

FINAL MINUTES FROM THE MEETING OF THE CIVIL DIALOGUE GROUP ON ARABLE CROPS – CEREALS + OILSEEDS AND PROTEIN CROPS + SEEDS ON 4/2/2016

ARABLE CROPS: CEREALS, OILSEEDS AND PROTEIN CROPS

Item 1:

The agenda was adopted. The minutes of the previous meetings (on 22/09/2015 and 27/11/2015) were approved.

Item 2: Market outlook looking towards 2025

DG AGRI explained that this was a macroeconomic baseline as opposed to market forecasts for the cereals and oilseeds sectors. The study was currently being validated internally by the EC. DG AGRI gave a PowerPoint presentation, mentioning the data sources and underlying assumptions. There were some uncertainty factors. The baseline for cereals predicted that prices would follow a downward trend at the beginning of the period, then increase again towards the end. The baseline for oilseeds predicted that biodiesel production would fall and soya imports would increase.

Copa asked DG AGRI about the hypothesis that cereal and soya yields would increase. DG AGRI explained that the predicted rise was rather modest on average, and higher in countries in the east. Recoupling was in force for protein crop production.

ECVC stated that the market outlook looking towards 2025 formed a basis on which to begin thoughts on the future CAP. DG AGRI explained that the public consultation on the first year of greening was underway.

Coceral asked DG AGRI whether bilateral agreements and the Russian embargo had been taken into account in the baseline. DG AGRI answered that the ongoing negotiations had not been included but that the Russian embargo had been taken into consideration up until August 2016.

ESA underscored the importance of NBTs and genetically improving seeds in order to foster an increase in yields.

CEFS said that the press considered this outlook as a market forecast, which was a sensitive matter for the sugar sector in view of the end of the quota system in 2017. DG AGRI should think about market management tools, seeing as exchange rates played an important role and were not taken into consideration at the WTO.

Item 3: Market situation

Coceral detailed the global market situation. Generally speaking, the markets were lethargic, with the exception of Durum wheat. Nothing hinted that the market value would recover. The market values already took account of the situation in Ukraine. Neither El Nino nor the significant drop in sowings in the USA had had an effect. The rate of purchase of oil supplying countries had slowed. Egypt had stopped a delivery of EU wheat due to administrative problems related to the presence of ergot, although the codex standard had been respected. Consequently, no more operators were requesting export licences for this destination. The drought had led to a drop in the sown surface area for maize in South Africa, which could lead to an increase in demand for white maize, however the EU did not produce this crop. India had also seen a drop in sowings due to the drought, however the country had high levels in storage.

It would be necessary to check the status of the crops at the end of the winter. Due to lower prices, farmers were tending to store their cereals. The maize/soya ratio in the USA was changing. Soya

surface area was on the increase thanks to demand in China, yet it seemed that Chinese imports had reached their limit and a new relationship would develop between the USA and China.

Coceral pointed out that there were no more authorised PPPs in the EU should ergot reappear. Indeed, grass strips provided a haven for spores. There were no tools that could detoxify contaminated batches.

DG AGRI went over the market situation in the EU. In February 2016, no changes had been made to the 2014/2015 balance sheet established in November 2015.

DG AGRI presented the 2015/2016 balance sheet that had been updated in January 2016. Total production fell within the five-year average, however total cereal production in 2015 had fallen by 6.9% compared to 2014. Durum wheat production had increased by 12% and maize production had dropped by 28%. Rye production had fallen by 15% because of the drought in Poland. France and the United Kingdom had seen two consecutive marketing years with high soft wheat production. Production had tumbled in Romania and Hungary due to poor climate conditions.

Fewer export certificates had been granted in 2015/2016 compared to 2014/2015. However, more import certificates had been granted for barley and maize in 2015/2016 than in 2014/2015.

Copa referred to the 2015/2016 market situation, stressing that farms had insufficient liquidity due to delays in receiving direct payments, the drop in direct payments themselves, prices that did not cover production costs, and excessively high input costs. There were requests to introduce private storage aid for maize in certain regions.

DG AGRI answered that exchange rates tended to steer the markets. Soya sowings were on the rise in Brazil because the Real had depreciated against the Dollar. Stock levels in the eight exporting countries needed to fall below 15% to have an effect on the markets. While they remained at 18-20%, there would be no changes to the market situation. Automatic public intervention provided a safety net for 3 million tonnes of soft wheat, yet no Member State had submitted a request to open an invitation to tender for the other cereals.

Item 4: 2015-2016 sowing forecasts

Copa, Cogeca and Coceral's February 2016 forecasts for the 2015/2016 marketing year were the same as those announced in November 2015. Copa explained that the meeting had been organised too early in the season to be able to provide any new data, which may change depending on the status of the crops after the winter. At the moment, there were no major climate events to report. The crops were growing as they should.

The provisional 2015/2016 balance sheet predicted that stocks at the beginning of the marketing year for all cereals would total 46 million tonnes, with 22 million tonnes of maize.

Item 5: Market situation for oilseeds and protein crops

In the oilseed and protein crop sector, there had been a drop in oilseed production, notably rapeseed and sunflower, with a significant increase in protein crop production thanks to recoupling.

