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## MINUTES

### Meeting of the Civil Dialogue Group Arable Crops – STARCH SECTOR

**Date: 09 September 2021 (Videoconference) (Interactio)**

Chair: Ms Ana Dumitrescu (European Commission)

Organisations present: All organisations were present, except EuropaBio, EURAF, EBB, ECVC, EFFAT, PAN Europe, SACAR, BirdLife Europe

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

The agenda was approved without changes.

#### 2. Nature of the meeting

The meeting was non-public.

#### 3. List of points discussed

##### Introductory remarks

Ms Silke Boger welcomed the participants on behalf of the European Commission and informed the participants that in June the Commission decided on a temporary extension of the current CDGs organisation until the end of 2022. In addition to a mere extension of the mandate, the Commission decided to make few changes: Commission chairing meetings, preparing the agenda and minutes. The main reason is to align with the practice followed in other expert groups (market observatories).

##### 1. Market situation for starch potatoes (CESPU)

CESPU presented the market situation for potatoes.

**For the campaign 2019/20 and 2020/21** there was an increase in demand for fresh potatoes whereas consumption and exports of processed potato-based products (French fries, chips) dropped. The cultivated area in 2020 did not scaled down quickly enough and, as a result, the production has increased. Therefore, prices for processed potatoes were low at the beginning but recovered by the end

of campaign. With progress in vaccination, potato markets are normalising as public life returns to normal.

**For the 2021/22 campaign**, according to the preliminary data available, areas cultivated with potatoes in the EU decreased by 3.3% compared to the previous season and by 5.7% compared to the average for the last five years. Due to major differences in the weather conditions between regions as well as the fact that the main harvest in central potato regions just begun, a reliable estimation on production level is very difficult. However, yields are expected to be average. The total EU potato production was 55.3 million tons in 2020 and the five-year-average, 51.5 million tonnes.

Area cultivated with starch potatoes has been reduced as well (-3% in comparison to last year, while +5% in comparison to the average for the last five years).

In conclusion, it was underlined that farmers need adequate conditions (i.e. in terms of prices, resilient varieties, plant protection measures etc.) to produce high quality products and remain a reliable supplier in the region. The EU target on the reduction of plant protection products under Farm to Fork initiative is a major challenge for the sector. Together with the increasing costs for energy, diesel, machinery and equipment, it will lead to higher costs for the sector.

**BEELIFE** asked about the options that the sector is considering in order to address the perceived challenges linked to the implementation of F2F objectives and if the possibility to extend the practices of organic production to conventional production have been explored.

**CESPU** answered that increasing the organic production is challenging as the demand is increasing slowly while the costs implied are significant. However, the sector is looking for solutions, for example, the use of resilient potato varieties. Since 2014 all farmers have to implement integrated pest management with using of preventive, non-chemical based measures first. In general, it is very difficult to find alternative ways and measures to tackle the pests.

## **2. Information on CAP post 2020 (DG AGRI)**

Three separate topics were addressed:

### **a. The CAP post 2020 and the development of plant proteins**

**DG AGRI** presented the EU context underpinning the development of protein plants, i.e. the Green Deal and the Farm to Fork Strategy. The main opportunities offered by the above two flagship initiatives of the Commission as well as the CAP Reform are the environmental benefits resulting from the significant reduction of fertilizers, the contribution to a more plant-based diet, the support for organic production, the reduction of EU dependency on feed imports and product innovation. Reference was made to the 2018 EU Protein Report and its aim to improve market transparency and knowledge exchange.

The main novelties of the CAP Reform resulting from the new delivery model (NDM) were presented. Under the NDM, the EU sets specific objectives, common indicators and types of interventions and, in their CAP Strategic Plan,

Member States describe their needs based on a SWOT analysis, design their interventions and fix their targets using the indicators.

The future CAP will provide several supportive instruments for the development of protein plants in the EU, in particular:

- coupled income support for protein crops with 2% top-up maintained for protein crops;
- eco-schemes that would reward the integration of legumes in rotation plans;
- sectoral programmes that MS may implement in the plant protein sector;
- investment subsidies under rural development programmes to support the plant protein sector.

