

Final minutes - CDG COP & Seeds

7 March 2017

1. The Agenda has been approved by the participants

2. The European Commission presented the market situation for cereals.

- COPA-COGECA presented their numbers, stating that the estimates of producers are different of that of presented by the European Commission, largely due to the cash flow and the planting areas. Moreover, the winter kill levels have not yet been identified. Certain regions in Europe has been affected by unusually mild winter. Barley has been hit the hardest last year.
- CELCAA stated that the EU has lost its price maker status in the world, with 12 million tonnes less harvest with no effect on the global price market. Therefore, while thinking about the future of the CAP, the EU policy makers should take into account the low prices and its impact on farmers and the markets. Despite the growing demand from 3rd countries and neighboring countries, the supply is still more than enough for the demand.
- EEB stated that the EU was able to protect itself from 3rd countries production potential in the past, but this has been lost. The climate change is indeed an important factor which affect local climatic and rain patterns, affecting the productivity. The Monsoon has not produced rain, putting people at the risk of hunger. Therefore, we need to re-think about the storage of grains.
- Pan-Europe asked the organic market to be presented separately.
- COGECA (Luzi) stated that there is a 10% less arable area for durum wheat in Italy. Italian Cooperatives are concerned about the Canadian exports and asked for EU support to Italian producers. More specifically, the future CAP should have price support mechanism in place.
- FDE (Pianu) stated that there is a drop of 7% of area for cultivation for durum wheat. 2.7 million tonnes is expected for the next marketing year, however this is too high.
- COPA (Schulman) recognized that durum wheat is a critical crop. Spring, winter and durum wheat should therefore be presented distinctively by the Commission. Plant production products is a critical aspect for ensuring good harvests. Commenting on the Pan-Europe suggestion for organic production, it is reminded that it is not known how much of this organic production is marketed and usable by the industry.
- CEJA (Gibino) stated that 50% of the wheat is imported from Canada and is dependent on Canada. The EU should do something to protect Italian producers.
- FDE (Laurenza) agreed on the need for a support for durum wheat farmers. On the other hand, underlines that there is no relationship between quality and origin. Import of durum wheat from Third Countries is needed for quantity reasons and for quality reasons. Official data are available on this. Imported durum wheat is safe because it undergoes to the same official controls of the raw materials produced in the internal market.
- **The European Commission presented the market situation for oilseeds.**
- COPA (Rousseau) stated that for soybean production, the farmers have a higher expectation and that for protein crops a drop in production is expected due to the decision on the EFAs. The ban on neonicotinoids is also becoming visible on the maps in reduction of rapeseeds in Europe.

- CELCAA (Luguenot) stated that the protein production by oilseeds crushing is important in the world and China's demand keeps growing. This dictates to a large extent the cultivation in the Americas.
 - Pan-Europe questioned whether the Commission is working on having an overview for protein crops.
 - COPA (Schulman) answered that work is being carried out as to where protein crops can be grown, but plant protection products, EFAs and other policies have a discouraging impact on the cultivation of protein crops and legumes, etc.
- 3. The Commission presented the new initiative of DG AGRI on the EU Protein Balance Sheet. The objective of this exercise is to provide a comprehensive overview of the EU supply and demand for feed proteins. The Commission intends to publish the first EU Protein Balance Sheet in April 2017. Stakeholders are invited to communicate their comments and feedback to DG AGRI.**
- FDE thanked the European Commission and stakeholders for preparing the Balance sheet
 - COPA (Schulman) called on effective use of this Balance Sheet and keeping it up-to-date for the coming years.
 - EEB stated that the EU's protein production needs to be restored, while respecting the environment as well as water use
 - ECVC (Tifine) stated that markets should not decide on the production. The future CAP should entail public support mechanisms and risk mechanisms.
 - CELCAA (Luguenot) stated that self-sufficiency and crop rotation are important, and we need to look at the bigger picture, where Kazakhstan is becoming a big producer. Self sufficiency sounds good on paper, but while the EU is able to produce quality cereals, is it wise to produce soybeans with lower quality compared to Argentina. For years, the EU had a single variety approach, which made it vulnerable to crop failures. The rotation needs to be assessed carefully.
 - COPA (Hambly) stated that change in biofuels policies and the limitations to plant protection products affect protein production. Farmers need the right signal from policy makers to be able to continue proteins.

