

Brussels, 2nd November 2018

FINAL MINUTES

Meeting of the Civil Dialogue Groups HOS – F&V sector

Date: 28/09/2018

Chair: Mr GARCIA FERNANDEZ (SACAR)

Organisations present: All organisations were present - list of attendees in annex.

1. Approval of the agenda and other administrative issues:

- a. Chair welcomes the delegates
- b. Approval of the consolidated minutes of the Meeting of 20/04/2018. Minutes can be recorded accordingly.
- c. Approval of the meeting's agenda. Draft minutes to be provided within 10 working 10 days
- d. Election of the chair and vice chairs: Election for term of 1 year by open vote
 - i. Mr Soper (representing Food Drink Europe) as Chair. No objection, no abstention. Elected by unanimity
 - ii. Mr Jose Antonio Garcia as vice chair (representing SACAR). No objection, no abstention. Elected by unanimity
 - iii. Mr Sanchez de Puerta Diaz as vice chair (representing COPA-COGECA of olive oil) No objection, no abstention. Election by unanimity
- e. Functioning of the CDG Horticulture. COPA COGECA opposed to the Commission plan to merge the section fruit and vegetables with the sector of flowers. While the two sectors share many common points of concerns, both have specificities. Merging the two sections will be a step in the wrong direction. A specific CDG meeting dedicated for flowers is the only official opportunity for Commission to be aware of the development in an important sector (business worth 60 billion € and employing 700.000 people) and to keep alive the dialogue opportunity, in particular with a non-CAP sector. COPA COGECA wrote to DG AGRI in this respect, but the letter remained unanswered so far. SACAR is supporting this position. In response, the Commission explained the on-going internal reflection on rationalization trying to keep efficiency with less financial and human resources. The organization reshuffle of DG AGRI includes the debate on resource for the good functioning and frequency of the Civil Dialogue Group. Any rationalization which could lead to a merger of flower with fruit and vegetables, will not exclude from the agenda any topics relevant either for fruit and veg or flowers.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

1. Future of Food and Farming

After the release of the Commission proposal with the proposed CAP reform legislation, both the Council and Parliament are discussing the proposal. The Austrian Presidency is eager to reach a Council position before the end of its term. At the EP level, the different rapporteurs are aiming to get their draft report with its proposed amendments. Once the EP process is completed, there will be only a slight window to reach a trilogue agreement before the election.

The Commission is confirming in the reform its scheme as implemented since 1996 with POs and OPs. The scheme is extended to other products. The specific objectives of the F&V sector will be linked to the overall CAP objectives. Increase ambitions for R&I (threshold fix at 5%) and environment (threshold moved from 10 to 20%). New focus also in the proposal for transnational POs and APOs.

COPA COGECA welcomes the Commission proposal consolidating the current scheme of support for the fruit and vegetables sector. There are however a number of remarks relating to the different thresholds (5% on R&I or 20% on environment, with a list of eligible actions is more and more limited). The specific strategic plan of the Member States will remain but will be embedded in a broader CAP compliance objective.

2. Omnibus implementation:

AGRI G2 presented an update on the implementation of the Omnibus and the measures planned for crisis management within the mutual funds. The main questions from the producers is the relevance and capacity of the mutual funds to prevent or to efficiently cope with a market crisis. So far there is a lack of clarity at Member States and growers level about how to implement the new tools. The Commission outlined that while some of the new tools that might be available to cope with serious crisis would not be the panacea but could however be more efficient tools. The eligible costs were broaden in regard to the financing of the mutual funds to launch and feed the budget when crisis occur with a coverage of 70% of the lost value in a specific year in case of crisis. At the national level, many questions remain about how to implement the measures as the rules are not clear and Member States have concerns about how to validate measures.

The Commission prepared an inter-service note outlining the various tools available to best finance and implement crisis management measures within the mutual funds. The note also covers new rules on the financing and contracting of insurance to cover climatic havoc as well as how to best clarify the links between the measured covered by the first and second pillar of the CAP. and rules of double financing, excluding the possibility to engage in PO with OP if already engaged in measures of rural development.

In regard to the status of environmental measures, the note also cover packaging rules. Besides, it also specify how flexibility is provided if a producer leaves the PO before the end of the 5 year plan allowing not to fully reimbursed the aid receive but to value the progress achieved during the year of implementation. The note was presented on 18 September to the Member States.

3. Review of measures of crisis management on PO and OP

A presentation of AGRI G2 was made on the evolution of measures of crisis management in PO since 2010. In 2016 out of 55 billion € of value of production, 25 billion € were covered by PO. Producer Organizations consequently covering close to 50% of the production value. In the EU, there are 1.763 POs, out of which 685 are implementing crisis management measures. There is however a wide diversity of actions and rate of implementation among the Member States. Action for crisis are based on Art 33 and 34 of the CMO and Art 39-51 of Regulation 2017/891 and Art 13-17 of Regulation 2017/89.

