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Measures to address the impact on European agriculture of the WTO ruling on the Airbus dispute

European Parliament resolution of 28 November 2019 on measures to address the impact on European agriculture of the WTO ruling on the Airbus dispute (2019/2895(RSP))

(2021/C 232/10)

The European Parliament,

— having regard to the decision taken by the arbitrator of the World Trade Organisation (WTO) in the Airbus subsidy dispute (DS316) on 2 October 2019, authorising US countermeasures on EU exports worth USD 7,5 billion (EUR 6,8 billion),

— having regard to the formal decision taken by the WTO's Dispute Settlement Body on 14 October 2019 giving the green light for those countermeasures,

— having regard to the US decision to introduce a new tariff of 25 % *ad valorem* on some agri-food products and some non-agricultural products and 10 % *ad valorem* on non-agricultural products, as of 18 October 2019,

— having regard to the relevant articles in Regulation (EU) No 1144/2014 of the European Parliament and of the Council of 22 October 2014 on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries and repealing Council Regulation (EC) No 3/2008 [1] (hereinafter 'the Promotion Regulation') and to the Commission Implementing Decision of 18 November 2019 on the adoption of the work programme for 2020 of information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries,

— having regard to the relevant articles in Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products [2] (Single Common Market Organisation (SCMO) Regulation),

— having regard to Rule 132(2) and (4) of its Rules of Procedure,

A. whereas the USA is the number one destination for agricultural exports from the EU-28, having accounted for EUR 22,3 billion in 2018 (16,2 % of all agri-food exports), and therefore represents an irreplaceable market in terms of both value and volume;

B. whereas agri-food exports worth EUR 4,3 billion (60 % of the total value of the countermeasures) will be hit by the new tariffs, which will be equivalent to EUR 1,1 billion;

C. whereas the United Kingdom, France, Spain, Italy, Germany and Ireland are the main countries affected by the US decision, while the agri-food sectors of other EU Member States will also be adversely affected;

D. whereas the main agricultural products targeted by the US sanctions will be emblematic EU products with a very high added value that are often protected under EU quality schemes (wines and spirits such as single malt whisky, olive oil, and dairy products such as butter and cheese);

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[1] OJ L 317, 4.11.2014, p. 56.
[2] OJ L 347, 20.12.2013, p. 671.

E. whereas other agricultural products, such as table olives, pork, coffee, sweet biscuits, processed fruit, citrus, mussels, liquors and cashmere are also targeted, albeit to a lesser extent;

F. whereas farmers and operators in the agri-food chain are, following the Russian embargo, once again victims of a non-agricultural trade conflict beyond their influence and whereas the US decision to apply these tariffs may stand indefinitely until the Member States comply with the WTO resolution on the Airbus dispute;

G. whereas the US countermeasures will add economic and legal uncertainty for European producers in a sector already volatile by its very nature, and more instability to the EU internal market, which is having to contend with the disturbance caused by the Russian embargo and having to prepare for the economic fall-out from a potential UK withdrawal from the EU;

H. whereas the USA may, according to provisions in US law, introduce a so-called tariff carousel that would have a knock-on effect on other products, amplify the economic consequences of the countermeasures and have a disproportionate impact on the agri-food sector;

I. whereas the dispute on Boeing subsidies is still pending before the WTO;

J. whereas for some sectors, such as table olives (already affected by the application of US tariffs since November 2017) and olive oil, the US decision will further jeopardise the already fragile situation of the internal market, while for other sectors such as wine, whisky and dairy, it risks causing serious disturbances in the market overall; whereas such a decision would therefore threaten growth, investment and job creation and lead to a significant loss of competitiveness and market share — which has taken years to establish and from which it will be difficult to recover;

K. whereas the tariffs will lead to significant price increases for consumers and economic losses and job losses for companies on both sides of the Atlantic, ultimately benefiting producers from outside the EU and the US;

L. whereas according to the current EU rules, promotion campaigns that have already been approved and target the US market cannot be reprogrammed, and some actions that have already been taken to promote very high value products may prove to be fruitless if the US tariffs are to be applied;

M. whereas EU agriculture, which by its very nature has particular sensitivities, is increasingly integrated in international markets, thus underlining the importance of constructive trade relations overall and of maintaining a food supply chain with high-quality produce that meets customers' demand;

