

Final Minutes of the meeting of the Civil Dialogue Group on Arable Crops, Cereals, Oilseeds and Protein Crops + Sugar, Rice and Starch on 5th November 2014

Item 1: the agenda was adopted with an extra item on the market management of ethanol from agricultural origin. DG AGRI informed the group that the Lisbonisation of the regulation on agricultural ethanol would be on the agenda of the meeting on 12/12/2014 and that a working document would be sent out to stakeholders. A Copa-Cogeca representative requested maintaining the import license scheme, as this contributed to market transparency. The European beet growers' (CIBE) representative supported this request. Another member advocated consulting ePURE (Renewable Ethanol Industry Association), which, contrary to the EBB, was not represented in this group. The EEB representative asked to continue this discussion once all stakeholders had the information.

The draft report of the meeting on 30th September and NOT on 13th October, not available yet, was circulated in CIRCABC. ESRA requested that a sentence be added regarding trade agreements. The Commission representative invited ESRA to submit a proposal in writing. The president concluded that the report would then be adopted at next meeting in 2015.

Sugar

Item 2. Opinion of the Group on the situation and prospects for the world market for EU sugar exports (Report to be presented by an expert designated by ASSUC)

For details, please see the presentation. Traders underlined that it is very difficult to sell sugar at the moment and tried to review all elements determining bearish or bullish trends. Consumption on the world market will continue to increase. Production is the key factor to determine future price developments. Looking at current level/trend of prices in the EU market, traders would be ready to sell more sugar on the world market.

Item 3. Presentation by the Commission on the sugar and isoglucose 2014/15 balance : exchange of views

See presentations for details.

A Commission representative presented 3 elements: EU prices, trade statistics and the updated balance-sheet commenting both on 2013/14 and 2014/15. Regarding monitored prices it was mentioned that a sharp decrease in prices is expected to happen in the next months. Regarding trade, the level of utilization of various TRQs was presented. Information was given on how to find this information.

EU sugar producers expressed serious concerns about price trends within the EU and possible consequences on jobs in Europe within the sector. This was echoed by EU sugar beet growers fearing drastic adjustments of areas for 2015/16.

Sugar users asked if the levels of utilizations of TRQs were similar to the ones last year. He requested the Commission to be vigilant in case imports would not come in leading to lower ending stocks for quota sugar. Both EU growers and processors recalled that for the last 4 years the Commission has taken market measures to increase stocks even beyond what was necessary to keep a stable and properly supplied market. As a result volatility was imported into the EU creating tension in the food chain. The Commission presented the balance-sheet 2014/15 pointing out the decrease in stocks from previous years. According to the beet and sugar producers this is a biased way of stating figures if in the meantime it is not explained that stocks have been increasing from previous years. This easily leads to the simplistic conclusion that

there is a need for taking market measures to fill the gap. With the record historical sugar beet harvest and sugar production since the 2006 reform, one cannot reasonably say or suggests that there could be tight sugar supply on the EU market. With a never-reached forecast figure of approximately 2.5 million tonnes of out-of-quota sugar being carried forward there is no risk of lacking of sugar for sugar users in particular between 2 marketing years. In such a context growers and processors pressed the Commission to accelerate the opening of out-of-quota exports licenses and find way to look at all possibilities to find additional outlets. The Commission urged the market operators to take their own responsibility and find solutions within the existing legal framework that allows out-of-quota sugar to be processed into ethanol or used in the chemical industry.

Item 4. Information by the Commission on the progress of the process of the Single CMO delegated and implementing regulations on sugar following the entering into force of Single CMO n°1308/2013

The first Regulation of the so-called mini-package as presented at the meeting on 30th September (please see report) was voted on 30th October as planned.

As the prolongation of Regulation 828/2009 from 30 September 2015 to 30 September 2017 was not possible to do at the same time, the Commission is now working on regulations that will be made with the implementing provisions of reg 828/2009 and a delegated act will be made with the delegated provisions. The aim is to publish both regulations at the same time and have them enter into force for October 2015

Item 5. Information by the Commission on the negotiations on article 24.6 of GATT Agreement regarding Croatian accession as regards sugar

The Commission services informed that as long as negotiations are on-going, the information is considered as confidential and cannot be disclosed. It was stated that the sensitivity of sugar when negotiating with Brazil n°1 sugar exporter dominating the market is well-known.

Item 6. EU-SADC

This topic was not dealt with. Please note that the French and English versions of the agenda are different on this item and item 7.

