

All redactions according to Art. 4.1(b)

Ref. Ares(2020)7425650 - 08/12/2020

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Cc: [REDACTED] (TRADE); [REDACTED] (TRADE); [REDACTED] (TRADE); [REDACTED] (TRADE); [REDACTED] (TRADE)

Subject: Report: meeting of EVP Valdis Dombrovskis with Copa-Cogeca, 4 December 2020

Meeting of EVP Valdis Dombrovskis with Copa-Cogeca, 4 December 2020

Participants from Copa-Cogeca

Several issues were raised by Copa-Cogeca: relations with the US, Brexit, Green Deal, handling of agricultural sensitivities in FTAs, cumulative impact of trade agreements, SPS barriers (concretely lack of acknowledgment of regionalisation) in third countries. On the Green Deal specifically, Copa-Cogeca expressed its support but pointed to the need to continue ensuring the competitiveness of the EU agricultural sector through investments. EVP Dombrovskis went through all these topics and at the end of the meeting reassured about his openness to further exchanges.

(CAB-DOMBROVSKIS)

From: [redacted]
Sent: mardi 6 octobre 2020 15:41
To: CAB DOMBROVSKIS CONTACT
Cc: [redacted] (CAB-DOMBROVSKIS); [redacted]
Subject: Meeting with Copa-Cogeca on trade review
Attachments: published trade review.pdf



Dear Commissioner,

We would like to propose a meeting [redacted]

The objectives of the meeting are:

- Congratulate you for the appointment as Commissioner for Trade;
- Introduce our new elected President for Copa;
- Present Copa and Cogeca views on trade policy – Open strategy autonomy

We have been supportive of the EU's current Trade for All strategy. We expect the future open strategic autonomy strategy to build on the achievements of the current strategy while also including the geopolitical and sustainability challenges.

From our point of view, when exercising global leadership, we have to develop a level playing field across all operators in international trade. We must promote all aspects of sustainability and extend the benefits of trade to farm level. You may find our contribution attached.

Dear [redacted] in a separated email I will contact you on behalf of the agri-food coalition (Copa-Cogeca, FoodDrinkEurope and Celcaa) proposing a meeting on EU-US related matters.

Looking forward for your reply,

yours sincerely,

[redacted]

[redacted]

Copa – Cogeca | Rue de Trèves 61, 1040 Bruxelles | [redacted]



BILAT(20)5455:2/DA-BM-PdV/lb

Brussels, 10th July 2020

**COPA-COGECA CONTRIBUTION TO THE PUBLIC
CONSULTATION ON
A RENEWED TRADE POLICY FOR A STRONGER
EUROPE THAT WORKS FOR FARMERS AND THEIR
COOPERATIVES**

Dear Sir or Madam,

We are writing to you on behalf of our 22 million farmers and their family members as well as our 22,000 cooperatives that are dedicated to providing 446 million EU citizens with safe, nutritious, high-quality and affordable food every day. Over the years, the EU agricultural sector has proven to be a strategic sector for the EU, one that ensures food security.

Thank you for consulting Copa and Cogeca. The farming community is committed to EU common policies, such as trade policy and the CAP, and is proud of the EU model of production. The EU farming community believes in rules-based fair trade that is supported by science.

We have been supportive of the EU's current *Trade for All* strategy. We expect the future *open strategic autonomy* strategy to build on the achievements of the current strategy while also including the geopolitical and sustainability challenges.

From our point of view, when exercising global leadership, **we have to develop a level playing field across all operators in international trade**, guaranteeing a balanced trade flow. **We must promote all aspects of sustainability and extend the benefits of trade to farm level.** Please find our contribution below.

- **Building more resilience – internal and external dimensions**

Question 1: How can trade policy help to improve the EU's resilience and build a model of open strategic autonomy?

Question 2: What initiatives should the EU take – alone or with other trading partners - to support businesses, including SMEs, to assess risks as well as solidifying and diversifying supply chains?

