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FINAL MINUTES

Meeting of the Civil Dialogue Group HOS – Fruit and Vegetables

27/09/2019

Chair: Mr Garcia Fernandez (SACAR)

Organisations present: All Organisations were present, except BEUC, Birdlife, EFNCP, EPHA

- **Approval of the agenda**

The agenda is approved.

- **Nature of the meeting**

The meeting was non-public. It is part of the Civil Dialogue Group HOS, section Fruit and Vegetables. Meeting was for the appointed CDG organizations and was not webstream.

- **Election of the president**

The candidates are as follows:

- Mr Sanchez de Puerta Diaz as president on behalf of COPA COGECA
- Mr Jose Antonio Garcia Fernandez , as vice president of SACAR – representing Freshfel Europe
- Ms Sarah Melina Siebel as vice president for FoodDrinkeurope representing Spirits Europe

The election provided the following outcome:

- The chair is elected with two abstentions
- The vice chair Jose Antonio Garcia is elected with two abstentions
- The second vice chair Ms Sarah Melina Siebel is elected with two abstentions

- **List of policy points discussed during the CDG Horticulture , section fruit and vegetables**

1. **State of play on study of the functioning of the CDGs** : This point is postponed and not discussed.

2. Agriculture policy issues

a. Fruit and Vegetables CMO update on latest developments including a/o mutual funds developments

The Commission services presented, for discussion with Member States, various technical issues stemming from audit findings. The first discussion took place in September and focused on the “soundness of estimates” criterion. The aim is to exchange with Member States and the Commission services good practices with the view to reduce the risk in case of audits. This exercise will continue in the next months, addressing other technical issues, such as the consistency and technical quality of operational programmes (November), democratic accountability, main activity, (January 2020), flat rates, etc.

The objective is to improve legal guarantee for Member States

On **mutual funds**, following the Omnibus adoption, some changes were introduced to Commission Delegated Regulation (EU) 2017/891 supplementing Regulation 1308/2013. The Omnibus has broadened the scope of mutual funds by now allowing the “refilling” of the funds once used. An explanatory note was provided to Member States how this could be implemented. It should be soon published. The note covers definitions (e.g. mutual fund, severe drop of income, adverse market conditions), examples (input cost increase resulting in severe drop of income, maximum amounts of support for market withdrawals as baseline for determining whether the drop of price in the market), the eligibility of the costs, the beneficiaries, the management of the fund, the control, etc. So far, mutual funds are not widely used by producer organisations, but expected that it will be more attractive with the revision of the scope.

Several questions were raised from the sector:

- i. Is the Commission working on best practices to prevent distortions and avoid different interpretations by Member States?
- ii. It is perceived that the limitation to 0,5% of the part of the operational programme that can be used for crisis management is not sufficient and should be increased. Is this possible?
- iii. It is stated to the Commission that the sector would value strict criteria of recognition of the POs, as severe criteria would better secure the good functioning of the system. In this respect, the flat rate system for some of the eligible costs would work best if criteria are severe.
- iv. Questions on the part for products sold by the PO but not grown by growers if those are eligible for mutual funds?
- v. COPA COGECA states that anti-dumping of fertilizers from Russia (nitrate of ammonium) in place for many years should be removed to reduce costs for growers

The Commission provided following responses to these questions:

- i. It is not decided yet how best practices will be formally communicated by Commission to Member States. It is important that clear criteria are set.

- ii. On the threshold of 0,5 % this could not be modified by the Omnibus regulation.
- iii. It is the decrease of the income of the growers/PO and not a decrease of the prices which constitutes the threshold for the mutual funds.

b. CAP post 2020

The Commission presented on July 2018 its proposal and this launched the discussion at the European Council and European Parliament. The Finish presidency is not likely to get a common position under its presidency. In the Parliament, COMAGRI voted in April 2019 its amendments, but the matter did not went to plenary. The new Parliament will not start its work from scratch but taking into account the April report. There is no clarity on when the CAP reform point will be raised to plenary.

