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MINUTES

Meeting of the Civil Dialog Group on Agricultural Market - Fibres

14 February 2024

Chair: AGRI.E4

The following organisations were represented: BeeLife, Ceja, Cogeca, Copa, EIHA, Eurocoton, IFOAM and EESC.

1. Nature of the meeting

Non public

2. List of points discussed

2.1. Market situation for the three sectors

The Commission (DG AGRI) presented the statistical information notified by the Member States on the EU cotton, flax, and hemp sectors. Data shows that both cotton and flax markets recorded a lower production, which caused a price surge. Imports for both cotton and flax declined, while export remained relatively stable in 2022/23. On the other hand, imports and exports of hemp have increased in 2022/23. More information on the content of the presentation can be found on the dedicated Europa webpage: Agricultural markets (europa.eu).
A COPA representative indicated that the Member States' have overestimated the cotton production for 2023/24, mainly as the drought impact has been more severe than initially anticipated. Beelife asked if the three sectors are facing high imports from Ukraine. A COPA representative replied that the flax imports from Ukraine are small compared to other origins. A EIHA representative mentioned that hemp imports from Ukraine have increased but not caused any market disturbance yet.

Hemp
EIHA presented an overview of the hemp market. As hemp is not in the scope of the Market Transparency Regulation ((EU) 2017/1185), insufficient reliable information is available about the size of the sector and its market situation. The sector needs information to further develop, especially given the growing demand for hemp fibres for various uses and the increased market instability due to changing weather patterns. The Eurostat data concerning the cultivated area seems to be underestimated to a large extent. For 2022, information from other official sources already totals 30 000 ha for France, Germany, the Netherlands, and Poland, which means that total EU area is likely to be

higher than the 32 000 hectares notified to Eurostat. This area is increasing at EU level thanks to the opening of new / upscaling of processing facilities. EIHA stressed that more cooperation between the different services of the Commission is needed to ensure that the surge of EU demand for natural fibre is stimulating the EU supply. In the chat, a representative from COPA added that the flax sector is also experiencing an increased demand. They agree with EIHA that the production of natural fibres should be better incentivised in the EU.

Cotton

The representative of COGECA presented the market situation for the current campaign in Spain and underlined that drought is the main challenge faced by the sector. The cotton production in Andalusia, the region where the vast majority (99%) of cotton is produced, reached 49 000 tonnes, significantly lower than estimated (i.e. 64 000 tonnes). In case the drought persists in the future, the drop in production would become severe. To prevent this, COGECA claimed that more substantial aid is needed. Cotton is a crop with a strong social aspect, traditionally cultivated in the area where there is no possibility to diversify to other crops.

A representative of COPA presented an overview of the cotton cultivation in Greece. In 2022, Greece had high cotton production, excellent quality, and good selling prices. However, in 2023, due to the extreme weather events (mainly in Central Greece) the production and quality were negatively affected. In the 2023/24 campaign there is a significant drop in the cultivated area. On the other hand, Greece has a remarkable role in the international cotton market. There are important differences in the volume of exports to different countries. This could be due to various factors such as trade agreements, market demand, and logistical considerations. Asia, with a predominant textile industry, is the main importer of European cotton. Overall, the speaker stressed the importance of the cotton cultivation in the EU from social, economic, and environmental perspective and highlighted the main impediments that the sector encounters: the downward trend of the cotton selling prices in 2023, the increased cost of production mainly due to the increased energy prices and the very strict environmental requirements of the new CAP. Further information on the content of the presentation can be found on the dedicated Europa webpage: Agricultural markets (europa.eu).

In response to a question from EIHA regarding the sales destinations, the speaker clarified that there are increased sales within the EU, however the biggest destination is Asia. There are projects (EUCOTTON project – Enjoy it is from Europe) promoting the EU cotton production in Greece, Spain, Germany, France, and Italy. The representative of EUROCOTON added that this ambitious campaign emphasises the sustainable nature of the European cotton production. Great interest for this production has already been expressed by big trading houses and brands. This is expected to bring more prosperity for the sector. In addition, a 'cotton management system' has been developed. It traces the use of the cotton in the manufacturing chain up to the final textile product. A representative from COPA echoed the challenges faced by the cotton sector and requested proper reward for the high quality delivered.

