
The latest EU agriculture, environment & trade news

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DUTCH PRESIDENCY: ORGANIC REFORM, SIMPLER CAP & AGRI MARKETS TOP AGENDA

The Netherlands, which took over the EU's rotating Presidency* from Luxembourg on Jan 1, hopes to strike a deal on organic reform on June 27, while simplifying farm rules, talks on patents, food waste & antibiotic resistance also dominate its 6-month agenda, seen by *AGRA FACTS*. Market developments & new financial instruments are also set to be discussed during the first half of 2016. But there is no mention of possible talks on highly controversial Commission plans that would allow national bans on using imports of genetically modified (GM) food & feed, suggesting they may prefer to leave this dossier aside. The first Council takes place on Feb 15, after the one on Jan 25 was cancelled. The meeting on Feb 15 will see Commission presentations on a long-term strategy for farm research & an update on agricultural trade. The gathering follows a high-level conference in Amsterdam dedicated to antibiotic resistance (Feb 9/10), with Health & Agriculture Ministers expected to attend. The EU's executive will also discuss a new EU-platform on animal welfare. Simpler farm rules & use of financial tools in the agriculture sector are the main items of debate on the agenda of the Council on March 14, while market developments dominate discussions on April 11/12 (in Lux). "Current market conditions in a number of sectors, including dairy & pig farming, are cause for concern & will have our constant attention", Dutch officials said. The Presidency will also "urge the Commission to take action in the shorter term to simplify the CAP to alleviate unnecessary regulatory burdens on farmers". A meeting tentatively scheduled on May 10 looks at patent law & plant breeders' rights, with the Presidency suggesting current arrangements "impede open access to genetic sources". They will also discuss timber laws. A possible deal on organic reform will dominate the agenda at the Council meeting in Luxembourg on June 27/28, while simpler farm rules & fairness in the food chain will also be under discussion. The Council will also aim to adopt conclusions on antibiotic resistance & food waste. Meanwhile, the EU's executive is set to present a report on sustainable plant protection. The informal Farm Council is expected to take place around Amsterdam on May 30/31. Meanwhile, Environment Ministers will discuss a plan to curb waste & encourage recycling & the results of the UN climate deal at a meeting on Mar 4, while talks on farm greenhouse gas emissions as well as bird & habitat laws are set to take place on June 20 (in Lux).

*See <http://www.eu2016.nl/> & our *viEUws 'Top 5' for the Dutch Presidency* <http://goo.gl/wxuxMx>;

OXFORD FARMING CONFERENCE: Brexit warning; No Plan B; 3 crop rule; Maize attack;

Brexit could cost UK farms, Hogan: UK farmers could end up with less subsidies, less influence over trade deals & still have to meet EU requirements with no say over them if the UK leaves the EU, EU Agriculture Commissioner Phil Hogan told the Oxford Farming Conference on Jan 7. "Outside the EU, Britain would still want access to the [EU's] internal market", he said in a debate on the UK's EU membership in one of the headline events at the UK's most important farm conference (with over 450 delegates), "But it comes at a price — ask Switzerland & Norway". In an animated debate with ex-UK Farm Minister Owen Paterson, a key member of a UK campaign to leave the EU (in a referendum before 2018), Hogan pointed particularly to the EU's weight in negotiating trade deals he said were beneficial to UK farmers. "It could take the UK years to negotiate deals with Korea, Canada & so on — deals the EU has already successfully negotiated", he said. The EU's Farm chief also pointed to the benefits of a world trade pact struck in Nairobi to phase out farm export support [see below]. "The EU effectively pushed a British priority — free & fair trade in agriculture", he said. But Paterson argued UK farmers were "heavily constrained by the EU". Outside the EU, the UK could simplify its farm rules, incite take-up of new technologies such as genetically modified (GM) seeds & target aid more effectively, he said. On the complexity of EU farm rules, Hogan responded that simplifying new CAP measures such as 'greening' was one of his "main objectives over the next few years". "The next round of CAP simplification will see 200 existing EU regulations reduced to 40 or 50, cutting red tape for farmers, operators & national administrations alike", he said. *<http://www.ofc.org.uk/> (Jan 5-7)

