

The Transatlantic Trade and Investment Partnership (TTIP): threat or an opportunity for EU-Mediterranean agriculture and agri-food sector?



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Content

- **Background, Introduction & Rationale**
- **Research questions**
- **Material and Methodology**
- **Findings**
- **Conclusions and Final remarks**



Background

CAP and Trade agreements

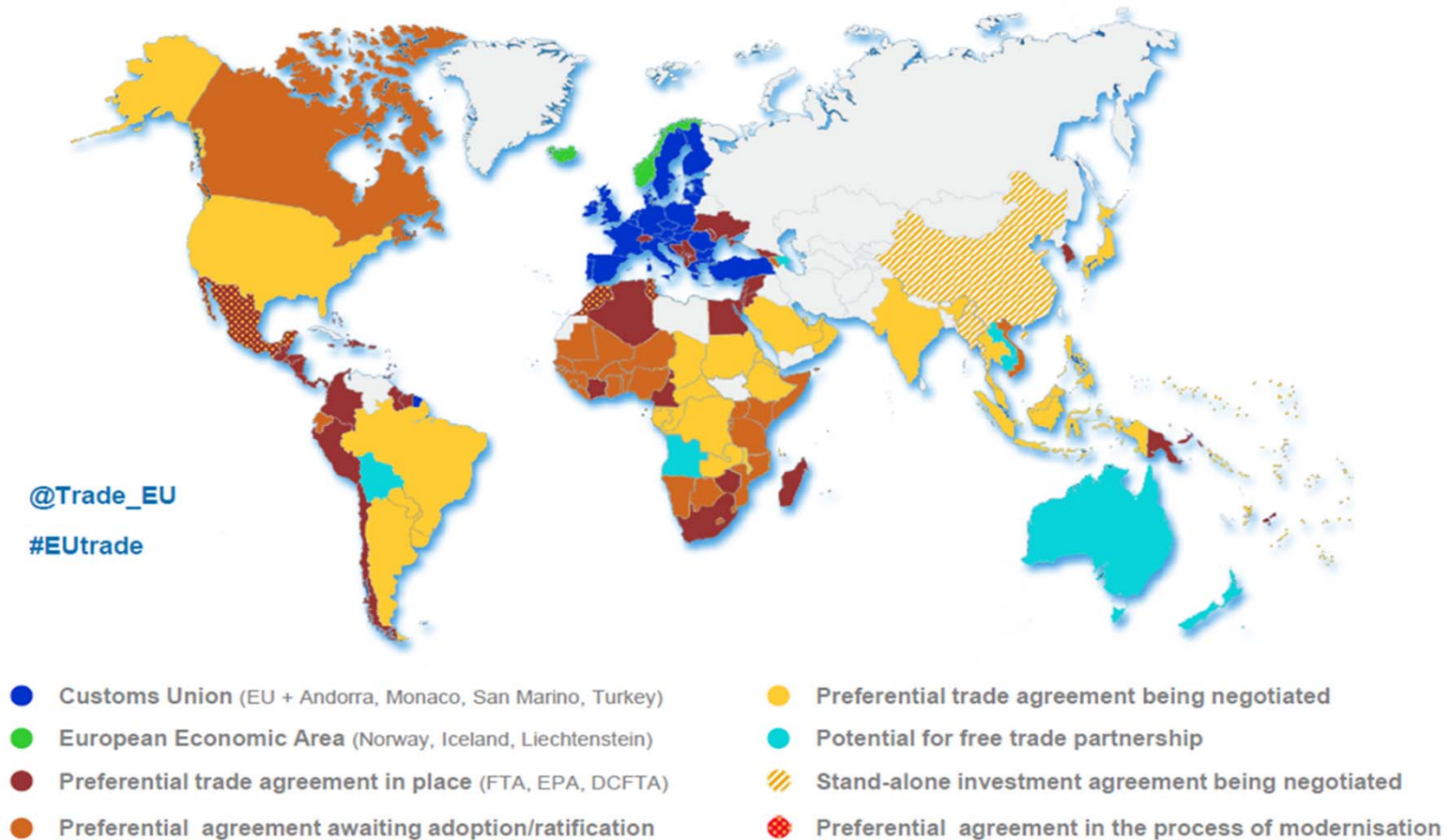
New Jobs, Income opportunities, new Markets...

