



## Trade and Competitiveness

Fair trade requires that the competitiveness of companies operating on the world market is not hampered by distortions due to unbalanced regulatory frameworks. As long as there are fundamental differences in the regulatory environments of WTO members, trade negotiations should take them into account, whilst at the same time aim at correcting the resulting restrictions and distortions in the world agricultural markets.

It is also essential to keep a coherent approach between the three pillars of the URAA, i.e. export competition, market access and internal support.

### **Fair trade in Export competition.**

As long as the principles of the European Common Agricultural Policy (CAP) are maintained and as long as there is a difference between European and world market raw material prices, export refunds are economically justified.

Export refunds cannot be discussed in an isolated manner. Any further reductions on export refunds can only be envisaged provided that 1) European cereal market prices are in line with the world market prices, 2) all forms of export support, both direct and indirect are treated within the framework of the WTO negotiations\*.

(\* Export credits, export credit guarantees, insurance programs, State Trading Enterprises (STEs), export taxes and marketing loans.

### **Fair trade in Market access.**

Efforts made by the EU to improve market access must be met by at least equivalent efforts from other major trading partners.

Market access commitments should take into account the specificity of certain sectors.

Together with the EU, the AAC supports the need to increase the transparency, reliability and the security of the management of Tariff Rate Quotas (TRQs).

### **Fair trade in Internal support.**

As an important user of cereals, the European starch industry needs a regular supply of quality cereals at competitive prices.

Support given to farmers should be the least trade distorting possible.

### **Fair trade and Non-trade concerns.**

Non-trade concerns are key for the cereal starch industry, which respects high environmental standards and takes into account consumers' concerns on food safety.

Along with the EU, the AAC supports sustainable development, the protection of the landscape and the environment which are important goals of the agricultural policy. These non-trade concerns should be taken into account without deterring international economical developments.

**The Peace clause.**

Because it is essential that all operators work in a stable legal framework, it is necessary to maintain the peace clause as long as the new WTO agreement has not entered into force. In addition, the peace clause should also be renewed and included in a new WTO agreement under the same terms as in the Uruguay Round. This is required to take into account the need for specific rules and disciplines for agricultural products.