Under the current legal framework, operational programmes operated by producer organisation can already be implemented in the F&V sector, in the olive sector and in the hops sector. The new CAP extends this possibility to the “other sectors”, including protein crops but also oilseeds, potatoes and cereals in general. Only tobacco and ethyl alcohol are excluded while wine and apiculture are covered through another scheme. On the basis of their SWOT analysis, Member States will choose, in their CAP Strategic Plan, among a large set of intervention types (for instance, investments in tangible and non-tangible assets, advisory services and technical assistance, training, organic and integrated production, promotion, communication and marketing, implementation of EU or national quality scheme, traceability or actions to mitigate climate changes). Producer groups will be eligible for support through sectoral interventions in the “other sectors”, but they would need to be recognised at Member State level as producer organisations by December 2027 at the latest.

**BEELIFE** asked if sectoral intervention is available for apiculture. **DG AGRI** confirmed that this is the case but not in the framework of operational programmes operated by producer organisations.

**COGECA** asked:

- whether the financial support under the sectoral interventions for other sectors will be accessible to Producer Organisations (PO) when there is no transfer of ownership of raw materials from producer to the PO
- whether the minimum percentage of expenditure for environmental and climatic measures applicable the Fruits and Vegetables Sector also applies to sectoral interventions in other sectors.

**DG AGRI** responded that:

- more detailed rules on the implementation of sectoral interventions will be included in the delegated and implementing acts concerning the CAP Strategic Plans.

- the requirement on the minimum percentage of expenditure for environmental and climatic measures does not apply to sectoral interventions in other sectors.

**COCERAL** made a comment in relation to the Commission's statement that "the EU dependency on protein is evident". In their view, the situation is more nuanced. Thus, the EU feed protein balance sheet, clearly shows that the EU self-sufficiency is at a very high level (i.e.75-80%) when it comes to its total feed protein requirements in the last few years. On the other hand, EU is still heavily reliant on imports of feed materials in the high-pro segment (28% self-sufficiency according to the latest balance sheet).

**DG AGRI** agreed with **COCERAL** while noticing that some animal sectors (in particular, pig and poultry sectors) are very dependent on soya imported from third countries.

**COGECA** asked for clarification on the possibility of CAP funds being transferred from the CIS to sectoral interventions.

**DG AGRI** responded that the rules on the financial allocations for operational programmes in "other sectors" are defined in the Strategic Plan Regulation (Article 82(6) of SPR - the SPR Articles are in the process to be renumbered in view of the adoption). Thus, maximum 3% of the direct payment can be used for sectoral intervention; this could increase to 5% but the additional 2% should come from the coupled income support allocation.

#### **b. Voluntary Coupled Support Payments in starch potato producing Member States in 2021-22**

**DG AGRI** presented the state of play for the Voluntary Coupled Support for the potato sector in claim years (CY) 2021 and 2022. As the conditions of support remain unchanged, there were no major changes in terms of the Member States support decisions in either year (assessment by the COM of the CY2022 decisions is still under-way, adjustments are thus still possible, though not likely).

As for Coupled Income Support (CIS) from 2023 onwards, some changes were taken aboard in the final deal (as compared with former presentations on the CDG starch in 2018 and 2019). This entails changes in respect of the scope (i.e. certain elements are changed but starch potato is not affected), budgetary ceiling (i.e. 13 (+2)%), optional (limited) transfer from CIS to sectoral/other sectors (i.e. a Member State can transfer 3% from Direct Payments to other sectors and 2% more from CIS), classification (i.e. the amber box ).

**CESPU** asked whether there is any information concerning Member States' intentions for CIS for 2023. **DG AGRI** responded that this information will become available once Members States submit their official CAP Strategic Plans for 2023-2030 by 31 December 2021.

