



LMC Monthly Update – October 2019

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Brexit

Despite the many Brexit-related news this month, in essence the situation has barely changed. PM Johnson and the EU [agreed](#) a revision of the protocol on Ireland-Northern Ireland and a new Political Declaration on the future EU-UK economic relationship. However, this now needs to be ratified and the process is blocked awaiting the UK General Election called for December. On the EU side, although the European Parliament is expected to expedite the process, they have been clear they will want to see the House of Commons' support to the deal first. In this context, EU leaders [agreed](#) to a further Brexit “flection” until 31st January 2020, which has provided some temporary relief as regards no-deal preparations, but by no means does this mean the risk has disappeared. The no-deal work needs to continue and even in the event of a deal being ratified, the no-deal preparations will probably need to be kept in “warm storage” as there is a risk of having a very similar situation at the end of the transition period if no agreement on the future relationship has been agreed by then. On the EU side, the no-deal work, together with the finalisation of Article 50 and future relationship negotiations will be carried out by the new [Task Force for Relations with the UK](#) (UKTF), agreed in close coordination between European Commission (EC) President-elect Ursula von der Leyen and the current President Jean Claude Juncker. It will be headed by Michel Barnier and will include the current Task Force Article 50 and the Brexit Preparedness Unit.

AHDB's participation in trade promotion network

For more than 10 years, the AHDB has been an active member of the network CDL (Comité de Liaison), which brings together major European stakeholders active in agri-food promotion throughout the world. This month, the CDL [merged](#) with the wider European Trade Promotion Organisations' Association (ETPOA), which will allow former CDL members to upgrade their network both in terms of capacity and collaboration. For the AHDB, this development comes at a crucial time. Regardless of what Brexit brings for us in the future, our membership to this kind of European platforms helps us strengthen our ties with our current partners all around Europe, while also opening opportunities to build some new ones. It guarantees an stable and official channel of communication with the EU Institutions in the field of trade promotion, serving as a source of valuable information and a platform for the exchange of experiences with other European (both EU and non-EU) partners active in agri-food trade promotion, independently of the UK's status within the European Union.

New EU Commission

The new European Commission, headed by the German Ursula von der Leyen, was supposed to take office in November. However, this will not be possible after the European Parliament rejected the candidate-commissioners from France, Hungary and Romania, as MEPs found them unsuitable to take up their portfolios due to various alleged financial irregularities and other issues. France and Hungary have already put forward alternative candidates, but this is taking longer for Romania, whose government was up to now in caretaker mode. Although the EP is [willing](#) to vote on time to allow the new Commission to start on the 1st of December, it will depend on whether all the candidates have been appointed by then. Worth noting that given the Brexit extension, the UK is also supposed to designate a candidate to take their seat in the College of Commissioners.

EU-Mercosur Sustainability Impact Assessment

The EC has published an [interim Sustainability Impact Assessment report](#) covering the potential economic, social, environmental and human rights impact of the EU-Mercosur Association Agreement. According to this interim report, the agreement can be expected to have a positive impact on the economies of all signatories, raising the wages and contributing to reduction in inequalities. Key EU exports to Mercosur should increase, many of them substantially. At the same time, the analysis confirms that increased agri-food imports from Mercosur will only have a minor effect on EU production. As regards the beef sector (page 105), imports from Mercosur could increase substantially, but considering that they will remain a small share of the volumes consumed by the EU, the effect in total production and consequently on employment tend to be limited. It also includes a sectoral analysis for the Dairy sector (page 118). The report has been [presented](#) at a civil society dialogue where registered stakeholders could express their views. The final report will be published in early 2020 and it will take into account these exchanges.

Megatrends in the agri-food sector

The European Parliament has published a [study](#) exploring the global trends that influence the way the world will produce, distribute, sell and consume food in a changing environment influenced by several key drivers (demographic and economic growth, evolving consumption patterns, technological progress, integration of global trade and climate change). It also provides policy options along contrasting and alternative scenario lines. It concludes that a 50 % increase in food production (as compared to present levels) will be needed by 2050 to feed an additional 2.3 billion people. According to current dietary trends and the expected rise in income per capita over the period, this might entail significant increases in crop yields and livestock units. The agri-food sector will thus have to adapt to this increasing food demand while at the same time addressing sustainability and health challenges. Against this background the study outlines four alternative and contrasting scenarios that could shape the future of the food sector in the coming decades.

Farmers' adoption of sustainable practices

Scientists from the EC's Joint Research Centre have published a [paper](#) providing an overview of the behavioural factors that influence farmers' adoption of environmentally sustainable practices. They suggest that farmers' decisions are not always in line with what would be expected from a purely economic perspective and they argue that better understanding the behavioural factors behind farmers' decisions could help to achieve ambitious climate targets without necessarily increasing financial outlays. The paper also includes some initial proposals for policy options addressing these behavioural factors, including making voluntary schemes more flexible and bringing their payments more in line with the costs the farmers perceive; informing farmers about the true financial and

environmental benefits of reduced input use and making sure that farmers who adopt environmentally friendly practices are recognised for their efforts by their community.

Climate cooperation with Iceland and Norway

The EU, Iceland and Norway have [agreed](#) to extend their cooperation in climate action to reduce greenhouse emissions by at least 40% by 2030 compared to 1990 levels. The two European Economic Area members already participate in the EU Emissions Trading System (EU ETS) since 2009. Now, following this month's agreement, they will also align with the EU their actions to reduce emissions from sectors outside the EU ETS – including agriculture and transport – and to enhance benefits of carbon removals from land use and forestry. Iceland and Norway will do so by incorporating two pieces of EU legislation: the [Effort Sharing Regulation](#) and the [Regulation on Land, Land-Use Change and Forestry](#) (LULUCF).

