



Europe - Alberta Agriculture Highlights



Alberta-European Union Overview

- The European Union (EU) is an economic and political organization consisting of 28 European member states, including: Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom (UK).
- The European Commission (EC), the Council of the European Union (CEU) and the European Parliament (EP) are the three main institutions involved in the creation, production and implementation of EU legislation and policy.
- The EU was Alberta's fifth largest export destination in 2014. The three largest export destinations within the EU were Italy, the UK and Belgium.
- Alberta maintains an International Office in London, UK; Alberta's Munich, Germany office closed in 2015.
- Alberta remains an active participant in the ongoing Canada-EU Comprehensive Economic and Trade Agreement (CETA) that will come into force in 2017.

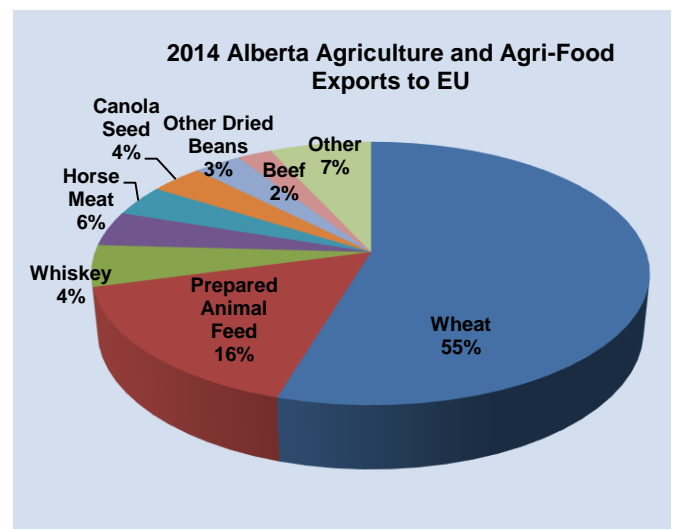
Agriculture in the European Union

- The EC employs a Common Agricultural Policy (CAP) to increase productivity, ensure a reasonable standard of living in agricultural communities, stabilize markets, secure supplies and provide reasonable prices for consumers in EU countries. To accomplish this, CAP imposes a system of subsidies, tariffs, import quotas, and supply management.
- The EU is the second largest producer of agri-food in the world, after China, and produces a large variety of products, consisting mostly of wheat, coarse grains, potatoes, sugar, wine, beef, pork, poultry, fruits and dairy products.
- The leading food producing nations include France, Italy, Spain, Germany, the Netherlands and the UK. Agriculture makes up 2.3 per cent of the EU's Gross Domestic Product (GDP).
- The EU is the largest food importer in the world. In 2011, the value of EU agricultural imports increased to approximately \$126 billion CDN (€98 billion).
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- The Danone Group (Paris) is one of the world's top multinational food products companies and a leader in the dairy products market.
- Anheuser-Busch InBev (Belgium) is the world's largest beer brewing and beverage company.
- Governmental entities of the EC involved in agriculture and agri-food include the Departments of Agricultural and Rural Development (AGRI) and Health and Consumer Services (SANCO).
 - AGRI is responsible for the implementation of agriculture and rural development policy. It deals with all aspects of the CAP, including farm support, market measures, financial and legal matters and international relations relating to agriculture.
 - SANCO is responsible for the safety of food and consumer goods sold in the EU. To accomplish this, SANCO works with other EU institutions, national governments and agencies, consumer organizations, health interest groups, business groups, scientists, researchers and experts.

Trade

- Canada's agri-food exports to the EU were valued at **\$3.3 billion in 2014**, with Alberta accounting for 9.4 per cent of this total.
- In 2014, the EU was Alberta's fifth largest market for agri-food products, with exports to the EU valued at **\$306 million**.



- Top agri-food products included: wheat (\$167 million), prepared animal feed (\$49 million) and horse meat (\$16 million).
- The EU remains Alberta's second largest market for animal feed and horsemeat (valued at \$65 million in 2014).
- The top EU agri-food importers of Alberta products and services in 2014 were Italy (\$92 million), UK (\$39 million), Belgium (\$38 million), France (\$31 million) and the Netherlands (\$26 million).

- The EU maintains a ban on meat products derived from animals treated with ractopamine (Paylean) and growth hormones in meat production.
- Restrictions remain on a variety of products due to EU standards on genetically modified (GM) foods, equivalency and meat decontamination methods.
- Discussions on certain wash processes for meat continue between Canada and EU member states.

