

ECPA  
ANNUAL Review  
2008





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## Message from the Director General

Dear Reader,

It is my duty and privilege to present the Annual Review for 2008. The title of this year's review – **Safely securing Europe's food supply** – is very much to the point. It explains concisely what role our crop protection products play in underpinning Europe's quality of life.

ECPA continues to work intensively on a wide range of issues affecting the crop protection industry in Europe.

**Scientific research** remains the backbone of our work. Our technical expert groups continue to research test guidelines that will facilitate policy-making in Europe, assisting the European Commission and the European Food Safety Authority to find pragmatic legislative solutions.

Our **advocacy** work at both the EU and Member State levels helps create a regulatory environment in which crops flourish safely and ultimately enables our members to offer products that help farmers deliver nutritious food to families across Europe, using practices that are safe for people and the environment. Through our regulatory activities, we navigate the labyrinth of European institutional processes to pursue sound policies and defend the interests of the industry.

In 2008, top among our policy challenges was to step forward and provide information and reasoned arguments to European decision makers involved in the debate over the reform of Commission Directive 91/414/EEC, which regulates the approval of pesticides on the market. We have also been heavily engaged in the Commission's proposal for a Framework Directive on the Sustainable Use of Pesticides in Europe. The exchange and the challenge will continue into the foreseeable future. As we enter into the new year, we will maintain our focus on these Directives.

Complementing and adding important substance to our legislative work, ECPA maintains a variety of **training programmes and services which clearly demonstrate industry's leadership in ensuring the sustainable safe use of our products, and demonstrates our commitment to protecting human health and the environment.** Through these programmes farmers learn about the latest advances in safe, effective pest management, industry environmental initiatives and general crop protection product news.

As world markets re-stabilise, we are directly and tangentially helping to solve pressing societal concerns – food supply, rising food and energy prices, environmental degradation, nutrition, obesity and other health issues. Thanks to scientific advancements and high-volume production methods, Europe has an abundance of safe, nutritious fruits and vegetables. Our crop protection products are used in all 27 Member States to secure yields, reduce crop losses and help provide a sufficient and sustainable supply of wholesome, delicious food which is the key element in maintaining Europe's quality of life.

Promoting agricultural technology is part of our official mission. Helping to ensure society has access to a safe and affordable food supply is the direct outcome.

Sincerely,  
**FRIEDHELM SCHMIDER**  
ECPA Director General



## Message from the President

Dear Reader,

With my term as president approaching completion, the introduction to this Annual Review represents an opportunity to glance back over my time in office. This period has been filled with substantial challenges and achievements for the industry and association, set within a shifting political, regulatory, and social landscape.

In 2005, my first year in office as ECPA president, we hosted our annual conference with the theme of 'Innovation and Stewardship for Sustainable Agriculture'. In 2006, the following year, we held the successful Cyprus workshop that brought together companies, national associations, regulatory authorities and government officials from the southern Member States to discuss the latest developments in EU regulations, implementing the MRL regulation, and the review and re-registration process. Over a frank and productive two days, we discussed not only the problems but also debated potential solutions, honestly and openly.

Commissioner Kyrianiou, one of the keynote speakers in Cyprus, asked the crop protection industry to embrace change and forge ahead to shape the future. The many different stakeholders present came some way towards a common understanding of the need for a more workable, predictable and sustainable regulatory framework.

The opinions of stakeholders expressed during the Cyprus workshop, and the launch in July 2006 of the decision-making process around the pesticides package, highlighted the need for our industry to develop a stronger political voice. We saw the necessity for a change in how we articulated our arguments, no longer relying solely on science – for which we have rightly secured a high reputation – but addressing the wider public's perceptions, needs and concerns, in a language MEPs and consumers could understand.

The regulatory landscape in which ECPA operates has shifted over my time of office. The dominant political focus affecting our industry was once agriculture, but is now the environment. This shift can be demonstrated not just by the European Parliament's ENVI committee taking the lead on the pesticide dossier, but also on the conclusions of the CAP health check. All four developing challenges the Commission has identified in this health check are environmental in nature.

So, where do we go from here? With environmental and health concerns the order of the day, the term 'sustainability' represents the best way forward. Pressure on land, a growing world population, changing consumption patterns, not to mention the instability of the global economy that will intensify concern about increased food prices, means that a truly sustainable solution will be one that facilitates the production of enough high-quality and safe food in an affordable way.

We all need to work together to ensure that a regulatory balance is reached to protect the environment, consumers, the industry and the future of European agriculture – and, in doing so, enable a sustainable solution. Our industry must continue to raise awareness so that there is a wider appreciation and recognition that innovation is still critical, with the Lisbon agenda representing the key to the future health of the European economy.

