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MINUTES

Meeting of the Civil Dialogue Group Arable Crops - SUGAR SECTOR

Date: 5 October 2021

Chair: Ana DUMITRESCU (AGRI.G4)

Organisations present: All organisations were present, except Beelife, Birdlife, EBB, ECVC, EURAF, Europa Bio

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

The minutes of the meeting of 19 April 2021 were approved.

2. Nature of the meeting

Non-public.

3. List of points discussed

New rules of procedure for CDGs during the transition period

The Commission informed the CDG about new rules of procedure for the transition period, based on consultations of participants during the summer. The main change is that the Commission will chair the meeting and be in charge of setting up the agenda. As it was the case for this meeting, members are invited to send their input for the agenda when the invitation is sent out.

World market situation

A Senior Economist of the International Sugar Organisation presented the world's sugar market situation, in line with ISO's quarterly market outlook report. Similar to this marketing year, ISO expects a deficit on the global sugar market in 2021/22. Global production is not likely to increase, mainly caused by lower output in Brazil. Consumption is expected to recover after a long period of being suppressed due to the ongoing Covid-19 pandemic. Trade on the world market is assumed to remain restrained by high freight costs and container shortages. COGECA informed about the ethanol-blending mandate in Brazil. The Bolsonaro government might consider

lowering the ethanol content in gasoline; this would not increase sugar availability but would change price dynamics. However, not enough information is available to be certain that this change will happen. On a question about India's sugar exports, the ISO expert replied that India is likely to export 7.1 million tonnes, of which around 6 million tonnes was supported by the government in marketing year 2020/21. For next marketing year, a domestic surplus of 4.5-5 million tonnes is expected.

European market situation

A Commission representative presented the sugar market situation in the EU, including an update of the sugar and isoglucose balance sheet of 2020/21. Following the trend in sugar trade, exports and imports figures have been adjusted and the consumption figures have been adjusted downwards compared to the previous version of the balance sheet. Expected stock levels remain above 1 million tonnes. For 2021/22, a first projection was presented, including a provisional production estimate at 15.7 million tonnes.

FoodDrinkEurope and COPA expressed their concern about the sugar availability on the EU market and doubted the proposed decrease of consumption in the EU in marketing year 2020/21. Supply has been very tight in the last months, mainly in France. Security of supplies could be in danger in the next year, also in light of the low sugar beet prices in France. The Commission replied that reduced sugar production is the consequence of different drivers, one of them being unattractive sugar prices offered to sugar producers.

COPA inquired about the scope and the progress of the study on sugar market resilience. The Commission informed the members that the study was on track and should be finalised on 15 October. The study should be published in the beginning of 2022.

Members of COPA and COGECA asked about the publication of short-term prices under the Market Transparency rules. The Commission announced it has completed the necessary quality checks and that it is hoping to publish the figures for the period January until May/June 2021 in October's CMO Committee meeting. Pursuant to Regulation (EU) 2017/1185, prices can be published by the Commission at the earliest two months after the end of the notification period (i.e. three months after the month in which the price is recorded).

Fit for 55

Commission representatives presented the 'Fit for 55' package, a set of legislative proposals to reach the Green Deal target to reduce greenhouse gas emissions by 55% by 2030. Agriculture will be mainly impacted by changes in LULUCF targets and the Effort Sharing Regulation (ESR), which includes non-CO2 emissions from Agriculture (CH4 and N2O). Agricultural emissions have been stable under the current ESR, indicating that the existing target is insufficient. In order to reach the 55% reduction target, agricultural emissions need to be reduced by 20% compared to the current level; the LULUCF sink needs to be increased by 15%. To achieve this, it is necessary to create a framework of rules and targets that increases the carbon removals and protect the carbon sinks that are already there. The carbon farming initiative is part of this framework among other mitigation practices. In addition, increasing the amount of biomass and ensuring its sustainability is needed to reach the climate goals. The revision of the Renewable Energy Directive (REDII) aims to

ensure the sustainability of biomass used for biofuels. In the framework of the Fit for 55, the Commission is proposing to increase the overall share of renewable energy to at least 40% and to reinforce the bioenergy sustainability criteria.