Statement of Mr Hogan on behalf of the Commission, 1 February 2017

- ✓ The agri-food sector is one of the most important and dynamic economic and **job-creation** sectors throughout the EU and currently supports some **44 million jobs** in direct agricultural production and in the food-processing sector.
- ✓ **One of the key purposes of concluding trade agreements** is to increase **employment and income opportunities** as a whole as well as for the agri-food sector.
- ✓ Over the past decade, the value of agri-food exports from the EU has increased from **EUR 60 billion to almost EUR 130 billion per year**.
- ✓ Opportunities to **increase food demand within the EU are limited** while, at the same time, there is rapidly growing demand in many **new markets**, including a number of emerging economies.
- ✓ A recently published study **confirms the opportunities in twelve major trade negotiations** for many agricultural sectors such as **dairy, pig meat, cereals, wines and other beverages**. The study also reveals the sensitivities for important EU agricultural sectors in some of these negotiations, in particular for **beef, sheep meat, rice, poultry and sugar**. The Commission fully acknowledges these sensitivities in each individual negotiation and its negotiating position reflects those sensitivities by limiting market access in those particular sectors through the use of tariff rate quotas.
- ✓ Through its **Common Agricultural Policy**, the EU also provides basic **income support**, a **safety net for market volatility** and a wide range of **rural development instruments**, in particular encouraging farmers to **innovate, improve environmental performance, food safety, quality and competitiveness** and to explore new market opportunities.

Background

State of EU trade agreements in place, negotiations underway and next steps



Trade Controversy

case of North American Free Trade Agreement (NAFTA)

- Key Performance Indicator (KPI) 1 of the **CAP** is '**Agricultural Factor Income**';
- KPI 4 of **CAP** is the '**Rural Employment Rate**'.

A Centre for Economic Policy Research (CEPR) study from February 2014 entitled 'Did NAFTA Help Mexico? An Assessment After 20 Years', by Mark Weisbrot, Stephan Lefebvre and Joseph Sammut, stated the following:

- ✓ '**NAFTA** also had a severe impact on agricultural employment, as **U.S. subsidised corn and other products wiped out family farmers in Mexico**. From 1991-2007, there were **4.9 million Mexican family farmers displaced**; while seasonal labor in agro-export industries increased by about 3 million. This meant a **net loss of 1.9 million jobs**.'
- ✓ Experience with NAFTA in Mexico, has shown a massive **REDUCTION in employment** in agriculture, and also to a **reduction in Agricultural Factor Income**:

How does the Commission plan to prevent this from happening in the EU?

TOWARDS A NEW MODEL AND SIMPLER CAP POST-2020



1- The contribution of EU agriculture to the SDGs



The EU is strongly committed to action on the COP21 Paris Agreement and the United Nations Sustainable Development Goals (SDGs)

The EU is a major player in global agri-food trade

Source: EC 2017, The Future of Food and Farming

2- Where the CAP needs to evolve?

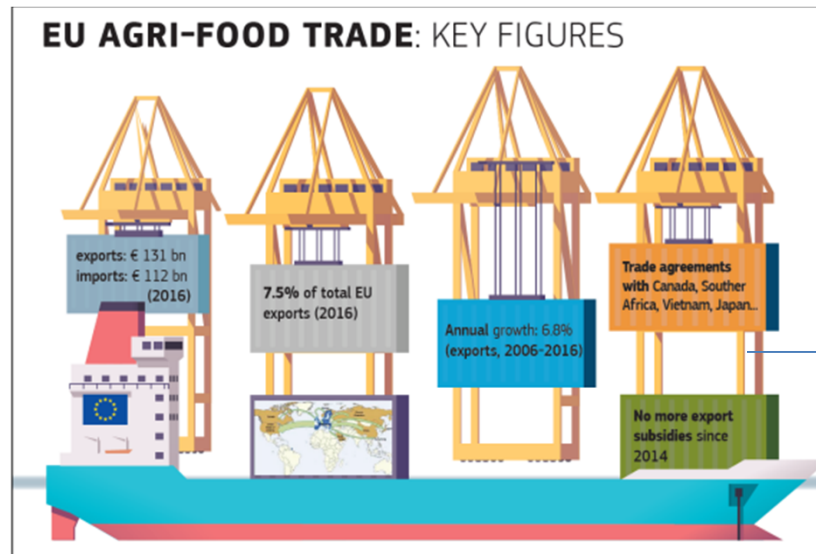
FUTURE OF FOOD AND FARMING



A SMARTER AND MODERN CAP

3-THE GLOBAL DIMENSION OF THE CAP:

Trade

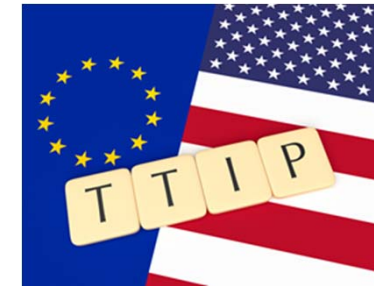


Trade agreements e.g. - CETA - TTIPs-2016 frozen .etc

Introduction

Basic information about TTIP

- **since 2011:** debate about possible bilateral Free Trade Agreement (FTA) between the EU and the USA
 - **June 2013:** mandate to negotiate TTIP
 - from governments of the 28 EU member states to EU Commission
 - **October 2016:** 15th round of negotiations
 - **November 2016:** Election US President Donald Trump
- TTIP negotiations were frozen



Expected benefits

- reduction of tariff and non-tariff barriers
- significant export growth
- enable a wider variety of goods and services
- opening up the U.S. to EU firms
- set high standards in global trade
- protect high standard for food safety, consumer and environmental rules



Sources: Corporate Europe Observatory 2015, Exposing the power of corporate lobbying in the EU

Rationale EU trade policy

The CAP is a policy for the EU but it obviously has global implications and linkages. Close attention must be paid to these when decisions are taken about the policy's future.

- Active role in the WTO multilateral negotiations
- Development of deep bilateral trade relations with individual countries and regions
- Preferential treatment of developing countries (unilateral measures)
- Tracking market access strategy: identifying and eliminating specific (discriminatory) barriers in key export markets

2 aspects:

- EU as an economic power has great global significance
- Globalization has a significant impact on international trade
- Opening new markets boosts the growth of EU economies
- EU: largest economy in the world, largest exporter and importer, leading investor and recipient of foreign investment, largest donor of development aid
- active free trade and investment policy

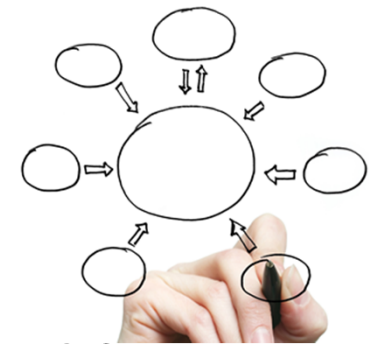
Research questions

- What benefits do the EU Mediterranean countries have from TTIP?
- What effects would TTIP have on CAP?
- Will be agri-food quality standards and food safety affected by TTIP?



Material and Methodology

- Own data: online-survey “Assessment of market experts awareness and knowledge about TTIP in the agri-food industry”
- Literature review
- Secondary data analysis: Studies funded by the EU
(e.g. CEPR, ECORYS, ifo-Bertelsmann, ...)



Online survey

- **Background:**
 - Study about awareness of TTIP abroad by Konrad-Adenauer-Stiftung (2014)
 - Study “TTIP and the EU Member States“ by World Trade Institute (2016)
 - Both: general assessment within all branches
- **derived thesis: In the EU countries is the attention for the TTIP negotiations not very high and it has so far not been reflected about lasting implications.**