I would like to thank all of my colleagues at ECPA and within our network of companies and associations for your efforts over the past four years, especially in widening the overall awareness of the issues and for the successful collaborations that have been developed around Europe. I also want to share my appreciation and thanks to the many stakeholders who have worked with us to develop the best solutions for our industry, agriculture and the European population at large.

Sincerely,  
**ROGER DOIG**  
ECPA President





ECPA acts as the ambassador of the crop protection industry in Europe and represents the industry's European regional network. We promote agricultural technology in the context of sustainable development and, in doing so, seek to build understanding of our role, recognition of our contribution, and informed dialogue about our views, values and beliefs.

- We represent our industry in the media, relevant European fora and among major stakeholders.
- We lead and co-ordinate a European network of member companies and national associations, who act as our local representatives.
- We endeavour to listen and learn from our stakeholders and seek to understand their interests, views and perspectives.

ECPA advocates EU policies and legislation that uphold a science and risk-based approach, foster innovation, operate in a predictable and proportionate way, enable the industry to perform efficiently, protect intellectual property and reward the introduction of new technologies and practices.

A summary of key ECPA activities and developments affecting the industry in 2008.

## January 2008:

- Launch of industry-sponsored Nomisma study: 'European agriculture of the future, the role of plant protection products – economic impacts'. The Italian research institute concludes that cutting access to agrochemicals will lead to dramatic reduction of yields.

## March 2008:

- Release of the European Commission's amended proposal for the new regulation replacing Directive 91/414/EEC. The European Commission rejected all of the additional 'cut-off' criteria put forward in the European Parliament's first reading.
- Launch of Pesticide Information website.

## April 2008:

- Workshop: 'Plant health in Europe: impact of the current proposals on crop protection solutions in Europe.' More than 100 experts participate in an industry workshop in Brussels. Farmers, crop protection and seed associations come together for the first time to analyse the impact of the proposed pesticide legislation.

## May 2008:

- Humboldt study published, 'Global agricultural market trends and their impacts on European Union agriculture' by Professor Harald von Witzke, Humboldt Institute. The study highlights that the EU needs to increase agricultural productivity to respond to rising food prices.
- European Parliament resolution on rising food prices in the EU. The EP recognises that adequate pesticides are needed if we are to maintain crop productivity.
- Council of Ministers adopts a Common Position on the proposal for a Sustainable Use Framework Directive [19 May 2008].

## June 2008:

- Independent consultancy ADAS evaluates the consequences of the new 'cut-off' criteria plus the candidates for substitution of the Commission and the Parliament proposals. One worst-case scenario predicts that, as a result of the proposed new criteria, the UK would have to undergo a complete overhaul of its agricultural production.
- Agricultural ministers reach a Political Agreement on the amended proposal for the new regulation replacing Directive 91/414/EEC (23 June 2008).

- Workshop on the Safe Use of Pesticides. Participants share experiences from the different projects run by ECPA under the Safe Use Initiative.

- The Council and the European Parliament reach a compromise on the Water Framework Directive 'daughter' legislation on Environmental Quality Standards and listing of Priority Substances. No additional substances are included, but a new list of substances is presented for the European Commission to consider in its next prioritization round.

- Visit to TOPPS demonstration farm by the Yser River in Belgium. Water industry, farmers and the European Commission have the opportunity to see firsthand the efforts required to minimize water pollution from point sources.

## July 2008:

- Press visit to Driffield in East Yorkshire (UK) where journalists can see firsthand the effect of the proposed EU pesticide regulation on potato farmers.

## September 2008:

- Maximum Residue Levels (MRLs) harmonisation comes into effect, enhancing increased trade transparency in agricultural products and allowing freer movement of goods within the EU and from the rest of the world.
- Members of the European Parliament visit Belgian farms to understand how pesticides are an essential part of integrated Pest Management techniques in everyday agricultural practices.
- The European Council adopts a Common Position on Directive 91/414/EEC (15 September 2008).
- Farmers, scientists, journalists and plant protection specialists visit a state owned farm in Poznan (Poland) to discuss how the reduction of pesticides will affect the country's agriculture.
- ECPA supports the European Initiative for Sustainable Development in Agriculture – EISA Farmers Exchange 2008.

## October 2008:

- Launch of the EuroCARE study. 'Additional constraints for plant protection: Price impacts on European agricultural markets, at a media event hosted by MEP Mairead McGuinness. Findings show that if 'cut-off' restrictions come into effect, prices for cereals and vegetables would rise substantially.