**COGECA** asked whether seed potatoes are eligible for CIS. **DG AGRI** confirmed that this is the case (under seeds).

**COGECA/FOODDRINKEUROPE** asked how the Commission evaluates distortions of competition between Member States and whether the Commission

has found cases with distortion of competition so far. **DG AGRI** responded that at this stage this is an issue under consideration as it depends on how CIS will be reflected in the MS' Strategic Plans.

**FOODDRINKEUROPE** asked whether CIS allows for an increase of production in a sector. **DG AGRI** responded that CIS does not aim to increase production. However, it may only target a sector in difficulty and aims to address this difficulty by improving competitiveness (or quality, or sustainability). This could have as side effect an increase of production.

**COPA** stated that a close monitoring of the market situation is needed to ensure that coupled support does not negatively affect the production-demand balance or the competitiveness of countries that decide not to implement CIS in the starch potato sector.

### **c. Research programmes available to farmers / industry**

**DG AGRI** presented the European Innovation Partnership for Agricultural Productivity and Sustainability. EU Agriculture has to find new ways to operate. The European Innovation Partnership (EIP-AGRI) aims to achieve more and better with less. The EIP connects policies as the CAP/Rural Development with Horizon 2020. The EIP Operational Groups (OG), funded under rural development programmes are multi-actor projects to tackle a certain practical problem or opportunity that may lead to an innovation. All 27 Member States are implementing the EIP. Over 200 out of 3200 OGs are already running. This makes a growing and thriving network with increasing volume of practice-oriented knowledge and innovations. The Agricultural Knowledge and Innovation System (AKIS) is reinforced and integrates all actors in view of supporting the knowledge flows inside MS and across borders.

### **3. Impact of Brexit on EU/UK Trade (phytosanitary requirements) (DG SANTE)**

**DG SANTE** informed that the Commission continues its bilateral discussions with the UK/GB on SPS issues and the application of the Northern Ireland protocol.

In relation to exports of seed potatoes from the EU to Great Britain, **DG SANTE** clarified that the UK informed the Commission in early July 2021 that, following the expiry of a temporary derogation applied for England and Wales, the import of seed potatoes from the EU was no longer possible after 30 June 2021. However, for the Member States wishing to obtain a marketing authorisation, an application should be submitted to the responsible body in the UK (i.e. National Plant Protection Organisation). The Commission has informed Member States and will submit the applications from any interested Member States on behalf of the EU.

In relation to imports, the Commission has made clear to the UK/GB that it will not allow the import of seed potatoes produced in the UK/GB, unless the latter fully aligns its plant health legislation to the one of the EU.

Seeds and other plant reproductive material can be imported from the UK/GB after the European Parliament and the Council added it on the list of Council Decision 2003/17, which recognizes equivalence for certain third countries

**COPA** asked if it is possible to make it easier to obtain minor use molecules. After 1 January 2021, EU countries can allow stricter rules from the EU. Denmark applies stricter rules which creates problems in imports.

**DG SANTE** responded that if they are not seed potatoes they could be imported under specific conditions.

#### **4. Circular economy:**

Two topics were presented under this point.

##### **a. Policy framework for bio-based plastics and biodegradable or compostable plastics (DG ENV)**

**DG ENV** presented the EU policies on bio-based, biodegradable and compostable plastics. The Circular Economy Action Plan for a cleaner and more competitive Europe aims to change the way Europe consumes and produces. Reference was made to the plastics strategy (adapted in 2018) with the aim of improving the economics and quality of plastics recycling, driving investments and innovation towards circular solutions, harnessing global action and curbing plastic waste and littering. The Directive on single use plastics that followed (in 2019) aimed at reducing the marine litter – unsustainable use of plastics. The next step is the new Circular Economy Action Plan. This Plan proposes measures to implement mandatory requirements for recycled content and waste reduction measures, to address the presence of micro plastics in the environment and set the policy framework on bio-based and biodegradable plastics.

