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## **FINAL MINUTES**

*Meeting of the Civil Dialogue Groups HOS – F&V sector*

*Date: 22/11/2017*

Chair: Mr GARCIA FERNANDEZ (SACAR)

**Organisations present:** All Organisations were present - list of attendees in annex

### **1. Approval of the agenda and other administrative issues:**

- a. Chair welcomes the delegates and expresses concerns on the late notification of the invitation and agenda for the meeting, creating some logistical difficulties for the participants. The Commission laments the difficulties due to some internal organizational matters and introduction of new methodology for the organization of the CDG. Matters are being addressed, apologies are presented for any inconvenience
- b. Information on the election of the chair and vice chairs for the CDG on Horticulture: Mr Jose Antonio Garcia was re-elected as Vice Chair of the CDG –representing the Fruit and Vegetables sector, and will in this capacity chair the sub CDG committee dealing with fruit and vegetables, representing SACAR. The chair is with COPA-COGECA with the olive sector, while the second vice-chair is held by FDE for the spirits sector.
- c. Approval of the minutes of the Meeting of 16/02/2017 without amendments. Minutes can be recorded accordingly.
- d. Approval of the meeting's agenda. Approved. The point relating to the Annual Work Programme 2018 presented by Elodie Clerc AGRI B will be tackled in the morning session.

### **2. Nature of the meeting**

The meeting was non-public.

### **3. List of points discussed**

#### **1. CAP topics**

- a. Omnibus regulation: This matter was introduced by Helena Guntinas (AGRI G2). Progress is being made to lead to the coming into force of the new rules by January 2018. For this purpose, a split of the agricultural part of the Omnibus package is in final stage of approval. In regard to the fruit and vegetable sector, the main drivers of the amendments were towards simplification, and new or improved tools for responding to crisis. The new set of rules would also aim at strengthening the role of Po's and Apo's a/o with new incentives for transnational structure. Besides, "coaching" opportunities would be encouraged to stimulate Po's in Member States with limited uptake so far, while knowledge transfer will

also be facilitated. Some clarifications will also be provided in the Omnibus package regarding access to promotional activities eligible in Po's activities for participation to fairs, SPS hurdles for accessing new third country markets, and tools for crisis management. Rules in regard to national aid schemes in regions with limited Po's uptake and action towards more environmental measures within the rural development policy are some of the other novelties of the agri-package.

From the discussion, it appears that the sector considers that the measures to cope with crisis might have a limited outreach, despite being a key point of concern. While it is a positive move to recognize the need of further internationalization of Po's and Apo's, the main issues primarily remain administrative constraints and national controls. The creation of a European agency could facilitate such a development. While the sector also welcomes the recognition of the need to enhance exports, it is not clear if the measures are new measures or just a clarification of existing provisions. The sector also questioned the Commission services on the recent ECJ ruling on endives. The Commission expects that the findings will help clarifying the actions that could be taken by Po's for the benefit of its members, including a possible reinforcement of the role of Po's, a step that the Commission would welcome. In conclusion of this point, it is reminded that the Omnibus is undertaken in the broader reflection of the future of the CAP.

- b. Delegated Regulation 2017/891 and Implementing Regulation 2017/892: This point is also introduced by Helena Guntinas (AGRI G2). The two texts published earlier this year set the basis of the new specific rules for the f&v CMO. They set the basis of new maximum amount of support for withdrawal, which could improve the outreach of the tools for crisis management. On this background, Member States are updating their national strategy for a progressive implementation at national level of the new provisions. Those will be made available on DG AGRI website. Talks are ongoing between the Commission and several Member States in regard to the set-up of environmental measures, and in particular with BG FR AT RO SLO SK.