- Workshop in the European Parliament to discuss the findings of the Humboldt study, chaired by MEP Kläss. Debate to discuss the role for pesticides in sustainable agriculture takes place in Brussels. Participants at European Voice-hosted event include the European Commission, members of the European Parliament, farmers, non-governmental organisations and industry representatives.

- TOPPS' closing event in Brussels showcases project achievements. The event also serves as a launching pad for the Bridge project which will take water protection one step further by promoting the adoption of measures to prevent pollution.

- MEP Mediterranean conference at the European Parliament in Strasbourg offers discussion platform on the possible impact of the new EU regulation on the requirements of Mediterranean agriculture.

- Press visit to Andalusia citrus farm featuring roll of pesticides in integrated Pest Management (IPM).

## November 2008:

- Industry-sponsored Anti-counterfeit Conference in Warsaw addresses the issue at the legislative and field levels.
- Environment Committee votes on pesticide regulatory package (5 November 2008).
- ECPA Annual Conference.



*For these regulatory proposals to be truly beneficial, they must place on the balance what agriculture requires to efficiently sustain the European food supply.*



## Upholding the benefits of pest management

Legislation and regulation

ECPA monitors and responds to European Union legislation affecting pesticides on a daily basis, and fully understands the impacts that decisions made in Brussels can have on the European farmers' ability to produce food, the future of European agriculture and ultimately Europe's much treasured quality of life. Our organisation acts as the reference point for stakeholders in the pesticide debate and as a leading source of scientific information on the issues through the media and the web. As a trade association, ECPA's mission is to assist member companies and national associations in their regulatory concerns at both the EU and national levels, and to represent the interests of our members with the EU institutions and the media.

Also referred to as the 'first half of the legislative Pesticide Package', the revision of EU Directive 91/414/EEC sets out new approval criteria required for active substances to enter the market. Its broad, ostensible aim was to incorporate the most up-to-date science and knowledge for the protection of human health and environment.

The amendments to 91/414/EEC have been the subject of extensive debate throughout 2008 and the focus of considerable ECPA attention. European farmers are reacting strongly as the European Commission and Members of the European Parliament move toward further restriction of the chemicals required to produce safe, high-quality and affordable food. This is exacerbated by the fact that more than half of the chemicals existing used will already have been removed under the current review process for active substances.

One of our main points in the debate is that increasing field productivity to keep up with the demand of a growing population will become much more difficult and costly in the near future due to this legislation which threatens to radically diminish the effectiveness of pest management in Europe by eliminating a host of effective options.

Looking back to the first reading of the revision of the new

*Simply because a substance has hazardous properties does not mean it cannot be used safely, a fact that is proven daily in every sector, including agriculture, medicine and transport. If accepted, the legislative proposals could slash crop yields, reduce variety, eliminate certain crops, downgrade quality, increase health risks and drive up prices, while not significantly increasing safety.*

legislative proposal in October 2007, the European Parliament (EP) proposed criteria that would make authorised active substances more limited and effectively ban the use of many common, safe and effective pesticides.

To facilitate the decision-making process, the European Commission revised their initial proposal (11 March 2008). Through numerous EP amendments were adopted the additional 'cut-off' criteria as proposed by Parliament were not accepted.

Three months later, the Agricultural Ministers reached a Political Agreement (23 June 2008) at the first reading in the Council. Since it differed from the Parliament proposal, the agreement was adopted as a Common Position and transferred to the European Parliament for a second reading.

At the time of the printing of this report, the second reading is underway in Parliament.

The most significant operative factor in this legislation is the shift to a simplistic use of hazard criteria as the sole principle of rejection for a plant protection product. ECPA, however, supports the continued use of an evaluation system that is based on a properly scientifically conducted **risk assessment** that is based on 'actual' rather than 'perceived' or 'potential' risk. Industry contends that the hazard-based 'cut-off' criteria

should be limited to internationally agreed guidelines such as the Stockholm (POPs) Convention.

Though the Council proposes a 5-year derogation of 'cut-off' criteria, allowing pesticides to be maintained when it can be proven that they are required due to 'serious danger to plant health', ECPA asserts that the legislative measures must ultimately ensure an effective range of safe, high-quality crop protection products that secure effective pest management, if farmers are to sustain Europe's food supply and protect human health and the environment. We continue to work toward this goal.

#### SUSTAINABLE USE FRAMEWORK DIRECTIVE

The Framework Directive on the Sustainable Use of Pesticides, the second half of the Pesticide Package, is the key proposal for regulating the application phase of crop protection products, and this too entered second reading in '08 in the co-decision process.

The goal of the Framework Directive on the Sustainable Use of Pesticides is to introduce a legally-binding set of common crop protection use practices across the European Union, which will further enhance human health and environment safety, and provide clear guidance to the Member States as to what they should be including in their national action plans.