Flax

COPA and COGECA co-presented the market situation for the flax fibres. Global demand for ecologically responsible fibres is increasing and the number of processing facilities is increasing. Cultivated area in the EU is following a growing trend as well,

expected to reach 160 000 ha in 2024. The EU is the largest producers of long and short flax fibre and produces high quality fibre. To valorise this high quality, the Alliance for flax and linen has two dedicated certification schemes to guarantee traceability. Even though area is increasing, the production seems to stagnate in the three main producing countries (FR, BE, NL), mainly due to unfavourable climatic conditions, to which flax is very vulnerable. In combination with higher demand, this had let to a price increase in the last year.
The proposal for New Breeding Techniques is a positive signal for the sector, but more investments are needed for research. The sector is working on several projects (Product Environmental Footprint, Life Cycle Assessment, Ecodesign Regulation, carbon farming) to secure and reinforce the position of flax as an environmentally sustainable product, both in cultivation and end use. According to the speaker, in the development of the CAP policy this should be supported more, for example, by allowing flax to be grown on fallow land under GAEC 8. Further information on the content of the presentation can be found on the dedicated Europa webpage: Agricultural markets (europa.eu).

2.2. Soil Monitoring and Resilience Directive

The European Commission (DG ENV) presented the proposal for a Directive on Soil Monitoring and Resilience, also known as the Soil Monitoring Law. The proposal has been adopted by the Commission on 5 July 2023 and it is now with the European Parliament and the Council. The approval of the Directive is expected for the beginning of 2025. This Directive stems from the EU Soil Strategy for 2030. The current situation of the soils in the EU requires immediate action: 60-70% of soils are not healthy, 13% of soils suffer from high erosion leading to a reduction of yields (amounting to around 1.25 billion EUR loss per year), 25% of the land in southern, central and eastern Europe are at high or very high risk of desertification, 390 000 contaminated sites need to be remediated etc..
The objective of the proposal is to ensure a solid and coherent soil monitoring framework, healthy soils by 2050, provide services to the ecosystem, combat climate change, secure biodiversity, enhance the resilience against natural disasters, food security and human health related risks. Further information on the content of the presentation can be found on the dedicated Europa webpage: Agricultural markets (europa.eu)
The representative of EIHA asked how many hectares of contaminated soils are in the EU, whether the Commission is aware of crops that can reverse the process and whether hemp is one of them. In addition, EIHA asked whether measures to decontaminate the soils will be reflected in the scope of the CAP and/or linked to the Nature Restoration Law. The Commission (DG ENV) replied that there are no estimates concerning the extent of the contaminated soils, but this information will be available when the dedicated register is finalised. The use of different crops for the decontamination of sites is an option, but the actual use of this technique will depend on its cost effectiveness and its advantages when compared with other techniques. The financing of these actions is mentioned in Article 17 of the proposal. Another representative of EIHA mentioned that hemp shows positive results in decontaminating soils from copper and microplastics.
The representative of COPA stated that several past EU policies led to the deterioration of the EU soil and requested that soil is treated as private property in the context of this proposal. The Commission (DG ENV) clarified that the impact assessment carried out for this proposal has not put in question the private property aspect of the soil, only that the soils' restoration yield benefits for the entire society.

2.3. Bioeconomy and textiles

The European Commission (DG AGRI) presented an overview of the EU Bioeconomy Strategy from the fibre crops and the textiles industry's perspective. The Council's conclusions adopted in 2023 acknowledged the special role of the primary producers in the context of the biobased value chains, the important role played by the funding instruments under the CAP and the Horizon Europe and invited the Commission to present an updated EU Bioeconomy Strategy and Action Plan. Until today, there are ten Member States that have dedicated bioeconomy strategies, seven Member States are in the process of developing their dedicated national strategies and six Member States are involved in other macro-regional or sub-regional initiatives dedicated to bioeconomy.

