

**The Common Agricultural Policy  
of the European Union –  
the present and the future**

**EU Member States  
point of view**





INSTITUTE OF AGRICULTURAL  
AND FOOD ECONOMICS  
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# **The Common Agricultural Policy of the European Union – the present and the future**

## **EU Member States point of view**

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CHALLENGES, CHANCES, THREATS, PROPOSALS**

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## 14. The Transatlantic Trade and Investment Partnership (TTIP): a threat or an opportunity for the EU-Mediterranean agriculture and agri-food sector? An exploratory survey

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### **Abstract**

Agricultural and food sectors are well-developed in both the European Union (EU) and the United States of America (US), highly productive and strongly protected. Over the last 50 years, much of the current regulations which have emerged does not interfere with abundantly transatlantic trade, while some sub-segments of the markets are still subject to quantitative restrictions, import duties or regulatory barriers. For these reasons, agriculture and food-related issues have always played an important role in trade negotiations. In June 2013, the European Commission (EC) launched negotiations on the Transatlantic Trade and Investment Partnership (TTIP), an agreement that aims to remove barriers to trade and investment between the EU and the US. However, important political responsiveness, regulatory regimes heterogeneity in particular agri-food safety standards are still existing. Furthermore, the EU Member States are fairly heterogeneous as regards the relative importance of agri-food trade for their economies. The agri-food industries are of particular strategic interest for many governments. Changes in the EU's Common Agricultural Policy (CAP) and thus the Euro-Mediterranean zone have direct implications for farmers, consumer protection and for the animal welfare. The research question was, if the EU Mediterranean countries will benefit from the TTIP and what effects would the TTIP have on the CAP, agri-food quality standards and food safety? The present article attempts to investigate whether the TTIP negotiations and the CAP instruments and their adjustments improve the prospects that the Euro-Mediterranean regions can be food secure in the future and a sustainable development is possible as well as to ensure food safety.

**Keywords:** Transatlantic Trade and Investment Partnership (TTIP), Common Agricultural Policy (CAP), agri-food, food safety, Euro-Mediterranean region.

**JEL codes:** F13, F14, Q01, Q17, Q18

## 14.1. Introduction

The European Union (EU) and the United States of America (US) are politically and economically closely interlinked and rank among the world's largest economies. Both are members of the World Trade Organisation (WTO). In June 2013, the two partners launched negotiations on a Transatlantic Trade and Investment Partnership (TTIP) [EC, 2013a]. It is defined as a bilateral Free Trade Agreement (FTA) with the primary objective of reducing tariff and non-tariff barriers [EC, 2013b]. The established food safety and quality standards as well as their certification systems are among the non-tariff barriers and have an effect on trade policy.

Due to globalization, trade policy debates have intensified in recent years and more trade agreements have been launched. Not only the major industrial nations but also the developing countries are affected.

The present paper is a sub-study of an on-going research project (PhD studies) aiming to identify the role of quality standards under trade agreements. Under the framework of the entire research project, different EU countries and defined EU zones as well as the US are considered. Therefore, the present study is focusing on the EU-Mediterranean countries. Furthermore, based on the TTIP background in the context of the CAP, the examination was developed around three specific research questions:

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

In order to discuss the effects of the TTIP on the EU's Common Agricultural Policy (CAP), it should be pointed out that the FTA must be integrated into an existing framework of the current world trade regime. Moreover, economic aspects and regional specificities of the EU Member States must be considered. Consequently, the first theoretical part of this paper outlines the rationale towards a new model and simpler CAP 2020+ as well as agricultural trade statistics. Moreover, the differences in the EU and the US regulatory systems regarding the food law in the context of TTIP are highlighted. It follows a literature review of the most important studies. Based on two studies, the authors have formulated a thesis for the specific research question. To find an answer to the thesis, the third part of this paper describes an empirical analysis, which is based on an online survey. Regarding this, the results and a conclusion are presented.

## 14.2. Theoretical framework

### **Rationale towards a new model and simpler CAP post-2020**

The relationship between increased trade and food security has been debated intensively for many years, because it is an essential element of trade policies and development strategies of most countries. It is generally acknowledged that an effective trade policy must be consistent with the development policy as well as with foreign policy. Thus, the pressure to liberalize agricultural trade in line with the rise of liberal economic policies on a global scale has been growing for the past decades. But how exactly trade liberalization affects food safety and security is a hotly contested question.

Worldwide there is over 30% of active workforce engaged in agricultural work [World Bank, 2014]. For 70% of the world's poor people who live in rural areas and are also among the most food insecure people in the world, agriculture is their main economic activity [World Bank, 2014]. Some 2.5 billion people are engaged in small-scale agriculture on either a full- or part-time basis [IFAD, 2013].

