



Brussels,
AGRI.E4/ (2023) (1.2.5) 11249736

MINUTES

Meeting of the Civil Dialog Group on Agricultural Market - Starch

09 October 2023

Chair: AGRI.E.4

The following organisations were represented: BeeLife, CEPM, COGECA, COPA, EEB, FoodDrinkEurope, COMMITTEE OF THE REGIONS, EUROPEAN ECONOMIC AND SOCIAL COMMITTEE.

1. Approval of the agenda and of the minutes of previous meeting

2. Nature of the meeting

Non public.

3. List of points discussed

3.1. Market situation

a) Overview of the market situation for starch potato

A representative of COGECA (CESPU) presented the market situation for starch potatoes. The good prices for potatoes in 2022 were followed by lower prices in 2023. The EU potato area for 2023 is estimated at 1.34 million hectares (-1.7% y-o-y). The area cultivated with potatoes for human consumption has increased at the expense of the area intended for the production of seeds and starch potato. This is the result of an increased consumption and the attractive prices for the potatoes for human consumption compared to the other potato categories. The EU potato production for 2022 reached 47.3 million tonnes down from 50.4 million tonnes the previous year. For year 2023, the production is estimated at around 46 million tonnes. Extreme weather conditions are the reason for both the production decline and its lower quality (i.e. hollow centres, wire worm damages, fungal infections) in 2023. Similar weather-related challenges are expected in the years to come. This puts additional pressure on the sector while a further reduction in the use of pesticides by 2030 would worsen the farmers' situation. Further information on the content of the presentation can be found on the dedicated Europa webpage: [Agricultural markets \(europa.eu\)](https://agriculturalmarkets.europa.eu)

In response to a question from the Commission on the alternative crops that farmers are choosing over potatoes, the speaker mentioned the protein crops and

sugar beets, that had benefited from more attractive prices. However, farmers' decisions are also dependent on the proximity of the processing industry.

The representative of FoodDrinkEurope (Starch Europe), supported by the representative of COPA, suggested that potatoes, including starch potatoes, should be included in the scope of a future EU Protein Plant Strategy, in order to incentivise farmers to continue to cultivate this crop.

b) EU trade flows with third countries

The Commission presented the trade flows figures for native starches, modified starches and other sweeteners, including isoglucose (for the period 2018-2023). Further information on the content of the presentation can be found on the dedicated Europa webpage: [Agricultural markets \(europa.eu\)](https://agricultural-markets.europa.eu).

A representative of FoodDrinkEurope (Starch Europe) thanked the Commission for including trade figures for other products besides native starches. A representative of COGECA (CESPU) mentioned that Denmark's trade flows were not included in the Commission's presentation. A representative of FoodDrinkEurope (Starch Europe) added that Netherlands's trade data was also missing. Commission took note of the comments and indicated that it will investigate the issue.

A representative of FoodDrinkEurope stressed the importance of negotiating appropriate import duties under the future Free Trade Agreements (FTAs) with major starch producers (i.e. Thailand and India), given that the EU is an attractive market for the operators from these countries.

Another representative of FoodDrinkEurope (Starch Europe) mentioned that the Commission's presentation points to a slow decline of EU's competitiveness given that exports are decreasing in the last three years. He suggested that in the future the trade data on sweeteners should distinguish between solid and liquid products as the former are transported easier than the later (for example, trade figures concerning dextrose, which is mainly solid, should be presented separately from the isoglucose figures). A representative of BeeLife expressed concerns about the products traded under the CN code 1702 as they might contain amongst others, artificial honey blended or not with natural honey and requested the Commission to further investigate the issue. Another representative from COPA requested for more market data (production, consumption, stocks) for starches apart from the trade flows. The Commission took note of the request and replied that such market data is not available as there is no legal obligations for the Member States to provide such information for starches.

