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# FROM THREAT TO OPPORTUNITY

## AN INTERNATIONAL TRADE POLICY FIT FOR YOUNG FARMERS



European Council of Young Farmers



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# About CEJA

**The European Council of Young Farmers (CEJA) is the voice of Europe's next generation of farmers to the European institutions.**

CEJA acts as a forum for communication between young farmers and European decision-makers. Its main objective is to promote a younger and more innovative agricultural sector across the EU-27 and to create good working and living conditions for young people setting up in farming and those who are already “young farmers”.

CEJA was established in Rome (Italy) in 1958 by organisations representing young farmers from the six founding members of the European Economic Community.

The organisation represents around 2 million young farmers in Europe. Our membership spans across 22 EU Member States and 31 national member organisations, including an observer member from the UK and an associate member from Serbia. We remain in regular contact with young farmers' organisations, agricultural institutions and associations throughout Europe and worldwide.



# Introduction

Europe's young farmers perceive international trade as a significant component in the successes or failures of EU agriculture in the future. While it is essential to acknowledge that trade has provided many opportunities for the agricultural sector over the years, there is also a strong belief that the policy framework in place today is not adapted to the challenges of this century. In a globalised world, not a single challenge, whether it is food insecurity, climate change or geopolitical instability, can be solved without resilient agriculture.

Over the past years, CEJA has been vocal on how EU agriculture should become more resilient, putting forward, among other elements of great importance, an ambitious generational renewal strategy, a consistent Single Market and a Common Agriculture Policy that tackles all economic, social and environmental challenges young farmers face. None of these internal policies, however, will succeed without a coherent and strategic Common Commercial Policy.

This is even more pressing at a time when the world recovers from an unprecedented sanitary crisis. The Covid-19 pandemic has highlighted the need for improved resilience of our global trade system and the extent to which economic powers all over the world are dependent on one another. It has also restated the importance of farming activities for our health and economies. Last but not least, it has led to key agrifood sectors being confronted with long-term impacts and a foreseen lengthy recovery process. In the aftermath of the pandemic, our trade policy needs to focus further on reaching EU autonomy on strategic agrifood products. To achieve such an objective, it is essential to fully acknowledge the uniqueness of agriculture and treat it separately in our trade policy framework.





# 1. Acknowledging the uniqueness of agricultural goods

To young farmers' eyes, agricultural goods are not any type of goods. They are at the core of today's objectives, whether it is food security, climate adaptation and mitigation, the preservation of natural resources and biodiversity, farmers' income or social inclusion of rural and remote populations. With this in mind, the unique specificities of European agricultural goods, as well as the role they play in today's societies, need to be more strongly acknowledged in trade frameworks, whether it is in the World Trade Organization's (WTO) Agreement on Agriculture or in the future EU trade strategy.

In our Union, agriculture is a factor of internal cohesion and external influence. The EU should, while looking for trade opportunities, ensure that the diversity and uniqueness of agricultural products are taken into account. Due to its territorial know-how materialised in particular in a unique catalogue of Geographical Indications, its high production and quality standards, and its capacity to combine production with environmental performance, EU agriculture is a highly strategic sector. Furthermore, many trade powers, including our most significant competitors when it comes to food production, find an interest in our EU Single Market, perceiving its 450 million consumers as a unique opportunity to create value.

As a consequence, it is clear that the sector needs to be adequately preserved and promoted, not only in the framework of the Common Agriculture Policy and Single Market but also within the Common Commercial Policy. In particular, the EU must not make use of agricultural products as a bargaining chip in trade negotiations for other sectors to maximise their profits. In this perspective, while the principle of "nothing is agreed until everything is agreed" is a primary driver of trade negotiations, we believe agricultural goods should always be negotiated separately.

To Europe's young farmers, trade policy must not lead to the idea that conquering new markets is the only way for EU agriculture to create added value in the future. The Single Market remains the first consumption market for EU production. If agri-food products which are not coherent with EU standards are imported, there is a risk that the added value created by EU farmers within the Single Market is ultimately undermined.