The Dossier went through European Parliament's first reading in December 2007 and the Council adopted its Common Position on the Sustainable Use Framework Directive on 19 May 2008.

Industry supports the Council position as the agreed text focuses on **risk** reduction rather than arbitrary **use** reduction measures that do not take local needs or conditions into account. The common position foresees that the European legal framework allows for the necessary flexibility at the national level to adapt measures to the specific country's situation, allowing different national scenarios to be taken into account.

Risk reduction measures, including best practice development and training, are the only viable means of ensuring both safety and productivity while recognising local needs and conditions.

During the second reading, ECPA will continue to work towards a Directive which enhances common, safe and sustainable best-use practices that are workable and still give farmers the necessary tools to fight pest and disease outbreaks.

On the Garden and Amenity front, ECPA continues to promote the safe, sustainable use of pesticides in the home, garden and public areas. The Garden and Amenity stakeholder network was informed about the legislative package and they, in turn, helped to successfully raise awareness of the related issues. These efforts will continue.

*The setting of arbitrary use reduction targets for pesticides has already proven ineffective in a variety of jurisdictions. Pesticide use responds to real, local pest challenges which are set by nature. Hence, the way forward is through improving practices. We are leading the way to ensure the safe, professional application of pesticides, establishing practices which secure the supply of fresh, wholesome, nutritious food and protect the environment.*



## REVIEW OF ACTIVE SUBSTANCES

The review programme for active substances already on the market has been ongoing, with the aim of re-evaluating all substances and establishing whether they may still be permitted for use. The Commission's goal was to complete the review by the end of 2008 and Regulation 1095/2007 was introduced in September 2007 to fast track the procedure. While this measure was put in place to meet the 2008 deadline, a 12-month extension was agreed in July in order to allow the Commission and Member States adequate time to make all decisions and ensure their implementation.

A goal for 2009 will be to ensure that the laid-down process for re-submitted substances under Regulation 33/2008 of January 2008 delivers prompt evaluation and decision making. ECPA is working with the authorities to facilitate this effort.

From the more than 1,000 substances initially on the market, it is expected that approximately 400 will remain after this review process is complete. This includes the 140 new substances that were in the approval pipeline. Thus, even before the new legislation replacing Directive 91/414 is implemented, farmers will already suffer a significant weakening of their crop protection capability.

These factors form the key elements in our ongoing discussions.

## MAXIMUM RESIDUE LEVELS REGULATION

The EU Regulation 396/2005 on Maximum Residue Levels (MRLs) of pesticides formally entered into force on 1 September 2008. ECPA applauds this publication as it will enhance transparency and harmonisation, and significantly contribute to improving the Single Market of Goods. By improving the function of the market, this legislation will help ensure a plentiful and varied supply of fruit and vegetables.

Under the new Regulation, the European Food Safety Authority (EFSA) plays a key role in ensuring that all MRLs



continue to be set well within acceptable safety limits, and that the Commission takes account of EFSA's advice in the establishment of legal MRLs.

EU MRL harmonisation will also enable a higher level of transparency within the EU and outside the EU. In practice, it means that one MRL will be set for each crop and pesticide in all EU countries. This will significantly contribute to removing existing barriers to intra-EU trade and will improve access to the European market for third countries' products.

A major challenge remains communicating the results of the annual residues report to consumers, as the trading standards are often misinterpreted as public safety warnings.

## EU WATER FRAMEWORK DIRECTIVE (WFD) AND PRIORITY SUBSTANCES (PS)

In 2008 the European Parliament and the Council reached a compromise agreement on the proposed Water Framework Directive, whose goal it is to improve the ecology of European water systems, to achieve set standards by 2020.

In this process, no additional crop protection products were included in the EU's priority list of substances presenting the highest concern for European inland, transitional, coastal and territorial waters and which will be subject to cessation or phasing out of discharges. Within the next two years, a further 13 substances – including six crop protection products – will be subject to review for identification as possible Priority Hazardous Substances.

The Directive was adopted at the end of October and Member States will have 18 months to implement at national level.

ECPA has turned its focus to the Commission's next round of Priority Substances and Priority Hazardous Substances selection. ECPA is fully engaged in the process as work has already begun in the Commission's Working Group and in the Joint Research Centre.

The pesticide industry is committed to improving health, safety and the environment.



## Leading health and safety, respecting the environment

Education and awareness

### PREVENTING WATER POLLUTION

TOPPS ('Train the Operators to Prevent Pollution from Point Sources') is a three-year, ECPA-initiated programme, which started in November 2005 and was funded in equal measures by the European Commission's LIFE programme and ECPA. 2008 marked the successful conclusion of this demonstration and training project focusing on six critical processes: storage and transport; the phase before, during and after spraying; and residue disposal management. Through a well-organised European network of partners, the national level programme has identified and disseminated best-practice training and information to eliminate product spills into ground and surface water.

