

Brussels,  
[agri.ddg3.i.4\(2019\)3784062](https://agri.ddg3.i.4(2019)3784062)

## FINAL MINUTES

### *Meeting of the Civil Dialogue Group HOS – Fruit and Vegetables 05 April 2019*

Chair: Mr Garcia Fernandez (SACAR)

Organisations present: All Organisations were present, except BEUC, Birdlife and EFNCP.

1. **Approval of the agenda:** The agenda is approved. Under AOB, the issue of Imazalil will be discussed.

#### 2. Nature of the meeting

The meeting was non-public. It is part of the Civil Dialogue Group HOS, section Fruit and Vegetables. Meeting was for the appointed CDG organizations and was not webstream. One guest from FiBL attended the meeting.

#### 3. List of points discussed

1) CAP reform on future of food and farming:

The proposals of the Commission were launched in July 2018. Since then, Council and Parliament are debating the proposals, including the Horizontal legislation, the CMO legislation and the CAP strategic plan. Early April, the Parliament voted its report, including some amendments on the part relating on Commission proposal on CAP strategic plan which is the most relevant for the fruit and vegetables sector. The proposal on CMO could also have several aspects relevant for the sector. The vote on the Horizontal legislation is expected during the week of 8 April. At the Council, the work was coordinated first under the Austrian Presidency during second semester of 2018 and then now under the Romanian presidency. The Council is also waiting policy direction for the multi financial framework before progressing. It is therefore unlikely to have anytime soon concrete inter-institutional progress on the Commission proposals. proposals, the increase ceiling of environmental measures raising from 10% to 20% of the budget of operational programme is one of the most debated issue of the Commission. COMAGRI is opting for a compromise at 15%.

From the points raised by the CDG delegates on the three Commission proposals, the Commission reminded that a national scheme covering fruit and vegetables is compulsory but its effectiveness and its implementation are however subject to the presence of recognized Producers Organizations and their operational programmes. The Commission can not intervene at this level. It remains difficult for Member States without Producer Organizations to run a

specific project for fruit and vegetables and have additional strategic plan for rural development and another one for direct payment. There should only be one strategic plan, with fruit and veg included covering all aspects. Such a debate already took place in Germany, and the Commission confirmed that there should only be one strategic plan per Member States. Concerns was also raised that the proposals give little support for small growers distributing their produce locally. The question on mutual funds and the coverage of different kind of risks (including eradication in case of plant health disease) is not debated under this point as it is more depending of the crisis management measures and therefore more relevant for the discussion on the Omnibus taking place later on during the meeting.

## 2) New market observatory for fruit and vegetables

The Commission presented the steps undertaken since January to create a Market Observatory for fruit and vegetables. A Call for Application for the selection of members of the Economic Board was published with a deadline for applications of 5 April 2019. Members of the Board will be EU organisations which will propose experts to participate in the Board. There are already Market Observatories in place for milk, meat (veal, beef and pig meat), sugar, and crops (cereals, oilseeds and protein crops). By adding fruit and vegetables to the Market Observatories, the Commission is adding 24% of the total EU agricultural output in value. The objective is to get a better access and transparency of the market and to improve the dissemination of information on market trends. Structured market information could assist in tackling price volatility and better monitoring market crises such as the Russian ban (2014).

Importantly, the Market Observatory will substitute the existing 4 Groups of Experts ( GREX) currently in place for the fresh produce sector, currently covering tomatoes, apples and pears, citrus fruit, and peaches and nectarines. The newly created Economic Board will be chaired by the Commission. Under the Economic Board, 4 subgroups will be created for the same fruit and vegetables categories as currently in place for the GREX. Besides, other tools will be available for the Market Observatory, including a dedicated webpage, dashboards (already in place), statistics, reports and minutes of the meetings, and outlook information (currently in place for apples, peaches and nectarines, and tomatoes). Compared to other agricultural products (which are more homogenous as cereals, sugar or milk) the range of fruit and vegetables products is very large with multiple varieties and sub products. This is a challenging task for the upcoming Market Observatory for fruit and vegetables.

