

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 7/17/2015

GAIN Report Number: E15027

Belgium EU-27

Post: Brussels USEU

EU Policy Update (Issue 20 2015)

Report Categories:

Agricultural Situation

Approved By:

Karisha Kuypers

Prepared By:

Karisha Kuypers, Carrie Teiken, and FAS Rome

Report Highlights:

1. Round 10 of T-TIP Negotiations Held in Brussels July 12-17, 2015
2. Opposition at Council over GMO Proposal
3. Hogan Speaks at Expo Milan – Agri-Food Chain Coalition Event
4. New Emergency Measures Announced on Russian Ban
5. Drop in EU Cereal Production
6. Recent Reports

Executive Summary:

General Information:

EU Weekly Roundup and Policy Update is a digest of European agricultural issues. The topics covered in this report are intended to help inform U.S. government policy officials of European regional, national and international developments as they unfold. We include breaking news provided by FAS colleagues posted in EU member state countries, and also provide links to more detailed reports and web sites.

Disclaimer: The information contained herein is compiled from a number of sources, including press releases from the European Commission. This report therefore does not reflect official views or policies of the U.S. Department of Agriculture, or of any other U.S. Government department or agency.

1. Round 10 of T-TIP Negotiations Held in Brussels July 12-17, 2015

Variable progress was made on agricultural issues in the tenth round of the Trans-Atlantic Trade and Investment Partnership (T-TIP) negotiations. The Sanitary and Phytosanitary (SPS) group met on Monday and Wednesday to try to finalize a list of priority specific trade concerns and draft timelines for next steps. APHIS, FSIS, and FDA gave a joint presentation to the EU on exporting eggs into the United States. On Tuesday, the group discussed the consolidated SPS text in an effort to remove brackets in some of the least contentious chapters. The group plans to hold an inter-sessional meeting in Washington at the end of September to continue work on the chapter text, deal with the composite product issue, and to finalize the action plan. In Regulatory Coherence, the U.S. and EU discussed the U.S. draft text (the EU did not want to review the consolidated text) and heard a presentation on the EU's Better Regulation package. The discussion on Geographical Indications (GIs) continues to be tense, as the United States expressed its concerns on the recent process and outcomes of the Lisbon agreement diplomatic conference. While the EU would like to move forward on reaching agreement on GIs, the United States maintains that it still needs to hear a coherent justification from the EU as to how lack of a GI system in the United States jeopardizes their market access. Progress was made in the Agriculture Market Access discussion on the draft distilled spirits annex and on several non-tariff barriers. However, the EU made a clear statement in the agriculture negotiations that they need to see movement on GIs and wine issues if they are to show any flexibility on tariffs. The sessions on Technical Barriers to Trade (TBT) continue to be unproductive, with the U.S. expressing disappointment in the EU's lack of engagement in the U.S. text while the U.S. is willing to engage in the EU text. The EU reacted that some of the provisions in the U.S. text are "toxic" and that creative solutions are needed to move forward.

The Stakeholder meetings were accompanied during this round by a large inflatable Trojan horse and singing anti-T-TIP protesters. Inside the sessions, agriculture stakeholders mostly reiterated their established positions. Common themes among sessions for the wine, dairy, and GI groups were the need for GI protection and/or the extension of the U.S.-EU Wine Agreement and the call for a reduction in tariffs and other non-tariff barriers. EU groups ranging in interests from prunes to cheese espoused what they saw as the mutual benefits of GI protection, cultural, environmental, and economic to consumers on both sides of the Atlantic.

2. Opposition at Council over GMO Proposal

On Tuesday, July 14, EU agriculture ministers met in Brussels to discuss the EC proposal for a regulation that would allow member states (MS) the freedom to decide whether to restrict or prohibit the use of genetically modified (GM) food and feeds within their borders. Vytienis Andriukaitis, the European Health and Food Safety Commissioner, stressed the heavy dependence of livestock producers on GM soya and the strict scientific standards that have been used to show that GM food and feeds do not pose health threats. Most MS were opposed to the proposal because they fear the text is incompatible with international trade agreements and internal market rules. MS in opposition included Austria, Germany, France, Denmark, United Kingdom, Lithuania, Ireland, Netherlands, Slovenia, Spain, Croatia, Latvia, Hungary, Belgium, and others. Malta and Cyprus were open to the proposal, but wanted more information from the EC. Hungary was the only MS to support the proposal because it would allow the country to ensure GMO-free agriculture within its borders, which is in line with the current Hungarian constitution. Many of the MS in opposition requested the EC to carry out an impact assessment so economic and environmental risks could be better determined. However, Andriukaitis disagreed with this suggestion, stating it is up to each MS to assess the impact of whatever decisions they plan to take.