At European level, the European Commission (EC) has been reported in 2017, that the European agriculture sector (farming and rural areas) “is one of the world's leading producers of food and guarantees food security for over 500 million European citizens.” Accordingly, 22 million people work regularly within the sector. Looking at the broad food sector, 44 million jobs are provided. Short re-capped, a large number of jobs depend on agriculture [EC, 2017a]. Thus, agriculture sector plays a key role for sustainable economic development. To keep this up, the various measures of the CAP were set up to support their farmers.

An important component is the trade policy. Basically, the entire CAP has been subject to WTO discipline since 1995 and is “affected by agricultural concessions granted to a wide range of countries under several multilateral and bilateral agreements”, for instance, with the African, Caribbean and Pacific countries, Mercosur, the Euro-Mediterranean Area, Mexico, Chile and others. “These preferential agreements must also be compatible with WTO rules” [Massot, 2017].

In this context, the EU has been set itself the goal of achieving “a balanced and progressive trade policy to promote globalization” and sustainable development [EC 2017d]. For this purpose, the EU defined specific rules for modern trade agreements, see Box 1.

With regard to the Agenda 2020 and the 17 Sustainable Global Goals (SDGs) proposed by the United Nations (UN) in 2015, the EU has transposed these themes into the EU policies. In this context the agriculture ministers of 69 nations “fully acknowledged their responsibility for improving food security and nutrition, sustainably improving the efficiency and profitability of the food and

agriculture sector and the right to adequate nutrition, in particular SDG 2” [GFFA, 2018]. “Notably, the CAP underpins the policies spelled out in the 2030 Climate and Energy framework, which calls upon the farming sector to contribute to the economy-wide emission reduction target of -40% by 2030 and EU Adaptation strategy” [EC, 2017a].

### Box 1. Sustainable development in the EU trade agreements

*The EU and its trade partners must:*

- follow international labour and environment standards and agreements,
- effectively enforce their environmental and labour laws,
- not to deviate from environmental or labour laws to encourage trade or investment, and thereby preventing a “race to the bottom”,
- sustainably trade natural resources, such as timber and fish,
- combat illegal trade in threatened and endangered species of fauna and flora,
- encourage trade that supports tackling climate change,
- promote practices such as corporate social responsibility.

*The EU also uses its trade agreements to:*

- promote sustainable public procurement,
- remove barriers to trade and investment in renewable energy.

Source: EC, 2018.

To emphasise the particular significance, a highly relevant statement of EU-Commissioner Hogan is cited in Box 2.

### Box 2: 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.*

Source: European Parliament, 2017.

However, the CAP has long been criticised for its damaging effects on developing country agriculture. Even if the EU’s food security at short run is not threatened, the real food security challenge affects the poor and smallholders in developing countries including the Mediterranean ones. The CAP should respond to this challenge by promoting an open and stable trade regime for agri-

cultural products [Driouech et al., 2014]. With view on the developing countries the lack of a level playing field in the agricultural sector is evident. A study of the Quaker United Nations Office (QUNO) [Clapp, 2014] underlines that compared to the industrialized countries, which are members of the Organization for Economic Cooperation and Development (OECD), the developing countries paid enormously low subsidies to their own farmers. Hence, the level of state support to the agricultural sector is a key competitive advantage.

The principal point is that, the CAP, as a central component of the EU's internal policy, must continue to respond to well-established challenges but also has an essential role to play in realising the Juncker priorities (see Box 3). The main challenges are:

- boosting employment, growth and investment;
- harnessing the potential of the bio-economy, the circular economy and the Energy Union;
- bringing research and innovation out of the labs and onto the fields and markets;
- fully connecting farmers and the countryside to the digital economy; and
- contributing to the European Commission's agenda on migration [EC, 2017a].

### Box 3: The Common Agricultural Policy (CAP)

*CAP is the European Union's (EU) answer to the questions of how to ensure food security, the sustainable use of natural resources and the balanced development of Europe's rural areas. Its aim is to help provide a decent standard of living for European farmers and agricultural workers and a stable, varied and safe food supply for citizens. It also contributes to the EU's priorities such as creating jobs and economic growth, tackling climate change and encouraging sustainable development. The CAP has three interconnected routes to help it reach these goals: income support for farmers (the so-called "direct payments"); market measures, for example to combat a sudden drop in prices, and rural development.*

Source: EC, 2017c.

### **Agricultural trade statistics**

To underline the importance of trade relations, some statistics are presented.