The Market Observatory tasks will be to give advice on economic factors affecting market developments, to provide information and data on the market situation, to assess the market situation and to complement the CDG focusing on policy issues. The Economic Board will have to define parameters to follow the market trends. The Economic Board will be composed of maximum 20 experts per subgroup appointed by the member organisations. The frequency will be 3 meetings per year with flexibility to adapt the agenda according to specific needs. Extraordinary meetings could also be called in case of urgency. The selection of members will be decided by the Commission in April and May. The dedicated fruit and vegetables webpage could be launched in June and the kick -off meetings are scheduled for the autumn.

From the discussion, the Commission was asked whether the Observatory will only “observe” the market or whether it could lead to “informed action” by the Commission. On the mission, it was also mentioned that the Market Observatory should record not only ex packing prices but also prices returned to growers. Information on prices across the chain could be an added value as well as monitoring of “input” prices such as fertilizers and other production costs. The Commission reminded that the Economic Board will not deal with policy issues (role of the CDG) but with market analysis. It will not have the ambition to act on the market. It will not debate the adequacy of crisis management tools or mutual funds. However, the market information

provided could assist in preventing crisis. The Commission is keen to improve price reporting and could discuss the evolution of production costs as well, but will not address confidential information such as profit margins.

### 3) Study on the CDGs for Common Agriculture Policy

The Commission initiated a review of the functioning of the Civil Dialogue Groups in Agriculture. An external assessment is conducted by Deloitte. This evaluation is undertaken through different initiatives including attendance at the CDG meetings by a representative of Deloitte but also through an on-line consultation open to delegates of the CDG, individual interviews, fact findings meetings and a study report to be delivered on the functioning of the Civil Dialogue Groups. Deloitte reminded the deadline of 13 April to the on-line questionnaire leading the place for in-depths interview. Deloitte is seeking to have a balance of interests of different groups/segments attending the CDG.

The objective will be to improve the functioning of the CDG with the upcoming renewal exercise. The delegate reminds the relevance of keeping sector specific meetings and not move exclusively towards horizontal CDG.

### 4) Omnibus Implementation

Pending CAP reform, the Omnibus legislation already improved the functioning of some tools such as the Mutual funds. The Commission secured new legal interpretation of the crisis management measures for PO (and their OP), namely on the eligible costs (a/o management costs). The Omnibus set the basis for better and more efficient measures but could still be further improved in the future with the support of the sector. The use of the mutual funds will depend of the evolution of market price. It might also become more versatile in the future to cover other aspects such as plant health risks (grubbing up in the case of Xylella and measures taken to improve the sanitary measures). Flexibility and versatility is the focus. Issues such as e-coli or Russian crisis could be taken into account for crisis management by PO's.

The legal explanatory note has been prepared by the Commission legal service to provide legal security for Member States. After the green line of the legal service, the document was presented end of March at the Commission Management Committee on CAP. The provision will improve the resilience of growers in case of crisis and give more liquidity to PO's to respond to crisis. Clarity is provided on the methodology to value price decrease in comparison with an index prices per product. The % of variation to activate the mechanism of the fund. The activation of the fund will be linked to the particular situation of the PO and not linked to the general information of the Market Observatory. Average EU price could not work as there are different reality across Europe. Clarification also of eligible costs and how the PO will indemnify their grower in case of problem. If the funds are not fully used, the amount can be returned to growers.

Delegates underlined the benefits of preventing crisis rather than acting on remedy. There are still questions on the attractiveness of the scheme, as under rural development policy the co-financing rate is higher. However, the Commission underlined the flexibility of the mutual funds, as under the pillar one activities, there is no need of Member States endorsement, as it is the case for rural development plan.

### 5) Marketing standards

The Commission services provided a preview of the upcoming UNECE meeting on marketing standards. The spring meeting is discussing the technical content of the proposal while the adoption of any new standards is done at the autumn meeting. Next May, several marketing standards will be reviewed including citrus (maturity), tables grapes, pineapples, broccoli, figs. The UNECE will also discuss other issue such as food waste and e-certification.

In regard to EU and development of e-commerce and on-line sales, it is reminded that the rules in regard to information to consumers on origin and class remain obligatory in the case of on-line purchase.