Federal Agreements with the EU

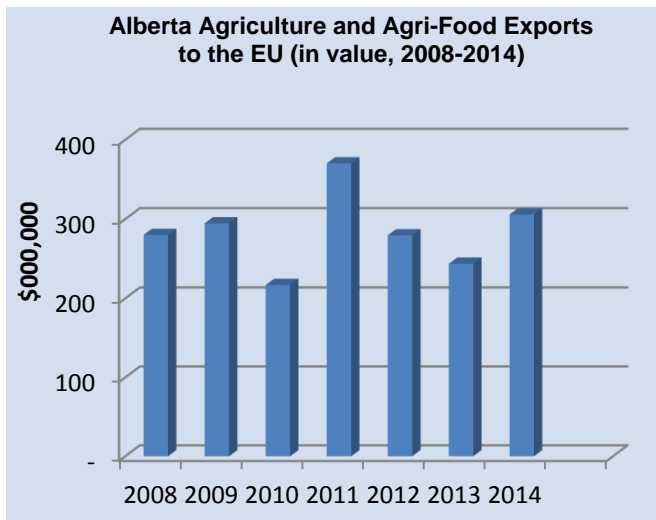
- September 26, 2014 marked the official conclusion of Canada-EU negotiations on the CETA.
- The CETA Agreement in Principle was announced October 18, 2013 covering most aspects of the Canada-EU bilateral economic relationship.
- In March 2012, the EU agreed to raise its duty-free quota on high quality beef imports from North America from 20,000 tonnes to 48,200 tonnes (Canada will account for 3,200 tonnes). The agreement resolves a long-standing trade dispute between the EU, the United States (US) and Canada regarding imports of beef derived from cattle treated with growth hormones. The increased quota took effect in August 2012.
- In June 2011, Canada and the EU agreed to the Canada-EU Organic Equivalency Arrangement. The European Organic System will be deemed equivalent to those primary products produced and processed in accordance with the Canadian standards.
- Working closely with industry, Canada proposed several changes to the sampling and testing protocol for flaxseed exported to the EU, which ensures that traces of EU-unapproved GM flaxseed are not present in shipments from Canada. The EU accepted these changes in March 2010.

Alberta Priorities in the EU

- Profile and advocate Alberta as a preferred supplier of agri-food products and services as well as support investment attraction and retention.
- Work in collaboration with, and in support of, the federal government in reducing market access barriers for key agricultural products from Alberta.
- Strengthen capacity of new and experienced Alberta exporters to capitalize on market opportunities in the EU and from new trade agreements.

Alberta Activity and Engagement

- Alberta and France signed a Letter of Intent on November 2, 2014 to encourage agriculture cooperation and innovation in post-secondary education (agriculture), research and business clusters.
- A May 2014, International Relations and Marketing Branch (IRM) mission focused on engaging EU associations to build a contact network and to advocate for Alberta suppliers and regulatory barriers to trade in preparation for CETA enforcement.



Opportunities

- The Canada-EU Comprehensive Economic and Trade Agreement (CETA) will expand market access for beef, pork and bison, along with eliminating tariffs on grains (barley, oats, wheat and rye), oils (canola) and processed products (including pet food) upon coming into force (2017).
- Although EU food consumption is dominated by fresh foods and produce, there is increasing demand for prepared and pre-packaged convenience goods.
- Europe's increasing Muslim population has also brought greater demand for "halal" meat products.
- Recent increases to the EU duty-free quota for beef have increased opportunities for further beef exports from Alberta and Canada.
- Ethical consumerism in the EU has become important. Consumers are seeking products that prioritize animal welfare, environmental sustainability and other standards. In addition, a recent Canada-EU agreement on organic standards will provide opportunities for Canadian organic food exporters.

Challenges

- Due to economic challenges in the EU and rising food prices, consumers have reduced spending on premium food products.
- The EU employs an extensive system of tariffs and trade barriers on agri-food imports as well as subsidies for domestic agri-food industries.

- In October 2014, IRM (accompanied by Alberta companies) attended the SIAL (Paris) food and beverage tradeshow to pinpoint where they could benefit within the European market.
- Alberta Agriculture and Forestry (AF), in collaboration with provincial, federal and in-market partners, coordinated an outgoing mission to Germany in December 2013 for participating Alberta companies. The mission centered on the Anuga FoodTec Trade Show (all food production aspects).
- Alberta industry and AF continue engagement on opportunity identification, matchmaking and promotional initiatives within the EU market.

Canada and the European Union (EU) concluded official negotiations on a comprehensive trade agreement that will significantly enhance trade and investment relations between the two partners and create jobs and opportunities for Canadians.

The Canada-EU Comprehensive Economic and Trade Agreement (CETA) will provide Canada with preferential market access to the European Union's more than 500 million consumers. Canadian workers in every region of the country - including in sectors such as fish and seafood; chemicals and plastics; metal and mineral products; technology; forestry and value-added wood products; automotive; advanced manufacturing and agriculture and agri-food - stand to benefit significantly from increased access to this lucrative 28 country market that currently generates \$17 trillion in annual economic activity.

The agricultural sector is an important area of interest in the CETA negotiations. Increased quotas for beef (50,000 tonnes), pork (80,000 tonnes) and bison (3,000 tonnes) will provide new market access opportunities for these respective sectors. AF's other interests include: elimination of all import tariffs and the removal of other trade barriers in the EU such as unscientific plant, animal and health measures; elimination of restrictive rules of origin requirements; removal of excessive marking and labelling requirements, and removal of highly prescriptive production protocols.

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