



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E MARKETS
The Director

Brussels,
AGRI.E/MS/JH/OI(2022) 5627887 (1.2.5)

MINUTES

Meeting of the CDG ARABLE CROPS - COTTON, FLAX AND HEMP SECTORS

27 June 2022

Chair: AGRI.E4

Delegations present: All Organisations were present, except BeeLife, C.E.P.M, EuropaBio, EBB, ECVC, EFFAT, Fertilizers Europe, PAN Europe, BirdLife Europe.

1. Approval of the agenda

The agenda was approved.

2. Nature of the meeting

Non-public

3. List of points discussed

3.1. Market overview, prospects and developments

a. Presentation of market statistics

The European Commission (DG AGRI) presented the market statistics for the cotton, flax and hemp sectors. Based on the notifications of Member States for marketing year 2020/21, area and production of **cotton** have decreased compared to the previous marketing year. The estimates for 2021/22 are again lower than the previous year. Exports have increased, while imports have remained stable. The main trading partner for imports and exports is Turkey. Long **flax** fibres area and production as notified by Member States is increasing as well as the price of long fibre flax. France remains the biggest producer of long flax fibre. Imports and exports have both increased; Belarus is the main origin of the long fibre, China remains the main destination of EU exports. According to Eurostat information, area of **hemp** has been slightly decreasing in the last three years. France is the largest producers of hemp, representing about half of the area in the EU.

b. Interventions by the cotton, flax and hemp sectors

A representative from COPA, passing on the statement GAIA EPICHEIREIN who could not attend, informed the audience of two additional elements impacting on the cotton marketing situation: a) the skyrocketing production costs and b) the weather events. Regarding production costs, producers in both Greece and Spain were faced with an exponential increase of agricultural inputs, which had started already since autumn 2021 but had been further exacerbated over the course of the past few months. In Greece, production costs had gone up by +200% and/or +300%. For some fertilisers, prices have risen from EUR 350/t to EUR 1,100 /t, whereas electricity, fuel and energy costs had doubled. Similarly, in Spain, prices had tripled since last year for fuel, agricultural diesel oil and fertilisers. In this context, any profits from the market (increase in market prices for cotton) were being spent for covering the burgeoning production costs, thereby zeroing any margins producers could get from the market. The extreme weather events hitting the Iberian Peninsula (droughts, no access to water for irrigation) were already affecting the 2022 harvest which was expected to be relatively light. Producers in Spain feared that, should the droughts continue, the increased market prices for cotton would not compensate for the loss of production. The meteorological events are also impacting on the crop evolution in Greece.

COPA (AGPL-FNSEA) underlined that flax is a crop with a small cultivation area (approx. 140,000 ha in Europe) and a risky one (short cycle very dependent on the climate). The challenge for the European flax industry was to remain the leader and to supply a dynamic world market, which was growing geographically as well as in terms of outlets (textiles, deco-furniture, technical, composites, etc.). It was therefore essential to preserve these areas, or even increase them, given the current context of rising production costs and commodity prices that pushed producers towards wheat or rapeseed. Straw and fibre storage upstream of the sector to cushion variations in agricultural production should be guaranteed. Finally, in an increasingly restrictive environment in terms of inputs, the production means in order to produce a quality fibre corresponding to the demand of our consumers at international level should be ensured.

Complementing the Commission's presentation on the hemp market situation, COPA (Confagricoltura) elaborated on the prospects for the sector and the experience of producers across producing countries. The future of the hemp sector in France appeared uncertain regarding the profitability of cultivation as farmers could not pass on the increased costs to consumers as it was the case with other crops. In this context, and despite the impact of rising production costs being felt less in the case of hemp (thanks to use of fewer inputs), there was a great risk that farmers in the Netherlands would reduce their hemp cultivation by 2023 (they would choose other crops, e.g., cereals that gave more stable yields instead). All spring crops, including hemp, were affected by the extreme weather events recorded in Italy (droughts in Northern Italy). On the market front, the situation was marked by a growing global demand for natural fibres as the latter were well positioned to replace petroleum-based fibres.

FoodDrinkEurope (EIHA) informed the group that they have gathered raw data for hemp cultivation from operators, but this information cannot be shared yet. In their view, many thousands of hectares are not counted as they do not receive support under the CAP. EIHA plans to publish the data in July.

COGECA (Cooperativas Agroalimentarias) gave an additional update on the trends in production and price developments in the cotton sector. Production is expected to decrease this year due to sustaining droughts in the cotton growing region. Prices increased compared to last year. However, input costs are becoming unsustainable and irrigation capacity in Spain can only be used for 1/3, which will impact the production.

