



Brussels,

FINAL MINUTES

Meeting of the Civil Dialogue Group Arable Crops - Sugar sector

Date: 19 April 2021

Chair: Mr Paul Mesters (FDE/CEFS)

Organisations present: All Organisations were present, except Beelife, Birdlife, EBB, Europa Bio

1. Nature of the meeting

The meeting was non-public.

2. Opening of the CDG meeting

a. Approval of the minutes of the last meeting on 18 November 2020: The report of the meeting held on 19th November 2019 was approved.

b. Approval of the draft agenda: The agenda was approved.

c. Meeting dates for 2021: Next meeting is planned for 5th October 2021.

3. Opinion of the Group on the situation and prospects for the world market for EU sugar exports (ASSUC)

ASSUC presented an overview of the world sugar market and the production outlooks for the major players (see presentation).

4. Presentation by the Commission on the EU sugar market and updated sugar and isoglucose 2020/21 balance sheet

Two representatives of CIBE/Copa Cogeca expressed dissatisfaction with the fact that the information provided by the Commission in relation to previous marketing years for EU-28, in particular the EU average price, is not retroactively adjusted to reflect the figures corresponding to EU-27. As a result, a comparison between current marketing year figures for EU-27 with previous marketing years' figures for EU-28 is not possible. The Commission was also asked about the timing of the publication of the new sugar prices notifications related to short-term contracts.

The representative of the Commission replied that, for confidentiality reasons, EU average price for EU 28 (i.e. UK sugar price included) calculated for previous marketing years cannot be retroactively calculated to exclude the UK prices. Confidentiality is very important for the sugar sector and Commission cannot breach this fundamentals principle. As regards short term contract prices publication, these will be published when

a number of conditions are fulfilled: 1) a two-month publication delay must be respected 2) the quality of the data must be of proper quality and representative and 3) the data needs to be discussed in a Management Committee before publication, as is the common practice for this type of situation. As part of its quality checks, the Commission has to discuss and verify new data with the providers (i.e. Member States) before publication.

Commission reiterated that services are always interested in the comments and market analyse of the participants, to have the best and complete market overview. However, it has to rely on official notifications from the Member States for the sugar balance sheet.

5. Trade-related issues (AGRI)

The representative of CEFS/FDE made a general comment on Trade issues indicating that the new Trade policy proposal was going in the right direction seeking for a level playing field, and insisted on the EU being more assertive and acting when needed to protect its interests.

a. EU-UK deal including the apportionment of CXL quotas at WTO

The Commission presented EU-UK trade figures after entry into force of the EU-UK Trade and Cooperation Agreement and gave an update on the negotiations with WTO partners for the split of the EU28 WTO Tariff Rate Quotas (TRQs) between EU and UK. For Australia, the original EU28 TRQ of 9,925 tonnes for raw sugar will be maintained at EU side, to avoid an uneconomical quantity after splitting.

A representative of CEFS/FDE underlined that this concession to Australia sets a precedent for other demands third countries may put forward in the future. Apart from the additional quota availability for Australia, there are significant concerns as regards Australia's sustainability commitments. For example, the Sustainability Impact Assessment in support of FTA negotiations with Australia found that increased Australian sugar production will have a negative impact on the domestic water quality. The EU must align the objectives of the Green Deal with its trade policy and – especially in view of the WTO quota proposal – not offer any further market access for sugar to Australia in the form of a TRQ within the scope of the FTA negotiations.

The Commission explained that these negotiations with many WTO partners are complex, that overall, the new EU sugar TRQ volumes have reduced considerably compared to the EU28 volumes and that the Commission strives to strike a balance across agreements. The Commission also further substantiated why the Australian volume was considered uneconomical when split.

b. Canada, Egypt, India and Thailand

COM explained how **Canada** has initiated an expiry review to examine the need to extend countervailing and antidumping measures on imports of refined sugar from the EU, which have been in force since 1995. The anti-dumping investigation concerns exports from Denmark, Germany, the Netherlands, and the UK. The anti-subsidy investigation concerns all EU exports.

The Commission considers that after the sugar reform and the termination of the quota system in 2017, extending countervailing duties is not justified: like for most other

agricultural products, the subsidies in the sugar sector are essentially green box and as such not countervailable – a fact that Canada seems to deny.

On 1 March 2021, CBSA determined that dumping and subsidization is likely to continue in the EU. In March, CITT opened an investigation on whether dumping and subsidization would likely result in an injury to the Canadian industry if the Canadian import measures were to be withdrawn. Commission is closely following the issue and acting when possible.

As regards **Egypt** ban on imports of EU sugar, COM is fully engaged to try by different pathways (bilateral and multilateral) to maintain the pressure on the Egyptian government to lift restrictions on EU white sugar imports. If nothing changes the Commission will need to act at WTO level.

ASSUC indicated that Egypt is continuing importing raw sugar from different destinations. It confirms that there is not enough domestic production. ASSUC calls on the COM to ensure the lifting of the restrictions which is having strong impacts on European sugar production and exports..