The current trade statistics [EC, 2017e] show that in 2016, the total trade value of world export of the EU-28 amounted to EUR 1743.7 billion and the value of imports was EUR 1710.8 billion. Regarding the total agri-food trade of the EU-28, the export amounted to EUR 131.1 billion (share of total trade is 7.5%) and import is EUR 112.5 billion (share of total trade is 6.6%) in total.

Concerning the US the total value of exports from the EU-28 to the US amounted to EUR 362.1 billion (share of EU-28 total trade is 14.6%). The value of imports from the US amounted to EUR 249 billion (share of EU-28 total trade is 20.8%). Regarding the agri-food trade in 2016, the value for exports from the EU-

28 to the USA was at EUR 20.7 billion and imports from the US totaled EUR 11.2 billion. For exports, the annual rate of change is 4.7% and for imports it is 5.5%.

Figures (1 and 2) in Appendix I reveal the import and export figures of selected products, which represent more than 10% of the total EU trade with the US.

### **Differences in the regulatory system regarding the food law of the EU and the US regarding the TTIP**

The European agri-food sector is characterized by a complex system of different economic actors. It covers all stages of the food supply chain. In the area of food production, traceability across all stages is essential in order to create high quality and safe products. Each participant has to be in close contact with the upstream and downstream stages. This is known as “from farm to fork” approach [Regulation (EC) 178/2002]. In addition to hygienic acceptability, food safety also includes aspects such as genetically modified organisms (GMO), safe manufacturing processes and product labelling, which were discussed in the context of the TTIP negotiations. With the aim of ensuring a smooth production process and guaranteed quality standards of the products, manufacturers from all sectors act according to established national and international standards [BfR, 2018; Regulation (EC) 178/2002].

Barrier-free international trade is based on the application and recognition of common standards. In the context of the TTIP, mutual recognition of standards, especially in the agri-food sectors, will play a much more important role than full harmonization [EC, 2016]. The EU’s TTIP negotiators have always stressed that none of the existing European standards in the agri-food sector will be adapted to the US regulations [EC, 2016]. For instance, the European Consumer Organisation (BEUC) called on the EC, that they “should strive for upward harmonisation in the food area by upholding ‘best in class’ food safety and consumer protection policies which are currently in place on both sides of the Atlantic” [BEUC, 2014]. Since it cannot be generalized that the EU standards have stricter regulations in all areas, first the regulatory differences have to be considered. Table 1 shows the different EU and US regulations at a glance. Detailed investigations about the regulatory differences were made by Matthews [Matthews, 2014] and Rudloff [Rudloff, 2014], which were used to formulate recommendations for action in the negotiations of the agreement.

However, it can be assumed that both the TTIP partners are pursuing similar goals despite these differences. Both the EU’s general food law [Regulation (EC) 178/2002] and the US Food Law revised by the Food Safety Modernization Act (FSMA) consider the entire supply chain and tracking linkages to international standards.

Table 1. Overview of the different EU and US regulations

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

Source: BEUC [2014].

The controversial matters in food safety between the EU and the US are still the Sanitary and Phytosanitary issues (SPS), which are non-tariff trade barriers. The EC has recently been asked by the European Parliament to seriously consider the import restrictions on pork, chicken and beef from the US [Haeusling, 2018].

The reasons are worrying lack of hygiene in the US meat production, which was revealed by The Guardian. The British newspaper claimed to have internal records of the US government on hygiene violations in meat processing. "A new analysis reveals that as many as 15% (one in seven) of the US population suffers from foodborne illnesses annually" [Guardian, 2018]. The rates at which infectious foodborne illnesses occur in the US are significantly higher than in the EU. The US meat industry is accused of not engaging in serious consumer protection. One reason for the high number of food infections could be a loophole in law. This makes it possible to place Salmonella-contaminated meat on the market, since Salmonella detection does not require the entire batch to be withdrawn from the market. In the US, it has already been requested to revise the legal regulations on contamination with Salmonella. Other reasons for the problems in the meat supply chain are careless handling of animals, poor hygiene, contamination with faeces in meat production, and rationalization in processing. Experts pointed out the risk that infectious pathogens spread from carcasses to carcasses and between meat pieces [topagrar, 2018].

**14.3. Literature review**

Since the beginning of close debates on a possible trade agreement between the EU and the US, the question has been asked what economic effects can be expected from an FTA. Therefore, the European Commission funded studies to ex-



amine these effects and experts have thoroughly analysed the possible benefits. The groundbreaking studies, which forecast the macroeconomic consequences are presented in Table 2. Furthermore, the models and results are shown.

