



## LMCNI Brussels Update – September 2017

**Brexit** - After the third & 4<sup>th</sup> round of negotiations, 'no decisive progress' was reached, according to Michel Barnier, the EU chief negotiator. This is likely to impede any advance to the second phase of talks in October, on transitional arrangements and the future EU-UK partnership, including trade relations. The 5<sup>th</sup> round of negotiation is due to take place beginning of October with the EU looking forward to the United Kingdom's negotiators explaining the concrete implications of Prime Minister Theresa May's speech.

**Food Fraud** - At a high-level ministerial conference held in the wake of the fipronil egg scandal, member states and the commission discussed measures to improve the EU's efforts in combatting food fraud. A total of 19 measures were agreed at the meeting, including better coordination between the use of the Rapid Alert System for Food & Feed (RASFF) and the Administrative & Cooperation System (AAC). The possibility of a combined platform of the two systems will be considered by the Standing Committee for Plants, Animals, Food and Feed. Other new measures include the creation of a "food safety officer" in each member state to improve information flow, and a rapid common risk assessment when situations first develop. The outcomes of the meeting will be presented by Health and Food Safety Commissioner Vytenis Andriukaitis at the Agriculture Council meeting on October 9.

**African Swine Fever (ASF)** – The Commission agreed to financially support pig farmers who own no more than 50 pigs and/or piglets (between 1 July 2016 and 30 June 2017) and are situated in areas at high risk of African swine fever. Because of their limited size and means, some of these small farmers might find themselves unable to implement the new Polish requirements and would therefore be forced to stop pigmeat production. The financial support of €9.3 million will be provided for a maximum of 10,000 piglets and 171,654 pigs. Farmers will receive €33 per piglet and €52 per pig. Farmers eligible for European aid will only be permitted to restart pigmeat production if and when they are able to meet the new requirements. This will not be possible within 2 years of having benefitted from support.

**Agricultural trade** - The [European agri-food exports](#) rose to €11.3 billion in July 2017, a 7% increase compared to July 2016. The most significant growths are exports towards the USA and Russia (for the products not included in the Russian embargo), with respectively an added €194 million and €104 million compared to last year. However, exports towards Saudi Arabia, Libya and the UAE have considerably decreased. Respectively, compared to last year, this fall corresponds to - €156 million, - €50 million and - €40 million. As for sectors, spirits and liqueurs have increased the most with €169 million more than in July 2016, followed by milk powders with €107 million added this year. On the other hand, wheat and other cereals exports experienced the biggest drop in value terms (EUR million) on an annual basis (respectively, -1 623; -24 % and 828; -34%)

**Ukraine** – As of 1st October some Ukrainian agricultural and industrial goods will be exported to the EU market tariff-free. This set of autonomous trade measures was proposed by the Commission and supported by the European Parliament and EU member States, in view of the difficult economic situation and the economic reform efforts undertaken by Ukraine. The new measures will top up the quantities of agricultural products that Ukraine can export to the EU under the Association Agreement (AA) without paying customs duties. It will also accelerate the elimination of EU import tariffs for several industrial products as foreseen in the Association Agreement.

**Mercosur** – As negotiations continue between the EU and Mercosur, it has been widely reported that the EU are preparing to offer the trading bloc an annual Tariff Rate Quota (TRQ) of 70,000 tonnes of hormone-free beef. The offer includes 35,000t for fresh and chilled beef and an equal amount for frozen cuts. There will be a duty of 7.5% applied to all in-quota beef that enters the EU from the bloc. Also included in the proposal is 600,000t of ethanol which is below the expectations of the Mercosur countries. The EU farmers' organisation, Copa, has come out strongly against the proposal. EU negotiators will travel to Brazil beginning of October for a formal round of negotiations.

**CETA** - the provisional application of CETA on 21 September follows its approval by EU Member States, expressed in the Council, and by the European Parliament. It will only enter into force fully and definitively, however, when all EU Member States have ratified the Agreement.

**Australia and New Zealand** – The Commission has now published draft mandates for the Council to open [negotiations](#) for trade agreements with Australia and New Zealand. These agreements would build on the recent successful agreements with Canada, Vietnam, Singapore as well as Japan among others.