No farming Plan B if UK quits EU, Truss: The UK government is not working on an alternative plan for the country's farm sector in case the UK votes to leave the EU, UK Agriculture Minister Liz Truss told journalists at the Oxford Farming Conference on Jan 6, adding that being part of a single market brought "big benefits" but also large bureaucracy costs. Truss dedicated a significant part of her opening speech to the UK renegotiation of its relationship with the EU, saying she fully supported Prime Minister David Cameron's

efforts. "Improving Europe's competitiveness is a key plank of our reforms & I can see what it would mean for our farmers & food producers", she told the conference. "It would make Europe more flexible, outward-looking & dynamic", she said, suggesting it could also speed up progress towards deeper trade ties with China. An EU-China trade deal would "mean [UK] dairy producers no longer paying 15% tariffs", she said, "There is a huge prize at stake & one worth fighting for". But she refused to be drawn on her personal view in the upcoming referendum, saying only that she would await the outcome of the renegotiation & "the British people will decide". Sitting on a panel with Labour party shadow Farm Minister Kerry McCarthy, Truss also spoke of increasing farm innovation, boosting efforts to combat floods, expanding the UK's badger cull to fight bovine tuberculosis & decentralising national decision-making on agriculture.

UK wants EU crop rule scrapped: The UK government will seek to scrap an EU requirement for farmers to grow multiple crops - a measure in force since Jan 1 last year as a central part of new environmental rules - in a bid to lower red tape, UK Agriculture Minister Liz Truss told the Oxford Farming Conference on Jan 6. Truss said she would fight to end the so-called three crop rule, requiring farmers to plant at least three crops when their arable land exceeds 30 hectares. The measure was agreed as part of new EU 'greening' rules to stop monoculture, improve soil quality & wildlife on farms in the recent CAP reform. But a number of farm lobbies claim it is unnecessarily bureaucratic & would harm output. Truss' appeal comes amid a 12-week public consultation* on new environmental measures launched by the Commission on Dec 15, seeking views from farmers, administrations, NGOs, academics & citizens. "It is vital Brussels becomes more flexible, more competitive & cuts red tape", she said. The requirement for an Ecological Focus Area, a zone of 5% of farmland dedicated to wildlife, should also be reformed, she told journalists at a press conference after her speech. Other demands include reforming "the over-the-top audit & controls regime", she said, telling AGRA FACTS she had "a number of allies across Europe". She will also push to end "an absurd requirement for farmers to put up ugly posters in the countryside to publicise EU funding". *<http://goo.gl/sdwWjy>

Maize expansion raises concern: A rapid rise in maize cultivation for animal feed & biofuel can harm soils, worsen floods & pollution, delegates heard at the Oxford Real Farming Conference* on Jan 7, an alternative meeting focussed on agro-ecological practices & smaller scale holdings. Pointing to the findings of a report by the UK's Soil Association 'Runaway maize'**, co-author Georgia Farnworth said rain would often run off heavily compacted maize soils, polluting waterways with fertilisers & pesticides, while worsening inland flooding. UK maize must no longer qualify for renewable energy subsidies to make biogas or as a qualifying crop for EU 'greening' requirements, she said. *Guardian* blogger George Monbiot said there were "no effective constraints on soil destruction", urging for renewed talks on an EU directive. Other topics at the 2-day meeting included pasture-fed livestock, agroforestry & community farms. *<http://goo.gl/13xJYN>

TRADE NEWS: WTO export aid deal; EU-Ukraine duty cuts; EU-Philippines talks:

WTO agrees major deal to cut export aid: Members of the World Trade Organisation (WTO) struck a deal to scrap subsidies for agricultural exports on Dec 19, a move hailed by the WTO's Director-General Roberto Azevêdo as the "most significant outcome on agriculture" in the trade bloc's 20-year history. Under the decision, pushed by the EU [see AF87-15], developed countries must abolish export subsidies immediately, with the exception of some dairy, pork & processed products. Meanwhile, developing countries should do so by 2018, while keeping an option to cover marketing & transport costs for farm exports until the end of 2023. The poorest & food-importing countries will have additional time to cut export aid. "The decision tackles the issue once & for all," Azevêdo said, "It removes the distortions that these subsidies cause in agriculture markets". "For the first time there are binding disciplines on subsidies such as export credits, where our competitors are subsidising trade worth billions of dollars every year", EU Farm Commissioner Phil Hogan said in Nairobi after the deal, "These new binding controls will level the playing field for EU exporters". The move will benefit EU farmers particularly in sectors such as wheat flour, sugar & dairy, DG AGRI officials said. The pact is "a shot in the arm" for the global trading system, they said. But major divisions persist in efforts to reach a wider deal on the Doha development agenda, including on reducing domestic subsidies.

EU-Ukraine deal starts amid Russia ban: EU food exporters gained more access to Ukraine's market from Jan 1 including tariff rate quotas for pork, poultry & sugar as well as duty cuts for fruit, vegetables & dairy in a deal sparking Russian curbs on Ukraine imports. Kiev has already enjoyed tariff cuts since Nov 2014 on its exports to the EU, inciting a rise in grain exports [see AF86-15]. But Moscow's ban on Ukraine exports closes a major outlet for the country's producers. Ukraine Prime Minister Arseniy Yatsenyuk says a ban could see \$600 million (€559m) in lost trade in 2016. Moscow claims an embargo is necessary to prevent EU goods, already subject to a Russian ban, from entering its market. Ukraine has responded with its own restrictions on Russian imports including beef, tobacco, chocolate & alcohol from Jan 10. The Netherlands is set to hold a referendum on the EU-Ukraine deal on April 6, with Prime Minister Mark Rutte, currently holding the EU Presidency, saying he would campaign for a Yes vote.

EU & Philippines launch free trade talks: EU food & drink exporters are eyeing key gains in Southeast Asian markets after the EU agreed to start free trade talks with the Philippines on Dec 22, one of the fastest growing economies in recent years & a possible major destination for farm products. The talks are "further evidence of the EU's commitment to Southeast Asia", EU Trade Commissioner Cecilia Malmström said, "We need to make sure our companies enjoy the right conditions to seize the great potential of that market of 100

million consumers". The first round of negotiations is expected to take place in the first half of 2016 in the Philippines. The move comes as the EU ramps up efforts to secure bilateral deals in the region, seen as "building blocks" towards a region-to-region deal. The EU has deals so far with Singapore (2014) & Vietnam (2015). Farm products make up around 13% of exports to the Philippines, with a similar figure for imports.

IN BRIEF: EU pork storage aid begins; CAP poll results; Food price fall;

EU pork storage aid begins: A new EU aid scheme* to fund private storage for pigmeat came into force on Jan 4 in a move aiming to help prices rebound amid oversupply on the market, worsened by Russia's ban on EU food imports from Feb 2014. The move to temporarily remove pigmeat from the market was announced by Farm Commissioner Phil Hogan at the Council on Nov 19 [see AF85-15]. "I am aware that the pigmeat sector is facing difficulties & prices have been in decline since September & so I hope this measure will help the market", Hogan said. The measure follows an earlier scheme, launched in March last year, which ran for 8 weeks & temporarily removed nearly 64 000t of pigmeat from the market at a cost of €17 million. The aid - for storage periods of 90, 120 & 150 days - will also include fresh lard & allow removal from storage for immediate export (after a minimum storage period of 2 months & an aid rate cut). The storage aid rate rises by 20% compared to the former scheme, to encourage higher take-up among processors, while lower rates will apply for fresh lard (as it is less expensive to store) varying between €168/t for 90 days & €182/t for 150 days. The proposal includes a minimum quantity of at least 10t for boned products & 15t for other products. In a vote on the scheme on Dec 1, only Sweden opposed (saying it could distort the market), while DE & SK abstained. Countries will give updates on quantities twice a week. *For all prices, see <http://goo.gl/Wsy1eh>