3.2. Fibre crops in the CAP Strategic Plans

The European Commission (DG AGRI) presented the new delivery model of the CAP that will enter into force on 1 January 2023. The new CAP will account for more subsidiarity and a tailored approach towards the different needs of the Member States. The CAP Strategic Plans (CSPs) will be adopted before the end of 2022. Looking at the draft programs in the light of fibre crops, crop specific payments for cotton should continue in the Member States applicable and several Member States have proposed Coupled Income Support for hemp and flax. A few Member States have mentioned the flax and hemp sector specifically in their proposals for ecoschemes and measures under Rural Development. These sectors can also benefit from measures addressing the arable crops sector in general. Sectoral interventions in the “other sectors” are new measures that can be used for the flax and hemp sector, but not many Member States will use it. The CSPs are not final yet so this is just a preliminary assessment. Besides the CAP, several other funds are available to support the EU farming sector.

FoodDrinkEurope (EIHA) asked the Commission which Member States mention fibre crops in their National Strategic Plans. The Commission (DG AGRI) replied that there are not many novelties to be found in the Strategic Plans where flax and hemp are specifically mentioned, but arable crop measures could benefit for these sectors too. Draft CSPs are available on the ministerial websites of the Member States.

3.3. European Product Environmental Footprint (PEF)

a. Presentation on the Commission Recommendation on the use of the Environmental Footprint methods

The European Commission (DG ENV) presented the Product Environmental Footprint (PEF) and Category Rules (PEFCR) for Apparel and Footwear. The aim of the initiative is to apply a methodology that is reliable, reproducible and comparable to the Apparel and Footwear sector and to complement it with product specific rules to meet the consumer’s specific needs. At the moment, there are many different labels and schemes for textiles and other products that make sustainability claims, but the methods vary widely and are not always transparent. This can be a barrier for both producers and consumers. The PEF is a life cycle assessment (LCA) based method that was developed by the Commission and the JRC and includes 16 environmental impact categories and additional environmental information, in which additional environmental impacts can be included (e.g. impact on biodiversity or microplastics pollution). The Commission is aware of the limitations of the methodology and cooperates with the sector on how to mitigate certain shortcomings and to improve data collection.

In response to a question posed by SACAR (Federcanapa) in the chat, the Commission (DG ENV) informed the members of the group that the final draft of PEFCR is expected in the first semester of 2024.

b. “Make the Label Count” initiative

A delegate of CELCAA presented its “make the label count” initiative. Sustainability in the textiles industry is not consistently used, largely due to a lack of common terminology and no uniform labelling requirements. This leads to high levels of “greenwashing” and has discouraged the fashion and textile industries from truly addressing sustainability.

CELCAA supports the objectives of the PEF, but the method in its current form is not ideal. PEF does not adequately address important sustainability issues such as the benefits of using renewable and biodegradable fibres, the negative impacts of microplastic pollution, and the overall environmental footprint of fossil fuel fibres. It does not include other benefits, such as CO₂ storage and the social impact: worldwide cotton provides a living for about 150 million people. As a result, the PEF risks misleading consumers about the impact of their products and ultimately undermining the EU's sustainability goals.

It is in the interest of consumers that any method of assessing the environmental footprint of a product is holistic and includes all relevant sustainability impacts. Since PEF is based on life cycle assessment, it has its limitations as it focuses only on the harmful impacts and does not consider the positive environmental impacts. In other words, the positive effects of natural fibres are not considered, nor are the negative effects of synthetic fibres. CELCAA sees it as an unacceptable unequal treatment. In order to find a reasonable regulation, all fibres must have a level playing field.

c. European Flax Life Cycle Analysis

FoodDrinkEurope (CELC) presented how the European Flax/Linen sector is using certification and the Product Environmental Footprint method. CELC has set up two certificates to inform the consumer when flax is grown in Europe (European Flax®) and when the flax is grown and processed in Europe (Master of Linen®). The labels are based on traceability and supported by an ISO standard composition test. Certification allows the sector to ensure social and environmental responsibility and added value. The flax sector is an early adaptor to LSA and started using the method in 2007. CELC is now cooperating with DG ENV by providing data and to co-construct the rules for PEF. CELC commissioned a study in which a PEF compliant LSA was conducted. The study can feed the PEF data base with reliable data.