In regard to the OP, total expenditure is 1,6 billion € of EU financial assistance and PO contribution. 25% of the budget relates to planning of production, 27% on product quality, and 23% on the marketing improvement. Environmental actions are 15%. Crisis prevention and management amounts to 6%. For the crisis prevention, different measures are executed including promotion and communication, harvest insurance, market withdrawals and green harvesting

4. Draft directive on Unfair Trading Practices (UTP) in the supply chain (AGRI G1)

AGRI G1 update the CDG on the status of the Commission proposal launched last April for minimum UTP standards, ruling 8 unfair trading practices and address mismatch of power before the small and large structure in the supply chain. The directive will also provide more cooperation among Member States under the Commission lead and opportunities to exchange on best practices which could lead over time to further improve the rules. At this point the proposal is under discussion in the Council and EP. The Council is finalising its debate and is granting a negotiation mandate to the Austrian presidency for a trilogue discussion. The European Parliament is discussing the proposal in 4 committees with vote taking place. A first trilogue could start on this background as of 20 October, to get a trilogue agreement by the end of the year and get it endorsed by the Romanian presidency. The key discrepancy of opinion is on the scope (extending to all operators and protecting all operators by the directive). The Commission has concerns on the legal basis of the proposal in such as case moving from an agriculture basis to an internal market issue.

COPA COGECA questioned if more UTP could be included, namely on sales with losses. For the Commission, the limited scope to 8 UTP is the result of the consultation and the recommendations of the Task Force.

In the EU 20 Member States have specific rules, including sales at a loss. Consequently, being a directive some Member States can still allow to recognize these measures in their own Member States but not beyond.

There is also questions if the scope covers only agrifood products or if flowers and plant would be covered as well, eg all the Annex 1. The Council is likely to suggest such an extension to cover all Annex 1 product.

5. Information on Market Development:

Overview of the market context and the evolution of the market trends for fruit and vegetables presented by the AGRI fruit and veg market Unit.

Weather conditions play year on year a more important role. This winter limited cold snap were reported in February and March. In the summer, some hailstorms in South EU (also with rain surplus) and the heat and drought in Central and North of the EU with rain deficit and temperature surplus. Impact of summer heat wave and drought vary by products (lettuce, berries, different vegetables). Some other products could mitigate the problems with irrigation but problems such as sunburn, quality storage, are reported. Beyond the EU, the f&v market is also influenced by climatic havocs in China (low crop for deciduous products) , but also the USA unilateralism policy (with sanction and counter sanctions targeting fresh produce) and other FTA discussion (CETA, Japan, challenged in regard to sustainability), while the negotiation with Mercosur are now again back on hold given the election in Brazil.

In regard to summer tomatoes crop, drought caused important production losses (open-field) drop of prices for BE and NL leading to low prices during the summer months corresponding to the period of export of Russia. In October a clear view will be possible for the winter months.

Apples and pears, the large crops are leading to a drop of prices. For citrus still early but abundant crop is expected in Spain but lower volume in Italy (Sicily) . For stone fruit , cold snaps and hails led to shortage of supply , but prices did not adjust accordingly upwards. Kiwi season is still early to predict and due to start in November.

6. Marketing standards:

Update on the discussion with Member State representatives which took place in July. The questions focus on the information of origin to be provided in the case of ready to eat products. Art 76.1 of Regulation 1308/2013 required that origin need to be specified. However derogation could result from Art 4.1 and Art 7 of Regulation 543/2011 for some ready to eat products, for non-cultivated mushrooms and unshelled dried fruit. Most of controllers consider that for these cases, the origin should not be labelled, even if the full scope of “ready to eat and intact product” could be debated. The debate is evolving but legal situation will remain unclear as long as the legislation is not clarified. For the time being, many member states confirm that ready to eat product are not required to be labelled with the origin. The main point to be clarified is the possible derogation for minimally processed products.

The Commission is also debating the status of the labelling of the class for product which do not have a specific standard in the EU. If the packaging is labelling the class, it should then cope with (all) the specifications of the UNECE.

7. Proposal for a Regulation for the application of Regulation 1308/2013 on administration of tariff rate quotas (TRQ) with licenses (AGRI G1)

The last discussion on the TRQ legislation reform took place in July with Member States. The draft is now under review by the Commission legal services, to secure that there is no legal uncertainties. Timing is unclear for the legal opinion. Consequently, new rules will not come into force in January, but at the earliest the measures will come into force at best in July 2019.

