Ref. Ares(2022)3192171 - 25/04/2022

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E MARKETS
The Director

Brussels,
AGRI.E/MS

MINUTES

Meeting of the CDG ARABLE CROPS - COP AND SEEDS SECTORS

7 March 2022

Chair: AGRI.E4

Delegations present: All organisations were present, except EuropaBio, EBB, EFFAT, ELO, Fertilizers Europe, PAN Europe, SACAR and BirdLife Europe.

CDG Arable crops – Cereals, Oilseeds and Protein crops

1. Approval of the agenda and of the minutes of previous meeting

The agenda of the meeting as well as the minutes of the meeting of 7 September 2021 were approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

Overview of the market situation

The Commission presented the market situation for cereals, oilseeds and protein crops.

Cereals world market:

Traders and COGECA were preoccupied by different announcements and rumors of trade restrictive measures triggered by Hungary and Bulgaria (planning to purchase 1.5 million tonnes of grains into state reserve, apparently maize exports are banned until this volume is reached and wheat exports are approved case by case). They also mentioned the risk of having too much grains stored in Bulgaria leading to problem of storage availability for the new crop.

Copa referred to the crucial importance of intra-trade and highlighted that if Ukraine is land-locked it would necessary to redesign trade routes.

Ukrainian Black Sea ports remained blocked and also the Azov Sea closed for commercial shipping. While Russian Black Sea ports were open, grain loadings were very limited due to insecurity concerns and high insurance costs. So far, no damage was reported to Ukrainian port infrastructures.

Winter crop conditions in Russia were reported to be mostly favourable, with a potential for an excellent wheat harvest in 2022.

Crop conditions are less favourable in Ukraine, however the main concern is to what extent farmers will be able to complete spring works (fertilisers, crop protections) and what area could be sown with spring crops.

Cereals EU market:

As regards the EU cereals market, the total production for marketing year 2021/22 is forecast at 293.2 million tonnes, which is 4.9% above the five-year trimmed average. With respect to the next marketing year, in general, crops are in good condition so far in EU with no significant frost damage. Large areas of south and south-western Europe suffer from rain deficit but with no significant damage to crops for the moment. However, rain is urgently needed.

On high fertiliser prices, COPA repeated the importance of 'level playing field with zero import duty and no anti-dumping duties'. This season, very high grains and oilseeds market prices offer farmers sufficient incentives to continue farming as usual. However, surging fertiliser prices are the biggest concern for arable farmers for season 2022/23. According to COPA, farmers will put in place some strategies to attenuate the problem, such as shared fertilizing or precision farming.

Oilseeds and protein crops market:

The Commission also presented the global and EU market situation for oilseeds on the basis of USDA and IGC latest reports. For marketing year 2021/22 global oilseeds production is forecast at 611 million tonnes, higher by 7 million tonnes compared to previous year. Global soya bean production is estimated at 353 million tonnes, cut of 4.1% year-on-year, due to sustained hot and dry weather conditions in South America. On the other hand, consumption is predicted to increase and is higher by 10 million tonnes compared to total production. Global stocks are forecast to decrease by 19% year-on-year, to 43.3 million tonnes. Compared to last year, trade is seen broadly stable at 161 million tonnes (+0.2% year-on-year). Rapeseed production forecast declined by 2.5 million tonnes following Canadian low production on adverse weather conditions.

Oilseed prices are predicted to appreciate to new highs, considering the Russian invasion in Ukraine and the severe production losses of soya beans in South America and low rapeseed production in Canada last summer. Global soya bean prices are following an upward trend and are now between 25% and 32% above last year's levels. As for global sunflower seed, prices are significantly higher in the EU Bordeaux (up 23% year-on-year), reaching on 4 March 2022 at USD 830 per tonne, with no available prices for Ukraine.

Total EU oilseed production for marketing year 2021/22 was forecast at 30.25 million tonnes in March, reflecting slightly lower productions for sunflower seed and soya bean.

As regards global trade, the Commission informed that Ukraine accounts for 16% of the global rapeseed exports, 50% of the sunflower seed oil market, 9% of trade in sunflower seeds and 61% of that of sunflower meal.

Reacting to the presentation, COPA commented on the very difficult situation on sunflower seed market. Restrictions on the sale of sunflower oil in supermarkets are in place in some Member States. COPA requested access to necessary tools (i.e. drought adapted seeds, fertilisers, higher access to PPPs or NBT) to increase oilseeds production and address the current challenges. COPA referred to the fact that the EU has a responsibility to supply third countries, in particular African countries suffering or at risk of hunger.

COCERAL noted that some Member States are building up strategic stocks, sometimes at the expense of the traders.