Increasingly, European foodstuffs are becoming renowned for their sustainability. The EU agri-food chain reached a net trade balance of €31.9 billion in 2019. Of the 44 million jobs that are linked to agri-food chain activities, around six million jobs are directly linked to agri-food chain

exports. According to the JRC, €1 billion worth of agri-food exports creates on average 20,000 jobs, 13,700 of which are in the primary sector¹. The EU has become the largest global exporter of agricultural and agri-food products, with an export turnover of more than €151.2 billion. A large share of the EU's exports are added-value goods, which highlights the importance of including primary and processing sectors when mapping out a trade strategy for the European Union.

The EU is the largest importer of rare agricultural commodities from developing countries and a major importer of agricultural inputs (energy, fertilisers, fuel, feed, etc.) - €116.6 billion. More than 30% of the raw materials processed by the EU agri-food sector are of non-European origin, which demonstrates the close ties between the European and the international market.

The EU framework is encouraging the EU agri-food sector to invest in added-value products. Despite the resilience shown by the agri-food chain, the COVID-19 outbreak hit this part of the value chain hard. It is therefore essential to adopt consistent internal and external policies in order to tackle the issue of competitiveness between the various farming sectors across the world.

Despite the COVID-19 pandemic, EU farmers and agri-cooperatives have been able to maintain the supply of food to citizens. We remain committed to maintaining a steady supply of safe, high-quality and nutritious food for citizens across the EU, thus ensuring food security that is built on the foundation of a proper functioning single market. All measures, including trade, that can safeguard and guarantee the functioning of agricultural activity and its cash flow must be introduced.

Moreover, world and European economic growth for 2020-2021 has been revised downwards by several institutes. Although certain economic activities across the EU have started to partially reopen, several agri-food sectors, in particular added-value products, are still facing tremendous challenges (e.g. access to skilled seasonal workers, market disruption, trade uncertainties). The crisis will have a long-term impact on the sector, and the recovery will be slow.

EU agriculture is already hampered by a number of trade disputes (e.g. WTO Airbus case, duties on olives, the Russian embargo), risks that animal and plant diseases pose (ASF, Xylella fastidiosa, the bark beetle) and uncertainties regarding the Brexit process, just to name a few.

In light of all the science-based public health concerns, the EU must keep its trade flowing, both internally and externally, while monitoring the developments in each of the EU agricultural product sectors (e.g. managing imports according to changes in consumption).

Furthermore, the agricultural and agri-food sector has reasonable development prospects. Cereal production in Europe is forecast to continue growing from 283 million tonnes to 325 million tonnes by 2030. Dairy production is set to increase by 0.8% per year on average, reaching 182 million tonnes by 2030. EU poultrymeat production is expected to increase significantly over the outlook period (by around 4% between 2018 and 2030). Increased production and processing capacity in the EU olive oil sector is expected to further strengthen the EU's net export position. If we are to make this production potential a reality, it is fundamental to both seek new outlets outside of the European single market and to develop non-food outlets.

Increasing exports of EU agri-food products is of the utmost importance because:

- It contributes to the overall valorisation of EU produce;
- Market access helps the distribution of competitiveness risk;
- It balances out product categories and ensures sustainability;
- It provides EU market balance;

¹ https://datam.jrc.ec.europa.eu/datam/mashup/EU_SAM_JOBS

- Trading generates some funding for investment in our own production and allows for consumer preferences to be matched.

Nevertheless, exports in themselves are not the objective. The objective is to create added value that would translate into benefits for farmers and agri-cooperatives. Despite the positive trade balance development, EU farmers have not yet seen yet this translated into real value at farm level. Furthermore, the EU framework is increasingly pushing up production costs. This is not taken into account in international trade negotiations, despite the EU's leading role in these areas.