For garlic, the distinction between traditional and new importers will remain for Argentina, given WTO commitment of the EU in WTO. For Argentina Import and Export will still be taken into account for the reference quantities. For other origins and China standard rules with simultaneous examination will apply.

8. Exceptional temporary measures to cope with the Russian embargo

The Regulation finalized end of June. In the scheme available for July 2017 to June 2018, a total of 119.221 T of produced were withdrawn corresponding to 41 Mio €. Consequently, 137.000 T were unused corresponding to 53% of the available volume. Peaches were the highest category with 36.000 T, apples with 22.000 T and 18.000 T of nectarines. Free distribution were the large used. (> 71%).

Since the measures were introduced 1,7 Mio T were covered for more than 500 Mio €. Poland was the main beneficiary with close to 50% of the scheme.

The delegates challenged the momentum of the Commission decision not to renew the conditions, being well aware of the market conditions and the forecasted production for apples and pears with a full crop. In regard to the call of the sector represented in the CDG that the measure should not be discontinued, the Commission responded that these measures were temporary and are to be phased out. Moreover, in the Omnibus, the measures increased the withdrawal prices, while the rate of compensation in the exceptional measures were left at a lower level, making the exceptional scheme less attractive. The measures are not to cope with structural situation but addressing a specific geopolitical conjuncture measures. The Commission is not excluding discussing specific problematic situation by products affecting certain Member States.

9. Brexit:

This point is not discussed as a specific meeting CDG will be planned by DGAGRI at horizontal level.

10. Mediterranean neighbourhood policy

- a. Egypt: not discussed as the visit of Commissioner Hogan was postponed to January
- b. Algeria: In 2018 Algeria introduced an import ban on a wide range of agricultural and industrial product (more than 900 products) in a move to counterbalance its trade deficit due to drop of oil prices. Trade balance of Algeria was heavily affected by price of oil which resulted in the decision of Algeria to restrict import. Being the large trade partner, the EU was the most impacted.

Commission services provided a state of play on the Algerian embargo following the latest discussion with the Algerian authorities. In 2016, EU exports of agricultural products amounted to 2,3 billion €, fruit and veg accounting for a large part. As price of oil is increasing, Algeria is reconsidering its list of restrictive measures and envisaging resuming trade, subject to the introduction of an additional duty which could range from 30% to 200%. A duty instead of a ban is a first step that could help trade to resume and is therefore supported by the sector.

- c. Morocco -Western Sahara: In regard to the Association agreement with Morocco, the ECJ ruled that the agreement did not include a legal basis enabling products originating from Western Sahara to be exported under preferential terms. The Commission has presented a proposal to modify the provisions on the rule of origin in the protocol to create the missing legal basis, in compliance with the ECJ ruling. The Council and the European Parliament are discussing the proposal. For the Parliament discussion is currently at INTA committee and a vote is expected in January plenary. The Commission proposal does not modify the volume of the TRQ or the level of the preferences set by the agreement..

11. Thematic network to stimulate f&v consumption

- a. Presentation by DG SANTE on the Best practice Portal and Thematic Network. The best practice portal is an IT tool. This is in line with the UN SDG n°3 on “Health and well-being”. The portal is aimed to be a tool highlighting actions/initiatives that worked to reduce the NCD burden. The IT tools include a variety of projects and best practices covering areas on nutrition, education, on addressing childhood obesity. Practices are evaluated against criteria similar to H2020. The portal will also be extended to sustainable food systems upon the request of the Austrian Presidency.
- b. Presentation by Freshfel on the Thematic Network 2018 on stimulating fresh fruit and veg consumption for healthier consumers. The low intake of f& is among top 10 risk factors for mortality and only 1 in 7 persons eat the recommended 5 portions and even 1 out of 3 does not eat any. The Thematic Network is part of the Health Policy Platform and is animated around interactive webinars to release a joint statement framing documents and calls for action.

In regard to processed fruit and vegetables, it is not in the scope of this Thematic Network which focus on fresh produce. DG SANTE however

opened a call for new Thematic Network and processed fruit and vegetables could profile themselves for 2019 onwards.

- c. School scheme: the Commission is informing the CDG of the upcoming meeting on 11 October to take stock of the new merged systems and have an exchange on (best-good) practice, review the progress on simplification. Registration remains open.

12. Update on EU biotechnology directive

- a. Three issues are currently being discussed with the Member States:
 - i. Since summer 2017 alignment between rules at EU level
 - ii. Native traits: can they be protected by patent?
 - iii. Insertions into the patent legislation of breeding exemption. On the verge of unitary patents which apply to the whole of the EU

Regarding plants that are developed by CRISPR Cas 9, they would fall under the patent Directive. However, the plant needs to have an inventive quality and to meet the conditions of the Directive. Decision will be made at the patent office. Regarding the timetable, the discussion is informal. The Commission services are open for meeting the stakeholders, but no timetable or documents are accessible for stakeholders.