4. Felix Wackers made a presentation on the Ecological Focus Areas (EFA)

- ECVC (Kastler) reminded the importance of crop rotation as well as the importance of having animals on the farm for increasing insect presence and biodiversity.
- COPA (Hambly) asked whether if some PPPs could be used on the EFAs and introducing herbicides rather than insecticides.
- EEB drew attention to the resilience of crops to pests and the plant diversity
- COPA (Schulman) stated that some of these elements are already being used by farmers and some are forgotten by the farmers in practice. The funding into research should therefore be continuous to reap the advantages of studies. Specialised farms may not be able to use some of the aspects presented, such as seed farms to avoid insect issues.

5. The Commission presented the 2016 EU Outlook with focus in biofuels and oilseeds

- FDE (Guth) disagreed with the forecast that the impact will only be felt by 2026, while the support and incentives for conventional biofuels will disappear from 2021 onwards.
- COPA (Schulman) asked whether the food industry can absorb more oil and whether seed breeders could come up with oilseed breeds that can yield more protein.

- COPA (Rousseau) reminded that HVO plants opened in Europe will rather use palm oil than oilseeds oils. Moreover, assuming that the facilities could amortize their operations until 2026 is also misleading.
- FDE (Vanmarcke) supported the statements of Guth and reminded that soybean meal prices have an important influence on the rapeseed meal prices.
- The Commission added that it is expected for 3 million hectares to go out of agriculture, and 1 million to come from rapeseed linked to biofuels.
- JRC is also looking into raw materials availability under the Bioeconomy angle.

6. Geert Vanmarcke presented the proposed changes to the MATIF rapeseed future contracts. The Euronext / MATIF rapeseed futures contract which now exists for over 20 years trades basis 40% oil content in the rapeseed with a contractual bonus of 1.5% of the rapeseed price for each 1% of oil above the basis of 40%. Euronext / MATIF has now suspended the launching of the Aug 2019 rapeseed contract to investigate whether they would change the rapeseed futures contract basis to 42% oil basis. As they need to open a new quotation month when they take one quotation month of the board (which will happen shortly with the May 2017 futures contract) and they do not want to have two quotation months suspended (which would then be the case with the Aug 2019 and Nov 2019 contract months), they need to take that decision within one month. FEDIOL argues that the 42% oil basis would more accurately reflect the real value of the rapeseed for the farmers to compare the MATIF rapeseed futures price with e.g. the wheat futures price for their planting decision. For the moment rapeseed is the only futures contract with such a huge bonus (sometimes up to 9%) not incorporated in the displayed prices. A valid comparison of the real price of rapeseed with the real price of other planting options is vital in these times where the future of rapeseed plantings is at risk.

- COPA (Schulman) announced that these changes were not welcomed by the farmers, who have invested into the seeds and varieties

7. AOB

- The Commission announced that two new market observatories will be created, one for COP and one for sugar. The reason is to replicate the good practices observed in milk and meat markets, as well as to streamline it with the ongoing structural changes within DG AGRI and DG HR. The structure of new observatories will share same objectives and structures. The focus will be narrow and will be complementary to the CDGs. Two economic boards will be set up and a call will be launched. The first kick-off meetings are foreseen for June and July.

Afternoon – Seeds

1. Commission presented the current situation for the seeds market

- COPA stated that there are more varieties grown in Europe than those presented by the Commission. This is due to the lack of legal obligations for supplying this information, this also has repercussions for the validity and accuracy of statistics. There are organic seed databases, but often not up to date and for the needs of the markets. COPA made a call for a legal framework for the collection of this data and its publication.

