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DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
The Director

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MINUTES

Meeting of the Civil Dialog Group on Agricultural Markets – Cereals, Oilseeds, Protein Crops & Seeds

Tuesday 14 March 2023

Chair: AGRI.E4

Following organisations were represented: BEELIFE; CELCAA; CEPM; COGECA; COPA; EAPF; EEB; EIHA; FEDOLIVE; UNISTOCK.

Practical guidance on the new CDG's governance

The Commission presented the guidelines on the new Civil Dialogue Group's explaining the objectives and organisation, in particular the registration process and participation to a meeting. The guidelines are available on CIRCABC. The planning for the meetings in 2023 can be found on the EUROPA website but the final confirmation will only be avaliable two weeks before the meeting.

Copa-Cogeca emphasised the importance to have physical meetings and receive the meeting dates well in advance.

The Commission understand the need for more advanced planning but the final confirmation will only be available two weeks before the meeting.

Adoption of the Rules of Procedure for the CDG for Agricultural Markets

The new Rules of Procedure were adopted.

Cereals, Oilseeds, Protein Crops

1. Approval of the agenda

The agenda was approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

Overview of the market situation

World **cereals market**

The International Grains Council forecasts global wheat production at a record 796.1 million tonnes (+1.9% y/y) in 2022/23. Boosted by bumper harvests in Australia, Canada and Russia, total output in the eight major exporters also reached an all-time high at 397 million tonnes. However, production fell sharply in Argentina and Ukraine.

World wheat consumption is also forecasted at a new peak of 789.2 million tonnes (+0.8% y/y), however the growth rate is expected to be below average due to high prices.

World trade is expected to be nearly unchanged from last season’s record, with Russia being the largest exporter.

Wheat outlook for 2023/24: global wheat harvested area is projected at 220.7 million ha (-0.1% y/y), broadly steady y/y and slightly above average. World production is forecast to ease by 1% y/y to 787 million tonnes based on trend yields, while consumption is expected to increase moderately to a new peak of 794 million tonnes (+0.6%).

Including declines in Argentina, the EU, Ukraine and the US, world maize production in 2022/23 is forecast to fall sharply to 1,152.5 million tonnes (-5.6% y/y. Mainly linked to reduced demand for feeding, world consumption is forecast at 1,180.2 million tonnes (-3.0% y/y), incl. 696.0 m t of feed use (-3.7% y/y). Stocks are forecast to contract by 9.8% y/y to a below-average 254.6 million tonnes.

Preliminary prospects for 2023/24: world harvested maize area is projected to increase marginally to 201.6 million ha (+0.4% y/y), including larger areas in the US (33.2m ha; +3.6%), Argentina and Brazil but a sharp fall in Ukraine (3.2m ha; -20.0%). EU area is placed at 8.7 million ha (-2.8%). Assuming trend yields, world production could rebound by 4%.

Regarding Brazil, it was highlighted that according to the latest official outlook, maize production is forecast at a new record of 124.7 million tonnes (+10.2% y/y from last season’s peak). Given large availabilities, Brazilian exports are expected to reach an all-time high of 48 million tonnes.

In Canada, according to the latest government outlook, all-wheat (34.3 million tonnes; +1.5%) and barley (10 million tonnes; -0.1%) production is expected to remain broadly steady from last season at above average levels. In contrast, linked to reduced plantings, oat production could fall by over 30% to 3.6 million tonnes.

US wheat and maize production are projected significantly higher in 2023/24 according to the announcement made at the USDA outlook conference. US wheat is placed at 51.4 million tonnes (+14.4%) and maize at 383.2 million tonnes (+10%).

Regarding benchmark world cereals prices, the Commission representative highlighted that both wheat and maize prices declined during autumn and the downward trend continued moderately in the winter months, as well.

Renewed uncertainties of the future prolongation of the grain corridor and long waiting time for inspection reduced Ukrainian exports.

Ample supplies are available from Australia (wheat and barley), Russia (wheat) and Brazil (maize) in particular, which weigh on prices despite uncertainties regarding the prolongation and the longer viability of the Black Sea Grain Initiative.