Taking the benefit of this point (and the previous one), the Chair of the f&v committee of COPA-COGECA, Mr Appeltans, outlined the main priorities of the Association for the future policy relating to fruit and vegetables. The paper, to be officially released after the meeting, is reminding the need of specific rules for fruit and veg in the future CAP, built on the success of the instruments in place for more than 20 years with Po's and Op's, as these tools were not only a model for other agricultural sectors, but also secured a fair living for growers within a cost-effective limited budget under the CAP, based on co-financing. Some improvements could still be considered. Environmental measures should remain on the agenda to adhere to societal expectation, and innovation should also continue to play an important role. As a result of innovation leading to new product range, the scope of the CMO should also reflect this trend towards new products. While controls and sanctions remain an important part of the good functioning of the scheme, it should be relevant

to consider a system of bonus- malus to avoid disproportionality of the sanctions for those complying with the rules. The paper will also welcome the possibility of setting up a coaching system between Po's. The complementarity of the CMO with other agri policies is also an important aspect for the future.

This point was also the opportunity to discuss about environmental action, which remains a key pillar of both pillar 1 and 2. On behalf of the EEE, a call was made for more clarity on the uptake at national level of the environmental actions, in particular those aiming at reducing pesticide dependency. It is however not easy to consolidate information of national actions. The sector took this opportunity to remind action of IPM and GAP undertaken but with the need also to have the necessary tools to cope with new threats. All products being conventional or organic are reminded as being safe for consumers and with high level of compliance. It is reminded that the most recent food crisis affecting the sector related to microbiological contamination from organic products distributed within short supply chain.

- c. Horizontal Regulation on import and export: This point was introduced by Sergiusz Waplak (AGRI G1). He updated the delegates about the long-lasting revision of the EU legislation and move the horizontal rules for the management of import and export quotas into the new format of delegated and implementing regulation. There are already 14 different versions discussed with MS but at this point no compromise. The new regime will provide that a number of TRQ will be managed by a system of First Come First Served under the responsibility of DG TAXUD, while some of the TRQ such as mushrooms or garlic, might remain within the remit of the management of DG AGRI. The Commission services are expecting to complete the reform in Q1 of 2018, which could give hope that the new regime could come into force in 2019.

From the discussion, it was indicated by the delegates that the management of TRQ are “technically” managed by the Commission for the benefit of third country suppliers which have a clear framework for import. This includes several countries which impose complex market access rules for EU exports, often requiring long lasting and costly negotiation of plant health protocols. A more political approach in this respect might sometime be relevant. Besides and more specifically about TRQ for mushrooms and garlic, some concerns were mentioned. In the case of garlic, the current basis for license allocation is based on data which demonstrated mismanagement in some Member States to the detriment of some traditional operators. The upcoming reform confirming the eligibility of export volume for building newcomers’ application, linked to the evolution of the export to third countries is leading to the possible monopolization of the import license within a short term into one Member State, which could not be a fair balance for a European legislation.

- d. School scheme: This topic is presented by Maria Medico (AGRI G2). She presented the key data relating to the functioning of the new merged

system for fruit and vegetables and milk schemes. For the 2017-2018 school terms the final allocation is EUR 145 million for F&V and EUR 104 million for milk. Some transfers took place among categories. In total, the system will be ruled through 26 national strategies, plus 3 for BE and 15 for DE, leading to a total of 44 strategies posted and translated in Europa. On the longer run (6 years planning, the total budget is 1,5 billion € with 87% of the budget used for distribution and the balance being used for accompanying measures and monitoring). The Commission also provided information on the overview of beneficiaries (age of children), products ranged (fresh /processed). 12 out of the 26 countries participating only distribute fresh fruit and veg, and the 14 others have a mix of fresh and processed. Some MS also have also covered other products such as olive oil.

From the discussion, the sector challenged if the budget was indeed granted for the next 6 years, which consequently include financial years that will be covered by the upcoming MFF. While the intention is indeed to keep the budget, there is no absolute guarantee on this, pending the political debate on future financial priorities. The sector responded on the multiple beneficial effects of the scheme which educate future consumers and address raising obesity and that the School Scheme, being forward looking, could be considered as one of the most popular and efficient policies of the CAP. Some voices were reminding the benefit of preference towards organic or local products, though diversity is an important element of the programme, and organic remains a more expensive niche, while conventional products are equally safe. These criteria are part of the rules, but based on the Treaty no discrimination among products can be introduced. Responding to the difficulties to distribute vegetables outside the main meal (which is usually excluded of the scheme), the Commission confirmed that, under certain conditions, distribution of vegetables in the meals is not excluded provided that the certain conditions are met. On a question relating to the uptake for this year, the Commission indicated it is too early at this point in time. However, it was reminded that the new scheme allows further reallocation during the season, should one of the MS not be in a position to fully use its requested allocation. While the sector also welcomed the information provided, it is requested that the Commission should try to provide more information on the operational and logistical aspect of the scheme (how is distribution organized, contracts with the school, average price per unit...). This could help learning from best practices. In this respect, and as this is the first year of the scheme, a dedicated exceptional CDG with, private stakeholders, MS and COM should be considered, in a similar format as the one used in the past.