For a proper assessment, every part of the processing should be looked at separately. In June 2022, CELC conducted a mapping exercise of the processing stages. This tool can now be used by companies and the sector to do the LCA. It will help members to calculate their own part in the impact and to help improvement. To conclude its trajectory, CELC wants to come up with a reliable indicator for flax. The flax sector stands for a proactive and positive approach based on its own financial resources, although this might be more difficult for other sectors.

A representative of FoodDrinkEurope (EIHA) noted that the limitations were acknowledged and hoped that the suggestions of the ‘make the label count’ initiative would be taken on board. For EIHA, PEF is a policy and a market tool as it is used by manufacturers when they choose their fabrics. Hemp scores not well in the HIGG index but the data that needs to be collected to improve the score comes at a cost. EIHA recommends the Commission to use a holistic approach and to not only look at the environmental footprint but at the full sustainability of the products. The Commission should hold an inclusive dialogue to include the concerns of the sector.

A representative from CELCAA pointed out that data collection for the cotton sector is difficult because a large part of the cotton producers in the world are small scale producers (on average 1 ha per farmer). The sector has no financial means available to collect the data. National organisations are vital, what are the possibilities for the sectors should be taken into account.

In response to the presentations and comments of the participants, the Commission (DG ENV) stressed that the PEF is not a policy or sustainability tool but creates accounting rules to address the environmental impact. The PEF is not able not address all the problems in the sector but it is part of the solution. There are other policies tools that will take steps to address microplastics pollution and social aspects in the production chain. Biodegradability, durability and reusability of fabrics, as well as the use of fossil fuels in the production process are included in the PEFCR score calculation. The PEF does not use the same methodology and data as the Higg index. The Commission encouraged the participants to collaborate to improve the PEF method and PEFCR. It is possible to participate in the expert group (Technical Advisory Board) and to provide data that reflect the true impact of the industry. Contributions will be taken into account in the data sets that will be available for end users.

In the chat, COPA (Confagricoltura) asked the Commission how the PEF will be harmonized with the existing rules laid down by EFSA and ECHA (e.g. REACH, CLP etc.) and if the final score will be indexed on the basis of the impacts by product weight or product unit. The Commission (DG ENV) replied that PEF methods considers three human health impact categories that account for the impact on the environment. These categories uses the data in REACH and ECHA datasets but measure different impacts, the PEF measures the impacts on the environment, not safety impacts as it is the case of REACH.

CELCAA asked the Commission what weighing the Higg index has in the PEF and who is the technical coordinator at the Technical Secretariat is the Sustainable Apparel Coalition. DG ENV responded that the Higg index is not part of the PEF. The technical coordinator is an independent consultant for the SAC. The coordinator of Technical Secretariat (TS) does not have a more relevant role or rights than other voting members in the TS for PEFCR apparel and footwear.

3.4. The EU Strategy for Sustainable Textiles: implications and potential for the fibre sectors

The European Commission (DG GROW) presented the EU Strategy for Sustainable and Circular Textiles. By 2030 all textile products should be durable, repairable and recyclable. The strategy forms the framework for future legislation proposals. The key actions include stopping the destruction of unsold items, addressing the release of microplastics and tackling greenwashing. Disclosure of information will be made mandatory. The overall aim is to increase transparency and to extend the producers' responsibility. In addition to the Strategy, a Staff Working Document on the Ecosystem Textiles Transition Pathway was published. It presents the textiles ecosystem and identifies transitions in digitalisation and sustainability that can contribute to more resilience in the textiles sector and what measures are needed to accompany this transition.

A representative from CELCAA commented that this topic was discussed during the Eurocotton annual meeting and the sector is concerned about competitiveness of the EU production. They are not against the sustainable approach, but the main concern is the

level playing field. Most of the apparel on the EU market is imported, but also the home made textiles it will be hard to comply, and imported products are less easy to control. A level playing field with imports needs to be established. Stricter EU rules could harm the European textiles industry. Yet, the sector recognizes that it can be an advantage in the long-run.

In the chat, FoodDrinkEurope (EIHA), supported by SACAR (Federcanapa), stated that it is very important that the textile agenda is discussed in the group. The agricultural sector should be duly considered in the strategy especially when it comes to its capacity to provide raw materials and carbon storage. EIHA would be happy to take part to the discussion in the expert group next autumn. The EU should have a clear strategy to scale up the production of natural fibres, establish a solid methodology for assessing sustainability and have ambitious objectives for Public Procurement and product requirements.

The Commission (DG GROW) took note of EIHA's interest to participate. Concerning the workshops planned to take place in autumn as part of the textiles transition pathway co-creation process, respondents to the EU survey that has ended 15 June had the opportunity to express their interest to participate in the workshops.