- b. Court of Justice of the EU (CJEU) ruling on mutagenesis techniques: Under existing GMO legislation there are certain techniques that under certain conditions are exempted from the regulation, amongst others, mutagenesis. One of the issues brought forward was whether organisms produced by new mutagenesis techniques are excluded. In the ruling of the CJEU of 25 July it was ruled that they are not exempted, the GMO legislation applies. Only mutagenesis techniques which have conventionally been used in a number of application and have a long safety record are exempted

The Member States are free to subject exempted organisms to the obligations of the GMO Directive or to other obligations, provided this is in compliance with EU law (in particular the rules of the free movements of goods). The CJEU rule is binding. Now the Commission and Member States are analysing the ruling to ensure its proper implementation and enforcement, especially regarding requirements for authorisation, traceability and labelling. The Joint Research Center (JRC) together with the European Network of GMO laboratories (ENGL) started to investigate challenges and possibilities for testing of products obtained by new mutagenesis techniques.

The ruling will have to be implemented at all levels, within and outside EU.

13. Update on the fertilizer directive

Postponed to next meeting. Speaker not available

4. Next meeting

No information is provided with regard to the next meeting Date for next meeting: not decided yet, will be decided upon in October (for first half of 2019). Stakeholders can propose some dates.

5. List of participants

List of participants– Minutes

Meeting of the Civil Dialogue Group “Horticulture” – Sector ”Fruits and Vegetables”

Date : 28 September 2018

#	delegation	lastName	firstName
1	European agri-cooperatives (COGECA)	VAN GINKEL	Henk
2	European agri-cooperatives (COGECA)	KARATZAS	Christos
3	European agri-cooperatives (COGECA)	STALLKNECHT	Hans Dieter
4	European agri-cooperatives (COGECA)	Vanoirbeek	Luc
5	European agri-cooperatives (COGECA)	DEJONCKHEERE	Dominique
6	European agri-cooperatives (COGECA)	GUILLARD	Bernard
7	European agri-cooperatives (COGECA)	Kreisler	Paula
8	European agri-cooperatives (COGECA)	Arnandis	Cirilo
9	European Coordination Via Campesina (ECVC)	Gongora Belmonte	Andrés
10	European Council of Young Farmers (CEJA)	Zahrl	Robert Thomas
11	European Council of Young Farmers (CEJA)	Sanchez Campos	Elio
12	European farmers (COPA)	West	Susanne
13	European farmers (COPA)	FAULI	Benjamin
14	European farmers (COPA)	FIORDALISI	MARTA
15	European farmers (COPA)	Greimel	Johann
16	European farmers (COPA)	Hunyadi	István

17	European farmers (COPA)	Krześniak	Krzysztof
18	European farmers (COPA)	Batista	Gonçalo
19	European Liaison Committee for Agriculture and agri-food trade (CELCAA)	LUETGEBRUNE	Cecilia
20	European Liaison Committee for Agriculture and agri-food trade (CELCAA)	Vendeven	Driekus
21	European Liaison Committee for Agriculture and agri-food trade (CELCAA)	DERUWE	Helene
22	European Liaison Committee for Agriculture and agri-food trade (CELCAA)	PANEGOS	Pauline
23	European Public Health Alliance (EPHA)	Andersen	Cecilia
24	FoodDrinkEurope	Sobieraj	Marta
25	FoodDrinkEurope	De Leo	Francesco
26	FoodDrinkEurope	RIDAO-BOULOUMIÉ	Alba
27	International Federation of Organic Agriculture Movements EU Regional Group (IFOAM EU Group)	SLABE	Anamarija
28	SACAR - Secrétariat des Associations du Commerce Agricole Réunion / Joint Secretariat of Agricultural Trade Associations	GARCIA	Jose Antonio
29	SACAR - Secrétariat des Associations du Commerce Agricole Réunion / Joint Secretariat of Agricultural Trade Associations	BINARD	Philippe
30	SACAR - Secrétariat des Associations du Commerce Agricole Réunion / Joint Secretariat of Agricultural Trade Associations	Mamias	Sylvie
31	SACAR - Secrétariat des Associations du Commerce Agricole Réunion / Joint Secretariat of Agricultural Trade Associations	ZEILER	Frank
32	SACAR - Secrétariat des Associations du Commerce Agricole Réunion / Joint Secretariat of Agricultural Trade Associations	SKAIZGIRYS	Tomas
33	TomatoEurope	BALDOLI	Marco