Annals of the University of Oradea, Fascicle: Ecotoxicology, Animal Husbandry and Food Science and Technology, Vol. XIX/B 2020
Analele Universitatii din Oradea, Fascicula: Ecotoxicologie, Zootehnie si Tehnologii de Industrie Alimentara, Vol.XIX/B 2020

PERSPECTIVES ON TRADE IN AGRO-FOOD PRODUCTS IN THE EU

Brata Anca Monica*

*University of Oradea, Faculty of Environmental Protection, 26 Gen. Magheru St., 410048 Oradea, Romania, e-mail: ancabrata@yahoo.com

Abstract

The EU's trade policy is based on equity and transparency, product diversification, increasing quality and finding new partners in order to remain the world's largest economic power.

Key words: trade, export, partenership, leader, expantion

INTRODUCTION

EU trade policy must be seen in the light of two current realities: the important role that the EU plays in the world and the changes generated by globalization. The EU has the largest economy in the world, is both the largest exporter and importer, the largest recipient of foreign investment and the largest donor in the world1.

In this context, exports continue to be one of the key factors in job creation in European agriculture and the food industry. Over the last decade, reforms of the common agricultural policy have encouraged the EU's agri-food sector to improve its market orientation and become more competitive. During this period, the EU agri-food sector benefited from the expansion of global value chains, so that the values of agri-food exports doubled and the EU secured its position as a competitive supplier at all levels of the agricultural value chain2. EU exports are mainly exports of feed, wine, cereals, meat, olive oil and dairy products. One third of the export value is generated by beverages and food. Although there existed import restrictions imposed by the Russian Federation and food prices fell globally, the performance of agricultural trade in the EU was positive in

[1] .Humphrey, Albert, The Father of TAM, TAM UK Retrieved 2018-06-03
[2] Davidovici, I., Gavrilescu, D., (coordonatori) Economia creşterii agroalimentare, Editura Expert, Bucureşti 2002

2015, with the value of agri-food exports rising to EUR 129 billion and the net trade surplus of EUR 16 billion3.

The key word in EU agri-food trade has been the diversification of export products, which has allowed the EU to maintain a high level of exports and consequently its first position as a world exporter. In addition to finding new markets and consolidating existing ones, quality agreements have been concluded for EU products: one being the Association and Liberalization Agreements concluded between the EU and Morocco in Luxembourg on 21 December 2016, thus increasing export opportunities.

MATERIALS AND METHODS

In 2015, 70% of trade growth came from European economic leaders who witnessed increased imports. Global agricultural production in 2015 remained high due to good harvests. This pushed the basic prices of agricultural products down, with a few exceptions: coffee, cocoa whose prices rose. However, the competitiveness of some exporters remained high due to the evolution of the dollar exchange rate which supported the growth of agricultural trade4.

World trade in agri-food products

The ranking of the world's leading exporters of agri-food products remained unchanged in 2015, after the EU28 took the lead. EU28 exports reached 129 billion euros, an annual increase of 5.7%. The US remained an equally strong exporter, selling just 1 billion euros less than the EU28 on world markets. The gap with Brazil, the third largest exporter of agri-food products, is much larger, reaching about half the value of EU28 exports. All the top exporters expanded their exports and therefore contributed to the growth of the global agri-food sector. China has managed to increase global market supply by 21%.5

[3] .Brata Anca Monica, Politici agroalimentare in Romania, Editura Universitatii din Oradea, 2008,

[4] Hubbard, L., Borrel, B., Global economic effects of the EU Common Agricultural Policy, Economic Affairs, Vol. 20, No. 2, 2000, p. 49

