

Brussels,

FINAL MINUTES

Meeting of the Civil Dialogue Group "Arable Crops – Sugar sector"

12 April 2019

Chair: Mr Paul MESTERS (FoodDrinkEurope)

Organisations present: All Organisations were present, except Birdlife, CEPM, EBB, ECVC, EFFAT, Fertilizers and IFOAM.

1. Approval of the agenda (and of the minutes of previous meeting¹)

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

1. Opening (Agenda)

- Approval of the report of the report of the last meeting on 21 Nov. 2018
- Approval of the draft agenda
- Meeting dates for 2019: reminder

2. Trade-related issues on WTO activities: India's sugar export policy

Jens Munch provided an update: March 2019 Australia/Brazil/Guatemala requested consultations with India concerning the latter's a) domestic support for sugarcane & sugar b) support for sugar exports. COM asked to participate in the consultations as a third party but it was refused by India. Should the consultations go to panel stage, COM will ask to participate as a third party (India not allowed to refuse). A conclusion of a panel could take up to 3 years. As of 1 December 2019 the Appellate Body of the WTO Dispute Settlement Body will cease to function, which could have a bearing on the panel/s.

3. Presentation of organic sugar production

FiBL representative presented an overview of organic production in the world and in the EU (cf. presentation).

The presentation stated that there are no remaining sugar factories in southern Germany and that organic beets from this region must be processed in Switzerland. The representative of FoodDrinkEurope clarified that Südzucker operates nine factories in

¹ If not adopted by written procedure (CIRCABC)

southern Germany, and processes organic beets cultivated in southern Germany in Südzucker factories. Südzucker has targets for organic sugar production in place to meet increasing demand.

COPA queried how authorities can be sure that imports of organic sugar meet the same standards as organic sugar produced in the EU. FiBL responded that imports must be compliant, and that non-compliance has caused producers to lose accreditation in the past. FiBL requested that stakeholders immediately communicate any such doubts as to the authenticity of organic sugar imports to the public authorities.

4. Update on organic beet in the EU

COPA delivered a presentation on the cultivation of organic sugar beet in the EU (cf. presentation) and noted the need that statistics at EU level should further be improved and that control of organic raw cane sugar be monitored

PAN Europe questioned a conclusion of the presentation, namely that organic sugar beet is not economically sustainable. According to PAN Europe, if this were the case, areas would not be increasing. COPA replied that the main factor for area increase is the demand for European organic beet sugar.

FoodDrinkEurope noted that even though demand is increasing, organic sugar remains a niche market. Organic sugar is more labour-intensive in the field, and logistically complex to process in the factory (given the requirement to run a separate campaign).

COPA noted that organic sugar beet cultivation is beset by two major problems: a) labour shortages, given the labour-intensivity of cultivation (150 man hours per ha) and the difficulty of the work; b) losses resulting from pests and disease, which are elevated in a Member State such as Austria with a relatively high proportion of organically-cultivated land.

5. Opinion of the group on the situation and prospects for the world sugar market for EU sugar exports

ASSUC presented an overview of the world sugar market and the production outlooks for the major players (cf. presentation).

In response to the presentation and also to point 2., SNFS regretted the lack of EU action vis-à-vis India within the WTO. Indian export subsidies are a major cause of the current world market crisis. SNFS queried why COM has launched an action against India on pharmaceuticals but not on sugar. COM responded that such actions are expensive and time-consuming, and that there is no clear added-value over the actions already launched by Australia/Brazil/Guatemala. DG AGRI follows the lead of DG TRADE on such actions.

6. Presentation by the Commission on the updated sugar and isoglucose 2017/18 balance sheet and 2018/19 forecast balance

COM presented the most recent sugar market statistics (cf. presentation).

FoodDrinkEurope noted the remarkable impact of the weather on sugar production: areas sown in 2017/18 and 2018/19 were very similar, but drought in the latter marketing year meant that the difference in production between the two campaigns could be up to 4

million tonnes (over 25% of EU consumption for food use). FoodDrinkEurope noted that more efforts to predict production in advance would be welcome.

COPA also regretted the delay in producing first sugar production estimates. COPA was able to derive production figures in October 2018. COPA also called for the elimination of the delay in the publication of EU white sugar prices via the price reporting system. COPA regretted that production is down, stocks are down, but to the benefit of imports that are up. COPA pointed out the current big difference between the average price reporting and the spot values that reflects that EU beet growers will further be affected with very low beet prices and that something was not properly functioning in the supply chain. COPA stressed the dramatic financial situation of beet growers and the unsustainable current situation.

COM replied that production estimates are based on notifications from Member States. Notifications received in advance of the 31 March 2019 deadline showed a big decline in comparison to previous information. COM reminded that EU average prices published by the price reporting system reflect prices in the invoices issued in the month concerned, weighted with the quantities sold, but negotiated in contracts, which may have been signed up months before the invoice was issued.

COPA underlined the severity of the current market crisis and the difficulties for beet growers. Beet prices have fallen by 45%. Secondary processors are the only winners in this situation. Growers are worried for the future.