In line with this, an essential principle to young farmers is to prevent double standards from happening at all. When asked to raise our production standards, whether environmental or sanitary, we fail to understand how the same principles can be put aside when signing trade agreements with partners whose exports are not driven by the same ambitions. Such a policy leads to harmful situations in which EU agriculture suffers a competitive disadvantage and consumers are faced with a confusing offer. What is crucial for young farmers is consistency. Either our partners comply with EU standards, or there cannot be any agreement. Another solution is to lower EU standards, but it appears in contradiction with today's ambitions for high-quality products, with production conditions that take into account animal welfare, climate and environment, as well as labour rights.

## 2. Ensuring an international level-playing field: the stakes of the WTO reform for agriculture

Given the strategic characteristic of agriculture all over the world, young farmers believe a trading approach based on multilateralism should prevail. The multiplication of bilateral and regional trade agreements, presented as an alternative to the deadlock of the WTO, has complexified our global trade system. As a consequence, it is becoming increasingly urgent that common rules at the international level are redefined to reach more fairness and ensure that nobody is left behind.

In line with that, the EU must maintain a strong willingness and play of its influence to make sure that the reform of the WTO is brought forward. This reform is essential to EU agriculture as, despite small advancements together with like-minded partners, the WTO rulebook created in the 1990s appears mostly outdated in today's world.

Additionally, European young farmers consider that the WTO should tend to become an international organisation that ensures better governance of agricultural trade by defining the terms of exchanges and providing a balance for the countries and sectors put at risk by their exposure to the market. It should also put forward concrete means to avoid distortions of competition, providing a legal and transparent structure for complaints.

Four elements, in particular, would need to be pushed for from the young farmers' perspective to empower the multilateral approach again. These elements are: (1) a balanced dispute settlement system, (2) a firm EU stand on EU agriculture support, (3) a revaluation of production standards in the GATT and (4) a more robust enforcement of intellectual property rights protection.

## 2.1. A balance dispute settlement system

The Dispute Settlement System (DSS) of the WTO has long been perceived as a champion mechanism for our globalised world. Yet, over the last few years, the deadlock of the Appellate Body, notably triggered by the US moves to immobilise the nomination of new members, has created a situation in which trade disputes are long-lasting and solved at the price of heavy concessions on the agricultural front. While CEJA welcomes the efforts made by the European Commission to create an interim Appellate Body with other partners of the WTO, we hope that the situation is resolved as soon as possible. In the future, the rules of nomination of the Appellate Body's members need to be reformed to avoid any similar situation.

In the absence of a workable DSS, the EU must ensure that it takes all necessary measures against single players whose unilateral and aggressive tariff policies are particularly harmful to agriculture. Recent tariffs imposed by third countries on agrifood products are symptomatic of a politics in which agriculture takes the blame for disputes occurring in other sectors of our economies. It is an unacceptable methodology to young farmers' eyes, who want to see agrifood products excluded from such sanctions, both within and outside the realms of the DSS.







## 2.2. A firm EU stand on EU agriculture support

As major trade partners are scrutinising specific EU agricultural sectors with the aim of undermining CAP support, it is essential that EU institutions take a strong stand to defend its integrity. In this perspective, CEJA welcomes the steps undertaken so far by the European Commission, for example, when seizing the WTO DSS on the US anti-subsidies tariffs and anti-dumping duties targeted at Spanish ripe olives.

Every effort must be put into demonstrating that CAP support does not constitute countervailing subsidies, but on the contrary, does indeed comply with multilateral rules in place. CAP support, composed of decoupled and environmental payments with a strong social dimension, is mostly classified under the green and blue boxes within the WTO agreement, and those payments which are classified under the amber box are well below the authorised ceilings. Last but not least, export subsidies have long been abandoned, as was agreed with our trade partners.

Looking at the efforts already made by the EU, it is also of primary importance to underline the paradox at play in multilateral negotiations, in which many trade partners ask important concessions to the EU on the front of agricultural support without compromising whatsoever when it comes to their own subsidising policies.

