

Final Minutes of the meeting of the Civil Dialogue Group on Arable Crops

Cereals, Oilseeds
27 November 2015

The agenda was adopted. The minutes of the previous meeting will be send to CIRCABC for consultation and final approval

Market situation

DG agri presented the current campaign 2015/16 forecasts. There are no major difference compared to the previous forecasts. The total area is down by 1% y/y.

The results of communication from member states on crop production are consolidated at this point. Maize production is down by 26% y/y with total production of 57.5 million tons. Soft wheat production is stable and durum considerably increased. Romania is the member states with the major decrease, and also the country that has showed most important swings from year to year.

In terms of trade, a barley trade protocol is in place for UK exports to China. In Morocco they decreased the import tax on wheat. A Memorandum has been signed between major trading companies and the Government of Ukraine on milling wheat imports. The Russian export tax will depend on the exchange rate between euro and rouble.

The wheat and flour export commitments for 2015/16 are lower than in the previous year.

Total grain production is higher by 12 million tons compared to the previous forecasts, with a total grain production of 308.5 million tons. The barley imports are also higher in consideration of the upcoming Ukraine quota, animal feed consumption is increased. In terms of export, maize is decreasing considering the lower production and the fact that Turkey has higher production as compared to last year. Stocks are still decreasing, but it is a slight one.

Oilseeds total production is 30.7 million tons, 13% lower y/y especially due to sunflower output. Only soybean has increased as an effect of area.

For the 2016/17 marketing year the sowings are foreseen slight increasing for all grains and oilseeds.

Comments

Copa representative commented that crop estimates are in line with the Commission's. There are big differences within member states at regional level. Warmer autumn is favourable but puts also pressure in terms of pests. Wheat exports are stagnating. The protein crops area is growing, though it is not at the level that it would support EU protein need. The market did not have time to reflect this change and prices were not alleviated for livestock industry. In terms of oilseeds they feel that the neonicotinoids ban has not yet shown its worst effect.

Copa representative told Oilseeds producers are increasingly persuaded that production is impacted by the neonicotinoids ban and they risk cutting sowings. Only in the UK they forecasted a decrease in sowing for 2016/17 by 14%.

In Spain maize production did not decrease despite the general EU drop thanks to the technology that is used in the country in terms of irrigation and biotechnology. Durum wheat sowing has not started yet in the Southern region of Spain

In Italy, producers are communicating that maize production number of at least 1 million tons lower than what the Commission is showing.

Commission shared that in the AMIS report there will be from now on also an overview of fertilisers. The Commissioners announced that he will present a dashboard on production.

Contribution of cereals sector to mitigate climate change– Presentation 1

The Chief scientist of ARVALIS explained the yield evolution have been stagnating in the last decades. Climate change may not be the only reason, but experts consider that its weight in stagnation is within 10 to 66%. The strategies of adaptation can be genetic, agronomic, and agricultural practices.

Water management will be one of the major elements for the future. There are strategies to optimise the surplus of water in the winter months to use during the deficit periods in the summer.

The greenhouse gas emissions from agriculture are mostly two: N₂O and CH₄, whilst all other emitting sectors contribute to global warming mostly with CO₂ emissions. However, the measurement of N₂O from soils is very difficult and is subject to variations. These emissions also depend of nitrogen fertiliser use.

The EBB representative thanks the chairman to have put this point on the agenda and agree on the need to produce to alleviate CO₂ emission. He expressed doubt on the impact of the 4 ‰ O.M. to sequester more CO₂. Representative of CEVC underpin the role of organic farming as solution.

Mycotoxins

DG santé representative The Commission brought the example of aflatoxin contamination in 2012/13 for maize coming mostly from Serbia and the South-East Europe: there is a variability or results within a lot and despite analysis for food business operators and traders are negative, official controls from the same lot may result in a positive result. Measures have been taken to improve communication along the supply chain. He also mentioned the problem with fusarium toxins in harvest 2013 and 2014 that affected supply for food maize. Despite good information coming from the affected stakeholder (Euromaisiers) to support a request of derogation, national authorities did not agree to concede it.

This issue will persist in the coming years and a sustainable solution is needed. DG SANTE organised a conference to address regulatory challenges for mycotoxins due to climate change. Climate change and extreme weather conditions were identified as a main reason. There may be other causes, such as agricultural practices that may contribute. In-depth root causes analysis is on-going. There should be a prevention approach in the EU, where we look not only at mycotoxins but also at agricultural and environmental aspects. We should get to a comprehensive strategy and stakeholders will be involved in the coming months and years.

Changes that have already occurred in mycotoxin legislation in the EU regard: ergot sclerotia and ergot alkaloids.