- e. Exceptional temporary measures: This point is introduced by Mr Guy Duren (AGRI G2), replacing Mr Berlottier who was not available. Since the introduction of the Russian embargo, the Commission assisted the sector through (7) regulation worth 480 Mio € and covering 1,6 Mio T. Last season the uptake was 245.800 T, and 65.000 T remained unused. So far for the package available for this season, the main volumes were those relating to stone fruit, while apples, pears, oranges are just starting.

The sector reminded the relevance of the scheme as the effects of the embargo remain visible for several fruit and vegetables categories.

- 2. Agricultural Market Task Force and Unfair trading practices:** This point is introduced by Mrs Annette Kliemann (AGRI G1). Addressing the outcome of the Agricultural Market Tasks Force (AMFT) and the findings of the 14th November 2016's report implies a look at its recommendations. This could cover producer cooperation (partially addressed already in the Omnibus), market transparency and UTP. The AMFT identified 6 rules that could lead to Unfair trading practice (UTP), including payments delays, retroactive change of contracts, contribution to marketing costs, claims for wasted or unsold products, last minutes cancellation for perishable products and upfront payments. As more than 20 MS already introduced legislation on UTP or voluntary initiatives, this is an indication that some practices could deviate from usual business practices and need to be addressed. These solutions are often national, while businesses operate widely within the Single Market. Some European answers need therefore to be considered. To move forward, the Commission launched a number of initiatives, including an Inception Impact Assessment (with 4 options) launched in July 2017, which attracted 67 replies, and a public consultation launched in August, leading to 1.400 responses, closed on 17 November. Another consultation, specifically targeting business is now on-going. Beyond the various consultations of stakeholders, the Commission needs also to consider the EP resolution from June 2017, calling for action.

From the discussion, it is reminded that some national laws have in place tools that have improved the relationship within the chain at national level, though most of the trade is taking place within the Single Market. This makes it relevant to undertake this European exercise and consider EU answers.

- 3. Market trends with an update of market situation and dashboard in various sub-sectors:** This topic is introduced by Jesus Gonzalez (AGRI G2). The PWP presentation summarized the various trends for both production and trade. Regarding production, the main issue for the recent months was the significant impact of adverse weather on the production output, including cold spells and droughts, and the related effect on plant diseases. Trade remains impacted by the Russian embargo, but Commissioner Hogan's missions to third countries try to facilitate market access to several countries in North and South America, in Asia and South-East Asia and more recently in the Middle East. Free Trade Agreements (FTA) negotiations intend to improve market access around the world, in particular by addressing SPS barriers at bilateral level. It was reminded that fruit and vegetables (F&V) remain the main beneficiaries of the EU promotion policy, with a budget of EUR 111 Mio for 2017, including F&V promotion campaigns in third countries. The presentation also covered the main market data and trends reflected in the dashboards for key vegetables (tomatoes, peppers and cucumbers) and fruit (stone fruit, apples and pears, citrus fruit and kiwifruits). The impact of the weather conditions is leading to an improvement of average prices of products placed on the market.

Due to time constraints, no time was available for the discussion.