A key achievement was the definition of Common Best Management Practices (BMP) which was developed with experts from 15 EU Member States. Available now in 12 languages, the BMP materials are being used as reference and training tools. Additional training materials include: a downloadable framework module; images and photographs, including 'good' and 'bad' examples of pesticide use; a video illustrating best use of crop protection products in real working situations; and a series of print supporting materials. The materials focus on demonstration of best pesticide use, secure ways of cleaning sprayers, and a bio-purification offering solutions for treatment of residues in the sprayer.

ECPA's upcoming Bridge programme will extend the TOPPS achievement further into the farming community to ensure the adoption of techniques and technology designed to avoid point source pollution. ECPA will also be moving on to a similar programme aimed at eliminating the diffuse sources associated with pesticide application.



*Industry is leading the way in the development and refinement of pest management practices which are safe, effective and environmentally sound. The TOPPS partnership is a fine example in the vital area of protecting water systems.*



#### PROTECTING USERS AND WORKERS

Before crop protection products reach the market, they pass a series of rigorous and complex authorisation procedures to ensure their safety. In addition to the measures taken to make our products safe for the consumer, flora, fauna, water systems and the environment, the initial steps in the chain – occupational protection and proper label compliance – are critical. ECPA's **Safe Use Initiative** project is a worker safety programme carried out in collaboration with stakeholders.

The programme focuses on Regions with intensive use of crop protection products because they present, potentially, higher risk for worker safety. These include: Portugal, Spain, France, Italy, Greece and Poland. The programme addresses label compliance, application techniques, proper handling and public awareness. National authorities are also supporting the Sustainable Use Initiative locally, through the dissemination of best practice know-how information and training programmes to ensure farmers and distributors alike take home the key safety steps.

#### COMBATING THE THREAT OF ILLEGALLY-TRADED PESTICIDES

This year the issue of counterfeit and illegal pesticides emerged significantly both in Brussels and at national level. Protection of Intellectual Property Rights has become one of the European Commission's key objectives in 2008 and many of its services have initiated activity in this area. ECPA's **Anti-counterfeiting Project** has been actively engaged with all the main players in this process.

Transit and import of illegal pesticides into the EU is complex and linking the exporting manufacturer to the import can be very difficult. Working in conjunction with CropLife International and CropLife China, a process of identifying the various connection points and then developing a coherent traceable customs procedure is progressing well. The recent seizures in Poland and Russia have demonstrated to customs how illegal and unsafe products are coming into the market and will provide a focus for the development of future policy initiatives.

At the national level, our main focus has been raising awareness and training national enforcement staff. Poland and Italy have run several successful training sessions with their respective police agencies and in Spain work is progressing well on establishing a working agreement with Seprona, the national environmental police. The 'Happy/Pepper' awareness campaign was launched in Spain showing how using legitimate pesticides makes the peppers both wholesome and exportable, a winning combination. In Greece, a broadcast on prime time TV has alerted viewers to the risks associated with illegal pesticides and promoted a toll free number for reporting illegal activity. Toll free numbers are also in use or coming into use in Italy, Spain and Ukraine.

In 2008 ECPA dedicated its efforts alerting policy makers to the threat of counterfeit pesticides. Awareness is building and a significant milestone was the November conference in Warsaw, which brought together EU enforcement officials and the industry in a cross-border sharing of intelligence, best practice and support.

#### COOPERATING IN THE SEARCH FOR ANIMAL TESTING ALTERNATIVES

Animal welfare and testing is an issue of concern to many European citizens and legislators. In a bid to help the industry come up with solutions for the refinement, reduction and replacement of animal testing, ECPA continues to work on the **European Partnership for Alternative Approaches to Animal Testing (EPAA)**, a joint initiative by the European Commission, corporations and trade federations. Started in 2006, the EPAA partnership is stimulating cooperation in fundamental research, the formulation of new policy, the sharing of best practice, and the acceptance and promotion of alternative approaches to animal testing.

*Our aim is to support a constructive public dialogue about the reality of European agriculture in the field and its achievement at the table; and to relate the highly tangible benefit it delivers: delicious, healthy, affordable food, the mainstay of our quality of life.*



## Conveying the reality of agriculture

Communicating the benefits

In 2008 communications activity focussed on creating awareness of the role of pesticides in the provision of Europe's high-quality food supply and the high level of safety and respect for the environment exercised in their use. This communications activity featured ECPA's health, safety and environmental initiatives demonstrating the industry's commitment to the well-being of consumers and to Europe's quality of life. Innovative approaches, such as farm demonstration events and advanced interactive web technology, allow participants to appreciate firsthand the scope of agriculture and the nature of the issues at hand.

