



Newsletter

Hong Kong: The results of December's WTO Ministerial Meeting

The European Union was able to leave December's World Trade Organisation Ministerial Meeting in Hong Kong with an acceptable deal on agriculture. The elimination of all export refunds was agreed by the end of 2013.

After a week of extremely tough negotiations, the reached deal is certainly a lot better than many expected going in to the Hong Kong meeting, although progress in other areas of the Doha Development Agenda was disappointing.

It was the EU's willingness to agree to phase out export subsidies by 2013 that, more than anything else, saved the meeting from failure. Many of the EU's trading partners were pushing hard for a 2010 end date. But it was vital for the Commission that the phase-out should fit in with the timing of the ongoing reform process.

The EU agreed to the date on the firm condition that all other forms of export subsidies — notably export credits, state trading enterprises and non-genuine food aid — would be either eliminated by the same date or that disciplines would be developed to end their trade-distorting effects. Disciplines will also be developed to achieve effective cuts in trade-distorting domestic support in all countries.

The agreement will not oblige the EU to cut its domestic support beyond what is possible already thanks to CAP reform, and it should help the EU in its drive to push the United States to reform its agriculture, notably the so-called counter-cyclical payments.

The detailed discussion on market access for agricultural products will follow later this year, but the Hong Kong agreement will allow the Commission to continue to push for issues such as the improved protection of geographical indications.

Hong Kong also saw some progress on development issues and on cotton. This was of crucial importance because this is first and foremost a development round. Unfortunately, it was not possible to convince the United States and Japan in particular to follow the example of the EU's 'Everything but arms' system, which gives the least developed countries (LDCs) complete tariff- and quota-free access to the EU market for all products except armaments. Finally, it was agreed to provide, beginning in 2008, duty-free and quota-free market access for at least 97 % of the products originating from LDCs.

On cotton, it was agreed that all export subsidies will be eliminated by the developed countries by 2006, market access in the form of a duty-free/quota-free system will be granted from the beginning of the Doha implementation period, and trade-distorting domestic support shall be reduced more ambitiously for cotton than for any other product — a formula that does not cause any problem to the Commission thanks to its cotton reform in 2004.

On bananas, a solution was found that allows the EU to go ahead with the introduction of the tariff-only system on 1 January this year, with a tariff of EUR 176 per tonne.

So with Hong Kong behind us, where do we go from here? In theory, the so-called modalities for agriculture and industrial goods are supposed to be agreed by the end of April. This is a tough schedule. The Commission will make every effort to contribute to the process.

But our trading partners have to understand our position very clearly.

The EU has shown a lot of flexibility already. It is now time for others to be similarly forthcoming.

Organic food: new regulation will improve clarity for consumers and farmers

A proposal for a new regulation on organic production, which aims to improve clarity for both consumers and farmers, has been adopted by the European Commission. The new rules will be simpler, and will allow a certain amount of flexibility to take account of regional differences in climate and conditions. Producers of organic food will be able to choose whether or not to use the EU organic logo. If they choose not to, their products must be labelled EU-organic. At least 95 % of the final product will have to be organic to be labelled as such. Products containing GMOs will not be able to be labelled as organic, except those containing only up to 0.9 % of GMO content through accidental contamination. Imports of organic products would be allowed, as long as they comply with EU standards or come with equivalent guarantees from the country of origin.

Mariann Fischer Boel, Commissioner for Agriculture and Rural Development, said: 'The current rules

will be replaced by simpler, more transparent ones. They will define objectives and principles for organic production, clarify labelling rules and regulate imports, to guarantee that consumers know what they are buying and that farmers know precisely what rules to follow.'

The new regulation responds to the conclusions of the Council of October 2004 on the European action plan (EAP) for organic food and farming of June 2004 which provided an overall strategic vision for organic farming's contribution to the common agricultural policy. For the import regime, the new rules will apply from 1 January 2007. It is proposed for the regulation to apply as from 1 January 2009.

Commission proposes improved rules on agricultural quality products

The European Commission has adopted two proposals to clarify and streamline rules for protected geographical indications (PGIs), protected designations of origin (PDOs) and 'traditional specialities guaranteed'. The draft regulations will ensure full compatibility with the findings of a recent WTO panel.

'The system is a cornerstone of the EU's quality policy and our drive to improve the protection of geographical indications internationally' said Mariann Fischer Boel, Commissioner for Agriculture and Rural Development. In a panel ruling issued in 2004, the WTO upheld the integrity of the EU's geographical indications system and rejected the majority of the claims made by the United States and Australia.

Since the reform of the common agricultural policy, quality policy has been playing an increasingly prominent role. The number of regional and speciality products for which denominations are registered under EU

quality schemes now stands at 720 and continues to grow.

In order to make the registration process more efficient, the Commission is proposing to simplify procedures and clarify the role of Member States. The centrepiece of these proposals is the definition of a well-defined 'single document' for applications containing all the necessary information for registration, information and inspection purposes and which will be published. The proposals also seek to boost the image of the labels and the use of the EU logos with a view to increasing consumer recognition.

More information on the EU quality policy is available on the Internet at:

http://europa.eu.int/comm/agriculture/foodqual/quali1_en.htm

News in brief

Spirit drinks: Commission proposes clearer rules to enhance quality, respect international obligations and protect GIs

The Commission has adopted a proposal to update the EU spirit drinks legislation. Based on existing EU legislation on spirit drinks, it largely enhances applicability, readability and clarity, by adapting the regulations to new technical requirements. The draft includes a well-defined

policy for spirit drinks based on three product categories rooted in the current product definitions. TRIPS and WTO requirements are included to safeguard the protection of EU geographical indications on the world market.

Publications

The IRENA indicator report on agriculture and the environment is available on the IRENA website:

<http://webpubs.eea.eu.int/content/irena/index.htm>

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