

## Final Minutes CDG Fruits and Vegetables 26 February 2016

- **Chair of the CDG Horticulture:** Mr. Jose Antonio Garcia, Chair of the CDG Horticulture welcome the participants and open the session of the sub-section of the CDG dealing with fruit and vegetables. He welcomes in particular the participation of Mr. Jesus Zorrilla Torras, Head of Unit, DG AGRI C2.
- **Agenda and minutes:** The minutes of the previous meeting of the CDG Horticulture section fruit and vegetables (13 October 2015) are recorded without amendments. The agenda for the meeting is agreed, taking note that upon request of the Commission, the item on marketing standards is removed. Otherwise no further changes.
- **Material to support the discussion:** Several documents relating to the point of the agenda as well as the PPT presented during the meeting are available on CIRCA

### CAP Simplification

- **Simplification CMO:**
  - Several aspects of the CAP and CMO were discussed:
    - Regulation 232/2016 on PO's covering issues relating to the clarification of outsourcing activities by PO's, on transnational PO's, APO and Interbranch, on the responsibilities of controls by Member States and the notification report.
    - The latest developments regarding the **delegated and implementing regulations supplementing regulation 1308/2013 (alignment exercise of the current Implementing regulation 543/2011)**. Since the last meeting in October 2015, there have not been substance changes. The text is under pre-consultation with the Legal Service. The Regulations should be published by September 2016.
  - From these presentations, several points were raised including:
    - Strength of the transnational producer organisations. This could be managed by an EU agency (similar to the new CHAFEA for promotion) responsible of the coordination of the transnational PO.
    - The low attractiveness of withdrawals' amount of support, which represents no more than 10% of the market value. The Russian amount of support is approximately 30% of the market value. The functioning of this crisis management tool should be re-assessed to make it attractive and efficient.
    - Clarification of outsourcing rules in particular for second grade cooperative outsourcing to first grade cooperative members

- Clarification of the definition of the placing on the market (it should be only applicable if the producer organisation do not own its own technical means to place the products on the market.)
  - Environmental measures (new proposed provision including minimum number of members implementing an environmental action is difficult to meet)
  - Clarification of the proposal related to the entry price calculation (daily basis should be kept; two Standard import values for tomatoes should be calculated, one for round tomatoes, another one for cherry tomatoes)
  - Simplification of the Marketing standards (clarify its aim: to maintain or to remove the current specific marketing standards?).
- **Regulation 416/2016 on coupled support:** Commission reminded that one amendment had been done and already been implemented concerning the modulation per unit-amounts. While for the claim linked to the year 2015, the unit rates had to be performed uniform based on the size of the farm in hectare, the member states now can adapt the unit rates to the economy of scale and gains more flexibility in the distribution process of the rates. The same amendment also allowed for Member States to transfer funds between individual VCS measures as from claim year 2016, provided that certain conditions are met. Such transfers shall remain neutral to the total Voluntary Coupled Support envelope at Member State level.
- **Commission regulation 376/2008 on horizontal measures regarding the import and export licences:** Commission presented the progress on the revamping of the legislation to align it to the Lisbon Treaty. In its assessment of the current licensing system, it is concluded that often licences have been mainly useful for monitoring procedures. In this respect for the benefit of both public and private stakeholders, it is indicated that the potential use of electronic alternatives can be provided today, and consequently in the future. As a result of this exercise monitoring licensing will be abandoned for cereals, olive oil and table olives, beef and veal, milk and milk products, while for garlic (B licence) and sugar from 2017 on. Major abolishment of other products had taken place already in 2008. The aim of this measure is to reduce administrative burden, create simplified processes and review outdated procedures without losing track of any information. The technical conclusion of the assessment by the Commission is that the licensing monitoring system delivers stable market information, while noted that already existing custom procedures also provide in a faster manner similar information. On the policy level that implies, that simpler solutions for the monitoring procedures can be found. The new method will be “customs surveillance”. Furthermore, the implementing regulation foresees an adaption of the new system to office IT and tries to avoid paper, but still gives rules for paper licenses, if there is no other option available. It also adds additional time to customs procedures, which for exports now shall be made within 150 days instead of 60 days. All instructions will be unified in one notice in the C-series of the Official Journal of the European Union. Further, a comprehensive explanation concerning the customs procedure had been given by a representative of DG TAXUD, presenting the functioning of the online-assessment tool for custom information, as well as general mechanisms of duty rate compositions and the impact on exports from third countries such as Israel or Morocco. The abolishing of Import B-licenses for garlic has no impact on the risk for fraud in customs elements like origin or classification. The Commission reassured, that it runs a parallel analysis on a weekly basis of custom surveillance, to assess if licenses would give additional value to the monitoring.