### MEDIA RELATIONS

Our efforts developed relations with all forms of media outlets, from mainstream to industry news, in print and broadcast. We held news conferences, arranged interviews with journalists and briefed them intensively at key policy milestones.



*Through our member network we ensure that the regulatory and legislative decisions and guidelines issued by the European authorities are disseminated and correctly interpreted. Our network is also an important channel for the transmission of timely information to the European public.*

#### EVENTS

Events were used as means of engaging and stimulating stakeholders, policy-makers and journalists in the on-going debate. In April, ECPA joined COPA-COGECA (the united voice of farmers and their co-operatives) and ESA (European Seed Agency) to hold a workshop on the impact of the regulatory proposals on crop protection capability in Europe.

ECPA also organised Farm Visits in the UK, Belgium, Spain and Poland giving MEPs and journalists a chance to see the highly beneficial reality of European agriculture firsthand. Several events took place in the fourth quarter of 2008, including a large-scale public debate organised in Brussels in partnership with the European Voice.

Research was conducted and presented to provide essential facts, figures and analysis. In May, ECPA hosted the launch of the Humboldt Study on Global market trends and the impact on European Agriculture. The Bonn University/EuroCare Study event placed a challenging brief on food prices into the public realm that attracted considerable interest. The prospect of a regulatory end product of reduced yields and escalating food prices within a recessionary climate received extensive coverage.

#### THE WEB

To promote a more balanced and transparent debate, in March ECPA launched its multilingual public information website: [www.pesticideinformation.eu](http://www.pesticideinformation.eu). The site aims to present the latest progress on the pesticide discussions in Europe, with a particular focus on the developments in Brussels. About 13,000 unique visitors have visited the site already, an indication of how closely pesticide issues are being followed and served by ECPA online. A Youtube.com channel was also developed featuring interviews with key stakeholders and feeding the [www.pesticideinformation.eu](http://www.pesticideinformation.eu) site. ECPA is active in ensuring that pesticides and pest management are accurately represented and interpreted on the web.

#### Working in an open environment

##### THE NETWORK

ECPA positioned the industry in the scientific, regulatory and technical domains. The association took all practicable steps to achieve its representation objectives, working in successful collaboration with, and relying on, the dedication of our member network.

ECPA continued to work closely with its company and national association members on a daily basis, addressing all priority issues, driving toward a common understanding and position, and thereby ensuring that the crop protection industry speaks with one voice.

Rapid, mutual exchange is the lifeblood of a strong, successful network, and we will continue to facilitate such an exchange and demonstrate that we are a knowledgeable partner, respected and trusted by stakeholders, the public and authorities alike.



## Market overview

The European crop protection market in 2007

In 2007, the market for crop protection products in Europe (EU-27 and EFTA nations) increased by 5.2% to reach €7,080 million at the ex manufacturer level. This figure relates to the value of product actually used on farm during the agricultural year. After the elimination of currency and inflationary factors this was equivalent to a real increase of 2.8%. After two consecutive years of prolonged winters, 2006/7 was far more benign benefiting both the autumn and early spring spray seasons. In Northwest Europe this was followed by a wet summer, however the Southeast was hot and dry, neither conducive to crop production.

Overall grain production declined contributing to the rise in crop commodity prices during the second half of the year. The crop protection market in Northwest Europe was not overly affected by the weather; however the market in South Eastern countries, particularly the Ukraine and parts of Russia was negatively affected by the lack of rainfall.

The decline in crop production, exacerbated by lower grain production in North America and a major drought in Australia, resulted in declining stocks of the major commodity crops and rising crop prices. The EU responded to this by abolishing set-aside, such that all land may be brought back in to production in 2008. The positive aspect of higher crop prices was improved farm incomes and greater purchasing power for crop inputs.

