



Points for discussion
during the meeting of the Ministers of Agriculture of the Visegrad Group countries
and Bulgaria, Romania and Slovenia (GV4+3) on 1-2 June 2017

1. Future of the Common Agricultural Policy after 2020 – developing a joint declaration
Questions:

- Will the structure of the CAP based on two pillars and the division of tasks between these pillars be still justified after 2020, given the challenges faced by the EU agriculture and agricultural areas, and the idea of modernising this policy?
- Which elements of the current direct payment scheme should be maintained and which should be changed under the future CAP?
- Do you experience any difficulties in the current financial perspective in connection with the use of the payment instruments linked to production? If so, what are they? Do you see a role for this type of payments under the future CAP?
- What are the most important elements of the CAP that require simplification in the future and what should be the direction of the expected simplifying changes of these elements?

In December 2016, Jean-Claude Juncker, President of the European Commission, announced that 2017 would be essential for the modernisation and simplification of the Common Agricultural Policy. Accordingly, in February 2017, the EC launched a public consultation on the future of the CAP. It is open to all citizens, organisations and institutions interested in this policy. Consultation will last until 2 May, and its results will be summarised at the conference scheduled for July. They will form the basis for the Communication on the future of the CAP, which will be published at the end of 2017 and will present a number of options for the outline of this policy.

Discussions on the CAP held so far during the meetings within the Polish Presidency of the Visegrad Group, as well as the proposals made by the GV4+3 countries during the works on the Omnibus project, revealed a high convergence of views on issues related to the shape of the future CAP and the expected changes in various policy instruments.

At the meeting, Polish Presidency of V4 will attempt to work out a formal document (declaration) emphasising the attachment of this group of states to the CAP and presenting their expectations about its most important elements and the direction of changes. The declaration will help to develop common demands which could be presented in the EU in the course of further discussion on the future of the CAP.

Poland will prepare a proposal for a joint declaration, which will be sent for consultations to the GV4+3 partners on a working level. During the meeting, the declaration will be signed by the Ministers of Agriculture of the GV4+3.

2. Exchange of views on market mechanisms in the cereal and sugar markets

Questions:

- Do you see the need to strengthen the negotiating position of sugar beet growers in the EU legislation?
- In your opinion, should actions be taken at the EU level to, among others, prevent further loosening of the tariff protection of the EU sugar market?
- Given the fact that a structural surplus of cereals has been persisting on the EU market for a long time, is it advisable to increase the level of tariff protection of the EU cereal market?
- The system of variable duty on certain cereals depends on the level of the cereal intervention price and the CIF import price, determined taking into account quotations on commodity exchanges in the United States of America. Therefore, would it be a good solution to increase the tariff protection of the EU cereal market by raising the intervention price of grain or changing the method of calculating variable duties on cereals, taking into account the prices of import from the countries of the Black Sea Basin?

Cereal market:

A structural surplus of cereals has been persisting on the EU market for a long time, therefore, the prices of grain run at a relatively low level. Consequently, Poland is striving for increasing the level of tariff protection for the EU cereal market at the EU level. Increasing tariff protection will contribute to lower supply of this product imported to the EU market, and will therefore increase the profitability of cereal crops in a country which are in greater demand.

In Poland's opinion, increased tariff protection can be achieved by raising the intervention price of grain, which is currently set in the EU legislation at the level of 101.31 EUR/t. The intervention price should be close to the production costs. At present, due to the low level of this price, farmers not to decide to sell cereals for intervention stocks.

At the same time, Poland emphasises at the EU level that the import of cereals from the East has become a problem. Taking into account the low level of prices of Ukrainian grain in relation to grain prices in the EU as well as the geographical proximity of Ukraine and countries of the enlarged Visegrad Group, this import may have a negative impact on prices in the eastern regions of the EU.

The purpose of the discussion will be to exchange views on the positions of the GV4+3 countries on the increase of the tariff protection of the EU cereal market and raising the intervention price with a view to improve profitability of cereal crops in the eastern regions of the EU.

Sugar market:

Following the abolition of quotas for sugar production from 1 October 2017, in April 2016 a recommendation was adopted at the level of the Visegrad Group concerning the introduction of effective monitoring of data on sugar beet and sugar production at the EU level, at the same time indicating that the European Commission should specify, in due time, effective measures to prevent market disruptions in the event of adverse developments on the EU sugar market. At present, intensive work is being done at the EU level in order to develop rules on detailed monitoring of the sugar market, including sugar and sugar beet prices, following the abolition of the production quotas.