The upcoming policy framework will establish a clear definition of the principles applying to both bio-based (BBP) and biodegradable (BDCP) plastics in light of the circular economy and waste hierarchy principles. For BBP, it will include the measurement method and labelling provisions for the part of a plastic product that is entirely or partly derived from biomass (the ‘bio-based’ content) as well as information on the sustainability of the biological feedstock used to produce BBP. For BDCP, it will cover definitions, applications and criteria for such applications, as well as the role of testing, labelling and certification to ensure effective biodegradation and avoid consumer confusion.

**FOODDRINKEUROPE** asked how the taxonomy criteria for sustainable plastics relate to the other policies in this field. Additionally, in taxonomy regulation there is a requirement for packaging to only be evaluated as recyclable "at scale". Since bioplastics only currently represent 0.5-1% of the market, they asked whether there would be longer timelines to meet the "at scale" requirement. If this were not the case, innovative new materials, which emerge at a slower rate, would be discriminated against.

**DG ENV** replied that the taxonomy criteria apply to recycling and bio-based products and aim to support the investments contributing to sustainable goals. The criteria include savings in GHG emissions. The criteria for packaging are still

to be defined. Regarding the second query, there are no such provisions foreseen in the taxonomy regulation.

#### **b. Life Cycle Assessment (LCA) of Alternative Feedstocks for Plastics Production (JRC)**

**JRC** presented its project that had the aim to elaborate a LCA-based method to consistently evaluate the potential environmental impacts of plastic products based on conventional and alternative feedstock at the EU level, taking into account available methods in the existing EU legislation and relevant European and international standards.

The main output of the project is the *Plastics LCA* method. Published in June 2021, this method provides detailed guidance (methodological and modelling rules) to conduct as much as possible consistent, robust, transparent, reproducible and verifiable LCA studies of plastic products from different feedstock sources, suggesting a common harmonised methodological framework at the EU level. The feedstock sources that were covered include conventional fossil-based resources (oil & gas), plastic waste (post-consumer), biomass (e.g. agricultural crops, forestry products, bio-based waste and by-products) and CO<sub>2</sub> captured from gaseous effluents.

The project concluded that:

- A common, harmonised methodological framework is proposed to guide companies, stakeholders and practitioners in conducting more robust, consistent, transparent, reproducible and verifiable LCA studies of plastic products from different feedstock sources.
- The application of a life-cycle perspective is expected to help preventing any unintended “shifting of burdens” among different life-cycle stages, different impact categories and different locations throughout the world. In this perspective, a broad range of impact categories is covered in the proposed method, in line with the spirit and most recent developments of the PEF method and of the EF initiative in general.
- A number of case studies is currently under review to illustrate how the most relevant methodological steps and rules of the proposed *Plastics LCA* method may be applied in practice. Continuous involvement of industries is fundamental to develop product-specific rules (PEFCRs) and further testing the applicability of the method to real products on the market.

**STARCH EUROPE** stated that in the case studies for some bio-based products (draft of 2020), the data for agricultural crops related to sugar cane cultivated in Brazil or maize cultivated in the US. The question is how this relates to EU-grown agricultural crops cultivated in the Common Agricultural Policy framework.

**JRC** responded that the case studies considered the feedstock that were identified to be currently used to produce the investigated bioplastics, including the crops produced in the EU where relevant (e.g. for starch-based polymers). Specific sensitivity analyses considering the use of crops grown in the EU were also conducted for those bioplastics currently relying on crops cultivated outside the

EU. Applied cultivation data reflected recent past practices adopted at the EU level, regardless of whether these fall under the Common Agricultural Policy framework or not.

**FOODDRINKEUROPE** stated that from a bioplastics perspective the methodology of the study appears quite biased in favour of fossil-plastics production. Thus, the study excludes the impact of indirect effects of fossil feedstock (oil spills, fracking, extraction emissions etc), and the impact of machinery use for fossil plastics while company specific data for fossil-plastics is not being used (i.e. only general 'industry' data provided by the fossil industry is used). The benefit of temporary or longer-term biogenic carbon storage in bio-based is also excluded. The question is how reliable is the methodology in view of these imbalances and lack of comparable data. In addition, how credible, in terms of the European Green Deal's objectives, is it to compare fully-fledged well-established fossil plastics industry with emerging, much smaller scale bio-based alternatives.