3.5. Update of the Sustainable Use Directive

The European Commission (DG SANTE) gave a presentation on the newly adopted Commission Proposal for the Sustainable Use of plant protection products Regulation (SUR), replacing the Sustainable Use of pesticides Directive (SUD). The current Sustainable Use Directive has not had the wanted effects as shown in the completed Better Regulation evaluation of it. The Regulation will be directly binding and uniform with two EU pesticide use and risk reduction targets of 50% to be achieved by 2030. Separate national reduction targets will be set, based on the historical use and the circumstances in the Member States, for example concerning the intensity of pesticide use. New in the SUR will be a ban on all pesticides being used in sensitive areas (unless a derogation for their use is granted) and aerial spraying rules will be more stringent. Integrated Pest Management (IPM) was already compulsory under the SUD, but will be subject to more specific record-keeping, rules and advisory services. Professional users should get strategic advice on IPM, precision farming, risk mitigation at least once a year and must keep a record of it. Political agreement was recently reached on the collection of more data on pesticides use on different crops in different countries (Regulation on Agricultural Input and Output Statistics (SAIO)). This will allow introducing better risk indicators in the future. Farmers will receive extra support via the CAP for the implementation of the SUR, which is a basic requirement for Direct Payments. Reduction of pesticide use and risk is necessary but there need to be effective alternatives for farmers. The EC is working on it (for example by promoting organic farming and Horizon Europe) and Member States have room to take more action on speeding up the authorisation of low-risk alternatives. The implementation date for the new legislation is still unsure, as the interinstitutional negotiations process still needs to start. [The proposal is open for public feedback](#) for eight weeks.

A representative from FoodDrinkEurope (Eurocoton) stressed that a level playing field is needed when it comes to the imports from third countries. The sector in the EU will suffer if the imports from the rest of the world does not have to comply with similar standards. The transition phase needs to be longer for the cotton sector.

A representative from COGEGA informed that the cotton sector in Spain and Greece has already reduced their use of pesticides substantively and uses IPM on all farms. They ask if the reductions that have been done in the past are taken into account. The sector is worried that if yields reduce more due to lower use of pesticides the production will not be viable anymore. In Spain, cooperatives provide advisory services to members and non-members, but it is unclear if they will be considered independent advisors in line with Article 26 of the SUR proposal.

Another representative from COGEGA also emphasised that the SUR will lead to a loss in competitiveness compared to imports from third countries and that EU producers have reduced the use of pesticides in recent years. How will the EC address the loss in competitiveness? New genomic techniques could be a solution. The representative asked for a case-by-case assessment with more flexibility for less harmful substances. There is a risk for reduction of yields, which could harm food security.

The Commission (DG SANTE) responded that although the CAP is more sustainable, there is still room for improvement in respect to biodiversity and sustainability as shown by recent reports and studies. It is up to the Member States to take the necessary steps. A resilient food system should be considered very important as food security. Under the Green Deal the Commission has stated that imports have to comply with our standards and a recently published report discusses this issue of import standards. On the flexibility for using less harmful substances and rather than applying a fixed 50% reduction to all pesticide users, the Commission informed that a hazard/risk weighting is included in the calculation of the harmonised risk indicator 1 and first pesticide reduction target and that Member States should assess the existing use to identify the optimal ways of reaching the targets. The reduction that is already achieved is included in this assessment as well.

The Chair informed the participants that the [public consultation on new genomic techniques](#) is open until 22 July and participants were encouraged to take part in the consultation.

3.6. Carbon farming initiatives

a. Presentation on carbon farming initiatives

The European Commission (DG AGRI) gave a presentation on the main elements included in the Commission's Communication to the European Parliament and the Council on Sustainable Carbon Cycles, the Technical guidance handbook "Setting up and implementing result based carbon farming mechanisms in the EU" as well as the next steps to be taken by the Commission.

The Commission's Communication on Sustainable Carbon Cycles was published on 15 December 2021. It provides for the definition of the carbon farming, lists the benefits of this type of practices (i.e. increased carbon removal, additional income for land managers, support for biodiversity and an increased resilience of farmland and forests) and provides examples of practices that fall within the definition of carbon farming (i.e. afforestation, use of conservation tillage, catch crops, cover crops, restoration of peatlands and wetlands, conversion of crop and fallow land /set aside areas to permanent grassland etc).

The Technical guidance handbook "Setting up and implementing result based carbon farming mechanisms in the EU" is intended to be a guidance handbook for practitioners

that are considering setting up a result-based carbon farming scheme, such as public authorities, non-governmental organisations and private investors.