1. Expresses deep concern at the collateral damage that the EU agri-food sector is facing throughout the entire agri-food chain as a consequence of the decision taken by the United States to impose countermeasures on the European Union as a result of the Airbus dispute; considers it unacceptable that the agricultural sector must bear a large part of the cost of a legal dispute originating in a completely unrelated sector; deplores the decision to impose duties on so many agricultural products;

2. Expresses its deep regret over the USA's lack of engagement with the EU's attempts to find a timely negotiated solution ahead of the application of the tariffs; underlines its concern over the fact that, so far, the US has refused to work with the EU on a timely solution for our respective aircraft industries in the context of the long-standing Airbus-Boeing dispute;

3. Supports the Commission in its efforts and urges it to continue trying to find negotiated solutions to dilute the current trade tensions between the two parties;

4. Stresses the need for a coordinated and unified EU response, especially since the tariffs have been designed to unequally affect different Member States in an attempt to divide the Union's position;

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5. Calls on the Commission to closely monitor the EU agri-food market in order to detect, in a timely manner, disturbances arising from the application of the tariffs, the cumulative effects with other market developments, including those of the ongoing Russian embargo, and the knock-on effect of displaced products on the food supply chain;

6. Urges the Commission to investigate the impact of these countermeasures on the sectors affected and the internal market, and where justified, in accordance with WTO rules and within the limits of the budget, to mobilise rapid support for the sectors worst affected; expresses it deep regret, in this context, over the lack of appropriate funding for these purposes in the 2020 budget;

7. Calls on the Commission to consider the use of tools under the SCMO, such as private storage schemes and market withdrawal, and any new or other available instruments and relevant measures to deal with disturbances that arise in the internal market;

8. Welcomes the Commission's announcement that it will review the current secondary legislation covered by the SCMO to allow operators to extend the duration of promotion campaigns in the US and to allow more flexibility in the management of ongoing promotion campaigns in third countries, in order to enable operators to be responsive and strengthen their actions in the US and to counter the impact on consumers, or refocus, when needed, on alternative markets by re-programing activities that have already been approved for the US market; asks the Commission to introduce these modifications as soon as possible and to adopt additional measures to provide more flexibility for the management of promotion campaigns under the Promotion Regulation;

9. Insists that the US sanctions are exceptional and could not have been predicted and managed by operators; therefore asks the Commission to adapt the control and audit rules in such a way that operators will not be penalised as a result of unavoidable adaptations that they will have to make for promotion actions or for the non-execution of promotion actions that have already been planned;

10. Calls on the Commission to undertake horizontal information and promotion measures that may take the form of high-level missions, participation in trade fairs and exhibitions of international importance aimed at enhancing the image and increasing the promotion of the products concerned, in line with Articles 2 and 9 of the Promotion Regulation;

11. Notes that, due to this specific market problem, the Commission should consider using the provisions laid down in Articles 15 and 19 of the Promotion Regulation in order to support operators who will have to step up their efforts to enter the US market and to help mitigate barriers to entry;

12. Requests that the Commission approve, within the margins available, additional calls accompanied by an increase in promotion allocations for 2019, as the annual budget has already been committed, in order to prevent any delay in reacting quickly to the US countermeasures;

13. Supports enhancing the horizontal Promotion Regulation, while drawing on the expertise of national trade promotion offices, in order to assist operators in enlarging and consolidating their position in third markets and in finding new outlets for EU products in view of the reform of the common agricultural policy (CAP) and the next revision of the Promotion Regulation;

14. Stresses that, under these circumstances, it is vital to avoid further cuts to the CAP budget and to pursue the reform of the CAP crisis reserve, since the agricultural sector is increasingly affected by volatility and politically motivated international crises that require a strong and efficient budgetary response;

15. Stresses the need to diversify export markets and secure market access for the agri-food products affected by the US tariffs, by eliminating the persistent technical obstacles which have prevented operators from taking full advantage of the export possibilities under other trade agreements;

16. Reiterates its commitment to free trade and open markets, as these have expanded economic and employment opportunities for numerous small and medium-sized enterprises in the US and the EU, and emphasises the importance of constructive trade relations that are mutually beneficial for the EU and the US;

17. Stresses its support for the preservation of a rules-based trading system and for the WTO as an institution, while recognising the need for comprehensive reform, in particular with regard to the WTO Appellate Body;

18. Instructs its President to forward this resolution to the Council and the Commission.