In the situation of highly concentrated processing industry on the sugar market and heavily fragmented sector of sugar beet growing, and in view of the abolition of the minimum price for sugar beets from the 2017/2018 season, Poland sees the need to strengthen the negotiating position of sugar beet growers in EU legislation through the introduction of:

- mandatory conclusion of trade agreements,
- the possibility to negotiate the purchase prices of sugar beet at the level of trade agreements,
- solutions which counteract the practices of unfair exploitation of contractual advantage by one of the contracting parties.

In addition, in order to protect the EU sugar sector, in the opinion of Poland, measures aimed at, *inter alia*, preventing further loosening of tariff protection by granting further concessions in the form of import quotas or lowering the level of duties should be taken.

The purpose of the discussion will be to exchange opinions on actions and solutions to be taken to effectively monitor the sugar market and to ensure a stable situation on this market.

3. Exchange of views on unfair trade practices in the food supply chain

Question:

- **Have you noticed adverse impact of unfair trade practices used by supermarkets on farmers/food producers? If so, what national solutions have you adopted and what should be adopted at the EU level in order to stabilise the situation?**

On 6 March this year, the document “Better functioning of the Food Supply Chain: addressing unfair trade practices (UTPs) and improving the position of farmers,” signed by BG, CZ, HU, LV, LT, SK and SI, was presented at the meeting of the EU Agriculture and Fisheries Council. Poland and 17 Member States actively participated in the work on this document. Poland supported the direction of the document and its assumptions, however, due to too detailed, closed list of unfair trade practices included in the annex to this document, it was not its signatory.

Poland supports initiatives related to the introduction of systemic solutions which shape proper relations in the food chain and strengthening the position of farmers, otherwise the market will not function properly. According to Poland, solutions implemented at the EU level are necessary because they will strengthen solutions introduced by individual Member States. The weakest position in trade relations within the food supply chain is occupied by agricultural producers. Often, large operators, due to their position and negotiating power, impose unilaterally unfavourable conditions of cooperation on farmers.

Taking into account that at the EU level there are no regulations governing unfair trade practices in the food supply chain, Poland has taken a number of initiatives at the national level, among others, on 12 July 2017, the provisions of the *Act on Countering Fraudulent Use of Contractual Advantage in Trade of Agricultural and Food Products* will enter into force, prohibiting unfair use of the buyer's contractual advantage over the supplier and the supplier's over the buyer.

The purpose of the discussion is to further align the position on the existing problem in order to strengthen the voice of Central and Eastern European countries in discussions with the EU institutions on developing common EU solutions.

4. Exchange of views on issues related to trade in agricultural real properties

Question:

- **Do you support further joint efforts to introduce separate regulations regarding trade in agricultural real property in EU legislation?**

Land is a limited resource and the most important means of food production. Therefore, trade in agricultural real property in the European Union should not be subject to ordinary market rules.

The issues of trade in agricultural real properties were raised during the first meeting of the Ministers of Agriculture of the Visegrad Group countries and Bulgaria, Romania and Slovenia, which took place on 25-26 October 2016 in Warsaw; then, they were discussed at the expert level at the meeting of the international working group on legal status of trade in agricultural land in the EU Member States on 23 March 2017 in Warsaw. The discussions have shown great interest of the GV4+3 countries in this issue and the convergence of their positions on the need to protect agricultural land.

The purpose of the discussion would be to reach an agreement at the political level with regard to actions which would lead to the introduction of separate regulations on the trade in agricultural real properties in the European Union legislation, taking into account the specificity and nature of these transactions.

5. Exchange of views on the impact of the new EC proposal on RES II Directive (COM (2016) 767 final) on the agricultural sector

Question:

- **What is your position on the use of agricultural raw materials for the production of biofuels in the context of the European Commission proposal related to directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources? Would it be reasonable and rational for the EC to withdraw from the policy of using agricultural raw materials produced in the EU for the production of biofuels? What level of this production can be rational from the point of view of stabilisation of the EU agricultural policy?**

Within the framework of the so-called “winter package”, the European Commission presented a draft directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources (COM (2016) 767 final) – so-called RES II, along with attachments.

