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## EU-25

### Agricultural Situation

### EU Weekly Roundup and Policy Update (Issue 38)

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Brussels USEU [BE2]  
[E3]

**1. DOHA DEVELOPMENT AGENDA:**

- A. BARROSO SAYS OTHERS MUST "MOVE" ON WTO TALKS** - Europe's trading partners must make concessions in order to save global trade talks, European Commission President Jose Manuel Barroso said Monday. Speaking at a joint press conference with Paul Wolfowitz. Barroso said Europe already had made an important offer to cut farm tariffs. Now it was time for trading partners to make concessions in order to reach agreement at the WTO Doha Round ministerial meeting next month. Even though the U.S. and others derided the European farm offer as insufficient, Wolfowitz agreed with Barroso that the time had come for negotiating parties to focus on lowering tariffs in industry and services, not just agriculture.

He refused to blame France for its strong defense of European agricultural subsidies. "You are not going to get to a deal by playing a blame game," Wolfowitz said, adding that a trade deal would create growth and jobs that would provide long-term sustenance and allow poor nations to escape dependence on aid handouts. "We are very interested in the outcome. The 1.2 billion people in the world that live on less than a dollar a day are going to be enormously affected by this trade round," Wolfowitz said.

Both men put their hopes for Africa at the heart of their discussion of the Doha round, and Wolfowitz spoke of a "feeling of opportunity" to help the continent. Barroso underlined the need for negotiators to listen to the voices of the least-developed countries as well as to countries such as Europe, the U.S., India and Brazil. The talks are part of Wolfowitz's second visit to European Union headquarters since taking up his post. He will also meet EU Trade Commissioner Peter Mandelson and Development Commissioner Louis Michel. For more on Doha Round see [E35216](#) (item 1).

- B. UK PM SAYS THE EUROPEAN UNION AND THE US MUST GO FURTHER ON AG** - FAS/London reports that UK Prime Minister (PM) Tony Blair used his annual speech to the City of London's Lord Mayor's Banquet to urge for progress in the current WTO talks. In a speech focusing on trade, PM Blair argued next month's trade talks in Hong Kong offered the world a chance to build on the progress made during the July 2005 Gleneagles G8 summit, specifically the UK's initiative to assist developing countries and the importance of trade to alleviate poverty. The Doha Development Round is an opportunity to 'tackle some of the most fundamental injustices at the heart of world trade', he said, including agriculture, non-agricultural market access, and services. He went on to link increased trade with reduced poverty and, subsequently, less conflict. The Hong Kong summit comes at the end of PM Blair's year-long presidency of the G8 and six-month presidency of the EU.

On the negotiations themselves, PM Blair said: "The European Union and the US must go further, within the negotiations, on agriculture. We must reduce trade distorting subsidies; we must see a credible end date for export subsidies; we must put an ambitious limit on the number of sensitive products that can be afforded extra protection....In return Brazil, India and others must move on cuts in industrial tariffs, services liberalization, with proper flexibility for developing countries that need to sequence their commitments in line with their development needs." Further, PM Blair committed himself to doing "whatever it takes" over the next few weeks leading up to Hong Kong to overcome the divisions among the World Trade Organization's 148 members. For more see [UK5032](#).

## 2. WTO DISPUTES:

- A. WTO FSC UPDATE, US APPEALS APPELLATE BODY REPORT, DELAYS POSSIBLE EU SANCTIONS UNTIL SPRING 2006** - On November 14th, the US appealed the WTO Panel Report in the long running dispute over US Foreign Sales Corporations. The appeal means that the WTO Appellate Body's report on this is now due to be adopted by February 13 2006 at the latest. The EU Regulation on FSC retaliation would enable the EU to reimpose sanctions, in the form of a 14% tariff on some USD 2.5 bn US exports to the EU, within sixty days of the report's publication. Thus the penalty tariffs could be reapplied as of March or April 2006. Member State trade representatives, as well as the Commission, are currently focused on the Doha Round, so they probably privately welcome the delay on this issue introduced by the US appeal, as it ensures that this is unlikely to overlap with the HKMC in December. See [E24040](#) for a full list of the agricultural products affected by the FSC retaliation tariffs. See also [E35020](#).
- B. NEW EU BANANA TARIFF PROPOSAL** – The Commission is expected to present a new duty rate to the General Affairs Council for approval on Monday, after the decision of the Commission College to “habilitate” EU Agriculture Commissioner to table an appropriate figure, which is estimated in EUR 180 per ton. If this tariff is ratified by the Member States, then this duty will apply as 1 January 2006. For more on banana tariff see [E35210](#).

