

CDG Arable Crops & Rice

4 November 2016

Final report

Morning Session – COP

1) Agenda

Agenda has been approved. Item 7 has been removed in the absence of possibility to find a speaker. BirdLife stated that they would like to exchange on the neonicotinoid issue and the impact of the ban on agricultural production in the EU.

2) Exchange on Market Situation

a) Commission's presentation on the market situation (incl. EU balance sheet and trade)

The Commission presented the market situation for 2015/16 and 2016/17 for cereals, oilseeds and protein crops.

COCERAL, on behalf of CELCAA, made a presentation on the situation of crop production in the world putting the situation in comparison to Europe. The crop production in the world is on the increase, contrary to the situation in Europe. It has been noted that there is a downward price spiral. It has been stated that the situation of producers in Europe is a difficult one, with no good prospects for exporting European production, putting the European agricultural chain at risk.

Chair reminded also that the impact of the future biofuels policy will have a crucial role in agricultural production and productivity in Europe, whereby biofuels production in Europe is essential for farmers in Europe.

Commission claimed that the import duty system provides a system of protection for farmers in case of price drops. Commission agreed that the situation of biofuels policy creates an uncertainty for European agriculture and in particular for sowing rapeseed in Europe. DG Agriculture reminded that the co-products of biodiesel – i.e. rapeseed meal and soybean meal are essential for feed production in Europe and for the livestock sector.

COPA-COGECA also stated the importance of biofuels policy and its positive effects on livestock production as well. COPA-COGECA is concerned about the abolition biofuels policy. CELCAA supported the comments made by COPA-COGECA and the Commission on biofuels.

b) Update on forecast harvest monitor how to react after this failure estimation

Commission explained the underlying factors for misestimating the crops this year. An exchange has been held on what can be done and what to be expected in the future. The Group agreed that the models should not be heavily relied on and that the world situation should always be considered more carefully. The Group explored what can be done to better assess and complement the estimations that could be produced by models. EEB claimed that the EU agriculture is affected and cannot counter bad harvest because it is not a closed economy and that the soil quality must be looked at more carefully.

c) AMIS Development (production cost work by IFPRI)

An event has been held in Italy, at the FAO premises, and in a side-event of the CCP, an AMIS review has been made with the participation of ambassadors and experts. The members of AMIS trust each other and an open exchange has taken place. Corrections on maize stocks in China has been taken note. The uncertainties have been presented to the Group, which will be further discussed at the next AMIS meeting.

The Commission encouraged participants to read the minutes of AMIS meetings as they are very interesting. The Commission also reminded the Group that AMIS is running for the past 5 years only, which is very short for a programme and could help explain the difficulties it is facing at the moment in responding to the demands.

3) Debrief of the joint event COPA-COGECA/COCERAL on the supply of raw materials

Teresa Babuscio presented the joint event organised by COPA-COGECA and COCERAL.

4) Changes to the TRQ management system: state of play

Commission reminded that as of 6 November the need to apply for import/export licenses for most grains (excepted for operations under specific TRQs) is abolished, and these trade flows can now be followed via the DG TAXUD Surveillance System whose data is published weekly on the DG Agri website.

Mr. De Mul presented the work of the European Commission on the simplification and modernisation of the TRQ system.

In the cereals sector, no major changes are expected apart from the fact that the weekly application procedure may change from weekly to a monthly application. Application of the import license for month N should start one month before (N-1), with application to be submitted on week 1 of the month N-1, after internal processing process and calculation of the allocation coefficient, the licences for Month N should in principle be delivered the 3 or 4th week of month N-1. This work will be carried out every month. The situation of rice is still unclear. For rice less than 20 tonnes, the Commission is looking into abolishing the lottery system. The Commission highlighted that the Annexes will help guide users of TRQs with detailed information.

The procedure is expected to be concluded and in effect in mid-2017, and will be applicable to TRQs as of each TRQ's starting yearly period, which for our cereals TRQs, should in principle start Jan 2018

FoodDrinkEurope questioned about the Abatimento review and asked that the period starts on 1 January and not during the harvest.

5) Update on trade measures for Ukraine

The Commission presented its proposal of 29 September on the introduction of temporary autonomous measures supplementing the existing trade concessions available under Ukraine DCFTA. The objective of the new measures is to support the difficult economic, and political situation faced by Ukraine, which was imposed sanctions by Russia since the past years for the approval of DCFTA. The military conflict in eastern Ukraine and the annexation of Crimea has a cost of 10% of the Ukrainian GDP every year and the additional TRQs aim at improving economic stabilisation and the balance of payments..

The proposal foresees introducing a unilateral preference for 3 years and TRQ increase for maize, wheat, barley, oat, and some other non-cereals. The proposed annual additional TRQ volumes are :

- Common wheat – 100,000 tonnes
- Maize – 650,000 tonnes
- Barley – 350,000 tonnes
- Groats – 7800 tonnes

These TRQs are to be managed by DG Agriculture as is the case today. The adoption of the ATMs is expected to take some months and could take place in spring 2017.

COPA-COGECA – Italian producers questioned the impact of these TRQs on European farmers and how this foreign policy measure can be compensated for the benefit of European farmers. Polish farmers also stated that Polish farmers will be affected the most.

The Commission and CELCAA reminded that imports under these TRQs are subject to the same SPS standards as the European producers need to comply with.

COPA-COGECA questioned whether there is certification for Ukrainian imports. The Chair responded that only the UK has a passport system and not in other countries.

EFFAT highlighted the need for social and environmental criteria for the production, in addition to SPS.

