



PFP REPLY TO COMMISSION PUBLIC CONSULTATION ON A NEW TRADE AND DEVELOPMENT COMMUNICATION 2011

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1. Trade, inclusive growth and development

Q6. What approach to the increasingly differentiated developing world would be the most successful to reduce poverty worldwide?

A. The EU is the first importer of the world of agriculture products from developing countries. PFP sectors are directly affected by these policies, which, in certain cases, have brought major changes to the sectors' structures. EBA initiative provides Duty- and Quota-Free access to all products from LDCs. EPAs provide similar provisions for the majority of ACP goods. Other trading partners, such as the US, should pursue initiatives like EBA as well as advanced economies like Brazil, China and India.

Q7. How could agreements with more advanced developing countries (such as China, India and Brazil) better reflect their increasing role in the global economy?

A. The advanced status of countries like Brazil, India and China should be taken into consideration when negotiating trade agreements. In terms of agricultural production and exports, some of these countries are among the largest and most competitive agricultural producers and exporters (for example Brazil represents almost 60% of world sugar exports). Negotiations with Mercosur and India bear a risk of further concessions and might undermine the preferential treatment of ACP/LDCs while challenging EU production (see answer to question 19)

2. Trade and sustainable development

Q14. Should EU trade policy specifically promote the respect of human rights in developing countries? If so, how?

A. Respect for rule of law and to human rights should be given special attention and monitored by the EU. Moreover, the ILO core standards should be effectively implemented and more advanced countries shall be asked to do more. The EU should set benchmarks on rule of law, democracy and human rights in the FTA negotiations and provide for necessary legal instruments ensuring implementation and enforcement.

Q15. How can EU trade and development policy further promote sustainable management and efficient use of natural resources in developing and emerging economies, And what measures should be implemented in order to avoid environmental negative consequences in the exporting countries ensuring long-term benefits for local people?

A. Generally speaking, environmental constraints are not as stringent in the Mercosur countries. For example many PFP companies are covered by the Emission Trading Scheme Directive and will incur significant costs in paying for greenhouse gas emissions from 2013

onwards creating a real risk of carbon leakage. Ultimately, this will affect the primary food processing industry and also impact on the development of rural areas since many PFP companies - even entire sectors, such as the sugar beet processing sector and the starch industry- have established their processing units in rural areas, near the agricultural raw material. While saving transport fuel emissions and contributing to the economic development of rural areas, those factories often face the typical infrastructure shortcomings of those areas.

3. Trade Agreements.

Q19. What can the EU do to ensure that the free-trade agreements it is currently negotiating contribute to further development, including beyond the partners directly involved in the negotiations?

A. ACP/LDCs countries have longstanding preferences on the EU Market which contribute to their economic development and since 1st October 2009, those countries enjoy duty and quota free access to the EU. The EU has also engaged in negotiations with a number of countries recently. Agreements with Peru/Colombia and Central America have just been concluded with concessions on agriculture. The concessions granted in FTAs should not undermine preferences given to LDCs (through EBA initiative, EPAs, GSP, GSP+, etc.). Corruption and unfair competition are major challenges in some of the countries currently engaged in negotiations with the EU (ex: Mercosur, India, Ukraine, South Africa, etc). Furthermore, effective, strict and harmonized application of rules of origin is needed in the FTAs, to ensure that the preferential access is given to countries that are targeted. New GSP rules of origin should be extended to EU FTAs.

4. Raw Materials

Q20. What is the best way for EU trade policy in raw materials to boost key development objectives of improving governance, building up administrative capacity, minimizing global prices volatility and opening new foreign investment possibilities, in developing countries and notably in LDCs?

A. PFP industries are mainly supplied with European agricultural raw materials and many rely on the local availability of the agricultural raw materials they process. However, in case of shortages of agriculture raw materials (maize for example), access to imports is vital for certain EU areas, regions or countries. The maintenance of a stable EU market benefits both the EU producers but also the LDCs/ACP. Depending on the net balance of each market- be it in structural deficit or in time of crisis- it is essential to maintain an import management policy which enables the EU to achieve its objectives for security of supplies and sustainability, as well as accommodating the balance of past EU reforms outcome. In this respect, the EU should consider how best to contribute to stabilizing markets and avoiding extreme price volatilities.

5. Final Comments

Q25. Please point out any other aspect you think important for EU trade and development policy, mentioning useful links or documentation publicly available.

A. Consistency between the objectives of the various EU policies should be respected in particular regarding internal and external matters (CAP and the EU's agendas on trade, development, the environment and climate change) taking into consideration the agricultural policy reforms and the consequences on employment.

PFP position on the CAP is available at the following link: www.pfp-eu.org

The Primary Food Processors of the EU (PFP) is composed by:

European Starch Industry Association (AAF)
European Committee of sugar manufacturers (CEFS)
European Flour milling association (The European flour millers)
European Vegetable Protein Federation (EUVEPRO)
European Vegetable Oil and Proteinmeal Industry (FEDIOL)

PFP members process approximately 220 Mio tons of raw materials (cereals, sugar beet, rapeseeds, soybeans, sunflower seeds, crude vegetable oil, starch potatoes...) employing over 120 000 people in the European Union.

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