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FOOD 10
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PHYTOSAN 5
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ENV 100
CLIMA 53
CODEX 2
WTO 12
RELEX 132**

NOTE

From: Presidency
To: Delegations

Subject: Strengthening coherence between the Green Deal, the CAP and trade policy to support the transition towards sustainable food systems
- *Exchange of views*

Delegations will find attached a Presidency background note for the exchange of views on the above-mentioned subject at the meeting of the Council (Agriculture and Fisheries) on 21 February 2022.

Strengthening coherence between the Green Deal, the CAP and trade policy to support the transition towards sustainable food systems

The European Union is committed to the transition of its agricultural, food and forestry sectors to make them even more resilient and sustainable, as well as more respectful of the environment and of animal welfare, so as to respond to the major challenges of our time – in particular those posed by climate change and the erosion of biodiversity – and to the constantly evolving expectations of society.

Thus, in the framework of the European Green Deal, the European Commission has proposed a series of ambitious common objectives, including the ‘Fit for 55’ roadmap for achieving carbon neutrality in 2050 and the ‘Farm to Fork’ and ‘Biodiversity’ thematic strategies, in favour of healthy, resilient, equitable and sustainable food systems, initiatives that have been welcomed by the Council and Parliament. The European Union also reaffirmed these commitments at the UN Food Systems Summit in September 2021.

This new framework is a unique opportunity to reaffirm and revamp the social contract on food that has linked the European Union to its citizens since the Treaty of Rome was established. Citizens are paying ever greater attention to the environmental, health and ethical aspects of their food, including animal welfare and the need to ensure a fair income and decent working conditions in the agricultural sector.

In order for the transition to be a success, the European stakeholders concerned, such as farmers, must be supported, even if they operate in a global context, since the transition may incur adaptation costs that are not always covered by the market. The new common agricultural policy for the period 2023-2027 will contribute to the adaptation costs for agriculture.

In addition to financial support, there is also a need to facilitate consumer choice in favour of sustainable and varied diets, and to align EU public policies with sustainability objectives, in particular animal health and protection policy, plant health policy, food safety and consumer information policy, and environmental and trade policy.

EU policies must also take account of the potential undesirable negative effects during this transition – in particular those linked to the phenomena of ‘environmental leakage’ to third countries – which could undermine its effectiveness.

In this respect, the study by the Commission’s Joint Research Centre¹, which seeks to assess the cumulative effects of certain objectives defined in the European Green Deal and in the ‘Farm to Fork’ and ‘Biodiversity’ strategies on the European food system, shows that given the expected environmental and climate benefits, the implementation of these strategies could lead to a reduction in European agricultural production and an increase in imports of agricultural products from third countries that may be less ambitious in terms of environmental or health protection, or may not meet the expectations of European consumers, and may also have a worse carbon balance.

Without underestimating the methodological limitations of this work², the results of this and other similar studies oblige us to think of ways to prevent the increase in health and environmental requirements applicable to European agriculture from leading to a reduction in our production capacity, with consequences for the global food supply that may be accompanied by social imbalances and an increase in environmental or climatic impacts in other regions of the world.

¹ JRC, 2021, ‘*Modelling environmental and climate ambition in the agricultural sector with the CAPRI model*’.

² In particular, the failure to take into account other complementary objectives and actions on the ‘demand’ side of these strategies.

Research and innovation have a major role to play in the successful transition of European agriculture, without compromising its production potential. Investment (in robotics, digital technologies, genetics and bio-solutions) would also help. Lastly, the implementation of agro-ecology remains the best way to maintain the potential of soils and the biodiversity of ecosystems, which is a condition for maintaining production capacity. However, in order to mobilise these levers, European farmers will need to have adequate financial capacity and sufficient income.