Australia, Brazil and Guatemala have initiated dispute settlement proceedings in the **WTO against India**. They argue that India's sugar subsidies are in breach of the relevant rules of the WTO Agreement on Agriculture for domestic support and export competition. The EU is third party in the current panel proceedings and actively supports the position of the co-complainants. The EU shares the systemic concerns as regards India's use of support instruments for the production and export of sugar and India's respect of its WTO commitments. The Panel estimates to issue the final report to the parties not before the second quarter of 2021.

c. Mercosur FTA discussions

COM updated on the agreement. There are ongoing discussions with Member States and Parliament on defining an addendum to the agreement related to deforestation. This should take into the account the recognized concerns with this important topic.

After conclusions of negotiations between the EU and Mercosur countries on 28 June 2019 the legal scrubbing and translations of the text are ongoing, and the Commission has yet to publish the schedules of the agreement.

A representative of CEFS/FDE asked whether the discussion on schedules have been concluded concerning Bioethanol. COM replied that this is still an open matter which is arriving to conclusion.

d. Australia FTA negotiations

Trade negotiations between the **EU and Australia** are also moving forward. Sugar, as a sensitive product, has not yet come under discussion. Any concession on sugar will be done in the form the least damaging way in the form of TRQ. Commission recognized the importance of the sustainability issue in the relations with Australia and sugar production.

A representative of CIBE/CopaCogeca asked more information on the quantity of a possible TRQ stressing that any additional concession is unjustified given that the EU has sufficient production to supply the internal market.

6. Farm to Fork strategy in relation to its trade dimension

COM presented the F2F strategy and the pathways to the transition. The European Green Deal has created a window of opportunity to raise the importance of environmental food production standards to the level of EU food safety standards, regarded as the highest in the world. It will have an impact on the way the EU: 1) Will design the Common Agriculture Policy and manage agriculture 2) Produce food: Animal welfare, AMR (Anti Microbial Resistance), Food waste and Food labelling 3) Trades internationally and the relations with trade partners (Green diplomacy).

Several questions were presented, and intervention made by participants and in the chart.

- A representative of CIBE/CopaCogeca asked how do you compare the EU sustainable food labelling towards the imported products. Do they also need to carry this label? What would otherwise be the level playing field for EU farmers towards imported products?
- A representative of CEFS/FDE stressed the need to ensure that the Farm to Fork doesn't have a negative impact on European production putting it into disadvantage in comparison to third countries. How can the Commission ensure this? She further asked clarifications on the legal basis of the broad definition used in the presentation on the concept of social responsibility.
- Two representatives of CIBE/CopaCogeca underlined the importance of a proper Commission assessments of the impacts of the proposed targets. They also raised the question when the Commission would publish the JRC study on the impact on the Farm to Fork targets on European production, as the USDA had already carried out one, which is public and shows a decline in EU agricultural production.

COM confirmed the importance of Green diplomacy to raise third countries standard. All EU delegations around the world are engaged in the exercise of promoting the EU Green Deal ambitions. Reactions from some third countries are of interest and the EU is engaging with trade partners and developing countries. The JRC study is scheduled to be published in the coming months. The USDA study has many methodological shortcomings and does not take into account technological progress and change in consumer behaviour. COM confirmed that any legislative proposal will be anticipated by consultations and impact assessments according to the EU better regulations principles. As for the definition of social responsibility, this will be discussed in relation to the assessment of food system sustainability in the legislative framework process.

7. Horizon 2020 strategic plan (DG AGRI)

COM presented the Horizon Europe Strategic plan 2021/2024, the work programme 2021/2022 and possible opportunities for the EU sugar beet chain.

A representative of CIBE/CopaCogeca thanked the Commission for the presentation however it remains still a challenge to have a clear view on how the EU sugar beet sector could take advantage of these opportunities. COM replied that call for proposals for the

next Horizon Europe strategic plans will be open in the next weeks. It will be an opportunity to participate.

8. Agronomy in the EU sugar beet growing (Federbio (IFOAM EU) and COPROB (CEFS))

The representatives of CEFS and IFOAM EU made a joint presentation on the Italian experience of creating the organic sugar beet supply chain, which in 4 years passed from 140 to 2300 hectares with good yields. Participants in the chat underlined the interest for the experience, while asking more information on farmers income form beet and the availability of proper markets.

9. Any other business

No item added.

10. List of participants - Annex

Disclaimer

"The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."

List of participants– Minutes

Civil Dialogue Group Arable Crops – SUGAR sector
Date : 19 April 2021

MEMBER ORGANISATION	NUMBER OF PERSONS
Beelife	--
Stichting BirdLife Europe (BirdLife Europe)	--
European Council of Young Farmers (CEJA)	2
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	6
CEPM	1
European agri-cooperatives (COGECA)	4
European farmers (COPA)	9
EBB	--
European Coordination Via Campesina (ECVC)	1
EEB	1
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	1
ELO	1
EURAF	1
EUROPA BIO	--
Fertilizers Europe	1
FoodDrinkEurope	6
International Federation of Organic Agriculture Movements EU Regional Group (IFOAM EU Group)	2
Pesticide Action Network Europe (PAN Europe)	2
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	2