



CL 52/12

Brussels, 18 July 2012

COCERAL Position Paper EU free trade negotiations with Mercosur

- **COCERAL members support the conclusion of a free trade agreement (FTA) with the Mercosur and ask the Commission, in the perspective of finalization of the Doha Round, to ensure a smooth passage between the two trade regimes.**
- **As a net importer, the EU should ask for additional market opening for agricultural products for which there is an insufficient internal supply.**
- **Technical obstacles still cause important setbacks to trade and should be eliminated.**
- **Negotiations should include the issue of certification for biofuels and biofuels feedstocks, as required by EU renewable energy legislation.**
- **The creation of a free trade area between the Mercosur countries is a key condition for the consistent implementation of the future FTA.**

COCERAL has as mission to represent and promote the interests of the European agri-bulk and trade both in and outside the EU. In the context of the recent restart of negotiations with the countries of the Mercosur (Argentina, Brazil, Paraguay and Uruguay) Coceral would like to bring its contribution to the negotiation process.

COCERAL welcomes the Commission's decision to reopen negotiations with the Mercosur area, which is a main source of agri-bulk commodities for the EU.

The tables here below report the evolution of volumes of main agricultural commodities imported from the Mercosur countries, including year 2011.

Evolution of EU agri-bulk imports from the MERCOSUR countries (tonnes)

ARGENTINA

CN CODE	PRODUCT	2005	2006	2007	2008	2009	2010	2011
1001 90 99	WHEAT	85.399	3.467	8.298	9.039	2.042	27	34.295
1005 90 00	MAIZE	1.523.803	1.061.162	2.799.882	3.730.065	310.666	394.362	467.736
1006 20 17	LONG GRAIN HUSKED [BROWN] RICE, PARBOILED		759	188	97	3.833		
1006 20 98	LONG GRAIN HUSKED [BROWN] RICE	42	14.491		10.052	13.200	654	69.323
1006 40 00	BROKEN RICE	494	1.546		475	4.720	694	1.615
1007 00 90	SORGHUM	9.011	22.913	433.945	486.515	300	85.451	77.519
1201 00 90	SOYA BEANS (EXCL. FOR SOWING)	67.782	76.349	266.293	275.104	72.735	109.164	52.172
1202 20 00	SHELLED GROUNDNUTS	192.905	276.548	284.103	287.006	282.216	326.327	334.603
1204 00 90	LINSEED (EXCL. FOR SOWING)	13.289	5.323	23.101	6.647	4.602	10.405	20.087
1206 00 91	SUNFLOWER SEEDS, shelled, not for sowing	21.131	15.534	15.478	17.906	13.585	13.951	15.597
1206 00 99	SUNFLOWER SEEDS, other	43.773	9.418	3.874	7.193	9.579	4.723	6.623
1507 10 10	CRUDE SOYA-BEAN OIL, technical use	14.730	118.307	174.111	341.050	104.972	323.775	285.488
1507 10 90	CRUDE SOYA-BEAN OIL, degummed, not for technical use	6.485	53.579	30.152	74.822	200	4.416	3.343

ARGENTINA (continuing)

CN CODE	PRODUCT	2005	2006	2007	2008	2009	2010	2011
1507 90 10	SOYA-BEAN OIL for technical sue	6.000	13.762	13.996	20.215	7.952	0	19.961
1507 90 90	SOYA-BEAN OIL AND ITS FRACTIONS, technical use	230	2.800	6.043	1.755	0	0	0
1508 10 90	CRUDE GROUNDNUT OIL	30.227	44.505	26.507	31.645	28.866	26.380	9.800
1512 11 10	CRUDE SUNFLOWER-SEED OR SAFFLOWER OIL	2.402	197	1.002	3.161	3.702	1.848	0
1512 11 91	CRUDE SUNFLOWER-SEED OIL	472.902	307.278	115.377	404.610	115.257	33.265	80.993
1512 19 90	SUNFLOWER-SEED OR SAFFLOWER OIL CRUDE OIL	2.891	8.095	5.258	3.641	17.998	15.451	18.126
2207 10 00	ETHANOL	11.417	1.629	5.389	13.591	31.149	9.413	2.795
2304 00 00	SOYA-BEAN MEAL, extracted	11.981.681	14.297.200	14.641.621	13.205.519	11.254.537	11.056.464	10.750.517
2306 30 00	SUNFLOWER SEED MEAL, extratcted	946.725	805.593	609.658	788.700	528.358	398.553	377.426
2308 00 40	ACORNS AND HORSE-CHESTNUTS, for animal feeding	28.803	34.389	44.323	55.440	61.175	36.629	44.099
2308 00 90	VEGETABLE MATERIALS, WASTE, other	723.312	808.214	1.036.863	1.126.485	980.182	1.096.356	1.249.179
3824 90 91	BIODIESEL				76.502	853.589	1.179.285	1.418.142