Lastly, it must remain clear, also to the eyes of EU policymakers, that agricultural subsidies are an important feature of farmers' income. They constitute an enabling framework for them to live from their work while, at the same time, guaranteeing the consumers' access to safe, sustainable and affordable food, as well as contributing to providing environmental and social goods and services.



### 2.3. A revaluation of production standards in the GATT

Today's impossibility for the EU to condition the access to its Single Market to the respect of similar standards of production, embedded in the General Agreement of the WTO, is a primary obstacle to the enabling of a coherent trade policy. WTO members willing to advance on the front of labour rights, environment or climate, ultimately benefitting to all on an international level, should be equipped to restrain the access of certain goods which standards significantly differ.

### 2.4. More robust enforcement of intellectual property rights protection

In order to strengthen the protection of geographical indications in the agrifood sector, the provisions aligned in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) should be amended. For example, it is crucial to ensure that the protection is not limited only to cases in which the consumer is misled as to the true origin of the product but also extended to cases of undue exploitation of Protected Designation of Origin (PDOs) or Protected Geographical Indications (PGIs) names and reputation. More vigorous enforcement and controls would allow to reduce and counter the so-called "sounding phenomenon", namely all these activities that lead to counterfeiting and imitation of EU agrifood products.

## 3. Anchoring the Common Commercial Policy in today's realities

CEJA is extremely uncomfortable with accumulating Free Trade Agreements (FTAs) that threaten European agricultural sectors. The approach taken by the EU to negotiate preferential bilateral and regional agreements with chosen partners, in the absence of an update of the WTO rulebook, is negatively perceived by young farmers. Whatever the level of ambition of the Free Trade Agreements (FTAs), in particular when it comes to non-tariff barriers and enhanced cooperation, it is today necessary to measure the complexification and risks that they have brought along, especially for EU agriculture. More specifically, the economic and social impacts of FTAs for farmers are often not carefully assessed. In this regard, the idea of an Open Strategic Autonomy put forward by the European Commission in its upcoming strategy for the Common Commercial Policy is a unique opportunity to defend young farmers' interest in future trade agreements.





### 3.1. A renewed political contract on trade

Young farmers perceive trade as a cornerstone of EU cooperation, in line with the project of having an internal market and a political community. However, to grasp its full potential while preserving the most strategic interests of our agriculture, it is believed that a renewed political contract must be established at the institutional level. Such a contract must lay down the basis for a transparent and more inclusive trade policy in which EU values are fully reflected.

The following elements, in particular, should be subject to more attention:

**A sound evaluation of trade agreements:** a timely conducting and publication of impact assessments is a primary condition to the establishment of a realistic trade policy. When it comes to agriculture, the scope of impact assessments needs to be improved to consider all sectors involved in the negotiations. Impact assessments need to refer to the economic, environmental and social impacts trade agreements may have, in particular when it comes to elements such as farmers' income or carbon footprint. Furthermore, it is necessary to not only consider the impact of the assessed agreement, but also the cumulative effects of all existing and foreseen agreements.

**A full commitment to transparency and scrutiny:** a high level of transparency must be guaranteed in trade policy processes, from the identification of potential partners and negotiations to the implementation of ratified agreements. The European Parliament, the Council of the EU and national parliaments must fully use the accountability mechanisms at their disposal to ensure transparency throughout the process. It is also the responsibility of Member States to make sure EU trade proposals are suited for them and their citizens, through defining clear red lines in negotiating mandates. Transparency also includes the involvement of representatives of the economic sectors and civil society in the delimitation of red lines. In particular, strong coordination with farmers' organisations appears necessary, since FTA negotiations have often penalised the European agrifood sector. Young farmers, who represent the future of agriculture and therefore, food security, cannot be left behind in this process.