COGECA indicated that they support the carbon farming initiative, but that farmers need to be supported enough to bear the costs/risks. CEPM added that sugar beet has the potential to contribute to biofuel targets of the transport sector. In this light, it regrets the capping of the use of food and feed-crop based biofuels. The new target of ESR of 40% is high, and members ask for fair taxation. COPA were concerned about the results of the JRC's impact assessment on Fit for 55, in particular the impact on farmers' income. They stressed again the importance of a level playing field concerning the sustainability standards of imported products.

In response, the Commission indicated that it will publish a communication on carbon farming in the near future, which will include measures to financially incentivise farmers to join. Considering the capping of food and feed-crop based biofuels, the Commission indicated that this is the result of a decision by the co-legislators. On the outcome of JRC's impact assessment, the Commission mentioned that the report mentions that results are overstated due to the methodological limitations. Lastly, regarding the sustainability standards of imports, the Carbon Border Adjustment Mechanism should contribute to the level playing field for imported products.

Alternatives for neonicotinoids

In the context of increasing challenges for growing sugar beet in Europe and the ban on use of neonicotinoids, an external expert from the Research Institute for Organic Agriculture presented their research project concerning organic sugar beet farming in Switzerland. The aim of the project is to increase the amount of biologically produced sugar beets in Switzerland, and includes experiments with alternatives for pesticides, varieties, cultivation techniques and autonomous weeding machines. It shows, that sugar beet production can be possible, not just without neonicotinoids, but without any pesticides at all.

Among the members of the CDG, there is high interest in the alternatives of neonicotinoids, mainly beyond organic farming. According to COPA, organic sugar beet production is still not economically viable. COGECA and COPA indicated the research done within the EU to find alternatives for harmful pesticides. IFOAM noted that there is a positive experience of farming without neonicotinoids in Italy. Members of these organisations expressed their interest in further discussing the topic in a next CDG.

Review of DCFTA Ukraine

A Commission representative explained the background and the content of the review of the deep and comprehensive free trade agreement with Ukraine, in which Ukraine has requested amongst others an increase of the sugar TRQs. Members were asked to share their views on Ukraine's request. The general view amongst the members of COGECA, FoodDrinkEurope, COPA and SACAR was to not increase market access for sugar, as prices within the EU market are still relatively low and the market is sufficiently open for imports. Moreover, COPA indicated the importance of a level playing field in international trade with regard to sustainability criteria. On a question by SACAR about the time-schedule of the negotiations, the Commission responded

that the Ukrainian request is currently being analysed and that there is no schedule for formal negotiations with Ukraine in place yet.

Expiry review of countervailing and anti-dumping duties by Canada

A Commission representative presented the outcome and possible further steps regarding the expiry review of the countervailing and anti-dumping duties by the Canadian International Trade Tribunal. FoodDrinkEurope and SACAR stressed the need for action, preferably at WTO level. They voiced concern about the risk of other countries introducing countervailing duties against CAP measures that are allowed under WTO rules. COGECA asked if the EU could take action under the EU-Canada Comprehensive Economic and Trade Agreement (CETA). This is not the case.

AOB

In the chat, CEJA and COGECA and COPA mentioned the issue of using Crispr-cas in sugar beet varieties and proposed to discuss this topic in an upcoming meeting.

4. Next meeting

The date of the next meeting is not confirmed yet.

5. List of participants

In 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."

(e-signed)

Michael SCANNELL

List of participants– Minutes
Civil Dialogue Group Arable Crops - SUGAR SECTOR
5 October 2021

MINISTRY OR ORGANISATION	NUMBER OF PERSONS
Confédération Européenne de la Production de Maïs (C.E.P.M)	1
European agri-cooperatives (COGECA)	3
European Council of Young farmers (CEJA)	3
European Environmental Bureau (EEB)	4
European farmers (COPA)	8
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	2
European Landowners' Organization asbl (ELO asbl)	2
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	6
Fertilizers Europe	1
FoodDrinkEurope (FoodDrinkEurope)	9
IFOAM Organics Europe	1
Pesticide Action Network Europe (PAN Europe)	1
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	3

Ad hoc experts:

Forschungsinstitut für biologischen Landbau	1
International Sugar Organization	1