Item 7. Canadian decision imposing anti-dumping duties and countervailing measures on EU sugar exports in a context of sharply decreasing EU sugar prices

A Commission representation explained the 3 types of trade defense measures. Regarding the Canadian case next review is in November 2015. The Canadian sugar industry has the possibility to request the prolongation of the measures. EU sugar beet growers underlined the inconsistency of such procedure in the timing process for CETA entry into force. At the moment when both sugar markets are supposed to be opened only Canada could be able to export sugar to the EU. This is not the spirit of CETA which foresees to open market access from both sides of the Atlantic.

Item 8. AOB

Information by the Commission on next meeting dates for 2015 where sugar items will be on the agenda. The sector insisted to get at least 2 dates set the well-functioning of the group. The dates of 18 February and 17 June were agreed for a meeting with sugar on the agenda plus other sectors to be decided.

Starch

Item 1: market situation for cereals and potatoes

The Copa-Cogeca representative explained that the cereals harvest totalled 317.7 million tonnes, representing a 6.1% increase on the 299.5 million tonnes registered in 2013. This was partly down to the more favourable weather conditions seen in the EU-28 this year as the crops were growing. Nonetheless, certain regions had noted a drop in quality because of the climatic conditions during the harvesting period (high rainfall and temperatures). As supply increased, cereal prices fell. The five main producer countries for potatoes (Germany, the UK, France, Belgium and the Netherlands) predicted that production would rise by 12.1% due to increases in surface area and yield, of 3.1% and 8.7% respectively. However, climate conditions during the harvesting period would determine the quality of the crop and whether these forecasts would become reality. Potato prices on the free market stood below production costs. The surface area for starch potatoes fell by 5% in Germany and by 10% in France, but slightly rose in the Netherlands and Finland (+7%).

The majority of potatoes for starch production were under contract.

Item 2: production estimates and market situation for starch

The Starch Europe representative stated that starch production from cereals, maize and potatoes was stable and fell between 9 and 10 million tonnes in the EU. She underscored that the sector supplied 5 million tonnes of by-products for animal feed.

A discussion ensued between the stakeholders, during which it was mentioned that the 40% drop in production had not materialised. This was because measures based on Article 68 of the regulation on direct support schemes (Regulation (EC) No 73/2009) had come into force and would be prolonged into 2015, as several Member States had tabled recoupling measures that were still being debated with the EC. Recoupling could be seen in 5 of the 10 Member States that produce potato starch. Starch Europe was concerned about distortions to competition. It had not been possible to answer the question on the price differential between starch and tapioca. Nonetheless, it was evident that a sector could not keep afloat with marginal prices. Starch consumption was stable. It was difficult to put a figure on general export trends, as this depended on the products and destinations. Liberalising the sugar quotas and developing the bioeconomy were the prerequisites to fostering the growth of Starch Europe's industry members.

Item 3: the circular economy and the directive on packaging and packaging waste

This item had been removed from the agenda.

Item 4: standardisation of bio-based products

The Commission explained that the CEN's mandate (mandate M/492) for the development of standards for bio-based products also covered horizontal aspects. See http://ec.europa.eu/enterprise/standards_policy/mandates/database/index.cfm?fuseaction=search.detail&id=477.

The CEN had set up a technical committee, CEN TC 411. Work had begun on 6th and 7th October 2011 in Brussels and brought together five working groups, including WG4 on sustainability criteria and life cycle analysis. WG4 had two draft EN standards in the pipeline:

- a. Work item 00411005, "bio-based products – sustainability criteria" prEN 16751,
- b. Work item 00411006, "bio-based products – life cycle assessment" prEN 16760.

Both drafts had been released for public comment as part of the enquiry stage. The enquiry stages for prEN 16751 and prEN 16760 were scheduled to conclude on 29th October and 19th November 2014 respectively. The final standards should be completed by 2016, subsequent to further technical work stemming from the enquiries and after the formal voting process had been carried out, which was scheduled to be held between mid-2015 and the beginning of 2016.

The Copa-Cogeca representative supported the idea of standardising bio-based products, but commented that the prEN 16751 draft set sustainability criteria for biomass, despite the fact that this matter was already subject to broad legislation under the CAP, Renewable Energy Directive and forest strategy. He believed that the prEN 16751 draft went beyond the mandate on standardisation and called on the EC to ensure that this mandate be respected. Starch Europe shared Copa-Cogeca's concerns about the multiplication of initiatives attempting to assess the sustainability of the same biomass going to various outlets, in addition to the CAP's greening

measures that will be implemented in January 2015. As the basis for demand-side policy measures, Starch Europe supported the establishment of clear and unambiguous standards on bio-based products in the framework of the CEN. The representative of an environmental NGO pointed out that it is not because bio-based products are made from renewable raw materials that it is necessarily good, it depends on the way the biomass is grown. For this reason, it supported the establishment of CEN standards for bio-based products.

