

FINAL

CIVIL SOCIETY DIALOGUE ON ARABLE CROPS on 30th September 2014

For the first meeting of this new Civil Dialogue Group, a DG AGRI representative proposed that the Chair of the former COP Advisory Group, from the trade, starts chairing the horizontal part of the meeting and that the topics relating to sugar be chaired by the future vice-chair from industry after the elections. This was agreed.

1. Approval of the agenda

The agenda was approved.

2. Comments on reports of last Advisory Groups meetings before 1.7.2014.

The reports from the various groups falling under this new group were approved.

3. Election of Chairperson and Vice-Chairpersons

The Commission representative read the article relating to the election and pointed out that the Chairman needs not to know about a specific sector but should be a « professional » chairman. It was mentioned that the assistant to the President is not a representative. He is a note taker to help the president. He cannot be replaced by another person on the same day.

After a short introduction of the 3 candidates' background, the elections took place by acclamation. There were no other candidates. Mr Isambert was elected president (COPA-COGECA). Mr Marihart was elected vice-president (FDE) and Mr Aspar was elected vice-chair (CELCAA).

4. Presentation of the new system of civil dialogue groups/strategic agenda

As an introduction, a Commission representative recalled the context in which the reform of these groups took place. A number of NGOs complained through the European Parliament and the EU ombudsman about the lack of balance between groups represented in the Advisory groups. A number of NGOs and journalists said that the system was outdated and did not reflect the CAP reform with the introduction of direct payments, the new single CMO. More policy areas such as climate change needed to be addressed.

As a result, on 13th December 2013 the Commission took a decision to reform these groups. A call for applications was launched. 103 applications were received which is a lot. The Commission scrutinised and assessed all applications through panels reporting to DG AGRI Director General. Out of the more than 1000 requests for seats, 773 were allocated striking a balance between economic operators (53%) and non economic operators (47%) according to the classification of the EU Register on transparency.

COPA-COGECA pointed out the difficulty to manage the CDGs on the basis of the presented rules decided by DG Agri, in particular the impossibility to rotate between experts within a day meeting needs to be addressed and some possible solution (non-reimbursement of travelling expenses) should be found to make it possible. COPA-COGECA also shared its disappointment as 2 major languages were missing (Italian and Spanish) and requested that meetings should not be set on a Monday. Bringing the best experts is key to the success of these meetings. There should be flexibility to make best of them.

There was a request to have dried fodder specific meetings given the specificities of this sector.

CELCAA supported COPA-COGECA requests to have these languages to express the knowledge of experts and flexibility. This was echoed by various associations.

There was a request from Birdlife to understand whether the meeting in the afternoon was a specialized group meeting as it only deals with sugar.

The Commission replied that there are limits to the interpretation possibilities. Best experts should be present. The sector group approach is no longer the model.

COPA-COGECA/CIBE insisted on flexibility and suggested that as happens with member States mancom and experts groups, flexibility is considered in this group to have the best experts. Copa-Cogeca stated that the timing of the meetings between different sectors was important so as to find the best possible combination between experts. This was supported by the President. COPA-COGECA presented his view regarding the strategic agenda of the group and indicated that it would circulate a draft strategic agenda with a general part and specific parts to reflect the 11 sectors included in this Civil Dialogue groups.

There was a debate with opposite views expressed on the need to speed up GM approvals.

FDE requested the list of participants and the list of sectors represented in the group. And asked several questions: if experts registered do not attend meeting, what will the Commission do? How the report should be built, what is the process for its approval? The Commission distributed a document on the procedure which was not presented nor discussed.

The representative of the Commission thanked for all these valuable comments. On the expectations of the Commission he replied that it has to provide the Commission with the best possible advices from the civil society on CAP and related matters. On interpretation he recalled the logistical restrictions but was ready to look at it as well as to look at other request so as to facilitate the organisation, the communication of a list of participants and acronyms of the associations represented. He recalled that because of the new CAP and new sCMO sectoral groups meetings are no longer possible and that the Commission will remain firm on this point. Sectoral discussions may take place within the CDG arable crops if necessary.

