



LMC Brussels Monthly Update – January 2018

Brexit – The Council adopted supplementing negotiating directives for the Brexit negotiations, which proposes a transition period ending on 31 December 2020. As the UK will continue to participate in the customs union and the single market (with all four freedoms) during the transition, it will have to continue to comply with EU trade policy, to apply EU customs tariff and collect EU customs duties and to ensure all EU checks are being performed on the border. Guidelines on the framework for the future relationship are expected to be adopted in March 2018. Over the past month, the Commission has sent notes to business operators encouraging them to analyse Brexit exposure and be ready to adapt logistics, supply chain and contracts. They highlight that a trading relationship with a country that does not belong to the European Union will never be frictionless, even more so when it comes to imports of live animals and products of animal origin, which are subject to systematic checks at the border of the EU when they arrive from third countries.

Mercosur – Even if there was no formal exchange of new offers at the high level Ministerial meeting, several sources reported that the EU had raised its offer for beef access to 99,000 tonnes per year from a previous 70,000 tonnes. COPA COGECA immediately expressed its firm opposition to this decision on social media, highlighting that it is not the time to propose additional concessions, especially when it is still difficult to gauge the impact of Brexit on EU agriculture.

EU agri-food trade – According to the latest EU report on agri-food trade, EU agri-food exports increased by 5.6 % in value terms, compared to the same period one year ago. Major gains in annual values have been achieved in agri-food exports to the USA, Russia and several Asian markets. Milk powder (EUR +936 million; +26%) and infant food (EUR +809 million; +12 %) exports have been performing very well over the last twelve months. At the same time, wheat and other cereals exports experienced the biggest drop in value terms on an annual basis (respectively EUR -1.7 billion; -29 % and EUR -0.3 billion; -15 %). Export of pork also significantly reduced (by around EUR 90 million) in values over the last 12 months.

Global Food Forum - The Global Food Forum (GFF) took place from 18-20 January 2018 during the International Green Week (IGW) in Berlin. The key focus of this year GFF was on the livestock sector. Following the meeting, agriculture ministers of 69 countries signed a joint statement where they share their intention to promote better dissemination and application of technologies and innovations, in particular regarding breeding, feeding and livestock husbandry but also to support international research collaboration on reducing GHG emissions from livestock production systems. The signatories also aim to combat AMR and strengthen governance of veterinary medicinal products and commit to phase out the use of antimicrobial substances for growth promotion in the absence of risk analysis in line with CODEX recommendations.

Direct payments – A recently published EU paper shows that in 2016, direct payments amounted to €41 billion (which represent 73% of the whole CAP expenditure) and benefited 6.7 million farms throughout the European Union. As it was the case before, direct payments are not evenly distributed among beneficiaries in each Member State, mainly because the

structure of the payments, which are mainly area-based, depends largely on the structure of agricultural holdings and important differences can still be observed between Member States. The figures show that about 80% of direct payments are granted to the approx. 20% biggest beneficiaries.

EU mission to China – Commissioner Phil Hogan will be visiting China in May 2018, accompanied by a business delegation of senior representatives from the European agri-food sector. The purpose of this visit is facilitating exchange and agreements between European and Chinese businesses active in the agri-food sector, while building on and profiting from existing presence of European agri-food products on the Chinese market. China was the second largest importer of EU agricultural and processed agricultural products in 2016, receiving 8.7% of all EU agricultural exports.

Promotion of agricultural products – The Commission has launched the call for proposals for programmes to promote European agricultural products throughout the world and within the EU. A total of €169 million is available to co-finance the programmes, up from €142 million in 2017. Two thirds of the available funding is earmarked for promoting EU food products in non-EU countries, in particular those with which there is a large potential for increasing EU agri-food exports such as Canada, Japan, China, Mexico and Colombia. Sectorial funding will go towards programmes that promote sustainable breeding including for sheep and goats. Funding has also been set aside for campaigns designed to promote healthy eating and the consumption of fruits and vegetables.