As regards EU cereals production for marketing year 2022/23, total production is now forecast at 265.6 million tonnes (-9.2% year-on-year and -6.9% compared to the five-year trimmed average). Production of maize has been severely affected by droughts in the main producing Member States and is now seen at 52.1 million tonnes (-28.9% year-on-year and -24.3% compared to the five-year trimmed average). Total soft wheat production is estimated at 126 million tonnes, almost stable compared to the five-year trimmed average. The Commission presented as well the balance sheet updated in February.

As regards EU cereals prices, overall less volatility is observed as well as a downward trend since a few months compared to year 2022. Prices are now close to their levels before the invasion of Ukraine.

Copa-Cogeca commented on the impact of the influx of UA maize in EU on farmers, who are affected by volatile prices and cheaper maize entering EU (but with a lower quality). It also mentioned the severe droughts that affected the EU and the need for farmers of tools to handle this situation. Finally, it talked about the measure on phytosanitary rules and the fact that, since area for cereals and oilseeds will decrease, farmers need tools to increase yields.

Copa-Cogeca commented on the uncertainties as regards spring 2023. He stated that there is a need to know if there is enough good quality seeds for spring planting in the EU Member States.

CEPM commented on the uncertainties about maize area that will be planted in spring 2023. A drop in maize area is expected but the extent of it is not certain for the moment. In France, CEPM expects a 7% drop in maize area but in EU they expect that this drop will be limited to 2 to 3%. According to CEPM, this drop is not due to the droughts of spring-summer 2022 but mainly to the lower prices. Farmers privileged straw cereals for autumn plantings and will probably privilege sunflower for spring planting.

As regards the global **oilseed market**, the IGC forecasts for marketing year 2022/23 a record production for soya bean, at 378 million tonnes (+6.3% year-on-year) reflecting very good Brazilian output. Total consumption is expected to increase to 374 million tonnes (+2% year-on-year) mainly due to Asian feed demand, while closing stocks are up by 10% to 49 million tonnes. Global rapeseed production is expected to a new peak of 86 million tonnes, up 16% year-on-year due to upward revision for Australia and the EU. Total sunflower output is estimated to drop by 11% year-on-year, at 51 million tonnes due to reduced output for Ukraine and the EU. Global sunflower trade forecast is seen at 4.6 million tonnes, on increased EU and Turkey imports.

Soya bean prices lost ground by 12% in Argentina and the US and 20% in Brazil from last year's record levels. Global rapeseed prices follow the same downward trend, affected by lower oil and palm oil prices and the strengthening of the dollar against the international currencies. As for sunflower seed, prices dropped by 44% in EU Bordeaux, to USD 562 per tonne, mainly due to lower buying interest and increased global availability.

Looking at the EU oilseed market, the total production for marketing year 2022/23 is pegged at 31.4 million tonnes, up around 5% on the five-year average production. Rapeseed production is forecast at 19.6 million tonnes (14% above the five-year average).

Copa-Cogeca commented on the need for better information on the availability of good quality seeds and added that more seeds that are fit to new weather events are needed.

Ukrainian grains and oilseeds exports, logistics situation, production prospects

The Commission informed the participants that it closely monitors the import of cereals and oilseeds in the EU Member States neighbouring Ukraine. This increased imports lead sometimes to oversupply situation which affects local farmers. We need to find a balance between supporting Ukrainian agriculture as well as protecting EU farmers.

The Commission presented the statistics on Ukrainian cereals and oilseeds exports in 2022 compared to 2021. In particular maize exports were almost identical in both years but wheat exports dropped substantially. Concerning oilseeds exports, we observed surge in sunflower seeds exports because of diminished activities of the crushing plants due to power cuts and destruction of certain crushing facilities. Sunflower seeds are often exported to Bulgaria, Romania and Hungary and processed there. For those Member States with good domestic availabilities this could lead to a certain pressure on the local markets.