Support for farm policy high but falling, poll: Some 62% of EU citizens said they thought EU farm policy benefitted all citizens, not only farmers, in an EU-commissioned survey* published on Jan 6, but the figure marked a major fall on the 77% level registered in 2013. The so-called Eurobarometer report, compiling the responses of over 27 000 citizens to questions about EU farm legislation in Oct 2015, found 22% of citizens thought EU farm policy did not benefit all citizens. 16% said they did not know. But public understanding of the Common Agricultural policy (CAP) remains patchy, with a third of respondents saying they had never heard of it. Only 10% knew any details. The share of people thinking EU aid to farms was too high stayed at 13%, while those who thought farms did not receive enough increased slightly from 26% to 29%. Latvians (66%) & Romanians (57%) were most in favour of more subsidies, while a third of citizens in SE, DK & NL said they were too high. Across the EU, 41% said the level was "about right". *See <http://goo.gl/SDVAqn>

Food prices fall for fourth year in a row, FAO: Prices of major food commodities fell for the fourth year in a row in 2015, averaging 19% below the previous year's levels, the UN's Food & Agriculture Organisation said on Jan 7, amid abundant supplies & a weakened US dollar. Dairy prices were on average some 28% below their level in 2014, the sharpest decline of any food commodity, according to the FAO's food price index*. The grain price index, including rice, was down 15% on average during 2015 on the previous year, while the sugar index was 21% lower. Moves by Argentina's new leader Mauricio Macri to cut export taxes on grains has prompted speculation of higher exports & further downward pressure on prices. Meat was on average 15% cheaper, while vegetable oil prices were down 19%. *<http://goo.gl/M4nWo3>

TIMETABLE: Week Ahead (in Brussels unless otherwise stated)

Jan 11	EU Farm Commissioner Phil Hogan in Malta <i>inc.</i> meeting Environment Minister Leo Brincat & visit to winery; EP Agriculture Committee meets <i>inc.</i> debate with Dutch Farm Minister Martijn van Dam, votes on provisional deals on school food aid, plant pests & breeding animals;
Jan 12	Trade Commissioner Cecilia Malmström in TTIP hearing at the Flemish Parliament;
Jan 13	Commission college meets;
Jan 14	Hogan addresses the conference 'Europe's Opportunity in Digital Agriculture' co-organised by the Waterford Institute of Technology & Commission DG for Communication Networks, Content & Technology * http://goo.gl/XvPlIT ; Health Commissioner Vytenis Andriukaitis in France <i>inc.</i> visit to Naturex's Headquarters (Avignon) & meets Christopher Wild, Director of International Agency for Research on Cancer (IARC) in Lyon; EP Environment Committee meets <i>inc.</i> debate with Dutch Environment Minister Sharon Dijksma;
Jan 15	Hogan in Berlin for Green Week (until 17) <i>inc.</i> High-Level Panel on development of sustainable cities at the Global Forum for Food & Agriculture 'Feeding the Cities' * http://goo.gl/nPMrtb ;
Jan 16	Hogan in Berlin <i>inc.</i> International Global Forum for Food & Agriculture Panel & speech at the Berlin Agriculture Ministers' Summit as well as bilaterals with Ministers;
Jan 17	Hogan in Berlin <i>inc.</i> roundtable on the Western Balkans' agriculture & rural development;

Management & Regulatory Committees

Jan 11	Appeal Committee on genetically modified food & feed;
Jan 12	Standing Committee on animal health & welfare;
Jan 13	Committee for the Common Organisation of Agricultural Markets: horizontal questions; Standing Committee on control & import conditions;
Jan 14	Standing Committee on biological safety of the food chain. ENDS