

Brussels,

## **FINAL MINUTES**

### **Meeting of the Civil Dialogue Group “Arable Crops - STARCH”**

03 November 2020 (Videoconference) (Interactio)

Chair: Mr Philippe MITKO

Organisations present: All Organisations were present, except: BeeLife, BirdLife Europe, EFFAT, EuropaBio, EURAF, EBB, ECVC, PAN Europe and SACAR

#### **1. Approval of the agenda**

#### **2. Nature of the meeting**

The meeting was **non-public**.

#### **3. List of points discussed**

##### 1. Approval of the draft agenda and information on the elections of Chair and Vice-Chairs of the CDG Arable Crops (Chair)

- Welcome and introduction to the CDG on Starch by Philippe Mitko.
- Proposal by **FEFAC/FoodDrinkEurope** to include 2 AOB items:
  - o on the crop force majeure declaration by Romanian authorities, and
  - o on the French decree re. NGTs
- The agenda was approved by participants.

##### 2. Elections - Second round for the position of Vice-Chair Mr Mesters (Chair)

- **DG AGRI** presented the state of play of chair and vice-chairs elections: Mr Mitko has been elected chair and Mr Schulman as Vice-Chair of the CDG on Arable crops. Today stands the second round of election as Vice-Chair of the CDG Arable Crops of Mr Paul Mesters. A simple majority is needed.
- **CEFS/FoodDrinkEurope** presented Mr Mesters, candidate for a second term as vice chair. Mr Mesters is CEO of COSUN – beet processor company and member of royal COSUN, and CEFS President.
- Mr Mesters has been elected as vice chair of the group with the support of all voters;

### 3. Market situation for starch potatoes (CESPU)

**CESPU/COPA-COGECA** presented the market situation for potatoes and started by highlighting disruption of the potato market further to the lockdown applied in March 2020 in some EU Member States.

Despite these circumstances, the potato supply chain proved to be a good and reliable partner and kept providing good quality potatoes to supermarket shelves during the whole period. The COVID19 pandemic affected the sector: demand for fresh potatoes increased (+20%), whereas consumption and exports of processed potato based products (French fries, chips) dropped, and led to an oversupply situation of potatoes on the market. Considering exports only, the drop contributed to an oversupply of 1 million tonne of potatoes, which have been recycled notably in animal feed and biogas.

Regulation 2020/593 from the Commission provided a support framework, but no direct financial aid. Financial support has been granted via the state aid temporary framework in some Member states (€50 million in the Netherlands, €10 million in Belgium and €10million in France). Early 2020, seeds were ordered and planted, which prevented quick adaptation to the sudden change in situation.

Cultivated areas extended (+3% in comparison to 2019), despite discrepancies between Member States. Harvest yields are on average higher, despite major differences between regions. The potato production also increased since 2019 (+6%).

Heavy rainfalls in some areas, and the non-renewal of the CIPC impacted the quality level of potatoes though. In 2021, as the demand for certain products did not recover, surpluses are expected again on the potato market. The detrimental impact of the crisis on prices levels is expected to continue.

Regarding starch potatoes, the harvested area increased as well (+6% compared to last years): it is sometimes an alternative for potato growers as prices can be more attractive, as also supported by voluntary coupled support.

The planting of organic starch potatoes decreased due to lower demand in organic starch potatoes than expected.

Uncertainties are numerous (non-renewal of pesticides, COVID 19, exports drop). The Biodiversity and farm to fork strategies set high ambitions that will require huge efforts to replace active substances which will become prohibited, and require more resistant varieties to continue sustainable production of healthy potatoes. Consumer acceptance will be key.

**IFOAM EU** stated that good organic agro-technics [are available] for the production of starch potatoes without pesticides with comparable yields, and may be implemented in conventional fields if there are settled such a strategy.

**CESPU/COPA-COGECA** answered that in Austria, the demand for organic potatoes substantially reduced due to lower demand. Growth in demand is slow, and does not support increase in organic potato production.

### 4. Chlorpropham's maximum residue limit (DG SANTE)

**DG Santé** presented the state of play further to the non-renewal of the approval of CIPC. The grace period ended in October 2020. The EU submitted a concern form to the Codex Committee on Pesticide Residues (CCPR) to withdraw the existing Codex Limit set at 30 mg/kg. Stakeholders of the potato supply chain raised the issue of cross contamination from storage facilities, which led to the setting of a temporary MRL for CIPC in potatoes (instead of applying LOQ). EFSA concluded that the MRLs of 0.3 mg/kg and 0.4 mg/kg were acceptable with regard to consumer safety. On 6 October, the SCoPAFF issued a favourable

opinion for the 0,4 mg/kg temporary MRL. In view of the steps foreseen by the comitology rules and the proposed deferred application of 6 months, the new MRLs are expected for August/September 2021. Every year, the potato sector will be asked to submit monitoring data, and the Commission will assess the recurrence of CIPC in potatoes also considering databases of samples provided by MS.