A.

## B. 3. AVIAN INFLUENZA:

- A. CAPTIVE BIRD BAN EXTENDED** – The EU ban on the import of captive birds for commercial purposes has been extended until the end of January 2006, following a vote in the Standing Committee on the Food Chain (SCoFCAH). Existing measures restricting the movement of pet birds with their owners have also been extended until January 31. The likely extension of biosecurity measures (due to expire at the end of this month) is likely to be discussed (& extended) at next week's SCoFCAH meeting. For more on the import ban see [E35211](#) (item 2).
- B. UNITED KINGDOM** – UK Ministry officials have also confirmed this week that the case of H5N1 reported in an Essex quarantine center last month probably originated in birds imported from Taiwan, rather than the Surinamese parrot previously reported. However, the quarantine measures have ensured that the virus has not spread. For more on Avian Influenza see [E35216](#) (item 2).

## 4. OTHER ISSUES:

- C. EU ENTERS FARM TRADE TALKS WITH 9 MEDITERRANEAN COUNTRIES** – Trade talks between the EU and the 9 “EUROMED” countries covering all agricultural products, as well as talks on non-trade issues such as rural development, technical barriers to trade, sanitary issues and quality policy have begun this week, the Commission has confirmed. As part of the Barcelona process, the negotiation follow agreement in May to adopt a Euro-Mediterranean Roadmap for Agriculture and will aim to achieve “wide-ranging trade liberalisation by 2010”- although the agreement would enter into force “preferably” on January 1, 2007, so as to allow a period of time for the partners to make the necessary adjustments. Agricultural trade between the EU and its 9 Mediterranean partners (Morocco, Algeria, Tunisia, Egypt, Palestinian Authority, Israel, Jordan, Lebanon and Syria) amounts to import worth EUR 2.4 billion (5.3% of total import trade from those countries) and exports EUR 3.7 billion (6.4% of total

export trade). Tunisia, Morocco and Israel are due to open formal negotiations with the first exchange of offers in January next year, Egypt will do the same in February but formal negotiations with the others will be subject to further preparation. For more on EU Trade Agreements see [E35076](#) and [E35006](#).

**D. SWEDISH GOVERNMENT CLOSURES ETHANOL LOOPHOLE** - Sweden is the country that has gone furthest in the development of ethanol as a fuel. Most of the ethanol used in Sweden is imported, mainly from Brazil. By using a loophole and mixing the Brazilian ethanol with 20 percent petrol, this ethanol has been able to enter into Sweden as "other chemical products" which has a much lower tax than pure ethanol. The Swedish government has decided to close this loophole as of January 1, 2006. The closing of the loophole evens out the price difference between the imported and the domestic ethanol. This could also have an impact on the ethanol production in other MS, since Sweden is a big importer of ethanol. After the closure of the loophole only those who import ethanol for a 5 percent blending in the petrol can get a tax exemption, and only if they prove that they paid a custom for undenatured ethanol of €0,192 per liter. This loophole closure would mean an increase in the price, for those who imported without taxes, of about €0,16 per liter. E85 is not affected by this change in regulation. For more on biofuels in the EU see [E35058](#).

**E. APPROVAL OF US-EU FISHERIES ARRANGEMENT STILL SUBJECT TO MEMBER STATE VOTE** - In the United States, brokers play a significant role in the marketing of seafood products. These brokers either buy for or arrange seafood shipment to final customers buyers; final customers buyers and primary processors are not known to each other. In the mid 1990's it was brought to the attention of the Food and Drug Administration (FDA) and the National Marine Fisheries Service (NMFS) that brokers shipping product to the European Union (EU) were concerned for loss of business by revealing the names and identifying numbers (CFN/FEI) of their suppliers on EU certificates. Strict adherence to EU requirements under EU Directive 91/493 would afford buyers opportunities for direct purchase from the primary processors, resulting in loss of business for the broker. The U.S. and EU agreed to an arrangement in June of 2005 where the sources would be revealed to U.S. Government officials confidentially and brokers would be listed on the certificate with their own CFN or FEI number. It is important to note that not all brokers can export seafood to the EU but only FDA approved brokers. In June 2005, the EU accepted FDA's guarantees whereby brokers have the obligation to reveal their sources to U.S. certifying Authority, so that complete traceability exists throughout the distribution chain. This arrangement maintained the both governments' ability to trace back products if necessary and ensure that the seafood was manufactured in a facility that appears on the EU Shippers List. DG SANCO however must still present this proposal to its member states for a vote at the Nov. 22-23 meeting of the Standing Committee of the Food Chain and Animal Health. It is rumored that France and Italy are not in favor of the Commission's proposal, which will need a qualified majority proposal to pass. Should the Commission's proposal not pass 300 million \$ of US fisheries exports to the EU could be jeopardized. For more on seafood trade with the EU see our website <http://www.useu.be/agri/seafood2.html> and GAIN Report [E35009](#). See also [FDA webpage on seafood](#).