online survey

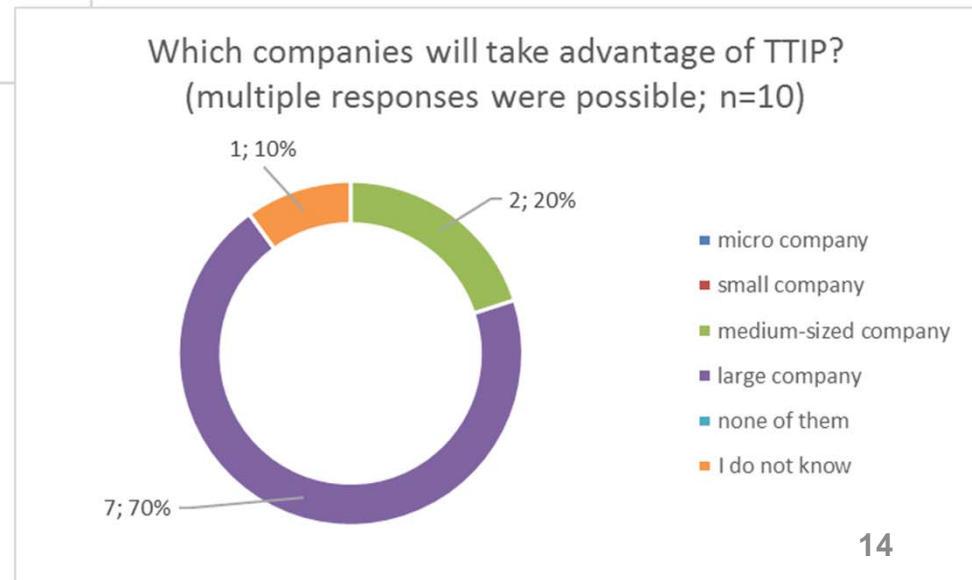
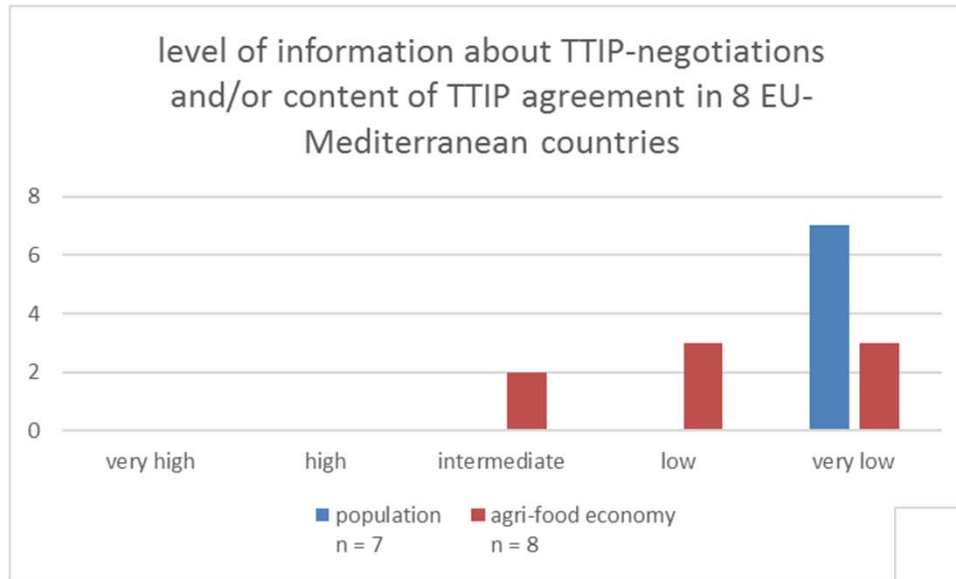
Objectives

- **aim:**
 - view on the agri-food industry
 - assessment of market experts
 - qualified opinion on the topic
- **focus countries:** 7 EU-Mediterranean countries (Croatia, France, Greece, Italy, Portugal, Slovenia, Spain)
- **focus group:** German Chambers of Commerce Abroad
- **period:** 11.04.2016 – 22.05.2016 (6 weeks)
- sub-study to identify the role of quality standards in trade agreements
- research project has emerged from this global challenge
- on-going investigation