The representative of ESRA vocally addressed the issue of associations not being able to attend and ask how was it possible that such an organisation found it very difficult to be in capacity to attend this meeting. How is it possible that the Commission was asking for the best possible experts while at the same time makes it difficult for them to attend.

The Commission indicated that the registration is done through CIRCABC. There are 58 seats in this group, are entitled to register the NGOs which have seats in the group. The record of the meeting has to be sent to the Commission within 20 days. The Commission is in charge of disseminating it to the other NGOs who have in turn the task to make sure their experts have seen it. The draft report will be posted on CIRCABC.

The civil servants in charge of the arable crops unit were briefly introduced to the experts.

The head of unit C4 underlined that this group has a high level of ambition but given the internal organization of DG AGRI not everything will be possible to discuss. The group should limit its exchanges to DG AGRI portfolio. GMOS or seed-related topics are not topics for this group. Someone from other DGs could be invited if requested nevertheless.

5. Meetings calendar until the end of the year 2014

The calendar of next meetings was presented: 13 October COP and energy crops and non food crops, 5th November sugar and starch, 7th November COP and rice, 12th December COP and textile fibers.

Tobacco and seeds will be dealt with in 2015.

CIBE requested to get a 2015 calendar ASAP and highlighted the importance of maintaining sectoral discussions. Actually it is 3 months ahead. It is time now replied the Commission.

6. Exchange of views on contractual negotiations.

The head of unit C1 made a presentation to present the new EU legal framework. He recalled that the general idea in the new CAP is to facilitate the negotiation power of growers to concentrate the offer to be put on the market. Instable markets lead to additional price volatility. In a globalised EU agriculture, the role of producers' organization is key. Fruit and Veg; milk and sugar have already in place specific provisions derogating to competition law. The derogations to horizontal rules can exist provided they improve and increase the functioning of the market.

Regarding sugar, the specific articles and annexes were presented in detail.

After 2017, the negotiations will consist in written agreements within the trade that will govern the contracts. The legislator introduces the possibility to adapt beet prices for pluriannual contracts. Sugar agreements have a specific treatment This is the results of the historic construction of close relationship between growers and manufacturers.

3 other sectors have a special treatment: olive oil, live bovine and cereals

CIBE welcomed the maintenance of a strong and detailed legal contractual framework, collectively negotiated between beet growers' association and sugar producers after the end of the quota period. This is crucial for a good functioning a beet supply chain.

CEFS commented that keeping a legal framework is good but the fact that the minimum beet price will no longer exist is a revolution and that greater legal certainty is needed regarding the compliance with competition law.

CIBE stressed however that in the contracts rules on adaptation of beet prices to sugar prices will remain as well as rules on adaptation of beet prices in the case of pluriannual contracts are also foreseen in the framework of agreements within the trade. COPA-COGECA also requested to have a detailed presentation on the new cereals contractual framework

7. Situation and prospects for the sugar world market: presentation by ASSUC

For details, please see the presentation.

CIBE:

- asked about the seriousness of Chinese statistics on stocks (8 Mt),
- stressed the controversial and market distortive tools used by the Indian government asked for update on the treatment of this issue at WTO,
- pointed out the way the US is managing the trade dispute with Mexico within a free-trade area,
- finally pointed out the difference between the EU and the US with regards to trade flows: on the one hand the EU put in place safeguard measures which will be difficult to implement and on the other hand the US put in place antidumping measures.

CEFS asked what were the elements that could have positive impacts on world market prices and push the prices up and requested that the Commission monitored closely the measures which could impact trade and which are implemented by third countries.

ASSUC replied that the quality of raw sugar in stocks is deteriorating over time and cannot be stored on a too long period. After 2 or 3 years it becomes unrefinable. This is an issue in Thailand and in China. On the contrary, white refined sugar has almost an indefinite shelf life.

The representative of the Commission replied that the market was doing its job: investments were not going in the industry now and this is anticipated by the market with an increase of the 2015 March term. This was valid also for the ACP/LDCs: if the EU is not sufficiently attractive they will divert their export from the EU market. He also mentioned the monitoring of markets by the Commission.