**JRC** responded that the purpose of the elaborated method and of the project is not to compare products from the different feedstocks (as their direct comparison is not possible in the absence of specific product category rules) but to provide a framework to increase consistency, robustness, transparency and reproducibility of LCA studies of plastic products from any kind of feedstock. The method has been developed in view of ensuring the highest level of consistency between the different feedstocks. This means that, for instance, the impacts of “indirect effects” are excluded for both fossil-based and bio-based plastics from the main LCA results, as are the impacts from accidents (e.g. accidental oil spills) and improper production practices (e.g. misuse of pesticides and fertilisers in agriculture).

#### **5. Canada’s anti-dumping investigation into EU imports of wheat gluten (DG TRADE, Starch Europe)**

**DG TRADE** provided information regarding the anti-dumping investigations carried out by WTO members on imports from other members. The legal basis for this procedure is the WTO Anti-dumping Agreement. The procedure initiates based on a complaint lodged by the domestic industry containing “sufficient evidence”. The objective is to investigate whether imports of a certain product are dumped and if this dumping causes injury to the domestic industry. If this is the case, an anti-dumping duty is imposed to dumped imports to restore the level playing field / fair-trading conditions.

Dumping is when a product is exported at a price lower than its normal value. The anti – dumping investigation by Canada on EU imports of wheat gluten was initiated on 14 August 2020, following an application by the Canadian industry (ADM Agri-Industries Co.). The industry claimed that imports from the subject countries have increased in 2017-2019 (around 250%) and were causing injury to the Canadian industry. They also claimed that a “Particular Market Situation” (PMS) exists in the EU market of wheat gluten as production costs are distorted by government support to biofuel and wheat. The investigation took place in two steps: Dumping investigation by the Canadian Border Services Agency (CBSA) and Injury investigation by the Canadian International Trade Tribunal (CITT).



The dumping investigation led to the imposition of preliminary measures on 23 December 2020, i.e. import duties ranging between 10,1% to 26,1%. On 23 March 2021 the final determination of the duties led to lower levels for some companies, ranging from 10% to 26,2%. As a Particular Market Situation was not detected, the duties finally imposed were lower than could have been.

The Injury Investigation (CITT) was initiated on 24 December 2020 based on claims that EU imports undercut Canadian prices, the Canadian sector's market share decreased and finally revenue and profitability were negatively impacted. Two EU exporting companies participated in this procedure. The preliminary injury determination took place on 13 October 2020. Despite the EU submission on 8 March 2021 and participation in the hearing on 24 March 2021, the final determination on 22 April 2021 (Statement of Reasons 6 May 2021) confirmed the preliminary one.

**STARCH EUROPE** thanked the Commission for the efforts to support the sector. They expressed disappointment with the result and suggested that the Commission keeps a high priority for this point on its political agenda. They asked whether there is any possibilities that the duties are lifted.

**DG TRADE** underlined the low level of cooperation of EU companies on this issue. The Commission will continue to explore potential course of action to reduce the duties.

#### **Conclusions/recommendations/opinions**

No conclusions.

#### **4. Next steps**

No next steps decided.

#### **5. Next meeting**

Date to be determined.

#### **6. List of participants - Annex**

(e-signed)

Michael SCANNELL

List of participants– Minutes

**Meeting of the Civil Dialogue Group Arable Crops – STARCH SECTOR**

**Date: 09 September 2021**

MEMBER ORGANISATION	NUMBER OF PERSONS
Bee Life	1
CEJA	2
CELCAA	2
C.E.P.M.	1
COGECA	3
COPA	9
EEB	1
ELO	1
Fertilizers Europe	1
FoodDrink Europe	8
IFOAM Organics Europe	1