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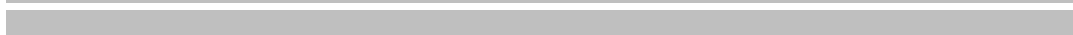





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Afternoon - Tobacco

- 1. Approval of the agenda**
- 2. Information and discussion on the state of the European market: production, imports/exports, prices, costs of production**
- 3. Inter-branch organization in the EU**
- 4. WTO Framework Convention on Tobacco Control: information on the outcome of COP7 in New Delhi**
- 5. Information on the revision of Directive 2011/64 as regards excise duties on raw tobacco**
- 6. Plant Health: state of play on Minor Uses (*Written contribution*)**
- 7. AOB**

- 1. Approval of the agenda**

The agenda was approved.

- 2. Information and discussion on the state of the European market: production, imports/exports, prices, costs of production**

The Commission gave a presentation which is available on DG AGRI's website. In particular, he said that at EU level, the area of tobacco was 82,121 hectares in 2015. Italy and Greece had the biggest area. In terms of production, 182,372 tonnes were produced in 2015. Italy was the main producing country with 32% of EU production. The main raw tobacco

suppliers of the EU are Brazil and Malawi.

The representatives from Copa and Cogeca provided information on the results of the latest marketing years from several producing countries. In France, there are only 900 producers remaining and the situation is difficult in terms of profitability because the area of production has decreased excessively. In addition, production costs have been increasing at a fast pace. In Spain, there are 1,160 producers for variety I, 383 producers for variety II and 87 producers for variety III. Prices are very low in Spain compared to the EU average. In Italy, production is stable. An error as regards the prices mentioned by the Commission was corrected. There are 2,500 producers for an area of 15,600 hectares in Italy and after the establishment of the National interbranch organisation the number of producer organisations has decreased from 30 to 8, where the main 3 represent around 90% of the total volume. In Poland, production is higher than in 2015 because of bad weather conditions in 2015. The same production is expected for 2017 as for 2016. In Croatia, the sector is facing a number of challenges. In Hungary, the yields were better in 2016 than in 2017.

A representative from the industry provided information on the market situation at world level. Overall, tobacco production is decreasing, but the situation is more stable than a few years ago. Figures are available on DG AGRI's website.

3. Inter-branch organization in the EU

A representative gave a presentation on setting up an interbranch organisation at EU level, the headquarters of which would be in Italy. The founding members are UNITAB (EU growers' federation) and FETRATAB (EU first processors' federation). The goals of this European Interbranch organisation are to achieve the following:

- Strengthen the aggregation and contractual power of EU tobacco growers
- Represent EU raw tobacco sector common issues at EU Institutions
- Provide sustainability and perspectives for EU raw tobacco, boosting manufacturer multiannual purchase programs and commitments
- Define EU umbrella / harmonized rules for the proper functioning of the market
- Support the activities of national IBOs or growers' and processors' associations in MS without national IBOs in a coordinated way

The full presentation is available on DG AGRI's website.

A representative from the Commission informed the attendees about the results of the study of ARCADIA on interbranch organisations in the EU. On June 2016, there were 119 recognised interbranch organisations under EU law and 4 others were recognised under national law. This study underlines the benefits of these organisations by facilitating a good functioning of the chain. She also explained the benefits for these organisations in terms of implementing the extension of rules for non-members.

The representative from the Commission also shared the following links for further information:

- o Conference on interbranch organisations

https://ec.europa.eu/agriculture/events/conference-role-interbranch-organisations-food-supply-chain_en

https://ec.europa.eu/agriculture/external-studies/2016-interbranch-organisations_en

- o General information on interbranch organisations

<https://ec.europa.eu/agriculture/producer-interbranch-organisations/interbranch->

4. WTO Framework Convention on Tobacco Control: information on the outcome of COP7 in New Delhi

The information is available at <http://www.who.int/fctc/cop/sessions/cop7/en/> therefore this item was not discussed.

5. Information on the revision of Directive 2011/64 as regards excise duties on raw tobacco

A representative from the Commission gave a presentation on this item. He provided information on the public consultation which closed on 16th February 2017. The Commission received around 70,500 contributions. Therefore the results of the public consultation will take some time to analyse and they expect this to finish by the fourth quarter of this year. The impact assessment and the results of the public consultation will be published together with the results of the external study. It is too early to provide any conclusion on this.

A representative from the industry asked if the external study was finalised and if it could be published before the results of the impact assessment. The Commission representative informed him that they are still discussing this possibility.

A representative from Copa said that establishing an excise duty on raw tobacco would have a very bad impact in terms of costs and the administrative burden for small holdings which are the majority in the tobacco sector. In addition, the current initiative to establish a European interbranch organisation aims, in particular, to regulate the market in order to have more transparency, in order to overcome the lack of rules linked to the withdrawal of the tobacco CMO. The representatives of Trade and Industry agreed with the Copa position.

6. Plant Health: state of play on Minor Uses (*Written contribution*)

This item was not discussed as it was a written contribution.

7. AOB

The Chair said that the Civil Dialogue Group is meant to allow the entire chain and the NGOs to be able to carry out discussions with the Commission. This should be made possible for all CDG meetings.

The Chair thanked the attendees for coming, the interpreters and the Secretariat from the Commission for their work. For the next meeting, Polish should be included as a working language.