## Change in EU 27 cultivated areas 2007 / 2006

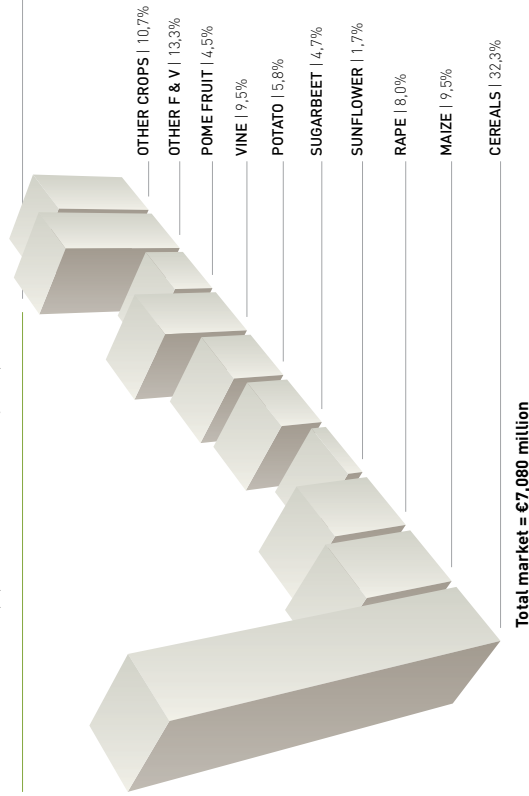
Crop	Area change (%)
Cereals	0.2
Maize	-6.7
Rapeseed	20.8
Sunflower	-14.4
Sugarbeet	-3.0
Potato	-2.2

In terms of individual crops, the only major crop sector to register an increase in cultivated area was oilseeds, particularly oilseed rape, driven by the demand for biodiesel production. Whilst the cereal area was essentially stable, maize, sunflower, potato and sugarbeet all declined, the latter adversely affected by the revision of the support for sugar in the EU.

## European market (EU-27 + EFTA) by product sector 2007

	2006 €m	2007 €m	Growth 2007/06%
<b>Herbicides</b>	2958	3037	2.7
<b>Insecticides</b>	958	982	2.5
<b>Fungicides</b>	2516	2738	8.8
<b>Others</b>	297	323	8.8
<b>Total</b>	<b>6729</b>	<b>7080</b>	<b>5.2</b>

## EU-27 and EFTA crop protection market by crop 2007



Despite the acreage changes and the variable weather, a number of crop markets recorded significant growth in Euro terms in 2007 in comparison with 2006. Of the major crop sectors, the strongest performance was recorded by potatoes and maize followed by sugarbeet and rape, with cereals also registering growth overall. The only major sector to record a reduction in 2007 was sunflower.

At the product level again growth was recorded across all product sectors, the most positive being fungicides thanks to the more benign winter and wet summer in the Northwest, with increased sales being seen in all crop sectors, particularly cereals. Growth of the herbicides market was led by cereals and maize, whilst sugarbeet, maize and rape were the most positive sectors of the insecticide market. The 'Others' sector is made up of plant growth regulators and fumigants; growth of this sector is led by fruit and vegetables and cereals.

## European crop protection market 2007



In 2007, the total European market increased by 14.7% in US dollar terms to account for 31.7% of the global crop protection market, ahead of both the Asian and NAFTA regions that each accounted for 23.4% and 22.5% respectively. Over the last five years, the European crop protection market is second only to Latin America in terms of average dollar growth, recording 9.5% per annum, although some of this has been because of currency translation. A major influence in this performance has been the growth of Central and Eastern European countries, not only the new Member States of the European Union thanks to increased

investment in agriculture, as well as recovery in Russia and the Ukraine, although this was held back by weather conditions in 2007. A key factor has been a lower cost of grain production than in the EU-15, resulting in profit being sustained even at low grain prices. However, with grain stocks at low levels and prices now improved, the competition in internal grain markets has eased. In 2007, both Romania and Bulgaria joined the EU, with the crop protection markets in both markets increasing in value.



#### EUROPEAN CROP PROTECTION MARKET OUTLOOK

Market conditions in 2008 have altered significantly, with the abolition of set-aside, high commodity prices and a significant reduction in global grain stocks. The prospect of increased acreages and improved farm incomes that provide a positive market environment are reportedly leading to a greater intensity in agrochemical usage. However, recently set-aside land that could be used for the production of oilseed rape for biodiesel production, may now, in 2008, be used for any crop, with the result that in some cases an increase in grain acres has been at the expense of oilseed rape.

It is anticipated that global cereal stocks will be partially replenished in 2008, leading to the possibility of softer grain prices. Against a background of high fertiliser prices and potentially restricted access to credit for farmers, this may limit further market development. If grain prices weaken, then the cost of production again becomes a greater issue, probably to the benefit of Central and Eastern European producers. Reform of crop support in the EU continues with the sugar

price support mechanism altered and most crop areas being brought under the single farm payment system, in which support is decoupled from production. Most recently support for vines, cotton, and fruit and vegetables has been amended. Essentially support for these crops has been brought into the single farm payment system, although some interim support measures remain in place.

Production of crops for biofuel production remains an opportunity, however much will depend on central support for, and the economic viability of biofuel production in the face of high and volatile oil prices.