6) Organic production in the COP sector

Agenda item skipped

7) AOB

Neonicotinoids – COPA-COGECA referred to the rapeseed production figures presented earlier and the reduction in production. The non-availability of such products puts the cultivation at risk and cause lack of confidence for farmers. CEPM expressed that Europe is losing its productivity vis-à-vis other countries, in particular the USA. Beelife expressed the interest to work closely with European farmers on neonicotinoids and other plant production products. COPA-COGECA referred to the situation in the UK, whereby more than 70,000ha have been lost due to the neonicotinoid ban. The importance of rapeseed and its importance for crop rotation and break crops has been reminded, to emphasise the negative impact neonicotinoid ban had and will have in the future. The chair proposed to have a presentation on beekeeping and their views on neonicotinoids with the participation of DG SANTE representatives. BirdLife expressed that the issue goes beyond neonicotinoids and that intensive agriculture has damaging impact on environment and consumers.

EU Expert Group on Financial Legislation – The European Commission reminded that an expert group will take place on 9 November on MiFID II, EMIR, MAR which will be followed by a workshop in the afternoon.

Afternoon – Rice

1) Exchange of views on the rice market situation, including focus on imports of rice from various origins

The Commission presented the global and EU rice market situation as well as the EU trade flows for rice 2016/17.

FoodDrinkEurope asked the small packages to be separately presented at the next CDG. Italian rice farmers highlighted that the level of imports of rice from Cambodia is worrisome.

The Commission highlighted that little can be done under the EBA agreements and that in the current situation there is no assessment that action should be taken due to imports under the EBA.

2) State of play of the revision of the customs nomenclature for aromatic/fragrant rice

The Commission presented the revision of the CN code for aromatic/fragrant rice as published in the Official Journal L294 of 28 October 2016 (Commission Implementing Regulation (EU) 2016/1821 of 6 October 2016 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff). Four Codes for parboiled rice have been deleted (1006 10 - 21, 23, 25, 27). All codes for small packages are maintained (less than 20kgs). The Commission has created new codes for aromatic rice. As of 1 January 2017, EU statistics will start to become available to quantify the share of aromatic rice (basmati and other aromatic rice, i.e. jasmine) in total imports.

FoodDrinkEurope and CELCAA thanked the Commission for the work carried out in this area, which will help distinguish the complementarity of rice imports to the EU local production.

It has been stated that DNA testing can be done for a variety of rice in Europe and various labs are now well equipped and used to perform such kind of analysis.

3) Labelling: exchange of views on origin labelling for rice

COPA-COGECA announced that they will present a proposal and position on rice labelling at the occasion of next CDG.

4) Tricyclazole – update

The Commission presented the evolution of the issue since 2008, where extensive discussions have taken place since then with stakeholders and 3rd countries. As an indicative planning, the Commission is preparing to notify the WTO about the intention to lower the current limit of quantification to 0.01 mg/kg. The Commission will also discuss the issue with Member States on 28-29 November 2016. On 16-17 February 2017 a vote is expected to take place on a draft proposal to lower the MRL, which will be taken to the Parliament and Council for scrutiny. The measure will enter into force 20 days after publication, around June 2017. Possibilities for certain transitional arrangements are currently being explored.

There will be transitional measures, whereby if there is a product in stock before the application date, that product can still be marketed. This transitional measure however, is not certain to be provided, since the Commission may decide to take the initial notification of 2011 as sufficient for the sector to adjust.

FoodDrinkEurope stated that 70-75% of European production has Tricyclazole residues, corresponding to circa 3 million tonnes of husked rice (non-hulled). Such a reduction would require 18 months for the produced rice to be consumed or destroyed. Moreover, the Commission should also take into account the packaged rice has on average an expiry date of 2 years, which means that products until reduction will be in stores even 2 years after the reduction. The MRL in various other third countries are up to 3mg/kg and consumption per capita in those countries are much higher than that of the EU. The research work of FAO was reminded to the Commission which found no causal link between Tricyclazole and human toxicity. It has been proposed to the Commission to maintain current levels until the second long-term research is concluded. It has also been mentioned that the company producing the Tricyclazole is now working on getting appropriate evidence and data to prove that Tricyclazole is safe within the definitions of the European Commission. It has been reminded that there is no alternative to Tricyclazole on the market and that considering 2011 as the notification start date is not acceptable to the industry.

CELCAA stated that withdrawing Tricyclazole from use would constitute a clear barrier to trade and is not acceptable.

COPA-COGECA agreed with the comments made before and strongly opposed the move of the European Commission.

BirdLife Europe questioned the difference in scientific assessments and asked what platforms the Commission is making use of while determining such low levels. BirdLife further mentioned that the Commission needs to protect the health of European consumers.

The Group has been reminded by the intervenants that there is also divergence between the Commission's MRL levels and that of CODEX at the international level.

CELCAA, COPA-COGECA and FoodDrinkEurope proposed a Resolution on EU Measures on Tricyclazole and Rice Production, which highlights the negative impact of reduction on trade, industry and consumer in the short to medium term.

- The large majority of the Group agreed with the proposal;
- EEB abstained and waived any decision on this point;
- BirdLife asked for more time to review the document.
- It has been agreed to allow the rest of the Group until Wednesday, 9 November, to reflect on the document. Unless there is an objection by 9 November 2016, the draft proposal will be considered adopted with consensus as a CDG Resolution. Such objection has not been received and therefore the Resolution is considered to be adopted unanimously.

The Commission answered to a question that a Member State can decide a national MRL in the absence of an MRL at EU level, however in this case, the rice has to remain in the national territory. In answering to another question, the Commission stated that withdrawal of a molecule does not necessarily trigger automatic reduction of MRL levels.

5) Arsenic in rice

The European Commission presented the current state of play on the issue.

6) AOB

It has been reminded to the participants that paraffin in rice is an issue, however the point has been withdrawn from the Agenda since the Commission did not have any new information on this topic.

Disclaimer

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