Coceral believed that plant proteins had been underestimated in the protein balance sheet. We seemed to be heading towards a second food transition. India was going to increase cereal production to the detriment of plant protein production.

DG AGRI answered that 2016 was the FAO year of pulses. The next Chair of AMIS would be from an EU Member State and it was vital to seize this opportunity to support the demand to include plant proteins in the work of AMIS. The EU had already submitted this request, which had been rejected by other members of AMIS.

Copa attributed the drop in oilseed production to the neonicotinoid ban. They requested restarting work on the protein balance sheet.

ECVC underscored the importance of plant proteins in relation to the need to decrease meat consumption to tackle climate change.

SEEDS

Item 1: Market situation

Since the end of the CMO for seeds and the review of Eurostat rules, the EC no longer compiled statistics.

Copa, Cogeca and ESA once again advocated re-establishing these statistics. Without data, it was impossible to identify shortfalls in supply. Recoupling caused distortions to competition. This was another reason as to why DG AGRI should compile statistics. The private sector would not provide data because of trade issues.

DG AGRI answered that this was a regrettable situation that had come about due to the need to simplify legislation. Compiling statistics on seeds would not be reintroduced at the moment. The Member States were not obliged to send in data to DG AGRI and there was no gentleman's agreement on the matter either.

Item 2: Outcome of the guidelines on permanent grassland

In mid-July, the Commission adopted a guidance document on the Member State implementation of provisions on permanent grassland in the context of payments for agricultural practices that benefitted the climate and environment (greening). Page five of the guidelines stipulated that “areas with species cultivated for seed production should always be classified as arable land for crop production if they are seeded as pure crops”. Only pure seed crops were excluded from permanent grassland areas, which was in keeping with the general principle established in the same chapter of the guidance document, as the reference to seed production was needed to address the specificity of this production sector.

A Copa delegate disagreed with the Commission's guidelines, as the seed market requested mixtures of seeds.

Item 3: Initial evaluation of EFAs and crop diversification in relation to seed production

Copa and Cogeca reiterated their concerns.

For catch crops, the Member States themselves set the list of which seed mixtures to use and the sowing period. Seed producers who were forced to plant catch crops from the list of authorised species in order to meet the requirements of greening ran the risk of having to decrease their seed production surface area and replace this by arable crops, which could lead to a drop in income. Indeed, even lightly tilling the land caused any lost seeds to fall dormant for many years, thus increasing the risk of 'polluting' any seeds sown thereafter. At the same time, there was a general desire for marketed batches of certified seed to be as pure as possible. What's more, there was a limited number of authorised PPPs for weed control, with more and more stringent limitations on their usage. Copa and Cogeca therefore believed that surfaces that had sufficient crop cover as a result of the spontaneous germination of lost seeds that had been left in the soil after having harvested seeds for certification should be eligible to become ecological focus areas and considered as catch crops. Copa and Cogeca also advocated removing the obligation to sow mixtures of species and increasing the conversion factor from 0.3 for catch crops that were eligible for greening.

Item 4: NBTs

DG SANTE explained that work on the Commission's decision was ongoing. The conclusions should be published in March 2016, but there would be a delay. The document would be presented to the Member States and stakeholders, yet the date for these information events was yet to be scheduled.

Copa, Cogeca, and Coceral encouraged DG SANTE to examine NBTs with an open mind, as European agriculture needed these new technologies to improve plant genetics in order to tackle the challenges of climate change, the efficient use of resources, food security, and the development of the bioeconomy. NBTs were one of the tools used in precision farming. The situation in countries that exported to the EU was changing very rapidly, which could pose the question of how to check for NBTs in shipments. Coceral therefore advocated working towards a global scientific consensus on the topic.

IFOAM and Via Campesina wanted NBTs to be regulated. NBTs should be evaluated and consumers should be kept informed via a traceability system. An open letter had been sent to the EC.

ESA stated that the Civil Dialogue Group was not a group of scientific experts. The most important matter in ESA's eyes was to ensure that these techniques were safe.

Item 5: State of play of equivalency for seed imports

DG SANTE was preparing a legislative proposal to submit to the Council and EP on the equivalence regime for imports into the EU from Ukraine, which they hoped to publish in mid-2016. Auditing missions had been scheduled in Brazil, Moldova, and Bolivia. Other applications for equivalency would have to be approved via a delegated act should the proposal on Ukraine be rubberstamped.

Item 6: Review of seed directives: technical modifications

A new directive would be published anon, with certain amendments on the labelling of seed lots. All lots would have to bear an official serial number to avoid any labelling fraud.

The scope of the directive on vegetable species would be broadened to cover 22 species that had been included in a temporary experiment in Portugal.

The directive on seed potatoes would also be amended to change the provisions on the size of the tubers and the possibility to market seed potatoes, which had been included in a temporary experiment in the Netherlands.

Item 7: Nagoya Protocol

ESA was not satisfied with the implementing rules, yet believed that the Commission had made progress to better understand the sector's concerns.

ESA asked to clarify the legal situation for commercial varieties that fell under the breeder's right. DG ENVI replied that the question would be discussed by the clusters, as this was not covered by horizontal rules.

Disclaimer

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