The European approach, covering production, processing, trading, retail and consumption should be the main driver of the EU's agricultural and food trade policy. The limitations and obligations that European producers must adhere to should also apply to imports into the EU and be monitored regularly. This should become a non-negotiable factor in free trade negotiations. If we face tighter restrictions on cultivation and higher production standards due to the EU framework (the Green Deal, F2F, the Biodiversity Strategy, the CAP), we expect to be treated fairly. Please find below some principles that we believe should be taken into account:

- Create synergies between internal and external policies. While production standards in the agricultural sector mostly meet European consumers' demands, these do not form an integral part of trade negotiations. It is therefore necessary to re-examine production standards under the EU's trade strategy. These include standards on animal welfare, production rules underpinning organic farming, or contributions to protecting the environment and mitigating climate change, which are based on sufficient and transparent traceability rules. This is especially key given the development of private standards and the little progress made in multilateral negotiations. This is even more crucial considering the higher sustainability standards proposed in the Biodiversity and Farm to Fork strategies.
- Origin rules for agri-food products are important as they can help producers to access new markets, as is the case with products from the sugar industry. These rules must be based on common principles. Strong and effective rules of origin also shield EU production from unfair competition. The European Commission should work on establishing an approach to bilateral agreements that remains consistent with the changes to the EU's internal policy on the provision of information to consumers.
- SPS equivalence is a prerequisite to any FTA and should as a principle cover the entire value chain. Establishing a level playing field for production based on an equivalent policy approach will strengthen Europe's competitiveness, jobs and growth in the agricultural and food sector. Climate change will bring new challenges in terms of the environment in which farmers work. The SPS agreement must prepare for these new challenges.
- EU investment in high standards and high quality of EU produce requires careful assessment of the relevant imports into the EU. Given the agri-food sector's interest in exporting added value products, the concept of reciprocity may be introduced when imports are relevant to the EU.
- Given the increasing number of FTAs, the Commission should carry out a cumulative impact assessment on agriculture, including an analysis per product category.
- The European agricultural and agri-food sector mainly exports added-value goods. Removing non-tariff barriers is therefore a major challenge to overcome in the quest to tap into new outlets.
 - SPS disputes should be resolved before opening new bilateral negotiations.
 - The EU principle of regionalisation should be recognised, where relevant.

- **The single market should be automatically acknowledged as a single entity during negotiations.**
- **Unjustified additional costs should be removed and customs facilitation promoted.**
- **Contribute to the resilience and competitiveness of agricultural businesses while strengthening sustainable supply chains in line with EU expectations. The EU is a major importer of some commodities (e.g. plant proteins, F&V, beef, poultry). In addition, the emergence of new clients for some of these commodities is weakening the EU's ability to channel supply from producer countries. While it is not possible to replace all these imports with EU production, we should draw up concrete and effective plans to provide long-term support for investment, innovation and research throughout the value chain. This will allow EU agricultural businesses to be competitive, resilient and sustainable. For example, in order to establish a European plant protein sector that is competitive, of high quality and resilient to the numerous economic, environmental, climatic and technological challenges, there needs to be consistency between the different EU policies (e.g. research & innovation, policy promoting renewable energy sources and the CAP). We have seen evidence that the EU's supply of protein-rich raw vegetable materials has improved thanks to the production of sustainable crop-based biofuels. This has enabled a significant volume of the vegetable oil and meal produced when crushing oilseeds as well as ethanol and dried distillers' grains with solubles (DDGS) from cereals to be put to use. In addition, the increased production of protein-rich raw vegetable materials is the result of the incentives introduced under the 2013 CAP, in particular voluntary coupled support and greening measures.**
- **The European Union has become a major importer of fertilisers. These inputs can represent up to 40% of variable costs in cereal production. In these conditions, it is fundamental for European farmers to be granted access to the cheapest source of fertilisers to remain competitive. It is also vital to think strategically about the EU's fertiliser supply to ensure consistency between internal policies (the circular economy) and external ones, and to ensure that European producers have access to the inputs and raw materials that they need.**
- **To export, it is essential to have a dynamic and well-funded policy to promote European agricultural products. The promotion policy must guarantee sufficient resources and maximum flexibility between the prioritised areas in order to meet the demand for promotion funding and to allow for a broad product scope, one that ensures that conventional products can be promoted in all areas under Regulation (EU) No 1144/2014. In 2020, the demand for promotion funding was twice as much as the available funding. Given this high demand and the need to cope with the impact of COVID-19 and trade uncertainties, the budget for the promotion policy should be increased rather than decreased, as is currently planned.**
- **Furthermore, the promotion policy should also develop new information tools to support farmers and agri-cooperatives in seizing new market opportunities. Better knowledge and anticipation of changes on global markets could help farmers and their cooperatives to adapt their production systems. (e.g. impact of COVID-19 on the agri-food sector). The EU's new diplomacy network as well as a well-funded promotion policy must help to achieve this objective. In fact, the impact of COVID-19 showed that international trade is highly sensitive to measures adopted unilaterally by countries. We recommend that information systems and their availability to economic operators should be reinforced. Moreover, the digitalisation of SPS procedures and certificates should be negotiated and implemented with partners.**
- **It is essential to improve the recognition and protection of geographical indications (GIs) through trade. It is also crucial to ensure that the legal protection of GIs and other EU quality schemes is translated into concrete actions on the ground - implementation is**