With this in mind, it is essential that there is coherence of the objectives of the three policies that are equally crucial for the construction of the European Union, its prosperity and its ability to meet the challenges of tomorrow: the common agricultural policy, which guarantees food safety in Europe and in the world; the European Green Deal, which aims to define the EU's new sustainable growth model; and trade policy, based on defending the rules of multilateralism as a factor of global stability.

In keeping with the rules of the multilateral trading system, it should be possible to respond to this issue of coherence in accordance with the guidelines proposed by the European Commission in its Communication on the Trade Policy Review.

In certain circumstances WTO rules already allow for regulatory measures, including restrictions on imports, to achieve a legitimate policy objective such as the protection of health, the environment or public morals, provided that they are non-discriminatory and do not constitute a disguised restriction on trade, are necessary to achieve the desired objective, are scientifically based and have an impact on global phenomena. Climate change, biodiversity loss and antibiotic resistance are clearly part of these global challenges.

The European Parliament and the Council have thus requested a report from the European Commission on the application of EU health and environmental standards (including animal welfare standards and production processes and methods) to imported agricultural products³. Given the expectations expressed in the context of the negotiations on the reform of the common agricultural policy, the report should provide a comprehensive assessment of the issue, covering all relevant public policies. It should be published by June 2022 at the latest.

In order to ensure that agricultural and food products placed on the EU market, whether from Europe or imported, guarantee European consumers the same level of health and environmental protection, a number of levers can be identified:

- (i) Reviewing maximum residue levels (MRLs) and import tolerances (ITs) for plant protection products;
- (ii) Applying certain European standards to imported products ('mirror' measures);
- (iii) Increased labelling;
- (iv) Taking these challenges into account in bilateral trade agreements;
- (v) Strengthening action and cooperation in international standardisation bodies.

³ *Joint statement by the European Parliament and the Council concerning the application of EU health and environmental standards to imported agricultural products, OJ C 488/7, 6.12.21, p. 7.*

(i) Reviewing maximum residue levels (MRLs) and import tolerances (ITs) for plant protection products

EU legislation provides a framework for the placing on the market and use of plant protection products⁴ within the EU. It also regulates the placing on the market of food and feed of plant and animal origin by establishing maximum residue levels (MRLs) of pesticides for these products⁵. These limits apply to all products placed on the EU market, whether produced in the EU or imported from third countries.

Apart from national rules in the country of production, the only limitation on the use of plant protection products for the production of food or feed for export to the EU is that they should not exceed EU MRLs in the product placed on the market.

EU rules allow operators to apply for an import tolerance (IT), including for active substances not authorised in the EU for reasons other than public health, in order to take account of different agricultural practices and to meet the needs of international trade. It is therefore possible to set or maintain MRLs above the limit of quantification of residues for substances not approved in the Union. As a result, food or feed containing residues of substances prohibited in the EU can be legally placed on the market, as long as the levels of residues remain below the applicable MRLs.

⁴ Regulation (EC) No 1107/2009 and Directive 2009/128/EC.

⁵ Regulation (EC) No 396/2005.

With this in mind, it is imperative that the European Commission continue its ongoing review of the MRLs/ITs of banned substances in the EU to bring them into line with the latest scientific data as soon as possible. Part of this work should involve taking better account of global environmental challenges when defining MRLs/ITs, as proposed by the Commission in its report of 20 May 2020 to the European Parliament and the Council on the evaluation of Regulation (EC) No 1107/2009 on the placing of plant protection products on the market and Regulation (EC) No 396/2005 on maximum residue levels of pesticides⁶. In addition, MRLs could be defined for products intended solely for animal feed in order to better control the risk of contamination of animals by plant protection products that could constitute a threat to their health.

(ii) Continuing the work undertaken on the application of certain European standards to imported products

EU legislation already contains **provisions on production methods that apply ‘mirror’ measures to products imported** from third countries. One example of this is the ban on the import of animals and products derived from animals that have been administered antimicrobial drugs used for growth promotion purposes and antimicrobials reserved for human health, as provided for in Regulation (EU) No 2019/6 of the European Parliament and of the Council of 11 December 2018 on veterinary medicinal products. Following the entry into force of the Regulation on 28 January 2022, it is essential that the secondary acts provided for in Article 118 are adopted swiftly so that the ban can be effectively implemented.

