EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
The Director

Brussels,
AGRI.E/PB

MINUTES

Meeting of the Civil Dialog Group on Agricultural Markets – Dried fodder and energy crops

Friday 2 June 2023

Chair: AGRI E4

Following organisations were represented: BeeLife - European Beekeeping Organisation, CEFIC - European Chemical Industry Council, CEJA - European Council of Young Farmers, CELCAA - European Liaison Committee for the Agricultural and AGRI-Food Trade, CEPM - European Confederation of Maize Producers, COGECA - European agri-cooperatives, EEB - European Environmental Bureau, FEFAC - European Feed Manufacturers Federation, FoodDrink Europe.

1. Approval of the agenda

The agenda was approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

3.1 EU Biomass liaison group *(Presentation by FEFAC)*

The representatives of FEFAC presented the EU biomass liaison group. This initiative arose with the aim of providing accurate estimate of biomass availability and to monitor production and use for food, feed, bioenergy and other industrial uses at the EU aggregate level.

In that context, FEFAC set up a roundtable that brought together the key European Biomass producers and users in order to develop a comprehensive tool to allow for a robust assessment of availability of biomass and reduce the knowledge gap.

With the aim of decreasing the EU's dependency on Russian gas imports, the COM's strategy REPowerEU sets an ambitious target to increase biomethane production to 35 billion m3 before 2030. The key question is, how much biomass is required to reach that target. If the increase is to be achieved by using only EU crops, 5-7 million ha of arable land would be needed.

The representatives of FEFAC presented the results of an internal survey that was conducted to assess the impact of these new policy orientations, especially with regard to increase competition for feedstock with other sectors (e.g. biofuels sector). It was highlighted that the more coproducts the feed sector losses to the biofuels sector, the higher its crops dependency and therefore the higher its carbon footprint.

In order to be able to assess biomass production, availability and use by the different sectors, an integrated balance sheet or monitoring system is missing. In this regard, there are certain terminology challenges that should also be addressed. Stakeholders' information is also essential to overcome the current data gap regarding feedstock use.

With the aim of developing this integrated balance sheet, the EU Biomass Liaison Group has started by agreeing on the terminology, listing biomass categories (agriculture, forestry, fisheries…) and spotting where is the competing demand coming from. Next step will be to work on the data gaps. Certain challenges such as avoiding double counting or defining a uniform unit measure were identified.

A representative of COPA-COGECA highlighted the promising role of high protein products obtained from grass in the feed sector.

3.2. Market situation - dried fodder *(Presentation by CIDE + round table)*

A representative of CIDE presented the dried fodder sector situation in the EU.

In 2022, the production of CIDE's members was of 3.3 million tonnes. Spain, Italy and France were the main producers. The main factors that influenced the 2022 year were: (i) the spike on energy prices, (ii) high sales prices, (iii) decrease of freight rates during the year, (iv) the inflation, (v) high forage demand and (vi) the EUR/USD exchange rate.

Due to the drought in Spain and the floods in Italy, an important drop in the production of more 700,000 tonnes is expected in 2023. This is critical for dehydration industries, as their fixed costs are considerably high, and the lack of feedstock jeopardizes their economic sustainability.

The forage sector has a key role for the environment. It contributes to improve biodiversity, preserves pollinators and requires a low amount of fertilizer and chemical treatments. It also contributes to climate change mitigation and animal welfare.

A representative of COPA-COGECA corroborated the dramatic situation for the alfalfa sector in Italy this year due to the floods and highlighted that the damage would persist for two years. Therefore, it will not be possible to meet the demand. As such, it would be pertinent to consider financial aid to projects that support the whole alfalfa chain.

Another representative of COPA-COGECA presented the French approach to foster legumes production and the ruminants sector under the new CAP. The government is supporting the production of legumes with aim of increasing the production and consequently the national supply of protein. They hope to identify the advantages of using alfalfa and other legumes in farm, and highlighted the potential benefits for the industry that would be able to invest in production tools, research and communication among others.

The representative of CIDE stated that it is complicated to make a general evaluation of the impact of the eco-schemes on fodder in the EU because each Member State has its own specificities. In general terms, the aid to crop rotation can support fodder production and may increase alfalfa production. However, this would ultimately depend on the competitivity of the crop compared to other alternatives and it is not likely to significantly reduced the EU's protein deficit. In reply to a question raised by the Commission regarding the potential impact of the production drop in trade and price developments, he indicated that fodder prices have a six-month time lag with respect to cereals. Therefore, it could be expected certain price adjustment even though given the production deficit it is not expected a significant price decrease. Regarding trade, it is expected that most of the Spanish production will be used in the domestic market.

*3.3. **EU protein strategy** (Update by the Commission)*

The Commission provided an update on the status of the ongoing work of the EU protein strategy and explained that in this revision the focus is going beyond protein supply from crops to address also feed and food demand and alternative sources of protein.
A representative of FEFAC welcomed the timely planning of the revised protein strategy and highlighted that 20 Member States have decided to include support to protein crops in their national strategic plans. He raised certain questions such as (i) how far the Commission would go promoting alternative sources of proteins (e.g., insects), considering issues around the authorisation process for feed purposes and (ii) how to capture the contribution of synthetic amino acids in the feed balance sheet.
The Commission replied recognising the importance role of arable crops, including pulses, and stated that therefore they will still be key in the revised protein strategy. The link of the strategy with other policies was also highlighted. The Commission also explained that it is still too early to anticipate recommendations for sectors as the analytical phase is still ongoing.