While the interinstitutional agenda is not clear, it is becoming increasingly likely that the CAP reform will not be in place for 1st January 2021. The Commission therefore has to consider some transitional rules between existing rules and the future CAP rules. The Commission will soon release some proposals to fill the gap, with the aim to ensure continuity. As far as some specific provisions on the F&V sector are concerned, the “Green deal” will probably reinforce the Commission proposal to set the minimum spending for environmental measures at 20% . Both Council and Parliament are considering lower rates.

From the sector and on the background of the reform, it is also important to consider that new attention is brought to find alternative to the availability of plant protection products. The new Commission should also consider the availability of new breeding technics.

3. Consumption habits

- a. **School scheme:** The Commission made an update on the EU school fruit, vegetables and milk scheme. Since last meeting, a factsheet has made available on the [webpage](#) (section: documents) translated in all languages. It provides the key data of the scheme and some examples of activities in Italy and Germany, Latvia, Belgium, Ireland. A stock taking [meeting](#) took place on 19 June, two years after the Tartu Call of 3 EU Commissioners for actions on healthy lifestyle. A brochure/leaflet with the results of action under the call was produced and as a testimonial of the school scheme, a video with example of activities in 4 member states (CZ, IT, FI and PL).
- b. **FRESHFEL–APRIFEL EU funded promotion campaign “FV Healthy EU”** : Freshfel & Aprifel presented the objectives of their joined EU funded pan European promotion campaign to stimulate consumption of fruit and vegetables in particular to the Millennials. This is a 3 years campaign, mainly using social media and with some sites activities in France. The focus of the campaign is to challenge this particular age group to eat at least 400 gr of fruit and vegetables per day. The campaign covers several languages: English, French, German, Polish, Italian and Spanish.

4. Market developments and trade aspects

Update on initiative for market transparency. Beyond this new initiative several factors are underlined. It aims at improving the availability of relevant market information for all market participants along the food supply chain. The issue of asymmetry of information has been well documented. The co-legislator urged the Commission to address the lack of transparency in the food supply chain.

The economic context is one of greater market orientation and increasingly complex markets. EU markets are exposed to global prices and show an increasing trend towards market concentration at processing and retail level. As a result market information becomes more important to farmers and other operators in the food supply chain. Fruit and vegetables, along with meat and dairy are some of the most sensitive products according to the Agricultural Markets Task Force.

There was a need for improved price collection along the food supply chain. The focus is on representative prices (as opposed to average prices, and to ensure proportionality) with some additional quantities where relevant. The new requirements cover not only selling prices, but also some buying prices to analyze price transmission along the chain.

Member States should define the methodology of data collection with the possibility for Member States to delegate to operators the transmission of information, should Member States wish to do so.

As supply chains differ between the Member States they can decide which products are most relevant for their particular situation. Still, discussions will be held at EU level during the implementation stage to ensure that where coordination between Member States makes sense this can be achieved.

For fruit and veg: the following parameters are to be taken into account for price reporting:

- Annex I – Weekly prices:
 - change in 5(a) to representative prices
 - Addition of 5(c) and 5(d): farmgate prices for the fresh market and retail buying prices.
- Annex II – Monthly or annual prices:
 - Change of point 8: organic prices, farmgate prices for processing. (for tomatoes once a year, for apple and oranges monthly).

Indicative technical fiches to aid implementation have been provided to Member States to foster discussion on technical specifications,, and price reporting will be further defined during the implementation phase with Member States.

Next steps will be the implementation stage: the publication of the legal text is expected in October for an entry into force on 1 January 2021. The Commission is asking Member States to engage proactively with all stakeholders during implementation phase. There will also be EU level coordination between Member States to exchange experiences, barriers, etc. Meeting may be organized (by MS) between MS and stakeholders to have broader discussions.

From the discussion with the experts of the CDG, concerns were raised that if the methodology is left to Member States, it could lead to different interpretation of prices and methodology e.g. for data comparison.