Table 2. Overview about the macroeconomic studies, models and results

	<b>ECORYS<sup>a</sup></b> <b>(2009)</b>	<b>CEPII<sup>b</sup></b> <b>(2013)</b>	<b>CEPR<sup>c</sup> (2013)</b>	<b>Bertels-</b> <b>mann/ifo<sup>d</sup></b> <b>(2013)</b>
CGE <sup>e</sup>	GTAP <sup>f</sup>	MIRAGE <sup>g</sup>	GTAP	Gravity model
used datasets	GTAP 7	GTAP	GTAP 8	not specified
non-tariff barriers	Ecorys	CEPII and Ecorys	Ecorys	ifo Institute
forecast period	2008-2018	2015-2025	2017-2027	10-20 years
number of scenarios	7	5	5	3
tariff reductions to goods	75%-100%	100%	98-100%	100%
reduction of non-tariff barriers	25%	25%	25%	not specified
Change EU GDP <sup>h</sup> in %	0.32-0.72	0.0-0.5	0.02-0.48	0.52-1.31
Change US GDP in %	0.13-0.28	0.0-0.5	0.01-0.39	0.35-4.82
Change bilateral EU Exports in %	not specified	49.0	0.69-28.0	5.7-68.8
Change total EU Exports in %	0.91-2.07	7.6	0.16-5.91	not specified
Change EU real wages in %	0.34	not specified	0.29-0.51	not specified
<b>rate of unemployment in %</b>	unchanged	unchanged	unchanged	-0.42

<sup>a</sup> Ecorys is an international company providing research, consultancy and management services <http://www.ecorys.com/about/profile-and-history>. <sup>b</sup> CEPII is a French research center in international economics which produces studies, research, databases and analyses on the world economy and its evolution. <http://www.cepii.fr>. <sup>c</sup> Centre for Economic Policy Research. London. UK. <https://cepr.org/>. <sup>d</sup> ifo Institute – Leibniz Institute for Economic Research at the University of Munich. <https://www.cesifo-group.de/ifoHome/CESifo-Group/ifo.html>. <sup>e</sup> CGE is a Computable General Equilibrium Modell. [https://www.gtap.agecon.purdue.edu/models/cge\\_gtap\\_n.asp](https://www.gtap.agecon.purdue.edu/models/cge_gtap_n.asp). <sup>f</sup> GTAP is a Global Trade Analysis Project. <https://www.gtap.agecon.purdue.edu/about/project.asp>. <sup>g</sup> MIRAGE is for Modelling International Relationships in Applied General Equilibrium. <https://www.gtap.agecon.purdue.edu/resources/download/1256.pdf>. <sup>h</sup> GDP short for Gross Domestic Product.

Source: Ecorys, 2009; CEPR, 2013; CEPII, 2013; Felbermayr et al., 2013a; Team Stronach Akademie (2015); Ankenbrand, 2015.

An in-depth analysis [Bendini and De Micco, 2014] summarizes the results of the above-mentioned studies as follows:

- According to the EU funded study, TTIP will be beneficial to the EU economy.

- Not all EU Member States will benefit equally from the conclusion of the agreement, however.
- Studies produced by CEPR [CEPR, 2013] and ECORYS [Ecorys, 2009] have stressed that most gains would come from regulatory approximation and that the benefits from tariff cuts would be limited.
- The CEPR [CEPR, 2013] study was based on calculations for the EU as a whole and do not provide projections for individual Member States.
- The study published by Bertelsmann [Felbermayr et al., 2013a], used an alternative method and pointed out that north and Western Europe are projected to benefit greatly from TTIP.

As part of the literature review, the study about awareness of the TTIP abroad by Konrad-Adenauer-Stiftung [Maier, 2014] as well as the WTI study “TTIP and the EU Member States“ [World Trade Institute, 2016] were considered in detail.

It was found that the results of both studies are a general assessment in all branches. Furthermore, the thesis that has been developed, based on the findings of the same studies, was: In the EU countries the attention for the TTIP negotiations is not high and so far has not been reflected in lasting implications. In addition, up-to-date studies were lacking on how stakeholders, in the EU-Mediterranean agri-food sector, have addressed these issues. The aim was, to examine the thesis based on an empirical analysis, which is explained in the next chapter.

#### **14.4. Empirical analysis**

##### **Background**

Based on the formulated thesis in the literature review, an empirical analysis was conducted. As a primary objective it was defined that the survey should focus exclusively on agri-food industry. In order to obtain a qualified opinion on the topic, the evaluation should only be carried out by market experts based in the EU-Mediterranean countries.

##### **Material and Methods**

To answer these research questions, fresh data were collected from a self-administered online survey. The survey was carried out by means of a software “EFS Survey” of Questback GmbH within the academic programme “Unipark”.

The Euro-Mediterranean area target countries were Croatia, France, Greece, Italy, Portugal, Slovenia and Spain.

