

# **MINUTES OF THE MEETING OF THE CIVIL DIALOGUE GROUP ON ARABLE CROPS CEREALS AND OILSEEDS, ON 10<sup>TH</sup> MARCH 2015**

The agenda, the minutes of the previous meeting and the rules of procedure were all adopted.

## **ITEM 1: MARKET SITUATION**

COCERAL detailed the global market situation and reiterated their concerns about the export tax that Russia would levy until 30<sup>th</sup> June 2015. Although this measure went against the WTO, its effects were limited at the moment as there was an oversupply on the market. Nonetheless, the supply of cereals exported by the Russian Federation could fall by 3.5 million tonnes, thus upsetting the balance on the markets. The conflict in Ukraine had not yet affected cereal exports. COCERAL was more concerned by the demand for cereals from the Gulf countries, which could drop due to falling oil prices. The market situation was normal concerning the supply and price of oilseeds.

## **ITEM 2: 2015 HARVEST FORECASTS**

Copa presented their sowing estimations, which were predicted to fall by 3.7% compared to 2013/14. The decrease in surface area could be due to uncertainties surrounding the implementation of the CAP and input costs. Durum wheat surface area was increasing thanks to certain Member States having announced that they would recouple support for this crop. Oilseed surface area was set to fall by 2.2%. Protein crop surface area was forecast to rise by 11.6%, thanks to announcements on recoupling. The crop situation was normal.

DG AGRI went over the 2014/2015 balance sheet, which had been updated on 10/03/2015. 2015/2016 end-of-year stocks were predicted to rise (53 million tonnes), with an available volume of 373 million tonnes. The 2014/2015 marketing year had been a record year in terms of production, exports, and usage in cattle feed and to replenish stocks.

## **ITEM 3: MIFID**

Level 2 legislation for MiFID II and MiFIR is currently being prepared. During the last meeting of the Expert Group on agricultural commodities and spot markets a debate ensued on the ESMA consultation papers. Technical opinions had been submitted to the EC last December. The EC would use these opinions as a basis on which to table delegated acts by July. Further level 2 acts (Regulatory Technical Standards) are prepared by the ESMA itself. During the last Expert Group meeting the participants debated on definition of financial instruments, including agricultural physical forwards contracts. MiFID was scheduled to come into application in January 2017. The technical standards should be completed by January 2016. Copa, Cogeca and COCERAL thanked DG AGRI for its support.

## **ITEM 4: REVIEW OF THE TRQ SYSTEM**

DG AGRI gave an update on TRQs and the simplification programme. COCERAL reiterated its position in favour of maintaining the current system.

## **ITEM 5: CAP SIMPLIFICATION PROGRAMME**

DG AGRI presented its work plan. DG AGRI answered queries from Bee Life, Copa and CEFS, stating that simplification would focus on the Commission implementing regulations, not the

basic acts. Discussions with stakeholders would take place on several levels. For example, Member States had been asked to discuss issues with their national sectors and dialogue would also take place during the Civil Dialogue Group meetings. Certain sugar regulations had to be amended to take account of the end date for quotas/import arrangements of 30 September 2017. It would take time to begin the process between the Member States and stakeholders. The Civil Dialogue Group could not replace the forum with the Member States.

## **ITEM 6: GREENING**

Copa explained that the fall in sowings was due to uncertainties surrounding greening, as the methods to apply this concept had not been explained to farmers at the time of sowing. Farmers were worried about controls and sanctions, and were therefore giving themselves a considerable amount of leeway. Holdings with more than 30 hectares had to grow three crops, yet the percentage of coverage that applied to the main crop remained shrouded in uncertainty. Bureaucracy was the root cause of the major effects of greening. The process to submit online requests was also in its infancy and many rural areas did not have the necessary fibre optic cabling. Spain grew maize after oats, as a secondary harvest. It was essential to correctly demarcate EFAs. DG AGRI stated that there would be a report in 2017. One year after implementation, they would take stock of the system's administrative management, controls and its effect on production levels. These elements would be taken into account under the simplification programme. Agri-environmental support would be allocated tardily.

The EEB explained that arable crops placed significant pressure on resources, notably water, and sustainability. Biodiversity suffered due to the collateral damage caused by production. EFAs in France should be established on existing arable land, yet it was rather common for farmers to already have EFAs by bodies of water, etc. The EEB agreed with the need to carry out analyses to ascertain the observable and quantifiable effects of EFAs and take these into account in future reforms.

