underlines the fact that applying policy coherence for development (PCD) to agriculture and trade will also impact on the fulfilment of Millennium Development Goals 1 (eradication of extreme poverty and hunger) and 8 (global partnership for development), including through provisions for fairer trade rules and market access;
3. Stresses that the volatility of prices has aggravated malnutrition problems worldwide, as the FAO observes, and that greater liberalisation of world trade in agricultural products, which has been encouraged by WTO agreements, has not so far made it possible to curb the threat of hunger in the world; stresses that the EU also has a duty to contribute to world food security;
4. Welcomes the gradual reduction of export subsidies and hopes that the Doha negotiations will soon be concluded;
5. Points out that export subsidies have, in the past, allowed the dumping of cheap EU products in developing countries, distorting competition with local producers and undermining their productive capacity;
6. Reiterates concerns over the EU’s trade strategy (‘Global Europe: competing in the World’) which focuses on competition and market access for EU products and which fails

to provide a pro-development approach; urges the need for more focus on development concerns in the ongoing EPA negotiations;

7. Reaffirms that developing countries should legitimately be allowed to enact policies which create domestic added value; notes that an estimated USD 10 billion would be generated for developing countries by halving the OECD countries' import tariffs on agricultural products; considers that the current EU trade system, which taxes raw materials less than processed goods, is at odds with the industrialisation of developing countries; encourages an ongoing reduction of tariffs on agricultural imports from developing countries in order to promote sustained wealth creation and provide real market-access opportunities for those countries;
8. Urges that a more global perspective be adopted in the discussions on the CAP post-2013, expanding market-access opportunities for developing countries and allowing them to perform competitively in their own national and regional markets;
9. Underlines the need for transparency and accountability in the Commission's conduct of impact assessments and consultation with stakeholders and, in particular, for regular dialogue with Parliament's relevant committees, including the Development Committee.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	9.12.2010
Result of final vote	+: 20 -: 0 0: 0
Members present for the final vote	Ricardo Cortés Lastra, Nirj Deva, Leonidas Donskis, Charles Goerens, Catherine Grèze, Filip Kaczmarek, Franziska Keller, Miguel Angel Martínez Martínez, Gay Mitchell, Maurice Ponga, Birgit Schnieber-Jastram, Michèle Striffler, Alf Svensson, Eleni Theocharous, Iva Zanicchi, Gabriele Zimmer
Substitute(s) present for the final vote	Santiago Fisas Ayxela, Martin Kastler, Judith Sargentini, Patrizia Toia

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	26.1.2011
Result of final vote	+: 35 -: 1 0: 4
Members present for the final vote	John Stuart Agnew, Richard Ashworth, José Bové, Luis Manuel Capoulas Santos, Vasilica Viorica Dăncilă, Michel Dantin, Paolo De Castro, Albert Deß, Diane Dodds, Herbert Dorfmann, Hynek Fajmon, Lorenzo Fontana, Iratxe García Pérez, Sergio Gutiérrez Prieto, Martin Häusling, Esther Herranz García, Peter Jahr, Elisabeth Jeggle, Jarosław Kalinowski, Elisabeth Köstinger, Agnès Le Brun, Stéphane Le Foll, George Lyon, Gabriel Mato Adrover, Mairead McGuinness, Krisztina Morvai, Mariya Nedelcheva, James Nicholson, Rareş-Lucian Niculescu, Georgios Papastamkos, Marit Paulsen, Britta Reimers, Alfreds Rubiks, Giancarlo Scottà, Sergio Paolo Francesco Silvestris, Alyn Smith, Csaba Sándor Tabajdi, Marc Tarabella
Substitute(s) present for the final vote	Luís Paulo Alves, Pilar Ayuso, Salvatore Caronna, Giovanni La Via, Astrid Lulling, Milan Zver