EFSA concluded that the current cleaning practices are inadequate and that a new cleaning methodology should be developed. Stakeholders of the potato supply chain have developed a draft protocol, which has been adopted in April 2020, and will be updated to reflect the experience gained. In the long term, the aim is to regularly assess the measure and lower the temporary MRL.

## 5. Common Agricultural Policy

- a) CAP post 2020, in particular as regard coupled income support and measures to support the development of starch potatoes and protein crops: timeline of the next steps (DG AGRI)

DG Agriculture presented the next steps re. transitional regulation and post-2020 CAP.

- **Transitional regulation** were proposed by the Commission on 21 Oct 2019 to ensure the continuity of CAP support to farmers and all beneficiaries as from 2021. Before the summer break, the Council and European Parliament reached a partial agreement that sets the position of legislators on the transition of the CAP. Two outstanding issues remain: 1/ the Council and European Parliament support a 2-year duration of the transition period, to which the Commission disagrees; and 2/ the Council needs to reach an agreement on an EU budget for the 2021-2027 period and on whether the Coronavirus recovery funds should be available during the transitional period.
- **Post 2020 CAP reform**, during w/c 19 October, the European Parliament and the Council finalised their negotiating positions, paving the way towards the trialogue discussion;  
The main amendments proposed by the Council and the European Parliament are the extension of the scope of intervention to protein crops, simplification of support forms (similar to Rural Development measures), the recognition of coops as a new type of beneficiaries (aside from producers organisations and producers), Council proposal to limit the EU financial assistance from 5% to 10% of the value of the marketed production, and the proposal for the financial ceiling to increase from 3% (Commission proposal) to 5% of the Direct Payments.

- b) Timeline of the Transitional regulation and situation of coupled support in the transitional period (DG AGRI)

As for the timeline: DG Agriculture presented the way transitional rules will be applied to coupled support. The agreement on the future 2021-2027 budget is still to be endorsed by the legislators. The next 'transitional' trialogue foreseen for 27 November will be dedicated to this; which, if successful, will allow the adoption and publication of transitional rules before the end of the year. Past this date, publication will only be possible early next year. If an agreement is achieved on 27 November, then Member States will probably have until end January 2021 (date still to be fixed in the basic act) to notify their Voluntary Coupled Support (VCS) decisions for the transition year(s).

As for the content of the transitional rules for VCS: the transitional regulation aims to ensure continuity, the EU rules for 2021 (and possibly 2022) should thus remain unchanged compared to 2015-2020. However, it would of course not prevent Member States to implement different support decisions in 2021 than implemented in 2020. This remains still to be seen in the upcoming notifications (see above).

- **FoodDrinkEurope/FEFAC** asked about the alignment between strategic plans and transitional measure?
  - o **DG Agriculture** confirmed that the rules applied currently will continue to be applied during the transitional period and strategic plan to be applied after the end of the transitional period (as from 2022 or 2023).
- **FoodDrinkEurope/Starch Europe** asked about the way the Commission secures fair competition on the EU Single Market in the framework of VCS use.
  - o **DG Agriculture** explained that VCS are subject to conditions and limits (closed list of sectors, difficulty, importance, budgetary limit, etc), which rules should also apply in 2021 and 2022 as they did in 2015-2020.
- **FoodDrinkEurope/Starch Europe** asked whether the Commission intends to help the potato sector again?
  - o **DG Agriculture** is aware of the negative impact of the crisis on markets of agriculture products such as the potato sector; additional support could be granted via the financial discipline mechanism, but proper consideration should be given to the fact all farmers have been equally impacted by the crisis; it is difficult to select sectors who could benefit from such support more than others.

#### 6. Canada's anti-dumping investigation into EU imports of wheat gluten (DG AGRI)

**DG Agriculture** presented the main steps of the case, launched on 24 June 2020, by ADM Agri industries (wheat gluten producer in Canada) on alleged dumping from France, Belgium, Germany, Austria, Lithuania and Australia. The investigation was initiated on 14 August by the Canada Border Services Agency (CBSA), which required information from EU authorities and Member States concerned to determine if a particular market situation on the wheat gluten sector existed. This could allow the investigating authority to reject EU domestic prices for the purpose of calculating normal value in order to eventually establish the dumping margin.