- **School Fruit Scheme:**

- **Policy changes:** The trilogue negotiations concerning COM (2014)32 final proposal amending Regulation (EU) No.1306/2013 and No.1308/2013 have now been finally concluded. The new framework foresees synergies/merger of the milk and fruit& veg schemes in terms of administration to increase the efficiency of the program. Budget remains specific but some transfers are possible under certain conditions. The Commission reiterated that the SFVS scheme will primarily focus on fresh products, while at member states level certain % of processed product could under certain conditions be eligible as well. As a matter of fact the new regime is in principle reconfirmed for the next six years (under the limits of the multiannual financial framework), though an evaluation might take place at the end of the current 2014-2020 financial package. Further changes have been the extension of member states strategy period, which has to be planned for six years instead of every years..The total amount of eligible costs for educational measures shall not exceed 15% of the annual definitive allocation for each Member State;The timeline foresees a finalization of the linguistic revision in February 2016, the voting in the Parliament and the adoption in the Council in March and April 2016 and the start of the discussion on Delegated and Implemented acts during the first semester 2016. The new scheme shall come into force in August 2017. The representative of the process f&v sector lamented the limited access of process f&v in the scheme.
- **Budgetary intake for the scheme (2013- 2015).** The overall trend shows that in 2013-2014, 80% of the budget had been used (under the financial enveloped of 90 million €). In the first assessment of 2014-2015 only 73% of the budget had been used, but based on the new 150 budget. It is reminded that all member states but three have a scheme up and running which is a, positive development.

#### **Market and trade policy developments**

- **Market trends:** The export ban of Turkish fruit and vegetable to the Russian market (around 1.3 million T exported in the 2014-15 marketing year) is considered to have significant effects on the supply of fresh fruit to Russia, which at the moment intends to turn to the Middle East for alternative sourcing, after the embargo on EU produce which already covered 2.2 million T. In terms of the EU market repositioning after the Russian embargo, the main focus is still on domestic consumption and intra-EU trade, even though gradual opening to new markets outside the EU had taken place since the closure of the Russian market. Further competition of Turkish product could be expected though it is too early to note it as the embargo on Turkish product started on 1<sup>st</sup> January. The Commission once more highlighted the difficulties to compensate for the losses through the embargo, but at the same time depicted positive developments in gaining access to new markets, especially for apple and pears (which covered more than half of the volume of fruits affected by the embargo. The weak exchange rate of the EURO is further facilitating exports to third countries at the moment. The start of the season in September and October had been positive with relatively stable prices, but warm weather conditions in particular impacted production and prices of winter vegetables in the Southern Member States. For vegetables the market situation is found to be more favorable in Belgium, France and Germany, where the impact of winter temperatures was limited. Tomatoes show a steady price decrease in particular in Spain and Italy, as well as cauliflower, broccoli, lettuce and cucumbers. In terms of fruits, the outlook is more positive with stable developments. Apple prices however remain low in Poland. Certain participants explained that this product is not enjoying anymore the solidarity effect of last season by consumers and markets are slow, stocks remain high and so far uptake of the Russian

embargo limited. The participants of the CDG once more underlined, that the Russian ban is having an essential effect on their business despite the various attempts of diversification. It urged the Commission to take steps towards the lift of the ban. Reports from the market situation in Belgium and Poland reiterated the need for effective and quick solutions. The functioning of the emergency measures was also questioned. The low usage of those measures will have to be assessed and improved, in order to better support the markets current needs. On the other hand, promotion of consumption as well as the production and export of processed food have to be further strengthened.

**Dashboard/market observatory:** DG AGRI had developed several dashboards for market monitoring, which are available on DG AGRI website. They currently cover tomatoes, apples and citrus. Soon, an additional dashboard for nectarines and peaches will be available during the season. The audience had been asked to visit the website and to make comments about possible improvements. Depending of the products, the information would be updated either weekly or monthly. The delegates welcome this initiative, a step in the right direction and in line with the request of the sector to develop such a market observatory instrument. Efforts will need to be continued.

- **Commission Delegated Regulation 2015/1369 amending Delegated Regulation No. 1031/2014:** The latest data on the usage of the emergency measures derive from the 15<sup>th</sup> of February, show that the usage of the measure had not been exhausted yet. The using rate is very low. Mostly Spain, Italy, Greece and Poland have been using this tool. An assessment of the tool is complicated, due to the difference in the market situation 2015 and 2016. In 2015 a significant share of apples went into the juice production and therefore had not been subject to the measure. National rules are also limiting the attractiveness or use of the scheme. In other cases, products are still held in storage with expectation of better market situation in the upcoming months. The Commission is assessing how efficiency of crisis management measures could be improved. Producer organizations are asked, to give feedback on potential improvement possibilities in particular again on the level of the compensation. The sector reiterated that fresh produce is the most affected agricultural product group. Sanctions should be lifted at the earliest, even if it is recognized that moving back to the ex-ante situation is unlikely to the economic situation in Russia. Diversification is taking place but involve negligible volume compared to the level of export to Russia prior to August 2014. Should the embargo not be lifted, assistance measures will need to be available both to enhance demand on the domestic market and stimulate export to third countries.
- **Food and Plant policy:**
  - **Plant Health:**
    - An update had been given about the state of play of the reform and the c “trilogue” agreement on **the proposal to reform Council Directive 2000/29/EC**. The consolidated text and the translated version in all languages will prospectively be available by this summer. The ratification procedure by the Parliament and the Council is planned for autumn and winter this year. The implementation of the new rules will only start three years after the ratification date, prospectively in January 2020. This will give DG SANTE time to prepare the necessary secondary legislation. One of the still pending debates is about the list of commodities which will be considered as high risk, the criteria being unclear. A final decision about the kind of list - whether it will be a limited or a broader list of commodities by origin - will be finally decided after having received the respective comments of the member states. The time frame for this procedure is set for two years