The Commission also presented the estimated monthly volumes of exports of individual cereals and oilseed separately through the Solidarity Lanes and the Black Sea Grain Initiative.

Looking on the EU share in total Ukrainian cereals and oilseeds exports, we notice that since the start of the war about 49% of the Ukrainian maize exports are destined for the EU market and 32% of Ukrainian wheat exports.

According to preliminary IGC forecast for 2023/24 harvested area in Ukraine should decline by 25.2% for wheat and 20% for maize.

Copa-Cogeca asked how much work is being done on the Danube corridor, which represents a significant share in volumes of cereals and oilseeds exported from Ukraine. Boosting the capacity of this route could help to ease the pressure on inlands logistics in the frontline Member States. Copa-Cogeca requested the details on the quality of exported grains from Ukraine. It also regretted that Russia has been slowing down the inspections of the vessels using Black Sea Grain corridor.

CEPM requested close monitoring of grain imports from Ukraine as they heavily impacting the farmers in the countries surrounding Ukraine.

Exchange of views of on fertilisers

The effects of reductions in mineral nitrogen fertiliser use on EU crop yields

JRC presented the modelling study showing expected impact on yields in the Member States for the main staple crops when reducing the mineral nitrogen fertiliser, under three different scenarios.

JRC clarified that the unit of the yields reduction is given in percentage. Although the farmers' decisions modelled (e.g. concerning N-application dates, and its distribution among crops) are quite simple, the results overall are realistic. Still there is scope to refine behavioural aspect. As regards a question regarding the wheat quality losses in terms of protein content, JRC informed that it is calculated by the model but we need more studies to have fully reliable data. JRC would be interested in hearing from stakeholders what they see as priorities for further research. Quality or crop health is a step beyond the scope for the moment.

On the question if the JRC conducts research on a more holistic approach, the JRC clarified that the main focus of applications of this model, so far, has been on environmental assessments (see list of publications on slide 14). The model could potentially be used to address yield x environment trade-offs and synergies. The model takes into account also leguminous crops.

In addition, JRC noted in the chat the iMAP project (https://wikis.ec.europa.eu/display/IMAP) - Integrated Modelling platform for Agro-economic and resource Policy analysis – which aims to provide robust scientific evidence to support the implementation, monitoring, and evaluation of the CAP, in the context of environmental and climate change objectives. Part of the project consists in synthesizing large amounts of published scientific evidence on the impacts of farming practices on the environment and the climate, as well as on production and yields. This is presented in the section 'Impacts of farming practices on the environment and the climate: synthesis of published scientific evidence'. The site can also be reached via this link: https://agriculture.ec.europa.eu/sustainability/environmental-sustainability/cap-and-environment_en".

Follow-up to the Commission Fertilisers Communication

The Commission informed about the actions taken following the fertilisers communication which was adopted in November 2022. On the short term, various measures have been taken, in particular financial support through the temporary crisis framework, actions to bring down the prices of energy and the creation of the market observatory for the fertilisers. On the longer term, focus is on improving the efficiency of nutrients, the increase the autonomy through the development of green and fossil-free fertilisers and re-use of waste nutrient.

Copa-Cogeca thanked the Commission for the initiative to create the Fertilisers Market Observatory and asked for more data, in particular on concrete fertilising products, in order to have a clearer picture of the EU as well as the global market situation.

EEB asked for a more holistic approach within the upcoming Integrated Nutrient Management Action Plan. Commission replied that this as an important management tool and the INMAP is going to be adopted in the coming weeks/months.

As regards the temporary suspension of import duties on urea and ammonia, Copa-Cogeca asked for a prolongation for one year and for an extension to all mineral fertilisers which has also be requested by the EP in the motion voted on 16 February 2023. The Commission took note of the remark on the prolongation. Most products not covered yet are either covered by anti-dumping policies or already imported at a zero-duty rate within the FTA's.

Any other business: Update on the EC policy review

The Commission presented the update on the review of the EU plant protein policy. The purpose is to review the 2018 report in order to reduce the EU dependency on imported plant protein from regions where it participates to the deforestation and other negative environmental consequences. The next report will also cover feed and food demand as well as new alternative sources of protein. Two workshops will be organised this year and the target is to publish the updated report in the first quarter of 2024.