Even if quantities could punctually be taken into account, how stocks depletion should be taken into account. The sector welcomes this positive evolution but underlines the complexity (variety, branding, packaging,...)and diversity of the fresh fruit and vegetables markets and supply chain. While including farm gate prices, it is unclear what level will be the level (growers, POs). If not strictly at same level it could add more confusion in the comparison, as at POs level value is already be added.

Within the European market, the reflection on price collection need to be fine-tuned to avoid misleading information and price average could also lead to incorrect analysis.

5. Market situation:

- a. **Market Observatory:** Presentation by the Commission on the new market observatory for fruit and vegetables, build on existing experience of the other AGRI sector. It should aim at improving market transparency. The observatory will have different tools including an economic board, a dedicated webpage with improved statistics, reports and outlook information.

Focus of the Market Observatory remains on apples and pears, citrus, peaches and nectarines and tomatoes. 12 organizations were selected among organizations operating in the EU, 6 for growers, 2 for processors, 2 for traders and 2 for wholesale/retail. Each meeting will gather around 16 to 19 experts.

First meeting will be the sub--group on tomatoes on 18/10, then the citrus sub-group on 13/11 and the pip fruit sub-group on 10/12 (date to be confirmed). The meeting of the stone fruit subgroup will be organized in the spring of 2020.

Rules of procedure will have to be adopted in the first meeting. All member associations will be invited to give their opinion on the draft rules.

The website is already available online. Under 'related info,' there is information on the economic board of the observatory, publicly available, including information on the meetings, sub-groups, etc. Under 'fruit and vegetables (various),' there will be additional information on other F&V products.

On reliability of parameters used for market monitoring, (cf. morning's presentation), the Observatory will consider whether to set a representative variety of a given product or to keep a basket approach of varieties with different weights. This will be looked at the tomatoes sub-group, how the price reporting of these categories will have to be established.

- b. **Market situation:** presentation by the Commission on Market situation for fruit and vegetables: Markets remain under the influence of weather conditions. The presentation reviewed also other aspects such as FTA and other international developments and specific developments for fruit and vegetables markets. Detailed information are included in the PWP.
- c. **Brexit -state of play:** Overview by the Commission on the state of play of the Brexit and on the ratification of the Withdrawal Agreement. Current extension runs until 31 October. The UK is searching some alternative to the backstop, though at this point little progress is made. Mid October, a summit will take place to update the EU position.

On 4th September, the 6th Commission Communication on preparedness was published, with check lists to assist operators. The Commission recognizes that agricultural sector might be particularly affected and that financial support will be available within the means that are possible, considering scheme similar to those that were set up for the Russian embargo.

Participants indicated that most of the customs adjustments were made at EU levels, but concerns were raised on the level of preparedness at the point of entry in the UK. They also expressed concerns about the possible loss of tariff preferences at some stage with the UK granting new concessions to some of their other third countries suppliers.

- d. **Update on the EU-Mercosur agreement:** The Commission provided a review of the Mercosur agreement covering in the presentation various strategic, political and commercial aspects of the agreement. It is the first agreement ever signed by Mercosur.

The political agreement needs now to be adopted by the EU Council with the consent of the European Parliament. Draft texts of the Agreement are published on DG TRADE website. Text on market access and tariff elimination schedules, including agriculture, still need to be published as need to be checked carefully given the great number of tariff line at stake. Scrutiny is made by both parties.

There is a liberalization with extensive duty dismantling for agriculture products, except for EU most sensitive products where concessions are limited to tariff quotas. For fresh fruits, the ad-valorem component will be removed while entry price is maintained with the exception of citrus fruits, where entry price is also removed. For citrus fruit duties will only be dismantled by the EU in 10 years, while Mercosur is granting almost a full liberalization for fruit and veg at entry into force. For garlic, a reciprocal quota will be set.

Adoption and provisional application, if decided by Council, are unlikely before the end of 2021. An impact assessment will be updated based on the outcome of the negotiation on agricultural products.

Importantly, The FTA with Mercosur is not lowering any of the food safety requirements, but have stronger commitments in regard to environment and social aspects.

