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MINUTES

Meeting of the Expert Group on the European Food Security Crisis preparedness and Response Mechanism (EFSCM)

9 March 2022

Chair: Michael Scannell, Deputy Director-General, AGRI

1. APPROVAL OF THE AGENDA

The agenda was approved.

2. NATURE OF THE MEETING

Meeting was non-public.

3. LIST OF POINTS DISCUSSED

3.1. Opening by Commissioner Wojciechowski

Commissioner Wojciechowski highlighted the usefulness and timeliness of having established recently the European Food Security Crisis preparedness and response Mechanism (EFSCM) Expert Group, and of the possibility to convoke it ad hoc in case of crises with potential implications for food security. This is the case in view of the ongoing conflict in Ukraine. Ukraine and Russia are key suppliers of agricultural products, in particular animal feed. The EFSCM is organised by DG AGRI, SANTE and MARE. The EFSCM group includes Member States, as well as stakeholders from the food supply chain - agricultural producers, processors, wholesalers, distributors - as well as input providers, transport and logistics representatives, equipment suppliers, packaging and others. The risks for food security can be contained, if we all cooperate and coordinate our actions. The Commission is also discussing with international bodies the implications of ongoing events for global food security. The Commissioner closed by highlighting the importance of maintaining open trade for food security, as well as the importance of the Common Agricultural Policy (CAP), Common Fisheries Policy (CFP), and the Single Market – as demonstrated by the experience with the COVID-19 pandemic.

3.2. Adoption of rules of procedure

The rules of procedures were approved.

3.3. Food security impact of the energy and input price increase and of the situation in Ukraine

Introduction by the Commission

DG AGRI presented factual information on market developments. These were already registering high input prices before the Ukraine-Russia conflict (gas, fertilisers, feed in particular). These high input price levels affect different parts of the food supply chain (FSC). Some farm types have a higher share of energy and fertiliser costs than others (e.g. specialist crops). Fishers depend more on direct energy costs than farmers. The price increases also include other cost items in the food supply chain, such as freight and packaging. Agricultural commodity prices are also increasing, but magnitude of the price increase is proportionally higher for inputs than for outputs for most sectors. Consumer food price inflation was also at increasingly high levels even before the conflict erupted, particularly in some MSs (in particular in Eastern Europe). All the evidence shows that since 24 February we are witnessing further price increases (energy, grains). Of note is that cereal stocks in EU are at comfortable levels in 2021/2022, consistent with the last few years (estimated stocks, as there are still four months to go in 2021/2022 marketing year to know with certainty the level of ending stocks before the 2022 harvest). Also at global level stocks are relatively comfortable.

The closure of Black Sea ports results in regional exports being blocked, with particularly relevant volumes for grains and oilseeds. The next growing season in Ukraine will likely also be severely disrupted. Fertiliser and natural gas imports and costs are also challenging. It is important to consult and inform each other widely on these issues, and in particular to hear from stakeholders who are closer to knowledge of what is happening ‘on the ground’.

Stakeholders organisations members contributions

The first EFSCM meeting saw a high level of participation by both stakeholders and Member States. The summary below concerns the oral interventions during the meeting. Members who could not express themselves due to time constraints were invited to submit written contributions.

16 stakeholders organisations members or observers took the floor (AIP-CE, BEUC, CELCAA, CEMA, COGECA, COPA, ECVC Via Campesina, Eurocommerce, European Flour Millers, Euroseeds, FEFAC, FEFANA, Fertilisers Europe, Food Drink Europe, Freshfel, Independent Retail Europe as members ; COCERAL as observer).

Members reported, that while through notable efforts on the Ukraine (UA) side some agricultural products are still being exported by train or truck (with difficulties discussed below), the overall volumes of grains (maize, sunflower,...) and oil (sunflower oil) entering the UE from UA are hugely reduced. Transport into UA is seriously disrupted, as EU companies do not want to enter the territory for safety concerns, or face insurance issues for their wagons even when it is possible to enter the country. There were calls to facilitate as far as possible the crossing of the UA-EU border for trade in inputs and agricultural products.