8. 2013/14 : prospects and balance : presentation by the Commission (see presentations for details)

Mr. Golinveau presented 2012/13 balance sheet in its final phase and 2013/14 estimates.

9. First prospects for marketing year 2014/15

2014/15 forecasts are based on averages and Member States' own estimates. For details see presentations. The representative of the Commission mentioned that the carry forward 2013/14 to 2014/15 has been upgraded from 500 000 t. to 557 000 t. This correction has to be integrated in the balance.

CIBE asked why the Commission did not take into account 50 000 t. of out-of-quota isoglucose in its balance 2014/15 and highlighted the historical level of out-of-quota sugar and consequently of huge carry forward from 2014/15 to 2015/16 which will force the sector to optimize as much as possible out-of-quota sugar uses and exports in 2014/15. She asked that the 2nd tranche of out-of-quota export for 2014/15 be open as soon as possible.

CEFS stated that in view of the very good supply there was no risk of shortage of out-of-quota sugar and therefore requested also that the 2nd tranche of out-of-quota export be open as soon as possible and that all flexibilities be studied as difficulties of storage may arise.

This request was also supported by ASSUC.

The representative of the Commission replied that this balance 2014/15 will be corrected according to out-of-quota isoglucose.

CIBE noted that the difference in beginning and ending is not an issue as during the last 3 years the Commission took exceptional measures which resulted in rebuilding stocks in particular in 2012/13.

CEFS and ASSUC requested that a second tranche of out-of-quota exports be released as soon as possible given the huge and unprecedented carry forward of out-of quota sugar foreseen at the end of 2015 (around 2.5 million tonnes).

CIBE and CEFS stressed that in such a context there is no need to take any temporary measures and certainly not to lift the CXL duties.

10. State of play of the concluded bilateral negotiations and their application on usgar trade (Ecuador, SADC and Canada)- information by DG AGRI C4

Ecuador : In January 2014 negotiations resumed ; after 4 rounds of negotiations an agreement was concluded in July 2014 for an entry into force possibly foreseen in 2016. The texts are currently under legal review ; they are available to the public. Concessions on sugar : one TRQ for raw sugar of 15000 tonnes + 415 tonnes annual growth rate ; another TRQ of 10.000 tonnes of sugar containing products + 150 tonnes annual growth rate.

A representative of the Commission presented the result of the EU-Canada CETA highlighting that it has been a long process to finalize this agreement. He pointed out the concessions with regards to sugar. Both side agreed to liberalized their respective market and eliminate the sugar tariff duties over 7 years tariff schedule, with however an introduction of a 5 years standstill period for EU sugar export for some specific uses to Canada. In addition the EU agreed to open 2 duty free origin quotas (with relaxed rules of origin for Canada) of:

- 30 000 t. for high sugar content products, with a review and growth clause every 5 years : this volume may increase by +20% provided that:
 - i. the TRQ will be fulfilled at least at 60% every years in the 1st period of 5 years
 - ii. “ “ at 70% “ 2nd “
 - iii. “ “ at 80% “ 3rd “

- 10 000 t. for confectionary products with a review and growth clause after 5 years : this volume may increase by a max of 10%.

A representative of the Commission confirmed the conclusion of the EU-SADC EPA, including EU sugar market access concessions granted to South Africa. However, the representative was not in a capacity to confirm any figures. He added however, that because South Africa was an importer of a significant quantity of sugar from Swaziland and Brazil there was uncertainty as regards the future SA sugar exports to the EU. He concluded saying that the entering into force will be the 1st January following the provisional ratification of the agreement including the consent by the EP.

Both FDE and CIBE/COPA-COGECA expressed their surprise and their concerns vis-à-vis the annual increase of TRQ granted to Ecuador and the review clause of origin quotas granted to Canada. In addition, FDE asked for the logic behind the statement made regarding the low capacity of South Africa to export and the opening up of the EU market to South Africa as the EU was not in capacity to absorb these additional imports. Finally, CIBE/COPA-COGECA highlighted that within one meeting, beet growers have learned that market concessions for a total amount of more than 215 000 t sugar to third countries will be granted as from 2016, so before the abolition of quotas scheduled as from 1st October 2017 and this taking into account the context of high stocks and surplus that have been stressed and that the EU beet sugar sector have to face before the end of the quota system. These decisions by the Commission were absolutely not acceptable for EU growers who will be those who will suffer from these concessions, force to adjust their beet area and beet revenue to manage these imports. In addition, she noted that the relaxation of rules of origin granted to Canada is setting a dangerous precedent and will end to the import of more Brazilian sugar by the EU, asking for the logic behind this.

