

DRAFT

**MINUTES FROM THE MEETING OF THE CIVIL
DIALOGUE GROUP ON ARABLE CROPS – TOBACCO-
COTTON SECTION
OF 28TH MAY 2015**

The Civil Dialogue Group met, chaired by Mr Jean-François ISAMBERT, the Chairman of the Civil Dialogue Group on Arable Crops. The Commission rescheduled its presentation on gossypol for the morning session on tobacco as the speaker was unavailable in the afternoon, and during the cotton section a presentation on coexistence between integrated cotton production and pollinators would be added. Concerning the items covered by written contributions, the Commission was willing to take questions and provide responses at a later stage. The Chair asked for the Commission's answers to be added to the next set of minutes as an annex. The agenda was then adopted. The minutes of the last meeting on cotton were adopted with a request from the industry to add two items which were missing from the cotton section.

Tobacco (morning)

2. Information and exchange of views on the European and world market situation (production, prices, trade, stocks)

A representative from the Commission presented the market situation. In 2013, surface area stood at 100,422 hectares and the harvest was 200,512 tonnes, led by Italy (25%), followed by Greece (17%) and Spain (15%). In 2013, average prices varied between, €2.29 for group I, €1.84 for group II, €1.43 for group III, €4.02 for group IV and €3.66 for group V. The number of farmers in Bulgaria was 26,000, 13,000 in Greece and 11,000 in Poland. In 2014, it was estimated that surface area would reach again more than 100,000 hectares with production of 213,000 tonnes, which would equate to a production increase of 5% since 2013. In 2014, prices varied between 1.38 for group III and 4.83 for group IV.

A producer representative said that given that there was no group IV in Spain, the price that had been stated could not be correct. The producer representatives provided more details about the marketing year in Spain, Italy, France, Poland, Croatia and Hungary.

The industry representative said that information about the situation worldwide had been sent in to the Commission and was available on CIRCABC.

The trade representative said that as part of the classification of the varieties of tobacco, the category of group V included groups VI, VII and VIII. Group V practically no longer existed, but all the other varieties existed with different prices, which was why it would be wise to maintain these separate categories. In addition, concerning imports, since 2005 the drop in production had been offset by an increase in imports.

3. Information on gossypol

A representative from the Commission presented the situation relating to limits on gossypol in animal feed. Gossypol is classified as an undesirable substance in animal feed. The levels of this substance are determined in Annex I of Directive 200/32/EC of the European Union. The last

time the levels were reviewed this was done was in 2010 following a risk assessment study by EFSA performed in 2008.

The Commission representative informed the civil dialogue group that it seems that in particular the maximum level established for gossypol in cotton seed seems is a point of discussion (see point 2 of the afternoon session). The Commission representative indicated that a review of this maximum level is possible but that it is therefore necessary that a formal request underpinned with data is received. Such a request has not yet been received, not from the Spanish competent authority nor from an EU stakeholder organisation. .

4. CAP reform

- Rural development: information about agri-environmental measures and the measure on investment

A representative from the Commission presented the framework which governs the measure on investment in rural development programmes. This measure does not differ across the sectors. The representative outlined what equipment could be targeted under this measure; for instance, tractors, state-of-the-art instruments, restructuring, or the construction of buildings. Storage and packaging were also eligible. Apart from the measure on investments, other measures may prove useful to the sector, notably the advisory systems and the cooperation measure.

Another Commission representative presented the implementing rules for agri-environmental measures, clarifying the concept of beneficiaries, reference level above which the commitments must go and bases on which payment have to be calculated .

A producer representative found this information very useful as different European regions were adopting their rural development plans and operators still had several questions about the definition and implementation of these measures.

A representative of the EEB mentioned that the agri-environmental measures might prove useful and boost the sector. The Council had decided to scrap aid for the sector; yet, from a health point of view, replacing European production with imports would change nothing.

Another representative of producers said that in southern Spain and Extremadura, agri-environmental measures worked well. Maintaining these measures was necessary given that it was a less favoured area dependent on tobacco cultivation.

A representative of Beelife asked a question about the links with the impact on the environment and with the list of indicators used to assess the impact of these measures.

The Commission representative replied that agri-environmental measures did not target particular sectors, but rather agricultural practices and farming methods which had a positive impact on the environment and that agri-environment measures are not crop specific. A list of indicators in the context of monitoring and evaluation framework should be used to assess whether the programme had met its objectives. |

Comment [KS1]: Not the Commission but the managing authorities in the MS whose representative asked the question.