key. Farmers and cooperatives would, therefore, be able to better protect their investments and consumers would benefit from more accurate information.

- **Supporting socio-economic recovery and growth**

Question 3: How should the multilateral trade framework (WTO) be strengthened to ensure stability, predictability and a rules-based environment for fair and sustainable trade and investment?

Question 4: How can we use our broad network of existing FTAs or new FTAs to improve market access for EU exporters and investors, and promote international regulatory cooperation particularly in relation to digital and green technologies and standards in order to maximise their potential?

Question 5: With which partners and regions should the EU prioritise its engagement? In particular, how can we strengthen our trade and investment relationships with the neighbouring countries and Africa to our mutual benefit?

Question 6: How can trade policy support the European renewed industrial policy?

The WTO negotiations should continue to form the cornerstone of the EU's trade negotiation strategy for the agricultural sector. The negotiations that were launched in 2001 under the Doha Development Agenda (DDA) set the only precedent to date of a global framework for trade negotiations that can guarantee a fair result for all of the different economic sectors and all WTO members:

- Addressing the issue of market access with a balanced approach as far as the right for each region to set its own food security goals is concerned;
- Less distortive domestic support;
- Developing alliances and partnerships to establish global standards and protect our interests in the long term. Establishing equivalent production standards in order to avoid double standards on the single market.
- Having a functional dispute settlement mechanism to offer a rules-based approach to deal with export restrictions.

We must create a more predictable international trading environment through the WTO. The weaker the WTO is, the more risks and the more volatility we will experience due to changes in some of our biggest trading partners' political situations. Therefore, the WTO reform is of considerable importance to us when it comes to setting up a global framework for an international trading environment, avoiding distortion of competition, and providing a legal structure for complaints and transparency in the way in which they are handled. These rules should be applied equally to all WTO members and be based on scientific evidence. Therefore, we support the leading efforts taken by the EU in reforming the WTO.

From an EU perspective, it is essential that we ramp up talks on production standards and all the aspects of sustainability (economic, environmental and social). Indeed, we should establish common ground with our allies on the main lines, for instance on food safety, sustainability or the climate, in particular on how to integrate the Paris climate agreement into the trading system with clear enforcement mechanisms. While we have been able to develop a common position with our trading partners in certain areas through bilateral agreements, without a sufficient WTO framework, the sector still faces a series of challenges.

In general, bilateral negotiations represent a challenge for the EU agricultural sector. These negotiations fail to take into account the cumulative impact on various sensitive agricultural sectors (EU-Mercosur being a clear example), and fail to address important areas of agricultural trade, namely domestic support. The European Union has amended its agricultural policy and developed tools that do not distort the market (the majority of EU support is green box). The main agricultural powerhouses, such as the USA, have developed support tools for their farmers that cause market distortion (amber box). Canada has maintained its supply management system for milk and white meat products (blue box).

Without a new WTO agreement, the regional agreements that are currently under negotiation could reinforce certain sanitary standards that will not be compatible with and will not help consolidate international trade. Distortions of competition between the major blocs could worsen. Origin rules, for example, must be based on common principles.