Copa-Cogeca suggested that the report should also look at the possibility to increase the use of roughage (grassland management) and cereals.

Following a question from EEB, the Commission clarified the meaning of "food demand".

CEPM suggested to increase the support for EU research and development in view of increasing the protein content in cereals.

FEFAC noted that, while there were several EU protein plans in the past, there was no increase of EU production of protein crops. It pointed out the contradiction between the objective of reducing the EU dependency on imported plant proteins and the wish of the consumer to avoid paying more for its food. A reduction the EU dependency or changes in production methods in third countries will take place only if the consumer pays more for its food.

Copa-Cogeca underlined the importance for the farmers to get access to innovation, e.g. on better varieties. It is also important that the legislation on NGTs is not further delayed.

Euroseeds expressed concerns about the timeline of updating the report every 5-6 years. The member also underlined the importance of breeding techniques to improve the protein content of crops.

Commission: the reaction from FEFAC pointing out the contradiction between the desire of consumers to avoid paying more and its aspiration for protecting the environment shows the complexity of this problem. The scope of the new report will also cover the evolution of the food demand, i.e. consumer perspective. There is a need to review the EU plant protein policy in light of the evolution of the global situation since the adoption of the 2018 report. This work will contribute to the discussion on the next CAP. Research and innovation projects will continue to be covered in the next report.

Seeds

1. Approval of the agenda

The agenda was approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

Overview of the market situation

Copa-Cogeca presented the seed production situation in the EU with the focus on the areas cultivated in the EU as well as the situation in the main producing Member States. The EU is aiming to reach a total cereals, oilseeds and other crop production of around 130 million hectares while the seed growing area in the EU in 2021 remained stable at close to 2.1 million hectares while in 2022 we saw a slight decline, a trend we have seen for some time. Concerns were raised that with only a few big seed growing Member States, (mainly France, Italy, Germany, Spain, Poland and Denmark) the seed production is dependent on favourable weather conditions, a small failure in these areas might affect the arable sector dramatically.

Concerns were also raised about Sustainable Use Regulation and how the strict rules on the sensitive areas might heavily affect both the seed growers and the plant breeders. The Commission was asked to investigate how much of the seed growers area would be under sensitive areas in each Member State. The EU being an important exporter of seeds, we also need to think about the food security in the EU as well as outside the EU.

Euroseeds emphasized their concerns regarding the rules under the Sustainable Use Regulation versus the rules on plant health that have to be fulfilled in order to put it on the market. In addition, crop rotation is difficult not only for seed production but also for plant breeding so therefore not an option for many companies. The data ESCAA is providing is very useful and could be improved.

Update on the Commission's policy initiative on new genomic techniques

The Commission (DG SANTE) presented the progress on the policy initiative on plants derived from certain new genomic techniques (NGTs). In autumn 2021, the Commission published the inception impact assessment where feedback was gathered from the stakeholders and the public. This has been taken into account in the development of policy options that are being examined in the on-going impact assessment. NGTs are among the tools for the plant breeders and the farmers that could help dealing with the challenges in the agri-food sector. As regards the process, the Commission is finalising the impact assessment based on the contributions from stakeholders as well as evidence gathered through surveys, public consultations, interviews etc. The legislative proposal is planned for June but the date is still provisional. The impact assessment will be published together with the legislative proposal.

Euroseeds stressed the importance that the proposal will be ready during the mandate of this Parliament as we want companies to invest in Europe.

A member of Copa-Cogeca explained that farmers are facing uncertainty on weather events, we would need to make the plant breeding more resilient, the industry is asking for quality and the consumers want more plant based products. We would like to have the possibility to also use the new techniques.

Another member of Copa-Cogeca underlined the importance of the legislation due to complaints that the pulses that we grow in Europe is not well suited for the industry.

DG SANTE noted the expressed interests on this initiative.

