

Brussels, 9 January 2013

**Draft Minutes of the  
Advisory Group on Cereals, Oilseeds and Protein Crops  
Brussels, 14 December 2012**

**Elections of President and Vice-Presidents**

Mr. Aspar (trade) is elected President of the Advisory Group, Mr. Isambert (producers) and Mr. Vanmarcke (industry) are elected as vice-Presidents at unanimity except 1 abstention.

**1. Market situation**

The overall IGC forecast is at 1 762 mio t, whereas consumption is forecast at 1 806 mio t. Prices remain high and no major evolution has been seen during autumn. EU and US maize prices are now at similar levels.

The EU commitments for imports (24 weeks) are higher than in the two previous marketing years. The export commitments so far are above last marketing year but below the situation two years ago. The EU keeps its position as a net cereal exporter.

The 2012/2013 EU production of cereals is forecast 4% below the 5-year trimmed average. The oilseeds production is forecast slightly below the 5-year trimmed average. Protein crops production forecast shows a considerable reduction compared to the 5 year trimmed average.

The plantings for the next marketing year benefitted mostly from good conditions.

A representative of trade highlighted how global stocks are at low levels and this give concerns on the market situation, in particular for animal nutrition and to supply the European livestock sectors with sufficient feedstock. The Commission's forecast on wheat exports seem to be on the low side. Further tension is to be identified in the maize imports. Tense situation is to be foreseen for the grain and oilseeds supply also from third countries with tight logistical problems to be expected.

A representative of farmers noted how increased crop prices did not reflect in the revenues for farmers, who also have to face increased input prices. Weather conditions have been challenging for plantings in a number of areas in Europe, therefore the year 2013 is expected to be rather challenging. In line with the trade representative, he also stressed that the stocks levels are worryingly low on a worldwide level. With high costs of feed in Europe we can expect a decrease in the numbers of animal heads.

The Commission replied acknowledging the sensitivity of the wheat export forecast and the possibility that the Commission may have slightly underestimated it. The Commission wishes that the AMIS initiative (Agricultural Markets Information System) will be successful so that all actors will have the same information and transparency can be enhanced. However no progress has been made after the launch of this initiative as concerns the availability of data. The Black Sea countries, key players on the

markets, are exhorted to provide their numbers as they have not yet started contributing to the AMIS initiative.

## **2. Availability multi-annual or annual basis for the current period for market management, crisis management and direct payments**

The Commission presented the financial report for 2011 of the European Agricultural Guarantee Fund and the allocation of funds by sector and measure (CAP pillars).

From this presentation it is also clear that exceptional market measures have only been used three times during last years (avian flu crisis in 2006, the dairy crisis in 2009 and the E.Coli crisis in 2011), with mainly no more cereals intervention stocks and very low export refunds expenses. In 2012, 98.8% of the budget ceiling has been paid.

Concerning the future the budget reserve for agricultural crisis in the latest version of the negotiations box is decreased from 500 M€/year to 400 M€.

A representative of farmers noted that the last intervention operations have even been financially beneficial for the Commission.

A representative of environmental organisations called the attention of the Commission on the risks that removing a not so expensive market management tool such as the intervention safety net could be dangerous and could result in increased price volatility in case of bad crops. He also mentioned the need to have a clear link between agriculture and environment.

## **3. Free Trade Agreement on trade relations between EU and USA**

The Commission presented briefly the state of play on the EU-USA trade relations. The two sides have strong ambitions. Negotiations could set the standards on the way to conduct negotiations and constitute a model for other countries.

The final report should be released at the end of the year or early in 2013. If an FTA is started the USA will have to present the plan to Congress. As the administration is new - and the Secretary of State still has to be appointed - this may slow the process. On the other hand the EU will have to propose launch of negotiations to Council and Parliament.

The representative of the farmers expressed its wish for this group to be kept informed about the developments in the process hoping that European Agriculture interests will not be sacrificed in these negotiations.

## **4. State of play concerning approval of genetically modified crop**

The Commission illustrated the progress in the EU process of authorisation of GM events: there are currently 39 new applications and eight applications for renewal under assessment at EFSA for food and feed use and 27 new applications for food, feed and cultivation use. Eight of them have been positively assessed by EFSA for Food and Feed uses and are now ready for the legislative approval procedure. In the total, 46

GMOs have been approved for food and feed use and 11 got their previous approval renewed. In 2012, 6 GMOs were approved (5 soybeans and 1 maize) in 2012 and at least 4 others are expected to be approved in 2013.

A representative of trade expressed concerns on the delay of the EU process for approval of GM events, particularly as compared to the approval in third exporting countries. This asynchrony in approvals jeopardise trade flows and limits the origins for imports to the EU. Although the technical solution for feed has provided for a help, further measures are still needed and in particular a proper low level presence policy covering all grain uses.

A representative of feed compounders stressed that it is essential to have security of supply and to avoid that vessels are blocked when entering the EU. Improvements are needed in the approval process, in particular from the moment the scientific opinion is finalised.

A representative of the oil and protein meal industry called for a rapid approval of the GM events still in the authorisation process as well as an extension of the Technical Solution for Food uses

The Commission reminded that there have not been incidents since the approval of the Low Level Presence (LLP) technical solution. As regards authorisation procedures, it was noted that the process clock often has to be stopped during the scientific evaluation because of missing information from the applicant.

*Disclaimer*

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