5. WHO Framework Convention on Tobacco Control: update on the guidelines for the implementation of Articles 17 and 18

Last October, from 13th to 18th October, the sixth meeting of the Conference of the Parties took place in Moscow, in the Russian Federation. After many years of discussions, a document covering the political options and recommendations was adopted relative to Articles 17 and 18 of the WHO Framework Convention.; The document does notno longer contain any controversial assessments, i.e.request to reduce cultivation of raw tobacco. This document pledges also to share experience between parties; the WHO FCTC recalled also that they have put in place a data platform, financed in particular by the EU, to facilitate these exchanges of information.

A representative of producers and processors congratulated the Commission for the work that had been done during these negotiations. The next meeting will take place in New Delhi (India)in October/November 2016.

6. Single CMO: implementation and role of interbranch organisations in the raw tobacco sector (presentation by the sector)

A representative from CELCAA gave a presentation on this matter. The rules on establishing interbranch organisations are laid down in Regulation 1308/2013, most notably in Article 157, 158 and 162 on the Single CMO and in Regulation 709/2008. Articles 164, 168, and 210 of Regulation 1308/2013 on extension of rules to non-members, contractual relations, and agreements and concerted practices were also explained. The establishment of interbranch organisations was possible in some countries (Spain, Italy), but not in all producer countries. It would be appropriate to allow the implementation of an interbranch organisation at EU level in order to have a harmonised framework for the tobacco sector.

A producer representative reported on the imitative in Poland on excise duties for raw tobacco. Interbranch organisations are much more efficient tools in the combat against illegal trade than excise duties on raw tobacco, whose administrative burden would be greater for farmers. In addition, in the tobacco sector, farms are generally smaller and limited to a few hectares.

7. Potential revision of Directive 2011/64/EU, Ramboll: study on taxation of tobacco: recommendations related to raw tobacco

As the Commission representatives were unable to participate, this item was covered by a written contribution. However, the participants were invited to send an e-mail to the Commission during the day with their questions.

The CELCAA representative said that DG AGRI should keep a close eye on and be involved in the important issue of excise duties, which is linked to ongoing discussions within DG TAXUD.

Cotton (afternoon)

The Greek representatives found it highly regrettable that there was no interpretation for Greek given that Greece is a major cotton and tobacco-producing country.

1. Compatibility of integrated cotton production with pollinators

A representative from Beelife gave a presentation on cotton growing in Andalucía, in particular the amount of surface area under integrated production and the types of agricultural practices, including the end of the use of plastic bags. In addition, as regards integrated production, more than 200 experts were providing technical assistance to farmers. What was notable and positive was the return of bees to cotton fields.

A producer representative commented that these practices were still continuing and that they had also contributed to a reduction in the use of phytosanitary products. Nevertheless, another producer representative underlined the lack of available active substances.

2. Information on gossypol

Although the Commission representative had participated in the morning session of the meeting, the cotton experts wanted to have an exchange of views on this issue nonetheless.

The industry representative said the current limits have a negative economic effect and this was a risk for the cotton sector as a whole. Cotton seed is an ingredient with considerable nutritional value for cows and young calves, which explains why it would be judicious to not limit the concentration of gossypol in each batch of grains, but instead to limit it in the animal's daily feed ration. A producer representative confirmed that it would be a problem for farmers if they could no longer sell the seed.

3. Information from the Commission on the status of GM cotton in the EU, applications for authorisations of seeds for planting, data and imports of fibre from other continents and GMO cotton seed for human and animal consumption

This point was covered by a written contribution

The Europabio representative said that the debate should take place with a representative of the Commission and that a written contribution was not enough. The Chair shared the comment about the lack of dialogue with Commission representatives. The industry representative asked a question about the possibility to import varieties of cotton authorised for animal feed. The Beelife representative asked a question about bees gathering nectar from various GMO plants and the consequences for honey. The industry representative stressed that thus far the real issue for the cotton sector had been its ability to stand out globally against other modes of production. A representative of producers stressed that European farmers could not be as competitive as producers in third countries with access to GM varieties.

4. Information and exchange of views on the situation on the European cotton market

- Provisional balance sheet for the 2014/2015 marketing year: sown surface area; production; prices

-Production estimates for the 2014/15 marketing year

-Presentation given by the trade sector about the current market and prospects

The trade representative gave a presentation about the international situation and prospects. World cotton production had been on the decline in recent years, despite the fact that prices had been far above the five-year average until mid-May 2014. Cotton production was estimated at 23.6 million tonnes in 2014/2015, a drop compared to the 2011/2012 marketing year when production reached 27.8 million tonnes. This drop can be explained by the fact that cotton was less attractive to farmers than other crops.