<u>Market transparency – certified seeds in Regulation (EU) 2022/791</u>

The Commission updated stakeholders on the new provisions on certified seeds introduced by amending Regulation (EU) 2022/791. These provisions intend to increase transparency on area, production, and stocks of certified seeds for a range of cereals and oilseeds, with a view to improving information to markets and regulators in the event of threats to food security.

Euroseeds asked about who was expected to provide the data. Highlighted that certified seed markets can be structurally very different between Member States. Asked about how data quality was being assessed. Asked about when and where data would be published.

The Commission replied that the data providers are certifying agencies, for area and production, and operators for stocks; national differences are reflected in the Regulation, which asks Member States to develop their own methodology, best reflecting their own national conditions; data quality is based on the Commission's assessment of Member States own reported methodology ('Art. 9' forms), and qualitative assessment comparing to data already available (e.g., is it broadly consistent with data from other sources and years, where available); data will be published when there is sufficient confidence in its quality, when enough data has been collected to represent most of the market, and after consultation with Member States in the GREX; data will be published in the Agri-Food Data Portal.

Copa-Cogeca and Euroseeds offered to meet COM bilaterally to explore how to improve Member State notification rates.

<u>Update on the Framework for Sustainable Food Systems</u>

The Commission presented the latest update on the Sustainable Food Systems. It was explained that the impact assessment was currently ongoing in view of adopting the legal proposal after the summer break. The main objective of the initiative were presented, as well as the effort currently being done to cover the three sustainability dimensions (economic, environment and social). It was highlighted the important role that a sustainable food environment could play to help consumers to make more sustainable food choices and the need to explore synergies with what is already currently done by Member States.

Euroseeds and Copa-Cogeca expressed several concerns on how this will bring more clarity to the market and the sustainability on farm level as well as the economic sustainability and how will this affect the trade. What is the role for the delegated act and how does it bring clarity? The Commission explained that JRC has mapped more than 150 sectorial initiatives on sustainability which is the starting point to identify further gaps. The aim is to bring more coherence at EU level and not to enter into the sectorial aspects. Minimum requirements will continue to be in sectorial law and not in the framework. To tackle the increasing number of sustainability labels on the market, it was explained that establishing a common definition of sustainability at EU level is in the interest of all food system's actors to prevent green washing. Any effects on trade will have to be assessed when concrete requirements will be further laid down via subsequent measures.

Copa-Cogeca also asked the Commission to take into account the impact on the relationship between farmers and input providers such as the seeds breeders. Farmers need improved varieties for all sectors well adapted to all EU regional climate and soil conditions. The Commission replied that a participatory approach is needed to define what a sustainable food system is, we need a set of different tools to tackle multiple challenges related to climate change.

On a question from Copa-Cogeca regarding delegated acts, the Commission replied that it is a part of the impact assessment as we need to identify areas where delegated acts could be possible e.g. procurement, labelling.

Any other business

No other point was raised.

4. Next meeting

Next meeting is foreseen to take place on 6 September 2023.

5. List of participants

See in annex.

Pierre BASCOU

List of participants– Minutes

Meeting of the Civil Dialog Group Agricultural Markets – Cereals, Oilseeds, Protein Crops & Seeds

Tuesday 14 March 2023

ORGANISATION
BEELIFE - BEE LIFE - EUROPEAN BEEKEEPING ORGANISATION
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
EAPF - EUROPEAN ALLIANCE FOR PLANT-BASED FOODS
EEB - EUROPEAN ENVIRONMENTAL BUREAU
EIHA - EUROPEAN INDUSTRIAL HEMP ASSOCIATION
EUROSEEDS
FEDOLIVE - FEDERATION DE I'INDUSTRIE DE I'HUILE D'OLIVE DE I'UE
UNISTOCK - UNISTOCK EUROPE - ASSOCIATION OF PROFESSIONAL PORTSIDE STOREKEEPERS IN THE FOOD AND FEED CHAIN

Electronically signed on 03/05/2023 10:46 (UTC+02) in accordance with Article 11 of Commission Decision (EU) 2021/2121