Birdlife was of the opinion that the high level of subsidiarity granted by this regulation took note of the differences between national situations. In Spain, EFAs would only be used to grow nitrogen-fixing crops to provide more fodder, and would not be used for floral fallow land. The policy itself needed to take broader aspects into account.

Bee Life believed that certain measures would be more positive than others. Insect life would continue to flourish on flowered strips, yet all farmland was sprayed. It was necessary to develop indicators and take pollinators into account.

Via Campesina stated that small holdings were satisfied with the greening measures. Consumers no longer accepted the fact that CAP measures were not an incentive to foster biodiversity.

The ELO advocated 5% or equivalent measures, yet had certain queries on whether equivalence would suffice, whether these levels could be increased, and whether grass strips could be taken into account on EFAs if they were also flowered strips. Greening generated bureaucracy. Questions remained as to whether it made sense to map all green elements.

DG AGRI encouraged all participants to reread the recitals relating to greening in the regulation on direct payments, i.e. on biodiversity, non-productive features and eligible crops. The thresholds could be found in the basic act, and priority was granted to livestock producers with 75% grass. Legumes on EFAs could also count towards diversification. Soya production was not banned on EFAs, yet it was necessary to provide sufficient justification. The requirements under the nitrates directive referring to intermediate crops would apply, providing there was a mixture of two crops. Legumes that fell under recoupling could count towards EFAs. Three guidance documents were available and four expert groups had discussed how to enact these rules in the Member States. Equivalence measures and cover on fallow land needed to be codified.

The Chair suggested that the CDG work on criteria to evaluate greening.

## **ITEM 7: PUBLIC INTERVENTION**

This tool was now only rarely used, with the last example dating back to 2009 for barley and

dairy. Intervention was only used to fulfil its role as a safety net. The price was set for fixed volumes of wheat and dairy. For other products and anything beyond the set thresholds for wheat/dairy, intervention functioned by tender. Intervention always functioned by tender for barley, maize, rice and beef. DG AGRI held a workshop in June 2014 with the Member States. During this event, the four MS gave presentations on the system and its problems (Germany and the Czech Republic on cereals, and the Netherlands and Poland on dairy).

The aim of simplification was to reduce the burden weighing on operators and MS. One demand was for the Member States to omit the control on the presence of cereals at the time of the offer/tender. This element had been introduced in 2005 and in its presentation to the seminar; Germany had drawn attention to the high administrative burden that it represented. Further requests were to reduce requirements on MS reporting and the amount of information required of operators. DG AGRI wanted to simplify the payment system. Delivery to storage would be taken as the trigger to activate the system and the time before payment could be reduced.

As for adjusting quality levels for cereals, DG AGRI wondered whether the current eight or nine price changes were necessary, or whether attention should focus on main quality parameters, such as humidity and protein content, as opposed to applying the current method and changes. The same applied to releasing goods from storage, where DG AGRI. DG AGRI wanted to open up alternatives for beef meat, e.g. having intervention for quarter or half carcasses. DG AGRI also wanted to simplify transport distances for cereals/rice.

In response to Copa and Cogeca's questions on storage capacity and the criteria used to trigger intervention, DG AGRI answered that Article 12 CMO set the period for public intervention from 1/11 to 31/05 for cereals. During this period, the EC would analyse the market and was empowered according to Article 13 CMO to open intervention "if the market so requires". This would be achieved by means of a proposal for an implementing act to the committee. Intervention was open to all MS and it was up to operators to decide whether to participate or not. It was possible to regionalise, but this option was not generally used.

Storage capacities were likely to be an area of detailed discussion with MS. Certain MS had better infrastructures than others and, what was eventually agreed on public intervention could help stimulate more modern warehouses and greater efficiencies. The MS should also think about how they applied the system. The warehouses should be able to meet minimum demands.