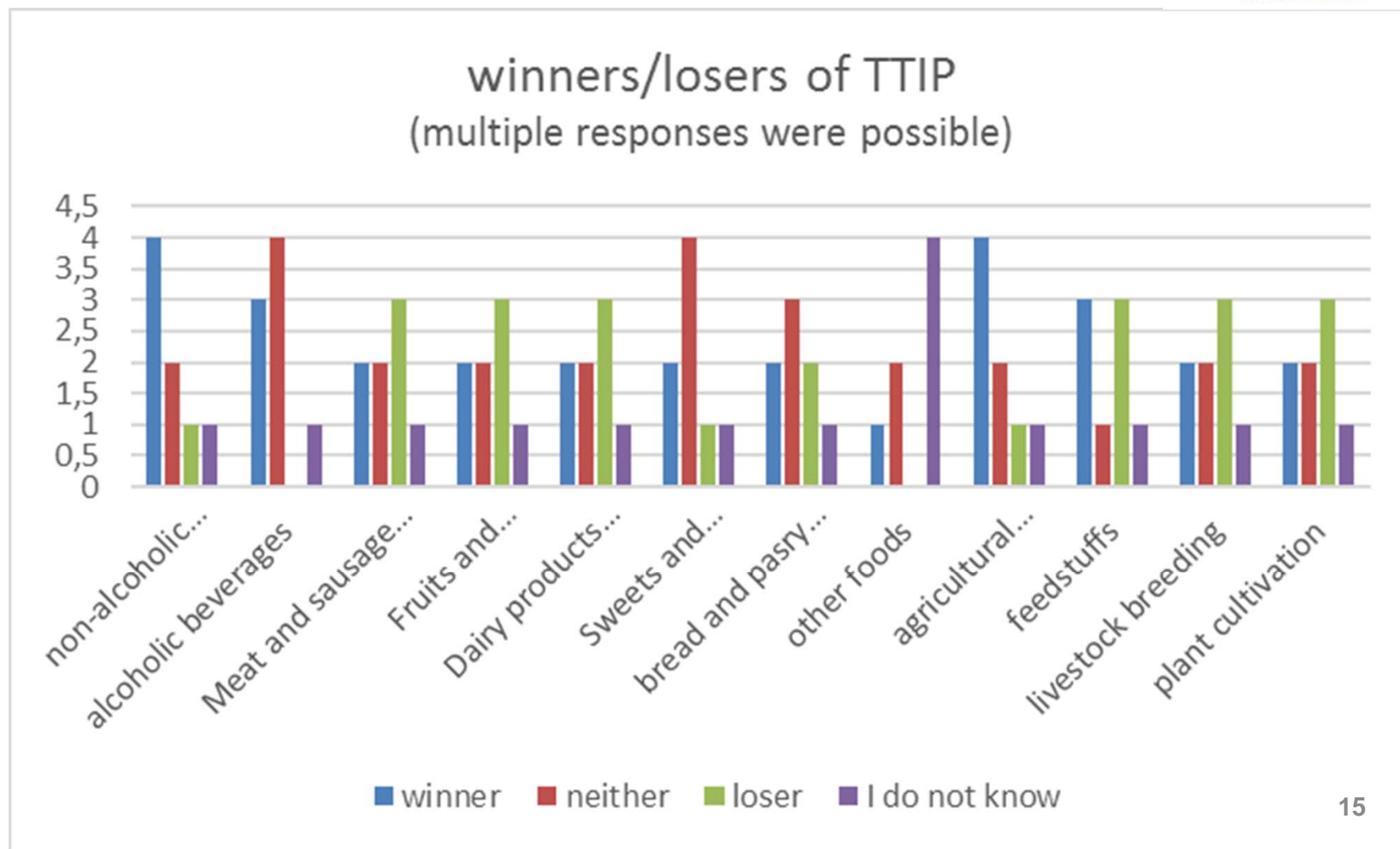
online survey Findings

- of the 7 EU-Mediterranean countries, 5 have completed the questionnaire (**quota: 71.4%**)
- from two countries, various people participated
- a country gave just a statement by email
- total sample for analysis is 8