- e. **Market Access strategy:** Presentation by Freshfel Europe on market access and tools to facilitate.

The presentation provides key trends and developments of exports including the low % in countries with FTA given the lack of protocols to allow exports.

The presentation presented different initiatives that could be taken to soften the export burden and the various steps undertaken by Freshfel Europe together with DG AGRI- DG TRADE and DG SANTE to improve market access and gain better reciprocity in exchange , in particular with countries with whom the EU has FTA.

The presentation also looked at aspects relating to improved tools within the multilateral environment and the benefit of further standardization.

6. Food and plant safety issues

- a. Update on developments regarding chlorate: no discussed
- b. Platform minor use: not discussed
- c. Plant health:
 - i. Presentation of the new Plant Health Legislation which will come into force on 14 December 2019. The presentation covered different aspects of the scope of the new legislation, the new rules on imports and the generalization of the phyto certificate. For internal movement, plant passport with increased responsibility for operators. Priority pests were set up in a delegated act (currently under Parliament scrutiny until 2nd October). Special focus is provided on the regulated citrus pests both for import and intra-EU trade. Several audits were also undertaken for imports controls in the EU as well as some visits in South Africa, Brazil, Argentina, Uruguay and Tunisia. The Commission also provided a review of the latest emergency measures. Emphasis is also provided on the International Year of Plant Health 2020.

From the discussion, it is requested that EFSA reports are implemented, as EFSA stated that CBS could established in the EU and not enough steps were taken, while CBS seems now to be established in the Mediterranean basin.

Growers are also concerned on the effects of climate change and the tools that are available to protect crop to defend production. There is a need of greater cohesion between different policy including plant health and plant protection. In the past, *Drosophila suzuki*, Brown Marmorated Sting Bug (BMSB) were introduced, and often lack tools. With BMSB, costs in Italy was already amounting to 350 Mio €. New Zealand took very strict steps to mitigate and prevent the risks to expand, while in the EU, system need to be curative, including some bio controls measures, as chlorpyrifos will be removed early next year.

Commission response: The plant health legislation is a preventive system, while the use of PPP or bio-control agents is the curative system. The import control on CBS allowed Tunisia to realize that CBS is present in that country. BMSB is present in Europe so no quarantine measures are possible anymore, but measures to remedy. Controls will increase with the new regime, through the obligation for all live plant material to be accompanied by a phytosanitary certificate, with the exception of 5 fruits (bananas, coconuts, durians, dates and pineapples). Bananas are excluded because until today there is no scientific evidence of a risk. Moreover, the new IMSOC will provide more information and tools to react against threats from third countries. Surveillance will also be reinforced internally, with all quarantine pests surveyed within multiannual programmes.

7. Climate change and fruit & vegetables : point not discussed

8. **AOB** : EEE is proposing to have a speaker for the next meeting on alternative to pesticide in orchards . EEE should submit a proposal in writing to the chair.

- **Next steps** : The Chair to provide draft minutes within 10 days
- **Next meeting** : No date has been scheduled for the next meeting
- **List of participants - Annex**

Disclaimer" The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."

List of participants– Minutes

Civil Dialogue Group HOS -FRUITS AND VEGETABLES SECTORS

Date: 27/09/2019

MEMBER ORGANISATION	NUMBER OF PERSONS
Bureau Européen des Unions des Consommateurs (BEUC)	-----
Stichting BirdLife Europe (BirdLife Europe)	-----
European Council of Young Farmers (CEJA)	2
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	5
European agri-cooperatives (COGECA)	8
European farmers (COPA)	8
European Coordination Via Campesina (ECVC)	1
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	1
European Forum on Nature Conservation and Pastoralism (EFNCP)	-----
European Public Health Alliance (EPHA)	-----
FoodDrinkEurope (FoodDrinkEurope)	5
International Federation of Organic Agriculture Movements EU Regional Group (IFOAM EU Group)	2
Pesticide Action Network Europe (PAN Europe)	1
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	6
TomatoEurope	1
Total: 40	