Bilateral trade agreements can represent an opportunity for the EU agricultural sector provided that:

- there is a balanced agreement within the agri-chapter;
- they are based on a scientific approach;
- the entire agri-food value chain is included;
- standards and GIs are mutually recognised;
- there are implementation/administration efforts, customs facilitation, proper enforcement of the provisions;
- public support is heightened and there is a better distribution of the benefits from international trade – ensuring a diversity of traders, including in particular newcomers and SMEs;
- they incorporate a sustainability chapter that includes the Paris Agreement with enforceable provisions, including sanctions.

Given that the EU represents a market with more than 440 million consumers, Copa and Cogeca call on the European Commission to maintain a harmonised approach to market access. The ever-increasing amount of regional or bilateral agreements eats away at the European Union's overall vision of the agricultural markets involved and does not guarantee that the agreements concluded will maintain a coherent approach. Furthermore, should the WTO process change, some concessions should then be extended to apply to all WTO members. For this reason, the "single pocket principle" should be applied to all agricultural products and based on a cumulative impact assessment. This also includes the concessions under the bilateral negotiations.

Partners and regions

The negotiations to strike a new trade agreement between the EU and the UK are a priority for European farmers and cooperatives. European farmers and their cooperatives now expect the negotiation process for the future relationship to be handled in a swift and orderly manner, with sufficient time provided to achieve a high-quality outcome. As well as facing additional bureaucracy as a result of the two different markets (e.g. rules of origin, customs formalities, authorisation and supervision, etc.), the EU agricultural sector will be hit hard if the EU and the UK do not agree on a deep trading relationship at the end of the transition period.

While the UK remaining in the customs union would be the optimum economic solution, the UK has repeatedly indicated that it will not remain in the single market and that the negotiations are focussing on a FTA model. In this regard, the EU and the UK should seek a new customs and

trade arrangement making trade as frictionless as possible, while preserving the integrity of the EU single market

Given that the UK government has indicated a preference for FTA negotiations, Copa and Cogeca would therefore support having mechanisms that can be put in place to manage future regulatory divergence, minimise friction and maintain a level playing field.

According to most projections, 90% of the increase in demand worldwide is taking place in emerging markets, mostly in Asia (65%). It is of strategic importance to focus on a specific category of consumer (those moving to urban areas) who will use their purchasing power to buy more and more added-value agri-food products. Setting up technical assistance to support trade with emerging markets, such as Asia and Africa, is therefore also of strategic importance for European agriculture.

- **Supporting SMEs**

Question 7: What more can be done to help SMEs benefit from the opportunities of international trade and investment? Where do they have specific needs or particular challenges that could be addressed by trade and investment policy measures and support?

In general, the agri-food community has supported the EU's ambitious trade agenda (e.g. Japan), due to its strategic nature, the balance struck within the agricultural chapter, and the need to find new outlets for our high-quality/value-added products. We have done this despite the fact that certain agreements have a potentially negative impact on some of our sensitive sectors (e.g. CETA, Mexico).

In order to broaden public support, it is essential to ensure a better distribution of the benefits from international trade, in particular at farm level (mostly SMEs). We can do this by ensuring that there is a wide range of operators, notably including newcomers and SMEs.

The implementation and enforcement of trade agreements require improvement. We are concerned by some of the recent developments related to the implementation of certain trade agreements (e.g. CETA, EU-Ukraine or EU-South Africa), which could potentially be a cause for concern among our members. This is particularly in connection with our market access. We urge the Commission to resolve these issues as soon as possible in order to guarantee a level playing field between operators and farmers. We see the proposal to appoint a Chief Enforcement Officer, at Deputy Director-General level, as a positive step. We propose:

- Improving communication on the trade agreement conditions; For example, Commission delegations could meet with business organisations and companies to raise awareness.
- Maintaining high-level business diplomacy missions and strengthening the capacities of the EU representations in third countries with a scope to handle market access/trade barrier issues. As SMEs might not be able to handle these kinds of local market challenges themselves, EU assistance would be of significant value.
- Addressing the need to check the benefits of trade and trade agreements in terms of farmers' income and to communicate these;
- Properly enforcing trade provisions, including SPS provisions and the protection of GIs;
- Sufficiently funding the promotion of EU agri-food products at export destinations.