Replacing imports of inputs into agricultural production or downstream processing from sources raised concerns of its own, with transport times being often significantly higher than those from the Black Sea. High shipping costs were affecting not only imports of food and feed into the EU, but also the export of EU food products, the EU being a lead

food producer. Several stakeholders called for the introduction of a variety of flexibility provisions in EU-level regulation, on a temporary basis, including on maximum residue limits (MRLs), phytosanitary or GM-related issues requirements, catch certificates in the fisheries sector, the use of fallow land for production in agriculture, food labelling rules for processed products using sunflower oil, cadmium content limits in fertilisers, removing antidumping duties, reducing administrative burden on farmers.

While stocks of grain are at overall good levels in the EU, thus indicating that shortages are not to be expected in the EU, there might be a mismatch between the places where grain is available and the places where it is needed – Southern European Member States (MSs) in particular are facing real difficulties in procuring grain, and stocks are in some cases very low. This highlights the importance of keeping the single market operating fully, so as to smooth out such issues. Market transparency, monitoring of stocks, and coordination at international level were highlighted as particularly important when a crisis affects the agri-food sector.

Several stakeholders raised concerns about trade-restrictive measures for grains being introduced (HU was mentioned) or being considered to be introduced (in BG or Serbia) as having a destabilising effect on markets and further driving up prices, pointing out that the destabilising nature of such measures is well known from past experience.

There were also calls for prioritising the use of raw commodities towards food and animal feed, rather than biofuel production, with a view to support global food security. These included ethical concerns where the EU competes with less developing countries for buying certain products that need to be taken into account by decision-makers in the EU.

Imports of fertilisers and inputs into the fertiliser industry (natural gas, phosphate, potash, nitrogen fertilisers) from Russia (RU) raised concerns; as did access to certain feed additives often associated to the fertiliser industry and traditionally imported from RU (magnesium, phosphorus, amino acids, anti oxydants etc.). Belarus is also a large supplier of potash. The EU nitrogen fertiliser industry is faced with high input prices (natural gas) and high uncertainty on the demand side, which may lead them to decisions concerning maintaining their plants in operation.

In the fish processing sector, MSs with big canning industries are facing difficulties due to input costs, including sunflower oil, as well as in ensuring supplies of certain fish species, be it from imports from RU or because the operation of EU fleets is disrupted.

Some consequences of reduced exports from the EU and other countries to Russia and Ukraine due to the war situation and related developments in transport and financial flows were mentioned. Exports to Russia will be made much more difficult, ie in agricultural machinery. Re-routing of trade flows of fresh produce (fruit and vegetables, fish products) intended for Ukraine or Russia may result in increased supply of the EU markets.

Seed supplies into UA are critical to support production in the country in the next growing seasons, as UA is heavily dependent on the EU as a source. 25% to 45% of EU seeds (depending on product type) meant for export to UA seem not to have reached their destination. This is a very serious additional threat to 2022 harvest in UA, in particular as the sowing season is particularly short (4-8 weeks) and fast approaching..

The need to secure food to Ukraine and to Ukrainian refugees was highlighted by several speakers. Some members stated their willingness to directly support food security efforts in UA.

There were calls for support to farmers to ensure farm viability (incl. use of the ‘crisis reserve’), and to ensure farmers are able to acquire the fertilisers they need. In some instances, CAP National Strategic Plans (NSPs) could usefully focus on increasing the efficient use of fertilisers. Some stakeholders called for a slower implementation of the European Green Deal / Farm-to-Fork (EGD/F2F) objectives in order to boost food production, whereas others called for maintaining or accelerating the implementation of these same objectives to strengthen the resilience of the EU food system to crises. The pigmeat sector was mentioned by farming representatives as being particularly vulnerable to ongoing events, and there was a call to implement private storage aid in the sector.

There are also concerns with the purchasing power of EU citizens, particularly the most vulnerable, facing the double pressure of higher energy and higher food costs. Clear and reliable information to consumers is critical to avoid unfounded concerns on availability of food in the EU, in particular emblematic foods such as wheat (flour).