It is also reminded that a consultation is open on the future of marketing standards. Deadline is approaching and Commission calls the delegates to express their opinions.

#### 6) Functioning of the supply chain

##### a. Unfair trading practice: state of play after the trilogue agreement

A presentation was made by the Commission on the latest progress towards the finalization of the new directive on UTP. As the legislative process is now in its final steps of adoption by the EU (expected on 9 April), the publication in OJ will follow a few days after. It will then be up to the 27 Member States to transpose the directive in their national law within two years and then have another 6 months transition period coming into force.

It is reminded that the legal basis of the UTP directive is the Article 43 TFEU. The objective is to protect weaker suppliers with a progressive turnover steps. The protection is granted at any stage of the supply chain, including at between a producer and its PO or for a third country supplier. Protecting the weak against the strong is granted through cascading level, steps by steps up to 350 Mio €. The directive provides definition of supplier and buyer. Supplier could be a farmer, farmer doing the first processing, processor, a distributor. A buyer could be of PO, a processor, a distributor, a retailer, a municipality. It provides minimum enforcement power and foresees coordination between MS authorities facilitated by the European Commission. Protection will be granted against 16 specific UTP. The directive makes a distinction between black and grey UTPs. Black (10 in total) are forbidden whatever circumstances. Grey (10) are prohibited if not clearly and unambiguously agreed upon beforehand by the parties. A reporting and evaluation will be made by the Commission. It is pointed out by the delegates that the UTP directive is a step in a good direction, but will not address all the situation, in particular in the intra-EU trade.

##### b. Market transparency:

It is one of the initiatives by Commissioner Hogan to improve the functioning of the supply chain, along with UTP and the Omnibus rules. Market transparency is demanded by the new economic global environment but also for political reasons. Under this initiative, the objective is to review of the existing baseline for collecting data and better structure its output. Producers are more sensitive to the market transparency rather than other segment in the chain such as trade or retail. DG AGRI together with JRC already conducted analysis and report in this respect, to evaluate the benefits of market transparency for the food supply chain as well as public authorities, and also beyond these stakeholders also to consumers. Based on this outcome, steps are being taken to improve market transparency with due consideration of challenges such as cost benefit to extend the scope of data collection, the compliance with competition law, the right selection of key (and influential) products to report, and the quality of the data to be produced in a structured timely manner.

## 7) School fruit, vegetables and milk scheme

The Commission presented the outcome of the Member States requests for EU aid for the 2019/2020 school year submitted on 31 January and the subsequent adoption by the Commission, on 27 March, of the decision with the breakdown per Member State. The total budget for school fruit and vegetables is 145 Mio € against 150 Mio € available, given a transfer in France of 4,5 Mio € from fruit and vegetables to milk. As some Member States (SE and UK) are not using all or part of their budget, reallocations are also taking place to several Member States that received indeed more than their indicative budget while however sometimes less than their request.

The Commission also presented an overview of implementation of the school scheme, focusing on the fruit and vegetables part, in 2017/2018 school year: participating countries, budget, participating children (including breakdown by primary, secondary, pre-school) ratio fresh/processed, average portion size, cost. It also illustrated the different education activities undertaken as well as the stakeholders' involvement: OPs, producers, food industry, interbranch, health practitioners and dietitians, school and parents associations.

In the discussion, the Commission recalled that the legislation governing the scheme allows Member States to give preference to local, short supply chains, organic, PDOs/PGIs.

## 8) Reform of the TRQ management: delegate and implementing acts

The drafting of the new rules for TRQ management is still on-going. After the latest round of discussion with Member States, an interservice consultation led to new comments from several Directorate General including DG Trade and TAXUD. In the meantime, further suggestions are also coming up from Member States. Based on these comments, DG AGRI submitted a new version to the Commission legal services. A short overview is provided on the planned new rules for garlic TRQ, and the difference of management for the Argentinian TRQ (remaining with the system of traditional operators and newcomers) compared to the Chinese and other countries TRQ. New requirements are being considered such as the EORI registration of operators to avoid postbox cie and proliferation of demand.