Seeking new outlets and tapping into specific markets takes time and involves great uncertainty and risks, which may limit the cash flow of a business. While strengthening the policy to

promote agricultural products under the CAP is essential, it only provides a partial solution to this problem, as it does not cover commercial risks. The private banking sector does not cover this type of risk either. Certain Member States have set up export credit insurance schemes to support agri-food businesses. We encourage the Commission to develop mechanisms designed to minimise the risk involved in seeking new markets.

It is essential to improve the recognition and protection of GIs. GI protection should be enforced on the ground and not be limited to theoretical legal provisions. Farmers and cooperatives would, therefore, be able to better protect their investments and consumers would benefit from more accurate information.

Another internal policy closely linked to trade matters is the policy on infrastructure (e.g. rural broadband, transport and investment in storage capacities - regional and rural development policy). International transport requires specific facilities. The transport network must also be able to supply international ports. It is necessary to draft a political guidance document on developing the infrastructure and transport sector hand in hand with the trade policy.

To ensure that benefits of international trade are reaped at farm level, it is critical to recognise and support the cooperative model of enterprises. As enterprises directly owned and governed by farmers, cooperatives are in a position, with their strategies and investments, to grasp the opportunity offered by international trade. In addition, agri-cooperatives are a key tool to strengthen the position of European farmer in the food supply chain and global market. In this respect, it is fundamental for the EU and Member States to support agri-cooperatives, which are for the most part small and medium enterprises.

- **Supporting the green transition and making trade more sustainable and responsible**

Question 8: How can trade policy facilitate the transition to a greener, fairer and more responsible economy at home and abroad? How can trade policy further promote the UN Sustainable Development Goals (SDGs)? How should implementation and enforcement support these objectives?

Question 9: How can trade policy help to foster more responsible business conduct? What role should trade policy play in promoting transparent, responsible and sustainable supply chains?

As mentioned in the response to question three, the WTO negotiations should continue to form the cornerstone of the EU's trade negotiation strategy for the agricultural sector. Furthermore, it is essential that we continue to have more in-depth talks on sustainable production standards (covering economic, environmental and social sustainability) while integrating the Paris climate agreement into international trade. At the same time, enforcement and the sustainable development chapters in trade agreements need to be strengthened and compliance with the provisions in TSD chapters encouraged.

It is crucial to ensure that these sustainable production standards do not undermine the EU farming sector's competitiveness or push consumers to buy cheaper non-EU products, due to their considerably lower sustainability standards, resulting in a lower overall level of sustainability (sustainability leakage). Indeed, we should establish common ground with our allies on the main lines, for instance on food safety. While we have been able to develop a common position with our trading partners in certain areas through bilateral agreements, without a sufficient WTO framework the sector still faces a series of challenges.

Furthermore, the existing high EU standards (e.g. animal welfare) should serve as a competitive advantage on international markets. They should therefore gain recognition from outside the EU and increase export revenues where markets are willing to pay for the EU products. Moreover, third markets might in turn adopt the higher EU standards, generating a demand for EU know-how.

The farming community is committed to implementing the Paris Agreement and supports it as an essential part of the European and global political agenda. Our farmers and cooperatives are actively committed to achieving the 17 UN Sustainable Development Goals (SDGs).

The agricultural and forestry sectors are indispensable partners to attain the goals of the Paris Agreement. No other sector in Europe will be able to remove emissions from the atmosphere naturally, while at the same time supporting the development of a circular and bio-based economy and ensuring food security. The EU farming model is based on diversified, local and family farm structures, and is among the most efficient farming systems in the world. This has allowed EU agriculture to increase its overall productivity by 25% since 1990 while reducing its greenhouse gas emissions by 20% over the same period.

The Carbon Border Adjustment Mechanism (CBAM), could work as a measure to prevent carbon leakage in all sectors, provided that it is in line with the European tariff system and agricultural expectations. While the mechanism could help to prevent a disruption of competition, it would require access to the latest available technologies.