There is also some mention of retailers imposing limits on sales of vegetable oil products (sunflower oil), which was considered to be counterproductive as this suggests, that there would already be significant issues with the supply of these products. This can lead to unnecessary consumer concerns with food security.

Member State interventions

8 member States took the floor (CY, DE, ES, FR, HR, IE, IT, PT). FR, holding the presidency of the Council, highlighted its commitment to food security issues. EU exports to UA, in particular seeds, are receiving particular attention, as are supporting neighbouring Mediterranean countries with food security. In the longer term there is a need to reinforce security of supply in the EU, and reduce dependency on certain inputs. Discussions between MSs and with the Commission will continue in upcoming meetings.

There are concerns expressed with relatively low stocks in some MSs highly dependent on imports from UA for certain feed grains, in particular in Southern Europe MS. Finding alternative sources may be challenging in view of supply issues due to transport having to be made primarily by sea. Islands and peripheral areas may be particularly vulnerable to supply issues due to transport having to be made primarily by sea. Farmers are often facing cash flow problems due to high input costs, which may lead to decisions to restrict production volumes. It is important that the single market is protected to safeguard against concerns on input cost and availability throughout the EU territory. In the Iberian peninsula, a pronounced drought is adding significantly to the issue of high input (feed) costs. There were calls for expanding EU production capacity, including by bringing fallow land into production, although this is not without environmental costs. Some MSs made similar calls for flexibility on EU rules to those made by stakeholders, as well as requests for flexibility on state aid rules (including an extension of the temporary state aid framework), and the use of Art. 219 of the CMO Regulation. There were also calls for exchange of best practices between MSs, including on how to address effectively food and feed protein availability issues.

4. CLOSURE BY AGRIDG WOLFGANG BURTSCHER

The Director-General thanked participants for their presence and contributions.

He started by recalling that when talking about this crisis our thoughts are first with the suffering of the people in Ukraine. In this context, another major concern is to contribute to global food security in a situation when two of the major world exporters of grains in the world are likely to be absent from the global supply of cereals and oilseeds.

In terms of EU action some measures can provide support in the short-term and are under consideration, including state aid provisions, exceptional measures under the CMO, and flexibilities on the implementation of EU rules. Conversely, reducing the ambition of the new CAP as regards its contribution to the EGD and F2F would not improve food system resilience, and in particular of the significant present and coming challenges presented by climate change. Similarly, the open strategic autonomy approach to food security is important, finding the correct balance that protects EU interests without compromising the indispensable contribution that open trade brings to food security in the EU and at global level. Calls for complete food self-sufficiency could compromise EU interests on food security. The implementation of the CAP NSPs offers opportunities to improve resilience in agriculture.

5. NEXT STEPS

N.R.

6. NEXT MEETING

This first ad hoc meeting of the EFSCM will be followed by a regular meeting of the forum on 23 March, which will also review the situation of food security in view of the developments in Ukraine by then.

7. LIST OF PARTICIPANTS

(e-signed)

Michael SCANNELL
Acting Director

List of participants

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MEMBER STATE/ NON EU COUNTRIES	MINISTRY OR ORGANISATION
BE	Regional authorities responsible for agriculture: <ul style="list-style-type: none">- Flemish Government- Wallonia SPF Economie
BG	Ministry of Agriculture Bulgarian Food Safety Agency
CZ	Ministry of Agriculture
DK	
DE	Bundesministerium für Ernährung und Landwirtschaft BMEL
EE	Ministry of Rural Affairs
IE	Department of Agriculture, Food and the Marine
EL	Ministry of Rural Development and Food <ul style="list-style-type: none">- General Directorate of Food- General Directorate of Agriculture- General Directorate of Fisheries Permanent Representation
ES	Ministerio de Agricultura, pesca y alimentacion Permanent Representation
FR	Ministère de l'Agriculture et de l'alimentation <ul style="list-style-type: none">- DG de la Performance économique et environnementale des Entreprises- DG de l'Alimentation
HR	Ministry of Agriculture - Kabinet Ministry of Health
IT	Ministerio delle Politiche Agricole Ministerio della Salute