ESRA asked why the TRQ granted to South Africa will not be managed the same way as those granted to ACPs, but as “first come- first served basis”?

ASSUC noted that the safeguard clause applying to ACP sugar as from the 1st October 2015 makes no sense and that it would be good to abolish it.

The representative of the Commission replied that it has been decided that DG Taxud will manage the TRQ granted to South Africa for a reason of simplification. Another representative replied that at the end the EU market will determine what will come or not.

COPA-COGECA stressed the danger of the relaxation of rules of origin granted to Canada as it creates triangular trade on processed products for which the market is moving.

Canada : final agreement last week for an entry into force in 2016. The text of the agreement is published on DG Trade web site. Sugar is liberalised over 7 years.

CIBE asked about the rules of origin and complained, echoed by FDE, that origin quotas have been granted to Canada with the possibility to use 100% non originating sugar. In the mean time it is unacceptable that Canadian judges decide to increase the import duties or the level of countervailing measures on EU sugar exports.

There was a question to the commission on the status of Ecuador regarding GSP+. It was confirmed that Ecuador GSP + status ends in 2014.

11. Sugar mini package, information by the Dg AGRI C4

The proposals have been taken apart, amongst others to be in line with the Lisbon provisions and the new established delegated and implementing provisions in the CMP regulation (1308/2013).

The provisions to change the dates to communicate the carry forward (in line with the new council text), technical simplifications with regard to imports of ACP/LDC sugar, changing the CN codes for raw sugar and prolonging the suspension of the additional duties for sugar until 30 September 2017 are maintained in an implementing act.

Changing the rules for proof of refining are a delegated provision and since this would be the only change we have decided to drop this proposal. It is too limited to send for this issue only a delegated act to the Council and Parliament for their approval.

The proposal to suspend the additional duties for molasses until 30 September 2017 could not be retained in the package. As a result a separate regulation has been made fixing the additional duties for the MY 2014/15 at zero. (Reg 1033/2014). This will be repeated every marketing year until at least 2016/17.

Furthermore the prolongation of Regulation 828/2009 from 30 September 2015 to 30 September 2017 was not possible either by implementing or by delegated act and therefore this regulation will be fully aligned. This means an implementing regulation 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.

12. Voluntary coupled support related to sugar beet (information on production costs and gross margin/ha for different products, information from the sector.

At this stage the Commission is not in a position to give precise information on this topic as it is currently in the process of assessing the compatibility of the approximately 220 measures notified by 27 member states with EU regulation.

The president asked whether sugar beet for ethanol could be part of the areas of ecological interest. ASSUC asked whether coupled support are preventing from exporting freely. The reply from the Commission was clearly no. AAF declared that these supports are anti competitive in relation to isoglucose.

AAF declared that these supports introduce distortion of competition in relation to isoglucose.

Reacting to AAF declaration, CIBE explained that the beet coupled support must be considered in the overall balance and revised framework of the CAP as regards direct payments and their evolution within the CAP. For Member states applying SAPS, sugar top ups introduced with the 2006 reform will no longer applied as from 2015. Therefore the new system of SAPS implies significant cuts in the coupled payments for beet growers. In these countries beet coupled support as from 2015 will only compensate partially the strong decrease for beet growers between the old payments and the new system of payments.

COPA-COGECA stated that the possible transfer for the 1st to the 2nd pillar involves much more financial means than the coupled payments which need to be relativized and therefore, wondered whether with the different national options to implement the CAP the CAP would be more common or more convergent or divergent. This remains to be analysed.

Regarding production costs and gross margin for sugar beet production, the Commission asked if the sector had information. CIBE replied that it does not collect and therefore cannot communicate on such data.

13. AOB

There was no item discussed under AOB

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