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## SEEDS ON 10<sup>TH</sup> MARCH 2015

### 1. Implementation of the CAP

*Greening:* COPA stated that the greening requirements were designed for agriculture in general, but not for holdings producing specialised crops. The majority of seed producers had not had the possibility to introduce another crop, otherwise they would have had to reduce their production of specialist seeds, which would have had a negative effect on the profitability of their holding. It asked whether seed crops might be eligible for greening because of the longer growing period. DG AGRI asked for a note with concrete examples. DG AGRI responded that for the diversification requirement, the crops would be declared from May to July. Temporary grasslands were included in crop diversification, regardless of whether they were used to feed livestock or cut for grain use. For EFA, the list of eligible elements must be adhered to. The definition of catch crops was clarified.

*Recoupling:* DG AGRI summarised that recoupling was established by Article 52 of Regulation 1307/2013; the budget was estimated at €4 billion (2015). The seed sector was marginal: 4 Member States (Greece, France, Latvia and Romania) were recoupling aid for seed production, with a budgetary envelope of €5 million and total surface area of 32,600 ha. DG ARI could not provide more detailed information because the assessment process was not over.

The ESA was not in favour of the system of recoupling. Indeed, the fact that there were only 4

Member States with a budget of 5 million euros did not mean that there was no distortion of competition. The impact of this measure should have been studied before its adoption. DG AGRI responded that it was too late as the rules were established in the basic act.

## **2. Genetic resources**

After the presentation by DG AGRI, the stakeholders shared their views.

The EEB said we must keep the erosion and mobility of genetic resources in mind because of climate change. It was necessary to adapt production and genetic resources. Linking agri-environmental measures, EFA and plans to protect national biodiversity zones and Natura 2000 area must make it possible to maintain biodiversity. The principles of biodiversity sovereignty and international trade mechanisms were not compatible.

COPA said that in Spain, a maize variety originating from Mexico had spread and had now become an invasive plant on over 5,000 ha of land cultivated with maize.

The ESA said replacing old varieties with new varieties was not genetic erosion, but a change to the biodiversity of old varieties. Value and economic aspects had to be taken into account.

DG AGRI noted the comments related to the WTO and reminded those present that the national authorities were responsible for determining which genetic resources were at risk.

## **3. Market situation**

COPA said there was no longer any obligation for Member States to collect these figures. Businesses could not agree to collect and transmit data. There was too much competition. The better regulation initiative has disappeared. The sector was subject to the 12 old directives. COPA asked the Commission to again oblige Member States to collect data.

DG AGRI stated that the gathering of statistics had been abandoned at the request of the Member States in order to reduce administrative burden. France had asked that collection of statistics be re-launched, but the other Member States had not reacted. The collection of statistics on seed was halted in 2012 at the request of the Member States. COPA said that Member States had recoupled aid. As part of this recoupling, could statistics not be collected? Recoupling must not lead to distortion of competition. To determine whether there was distortion of competition, there was a need to collect statistics. Without statistics it was impossible to know the market situation. DG AGRI said recoupling was permitted in the context of the CAP and subsidiarity. COPA said there could be supply shortages on the markets. We need to be able to determine whether there is available supply or farm-saved seed should be used. Statistics were needed.

## **4. "Better regulation" package**

- Draft regulation on the placing on the market of propagating material: the decision to withdraw the proposal COM(2013)262 final) was published in the OJ L on 7<sup>th</sup> March 2015. See the list of withdrawn proposals in the OJ L C on 7<sup>th</sup> March 2015 [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C\\_.2015.080.01.0017.01.ENG](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2015.080.01.0017.01.ENG)
- Given that the 12 Directives must be made compatible with the Lisbon Treaty, minor changes could be made to the new secondary acts.
- The proposal on plant health (COM(2013)267 final) would not be successfully concluded under the Latvian Presidency because of the diverging views held by the Member States on having an open or closed system.
- The proposal on official controls COM(2013)262 final) was blocked in the Council because of budgetary matters in the proposal which were incompatible with national legislation.

The ESA requested that official controls on seeds be maintained in the proposed regulation on official controls. COPA-COGECA requested that the current situation be maintained given that the 12 Directives were still in force.