3.2. Common Agricultural Policy (CAP) from 2023 to 2027: Coupled Income Support for the starch potato sector

The Commission presented the EU rules for the Coupled Income Support (CIS) scheme for the period 2023-27. The use of this scheme is optional for Member States. All Member States except for the Netherlands decided to include CIS schemes for different sectors in their CAP National Strategic Plans. There are strict preconditions and limits associated with these schemes, but the Member States have substantial flexibility to adapt them to their national needs. A limited list of potential sectors are eligible for this support scheme and the potato starch

sector is one of them. The support is allowed if linked to a specific difficulty that the sector encounters. Moreover, as market conditions might change, Member States have the possibility to transfer the funds between different CIS schemes. Member States can design/classify these support schemes as amber or blue box support under the World Trade Organisation (WTO) rules. A brief overview of the different CIS schemes implemented by the Member States was provided, with a particular focus on the six Member States (CZ, DK, FI, FR, LV and PL) that granted CIS for the starch potato sector. Further information on the content of the presentation can be found on the dedicated Europa webpage: [Agricultural markets \(europa.eu\)](https://agriculturalmarkets.europa.eu).

A representative of COGECA (CESPU) asked for more clarification on the reasons behind the possibility to classify these support schemes as either blue or amber box support and how can the EU as a whole negotiate with the WTO their classification if each Member State decides on their classification in their national plans. The Commission replied that the possibility was granted in reply to some Member States' request to have more flexibility in the implementation of the Coupled Income Support schemes. In the end, all Member State except one designed/classified their CIS schemes as amber box support.

3.3. Transition to sustainable and resilient food systems in the EU

a) Presentation of a position paper on the Sustainability of the European food system

A representative of FoodDrinkEurope (Starch Europe) presented the latest developments concerning the EU starch sector. He also presented the sector's [position paper](#) on the Sustainability of the European Food System. According to this position paper, the sector contributes in various ways to all three pillars of sustainability: economic, social, and environmental. The paper also underlines the main sector's needs (i.e. a vibrant bioeconomy, an ambitious protein strategy, support to innovation, short- and long- term clarity on the policy framework etc.) in order to be able to continue to contribute to the EU food system's sustainability. Further information on the content of the presentation can be found on the dedicated Europa webpage: [Agricultural markets \(europa.eu\)](https://agriculturalmarkets.europa.eu).

b) Exchange of views amongst members on sustainability initiatives in the starch sector

The Commission invited the members of the group to provide details on sustainability related initiatives in the starch sector. A representative of COGECA (CESPU) stated that starch potatoes growers are willing to contribute to the Farm to Fork Strategy and support the achievement of its objectives as the reduction of pesticides, energy and other inputs. CESPU's representative welcomed the constructive and pragmatic approach in the Commission's proposal for a new regulation on plants produced by certain new genomic techniques, expressed support for the proposed verification procedure by the competent authorities and agreed with the proposed transparency rules concerning the seeds. For the members of the starch potato value chain the possibility to develop potato varieties adapted to specific regional climates and soils is very important.

The Commission informed the members of the group that during the meeting of the Civil Dialogue Group dedicated to the fruits and vegetables sectors, scheduled for 20 November 2023, the Commission will make a presentation of its recent legislative proposal concerning the new genomic techniques.

3.4. Free Trade Agreements (FTA) negotiations (Thailand, Indonesia and India) - State of play

Thailand

The EU and Thailand agreed to kick off the negotiations on a future FTA in March this year. The first negotiations round took place on 18 September 2023 in Brussels. Its main aim was for both parties to present their respective positions. There were no discussions on the market access. The timeline to finalise this FTA is not fixed but, if there is willingness from Thailand's side and no major issues that could block the process, the Commission could anticipate a conclusion by the end of 2025 or early 2026. To have a clearer view on the consequences of this future FTA, the Commission will conduct a sustainability impact assessment.

Indonesia

The negotiations for an FTA with Indonesia continued with the 15th round that took place on 10 - 14 July 2023 in Yogyakarta. Progress was made in relation to several chapters. It would not be realistic to expect that an agreement could be reached before the next general elections in Indonesia in February 2024.