7. Commission's update on the CMO modifications in the CAP post-2020

COM delivered a brief update on the CAP post-2020 discussions. The three draft reports have been approved by COMAGRI. They will have to wait until the next European Parliament takes its seats before being put to a plenary vote (that is, if the European Parliament does not elect to re-open internal discussions). Within the Council, it is hoped that Member States will reach a political compromise in June.

8. Commission's report on High Level Group on sugar on 29 Jan and 19 Mar 2019

COM updated members on the outcome of the High Level Group on sugar meetings. The main topics discussed include: the market measures, market transparency, voluntary coupled support, the use of emergency authorisations by certain Member States in connection with the recent ban on neonicotinoids, contractual relations, , the risk management tools and the international trade aspects. On some of these issues, Member States expressed opposing positions.

Among the solutions suggested by the Member States there are the application of market measures, including the for private storage, , increasing the market transparency, promotion of alternative outlets and launching legal procedures at WTO when third parties do not respect the rules. The report of the High level Group to Commissioner Hogan will be finalised/published in the coming months. COM noted that the Agriculture & Fisheries Council will discuss the market situation on 15 April.

EEB welcomed the ban on neo-nicotinoids and the reduction of EU sugar consumption. EEB stated that the elimination of sugar from diets would be beneficial both for human health and for the environment. EEB stated that the sugar sector is among the most subsidised and protected in third countries, which makes it difficult for EU sugar manufacturers to compete.

FoodDrinkEurope underlined the importance of correctly diagnosing problems on the market. COM must recognise the role of the world market crisis. Regarding civil society, the sector as a whole is doing its best to further increase sustainability and respond to the demands of consumers.

COPA called for the report of the HLG sugar process to be presented to the CDG sugar, and for the report to give rise to concrete actions. COPA queried the relationship between the HLG discussions and the CAP discussions. COPA noted once more that beet growers are frustrated and look to COM for results.

FoodDrinkEurope repeated FoodDrinkEurope's request that market imbalances be correctly diagnosed. Nevertheless, FoodDrinkEurope stated that it is not imports that are driving the current crisis.

9. The Commission Communication on the international role of the Euro

This communication dates back to December 2018, and notes that the role of the Euro has declined since the financial crisis. Boosting the role of the Euro would result in a range of benefits, including better access to finance and less exchange rates risks. Various public consultations were opened Jan-Mar 2019, and a stock-taking document is to be published during the summer. COM showed itself open to further feedback.

10. Update on Brexit

COM delivered an update on the ongoing Brexit discussions. An ad hoc multi-CDG meeting was held on 1 February 2019 to exchange on preparedness and contingency measures. 92 COM notices on Brexit have been published and there is a dedicated webpage. COM prepared contingency plans for those sectors most exposed (i.e. transport, customs, etc.) should a no-deal situation come to reality. COM asked that all stakeholders inform of any disturbances to EU-UK trade in the run-up to Brexit.

COPA asked whether COM has modelled the costs to EU agricultural sectors should a no-deal situation come to pass. COM stated that there are a lot of such studies available but that it is very difficult to set assumptions given the myriad of uncertainties that characterise the situation.

4. Conclusions/recommendations/opinions

See above for account of discussion.

5. Next steps

PAN Europe would invite an organic farmer to a next CDG Sugar meeting.

6. Next meeting

The next meeting will take place on 19 November 2019.

7. 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 “Arable Crops – Sugar sector”

Date: 12 April 2019

ORGANISATION	Family name	Name
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EuropaBio	SCHWAGER	Aneke
European agri-cooperatives (COGECA)	IOAN	Gherman
European agri-cooperatives (COGECA)	LACOSTE	Elisabeth
European agri-cooperatives (COGECA)	LAVONEN	Antti
European agri-cooperatives (COGECA)	DEJONCKHEERE	Dominique
European Agroforestry Federation (EURAF)	SILVA	Pablo
European Council of Young farmers (CEJA)	HEIKOLA	Otso
European Council of Young farmers (CEJA)	MENDONÇA	Rosana

European Council of Young farmers (CEJA)	VONCKEN	Willem
European Environmental Bureau (EEB)	RACAPE	Joseph
European Environmental Bureau (EEB)	SLABE	Anamarija
European farmers (COPA)	BENNET	Jacob
European farmers (COPA)	CSABA-MORVAI	Adrienn
European farmers (COPA)	DALBY	Jørn
European farmers (COPA)	DE LUGT	Dirk
European farmers (COPA)	HAEGEMAN	Peter
European farmers (COPA)	HELMKE	Heinrich-Hubertus
European farmers (COPA)	RAYE	Pierre
European farmers (COPA)	SCHÖBERL	Markus
European farmers (COPA)	STRACHOTA	Rafał
European farmers (COPA)	ZÁVODSKÝ	Peter
European Landowners' Organization asbl (ELO asbl)	MIKOSZ	Emmanuelle

European Liaison Committee for Agriculture and agri-food trade (CELCAA)	DOBRESCU	Emilian
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	DELMOULY	Alex
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FoodDrinkEurope (FoodDrinkEurope)	MARIE-CHRISTINE	Ribera
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FoodDrinkEurope (FoodDrinkEurope)	PINTAUD	Eric
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