[5] .https://eur-lex.europa.eu/oj/direct-access.html?locale=ro

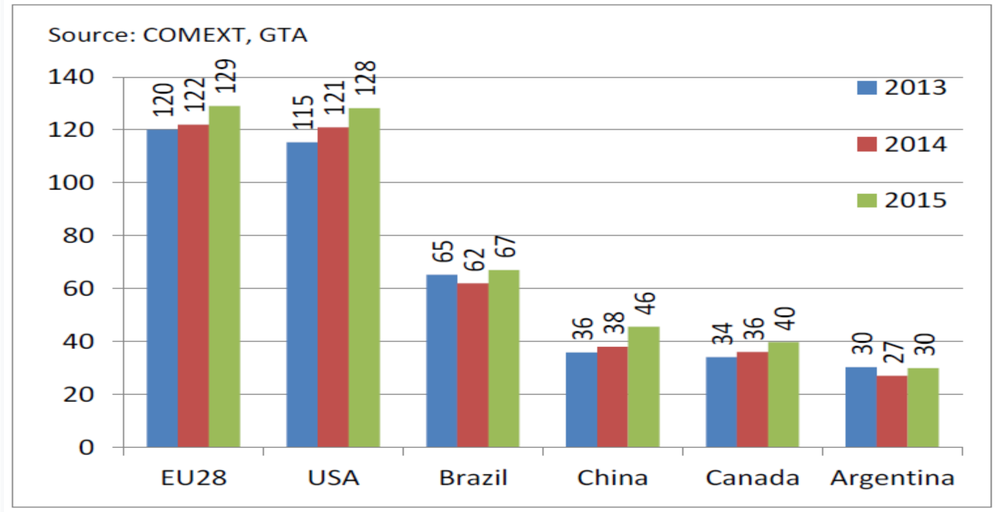

Figure nr. 1 Top exporting countries of agri-food products worldwide

The EU28 is also the largest importer of agri-food products with an import value of 114 billion euros. It is followed by the USA and China, with 110 billion euros and 98 billion euros respectively. The value of Russia's imports fell by a fifth, being overtaken by Mexico in the top importers ranking.

The profile of the main global players in the field of agri-food trade varies: EU28, USA, China and Canada have a strong domestic production of agri-food products, but are also among the top importers. Brazil and Argentina are mainly suppliers, while Japan and Russia are buyers of agri-food products, as illustrated in the figures below6.

[6]https://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:194:0006:0013:RO:PDF

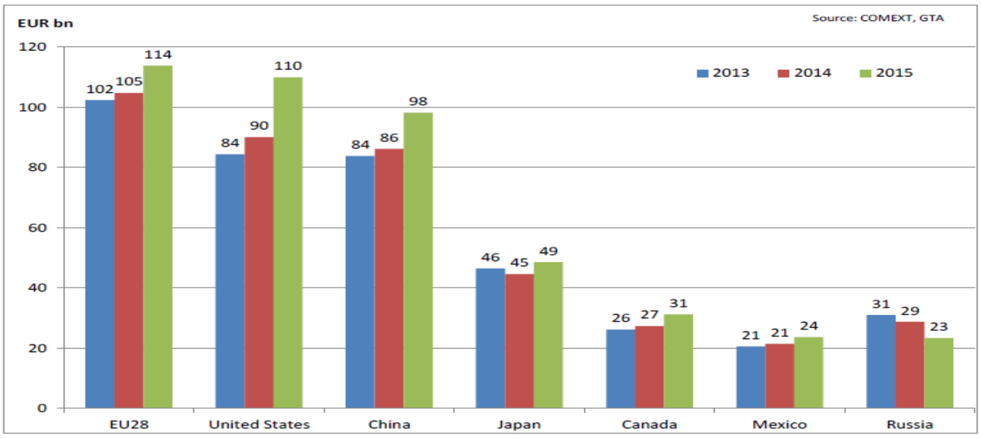

Figure nr.2 Top importing countries of agri-food products worldwide

RESULTS AND DISCUTIONS

EU agri-food exports

A more detailed structure of the agri-food trade reveals that the EU's export portfolio includes products at various levels of quality and added value. Wine and spirits dominate the range of exported products, each accounting for 8% of total EU28 agri-food exports. In 2015, wheat is still an important product, ranking third, followed by baby food, various foods and chocolate. Compared to the previous year, there were no major changes in the categories of export products. Low market prices helped to reduce the export value for milk powder, so that they could not be offset by the increase in export volume. Exports of wines and spirits are increasingly concentrated in the United States. US consumers buy 32% (up from 30% in 2014) of all European wines exported and 37% of spirits (34% in 2014) sold to third countries7.

[7] .https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/trade/documents/map-2016-1_en_0.pdf