<u>Exchange of views on the national strategic plans for the CAP</u>

The Commission informed the participants about the general procedure and timeline in relation to the assessment and approval of the CAP strategic plans submitted by Member States. The assessment of the strategic plans, which concerns all ten specific objectives of the CAP, is in full swing in the Commission. The Commission analysis will be sent to Member States within three months of the submission of the plans (observation letters). The Commission has six months from the submission to take a decision on the approval of each plan, with a stop the clock mechanism when awaiting revisions following its observations.

<u>Communication on Sustainable Carbon Cycles</u>

The Commission presented the communication on Sustainable Carbon Cycles, which was published in December 2021, and in particular, examples of carbon farming and its benefits. To achieve climate neutrality at the latest by 2050 the EU needs to increase carbon removals and establish sustainable carbon cycles.

The various public funding opportunities were presented to ease the financial burden for the farmers who are faced with barriers to put in place carbon farming initiatives. The CAP has a number of horizontal tools and state aid is also available to support farmers.

The European Environmental Bureau (EEB) emphasised the importance of prairies and peatlands for carbon storage and the capacity the forests have to create renewable energy. Forests should therefore be viewed as a source of renewable energy (harvested wood which can be used for energy production and replanted new trees which will absorb greenhouse gases). EU needs food sovereignty as well as carbon sovereignty so it is important to develop carbon policy protection. The EU needs to carry out observations of the quantities of carbon imports.

COPA highlighted the importance of maintaining a stable food and feed production, the carbon neutrality therefore needs to be discussed as well as the need for certain incentives in carbon sequestration and standardisation.

<u>AOB</u>

<u>Exchange of views on fertilisers and energy costs</u>

The Commission presented briefly the main challenges of the fertiliser market which is currently under pressure due to surging gas prices (gas prices representing 70% of input cost for nitrogen production). Fertiliser prices increased globally and even more in the

EU. The situation is challenging and constantly evolving depending on geopolitical tensions. EU is heavily dependent on imports for many type of fertilisers (nitrogen, potash, phosphates…). Some European fertiliser producers were considering or even taking measures to cut outputs to limit the losses when gas prices exceed certain price level. Grain and oilseed prices also increased but to a lesser extent. In this difficult context, members of the CDG were invited to share information on the fertiliser availabilities at farm level and on the current fertiliser application.

COPA-COGECA emphasised the importance to look into the future and the importance of long-term thinking and planning on how to secure the supply and diversify the sourcing. In addition, to reduce the cost to farmers, all import duties on fertilisers should be removed (MFN and anti-dumping duties).

4. Next meeting

The next CDG COP is scheduled on 7 September 2022. The final date and time will be confirmed by DG AGRI.

<u>CDG Arable crops – Seeds</u>

1. Approval of the agenda and of the minutes of previous meeting

The agenda of the meeting as well as the minutes of the meeting of 5 March 2021 were approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

<u>Revision of EU seed marketing regulation</u>

The Commission presented its initiative on the revision of the plant and forest reproductive material legislation. This revision concerns 12 directives on the marketing of seeds and other plant propagating material, the common catalogues of varieties and the forest reproductive material. These directives set out the rules for the marketing of seeds and other reproductive material for the economically most important species for the EU.

The Commission informed stakeholders and the public about its plans to revise this legislation through the publication of an inception impact assessment. As described therein, the revision seeks to address two broad problems: a) the divergent implementation of the Directives between the Member States and the resulting unequal conditions for the operators and b) the legislation preventing innovation and the use of new technologies as well as the adaptation to the latest broader policy developments (European Green Deal and related strategies). The Commission intends to adopt a legislative proposal for this revision by the end of the 2022. It will be accompanied by an impact assessment that will examine different options for achieving the set objectives.

The Commission encouraged all interested stakeholders to participate in the ongoing consultation activities: a) public consultation until 27 March 2022, b) targeted survey until 1 April 2022, registration required by email to prm-ia@icf.com.

Beelife addressed the question on the nectariferous capacity of species/varieties producing nectar as criteria defining the varieties. From their point of view, they would like that the criteria "nectariferous/polliniferous" become compulsory. They observe varieties arriving in the market that should be nectariferous but actually do not producing nectar. They would like the nectariferous/polliniferous capacity of varieties to be systematically covered.

The Commission replied that legislation currently requires that new varieties of agricultural species should be accepted if they have satisfactory value for cultivation and use. The characteristics for this examination are 1) yield 2) resistance to harmful organisms 3) behaviour with respect to factor in the physical environment 4) quality characteristics, without no further details given in the directives. The revision will examine how best to refine these criteria, so that new varieties are examined in a consistent way for characteristics that contribute to sustainable production. The proposal to include the nectariferous/polliniferous capacity of varieties in these characteristics was noted.