**F. FRANCE ASKS FOR SAFEGUARD MEASURES IN APPLES** - The French Agricultural Minister, Dominique Bussereau, has asked the Commission to apply the safeguard measure for apples. Bussereau alleges that despite the good quality of the French product, there's a large presence of apples from third countries in the stores, mainly from the South hemisphere. He added that the European imports have raised more than 300,000 tons in three years, decreasing the market prices. Dominique Bussereau has also

demanded the renegotiation of the trigger conditions for the special safeguard clause, both in volume and price.

According to a Commission officer, no actions will be taken during the current year, due to the end of the marketing campaign on August 31. The Commission has promised to start the next campaign in January 1, 2006, with a more intense monitoring on apple imports. They also planned a meeting with the interested parties at the beginning of the year. For more on safeguard measures see [E35146](#) and [E35029](#), for more on apple trade see [E35173](#).

#### RECENT WEBSITE UPDATES (November 11- November 17, 2005)

Issue	Link to	Website
<b>WTO Notifications</b>	G/SPS/N/EEC/271: meat imports G/SPS/N/EEC/272: plant protection products G/SPS/N/EEC/273: food additives G/SPS/N/EEC/274: food supplements	<a href="http://www.useu.be/agri/WTONotif.html">http://www.useu.be/agri/WTONotif.html</a>
<b>Doha Round</b>	- Press releases (update)	<a href="http://www.useu.be/agri/wto-doha.html">http://www.useu.be/agri/wto-doha.html</a>
<b>Contaminants</b>	- Nitrate in certain vegetables (link to Commission Regulation 1822/2005)	<a href="http://www.useu.be/agri/pesticides.html">http://www.useu.be/agri/pesticides.html</a>
<b>Central Europe</b>	- "What's new in Central Europe" – overview of recent market trends (GAIN AU5026)	<a href="http://www.useu.be/agri/fairs.html">http://www.useu.be/agri/fairs.html</a>
<b>Animal Welfare (NEW)</b>	- Links to EU on-line consultation and Welfare Quality research project	<a href="http://www.useu.be/agri/welfare.html">http://www.useu.be/agri/welfare.html</a>

#### RECENT REPORTS FROM USEU BRUSSELS, EU MEMBER STATE AND CANDIDATE COUNTRY POSTS:

Report Number	Post	Title	Date Released
<a href="#">E35219</a>	USEU	The US-EU Veterinary Equivalency Agreement: Content and Comparison	11/16/05
<a href="#">E35218</a>	USEU	EC launches new Public Consultation on Animal Welfare	11/16/05
<a href="#">E35217</a>	USEU	EU Rice Weekly, Brussels November 15 2005	11/15/05
<a href="#">E35216</a>	USEU	EU Weekly Roundup and Policy Update (Issue 37)	11/10/05
<a href="#">LH5001</a>	Vilnius	Lithuania's Avian Influenza Preparations	11/17/05
<a href="#">UK5032</a>	London	Prime Minister Blair urges for progress in Hong Kong	11/16/05
<a href="#">UK5031</a>	London	Update on HPAI H5N1 in quarantine in the UK	11/16/05
<a href="#">FR5081</a>	Paris	Grain Exported from French Ports - October 2005	11/16/05
<a href="#">GR5029</a>	Athens	Cotton and Products Report	11/15/05
<a href="#">PO5025</a>	Lisbon	Export Promotion Programs Annual	11/15/05
<a href="#">BE5014</a>	Brussels	Belgium-Luxembourg Retail Food Sector Annual	11/15/05
<a href="#">NL5035</a>	The Hague	Retail Food Sector Annual for the Benelux	11/15/05

These reports can be accessed through our website [www.useu.be/agri](http://www.useu.be/agri) or through the FAS website <http://www.fas.usda.gov/scriptsw/attacherep/default.asp>.