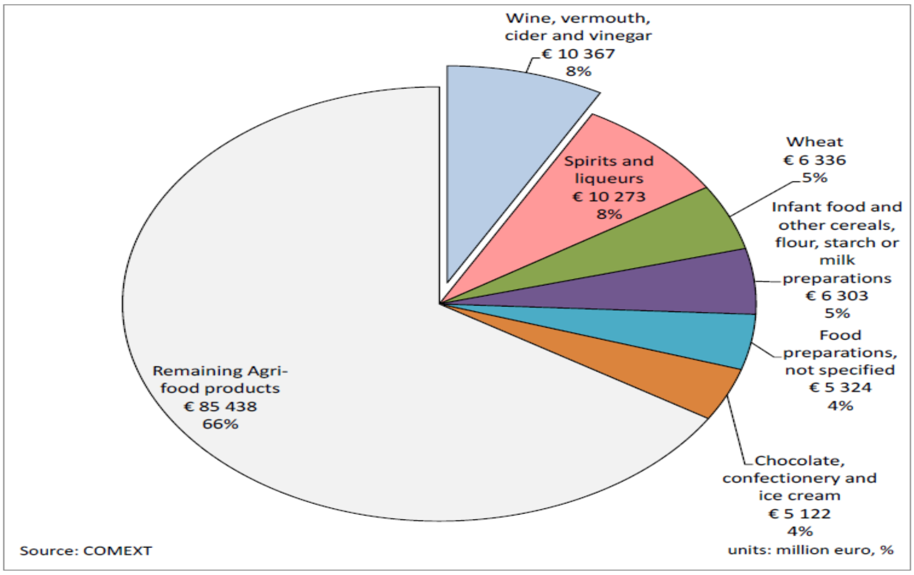

Figure nr. 3 Composition of agri-food products exported by the EU

The top five destinations (USA, Singapore, China, Russia and Canada) imported between 20% and 53% of total exports. China ranks 2nd in EU wine imports (15%) and the top 5 destinations (USA, Switzerland, China, Canada and Japan) would account for 40% of EU wine exports. In terms of EU food exports, China ranks second, and in the case of baby food China and Hong Kong together, it would represent the dominant sales on the market with a share of 33% of the total. In 2015, the highest earnings from the export of spirits and wine were obtained. The export value of these two products together reached 1.5 billion euros. A gain was recorded for a category of cereals, other than wheat and rice, by + 1.2 billion EURO (ie an increase of 68%).[8]

[8] .https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/trade/documents/map-2016-1_en_0.pdf

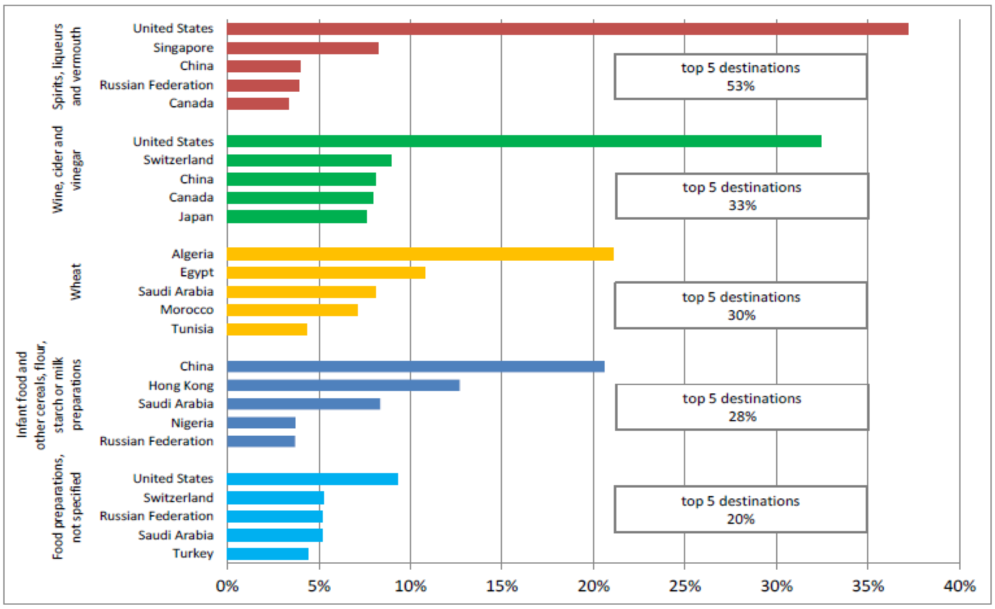

Figure nr. 4 Exports of main products by top destinations

On the other part, the largest decreases in the value of exports in 2015 were recorded for products in the category "agricultural products and feed products", namely: powdered milk, fresh fruit, oilseeds, cheese and sugar.

The largest decrease in export value was recorded for powdered milk, where the value of exports remained EUR 840 million, 17% less than in 2014. Exports of fresh fruit also decreased significantly by EUR 341 million (- 12%). Exports of fruit, vegetable and dairy products were the worst affected sectors due to Russia's import restriction. Fruit exports also suffered from both low prices and low export volumes. In the case of oilseeds, prices were much higher, but the quantity exported decreased.

Imports of agri-food products made by the EU

In essence, the EU imports three main types of products: fruits, nuts and spices; vegetable proteins and fats;Coffee.