The upscaling of the carbon farming depends on how efficiently different barriers (i.e. high financial costs, lack of public trusts, insufficient training etc.) are overcome. CAP will play an important role to the achieving of this objective through the implementation of Good Agricultural and Environmental Conditions (GAEC) and the financial support for eco-schemes, EIP-AGRI operational groups, advisory services etc. Other public funding opportunities are available (LIFE programme, Cohesion policy, state aid). In addition, Horizon Europe will also provide financial support to few relevant topics included in its Work Programme for 2022.

The next steps consist in the finalisation by the Commission of a legislative proposal on a regulatory framework for the certification of carbon removals, planned for last quarter of 2022.

b. Role of hemp in CO₂ removals

A representative from FoodDrinkEurope (EIHA) gave an overview of the hemp crop as carbon farming culture and its sustainability features (i.e. multipurpose crop, good agronomical practices, fast carbon absorption, and carbon storage in end products). EIHA commissioned a study to an independent service provider on the net carbon storage of hemp in agriculture and as construction materials. The study should be ready by the end of the year and will be publicly available. EIHA insisted on the need to consider fibre products within the category of Harvested Wood Products for the purpose of the application of the LULUCF regulation. The Commission supported such proposal in the current review of the legal text and EIHA hopes that it will be acknowledged in the adopted regulation.

Furthermore, EIHA stated the importance of establishing a link between agricultural policies, carbon farming and other industrial initiatives, likely to impact the hemp sector, such as the European Strategy for Sustainable and Circular Textiles. Although several valuable proposals were put forward, when it comes to eco-design, green labels, and public procurements, the EU should set ambitious goals and provide operators with the means to achieve those. EIHA also pointed out that the Strategy fails to recognize the potential of natural fibre in storing carbon and consequently impact positively on climate change. In addition, it is pointed out how the PEFCR are unfit to convey information to consumers and businesses as sustainability and environmental performance are not yet fully taken into account in the model, particularly the microplastic pollution risks and the carbon storage potential.

Similarly, in the construction policies, the EU should make sure that the performance and sustainability of material, including their carbon storage potential, are duly accounted. A thorough reflection on the methodology should be conducted with a transparent and multi-stakeholder approach, particularly inclusive towards new and green sectors, that might have not the means to contribute to the policy making as much as traditional actors in the built environment. For example, the 'lambda value' (measuring the heat conductivity) that is used today as a sole mean to assess the efficiency of insulation materials, hence failing to seize other important performance features such as the breathability.

EIHA stressed the need for a transparent, inclusive, and science-based reflection on the methodology used to assess sustainability and performance of bio-based products and to

calculate carbon storage in biomass. Being the keystone of all policy instruments of the near future, methodological issues should be tackled carefully, as calculation methods have necessarily an influence on the choices made by consumers, investors, and businesses.

A representative from FoodDrinkEurope (IWNIRZ) pointed out that before the flax and hemp sector could develop properly in the EU, special support should be given to the sector and the demand and production side should be developed better too.

In the chat, a representative of EEB pointed out that besides setting up the carbon farming initiative, protecting our existing permanent grasslands should get priority. The Commission (DG AGRI) responded that carbon farming will also reward protection of carbon, as for carbon rich soils, such as grasslands and peatlands.

3.7. Any other business

A representative from FoodDrinkEurope (Eurocoton) gave a short statement on the lack of possibilities for the cotton sector to benefit from certain measures in the CAP such as producer organisations. The Commission (DG AGRI) will get in touch with Eurocoton after the meeting to discuss the issue.

A representative from FoodDrinkEurope (EIHA) thanked the Commission for having proposed the inclusion of raw hemp (CN 53.02) in the scope of the products that can bear a geographical indication, in the framework of the current review of the legislation. EIHA hopes that such changes will be enacted by the Council and the Parliament as well.

4. Next meeting

The date for the next meeting is not yet known.

5. List of participants

The participants list can be found on the next page.

(e-signed)

Michael SCANNELL

List of participants– Minutes
Meeting of the CDG ARABLE CROPS - COTTON, FLAX AND HEMP SECTORS
27 June 2022

ORGANISATION
European agri-cooperatives (COGECA)
European Agroforestry Federation (EURAF)
European Council of Young farmers (CEJA)
European Environmental Bureau (EEB)
European farmers (COPA)
European Landowners' Organization asbl (ELO asbl)
European Liaison Committee for Agriculture and agri-food trade (CELCAA)
FoodDrinkEurope (FoodDrinkEurope)
IFOAM Organics Europe
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)