

Final minutes - Civil Dialogue Group – Arable Crops

Rice & Energy Crops 05th May 2017

Rice Session – AM

1) It was clarified that the Motion on Tricyclazole was not adopted during the last CDG. However the Chair reminded all participants to respect the deadlines given for comments in order to allow the good functioning of the Civil Dialogue Groups

2) The Agenda was approved

3) The European Commission presented the EU rice market situation, including the balance sheets

COCEGA asked for the safeguard clause against EBA rice imports to be activated to protect farmers in Italy. The Italian farmers will attend a meeting with the IT Ministries for Agriculture and Trade and the Commission in May to discuss the EBA rice topic.

COPA stressed the severity of the crisis for rice producers, with declining paddy rice prices and high level of stocks.

ECVC asked for data on CAP support to rice farmers and to rice industry.

FoodDrinkEurope drew attention to EU paddy prices going down as a direct consequence of imports of milled rice from Cambodia. A mechanism is needed to prevent the trend from continuing. DG Trade was criticized for not initiating the safeguard clause. FoodDrinkEurope further stated that DG TRADE is reviewing the GSP regulation and that rice producers can look into that and send comments to the Commission.

BirdLife confirmed the importance of rice farming in the EU and proposed that perhaps rice farmers should focus on different types of production in a globalized world.

The Commission responded to the various questions from stakeholders.

About claims of triangular trade between Cambodia, Thailand or Vietnam, the Commission stressed this has not been demonstrated, inviting those who might have evidence as to this to communicate it to the Commission. Regarding the EBA safeguard clause, the Commission recalled that first of all to demonstrate damage, causal relationship needs to be proven for any investigation to start

As an example of sensitivity of rice in trade negotiations, the Commission referred to the EU-Vietnam FTA, where only a very small quota for rice has been agreed and where "damage was limited" for the EU rice sector. CELCAA asked the status of implementation of the EU-Vietnam FTA. The Commission responded that the EU-side has not yet moved on the ratification process with the Council and Parliament. It is expected in Autumn this procedure would start. No notification can be expected before mid-2018.

About the EU rice market, EU paddy rice prices have indeed been recently decreasing in Italy and the Commission is following this very closely. A bilateral meeting between Commission (DG TRADE and DG AGRI) and Italian authorities and stakeholders will take place in Rome to discuss the EBA rice imports issue on May 23rd 2017. Another ad-hoc meeting on rice is organized by DG AGRI with Member States in

Brussels on 29 May afternoon to discuss the problems in the EU rice sector. This 29 May meeting will also be an opportunity for the Commission to receive from MS clarification about the level of CAP support for rice in place in the Member States.

4) The Commission made a presentation on organic rice as requested by some stakeholders

According to data from Eurostat, organic rice represents 2% of total EU rice production.

EEB thanked the Commission for presenting the situation on organic rice.

5) COGECA presented rice production in the EU and the necessity for origin labelling

COPA and COGECA and CEJA insisted that origin labelling is necessary for transparency towards consumers and important for the survival of rice farming in Europe. COGECA informed that a Decree is being prepared in Italy to introduce mandatory origin labelling for rice and will be notified to the Commission.

FoodDrinkEurope stated that mandatory labelling would create additional costs and would become a competitive disadvantage vis-à-vis European producers. FoodDrinkEurope made also a distinction between origin labelling and quality promotion.

EEB and BirdLife mentioned the quality and environmental aspects.

Irrespective of any discussions on origin labelling, the Commission recalled that a new EU quality promotion scheme is in place since two years. Additional budget is available for promotion of EU agricultural products but it has not been used so far for rice.

6) The written contribution from DG SANTE on Tricyclazole MRL has been distributed and floor has been opened to comments

FoodDrinkEurope stated that the initial approach of DG SANTE on tricyclazole has been shameful for the rice sector. The proposal from Dow CropScience to provide additional safety data should be accepted. The situation of existing stocks of rice treated with tricyclazole was also highlighted and the potential occurrence of residues from the previous harvests.