Source: Eurostat, Extracted 30.04.2012

BRAZIL

CN CODE	PRODUCT	2005	2006	2007	2008	2009	2010	2011
1001 90 99	WHEAT		291.436	131	141	236	0	11.698
1005 90 00	MAIZE	117.188	847.354	6.975.016	4.151.706	254.840	1.579.824	1.038.923
1006 20 17	LONG GRAIN HUSKED [BROWN] RICE, PARBOILED		3	142	13.214	5.668	3.613	49.226
100 63 067	RICE MILLED LONG GRAIN, paraboild		65		410	907	1.252	2.218
1006 40 00	BROKEN RICE		13.972	7.499	22.815	28.592	4.962	1.063
1007 00 90	SORGHUM	24.850		229.745	51.947			
1201 00 90	SOYA BEANS (EXCL. FOR SOWING)	9.390.622	8.955.853	9.492.877	8.518.114	8.808.565	5.930.321	5.040.176
1202 20 00	SHELLED GROUNDNUTS	45.257	36.185	23.962	30.037	34.604	33.397	28.671
1207 20 90	COTTON SEEDS, not for sowing	11.388		16.722	15.461	73.743	7.773	28.076
1507 10 10	CRUDE SOYA-BEAN OIL, technical use	36.703	124.512	132.195	136.012	99.798	35.168	106.664
1507 10 90	CRUDE SOYA-BEAN OIL, degummed, not for technical use	78.967	90.371	58.148	135.164	35.919	6.840	22.024
15079010	SOYA-BEAN OIL for technical sue	44.140	346.323	382.816	219.903	78.539	11.648	17.804
15079090	SOYA-BEAN OIL AND ITS FRACTIONS, technical use	7.667	52.381	73.066	22.600	280	88	36
15081090	CRUDE GROUNDNUT OIL	19.359	18.251	8.556	16.957	30.273	18.515	12.602
15111090	CRUDE SUNFLOWER-SEED OR SAFFLOWER OIL	46.936	12.051	0	2.479	15.754	7.705	33.864
22071000	ETHANOL	150.657	188.695	516.821	613.103	234.253	127.460	84.052
22072000	ETHANOL, denaturated	112.264	69.098	45.753	127.923	123.709	11.735	1.885
23040000	SOYA-BEAN MEAL, extracted	9.908.716	7.819.019	8.515.963	9.061.464	8.690.445	8.993.803	9.126.670
23080040	ACORNS AND HORSE-CHESTNUTS, for animal feeding	759.039	622.747	814.723	500.601	620.387	630.826	265.844
23080090	VEGETABLE MATERIALS, WASTE, Other	20.642	15.500	14.840	337	70		28

Source: Eurostat, Extracted 30.04.2012

PARAGUAY

CN CODE	PRODUCT	2005	2006	2007	2008	2009	2010	2011
1005 90 00	MAIZE		103.434	512.077	265.209	3	157.438	31
1201 00 90	SOYA BEANS (EXCL. FOR SOWING)	945.457	1.004.429	1.046.466	894.085	713.042	2.400.628	2.606.919
1202 20 00	SHELLED GROUNDNUTS	3.198	4.657	3.692	5.435	2.425		3.085
1207 40 90	SESAMUM SEEDS	6.295	3.650	5.638	3.129	5.320	6.117	3.075
1507 10 10	CRUDE SOYA-BEAN OIL, technical use				2.299		4.461	9.389
1507 10 90	CRUDE SOYA-BEAN OIL, degummed, not for technical use				25	3.583	6.387	5.152
1512 11 91	CRUDE SUNFLOWER-SEED OIL	2.175	9.103		12.535	4.000		
1514 11 10	RAPE, COLZA, MUSTARD OIL, crude	1.968	7.661	6.593	2.841		3.891	
2304 00 00	SOYA-BEAN MEAL, extracted	8.330		1.174	7.822	125.841	166.835	55.677
2306 30 00	SUNFLOWER SEED MEAL, extratcted			13.081	6.213	4.906		