ECVC's proposal for the creation of a specific legal framework for peasant seeds systems

ECVC (European Coordination Via Campesina) presented their proposal for a specific legal framework for peasant seeds systems. This system would permit small farmers to access seeds better adapt to climatic conditions or to specific agricultural practices.

ECVC is proposing that small farmers can create, select and exchange their own seeds. This would help to build resilient farming systems based on the knowledge and best practices of the farmers. ECVC also proposed that the exchange of seeds should be considered as an exchange of services without any obligation to be member of an organisation and the farmers would be protected by the plant health regulation applicable to the agricultural production.

EUROSEEDS and COPA-COGECA expressed their concerns about this system. Seeds used on the EU market must be officially tested and the plant health regulation must be fully enforce to avoid spreading deceases.

ECVC pointed out that their proposal concerns exchange of seeds between local farmers. On a question from IFOAM regarding the definition a 'peasant farmer' ECVC replied that it is referring to the type of production rather than the size of the farm.

Overview of the market situation

COPA-COGECA presented the seeds market situation. The harvest was very good in all Member States last year. Both quality and volumes were good. The situation is the same for organic seeds, contrary to the previous season. They saw, however, some problems with seeds potatoes but the availability is sufficient for the EU market, of all varieties, including seeds for organic production.

The sector commented that it was very challenging for them to get reliable data on seeds volumes since there was no more legal obligation for Member States to notify this information to the Commission (abolished in 2013). Given the availability of IT solutions nowadays, stakeholders consider that this information could be relatively easy collected since certificates are obligatory before seeds can be commercialised. Information on seeds availability could be very crucial in times of market crisis. The Commission asked the sector to send, as soon as possible, information how this data could be collected and what is actually available in the existing IT-system in the Member States in order to try to reintroduce this notification obligation.

Presentation of the joint work on plant protein

EUROSEEDS presented the conclusions of EU protein production.

The demand for plant-based protein and ingredients for food uses is increasing rapidly. In order to increase the domestic protein production to reduce dependency on imports, increase diversity in crop use and lower carbon footprint, EUROSEEDS, FEFAC and COPA-COGECA are asking the Commission:

- to provide consistent new EU framework enabling European protein value chains' competitiveness;
- to provide meaningful and long-term incentives to stakeholders;
- to develop a balance sheet to track productions and consumptions of food plant protein, and to support the development of national feed protein balance sheet
- to develop innovation-friendly framework for competitive research and development;
- to support educational communication to consumers on the EU sustainable agricultural production practices and benefits of diversified and balanced diet that include plant protein-based food.

Stakeholders referred that France and Austria signed joint declaration in December 2021 to bring back the EU protein plan on the agenda. The Commission replied that the Member States are including various measures in their national strategic plans.

AOB

The EU delegation in Jordan alerted the EU of seeds potatoes restrictions affecting some MS, in particular France, Denmark and the Netherlands. Jordan has acquired a new lab equipment and increased the testing frequency on imported seeds potatoes. Unfortunately, the testing results are shared very late when the seeds have been distributed or even planted which affected heavily both importers and exporters. The Commission is trying to clarify this with the Jordan authorities and asked the participants to share any substantial information (before 11 March).

4. Next meeting

The next CDG SEEDS is foreseen to take place in March 2023. The final date and time will be confirmed by DG AGRI.

5. List of participants

In annex.

(e-signed)

Michael SCANNELL

List of participants– Minutes

Meeting of the CDG Arable Crops – COP AND SEEDS sectors

07/03/2022

ORGANISATION	NUMBER OF PERSONS
Bee Life-European Beekeeping Coordination (Bee Life)	1
Conféderation Européenne des Propriétaires Forestiers (CEPF)	1
EuropaBio	-----
European agri-cooperatives (COGECA)	4
European Agroforestry Federation (EURAF)	1
European Biodiesel Board (EBB)	-----
European Coordination Via Campesina (ECVC)	2
European Council of Young farmers (CEJA)	3
European Environmental Bureau (EEB)	1
European farmers (COPA)	10
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	-----
European Landowners' Organization asbl (ELO asbl)	-----
European Liason Committee for Agriculture and agri-food trade (CELCAA)	5
IFOAM Organics Europe	2
Fertilizers Europe	-----
FoodDrinkEurope	8
Pesticide Action Network Europe (PAN Europe)	-----
SACAR – Secrétariat des Associations du Commerce Agricole Réunies	-----
Stiching BirdLife Europe (BirdLife Europe)	-----