

The EU food and drink industry at the 5th Ministerial Conference in Cancún

In favour of a clear set of trade rules and a balanced agriculture agreement at the outcome of the Doha Development Agenda

About CIAA

CIAA is the voice of the European Union food and drink industry. The CIAA contributes to the development of a European and International economic and regulatory framework ensuring competitiveness of industries, food safety and quality, consumer protection and respect of the environment. CIAA members are the national federations of food and drink industries of the EU and candidate countries, European organisations representing food sectors and food and drink companies established in the EU.

Facts and figures on the food and drink sector

The food and drink industry is the largest industrial sector in Europe, with a production value of over € 600 billion. At least 3 million people are directly employed in this sector, which is composed of a large number of SMEs. The EU food and drink industry is also an important contributor to the world trade in foodstuffs. Exports amounting to € 45 billion a year are essential to growth in this sector.

CIAA Objectives

CIAA supports a rules-based multilateral trading system. The WTO should not only be synonymous with trade liberalisation and increased market access, but should also create a framework that benefits and secures agro-industrial investments.

CIAA's objectives for the 5th Ministerial Conference in Cancún are the following:

- CIAA aims for a balanced framework agreement on the modalities for the agriculture negotiations in view of further reducing trade distorting measures.
- As regards the TRIPS agreement, CIAA expects the conclusion of the register for wines and spirits to result in real legal security for manufacturers and considers that negotiations on the extension of the additional protection to other food products should move forward.
- For CIAA, the opening of negotiations on trade facilitation are of particular interest due to their potential to reduce serious non-tariff obstacles.

CIAA issues as regards agriculture negotiations

The current negotiations should lead to a continuing reform process for international agricultural policies and to a clear set of trade rules which create a fairer playing field for WTO members by further reducing trade distorting measures. They should also

improve trade opportunities, maintain competitiveness and facilitate access for EU food and drink products in third countries as new global markets open up.

To be concluded to the benefit of developing countries, it will be essential that the Doha Round ensures that benefits are distributed widely rather than confined to the compara-



Confédération des industries agro-alimentaires de l'UE
Confederation of the food and drink industries of the EU

tively few who are in a position to take immediate advantage, not least at the expense of other developing countries.

The draft modalities presented in March this year did not constitute a basis for an agreement that would be considered satisfactory and balanced by the EU food and drink industry. CIAA welcomed the joint effort made by EU and US partners in proposing a new framework for agriculture modalities, which provided for a more realistic basis for further negotiation and has served in the preparation of the revised draft modalities text for Cancun. In order to achieve an agreement the EU food and drink industry would consider balanced, the following principles should be respected:

Overall coherence - The three fundamental areas of the WTO negotiations on agriculture – market access, internal support and export competition – must be dealt with in a coordinated way.

Market access - The market access approach should result in appropriate answers for both defensive and offensive interests of the European food and drink industries. For the food and drink industries' defensive interests, the overall approach proposed by Mr Harbinson in March with respect to market access is considered too ambitious and likely to put serious pressures on certain EU sectors as it risks going beyond the margins provided by EU agricultural policy reforms. The proposed tariff reduction formula and the additional minimum access provisions raised particular concerns. For the food and drink industries' offensive interests, the Uruguay Round formula (as proposed by the EC) does not satisfy the need for further substantial market opening to deliver reductions in high tariffs. Since emerging economies would be able to escape equivalent market access commitments, the approach submitted in March in the draft modalities would not provide the expected benefits for the offensive interests of the EU food and drink industry either.

Export competition - CIAA opposes both front-end loaded and quantitative reduction commitments on "subsidies". There should be no phasing out of export refunds or export "subsidies" for processed food products without a parallel reduction in raw material prices, otherwise the EU industry would lose competitiveness. Other instruments to support exports, such as export credits, food aid, and the functioning of STEs (State Trading Enterprises) must be subject to similar reductions and/or to disciplines. Furthermore, the phasing out of refunds, proposed by the EC as regards certain products, is subject to the condition that other WTO members eliminate their own subsidisation for the same products, including export credits.

Domestic support - Green box measures must not be made subject to reduction commitments. Further, support for farmers to meet higher standards, including animal welfare and environmental standards, adopted with a view to making agriculture more sustainable, must be part of the green box.

Special and differential treatment

CIAA is in favour of providing SDT to developing countries and considers it important to graduate the treatment according to economic situations and requirements. All developed countries and advanced developing countries should implement unilateral concessions in the form of duty free access for all products from less developed countries.

Peace Clause

It is imperative that the peace clause due to expire at the end of the year 2003 applies during the implementation period of the new commitments in agriculture, as long as reform is ongoing.

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