As for the online survey participants, the experts of the German Chambers of Commerce Abroad (AHK) were selected. The selection was based on the fact that their employees are intensive market knowledge in the respective country

[DIHK, 2018]. Respondents were personally invited. From the individual AHK several persons per country could participate. Only the personally invited persons have received a link to the website to complete the questionnaire. Participation in the survey was voluntary and anonymous and precise instructions on how to fill in the survey were given. The questionnaire used mainly close-ended questions (Likert-Type Scale), allowing free text inputs and comments.

The survey was made available between a period of 6 weeks in 2016. It was structured and developed into three technical sections and one section on demographic data:

- First section: 7 questions regarding the TTIP,
- Second section: 5 questions about trade with the US,
- Third section: 5 questions regarding quality management in agri-food sector,
- Fourth section: 4 general questions/ statistics.

### **Online survey findings and discussion**

The following charts outline the most important empirical findings regarding the research question. The order corresponds to the structure of the questionnaire. The results are subjective assessments and provide insights about the TTIP in the EU Mediterranean countries, specifically in the agri-food sector.

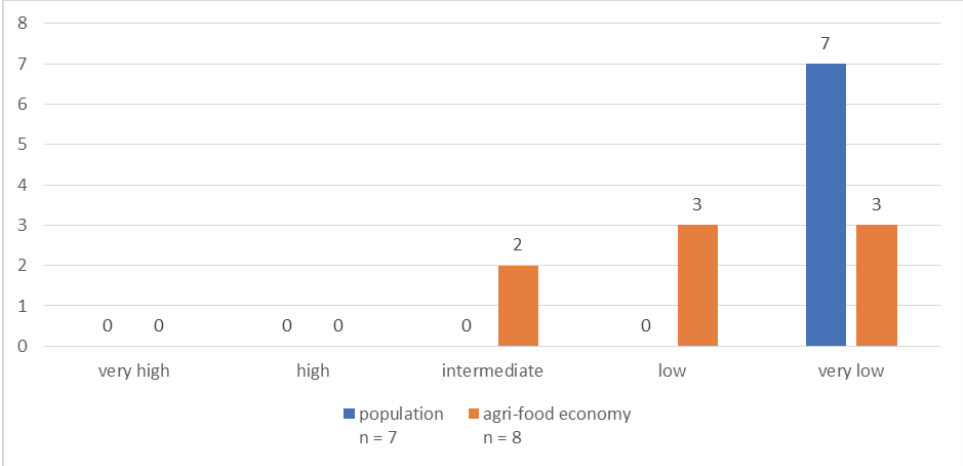
#### ***First section: questions regarding the TTIP***

In order to be able to assess the level of knowledge about TTIP, the degree of information about the negotiations and the content of the contract had to be requested. It was shown how the population in the country is informed in comparison to the agri-food economy. The results in Figure 3 clearly show that the population in the EU-Mediterranean countries has a very low level of information on the topic. In comparison, it has been assessed that the agri-food sector is rated as average to low informed. It is noticeable that according to the respondents, nobody has high or very high knowledge of the TTIP negotiations and its contractual content.

One reason for this can be, that access to the information is not without barriers. The access to information was considered as generally very difficult. To an identical result came a media analysis which was carried out at the same time. In this, consumers were identified as uninformed and non-expert [Pietrzyck et al., 2017].

In a different investigation conducted with non-experts, it has been reported that only 50% of surveyed population had heard of the TTIP before this survey. “However, the level of knowledge about the TTIP was quite low, only 6% of the respondents knew in-depth what the agreement comprehends.” [Västi, 2016]

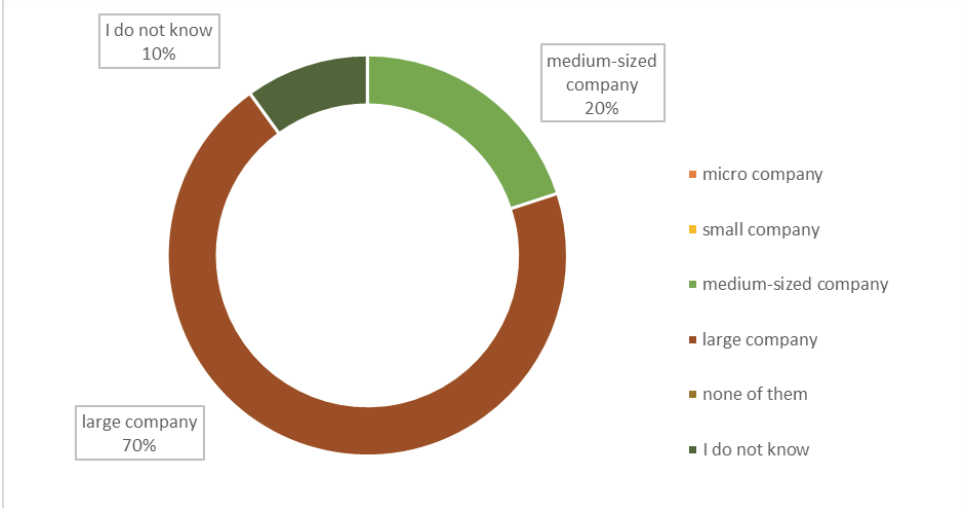
Figure 3. Level of information about the TTIP negotiations and/or content of the TTIP agreement in 7 EU-Mediterranean countries