The draft provides for a gradual phasing out of support for the production of biofuels from agricultural raw materials which have food applications. The current limit of 7% share of energy from biofuels produced from cereal and other starch-rich crops, sugars and oil crops, and from crops grown as main crops primarily for energy purposes in the transport sector in Member States in 2020 does not pose a threat to food production in Poland.

The by-products obtained are a valuable feedstock which allows for a substantial reduction in the import of protein feed from outside the EU. In Poland, thanks to the existence of the biofuel market, more than 1 million tons of feed are produced. The current level of biofuel production from food plants does not cause a threat of indirect change in the use of agricultural land in Poland.

Therefore, in Poland's opinion, there are no reasons for the administrative reduction of the upper limit of energy use from biofuels produced from food crops to 3.8% in 2030 and for the imposition of additional limitations on agricultural raw materials used to produce biofuels.

The purpose of the discussion is to exchange opinions on the effects of the proposed change in EC policy for the agricultural sector of the GV4+3 countries, and an attempts to assimilate the positions on possible joint efforts to maintain the existing requirements for the use of food sources for the production of biofuels.

6. Exchange of views on actions taken so far by the GV4+3 countries to ensure increased utilisation of the research potential of EU-13 countries in the implementation of projects of Horizon 2020 programme in the field of agriculture, including bioeconomy

Questions:

- **How do you assess activities carried out so far as part of work of the Polish Presidency of GV4 in the area in question? What actions do you propose to take in the future for a stronger inclusion of the research capacities of GV4+3 (EU-13) in the co-creation of the European Research Area (ERA) in the field of agriculture, rural areas, including bioeconomy?**
- **How is the structure of research institutes in your countries in the field of agriculture organised? What are the research capacities of these units and in which areas, for the purpose of building potential strong consortia? What actions do you plan to take at the national level so that research units are prepared to cooperate in this area?**

The Horizon 2020 programme is gaining in importance in the current financial perspective. This programme plays an important role in achieving the objectives of the „Europe 2020“ strategy for smart, sustainable and inclusive economic growth through research and innovation also in the field of agriculture. So far the involvement of the EU-13 research teams in the Horizon 2020 programme has indicated a clear imbalance in the use of its resources to the detriment of Central and Eastern European countries. This situation requires urgent systemic changes at the EU level, which Poland and GV4+3 countries are striving for.

As part of work of the Polish Presidency of the Visegrad Group carried out so far, a political agreement to ensure an increased participation of EU-13 research facilities in the Horizon 2020 programme has been reached. On 26 October 2016, seven Ministers of Agriculture of the Visegrad Group and Bulgaria, Romania and Slovenia signed a Common Declaration for the stronger inclusion of the research potential of the Central and Eastern European (EU-13) countries into the implementation of projects within the Horizon 2020 in the field of agriculture, including the bioeconomy. Joint research needs of GV4+3 have been identified in the Annex to the Common Declaration of GV4+3.

The adoption of the Declaration was preceded by a laborious process of arrangements, involving scientists, experts, government administration.

The political agreement reached in GV4+3 was presented at the meeting of the EU Agriculture and Fisheries Council, discussed at the EU Council on Competitiveness and at the meetings of the European Commission. Most EU-13 countries expressed their support. The agreement was a contribution to the work carried out by the European Commission on the currently drafted Work Programme of Horizon 2020 for 2018-2020.

Moreover, actions were taken to implement the recommendations resulting from the Common Declaration of GV4+3, i.e. the proposal of macro-regional cooperation under the Hungarian Bioeast Initiative.

Efforts made by the Ministers of Agriculture of GV4+3 so far and the political agreement reached are a strong political voice of GV4+3 as well as an excellent opportunity and developed path to ensure a lasting and stronger involvement of the EU-13 research potential in the co-creation and functioning of the European Research Area (ERA) in the field of agriculture, including bioeconomy.

At this stage, it is important to provide for effective cooperation mechanisms focused on joint actions supporting the efforts of the research facilities of GV4+3 in building potential strong and competitive consortia fulfilling research needs within the framework of the drafted work programme of Horizon 2020.

The purpose of the discussion will be to exchange opinions on further cooperation under the Horizon 2020 programme, including a discussion on actions which need to be taken to make the best use of the resources available in the Horizon 2020 programme by the GV4+3 countries.