**No compromise on EU values and standards:** trade agreements must always include the recognition and legal protection of all Geographical Indications (GIs), of EU products and quality standards, as well as the enforcement of clear labelling, including information on the origin, on all imported products to protect the quality and sustainability of EU farmers' activity, avoid unfair competition and prevent food fraud. Before establishing a mandate of negotiations, the EU institutions have the duty to determine with precision whether a trade partner will be able to enforce EU conditions. These conditions must include enforcement of environmental and labour-related commitments, the Paris Agreement, sanitary and phytosanitary standards (SPS), animal welfare and anti-microbial resistance (AMR), as well as human rights. SPS equivalence and rules of reciprocity are a prerequisite to any FTA and should, as a principle, cover the entire value chain. The EU should not consider any partner showing bad will on these core topics for enhanced cooperation in the framework of an FTA.



### 3.2. More stringent enforcement mechanisms

To ensure there is no compromise on EU values and standards, better monitoring of trade agreements once they have entered into force is essential. Compliance controls and enforcement mechanisms are critical in this context. Also, despite CEJA welcoming the nomination of a Chief Trade Enforcement Officer (CTEO) at the European Commission, many open questions remain on how the EU plans to make such framework workable. Controls on the compliance of imported products appear imperfect. Moreover, monitoring the SPS and the conditions of production in each country is impossible. With that in mind, the implementation of an early-alert mechanism is highly needed, allowing trade workers, including exporters and the civil society, to better detect barriers to exports, unfair competition and food fraud.



### 3.3. More realistic and effective use of Trade Defence Instruments (TDI)

Because the EU is evolving in a fragile geopolitical environment in which other players do not always play by the same rules, it must reflect on how to protect the most sensitive sectors from unfair competition. To do so, the EU has at its disposal a certain number of Trade Defence Instruments (TDI) which would require a more realistic use when it comes to agricultural products. For instance, the use of Tariffs Rate Quotas (TRQs) appears particularly counterproductive in a context where trade agreements multiply at a fast pace. While experts consider quotas as a powerful defence instrument, their cumulative effects, have over the years led to significant increases in imports, posing direct threats to the stability of EU strategic agricultural sectors.

Young farmers are very much in favour of the inclusion of a safeguard clause on agricultural products in each trade agreement. This instrument prevents our Single Market from being overflowed in periods of market imbalances, including production surplus coming from third countries. For sectors having structural vulnerabilities, it is believed an opt-out option should be available to legislators when drafting negotiation mandates.

## 4. Addressing the challenges of ensuring coherence

Over the last years, the EU has shown an increased ambition on the front of environmental and climate action that has been reflected in all its flagship programmes, including the CAP, and more recently in the Communications on a European Green Deal. However, all the new ambitions put forward, whether on the front of internal or external policies, will require an alignment of the Common Commercial Policy.

### 4.1. Trade and young farmers' challenges

Over the last decade, the CAP has been more active on the front of generational renewal, providing Member States with funding instruments to support young farmers in the setting-up and viability of their activity. However, due to their higher risk profiles, a lot remains to be done to empower young farmers, in particular when it comes to accessing land, credit and investment as well as knowledge and education, and ensure they get a fair income. Some of the challenges they face are, in one way or another, linked to the Common Commercial Policy of the EU:

**Risk management:** although young farmers are fully willing to seize trade opportunities, the complexification of global markets has brought along an additional risk factor. In this perspective, CEJA strongly believes that it is the role of the CAP to ensure a solid set of tools to help young farmers face the risks on all markets influenced by globalisation. To anticipate and manage crises, the EU must develop adequate market regulation tools to allow for a better adaptation of supply and demand, including the setting-up of a European observatory and the implementation of an effective and ambitious crisis management system. The latter, defined upstream at the European level, should be automatically triggered and given a budget that is appropriately managed throughout the programme. Furthermore, in the perspective of veterinary and sanitary crises or pest diseases, it is essential that the principle of regionalisation, which guarantees fair treatment of producers, is fully recognised and enforced by our trade partners;

