EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E Markets
**The Director**

Brussels,
AGRI.E/MS (2022)8073743

**MINUTES**

**Meeting of the CDG ARABLE CROPS – DRIED FODDER AND ENERGY CROPS**

**14 September 2022**

Chair: E.4

All delegations were present except: Bee Life, EBB, ECVC, ELO, Fertilizers Europe, EuropaBio, EFFAT, IFOAM, PAN Europe, SACAR, BirdLife Europe

## 1. Approval of the agenda

The agenda of today's meeting was approved.

## 2. Nature of the meeting

The meeting was non-public.

## 3. List of points discussed

***Overview of the market situation, including the EU protein feed balance sheet***

The Commission presented the updated oilseed market situation with the last forecasts made available in the September USDA and IGC reports. The total world oilseed output is estimated to be 7% or 43 million tonnes above the 2021/22 level. Soya bean production is expected higher by 10% due to good prospects in southern hemisphere, with an average increase in Brazil and Argentina of 17% year-on-year. Rapeseed production is seen 10% higher year-on-year at around 80 million tonnes, mainly due to rebound in Canadian and EU yields. As for sunflower seed, IGC forecast lowered global output at 49 million tonnes (13% drop year-on-year), due to lower production for Ukraine (-40%) but also for the EU (-5%). Extreme dry weather conditions in several key producers is the main driver for the trimmed production in the EU.

Compared to last year, soya bean prices surged in August, between 15% in US and 12% in US on concerns on the impact of adverse weather on Midwest yield potential. South America remains the most competitive origin. Global rapeseed prices lost ground for the fourth consecutive month due to record production expected for Canada and the EU in marketing year 2022/23. As regards sunflower seed, prices continue to fall following rapeseed, despite trimmed global production.

The Commission presented the projections for marketing year 2022/23, with total EU oilseed area at 11.6 million tonnes (+9% year-on-year) and output seen at 31.3 million tonnes. Rapeseed forecast is up at 18.8 million tonnes, reflecting yields improvements and higher area in some Member States. Sunflower seed projections are now at 9.9 million tonnes (-4.3% year-on-year) following a reduction in Romania and Hungary.

COCERAL seemed to be more optimistic about rapeseed production.

As regards protein crops, increasing area and production in marketing year 2022/23. EU protein crop area is predicted to reach 1.5 million hectares (+2.6% year-on-year). Production is expected up by 10% year-on-year at 3.6 million tonnes.

As for EU biodiesel, consumption in marketing year 2022/23 is expected to drop by 0.2 million tonnes than previous season, at 16.35 million tonnes, while EU production is predicted to reach 14.3 million tonnes.

COPA expressed concerns on supporting a reduction of the biofuel mandate while there is demand for sustainable biofuels.

C.I.D.E representative presented the market situation, in particular the production of dehydrated forages.

In 2021, the total EU production of dehydrated forages reached 3.6 million tonnes of which 2.6 million tonnes of alfalfa and 1.05 million tonnes of grasses. The consumption is forecast at 3.8 million tonnes while sales reached close to 3.7 million tonnes. The critical situation of the sector is due to the increase in energy prices (electricity and gas) and other supplies such as rope and biomass.  The production for 2022 is estimated at 3.3 million tonnes of which 2.35 million tonnes of alfalfa and almost 1 million tonnes of grasses. The final stocks are down mainly in Spain and Italy. The cost of consumables and spare parts for repairs and maintenance to produce and dehydrate forage has increased by more than 50%. In addition, production is expected to be 25% below previous year as processing cost is now 3.5 times more than last year. European dehydrators are asking for aid so that the sector can assume the increase in processing costs, otherwise, the sector's survival could be complicated. The representative of C.I.D.E. also presented the importance of the sector in the EU (i.e. several plants in the EU with more than 8 000 workers and high areas of alfalfa which is contributing to improve biodiversity).

***Impact of Russia’s military aggression against Ukraine (communication on food security, Repower EU, save gas for the winter)***

The Commission referred to a number of difficulties, such as the fertilisers’ situation, the surge in energy price, the bottlenecks in the supply chain and finally the impact of Russia’s invasion of Ukraine on the agricultural market.

The Commission presented some of the measures adopted to tackle the strong price increase of agricultural inputs such as setting up a specific mechanism to enhance the preparedness and response to food security crisis (EFSCM) and the emergency measures for stabilising EU agricultural markets, among others a support package of EUR 500 million to the agricultural sector and farmers most affected, a temporary crisis framework for state aids benefitting potentially both farmers and fertiliser producers, and the temporary and exceptional derogation allowing farmers to plant crops on land lying fallow and derogate to GAEC 7 and 8 in 2022 and 2023. Finally, the Repower EU was mentioned, including the specific plan related to reduction of gas consumption during winter.

***New CAP – Information on coupled support (alfalfa)***

The Commission presented the situation of protein crops / legumes in CAP Strategic Plans (CSPs) based on provisional information since most of the plans have not been finalised. The presentation focuses only on coupled income support (CIS), it was recalled that other CAP interventions are also targeting leguminous crops in the CAP SPs. The overall yearly budget plan for CIS is slightly higher than the current budget dedicated to voluntary coupled support in 2022 (+ 6%) at EU level, with heterogeneity across Member States. Among the three main sectors supported, compared to 2022 for the 27 Member States, there is a large increase of the CIS financial allocation for protein crops/legumes (+26%). 19 CSPs include CIS for legumes/protein crops with a budget share of 14% of the overall CIS financial allocation in those Member States. There is an increasing effort by several Members States to reduce the EU's import dependency in the protein crops and legumes sector, which are nitrogen-fixing crops and do not require N-fertilisers. Some Member States are increasing their contribution for CIS for protein crops and legumes (IE, FR, PL, IT, LV, EL, ES, LT, HU, BG, SK) and others are starting to introduce CIS for these crops (BE-WA, PT, SI). With about 3 million additional hectares supported compared to 2022, this represents a 75% increase of the planned support area. Only a few Member States (FR, IE, BE-WA, SI, BG) expect an yearly increase over the five-year period of the supported areas with protein crops and legumes from around 7 million (2023) to close to 8 million hectares (2027) in total in the EU.

***Any other business***

No.

## 4. Next meeting

Due to the new organisation of the Civil Dialogue Groups, 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

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| MEMBER ORGANISATION |
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| Confédération Européenne de la Production de Maïs (C.E.P.M) |
| European agri-cooperatives (COGECA) |
| European Agroforestry Federation (EURAF) |
| European Council of Young Farmers (CEJA) |
| European Environmental Bureau (EEB) |
| European farmers (COPA) |
| European Liaison Committee for Agriculture and agri-food trade (CELCAA) |
| FoodDrinkEurope (FoodDrinkEurope) |