## **5. GMOs**

Cultivation of GMOs: DG SANCO reminded those present that the proposal dates from 2010, following

the request by 13 Member States to be given more freedom to decide on the cultivation of GMOs in their territory. The EC had proposed that the Member States would be allowed to restrict or prohibit the cultivation of GMOs having been authorised at EU level, for reasons other than risk to health and the environment. The text has been subject to lengthy discussion and gridlocked in the Council and EP between 2012 and 2014. At the end of 2013, the Greek Presidency managed to lift the stalemate and in September 2014 the second reading could start, resulting in an agreement between the European Parliament and the Council in December 2014. The new Directive EU 2015/412 was published in the OJ L on 13/03/2015 and entered into force on 02/04/2015. The MS have a 6-month transitional period (ie [until 3 October 2015](#)) during which they can request to exclude part or all of their territory from the geographical scope of existing or pending GMO authorisations for cultivation. As a reminder, the Member State has two channels through which to prohibit or restrict the cultivation in their territory of EU authorised GMOs: 1) During the authorisation phase, and latest 45 days after the EFSA scientific opinion, the Member State may request to be excluded from the geographical scope of the application. If the applicant does not react within 1 month, the request is accepted and the authorisation decision specifies that the cultivation is not allowed in the designated areas, or 2) a national decision according to the "opt-out" procedure, at any moment after the European decision has taken place, and which is for reasons of public interest and do not conflict with the EU wide risk assessment carried out by EFSA. As regards option 1, a MS may change its views and request at any moment to have its territory back into the geographical scope of the authorisation.

Level of GMOs in seed: in animal feed, the level of detection of GMOs for which an application is pending at EU level was set at technical zero.<sup>[1]</sup> A study is underway on human food. Adventitious presence of GMOs in seed would be dealt with afterwards. The EC clarified that the approaches adopted by the MS which refer to the detection limit were compatible with the legislation in place. The EC had sent a questionnaire to the Member States about the techniques used to detect GMOs.

In response to questions from the ESA, EUROPABIO, COCERAL and Copa and Cogeca, DG SANCO clarified that the Directive 2015/412 on GMO cultivation did not hinder the free movement of seeds or imports. In response to the question from Beelife about the collateral effects of GM canola on bees, DG SANCO referred to a document on coexistence and on the fact that impacts on bees are addressed during the risk assessment. The ESA found the waiting period to clarify the threshold of the adventitious presence of GMOs in seeds to be unacceptable.

## **6. Pesticides**

### *Restrictions on neonicotinoides- next steps*

The European Commission had mandated EFSA to organise an open call for data. In this framework, new scientific data will be accepted by all relevant stakeholders. The European Commission requested EFSA to liaise with producers to have information on the supported use in EU. As a following step, the European commission will request EFSA to assess new data received and information available in the scientific peer reviewed literature. The assessment would serve as a basis to revise the 2013 restriction of uses on neonicotinoids, if considered necessary.<sup>1</sup> Copa requested a socio-economic assessment which looked at the oilseeds sector and to stick to the scientific data, and for no political decisions without a scientific basis. Via Campesina asked for a complete ban on the use of neonicotinoids because of the persistence of these active substances. The ESA estimated the losses at 10% to 25%. Beelife retorted that the losses for beekeepers were much higher than these figures. Copa responded to Beelife that other factors such as verova should be taken into account. Beelife asked for an inventory of good practices for pollinators. DG SANTE responded that the Regulation adopted in 2013 was based on scientific information available at that time. DG SANCO did not accept that it was a political decision. The restrictions were imposed because the approval criteria concerning the impact on bees had not been complied with.

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<sup>1</sup> Regulation (EU) No 485/2013



### *Candidate for substitutions*

The European Commission provided a short update on the file, indicating that in January 2015 the list of candidate for substitution was endorsed by MS.

The European Commission indicated that comprehensive information, including Q&A is available on DG SANTE website:

[http://ec.europa.eu/food/plant/pesticides/approval\\_active\\_substances/index\\_en.htm](http://ec.europa.eu/food/plant/pesticides/approval_active_substances/index_en.htm)

No time was foreseen for questions on this agenda point.

### **7. Nagoya Protocol**

See PowerPoint presentation. The Nagoya Protocol contained three pillars: access, sharing of benefits and compliance. The EU was responsible for implementing the third pillar through Regulation (EU) No 511/2014 of the European Parliament and Council on compliance measures for users from the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization in the Union. The ESA was vocal in its criticisms of the requirements for SMEs laid down in this regulation. DG ENVI was aware of these problems and was going to prepare a guidance document on the impact and scope of the regulation. It intended to involve stakeholders in the preparation of this document.

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