CY	Ministry of Agriculture, Rural Development and Environment
LV	Ministry of Agriculture
LT	Ministry of Agriculture
LU	
HU	National Food Chain Safety Office County Government Office
MT	Ministry for Agriculture, Fisheries, Food and Animal Rights Environmental Health Department
NL	Ministry of Agriculture, Nature and Food Quality
AT	Federal Ministry of Agriculture, Regions and Tourism - Agricultural Value Chain and Nutrition - Animal products (fisheries and aquaculture) Federal Ministry of Social Affairs, Health, Care and Consumer Protection Agrarmarkt Austria
PL	Ministry of Agriculture and Rural Development
PT	Ministry of Agriculture - GPP - dgav Ministry of Economy and Digital Transition MM – DGRM Autonomous Region Azores
RO	Ministry of Agriculture and Rural Development Permanent Representation
SI	Ministry of Agriculture, Forestry and Food
SK	Ministry of Agriculture and rural Development Permanent Representation
FI	Ministry of Agriculture and Forestry Finnish Food Authority
SE	Swedish board of Agriculture Swedish Food Agency
AD	Government of Andorra – Ministry of Health
LI	Food and veterinary office Liechtenstein
MC	Direction de l'action sanitaire
ME	Ministry of Agriculture, Forestry and Water Management Administration for Food Safety, Veterinary and Phytosanitary affaires

MK	Food and Veterinary Agency
SM	UOS Sanità Veterinaria e Igiene Alimentare
RS	Ministry of Agriculture, Forestry and Water Management – Veterinary Directorate Ministry of Health
CH	Federal Office for Agriculture Federal Office for National Economic Supply
NO	Royal Ministry of Trade, Industry and Fisheries
BA	Food Safety Agency of Bosnia and Herzegovina
AL	Ministry of Agriculture and Rural Development

Member Organisations

- European Coordination Via Campesina (ECVC)
- European Feed Manufacturers' Federation (FEFAC)
- Federation of European Aquaculture Producers (FEAP)
- Independent Retail Europe (IRE)
- European Dairy Association (EDA)
- Fertilizers Europe asbl
- FEFANA asbl – EU Association of Speciality Feed Ingredients and their Mixtures
- International Institute of Refrigeration (IIRIF)
- European Flour Millers (EFM)
- Nagel-Group / Kraftverkehr Nagel SE & Co KG
- European Sprouted Seeds Association (ESSA) – European Fresh Produce Association (FRESHFEL)
- Vier Pfoten – Four Paws International
- Europen – the European Organization for Packaging and the Environment aisbl
- European Farmers Association – Copa
- European agri-cooperatives – Cogeca
- FoodDrinkEurope
- Federation of Veterinarians of Europe (FVE)
- Fediol (EU Vegetable Oil and Proteinmeal Industry)
- EU Fish Processors and Traders Association (AIPCE-CEP)
- Assemblée des Régions Européennes Fruitières Légumières et Horticoles (AREFLH)
- Eurocommerce
- CELCAA (European Liaison Committee for the Agricultural and Agri-Food Trade)
- UECBV (European Livestock and Meat Trades Union)
- European Agricultural Machinery Industry Association (CEMA)
- European Food Banks Federation asbl (FEBA)
- European Council of Young Farmers (CEJA)
- BEUC – European Consumers Organisation
- EUROSEEDS
- UNISTOCK
- ARVI – Cooperativa de Armadores de Pesca del Puerto de Vigo

Observers

- European Federation for Animal Health, Hygiene and Food Safety (FESASS)
- European association of Trade in cereals, oilseeds, rice, pulses, olive oil, oils and fats, animal feed and agrosupply (COCERAL)
- AVEC – Association of Poultry Processors and Poultry Trade in the EU Countries
- EFTA – European Food Trade Association
- European and Economic Social Committee
- European Parliament – comagri
- European Food Safety Agency (EFSA)