3. Hogan Speaks at Expo Milan – Agri-Food Chain Coalition Event

At the Expo Milan on June 29, Agricultural Commissioner Phil Hogan discussed the importance of agriculture in terms of nutrition, environment, and climate goals. He emphasized that a successful food strategy for the 21st century needs to focus on increasing production of high-quality food and drink with fewer resources, sustainable management of natural resources, while also tackling climate change. To achieve these goals, Hogan stressed the need to focus on research and innovation, and bridge the gap between farmers, researchers, and agribusiness. The EU is currently funding and supporting these measures through programs such as the Rural Development Program, the European Innovation Partnership for Agriculture, a major new policy and networking initiative to speed up innovation on the ground, and Horizon 2020, a program that has doubled efforts in food, agriculture, and forestry innovations.

Hogan also addressed issues with unfair trading practices in the food supply chain and regulatory frameworks. To overcome these barriers, a Common Agricultural Policy is being developed that will improve farmer resiliency and place a greater emphasis on the Supply Chain Initiative, a self-regulatory regime aimed at dealing with and preventing unfair trading practices. Hogan also mentioned that in early 2016, the European Commission (EC) will publish a report on unfair trading practices, based on findings from the EC's July 2014 Communication.

4. New Emergency Measures Announced on Russian Ban

On Monday, July 13, European Agriculture Commissioner Phil Hogan announced that new exceptional measures will be put in place to assist the EU fruit and vegetable sector that has been affected by the Russian Embargo on the import of European agri-food products. As a result of the embargo, 760,000 tons of fruit and vegetables were withdrawn from the market between September 2014 to June 2015, and prices on nectarines, peaches, and tomatoes have been falling in Italy, Spain, and Greece. Russia recently announced an extension of its embargo through August 2016, so the EU's support measures will help compensate producers for market withdrawals, avoid domestic oversupply and subsequent price drops, and allow for possible 'green harvesting' or 'non harvesting' of marketable products. The compensation package totals €149.2 million. Poland will receive the most (€58.5 mil), followed by Spain (€29.9 mil), Italy (€20.8 mil), Greece (€12.5 mil) and Belgium (€9.7 mil).

5. Drop in EU Cereal Production

The farmer's cooperative Copa Cogeca warned the EU that a big drop in cereal production is likely for 2015, due to a shortage of products for pest and disease management. The chair of Copa Cogeca's 'Cereal' group, Max Schulman, said that production is estimated to be down by 7.5% to 296 million tons, compared to last year when yields reached 320.5 million tons. There are also concerns that yields could fall further because of the recent high temperatures and drought conditions. Copa Cogeca stressed that there is a need to improve the current European policy in Plant Protection Products (PPPs) and more support should be given to plant breeding efforts, in order for farmers to effectively protect the health of their crops and maintain yields.

6. Recent Reports:

Post	Title	Date Released
Spain	Spanish Pulse Market Outlook 2015	7/17/2015
United Kingdom	Agricultural Biotechnology Annual	7/16/2015
Rome	FAS Rome Regional Agricultural Highlights	7/16/2015
The Hague	Food Service - Hotel Restaurant Institutional	7/16/2015
The Hague	Food Processing Ingredients	7/16/2015
Rome, Greece	Cost of New Bailout Agreement to Greek Agriculture Estimation	7/15/2015
Berlin	Biofuel Mandates in the EU by Member State	7/14/2015
Madrid	Grocery Online Retailing in Spain	7/13/2015
Warsaw	Agricultural Biotechnology Annual	7/13/2015
Madrid	Agricultural Biotechnology Annual	7/13/2015
Brussels	EU Policy Update (Issue 19 2015)	7/10/2015
Brussels	HQB Update for the 2014-15 Quota Year	7/10/2015
Rome	Biofuels Overview 2015	7/10/2015
Rome	FAS Rome Regional Agricultural Highlights	7/10/2015