*3.4. **CAP: support to alfalfa via eco-scheme** (Round table)*

A representative of COPA-COGECA highlighted the role of alfalfa as a solution to improve biodiversity but regretted that technical limitations do not allow for more innovative solutions (i.e. satellites cannot differentiate if alfalfa is or not at flowering stage).
A participant explained that in Italy eco-schemes focus not only for the feeding sector but also recognize friendly practices for pollinators. This helps to build up relationships between beekeepers and producers and allow farmers to get extra support.
A representative of COPA-COGECA explained that even if alfalfa is a crop that is considered by farmers as an attractive option in an eco-scheme, the fact that it cannot be treated with plant protection products is an issue.
A representative of COAG explained that in Spain there is an eco-scheme that supports alfalfa but that there are other fodder/grasses highly interesting for self-consumption and to increase the protein content in animal feed but they are not entitled to eco-scheme payments.

*3.5 **Operational programmes for dried fodder in France** (Presentation by COGECA)*

A representative of COGECA provided an overview of the cooperatives/PO (producers organizations) of the fodder sector in France. It encompasses around 6500 farmers, 70,000 ha and yields 750,000 tonnes of annual production. They aim at producing quality fodder for several markets. The consumption mainly takes place in the domestic market while around 25% is exported mainly to the EU and Switzerland. It a sector committed with the environment and to reduce its carbon footprint.

Regarding the operational programs set up by those organisations, they focus on dry fodder and aim at ensuring a fair income for farmers. Given the limited budget, it has been necessary to choose only certain specific interventions. These are:

- investments in tangible and intangible assets, research and experimental and innovative production methods and other actions, such as (i) biosecurity, animal health and welfare, (ii) improving resilience against pests and reducing risks and impacts of pesticide use, (iii) creating and maintaining habitats favorable to biodiversity, (iv) improving product quality, (v) improving genetic resources and (vi) improving conditions for employment.
- advisory services and technical assistance, sustainable pest and disease control techniques, sustainable use of plant protection and animal health products, climate change adaptation and mitigation, the conditions of employment, employer obligations & occupational health and safety.
- promotion, communication and marketing including actions and activities aimed in particular at raising consumer awareness about the Union quality schemes and the importance of healthy diets, and at diversification and consolidation of markets.
- implementation of traceability and certification systems, the monitoring of the quality of products sold to final consumers.

Certain factors hindering the application of the operational programs were highlighted, such as:

- administrative issues for entities not having the cooperative status.
- Complications to reconcile the existing organization of the sector with the requirements of ta producer organization (e.g. if more than one crop is produced).
- The fact that commercial production value is calculated on historical criteria for existing PO.
- The need to choose only certain interventions.

To overcome these limitations, the national representation provides legal support and recognition can be brought by union of cooperatives (e.g., storage union of cooperatives that mutualize silos). In addition, the cooperatives involved have contributed to the establishment of a national plan that constitutes the basis of the operational program.

In reply to a question raised by the Commission regarding the inclusion of market management measures that would allow the use of private storage, the representative of COGECA explained that they did consider them but, taking into account the limited budget and the fact that this type of measures is not always needed, they decided to not include it.

A representative of COPA-COGECA explained that in the past they have reflected to use private storage but that this idea was rejected because during the shortage years protein sources are rather imported and stored dehydrated alfalfa would not find market.

Consequently, surplus production is exported even if prices are not high and that surplus could have been beneficial for the domestic market in the following years.

A representative of COPA-COGECA agreed on the importance of having instruments like this in place and their willingness to participate in them.

The importance of private storage to avoid too high or too low prices, especially if alfalfa production is to be fostered, was also highlighted.

3.6 Fit for 55: final agreement: impact on the bioenergy market and on the carbon market (update by the Commission) AND 3.7. Implementation of RED II (update by the Commission)

The Commission provided an update of the ongoing work regarding Fit for 55 and the RED II revision. However, given that a final decision has not been taken yet, it was premature to have a specific discussion.

A representative of CEPM highlighted the importance of biomass production to reach carbon neutrality and decarbonization targets. Hence agricultural resources will be part of the solution and an opportunity to create value and therefore it is important for DG AGRI and other DGs to be part of the change.

3.8. Taxonomy – requirements for biofuels *(Presentation by COPA)*

A representative of COPA explained that in the revision of the RED II, any crops destined for human consumption should not be used to produce biofuels. Because the ceilings are to be maintained, these productions will not be taken into account and the activities resulting from them will not be able to indicate that they are contributing to sustainability. However, according to him, to reach the Fit for 55 objectives we will need to use all tools available. In addition, this will drive to a reduction in production of these crops and consequently of the EU protein supply.

The speaker also brought to the attention an increase of biodiesel imports on the basis of used cooking oil, which affects the EU market competitivity and pressures prices downwards.

The Commission acknowledged the importance of issues raised, and the need to look deeper into them.

3.9 AOB

No other point was raised.

4. Next meeting

Next meeting will take place in a year’s time. The precise date will be set at a later stage.

5. List of participants

See in annex.

(e-signed)

Pierre BASCOU

ANNEX

List of participants – Minutes

Meeting of the Civil Dialog Group Agricultural Markets –Dried fodder and energy crops

2 June 2023

ORGANISATION
BeeLife - Bee Life - European Beekeeping Organisation
CEFIC - European Chemical Industry Council
CEJA - Conseil Européen des Jeunes Agriculteurs / European Council of Young Farmers
CELCAA - European Liaison Committee for the Agricultural and AGRI-Food Trade
CEPM - European Confederation of Maize Producers
COGECA - European agri-cooperatives / General Confederation of Agricultural Co-operatives of the European Union
COPA - "European farmers / Committee of Professional Agricultural Organisations of the European Union
EEB - European Environmental Bureau
FEFAC - European Feed Manufacturers Federation / Fédération européenne des fabricants d'aliments composés
FoodDrink Europe
2 "ad hoc" experts