It is uncertain when the new rules could be introduced as the debate is on-going. Moreover, given the upcoming European election, the final adoption of the delegated act will be delayed. At the earliest, the new system could come into force in January 2020.

## 9) Brexit : exchange of views on the state of play

Given the uncertainties resulting from the lack of a clear position of the UK on Brexit and a possible likely no deal option, the focus remains on preparedness and contingency measures. The Commission referred to the various information notes available on the Commission website on preparedness. Different measures are available on customs, TRQ food law, SPS. In regard to Custom matters, the Commission reminded the regulation on the apportionment of the WTO TRQs between the EU and the UK. It is not splitting quotas resulting from bilateral FTA. Much

debate remain in regard to the UK tariff. The UK decided that in case of no deal, it will on an unilateral basis apply a zero tariff for a temporary period. This will apply “erga omnes”. Some derogations to the zero tariff will apply. For the fruit and vegetables sector, duties are set for fresh beans and bananas. While for the EU suppliers, the zero tariff would rather mean a status quo in terms of market access costs, EU suppliers could lose some level of their existing preference vis-à-vis other suppliers as the zero duties will also be granted to suppliers which are currently not enjoying a zero tariff for imports into the EU. The EU will not apply a zero duty for its imports of goods originating from the UK in case of no deal. It will apply its rules applicable as for any other third country.

In regard to the discussion with stakeholders, the main concerns remain with the potential logistics hurdles. Under the single market, administrative procedure at the Channel Tunnel last around 15 sec per consignment. In case of no deal scenario, custom procedure will be much longer, even if the UK is planning not to conduct controls. There are also concerns in the industry on the capacity of Member States to deliver the necessary customs and food quality and plant safety certificates. As the trade with UK represents approx. 10% of the intra EU fruit and vegetable trade, this will mean as well that EU export to third countries will rise from 5 to 8 Mio T. It is also reminded that most of the containers shipped to the UK are mixed cargoes in term of product, suppliers and customers. Most of the business operators in these EU-UK trade, are SMEs with limited or no experience in custom procedure for exports. Forwarding and custom agents in the UK cannot currently take new customers. There are consequently concerns from the fruits and vegetables sector given the perishability of the product and the capacity of the UK (and also from the EU side) to manage the process in a timely manner.

Moving into the operational aspects of trade, many very specific questions involving the UK side remain unanswered including the conformity certificate for marketing standards, the equivalency rules for organic production, the on-going policy convergence,...

10) FTA negotiations: This point was not discussed

11) Market development in fruit and vegetables

The European Commission services reported on the latest market trends for the fruit and vegetables sector. Weather conditions had in the last months a very significant impact on both supply and demand. This year, production of both apples and citrus were very abundant while at different moments the weather conditions were unfavourable to stimulate consumption. Prices drops were significant for apples and pears, and also for oranges. This led to difficult market conditions for those products. The ongoing consequences of the Russian embargo and Algerian import restriction are still important driving factor for the market. An early flowering of certain fruit is also noted, exposing crop to possible late frost. As regards apples the last season crops are still on the market with significant stocks. Some damages were recently reported on stonefruit due to hail and frost.

12) Organic

- a. Organic: update on the delegated and implementing acts relating to the Council and EP Regulation 2018/848

The Commission provided a state of play on the organic reform and the next steps. Following the approval by the European Parliament and the Council in 2018, the application of the new

organic regulation is planned for 2021. The Commission services is therefore busy with the elaboration of the different delegated and implementing acts. The Commission is looking forward that the reform provide will provide an harmonization of rules, creating a level playing field in the market and the end of “a la carte derogation”. It will also provide a simplification of rules eg by allowing group certification for small producers while reducing certification costs and administrative burden. A risk-based controls will also reduce the administrative and financial burden. The reform will also end some grey area in the control system. The Commission provided a time schedule for the work of the delegated and implementing acts.

b. Organic trends: presentation by FiBL

FiBL was invited to the CDG to present the latest findings on the organic production and trade growth at the European and global level. This is included in the Annual Yearbook on Organic farming. The role of organic farming as part of the SDG 2.4.1 of the United Nations. Growth is significant but more opportunities are still identified, in particular in the foodservices sector. The report provided detailed information on the market size. Linked to statistical overview, delegates argue on the benefit of improved statistics, through Traces on imported goods, but also more data should be available for intra EU trade through CN code

13) DG SANTE points:

As no representative of DG SANTE were in attendance , the point on the plant health regime reform, on the National Action Plan on IPM and the different points on PPP/MRL ( chlorate& perchlorate ) were not discussed but written contribution were provided.