Carbon pricing mechanisms in agriculture and forestry should be based on the carbon farming framework envisaged by the Commission and be compliant with the CAP. Within this scope, the carbon dioxide that farmers remove (negative emissions) would also be recognised in traded goods according to their production method. This carbon farming framework must neither contradict the Emission Trading Scheme nor the Effort Sharing Regulation. The special role of agriculture in climate action, as laid out in the Paris Agreement, has to be recognised.

In addition to climate measures like the CBAM, the Commission should bear in mind that other issues such as biodiversity, deforestation and animal welfare also need attention as far as sustainable production in general is concerned. Carbon border adjustments on agricultural goods must be based on the Life Cycle Assessment (LCA) principles, including carbon sequestration. If agricultural and forestry products fall within the scope of the CBAM, principles should be drawn up in close cooperation with farmers and forest owners.

- The CBAM must be compatible with the WTO and other international trade commitments.
- It must minimise administrative burdens where possible (e.g. avoid double taxation or no taxation), and not have any adverse effects on the environment or climate. It is assumed that monitoring and reporting systems need to be in place. This is in order to understand whether the CBAM should be applied to a product or whether to provide a specific trade partner proven to have similar climate policies to the EU with a reduction or exemption. Besides, the carbon pricing calculation of a specific product may evolve with technological advances.
- The CBAM should be thoroughly assessed and carefully thought through along the entire food chain. This is because it may also have an impact on the level playing field for EU production (e.g. imports of soya to feed EU poultry vs. imports of poultrymeat from poultry fed with soya from third countries). It remains unclear how the calculation of emissions in agriculture and forestry could be carried out (e.g. there are currently no precedents that specifically address the issue of inputs that are entirely used up in the production process). Therefore, it would be mandatory for the Commission to undertake a thorough impact assessment along the entire value chain prior to initiating any CBAM.
- The European Commission must reject flat-rate calculation methods, which are based on theoretical assumptions and do not reflect actual emissions. A reference level for an accepted amount of N₂O and CH₄ emissions must be set. It cannot be set at zero. This could be done by defining a standard greenhouse gas (GHG) content/GHG reference level for EU agricultural products. This should be calculated and the difference in GHG content should be priced for imports. A certain reference level of GHG emissions must be "duty free".
- The tax on agricultural imports from unsustainable land use (i.e. deforested land) should be prohibitively high. Certification and third party auditing could be used.

- We support strong sustainability chapters in FTAs that are equipped with binding and enforceable mechanisms, and ensure that the Paris Agreement's commitments are upheld and strengthened by the nations that we trade with.
- **Supporting the digital transition and technological development**

Question 10: How can digital trade rules benefit EU businesses, including SMEs? How could the digital transition, within the EU but also in developing country trade partners, be supported by trade policy, in particular when it comes to key digital technologies and major developments (e.g. block chain, artificial intelligence, big data flows)?

Question 11: What are the biggest barriers and opportunities for European businesses engaging in digital trade in third countries or for consumers when engaging in e-commerce? How important are the international transfers of data for EU business activity?

The digital transformation of EU agriculture is an opportunity for the EU farming community, as long as the digital transition works for everyone, puts people first and opens up new opportunities for business.

Access to cutting-edge technology (e.g. data, AI and robotics, NBTs) and investments is crucial to help farmers and their cooperatives to improve their economic and environmental performance and to support farm modernisation and access to new markets worldwide (e-commerce). With the current farming toolbox shrinking, as proposed by the Farm to Fork and Biodiversity strategies, adopting digital technologies, including precision farming techniques, is becoming an increasingly important tool to enable farmers to deliver on EU objectives. This goes for climate change objectives in particular but also applies to those in trade policy (e.g. identifying new markets, providing additional information to consumers via blockchain or equivalent technology).

The uptake of ICT and IoT technologies in rural Europe is not only crucial for the agri-food sector but also for many aspects of rural life (health, education, transport, tourism, equal opportunities, trade etc.). However, this uptake depends on connectivity, something that the current COVID-19 crisis has demonstrated. Good infrastructure, services and high-speed broadband are crucial for the competitiveness and sustainability of our sector and of rural areas as a whole. Future-proof, high-speed and high-quality broadband will be transformational for the agriculture sector.