after adoption. For the list of high risk, the general idea will not be to focus on countries where emergency measures are already in place, but rather look on new arising problems on existing trade where provisional measures have to be taken. The debate on the list of “risk” criteria with the Commission was animated, several delegates calling for a robust scheme to protect crops from organisms not present in the EU.

- **Harmful Organisms and Reform of the annex of Council Directive 2000/29** with hindsight on citrus disease: The Commission is planning to re-assess three harmful organisms, namely ‘ CBS, canker and FCM. So far , there is no concrete proposal to revise the current provisions of the annex but technical discussion was initiated. SPS consultations at WTO level will also be required. The final voting on amendment is planned for the autumn. In terms of **Citrus Black Spot** a general direction has not been taken yet, since the IPPC dispute settlement is still ongoing with South Africa and might have an impact on the strategy, as well as an assessment by EFSA of new scientific publications. With hindsight on **Citrus Canker**, EFSA had conducted a risk assessment in the beginning of 2015, which came to the conclusion that some adjustments of the current requirements might be needed. The requirement has to be re-assessed on these grounds but are also linked to discussion with the USA which noted an interest on the matter. Measures concerning **False Codling Moth** have not been regulated yet but upon request of several Member States will soon become an EU regulated quarantine pests, with implications for several horticultural products. Currently member states conduct interceptions on a voluntary basis to express growing concerns, but no corrective actions can be taken by the Commission as long as the organism is not regulated. The Commission is planning to lift this topic on the European level, to extend the level of playing field in the handling with third countries. Several aspects will be evaluated including free country /Area/orchard and also IMP mitigation and cold treatment. All of this will have to be assessed with Member States in the Standing Committee but also to be notified to WTO. For the issue of **citrus greening** import requirement have been updated and revised.
- **Compliance measures by third countries: State of play and Commission activities:** A networking group had been arranged to assess the import interceptions that are carried out. Still regarding citrus and considering the high level of interceptions last season, a safeguard proposal concerning the supply of citrus originating in Uruguay is already in preparation and will be prospectively presented for vote in the standing committee in April at the earliest. An FVO visit is planned by then. With regard to South Africa, the reduction of interceptions are encouraging, but safeguard will remain in place. Given the positive outcome of a recent Commission audit, compliance measures for Argentina are not under discussion right now. For Brazil, a self-improvement of their system had taken place as despite a safeguard, interceptions remain. The Standing Committee is following the matter.
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- **Biotechnology:**

- **The Commission legal analysis on New Breeding Techniques (NBT)** is under preparation. Its objective is to clarify the scope of the EU GMO legislation and provide elements of interpretation which are helpful to decide the legal status of organisms produced by NBTs. No release-date has been set for the document yet. It is in interest of the various stakeholders, that a final conclusion will be reached soon, in order to be able to gain legal clarity about the techniques and to maintain the competitiveness in the agri-food sector against global competitors.
- **Patents on plant related invention under the biotech directive 98/44/EC:** The objective of the biotech directive had been to harmonize the national legislations in terms of biotechnological inventions and have been implemented by all member states by now. An expert group had been founded, to support the Commission in its assessment of the applicability of provisions of the biotech directive. The expert group is in particular focusing on the patentability of plant breeding processes and products obtained by such processes, interface between patents and plant varieties as well as the breeder's exemptions and cross licensing. The mandate for this expert group had been prolonged for this year. Currently debated topic is the scope of protection for DNA-related inventions.
- **Contaminants and active substances:**
  - **Revision of Commission Regulation No.1881/2006** setting the maximum levels for certain contaminants in food stuffs and implication for fruit and vegetable in regard to mercury. At the moment maximum levels are laid down in two different legislations. The internal assessment led to an re-assessment of maximum residue level for ten product groups, among them herbs, spices, honey, milk, mushrooms, treenuts and oilseeds. The legal embedding will take place within the contaminants regulation.
  - **Chlorate:** The delegates lamented that the issue of chlorate could not be discussed with the representative of the Commission. This matter is generating many operational problem for the sector due to the absence of clear and harmonized rules at the EU level. Uncertainties about the framework are detrimental for the sector. The chair requested to the Commission to discuss this issue the next meeting in October,.

The next meeting of the CDG Horticulture – section Fruit and Vegetable is currently scheduled to the 18<sup>th</sup> of October 2016. The Chair further announced, that further dates for various expert groups will be published soon. Also the Citrus Expert group meeting was still with an uncertain date but seems now prospectively to be scheduled by the Commission for the third week of June 2016. It will soon be confirmed.

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