Source: own calculations.

One of the most important question was, which companies will take advantage of the TTIP. The results of Figure 4 point out that, in the opinion of respondents, especially large companies (70%) will derive advantages from the TTIP agreement. Nobody suspects that it will be beneficial for micro or small companies. After all, two respondents (20%) believe that the agreement could also benefit medium-sized companies.

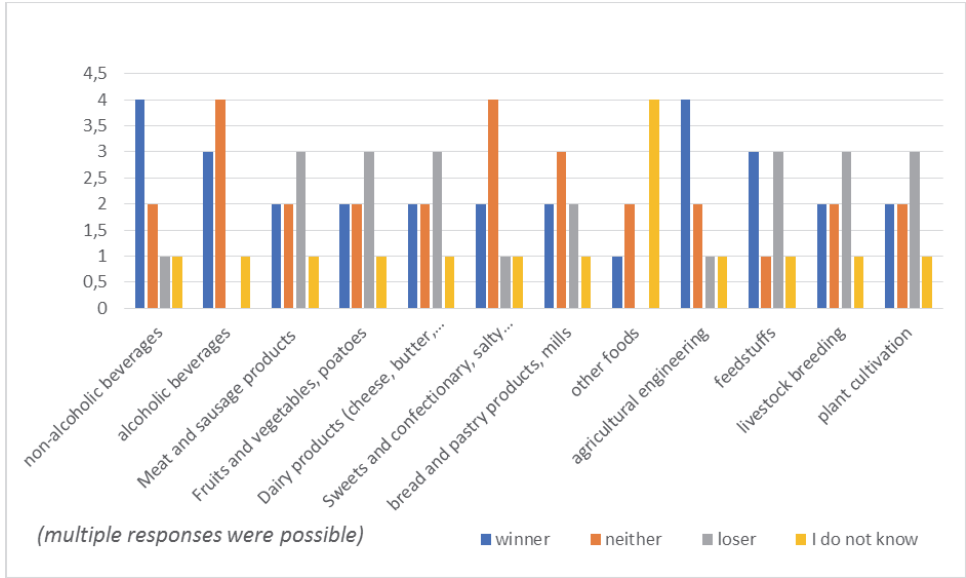
Figure 4. Total and share, which companies will take advantage of the TTIP (n=10)



Source: own calculations.

Another important question was, who will be the winners and losers of the agri-food industry on the TTIP. The results are shown in Figure 5. The participants were voted, that the beverage industry, which includes non-alcoholic and alcoholic beverages, will benefit the most. Moreover, the sector of agricultural engineering will be one of the winners. Secondly, it was noticed, that most industries should not have any winners or losers, because there are no clear indications. For example, there is a balanced result at the dairy production industry, which is a focused industry in the TTIP negotiations. Most other industries show a similarly balanced result, e.g. meat, fruit and vegetables, bread and pastry as well as livestock breeding and plant cultivation industries. It should be highlighted, that the sweets and snacks industry will be a stable economy. It was recognized, that no one in the agri-food sector might be the TTIP’s total loser.

Figure 5. Presentation of expected winners and loser of the TTIP



Source: own calculations.

In another study with different approach, Felbermayr et al. [Felbermayr et al., 2013b] concluded that:

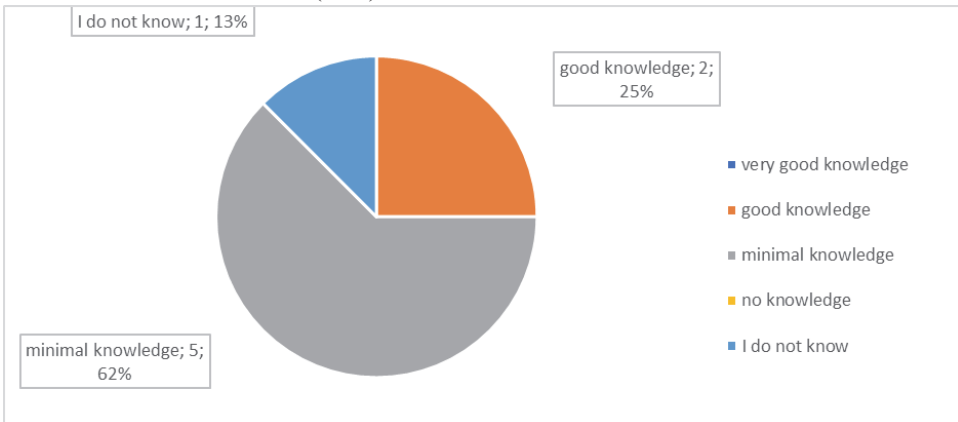
- EU trade with neighbouring states in North Africa or Eastern Europe would decline by an average of 5% from the comprehensive agreement. This results from the circumstances that the TTIP partially devalues existing preference agreements.
- A free-trade agreement between the United States and the EU has important welfare effects on the countries directly involved, and on countries

that are only indirectly affected by the agreement. Within the EU, as well, there are differences cutting across the countries. Within Europe, the Baltic States benefit most from eliminating tariffs in trade with the United States. Relatively high gains arise also for Great Britain and in the countries bordering the Mediterranean. Germany can expect an increase in real, *per capita* income of 0.24%. Located at the other end are France, the Benelux countries, and Austria, with its neighbours. The average is 0.27%.

**Second section: trade with the US**

In order to establish trade relations with other countries, it is important to have in-depth economic knowledge of the trading country. For this reason, it was important to know, as distinct is the export competence concerning the US market in the seven EU-Mediterranean countries. The following Figure 6 highlights the results. With regard to export competence, it is noted that the level of expertise is scored minimal. There is a need to improve the skills.

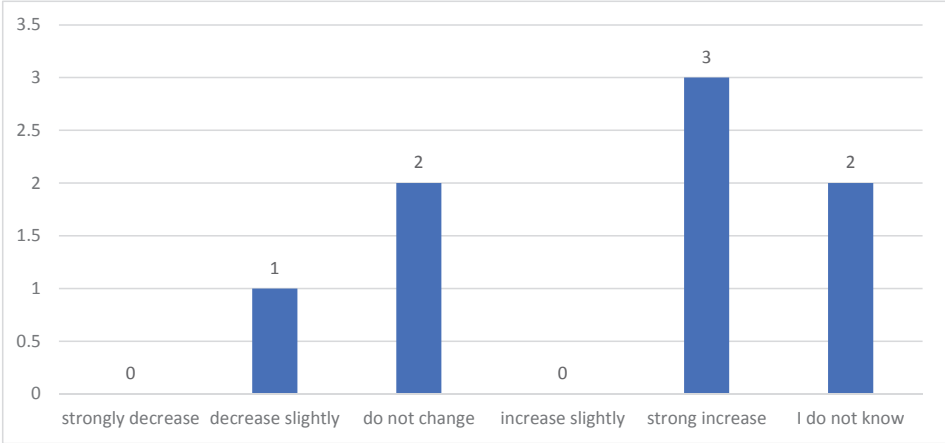
Figure 6. Display the export competence regarding the US-market of the 7 EU-Mediterranean countries (n=8)



Source: own calculations.

It was expected that the EU-US partnership will have an impact on the customer-supplier relationship. Associated with this, the coordination process between the partners will change along the entire value chain. By means of the question, how will the approval process along the value chain develop over the next twelve months, it can be concluded, that the customer-supplier relationship will not change or will possibly intensify (see Figure 7).

Figure 7. Expected transformation of the approval process along the value chain (customer-supplier relationship) due to the TTIP (n=8)

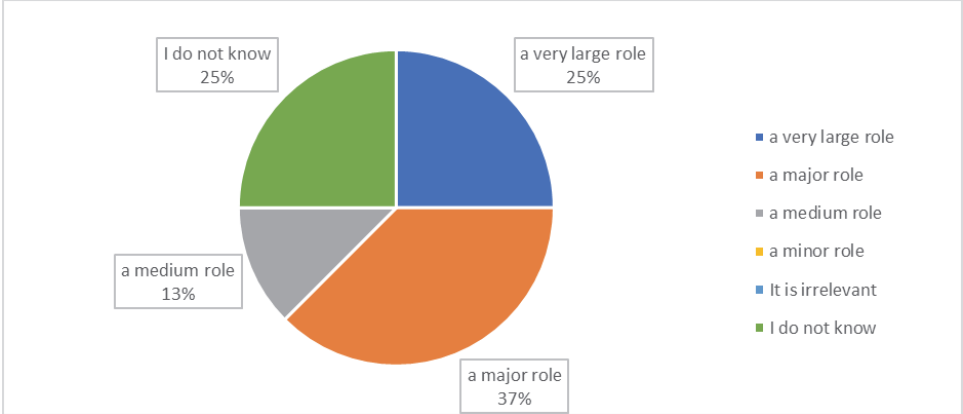


Source: own calculations.