Compared to the previous year, the first six categories of imported products remained in the same positions, only fresh fruit and palm oil changed their ranking positions. Imports of palm oil decreased by 21%. The import of palm oil is almost 93%, supplied by five countries. Indonesia delivers half of the EU's demand. Imports of vegetable protein are also very high, with Argentina and Brazil covering 75%.

EU import values in 2015 increased mainly for tropical fruits, nuts and spices. Additional imports, amounting to EUR 2.7 billion, represented a

25% increase in the value of imports of fruit and nuts. The purchase of unroasted coffee was also more than a billion euros higher than the previous year. It is worth mentioning that these are products that cannot be produced in the EU.9

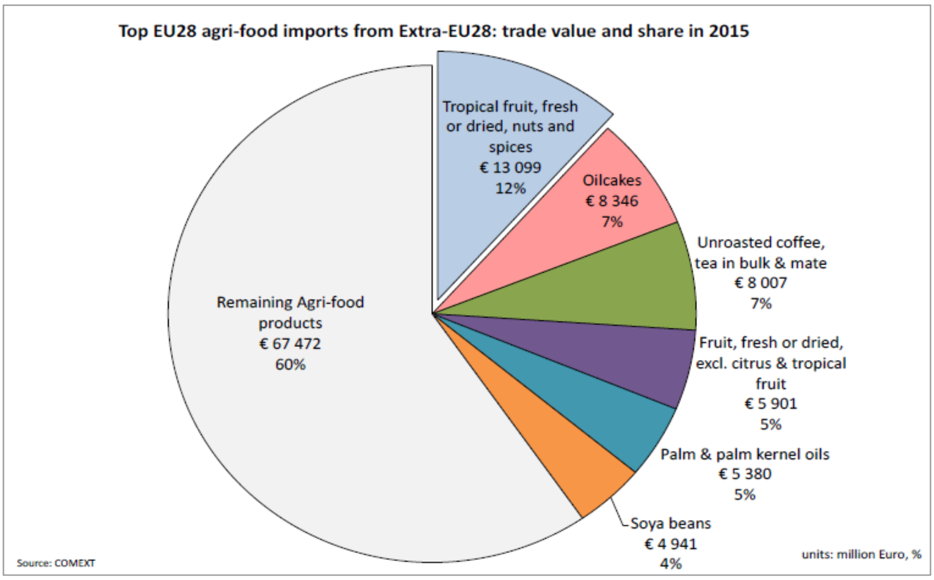

Figure nr. 5 Composition of agri-food products imported by the EU

Olive oil imports led to an increase in import volumes, which was linked to the exceptional circumstances in the olive oil market in 2015. EU olive oil production fell by 42% compared to the previous year, even stocks were low, so the EU was forced to import from countries such as Tunisia, which recorded a surplus in olive oil production. Olive oil production in the

EU increased in 2016 and thus imports returned to values close to 2014. Imports of tropical fruits, coffee and vegetables, which were also among the products with the highest import value, with the mention that it remained about the same amount but the price increased.

European imports decreased the most in cereals (other than wheat and rice), oilseeds, sugar, soybeans and palm oil.

[9] https://ec.europa.eu/info/index_en

CONCLUSIONS

Given the presented data, the EU is the world's largest trading power and will continue to pursue its current strategy based onequity and transparency. Regarding the strategy of trade in agri-food products, the EU also manages to enter an area of new markets, which has brought it into the position of world leader in exports.

The EU remains the leader in imports, but it is worth mentioning thatthe majority of imported agri-foods cannot be produced in the EU.

In conclusion, the EU believes in an open market and considers trade as part of the solutions for economic development and growth.

REFERENCES

1.Brata Anca Monica, Politici agroalimentare in Romania, Editura Universitatii din Oradea, 2008, pag 15

2.Davidovici, I., Gavrilescu, D., (coordonatori) Economia creşterii agroalimentare, Editura Expert, Bucureşti 2002

3.Hubbard, L., Borrel, B., Global economic effects of the EU Common Agricultural Policy, Economic Affairs, Vol. 20, No. 2, 2000, p. 49

4.Humphrey, Albert, The Father of TAM, TAM UK Retrieved 2018-06-03.

5.Cadrul national strategic pentru dezvoltare durabila a sectorului agroalimentar si a spatiului rural in perioada 2014-2020-2030, pag 12, 15, 16

6.https://eur-lex.europa.eu/oj/direct-access.html?locale=ro

7.https://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:194:0006:0013:RO:PDF

8.https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/trade/documents/map-2016-1_en_0.pdf

9.https://ec.europa.eu/info/index_en