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## No agricultural concessions affecting EFTA countries production

We would like to use this opportunity of your ministerial meeting to remind you of our position and red lines concerning the EFTA agreement with the Mercosur.

*First and foremost: Farmers in the EFTA countries will not accept concessions in the Mercosur negotiations having negative impact on production and producer prices on domestic markets.*

As trade negotiations between EFTA and the Mercosur trade bloc is soon entering into its 6.th round, farmers in the EFTA countries Switzerland, Iceland, Liechtenstein and Norway are worried that a final deal will undermine our agricultural sectors and the livelihood of rural communities.

The Mercosur countries (Brasil, Argentina, Uruguay and Paraguay) are among the most competitive exporters of agricultural goods in the world. For instance Brasil is the world's biggest exporter of beef.

On the other hand, the agricultural sector in the EFTA countries is characterized by small scale family farming. The average farm size is about 20 hectares and 25 cows in Switzerland, 36 hectares and 37 cows in Liechtenstein, 46 cows in Iceland and 25 hectares and 26 cows in Norway. The costs of production are high, the topography is demanding and the climate severe in many areas of the EFTA-countries.

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Even though agricultural production in our countries is small as a share of GDP, it is of high value both for food security and additional services to society, such as cultural landscape, environmental services and biodiversity. Agricultural primary production and processing industries constitute an essential contribution to employment and rural settlement in EFTA countries. Our countries have a low self sufficiency degree (around 40%), growing imports from Mercosur countries could further weaken this level. As climate changes make food production more vulnerable, it is even more paramount to secure food production in all parts of the world.

Environmental demands and legal and societal expectations for food safety, animal health- and welfare standards are high, pushing the costs even higher. All these factors make it demanding for our agricultural sectors to compete with agricultural products from the Mercosur countries. There have also been rising concerns by environmental groups in Mercosur countries that such an agreement between Mercosur and EFTA would put more pressure on family farming in the Mercosur countries.

Before signing an agreement, our governments should conduct an analysis of the impact on our agricultural sectors and the environmental effects of a Mercosur-EFTA-agreement. Negative effects should not be accepted, and must lead to a halt in the negotiations.

Furthermore, a certain paradigm change in negotiations is needed. Food security with healthy food from close proximity is a valuable achievement of our countries. In the free trade market there is fierce competition for market shares. Globalized agricultural trade and the associated price pressure lead to unsustainable conditions in agriculture in many parts of the world. Price pressure can undermine the quality of the products and alter where and how agricultural products are produced.

Our farmers have invested a lot in high standards and transparency. Thanks to these efforts, consumers have great confidence in our food. However, careful, sustainable production involves a great deal of effort. Quality meat therefore costs more than mass-produced goods. In order to keep the price difference to imports within limits, today's border protection is indispensable.

Although the four Mercosur states are developing countries, they have a highly industrialised and highly competitive agricultural sector. The South American Free Trade Area is one of the largest agricultural exporters in the world, the pressure on exports of agricultural goods therefore is extremely high.

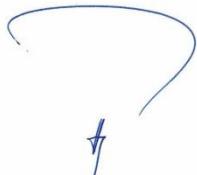
However, it is incomprehensible to demand multifunctionality and sustainability from domestic agriculture, while at the same time exposing it to global competition. It is therefore imperative that sensitive products be excluded from trade agreements. In order to maintain today's domestic share, import control is indispensable. This applies in particular to sensitive products, where we have an efficient, market-oriented system with quotas and customs duties.

Negotiation results are possible without sacrificing the agriculture of the EFTA countries and depriving farming families of their prospects. We expect you to respect our red lines.

Concessions to the Mercosur countries must not negatively affect our agricultural production. EFTA standards regarding food safety, high animal welfare and non-GMO must be respected

We, the EFTA farmers, expect our governments to reject signing an agreement that will undermine agricultural production in our respective countries.

Yours sincerely,



Marcus Vogt, President Farmers` Union Liechtenstein (VBO)



Markus Ritter, President Swiss Farmers` Union (SBV)



Sindri Sigurgeirsson, President Icelandic Farmers` Union



Lars Petter Bartnes, President Norwegian Farmers` Union

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