Data sharing represents both an opportunity and a challenge for the farming community. It is essential to promote farmers' rights to access and control access to their data while safeguarding privacy and developing powerful cyber security tools.

- **Ensuring fairness and a level playing field**

Question 12: In addition to existing instruments, such as trade defence, how should the EU address coercive, distortive and unfair trading practices by third countries? Should existing instruments be further improved or additional instruments be considered?

The farming community is committed to EU common policies and is proud of the EU model of production. The EU farming community believes in rules-based fair trade that is supported by science.

From our point of view, we have to develop a level playing field across operators in international trade. When concluding a trade agreement, the Commission must take into account that there is a difference between consumer standards and production standards. From our perspective, the EU-Mercosur agreement clearly fails to deliver on this aspect.

EU policies, such as climate policy and the Green Deal, are increasingly pushing up production costs while emptying the toolbox that farmers currently have. This is not fully taken into account in international trade negotiations, despite the EU's leading role in these areas.

Striking the balance between taking the lead with higher standards and maintaining competitiveness on the world market is challenging. We must promote all aspects of sustainability. This should include guaranteeing the competitiveness of EU agriculture and extending the benefits of trade to farmers on the ground. Given the international realities, we expect EU farmers to be treated fairly, especially if the political decisions made are not science-based.

The future does not lie in decreasing productivity and shifting production as well as climate impacts (carbon leakage and water scarcity) to third countries with lower standards. We have to make sure that the consumption of food and non-food products (bio-based fuels, chemicals and materials) complies with all the Sustainable Development Goals including trade policy.

The EU should, if necessary, suspend tariff preferences when non-compliance with the provisions of the agreement on sustainable development upsets the balance of competitive conditions for European producers.

The EU framework approach, which covers production, processing, trading, retail and consumption, should be the main driver of the EU's agricultural and food trade policy. The limitations and obligations that European producers must adhere to should also apply to imports into the EU and be monitored regularly. Trade policy must not be a vehicle for promoting non-sustainable production or fostering triangular trade. This should become a non-negotiable factor in free trade negotiations. SPS equivalence is also a prerequisite and should as a principle cover the entire value chain.

Establishing a level playing field for production based on an equivalent policy approach will strengthen Europe's competitiveness, jobs and growth in the agricultural and food industry. In this context, trade defence instruments (TDIs) are becoming increasingly important and should be applied as soon as imports are found to harm the EU.

With the blockage of the dispute settlement body, TDIs included in bilateral agreements will be the only instrument available to manage unpredictable situations. As trade in agri-food products is focusing increasingly on processed goods, activating TDIs is becoming increasingly complex, as demonstrated by changes in the imports of semi-milled or milled rice from Cambodia. Agricultural safeguard measures should be improved in order to guarantee:

- the protection of agriculture, especially sensitive sectors, through safeguard clauses;
- a quick response, made possible by the availability of digital data (e.g. trade, etc.);
- an automatic and appropriate response. An automatic response could be triggered when there is a substantial increase in volume during a given period that harms the sector.

TDIs should not be used as a protectionist tool. However, we must not refrain from using TDIs to fight against unfair access if the level playing field for EU farmers is put in danger. This would protect rural jobs and our diverse agricultural production.

Finally, trade policy should support and promote a level playing field in accordance with the EU Unfair Trading Practices Directive, which is currently being implemented across EU Member States.

• **General question**

Question 13: What other important topics not covered by the questions above should the Trade Policy Review address?

Improving transparency – consulting civil society

Copa and Cogeca strongly believe in the merits of consulting civil society on EU policies, be this trade policy or the CAP. We contributed to the DG Trade *expert group on trade* and would be in favour of seeing its mandate (or equivalent) renewed.

Setting up the expert group was a very positive step in the Commission's strategy to improve engagement with civil society in trade policy and to increase transparency. This forum allowed for a better understanding of the challenges and opportunities that trade deals pose for the various interests that we represent. It helped to build bridges between the various organisations.

We look forward to continue collaborating with the Commission and providing our views on trade policy. We encourage the Commission to set up a new policy on engaging with civil society in trade policy and to increase transparency.