The Commission draw attention to the compromise found. The final text adopted was considerably improved versus the initial proposal. A cut-off date was introduced at June-2017 (expected date of publication of the regulation) allowing rice treated with tricyclazole before that date to continue to be marketed. The Commission also asked rice farmers if the tricyclazole ban would have an impact on EU rice harvest in 2017.

COGECA answered to the question from the Commission that with the time given, there will be significant impact for rice harvest.

FoodDrinkEurope added that the issue of Tricyclazole has been an uphill struggle. The approach of the Commission does not allow for adequate time for operators to adapt.

7) COPA provided feedback on the conclusions of the first European Sector Forum on Rice

The Commission confirmed that the conclusions of the first European Rice Forum held in Milano on 20 February are well known to the Commission. Commissioner Hogan for instance commented on these conclusions at the Agriculture Council on 6 March

Energy Crops Session – PM

1) The Agenda was approved

2) The Commission presented the proposal for a Regulation on the Governance of the Energy Union as adopted on 30 November 2016.

3) The Commission presented the proposal for RED II as adopted on 30 November 2016.

FoodDrinkEurope highlighted the use of fossil fuels and the lack of ambition the Commission has with the current proposal. Furthermore, the negative economic impact on oilseeds production and crushing was highlighted, calling upon DG AGRI to represent and defend the interests of European agriculture inside the Commission. The rationale for including molasses in Annex IX B has been questioned.

BirdLife supported the partial phase-out of food and feed based biofuels, but supported concerns about molasses as still being a food product. EEB highlighted the importance of GHG reductions and the importance of diversification of renewable energy sources.

COPA stated that no proper impact assessment was conducted since it did not look into the economic impacts of the proposed package. The impact assessment prepared by the Commission is simply a collection of scenarios. The absence of blending obligation for biofuels is worrisome and could lead to disappearance of biofuels production in Europe.

CELCAA asked what DG AGRI is planning to do for the future of CAP should biofuels disappear.

The participants criticized the Commission proposal at large.

The Commission responded to the questions by acknowledging that the impact on agriculture needs to be taken into account, however the environmental and climate change related impacts also needs to be assessed. Molasses has been included considering the sugar reform and it being an available feedstock. Using molasses are assessed not to have an economic impact on the yeast/food industry. Commission asserted that the farmers can adapt to the changes and switch their production patterns. Commission admitted that the impact assessment has not been an easy exercise.

ePure asked the reasons for the amendment on carbon capture and storage. Reply to this will be provided in writing.

4) The Commission presented the Ethanol Balance Sheet

FoodDrinkEurope asked to include a footnote as to further explain that additional ethanol volumes may be imported under mixtures (CN chapter 38 rather than CN chapter 22), in particular from the USA

CEPM asked the Commission to come forward with a more consolidated data with origins of raw materials.

5) The Commission presented the Protein Balance Sheet

The Commission explained that a EU Protein Balance Sheet was developed in close partnership with stakeholders and published for the first time on DG AGRI website on 10 April. In particular this new monitoring tool allows quantifying the EU self-sufficiency for different feed protein sources.

FoodDrinkEurope emphasized that high-protein co-products cannot be substituted with other sources easily and that the EU biofuels policy is important because it impacts the quantity of EU oilseed rape used for biodiesel production, and accordingly the quantity of rapeseed meal being produced in the EU.

COPA thanked the Commission for this work.

- 6) COPA presented the role of biofuels in agricultural markets
- 7) AEBIOM presented drivers for the deployment of perennial energy crops
- 8) Commission presented information and inventory of complaints against anti-dumping duties on imports of biodiesel and ethanol
- 9) Commission presented the recently published report by the sub-group on advanced biofuels (SGAB)

In his role as the Chairman of the SGAB, Mr. Maniatis presented the key messages of the SGAB report. The most important of these was that the crop based biofuels should not be phased out as of 2020 but they should be maintained at 7% in order to give confidence to investors for the Advance Biofuels. Furthermore he presented a transparent definition for advanced biofuels based on EC legislation.

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