**Accessibility of trade opportunities:** while a higher focus on Small and Medium-sized Enterprises (SMEs) is welcomed, it is essential to enable those farmers involved in international supply chains to have a fair return on the products sold abroad by intermediaries. A fair market-return should always be the objective, both within the Single Market and on international markets. Also, in the case of sudden markets fluctuations, further efforts have to be deployed to ensure that products can be re-orientated in a non-harmful way to avoid disruptions in the Single Market. As a general rule, the promotion policy of the EU should be maintained and even reinforced to facilitate the access of young farmers to international opportunities. Furthermore, it is essential to invest in and improve trade-oriented infrastructures, such as transports, storage capacities and rural broadband. It is also necessary to ensure that advisory services are available to young farmers willing to internationalise the marketing of their productions;



**Foreign direct investment screening:** as demonstrated by the European Commission in its 2017 Interpretative Communication on the state of agricultural land,<sup>1</sup> speculation on EU farmland from international investors, although marginal, exists. Such investments can be to the detriment of younger farmers, who are very much struggling to access land. CEJA, therefore, welcomes the propositions of the Commission on foreign direct investment screening and wishes to see farmland further scrutinised in the future.

## 4.2. Trade and the European Green Deal

The European Green Deal includes a substantial international chapter, which outlines elements related to sustainable trade. In line with these elements, young farmers believe in a balanced trade policy, which prevents EU products from unfair competition, while promoting higher standards on a global stage. To do so, European standards and the Paris agreement must be non-negotiable throughout trade negotiations and in the resulting agreements.

Additionally, every instrument at the EU's disposal must be used to prevent environmental and social dumping, which are particularly detrimental to our agriculture. This is even more critical taking into consideration that the farming community is expected to raise its environmental and climate ambitions as outlined in the next CAP, the Farm to Fork Strategy and the Biodiversity Strategy. Imported products must, therefore, comply with similar requirements.

On top of that, CEJA sees the following points as significant elements to reach the Green Deal objectives as regards carbon neutrality and food security:



### **A strategy to reach further energy efficiency:**

hand in hand with the objective of carbon neutrality by 2050, the governance of trade deals should aim at reducing emissions through energy efficiency or promoting the consumption of foods with lower environmental footprints. These aims could be achieved through the objective of deforestation-free global agrifood value chains, but also by considering the implications of a Carbon Border Adjustment Mechanism as proposed by the Commission. The latter, however, must be carefully assessed to avoid retaliation measures, very likely targeted at EU agriculture, from third countries;

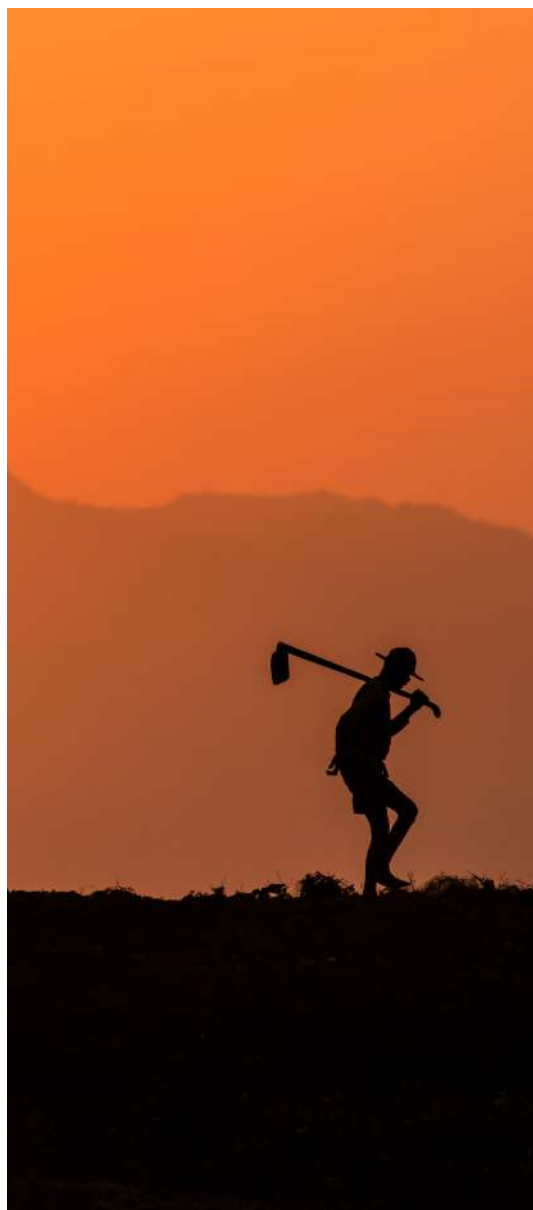
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<sup>1</sup> European Commission, 2017/C350/05, Commission Interpretative Communication on the Acquisition of Farmland and European Union Law, 18 October 2017.