4. **Annual work programme 2018:** This topic is introduced by Elodie Clerc (AGRI B1). The presentation covered the Annual Work programme 2018, worth 179 Mio €, approaching the budget ceiling of 200 Mio € set when launching the new policy. The promotion policy aims at generating a coherent set of targeted actions with EU added value for B2B and B2C relations to highlight on the EU domestic market and on international market the quality of EU agricultural products. In 2018, a dedicated line of 8 Mio € will be available for fruit and vegetables to stimulate consumption and healthy lifestyle with a diet rich in fruit and vegetables. At the moment, up to 80 programmes are running to promote fruit and veg with a total budget of 143,5 Mio € for international and domestic markets. For the AWP 2018, an Info-day will be organized on 31 January 2018 to provide information on the upcoming call. Registration will soon be opened.

From the discussion, the relevance of the programme of promotion is reminded as important, and the sector welcomed the dedicated line for fruit and vegetables. A multiplicity of budget lines might however be challenging, in particular in regard to worldwide market access strategy. Considering embargoes and climatic uncertainties for the production, the Commission confirms that the programmes offer some flexibility to adjust the programme to take this into account. In regard to Commission own initiative programme in 2018, the services of DG AGRI confirmed that an HLM is being planned for spring in China, information to be provided in late January. It is also confirmed that as a follow up of these missions, the services of DG AGRI are also looking at some initiatives to address SPS hurdles, namely in the format of SPS seminar. For the more details about the 2018 AWP and initiatives, an Info day is being organized in Brussels while information is also available on the CHAFEA and DG AGRI website.

5. **Food and plant safety:** This point covers both matters relating to the use of PPP and on the EU plant health policy.
  - a. Regulation 2016/2031: This topic is introduced by Yannis Karamitsios (DG SANTE G1). He provides the latest update towards the preparation of the coming into force of the reformed plant health regime in December 2019. Several implementing acts are being prepared. The implementing legislation on plant passport was already adopted at the last Standing Committee for plant health mid November 2017. The Commission will now focus with the Member States on the preparation of the implementing act setting a list of high risk plants and plant products, as well as on possible derogation to the compulsory plant health certificate. Discussions started with Member States and some of them already provided their input. Regarding high risk plants, woody plants might be primarily targeted, though some Member States also raised lists including some fruit and vegetables. Products placed on the list will be banned until a pest risk assessment will be conducted. Technical input is also being collected on this matter as well as for exemption of plant health certificate. A proposal for public consultation with stakeholders might be available during Q2 of 2018. A vote will take place in the second part of the year. In 2019, the main activities will be to incorporate in the new legislation, the current annex I to V of directive 2000/29 a/o with the regulated pests and protected zone. In the reform process, the Commission will seek as

appropriate the input of EFSA and EPPO, to facilitate the risk assessment while the Commission will take decision with the support of Member States as risk manager.

In regard to high risk products, the Commission confirmed that risk assessments will be conducted within the most reasonable period of time, but at this time, the content of the list remains uncertain and therefore timing for assessment as well, but EFSA is already getting prepared to react. It is also confirmed that the list will be a dynamic one to adjust to merging risks.

- b. Directive 2017/1279. This topic is introduced by Gema Vila Cambra (DG SANTE G1). Ms Vila Cambra presented the latest development for the introduction as of January 2018 of the latest amendments of the annexes, which modify several provisions in regard to citrus canker and citrus black spot, introduce new regulated pests (false codling moths and keifeira lycopersicella). It will also imply that several exporting countries will need to notify their status of freedom of pests either for the country or for certain areas. For false codling moth and for citrus canker, a notification will also be needed in regard to the treatment. A plant health certificate for tomatoes will also be needed.

Several comments were made by the sector in regard to the practical aspects of the coming into force of the new rules including the limited notifications so far from third countries (only New Zealand, Uruguay, Egypt, Morocco, Israel, South Korea...and a few more are in contact with the Commission) when up to 210 notifications would be needed to maintained existing trade flow, the lack of clarity on the process (exchange with third country NPPO, information to Member States, consultation with EFSA in case of need, and the availability of the information to the business operators to validate information on the plant health certificate), and the delay in the adoption of reduced checks. Questioned on the development of the last citrus season, the Commission expressed its concerns on the number of interceptions towards the very end of the South African season. A comprehensive update will be done in January at the Standing Committee. The Commission also informed that during the last season only 5.000 T of citrus were imported under the special processing scheme.