- COPA called on the need for a balance sheet for seeds, looking into the organic and conventional seeds.
- Mr. Laborde added that statistics are available for the maize.
- The Chair suggested to establish a working group as was formed for the purpose of working on the Protein Balance Sheet for the seeds and varieties.
- On illegally imported seeds, COPA added that these seeds are coming into Europe, the origin is often unknown along with its SPS and quality specifications. Therefore, there should be stricter control on seeds.
- The Chair added that the issue is also valid for the GM traits, which can be seen sometimes in Ukraine, once planted it will be difficult to eradicate from the ground due to traces
- COPA suggested to start working on certified seeds, moving later to the farm-save-seeds for the purpose of having a balance sheet
- ECVC said that the choice of a seed is a choice of the farmer and that collecting information at the farmer level is not acceptable.
- The Commission clarified that should there be an exercise on seeds, DG SANTE should be consulted and be involved in the discussions. Moreover, Member States need to be convinced first to be able to put a legal framework on the table

2. Seed market forecasting

- At the given moment, it is difficult to provide insights and a forecast. COPA explained the situation in Europe and related to the lack of statistics, which is creating a competition issue between countries.
- COPA restated the need for a balance sheet for seeds

3. Assessment of impact of greening

- The Commission presented the state of play on the greening measures and the review that took place a year after.
- COPA stated that it is too difficult to fulfill EFA checklist depending on the crops.
- It was questioned why information is not available for certain Member States
- The Chair invited COPA to submit a written submission to the Commission on the topic.

4. Update on NBT

- The Commission provided an update on new breeding techniques. The Scientific Advice Mechanism, an independent body providing the Commission with independent scientific advice to support its decision making and working closely with National Academies, has been consulted on this issue. Scoping paper has been submitted to the SAM and an explanatory note describing new techniques and comparing them with established techniques is expected by the end of March. The Scoping Paper is available on the SAM website. Future trends in this area are excluded from the scope of the document, but could be considered at a later stage. The Commission is also organizing a conference on Innovation and modern biotechnologies in Agriculture on 28 September in Brussels and this issue will be discussed as well. Stakeholders will be involved. Finally the Commission informed that the French Conseil d'État asked the Court of Justice of the European Union (CJEU) to provide a preliminary ruling on the new techniques (mutagenesis); the opinion of the CJEU is expected to clarify the legal status of organisms produced with these techniques.

- CELCAA (Borsing) reminded that the time is essential on an issue of innovation and Europe should not exclude itself from the scientific developments.
- ECVC stated that organic producers do not want seeds using these techniques.

5. Neonicotinoids – state of play

- BeeLife stated that the issue is not only an issue for bees but also for humans. BeeLife invited the farmers and users of seeds to comment how the waiver and exemptions as well as the the ban has affected them.
- COPA (Kofoed) explained different ways on how seeds can be treated/coated with neonicotinoids. The main issue is when the powdering method is used whereby the dust is then attached to the bees, causing disorientation. For wet seed treatment, there is no observed problem. Tests have shown that wet treatment does not affect bees but only the pests that they are targeted for. This is however not reflected in the EFSA report.
- ECVC (Kaster) stated that neonicotinoids are persistent and remain in the soil. Therefore, neonicotinoids should not be used for the winter crop as well as spring crops.
- BeeLife described the debate as very technical. The chemical is indeed persistent and stay on the soil, therefore exposure is irrelevant. Moreover, neonicotinoid is water soluble, which increases the geographic reach and toxicity for aqua cultures. It is also reminded that preparation of seeds with neonicotinoids should be done in dedicated facilities.
- COPA (Kofoed) – there are studies showing best practices for neonicotinoid use without affecting the bees or the nature
- The Chair asked if anyone in the room knows an expert on neonicotinoids to talk about the issue, who could attend the CDG. BeeLife suggested inviting an EFSA expert.
- BeeLife asked whether COPA, ESA and COCERAL has data on the volumes of seeds treated by neonicotinoids and whether if this could be presented at the next CDG. It has been decided for BeeLife to send detailed questions to stakeholders in view of the next year's CDG on seeds.

6. AOB

- No other issues have been raised.

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