The development of the bioeconomy is one of the objectives of the CAP. There are impact and result indicators that link CAP interventions to the development of the bioeconomy. Member States have identified their specific needs linked to the bioeconomy's development and the instruments that can address these needs (investments, cooperation, area-based environment and climate interventions, knowledge exchange and dissemination of information). In addition, strong links and synergies are created between the CAP and Horizon Europe. Operational Groups (OG) are working at regional and national levels while European and international research and innovation projects funded under Horizon Europe are working on similar issues related to agriculture, forestry, and rural areas. Further information on the content of the presentation can be found on the dedicated Europa webpage: Agricultural markets (europa.eu)

The EIHA representative stressed the need for closer cooperation and coordination between the different services of the Commission to create optimal links between the different policies and to ensure that farmers are at the heart of this strategy. The Commission (DG AGRI) clarified that one of the objectives of the EU Bioeconomy Strategy is indeed to make the legislative framework more coherent. In addition, a special group in the Circular Biobased Europe Joint Undertaking focuses on how to better integrate farmers into the biobased value chains. In response to a request from the representative of EUCOTON for further information on the Horizon project '*New cotton*', the Commission indicated that this project's objective is to demonstrate that circular, sustainable production and consumption can be achieved by recycling the textile waste into new fibres and textiles, fulfilling brand and consumer performance requirements with considerably lower environmental impact.

2.4. THC in feed

The EIHA representative presented the organisation's views on the Draft Commission Delegated Regulation for the establishment of maximum levels for delta-9-tetrahydrocannabinol (THC) in animal feed. The representative mentioned the lack of scientific evidence supporting the proposed limits of THC (at 3 ppm ([1]) for hemp seed and expeller, 7.5 ppm for hemp seed oil, flour, and fibre and 0.5 ppm for complete feed) in animal feed. In addition, exceptionally, these limits are set at the same level as for food. In EIHA's view, this proposal will limit farmers outlets and reduce their income, will have a negative impact on the environment, and goes counter the objectives of the

([1]) Parts per million

protein strategy and EU feed sovereignty. The registered and certified hemp varieties in the EU have a 0.3% THC limit, which automatically leads to a low THC level in the final product. THC should be treated as other contaminants for which different limits are set for feed compared to food given that the animal metabolism differs significantly from the human one. EIHA proposes the following limits for THC in feed: 5 ppm for seed and expeller, 15 ppm for seed oil, flour, and fibre, and 1.5 ppm for complete feed. Finally, the EIHA representative requested that the above proposed levels are (re)discussed with the Member States. Further information on the content of the presentation can be found on the dedicated Europa webpage: Agricultural markets (europa.eu)
The Commission (DG SANTE) stressed that the proposed limits in the draft regulation are set based on public and animal health considerations. THC can be transferred from feed to food of animal origin, particularly in milk. There are also studies mentioning the possible adverse health effects of high levels of THC in feed. The Commission has requested the sector to provide additional data on the impact of the THC level in feed. In the absence of such data, the limits were established at the level already known for hemp seed oil. The Commission (DG SANTE) mentioned that the feedback received in the context of the public consultation launched when the proposal was published will be discussed with the Member States. The EIHA representative replied that the absence of data on the THC content in feed (hemp flowers and leaves) is due to the fact that these products are not allowed to be marketed as such. As regards the THC presence in the milk, this evidence appears only in one study, and can be addressed by setting a low THC limit only for the feed destinated for lactating cows. The Commission (DG SANTE) reassured the members of the group that this regulation’s objective is not to set more restrictive THC levels in feed than necessary.

3.5 AOB

The representative of Beelife proposed that the organisations represented in the Civil Dialogue Group on Agricultural Markets – Fibres collaborate to create a short list of recommendations focusing on pollinators’ protection addressed to cotton, hemp and flax farmers.

3. Next meeting

The date of the next meeting is not confirmed yet.

4. List of participants

See next page

Pierre BASCOU

List of participants– Minutes

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BeeLife
CEJA
COGECA
COPA
EIHA
EUROCOTON
IFOAM
EUROPEAN ECONOMIC AND SOCIAL COMMITTEE