The EU sent a submission on injury on 11 September 2020. The EU opposed the anti-dumping complaint as notably the complaint does not provide elements to assess the injury, and does not demonstrate that imports will increase from now on, causing further injury. The CETA implemented since 21 September 2017 allowed reciprocal lifting of import duties for wheat gluten. It contributed to new import flows from the EU to Canada, which are currently stabilised. Concerning the particular market situation, the EU submitted a contribution on 1<sup>st</sup> October 2020 showing that no particular market situation exists in the EU. EU exports to third countries are stable (between 350 000 and 410 000 tonnes per year since 2016). EU export prices to Canada are largely above the average export prices to 3rd countries in 2019. In 2020, they were less than 1% below the average. Overall EU prices appear to be in the same range as ante implementation of CETA and on par with US prices. Regarding the request for information on the link between bioethanol and wheat gluten production, the Commission clarified that production of ethanol is not needed to produce wheat gluten, and vice et versa.

Also, wheat and wheat gluten are not eligible to specific direct payment under the CAP or public intervention and private storage, • The payment under Rural Development schemes is not made on the basis of what product is produced (if anything), and there is no aid directly allocated to producers of wheat gluten under these schemes.

On 13 October, Canadian authorities issued a preliminary determination of injury. The EU replied to a first supplementary request for information from the Canadian authorities of 15 October within the deadline of 26 October. The preliminary decision as to whether the imports concerned are being dumped is expected on 12 November.

**FoodDrinkEurope/Starch Europe** asked about the next steps. **DG Agriculture** confirmed that at this moment, 12 November is the only set deadline. Depending on the decision, it will be necessary to have close contact with industry and MS to work towards a positive conclusion. If Canada does not comply with the requirements under the relevant WTO rules on anti-dumping, infringement proceedings in the context of WTO can be considered.

#### 7. Farm-to-Fork and industry developments<sup>[1]</sup> (Starch Europe)

**FoodDrinkEurope/Starch Europe** presented the contribution of the EU starch industry to a more sustainable food system via the Farm to Fork strategy. Since the beginning of the COVID19 crisis, the EU starch industry has been resilient and all plants remained open. In the broader Green Deal agenda, Starch Europe's main focus is on achieving the GHG reduction target. Despite being an energy intensive industry, part of the carbon leakage list of ETS, the industry has significantly reduced CO2 emissions over the past decades. To achieve carbon neutrality however, cleaner energy sources will be needed from the grid. Other policies of interest are the circular economy action plan, the EU biodiversity strategy, CBAM, and the sustainable finance strategy. Considering the 27 initiatives in annexes to the Farm to Fork Strategy, thorough Impact Assessments will be needed and the current economic situation needs to be taken into account. To achieve its objective, the EU starch industry welcomes extra support for R&D in the bioeconomy and for plant based proteins. Consumer acceptance is key to support innovation in agriculture. The objective to reduce use of plant protection products is very ambitious, can be achieved if all tools are made available to farmers. The opportunity provided by NGTs needs to be taken into account. On nutrition and health, nutrient profiles and front of pack labelling could have a beneficial impact for sustainable diets but must be based on robust science. Regarding the global dimension, some of the objectives of the farm to fork are likely to further increase competitiveness gaps with third countries. CBAM, if properly shaped, may contribute to address this gap. [Starch Europe position paper on the Farm to Fork strategy](#).

#### 8. Brexit

##### a) Update on negotiations from the Commission (DG AGRI)

The **DG Agriculture** Official apologised for not attending in person as involved the intense phase of negotiations, but provided a written note read by the moderator.

- **On the implementation of the Withdrawal Agreement:** The Withdrawal Agreement provides for an orderly process for UK's withdrawal and opens a transition period, which will end on 31 December 2020 at midnight. Implementing it fully, notably the sections dealing with citizens' rights and the Protocol on Ireland/Northern Ireland, is an essential condition for mutual trust in the talks regarding the future EU-UK partnership.

The Commission continues to work closely with the United Kingdom authorities to ensure the full and effective implementation of the Withdrawal Agreement and make sure all obligations are respected by the UK. There is urgent need for the UK to accelerate its work on all aspects of the Protocol and in particular with regard to sanitary and phytosanitary controls; customs-related IT systems; and the registration of Northern Irish traders for Value Added Tax purposes so it becomes operational by

1st January 2021. The Protocol on Ireland / Northern Ireland is an essential part of the Withdrawal Agreement and has legal effects under international law.

Since its entry into force, neither the EU nor the UK can unilaterally change, clarify, amend, interpret or disapply the provisions of the Protocol. Its aim is to protect peace and stability on the island of Ireland and preserve the integrity of the Single Market. Its text is a compromise that was the result of long and difficult negotiations between the EU and the UK.