online survey Findings

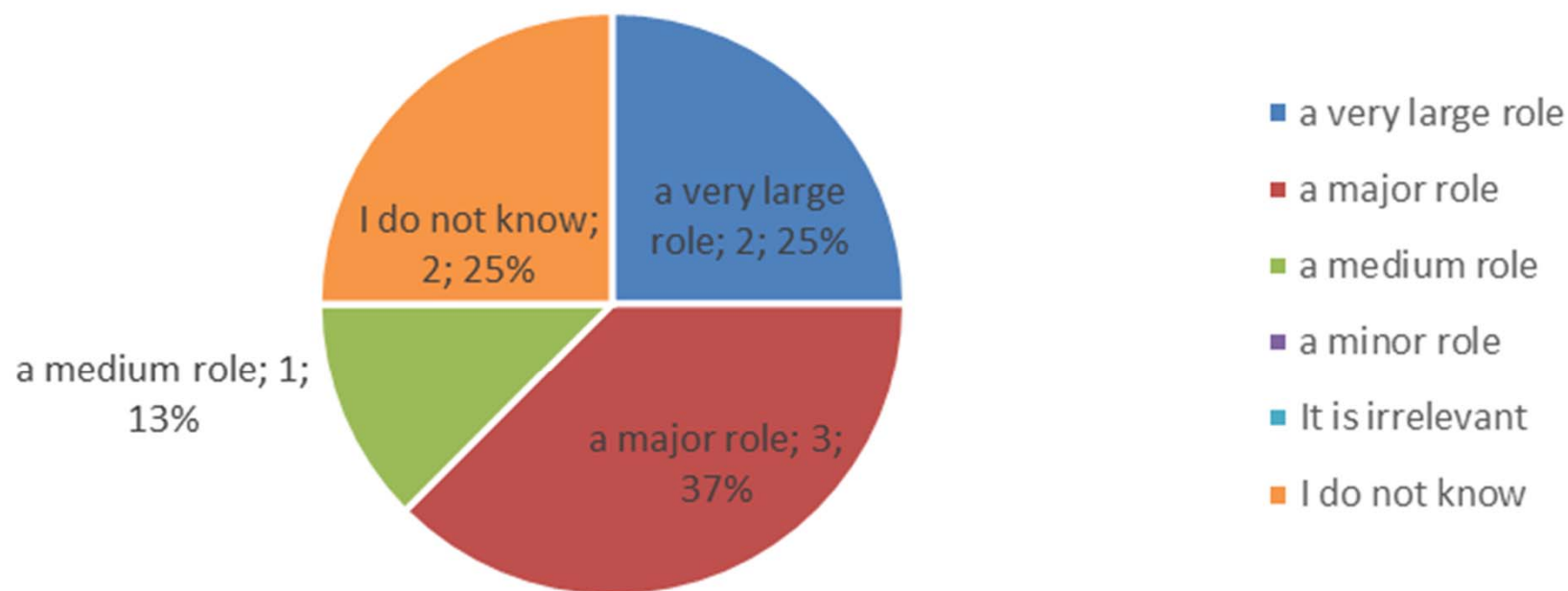


online survey Findings

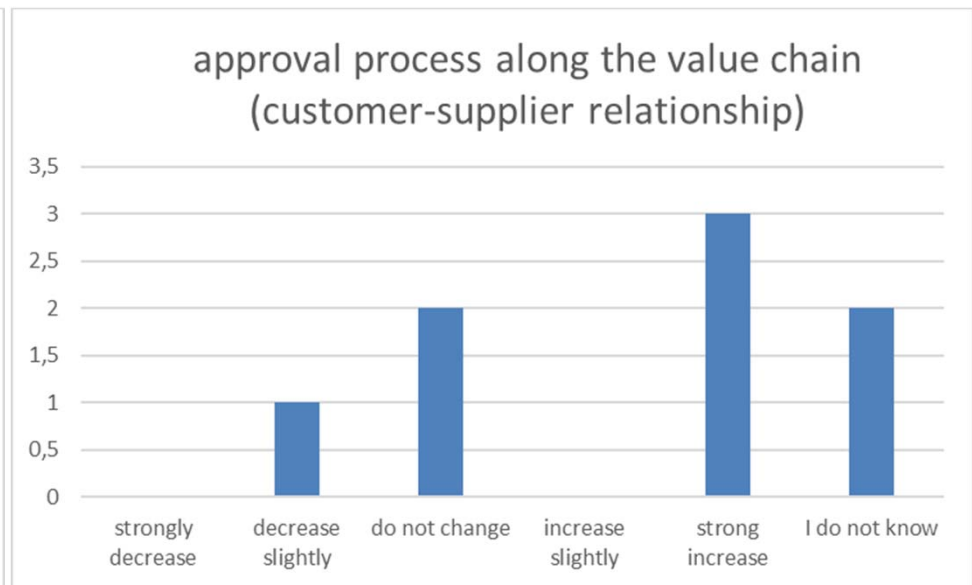
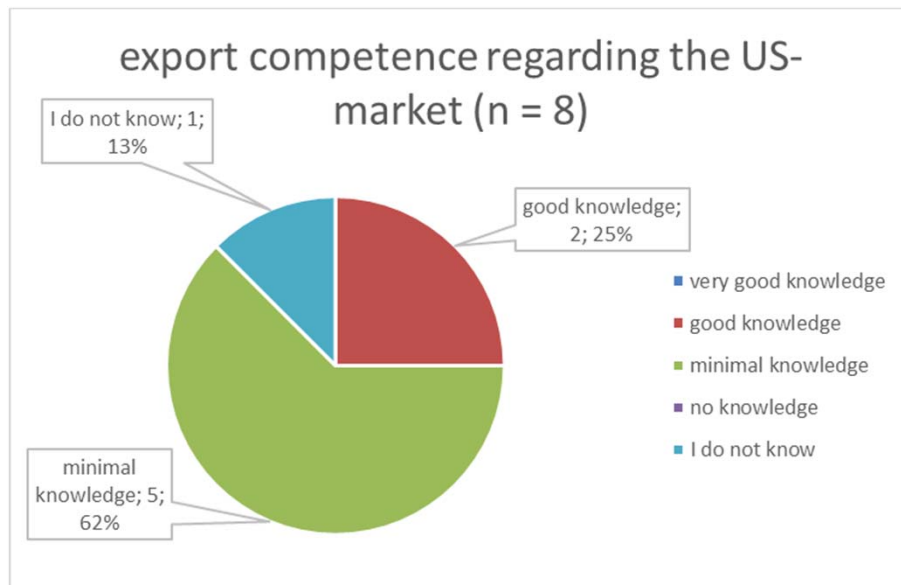


online survey Findings

role of international quality standards in global trade (n=8)



online survey Findings



Conclusion:

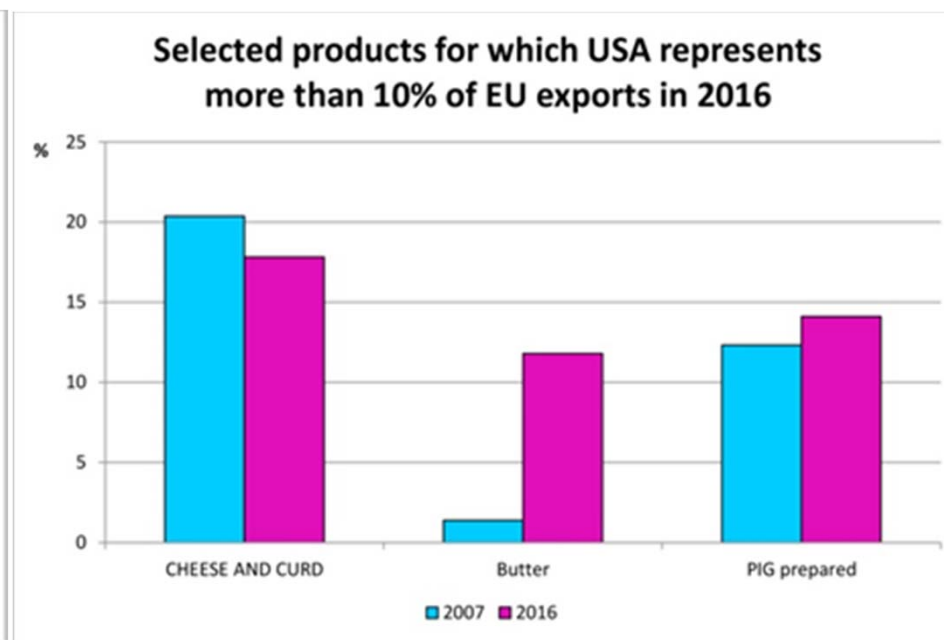
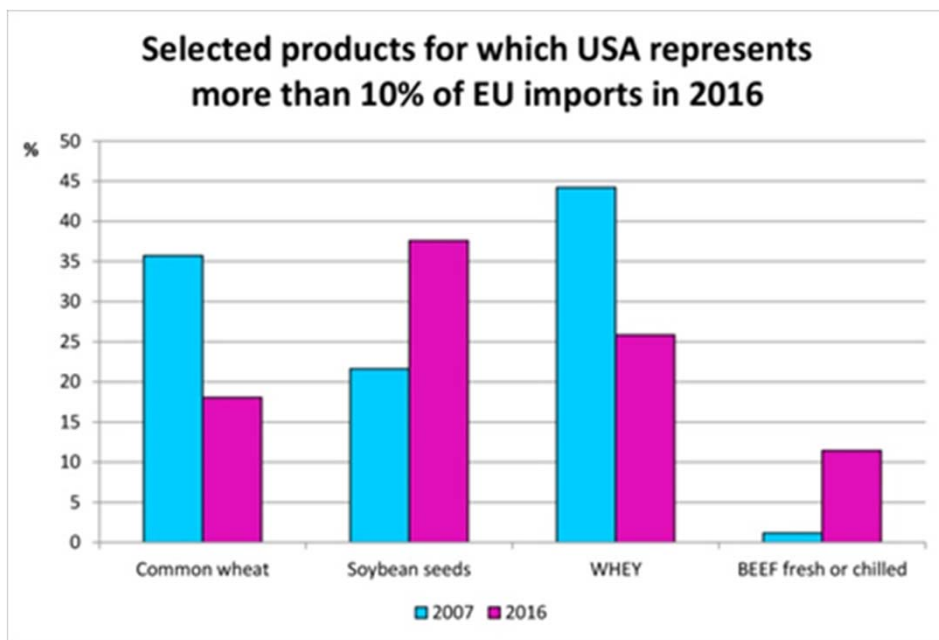
The thesis has been confirmed. The confrontation with the theme is limited and restricted to just a few experts in the EU Mediterranean countries too.

Findings:

EU US trade figures 2007-2016

EU Imports commodities from USA

EU Exports commodities from USA



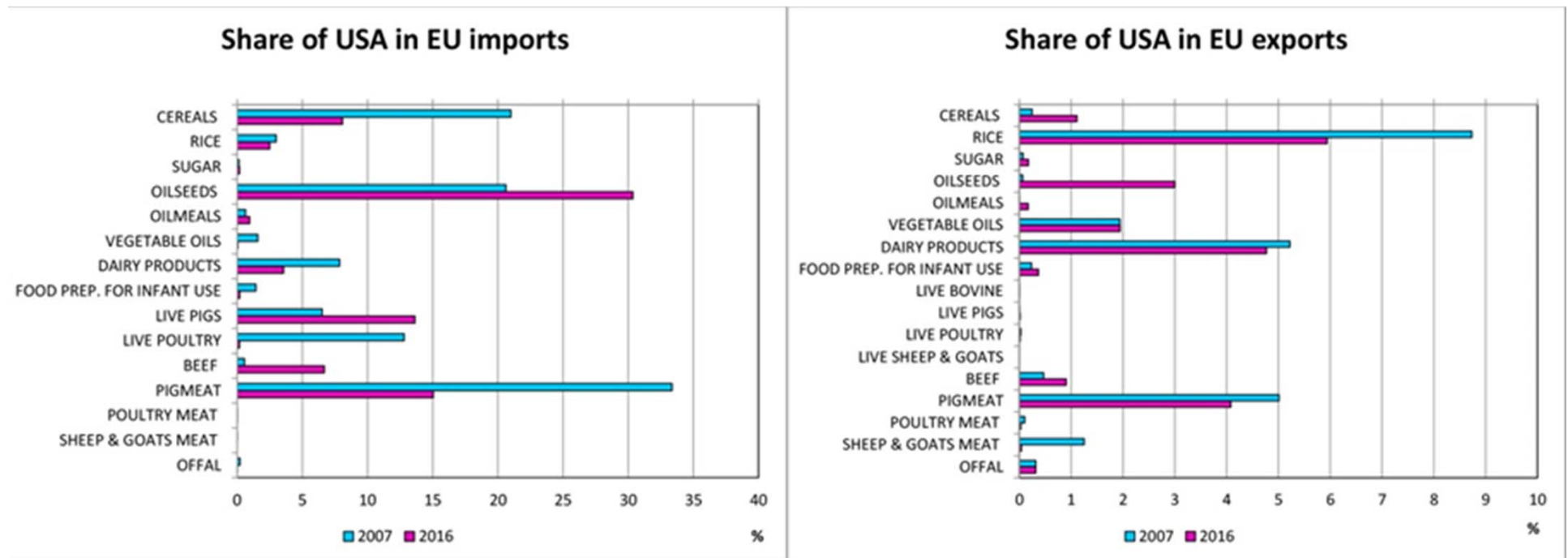
Source: European Commission, Agriculture and rural development , Agricultural statistics and indicators , Agricultural trade statistics , Agricultural trade statistics 20072016
https://ec.europa.eu/agriculture/statistics/trade/2016/graphs-main-trade-selected-partners_en Last update: 18/05/2017

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Findings:

US share in EU trade figures 2007-2016



Share of USA in EU trade by commodity



Source: European Commission, Agriculture and rural development, Agricultural statistics and indicators, Agricultural trade statistics, Agricultural trade statistics 2007-2016
https://ec.europa.eu/agriculture/statistics/trade/2016/graphs-trade-partners-commodity_en

Findings: EU-US food Reg. systems

Comparison key element of the EU_US regulatory systems Different level of protection

In brief		
'Precautionary principle'	Fundamental part of risk management	Concept not endorsed as a basis for policy making
Societal, economic, ethical or environmental concerns	Taken into account in risk management decision in line with the consumer right to information and choice	'other factors' considered as barriers to trade
Approach to ensuring food safety	Integrated "farm-to-fork" approach	Safety mostly verified at the end of the process
Food risk evaluation	Full scientific assessment by EFSA for regulated products such as GMOs and additives.	Largely relies on companies' own private assessment

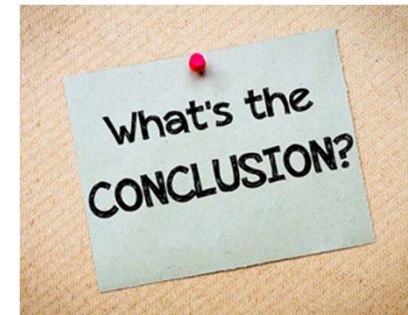
Source: Alan Matthews 2014, *Food safety in the US-EU TTIP negotiations*

Findings: food standards

- Assure high-quality food
- Instruments of food security
- International harmonization
- mutual recognition
- certification requirements

Conclusions

- shown the complexity of the relationship between
 - the CAP instruments
 - Free trade agreement TTIP
 - agri-food quality standards and food safetywith focus on the EU-Mediterranean countries
- need to coordinate the CAP with trade policy
- need for more transparency of the TTIP negotiations
- need of independent academic study for the agricultural implications of TTIP



Trends

- tendency for more trade agreements
- growing global markets and globalization
- dismantle non-tariff barriers
- need of high standards for food safety in global trade

Challenges

- development of Know-How
- observe / increase international competitiveness
- protection of existing standards
- advance the process of international standardization
- examine pragmatically regulations
- build up networks between EU and US

SAVE THE DATE

CAP modernisation and simplification Roadmap



Source: EC 2017, *The Future of Food and Farming*

SAVE THE DATE



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Thank you for your attention!

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