India

On 17 June 2022, the EU relaunched the negotiations with India for a FTA, an Investment Protection Agreement (IPA) and an Agreement on Geographical Indications (GIs). The objective would be to conclude the negotiations before the 2024 parliamentary elections in India and the appointment of the new Commission in Europe. Five rounds of negotiations have taken place so far. The next round is planned for 16 - 20 October 2023 in Brussels. The first market access offer for goods has been exchanged last August and is still under analysis.

A representative of FoodDrinkEurope (Starch Europe) stressed that starch should be considered a sensitive product for the EU in the context of the negotiations

with Thailand, which is the world's biggest producer and exporter of tapioca starch.

3.5. Outcome of the China's review of the countervailing duties on EU exports of potato starch

The Commission provided an overview of the China's review of the countervailing duties on EU exports of potato starch. China has applied anti-dumping and anti-subsidies measures against EU exports of potato starch since 2007. The countervailing duties were supposed to end on 15 September 2022. On that date the Ministry of Commerce of the People's Republic of China (MOFCOM) launched an expiry review on the anti-subsidy measures. In its reply to the questionnaire sent by the Chinese authorities on 10 October 2022, the Commission expressed its disagreement with the conclusions of MOFCOM, notably on the alleged specificity of the CAP subsidies, pass through and injury. On 15 August 2023 MOFCOM sent a letter on disclosure of basic facts concerning the review of anti-subsidy measures on EU exports of potato starch. The EU submitted its comments on this document on 25 August 2023. Despite several further attempts from the Commission to find a solution (Letter from DG AGRI Commissioner to the Minister of Agriculture and Commerce), China decided to maintain the countervailing duties on imports of potato starch from the EU for a 5-year period.

The Commission deeply regrets the decision of the Chinese authorities and strongly disagrees with the conclusions of MOFCOM that the Single Payment Scheme (SPS), Basic Payment Scheme (BPS), the Single Area Payment Scheme (SAPS) and the Greening support could be considered as specific support for the potato starch sector. The Commission is of the view that the Chinese authorities' findings are based on an incorrect interpretation of the relevant provisions of the WTO Subsidies Agreement. Moreover, the Commission considers that China has not undertaken a pass-through analysis, which is required to demonstrate that any alleged benefit of support to potato growers has passed through to potato starch producers/exporters.

The Commission explores the possibility of further action at WTO level and asked the members of the group to provide their views on this possibility.

A representative of FoodDrinkEurope (Starch Europe) stressed his organisation's deep frustration with China's decision to prolong the application of the countervailing duties. A position on the possibility of taking further actions at WTO level will be communicated to the Commission at a later stage, after consulting the members of the organisation.

In response to a question from a representative of FoodDrinkEurope (Starch Europe) regarding the anti-dumping duties for EU exports of wheat gluten in Canada, the Commission stated that these duties are only anti-dumping and not countervailing. More information on the measures in force for wheat gluten in Canada can be found on the webpage of the [Canada Border Services Agency](#).

Next meeting

The date of next meeting is not yet established.

4. List of participants

See next page.

(e-signed)

Pierre BASCOU

List of participants– Minutes

Meeting of the Civil Dialog Group Agricultural Markets – Starch

09 October 2023

BeeLife - Bee Life - European Beekeeping Organisation
CEPM - European Confederation of Maize Producers
COGECA - European agri-cooperatives / General Confederation of Agricultural Co-operatives of the European Union
COPA - European farmers / Committee of Professional Agricultural Organisations of the European Union
EEB - European Environmental Bureau
FoodDrinkEurope
COMMITTEE OF THE REGIONS*COMITE DESREGIONS
EUROPEAN ECONOMIC AND SOCIAL COMMITTEE*COMITE ECONOMIQUE ET SOCIAL EUROPEEN