The industry concerns on Imazalil were raised. The Commission continues its evaluation with Member States based on the EFSA findings and the on-going commitments of the task force to submit additional data. Solutions are now in sight in particular for citrus and melons, while the issue on bananas might not be resolved.

#### **4. Conclusions/recommendations/opinions**

The Chair closes the meeting. He thanks in particular the participation and involvement of the Unit in charge of fruit and vegetables, including the Head of Unit and Deputy Head of Unit. He also underlined the presence of the representative of Deloitte in charge of the evaluation of the CDG functioning, hoping that the meeting was a good opportunity to observe the work of the dedicated CDG for fruit and vegetables.

**5. Next steps :** The Chair to provide draft minutes within 10 days

**6. Next meeting :** Next meeting is scheduled on Friday 27 September 2019

#### **7. List of participants - Annex**

*Disclaimer" The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."*

**Civil Dialogue Group HOS – Fruit and Vegetables****05/04/2019**

MEMBER ORGANISATION	NAME	FIRST NAME
European agri-cooperatives (COGECA)	FAULI	Benjamin
European agri-cooperatives (COGECA)	BATISTA	Gonçalo
European agri-cooperatives (COGECA)	BAZZANA	Lorenzo
European agri-cooperatives (COGECA)	ARNANDIS	Cirilo
European agri-cooperatives (COGECA)	DEJONCKHEERE	Dominique
European agri-cooperatives (COGECA)	STALLKNECHT	Hans dieter
European agri-cooperatives (COGECA)	GAILITE	Marija
European agri-cooperatives (COGECA)	BRAUNSTEIN	Wolfgang
European Coordination Via Campesina (ECVC)	GONGORA BELMONTE	Andrés
European Coordination Via Campesina (ECVC)	MATHIEU	Jean-jacques
European Council of Young Farmers (CEJA)	BAYO HUERSIO	Ricardo
European Council of Young Farmers (CEJA)	ZAHRL	Robert thomas
European farmers (COPA)	CHALOUPKA	Roman
European farmers (COPA)	DOSI	Antonio
European farmers (COPA)	TONDINI	Sergio
European farmers (COPA)	LIPPERT	Torben
European farmers (COPA)	KARATZAS	Christos
European farmers (COPA)	HUNYADI	István
European farmers (COPA)	MAČAJ	Juraj
European farmers (COPA)	KRZEŚNIAK	Krzysztof
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	TERRON	Emilio
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	BINARD	Philippe



European Liaison Committee for Agriculture and agri-food trade (CELCAA)	DERUWE	Helene
European Public Health Alliance (EPHA)	PUSHKAREV	Nikolai
FoodDrinkEurope (FoodDrinkEurope)	RIDAO-BOULOUMIÉ	Alba
FoodDrinkEurope (FoodDrinkEurope)	CATTOOR	Nele
FoodDrinkEurope (FoodDrinkEurope)	DE LEO	Francesco
FoodDrinkEurope (FoodDrinkEurope)	MEYER	Susanne
International Federation of Organic Agriculture Movements EU Regional Group (IFOAM EU Group)	SLABE	Anamarija
Pesticide Action Network Europe (PAN Europe)	CHRISTENSEN	Henriette
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	BARBERO	Manel simon
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	GARCIA	Jose antonio
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	TIVOLI	Andrea
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	BRUEGGER	Andreas
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	VAN DE VEN	Driekus
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	VANOIRBEEK	Luc
TomatoEurope	BALDOLI	Marco
FiBL	WILLER	Helga
	GENTILE	Mario
<b>Total:</b>		39