At present there has not as yet been any widespread adoption of genetically manipulated crops in the European region, however the technology remains a potential method to assist in crop production in a time of need. It remains the decision of each member state as to whether to allow cultivation of GM crops in their country.

Re-registration of existing crop protection products is a limiting factor in the EU, with the procedure for the first two lists of products now complete. But a number of products on the third

list is awaiting a decision with the deadline for completion approaching. Some products on list 3 have been withdrawn from the system for re-application to provide more time for assessments to take place. The overall impact has been to limit farmer choice for products for pest, weed and disease control, especially in smaller crop sectors.

Overall the general expectation for crop protection market performance in Europe in 2008 remains very positive, because of higher commodity prices and farm incomes. In the intermediate term some softening of grain prices, higher energy and fertiliser costs and some restriction of access to credit may limit further development, however more consistent expansion is anticipated in Central and Eastern European markets. For the longer term, continuing expansion of the European crop protection market is anticipated, although market conditions by 2012 may not be as positive in the EU-15 countries as in 2007 and 2008. However, much will depend on global grain supplies and the effect that they have on farm incomes.

Source: **Phillips McDougall**

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CORPORATE MEMBER COMPANIES (FULL MEMBER)

BASF  
 Bayer CropScience  
 Dow AgroSciences  
 DuPont de Nemours  
 Monsanto Europe  
 Syngenta

ASSOCIATE & SME MEMBER COMPANIES (ASSOCIATE MEMBER)

Arysta LifeScience  
 Cheminova  
 Chemtura Europe  
 FMC  
 Gowan Company  
 ISK Biosciences  
 Janssen Pharmaceutica  
 Makhteshim Agan  
 Nufarm  
 SIPCAM  
 Stähler International  
 Sumitomo Chemical

GAPEG MEMBER COMPANIES (NON-AGRICULTURE)

BASF  
 Bayer Environmental Science  
 COMPO  
 DOW AgroSciences  
 Monsanto Europe  
 Neudorff  
 Nufarm  
 Scotts France  
 Syngenta  
 GAPEG Member Association (non-agriculture)  
 UPJ (France) - Union des entreprises pour la protection des jardins et espaces verts

ASSOCIATIONS (FULL MEMBER)

**Austria**  
 (FCIO) Fachverband der Chemischen Industrie Österreichs

**Belgium**  
 (PHYTOFAR) Association Belge de l'Industrie des Produits Phytosanitaires, Belgische Vereniging voor de Industrie van Phytosanitaire Producten

**Denmark**  
 (DCPA) Danish Crop Protection Association

**France**  
 (UIPP) Union des Industries de la Protection des Plantes

**Germany**  
 (IVA) Industrierband Agrar eV

**Greece**  
 (HCPA) Hellenic Crop Protection Association

**Ireland**  
 (APHA) Animal and Plant Health Association

**Italy**  
 (AGROFARMA) Associazione Nazionale Imprese Agrofarmaci

**Scandinavia\***

**Spain**  
 (AEPLA) Asociación Empresarial para la Protección de las Plantas

**The Netherlands**  
 (NEFYTO) Nederlandse Stichting voor Fytopharmacie

**UK**  
 (CPA) Crop Protection Association

ASSOCIATIONS (ASSOCIATE MEMBER)

**Bulgaria**  
 (BgCPA) Bulgarian Crop Protection Industry Association

**Croatia**  
 (CROCPA) Croatian Crop Protection Association

**Cyprus**  
 Cyprus Crop Protection Association

**Czech Republic**  
 (CCPA) Czech Crop Protection Association

**Hungary**  
 (HuCPA) Hungarian Crop Protection Association

**Lithuania**  
 (LCPA) Lituianian Crop Protection Association

**Poland**  
 (PSOR) Polskie Stowarzyszenie Ochrony Roślin

**Portugal**  
 (ANIPLA) Associação Nacional da Indústria para a Protecção das Plantas

**Romania**  
 (AI PROM) Romanian Crop Protection Association

**Slovak Republic**  
 (SCPAP) Slovak Crop Protection Association

**Slovenia**  
 (SLOCPA) Slovenian Crop Protection Association

**Switzerland**  
 (SGCI) Chemie Pharma Schweiz) Swiss Society of Chemical Industries

**Turkey**  
 (ZIMID) Zıral Mücadele İlaçları Üreticileri Derneği

**Ukraine**  
 (EBA Agrochemical Committee) European Business Association

\* Scandinavian membership is made up of three associations:

**Finland**  
 (KASTE) Kasvinsuojeluteollisuus ry

**Norway**  
 (NPF) Norsk Plantervern Forening

**Sweden**  
 (IVT) Industrin för Växt-och Träskyddsmedel



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