As suggested in the Commission’s Communication on the Trade Policy Review⁷, the EU may need to introduce more ‘mirror’ measures, in line with WTO rules.

⁶ REFIT report, COM/2020/208 final.

⁷ Communication from the Commission of 18 February 2021, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy, COM(2021) 66 final, *cf.* 3.2.2.

To this end, an assessment of the relevance of applying EU production standards to third country products with the aim of strengthening health or environmental protection or responding to ethical concerns could be systematised as part of the impact studies conducted prior to legislative developments. The Commission is working on a revision of animal welfare legislation and of Regulation (EC) No 1831/2003 on additives for use in animal nutrition, which could provide an initial opportunity to implement this approach.

Furthermore, this would contribute to a clear and comprehensive regulatory framework that is implemented regardless of the food's origin.

(iii) Improving labelling schemes

Consumers want more information on the origin and production methods of the agricultural and food products they buy and to contribute through the choices they make to a more sustainable food system.

Labelling products with their place of origin allows consumers to make choices in line with their expectations. Origin labelling is already mandatory for many products marketed in the EU, regardless of whether these products are produced in the EU or are imported. Improving the compulsory labelling of the origin of agricultural and food products could, in line with WTO rules, enable European consumers to be better informed about the production standards of the products they consume.

(iv) Ensuring these challenges are better taken into consideration in trade and cooperation agreements

EU policies and instruments must also effectively help to collectively raise global standards and ambitions in order to address these global concerns. While trade policy alone cannot manage all of the challenges that require a response on a global scale, access to the European market, to its enterprises and to more than 450 million consumers is a lever for negotiation, influence and encouragement to raise ambitions and standards which, until now, have been very underused.

Trade agreements also provide a framework for cooperation with partner countries that should ideally be strengthened, as envisaged by the Commission in its communication on trade policy, by including new chapters on sustainable food systems in particular⁸.

Lastly, some of the EU's multilateral or bilateral tariff preferences are already conditional on compliance with specific criteria by third countries. For example, the so-called 'Hilton' quota for beef imports⁹ is reserved for animals exclusively raised on pasture since weaning. This tool could, where appropriate, be used again in future negotiations.

This would strengthen the contribution of the EU's trade policy to achieving the objectives of the 'Farm to Fork' and 'Biodiversity' strategies and improve the overall coherence of EU policy.

⁸ Communication from the Commission of 18 February 2021, Trade Policy Review – An Open, Sustainable and Assertive Trade Policy, COM(2021) 66 final, *cf.* 3.2.6.

⁹ Commission Implementing Regulation (EU) No 593/2013 of 21 June 2013 opening and providing for the administration of tariff quotas for high-quality fresh, chilled and frozen beef and for frozen buffalo meat.

(v) Strengthening action and cooperation in international standardisation bodies

Alongside an active cooperation policy aimed at encouraging third countries exporting goods to the EU to adopt production standards that comply with our requirements (where appropriate, including in the context of trade agreements), it is important for the EU and its member states to continue to be actively involved in international standardisation bodies (the Codex Alimentarius, the IPPC and the OIE in particular) in order to convey their vision and values.

Questions

With a view to contributing to the discussion on how to support the transition towards sustainable food systems while preserving the efforts of European farmers in the evolution of their production methods, ministers are invited to share their thoughts on the following questions:

- 1) Do you share the paper's finding that there is a need to strengthen the coherence of European sectoral and trade policies in order to achieve the objectives of the European Green Deal and its sectoral strategies, also in relation to imported products?
 - 2) What tools should be mobilised in practice to ensure this coherence?
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