DG RTD's inter-service group on the bioeconomy would meet on 19/11. DG AGRI could consider discussing the multitude of sustainability criteria for the same agricultural biomass within this group.

Item 5: developing the bioeconomy

Starch Europe detailed its point of view and stressed that this sector provided potential growth to its members. Their presentation was available online.

The Copa-Cogeca representative underscored the need for the various policies at EU level to be coherent. He also stressed that it was essential to establish non-food markets for European agricultural products, as an alternative.

Rice

Item 1: market situation and imports from Cambodia

DG AGRI presented the world market situation, which was available online. Globally, rice consumption exceeded production and global stocks had fallen by 5% (104 million tonnes). Thailand stored more than 10% of global stocks, yet it was thought that one third was damaged. Prices were less volatile than those for cereals, and were falling. The origins of imports were changing. The Ebola virus could stymie Asia's exports to South-West Africa.

The EC had not received data on European market prices from all Member States. Prices for Indica rice in Spain were at the higher end of the scale, whereas those in Italy were lower down. Imports from LDCs were increasing (50% from Cambodia and Burma for broken rice), whereas those from the ACP countries were falling (Guyana now exported to Venezuela). Egypt no longer supplied rice to the EU. The USA and Thailand had lost some of their market share in the EU. The amount of cargo rice had fallen and milled rice had increased. EU exports had increased on 2013, especially Japonica rice from Italy.

The USDA predicted that exports from Cambodia would continue to increase (milled rice). Cambodia was less competitive than Vietnam and Thailand, yet was exempt from paying customs duties to the EU as part of the "Everything But Arms" (EBA) deal. The Italian Minister for Agriculture would soon contact the Commissioner about this matter.

The Copa-Cogeca representative expressed his concerns on the rising imports from Cambodia, which were affecting European rice production. DG AGRI was not of the same opinion and believed that the EU's rice production would withstand this competition, as EU Indica rice production had retained its share of the market and Japonica rice exports were competitive. The Copa-Cogeca representative explained that the EU had financed European rice production in Spain, but that nowadays the EBA policy was ruining rice producers. Thailand paid customs duties, yet Cambodia did not. Copa-Cogeca advocated using the safeguard clause against rice imports from Cambodia.

The EC was merely applying the decision of the Council and Parliament on Everything But Arms.

The EURAF representative highlighted the environmental damage caused by export crops in third countries and the problem related to the distribution of profits to small farmers. He enquired which social and environmental assessment criteria underpinned this decision. FoodDrinkEurope was concerned about the increase in imports of rice in packages, where production costs in third countries were below those in the EU. He also pondered what would happen should Thailand empty its stocks.

DG AGRI did not see any risks on the horizon for the European market. It had not established dialogue with the Thai authorities on emptying their stocks of rice, yet assumed that rice that was unfit for consumption would be processed into ethanol.

Item 2: phytosanitary matters – minor uses

DG SANCO updated members on discussions concerning the fund for minor uses. It was necessary to await the publication of the draft budget and Member State proposals, prior to setting up the coordination platform in 2015.

The Copa-Cogeca representative explained that the plant protection product industry would not contribute to the platform. The failure to renew authorisations of plant protection products led to a lack of tools to combat pests and diseases, thus jeopardising plant protection and food security. He called for an alternative authorisation system for active substances. EURAF wanted the agri-forestry sector to be able to use the fund to study problems that were specific to this sector.

Item 3: promotion

The Copa-Cogeca representative was glad that rice could benefit from the new regulation on promotion and requested that this sector be included in the EC's work programme. Rice consumption in the EU was on the up. Promotion should help European producers raise awareness of their produce, quality standards and production methods.

Item 4: the CAP

DG AGRI listed all support measures that rice producers could access under Pillar 2. Concerning recoupling, DG AGRI needed time to finish evaluating the Member States' requests. FoodDrinkEurope asked for further information. Information on Pillar 2 would depend on the Member State's choices. The Copa-Cogeca Working Party offered to gather preliminary information on recoupling and to then pass this on.

Item 5: A.O.B.

Copa-Cogeca's rice experts believed themselves to be under-represented seeing as the meeting focussed on three sectors, and thus requested limiting the agenda to two sectors. The Copa-Cogeca and FoodDrinkEurope experts stated that the time spent going through reception should be reduced in the future, so that they could arrive at the meeting earlier.

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."