- c. REFIT evaluation – EU pesticide legislation: A presentation is made by Ms Amie Svard DG Sante E4) on the current refit exercise to validate if the legislation is fit for purpose. It is an ex-post evaluation and linked to commitment to report to the Council and Parliament.

A roadmap was published in Nov 2016 and an evaluation study is being carried out by an external contractor from July 2017 to June 2018. Several surveys are being conducted: with stakeholders (open up to year end), with general public (consultation up to 12 February), with SME survey (open up to 15 January 2018), and with MS (survey up to December 2017). Further consultation will take place by focus group, in-depth

interviews, and a workshop in spring 2018. Based on the current internal and external work, there is an expectation of a Commission Staff working document to be released in 2019.

6. **Trade defence mechanisms:** This point is reported by Mr Jesus Gonzalez (DG AGRI G2, in coordination with input received from DG TRADE H5). He provides an update on the antidumping procedure launched by Australia on tomatoes, imposing additional antidumping differentiated levies on 2 Italian companies. The calculation takes into account the level of the subsidy granted by the EU despite the subsidy being compatible with WTO. The Australian accepted to revise the antidumping charge to a lower level.

From the discussion, concerns were expressed on the far-reaching implications and the precedent that including the level of the aid for the calculation of the antidumping duties would have created. In July an appeal took place in Australia challenging the lowering of the antidumping duties. The revision is in progress up to 11 December and then the Ministry should take a decision in January 2018.

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

- The chair invites the participants to stay active in between the meetings, as the next one will only be towards the end of Q2. See however below under point 5 in regard to the dates.
- The chair is looking forward for an improvement of the coordination and preparation of the meeting under the new DG AGRI system.

#### **5. Next steps**

The next meeting is planned for 27 June, but this schedule appears to be too far way considering the various policy developments. The CDG Horticulture /Fruit and Vegetables should be a policy forum. Dates of meeting should not necessarily be linked to the development of the f&v seasons but rather to policy matters. An earlier meeting in spring is deemed more appropriate. In June it is also likely to be overlapping with the GREX tomatoes and GREX peaches and nectarines.

In any case and pending a new evaluation by the Commission on the date of the Semester 1 meeting, the Chair reminds his availability for in-between meeting action and that the CDG should not be a static structure with meeting twice per year, and encourages members to stay active in between meetings.

#### **6. Next meeting**

The CDG recommended the Commission services for an alternative and earlier date than the proposed meeting on 27 June as the next meeting date. The services will investigate options based on workload for the organizers and availability of meeting rooms

#### **7. List of participants - See annex**



List of participants– Minutes

*Civil Dialogue Group HOS – F&V sector*

Date: 22/11/2017

<b>Nom/Name</b>	<b>Prénom/ First name</b>	<b>ORGANISATION EUROPEENNE/ EUROPEAN ORGANIZATION</b>
APPELTANS	Philippe	BEL
AZEVEDO	Jorge	PRT
BALDOLI	Marco	ITA
BINARD	Philippe	BEL (note taker)
BONDUELLE	Jean-Bernard	FRA
BOULOVA	Anna	BEL
BURGHARD	Gertrud	D
CASTILLA BARO	Jose Maria	ESP
CHRISTENSEN	Henriette	DNK
CIRONKIENE	Zofija	LTU
DE LEO	Francesco	ITA
DEJONCKHEERE	Dominique	BEL
DERUWE	Helene	BEL
FAULI PERPINA	Benjamin	ESP
GARCIA FERNANDEZ	Jose Antonio	ESP
GONGORA BELMONTE	Andres	ESP
GRAY	Amy	GBR
GREIMEL	Johann	AUT
GUILLARD	Bernard	FRA
HRVOJE	Greguric	HRV
KARATZAS	Christos	GRC
KREISLER MORENO	Paula	ESP
KRZESNIAK	Krzysztof	POL
LAFITTE	François	FRA

PANEGOS	Pauline	FRA
PAPACHRISTODOULOU	Michalis	CYP
RODENBURG	Wim	NLD
RUIZ REQUENA	Francisca	ESP
THURLEY	George	GBR
TONDINI	Sergio	ITA
WEST	Susanne	FIN