On 9 September, the UK tabled a Bill that, if adopted, would violate this agreement. The UK has refused to withdraw the contentious provisions. On 1 October, the Commission initiated legal proceedings against the UK for breaching Article 5 of the Withdrawal Agreement. The UK has until the end of October to submit its observations to this letter of formal notice.

- **On Readiness:** Given that the United Kingdom decided to leave the European Union and its Single Market and the Union Customs, frictionless trade between the EU and the UK will no longer be possible after 31 December 2020. Even if the EU and the UK concluded an ambitious partnership, it would establish a relationship in terms of market access and regulatory controls very different compared to the current situation, based on the UK's participation in the Internal Market and the Customs Union. On 9 July, the Commission has adopted a Communication on readiness at the end of the transition period addressed to public administrations, business and citizens. Furthermore, a number of agri-specific notices to stakeholders (food law, tariff rate quotas, organic products, geographical indications) and on SPS matters are available.
- **On the negotiations for a future relationship:** Negotiations between the EU and the UK started in Brussels on 2 March 2020. The first negotiation rounds have shown serious divergences on EU priority areas such as level playing field, fisheries, governance and the preconditions for police and judicial cooperation. Until today positions remain far apart. Despite the UK government's call for a quick political agreement, no progress has been made on substantial areas such as Level playing field and Fisheries. This has made it impossible to progress in parallel on the other parts of the economic partnership. To reach an agreement, these divergences must necessarily be overcome so the ratification process takes place, and it can enter into force on 1 January 2021.

At the European Council on 15 October, Member States confirmed that the EU's position remains, based on the Political Declaration, that there will be no economic partnership without: robust guarantees for a level playing field – including on state aid – to ensure open and fair competition among our businesses; a balanced, sustainable and long-term solution for our European fishermen and women; an overarching institutional framework and effective dispute settlement mechanisms. The EU is looking for agreed solutions to issues which were addressed in the Political Declaration and which are fundamental to a relationship that is to last for many years, and maybe even for decades.

The EU is ready to offer the most ambitious trade deal we have ever put on the table with a third country: “zero tariffs and zero quotas on all goods” and to create an unprecedented partnership in terms of the scope of issues that are covered. To move away from this commonly agreed zero tariffs / zero quotas would take us years of negotiations. It also would not reduce the EU ambitions for a balanced solution on fisheries and for effective assurances on respecting standards for fair and open competition and their enforcement to prevent distortion of trade and avoid unfair competitive advantages.

Whatever the outcome of those negotiations are, the EU will remain one of the largest markets in the world – a market of 440 million consumers and a GDP of over € 15 trillion. This makes the EU the second largest economy after the USA and before China.

**Mr Chair** iterated his hope for a swift conclusion, as an agreement is essential to the EU starch industry and most EU agri-food sectors.

b) Starch Europe's statement (Starch Europe)

**FoodDrinkEurope/Starch Europe** highlighted that the UK will become the first export market for EU starch products, of which 715 000T were exported in 2019. A no-deal situation would be very detrimental to the activity of the sector, particularly in the current challenging economic context

9. Any other business: Please send us your AOB questions in due time before the meeting (e-mail: [AGRI-MARKET-CDG@ec.europa.eu](mailto:AGRI-MARKET-CDG@ec.europa.eu))
- Romania “force majeure” situation: as a result of drought and very bad yields, the Romanian government proposed a legislative initiative to legalize a force majeure situation which would allow the first sellers to default on their contracts. The Commission is aware and very much preoccupied by the situation and is in very close and permanent contact with Romanian authorities, and asked updates on evolution of the situation. Last week, during the most recent committee meeting, the Commission asked the Romanian delegation to provide clarification on the situation; the proposed legislative initiative is not implemented yet, and under discussion at the moment. This measure would threaten the functioning of supply chains and needs to be monitored.
- NGTs - French decree: DG Santé leads on this issue and cannot provide a reply at the moment.

#### **4. Conclusions/recommendations/opinions**

No conclusions.

#### **5. Next steps**

No next steps decided.

#### **6. Next meeting**

Date to be determined

#### **7. 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 registered participants– Minutes

**Civil Dialogue Group « Arable Crops - STARCH »  
03 November 2020 (Videoconference)(Interactio)**

DELEGATION	NUMBER OF DELEGATES
Beelife	0
Birdlife	0
CEJA	1
CELCAA	2 (Including Chair)
CEPM	1
COGECA	3
COPA	6
EBB	0
ECVC	0
EEB	1
EFFAT	0
ELO	1
EURAF	0
Europa Bio	0
Fertilizers Europe	1
FooddrinkEurope	7
IFOAM	2
PAN EUROPE	0
SACAR	0