Future developments: besides parent compound of the toxins there are metabolites and masked mycotoxins that are transformed in the digestive system back to the parent compound. For DON the Commission will be looking at that. They are waiting for the EFSA assessment in the first half of 2016. DON seems to be the major issue for cereals so it will be the main target of the comprehensive strategy mentioned before.

There are other mycotoxins seen in the cereals but not sure whether they will be regulated in the future: sterigmatocystin (oats and rye), citrinin, enniatins, alternaria. These will get some attention in the future but there are not yet concrete plans.

There are developments for animal feed legislation (Directive 2002/32): Commission has now defined acceptability criteria for physical, chemical and biological detoxification in Regulation 2015/786 that applies as from 1 July 2017. EFSA will have to approve the detoxification processes put forward by operators. Cleaning and sorting are not considered as detoxification so no approval for these normal procedures is needed.

Copa representative remained there are challenges as a consequence of changing weather conditions. It is difficult for farmers to manage the variations that occurs year-to-year and comply with limits. Cogeca representative questioned the overall cost for the segregation of the lots a the food – feed chain and the current storage capacity available at EU level.

New legislation on drone use for civil purpose

Representative of DG growth presented the legislation needs and the flexibility to cater for the many different services that drones can render. We need to extend the aviation regulatory approach – which is very restrictive to a more operation centric approach. If there is not such a change drone rules for for civil drones may be disproportionate and the farming sector will have more difficulties to use drones in the future due to disproportionate operational costs. The regulatory challenge is to ensure that drone for civil use will be publicly accepted. The public is concerned about safety and privacy.

The Commission proposal should be adopted next week, then it will go to Parliament and Council for the decision-making process. Meanwhile the European Aviation Safety Authority (EASA) is defining standards for this purpose.

The farmers representative underlined the positive contribution of the technology in agriculture to cope with new challenges such as climate change.

New breeding techniques

DG SANTE representatives informed that the Commission services are carrying out a legal analysis to verify whether organisms deriving from new breeding techniques are to be considered included in or excluded from the scope of the EU GMO legislation.

It will be a legal interpretation of the Commission and it will be presented to stakeholders through the Advisory Group on the food chain and animal and plant health, as well as to member states. Conclusion of the analysis is foreseen in the first trimester of 2016.

Seed companies representatives expressed concerns about the impacts for the entire food-feed chain if the GMO legislation will apply to these new techniques. ECVC representatives requested that organisms produced by NBTs be included in the scope of the GMO legislation.

Developments on durum wheat

A Copa representative from Spain gave an overview of the durum wheat market.

Copa-Cogeca asks the Commission that durum wheat is considered as a separate crop for the purpose of crop diversification in the CAP greening provisions as the cropping system is different with or without durum wheat.

MiFID state of play – Presentation 2

The Commission representative gave an overview of MiFID state of play.

Adoption of the Regulatory Technical Standards (RTS) is foreseen at the beginning of 2016. There are discussions about postponing the entry into application of MiFID by one year (from January 2017 to 2018).

As regards RTS 20, Commission elaborated on the two tests. On Test 1, she underlined that it refers to trading activities undertaken in the Union. Commission is aware about inconsistencies in the text regarding EU versus global market. The initial ESMA proposal refers to EU market but the latest RTS is not clear; Commission is discussing this with ESMA. In all cases, reference is to EU market only and to transactions taking place in the EU.

Regarding test 2: ESMA will not change its mind about the current approach and does not want to include accounting capital as a proxy for commercial activities. DG FISMA also officially shares the view that the current proposal is the only viable solution.

The text of the delegated text including the definition of financial instrument has been fixed along the line requested by the agricultural sector, even if it has not been published yet.

On the request of the chairman, the civil dialogue group member support the need to get a workable solution for the agri-food sector and ask the DG agri to pass the message through the hierarchy.

AOB

GMOs opt-out proposal

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The Commission summarised the state of play of the GM opt-out proposal. The Commission is not going to withdraw the proposal. **FEFAC representative talked about the impact of “opt-out” proposal for the feed and livestock sector, regarding the current crisis, namely, in the milk and pig meat sectors, and requested to CGD to approve a motion asking the Commission to withdraw the proposal.**

On the request of the chairman, there is a unanimous motion from this civil

dialogue group for the Commission to withdraw the proposal.

Import and export licences

The delegated act is in its final stage before adoption. The draft foresees to remove the licences outside TRQs in the cereals sector. DG AGRI is preparing for this eventuality and has carried out an internal analysis of TAXUD data to verify their quality. Results are very good, they refer mostly to wheat, maize and barley, but for other cereals is possible too, as defined by the CN codes. These data are available on a daily basis, transmitted from customs authorities to DG TAXUD. These data are almost perfectly aligned to the data of licences. The “almost” is due to the fact the licence represents an anticipatory data while the customs gives an actual data. Nothing would change as concerns publication of data: Commission could publish on weekly basis the data on import and export just like it is happening now.

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