**Third section: quality management in agri-food sector**

The question about the role of international quality standards in the agri-food sector was answered clearly. Figure 8 shows that over 60% of the participants agreed, that the standards have a very large or major role.

Figure 8. Role of international quality standards in the global trade in total and percentage share (n=8)



Source: own calculations.

A study on the TTIP, carried out by the German Federal Association of Green Business (UnternehmensGrün e. V.), reported that the “harmonisation of standards would represent an existential threat to many companies in the farming sector and to many medium-sized processing businesses in the food production sector” [Büchel and Reute, 2015].

#### **14.5. Summary and conclusions**

The results of this study show the complexity of the relationship between the CAP instruments and the planned free trade agreement, i.e. the TTIP as well as the quality standards in the agri-food sector and food safety with focus on the EU-Mediterranean countries. It is clearly stressed, that there is a need to coordinate the CAP with the EU trade policy.

There is an absolute need for more transparency of the TTIP negotiations, because the results of the online survey confirm the thesis that there is rather low focus in the EU countries on the TTIP negotiations and so far it has not been reflected in lasting implications.

Because of the current trend towards more trade agreements due to growing global markets and globalization, it is essential to ensure high standards of food safety and advance the process of international standardization. The resulting challenges consisted of developing know-how, increasing international competitiveness and seeking pragmatic regulations [Petersen et al., 2017].

In order to tackle these common challenges, well established networks of professionals from a variety of thematic areas have to be build between the EU and the US. To be effective and to achieve the aims of the CAP’s objectives, it must take account of the trade policy. It is of primary importance that the agri-food trade will be integrated into CAP instruments beyond 2020 as well.

It could be concluded, in case the negotiations regarding TTIP will be re-activated or opened, that an independent academic study and investigation on agricultural implications of TTIP in the EU-Mediterranean countries should be carried out. The research must be progressed further and continued.

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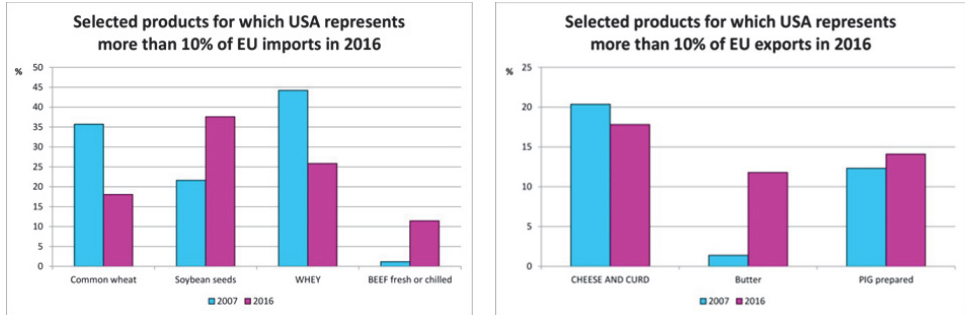
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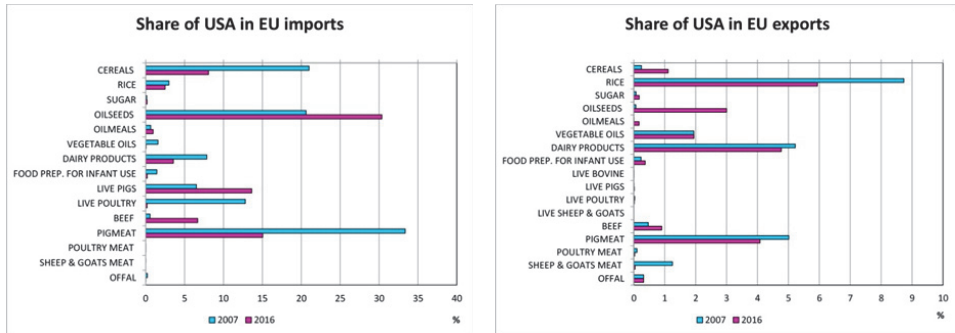
## Appendix I: Overview of trade statistics regarding selected products

Figure 1. The EU's import and export of commodities, which represent more than 10% of the total EU trade with the US: comparison of 2007 to 2016



Source: EC [2017b].

Figure 2. Share of the US in the EU's import and export by commodity: comparison of 2007 to 2016



Source: EC [2017b].