India had around 1/3 of cotton surface area in the world. After the record 2014/2015 year with 12.3 million hectares, surface area was predicted to fall (-5%) to 11.6 million hectares in the ongoing marketing year. In Pakistan and in response to low prices, surface area was predicted to fall (-6%) with 2.7 million hectares for the current marketing year. In the United States, other crops were more attractive than cotton, which would lead to a 17% drop in surface area (3.3 million hectares).

Forecasts showed that surface area worldwide would be around 33 million hectares this decade.

Worldwide, the cotton sector employs 250 million people. The cotton industry was under threat, losing out to polyester on the market.

Production in Spain was estimated at between 185,000 and 199,220 tonnes for 2015 with surface area between 65,000 and 70,000 hectares. In Greece production for 2015 was estimated at 800,000 tonnes with surface area of 250,000 hectares.

5. Phytosanitary issues: information about the state of play of minor uses based on the Commission report.

This point was covered by a written contribution

Annex : Questions and answers from the Civil Dialogue Group

Question from a Greek representative from the cotton industry

GMO cotton

As far as I have understood there is no cotton variety which has got authorization for cultivation purposes in the EU. There are GMO varieties authorized only to feed animals, which logically must be imported.

Cottonseeds for animal food and feed usually are traded in bulk (full vessel, or truck or container). Packages are not standardized and there is no mean to identify the special cotton variety it comes from. In contrary cottonseeds for cultivation are properly packaged and special identify their brands.

Since no GM cotton is authorized for planting and since there is no mean to trace different brands of cottonseed varieties when they are traded in bulk for animal feed, why it is required for a company to have a special authorization for GM cotton? The only test available for a batch of cottonseed that it is traded in bulk is the one for being GM polluted or not, but not if it comes from a number of authorized varieties and not from others.

Question: when the GMO cotton variety enters the EU, how can it be identified as being imported only for feed purposes? For us the issue is very simple: either it is GMO or NOT.

Question from a representative from EuropaBio

a) What could be the potential economic impact of the new imports proposal on the EU cotton sector?

b) How the internal market will be affected if one Country bans GM cotton imports? How the EU will assure that GM cotton imported by one MS where there is no ban or restriction can freely circulate within the internal market? Could a MS that ban GM cotton reject the imports of animals that were fed in other countries with GM cotton?

Question from a representative from Beelife

How EU (EFSA) takes into account, during risk assessment of a potential new GMO variety to be cropped in the EU land, the collateral impact on other sectors in the long run of its authorization? Which methodology is followed?

Cotton is a melliferous flower. GM Cotton, depending on the characteristic imprinted by the genetic modification could produce for example its own insecticide or be resistant to herbicides. In these two examples, bee health could be affected either directly or indirectly through nutrition. Furthermore, there would be a commercial problem: on the one hand, the risk of honey contamination with GM would be highly possible; on the other hand, eventually cotton honey could be produced and would need to be labelled as GM honey (highly unmarketable I would say), with analyses costs most likely covered by the beekeepers. How this situation is covered by the methodology in place for the risk assessment of GMOs prior to their authorization?

What about the impact on other sectors, for example honey production based on cotton? How to distinguish between GMO and not GMO when we talk about bees?

The President states that a reply to this question should be included in the minutes of the meeting.

Remark from a Spanish representative from the cotton industry

Cotton production can benefit from 'promotion' measures'. This is one of the main positive effect which distinguish EU cotton from the rest of the world

Question from a cotton producer

95 % of ES cotton producers would like to cultivate GMO cotton.

On phytosanitary products, Spain needs a defoliant, as at the moment Thidiazuron has been excluded because the owner of the active matter did not register it and they have no useful alternative to it); could this be authorized under the "minor uses" regulation?

Answer from the COM: The active substance Thidiazuron is not approved in the EU (Commission Decision 2008/296/EC concerning the non-inclusion of Thidiazuron). Therefore, no minor use extension can be authorized. If this substance is needed in cotton production because of special circumstances (a danger which cannot be contained by other reasonable

means) an 'emergency authorization' according to Article 53 of Regulation (EC) No 1107/2009 can be granted by a Member State.

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