Source: Eurostat, Extracted 30.04.2012

URUGUAY

CN CODE	PRODUCT	2005	2006	2007	2008	2009	2010	2011
1006 20 17	LONG GRAIN HUSKED [BROWN] RICE, PARBOILED		4.387	29.047	31.802	41.297	25.709	49.036
1006 20 98	LONG GRAIN HUSKED [BROWN] RICE	48	20.479	94.468	72.624	69.162	14.414	50.674
1006 30 67	RICE MILLED LONG, parboiled	825	5.308	3.573	2.764	4.093	3.025	3.037
1006 30 94	RICE MILLED MEDIUM	270	230	620	279	332	108	870
1006 30 96	RICE MILLED LONG	433	635	593	723	550	480	326
1006 30 98	RICE MILLED LONG	3.618	5.847	5.381	3.316	3.005	2.630	3.478
1006 40 00	BROKEN RICE	3.931	11.478	9.489	12.100	18.152	14.256	18.382
1201 00 90	SOYA BEANS (EXCL. FOR SOWING)	71.277	88.426	79.261	193.413	162.708	498.079	294.805
1204 00 90	LINSEED (EXCL. FOR SOWING)	1.139	1.372	161	40	143	100	290
1206 00 99	SUNFLOWER SEEDS, other	93.550	36.900	11.646	38.516			36
2304 00 00	SOYA-BEAN MEAL, extracted	17.051	17.250	2.100	170	1.200	32.400	37
2306 30 00	SUNFLOWER SEED MEAL, extracted	20.957	550	671	481	90		137

Source: Eurostat, Extracted 30.04.2012

In the context of proliferation of third country trade agreements and of the stalling of the Doha Round, our members support the conclusion of a free trade agreement (FTA) with the Mercosur. However, as the Doha Round would ensure a level playing field, overcoming the fragmentation of bilateral agreements, COCERAL asks that the Commission ensures a smooth passage between the two trade regimes.

As a net importer, the EU should ask for additional market opening for agricultural products for which there is an insufficient internal supply.

The European Union is a net importer of maize, rice, oilseeds, vegetable oils and meals as well as biofuels from the countries of the Mercosur, which have increasingly been a reliable source of raw materials. In view of ensuring the necessary supply, our members ask that the future free trade agreement with Mercosur brings further market opening for agri-products for which the EU is not self-sufficient.

Technical obstacles still cause important setbacks to trade and should be eliminated.

In order to ensure trade facilitation, the non-tariff trade barriers would have to be tackled in the framework of the FTA under negotiation. Therefore:

- the asynchronous approval of Genetically Modified Organisms (GMOs) between Mercosur and the European Union needs to be tackled as representing a serious threat and cause of trade disruption;
- certain lengthy procedures for the recognition of phytosanitary norms, which currently act as trade barriers, should be revised;
- import and differential export taxes should also be eliminated within the framework of the FTA;
- in order to ensure the correct application of the future trade agreement, the Mercosur countries should abide by the specific and strict rules of origin as those currently required under the Generalised System of Preferences.

COCERAL additionally asks for a better transparency and legal predictability for operators. Sudden changes in legislation as well as unilateral decisions can also convert into barriers to trade and can have serious financial consequences.

Negotiations should include the issue of certification schemes for biofuels, as required by EU legislation.

An important share of oilseed crops and vegetable oil imports from Mercosur are used in the EU for the production of biofuel. In order to abide by the Renewable Energy Directive 2009/28/EC, which contains specific provisions on biofuel feedstock sustainability requirements, biofuel feedstock exporters to the EU have to comply with sustainability criteria. Whilst certification is now predominantly carried out through the so-called voluntary schemes, Mercosur negotiations should also tackle this issue by foreseeing international agreements, a possibility which is given by the Directive and which would considerably reduce the administrative burden for all operators in the biofuels supply chain without compromising the EU sustainability goals.

The creation of a free trade area between the Mercosur countries would not only enhance their integration but bring further guarantees for a consistent implementation of the future FTA.

The EU currently promotes regional development through trade. In order to ensure the utmost effect of the FTA and provide for its correct application, the Mercosur countries should be stimulated to continue their regional integration in order to create a free trade area. The enhanced cooperation among the countries of the area, through the implementation of internationally agreed standards common laws for agricultural production and trade would give additional certainty for a common application of the future FTA.

COCERAL members wish to thank the Commission in advance for taking into account the above named points in its trade negotiations and remain willing to share further their experience on the agri-bulk commodities trade market with the Mercosur countries.

COCERAL is the European association of cereals, rice, feedstuffs oilseeds, olive oil, oils and fats and agrosupply trade. It represents the interest of the European collectors, traders, importers, exporters and port silo storekeepers of the above mentioned agricultural products. COCERAL's full members are **31 national associations in 19 countries** [*Austria, Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Poland, Romania, Slovenia, Spain, Sweden, the Netherlands and the UK*]. With about **2700 companies** as part of COCERAL national members, the sector trades agricultural raw materials destined to the supply of the food and feed chains, as well as for technical and energy uses.