**An objective to reduce dependency on strategic imports:** it is believed that the EU should aim to reduce its dependence on strategic imports, such as proteins for animal feed, through support to and substitution with affordable, EU-grown alternative feeds. The EU should, in the process, support farmers through research and knowledge, and assess new solutions and technologies facilitating access to innovation. The EU, in a gradual approach, must also give itself the means to review its zero-duty policy on the entry of proteins in the Single Market. It must also reconsider its international commitments on oilseed production, which prevent today the bloc from building self-sufficiency.

### 4.3. Trade and development

In line with the Sustainable Development Goals (SDGs), CEJA pledges for all actions to be taken to end hunger on the planet. In the reaching of such a vital objective, global trade constitutes a powerful instrument if used appropriately. Farmers, because they provide so much for society and enable food security, must be empowered all over the world. In this view, EU imports in third countries must not be made to the detriment of local economies. Third countries must also maintain a commitment to transparency and consult representatives of farmers' organisations in the framework of trade exchanges. The EU must, on its side, contribute to that effort through a fair use of trade, building on partnership and cooperation agreements, and aligning a development and cooperation policy aiming at strengthening the capacity of local economies in these countries. National initiatives and programmes established by EU Member States need to better coordinate to ensure appropriate channelling of funds. On the front of food security, social inclusion and sustainability, Europe's young farmers stand ready to act at the international level and build bridges with their counterparts.





# Conclusion

Due to its unique characteristics, agriculture has always been at the core of our societies. While being a precondition to our food security and strategic autonomy, it is also an important part of the solutions to the challenges of our century and a cornerstone of the collective ambition we carry for a sustainable future. Ensuring competitive and resilient food chains must, as a consequence, be one of the core objectives of a trade policy.

The current trade framework has brought a complexification of global markets, higher risks and unfair competition to EU young farmers. For them to truly benefit from international trade, while empowering resilience and managing the risks they are confronted by, the Common Commercial Policy of the EU needs to serve a coherent Single Market. Strong of its 450 million consumers, the internal market allows farmers to generate value and provide consumers with a variety of safe and sustainable options to choose from.

In line with the objectives to achieve further predictability and guarantee an international level-playing-field, a trading strategy based on multilateralism should prevail. A thorough update of the World Trade Organization's rulebook, around an action-based methodology, is needed to re-establish an efficient dispute settlement system and ensure balanced international trade. It should focus on finding common solutions to shared challenges, such as food insecurity, climate change and geopolitical instability. The WTO must also ensure that every partner involved can seize all the opportunities of global trade while being protected from unfair competition.

Many of the ambitions put forward by the EU aim to respond to global challenges. If commitments are fully enforced, international trade can contribute to reinforcing those ambitions by achieving a higher degree of consistency and uptake on standards and values. The challenges of coherence are various at the EU level, ranging from young farmers' specific needs, to the European Green Deal and the Sustainable Development Goals. By not compromising on its standards and values, the EU does not only aim at achieving those objectives within the internal market but also at inspiring partners all over the world to follow collectively the same ambitious path.

Young farmers strongly believe in the values of trade for agriculture and society as a whole. However, to grasp its full potential and maximise benefits, we believe that multilateralism is the way forward for sustainable and fair trade in the future. The EU, in its strategy, must always ensure that agriculture and local economies are not undermined by an offensive and overly ambitious trade agenda



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