STRATEGIC AGENDA

CIVIL DIALOGUE GROUP ANIMAL PRODUCTS

The Civil Dialogue Group on Animal Products (CDG) represents a consultative body ensuring the connection of stakeholders with the EU Commission on all relevant EU issues and policy developments. It regroups five sectors: beef and veal, pigmeat, poultrymeat and eggs, sheepmeat and goatmeat and beekeeping. These farming sectors are an integral part of the European family farm model and are a vital link between the European consumer and safe wholesome food produced to the highest standards in an economic and environmentally sustainable way in the European Union under the CAP.

These five animal production sectors are widespread across the EU, from plains to mountainous regions, playing an important role in the European agriculture and economy and being significant sources of employment, including in vulnerable rural areas. They are characterized by high diversity, different production systems, different breeds, diversity of the value chain.

These five EU animal sectors accounts for more than one quarter of the total value of agricultural production, meaning around 107 162.6 million € for 2014. The EU is a major producer of animal products, accounting for over 15% of global meat production, roughly 10% % of world egg production and around 23% of global honey production. The EU livestock sector represents 40% of the outlets of cereals produced in the EU and 100% of the rapeseed meal.

EU grassland covers around 33% of UAA, meaning 60.840.280 ha and is today maintained through grazing, while bees play an important role in crop pollination.

These five EU animal production sectors comply with very strict production standards (like food safety, traceability, environmental protection, animal health and welfare) which are among the highest in the world. It thus provides safe, nutritious and quality food to the benefit of the overall society.

A focus on realizing the potential for growth in the agricultural sector is of strategic importance for all sectors. That is also in line with EU's Europe 2020 growth and jobs strategy about creating the conditions for a smart, sustainable and inclusive growth. Also the European Commission's Investment Plan for Europe offers a great opportunity to realize this potential.

Continued investments and improvements in agricultural production facilities are needed to further develop these sectors in a sustainable and competitive direction also in order to preserve and strengthen EU's position as the largest exporter of agri-food products.

The farming sector and the industry work together to ensure that the needs of the domestic and export market are met.

Strategic agenda for the pig meat sector

Market information: the pigmeat is a market and consumer oriented sector with an approximate self-sufficiency rate of 110% where the export component (3.1 million exports (tonnes product weight)) and processed products play a strategic role. The pig herd has been decreasing since 2006 and stood at 147 million heads in 2012 (reduction of 10% in seven years), producing 22,562 million tonnes (cwe). [1] The new welfare rules are leading to a restructuring process forcing many producers out of the market. Despite new production constrains, high feed costs and lower profitability of the sector, the EU pigmeat sector remains the first exporter of pig products in the world.

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[1] Prospects for Agricultural Markets and Income in the EU 2013-2023, Gross Indigenous Production Carcass Weight.

Tackling the uncertainty of export outlets remains a priority. Finding new and alternative markets, the removal of barriers to trade and analysing the cumulative effect of ongoing bilateral and multilateral negotiations, are some of the priorities identified by the sector. Dialogue among stakeholders will also focus on exploring available safety tools and the development cost-effective mechanisms (conventional or non-conventional) in case of market collapsing and on the other hand reflect on how to improve all avenues to support EU pig companies to find new markets. In this regard finding effective promotion mechanisms (generic promotion of pigmeat) and adapt administrative procedures to internal trade opportunities internally and externally is crucial.

Moreover, bearing in mind that around 70% of EU pigmeat is processed into meat products, consumption of those products -not only in the EU market but also in export markets- has to be given great consideration. Understanding consumption patterns and trends, having solid data, providing policy coherence are among top priorities in that respect.

Furthermore, EU-wide quality and statistical information (forecast group) is vital in order to analyse potential market trends and to support operators when preparing future investments. The pigmeat sector has identified a need to have updated and reliable, regularly updated, transparent statistical information easy for all actors along the chain to access. Providing the same type of information to all stakeholders along the chain would improve the good functioning of the market.

Further discussions on production costs (price of feedstuff, reintroduction of processed animal proteins for non-ruminants, GMO issue for feedstuffs, genetics, breeding activities, industrial emissions directive, nitrates directive, labelling requirements, administrative and legislative simplification), and consequent geographical and structural developments of pigmeat production at EU level, are key to provide the sector with the tools to promote a sustainable supply chain for the pigmeat sector.

The group will reflect on how to better reply to consumers' wishes/perception of animal welfare and traceability. In order to better adapt to market oriented animal welfare technical discussions will be necessary on different fields but in particular on how to entitle farmers to comply with the provisions of the directive on protection of pigs (e.g. tail biting, enrichment material), on how better tackle current and incoming challenges concerning alternatives to surgical castration of pigs an understand how to better share the costs and benefits by the food chain.

On the animal health and public health domain the CDG would like to develop common strategies concerning the epidemic management (e.g. African swine fever, PEDv) and the effectiveness of biosecurity measures. In this field, discussions on antimicrobial resistance, veterinary medicinal products & medicated feed, zootechnical legislation, impact on animal welfare and trade will also take place.

Strategic agenda for the beef meat sector

In EU28, the production of beef meat is carried out by more than 2.5 million farms with cattle (milk and meat), being widespread across the EU and often taking place in vulnerable rural areas. With a production of around 7.5 million t in carcass equivalent, the EU is third in the world ranking for beef production.

The sector is characterised by a diversity of production systems and breeds. As well as specialised livestock farming there are combined forms of farming which include extensive farming, indoor fattening, specialised meat and veal production, etc., with long production cycles, low income and high production costs. Because of historically low income in beef production there is a greater need for CAP support.

Market information: due to the size of the beef industry, especially in the form of SMEs, there is a strong need for transparent, regular and meaningful market information, including the factors affecting consumer demand, with forward outlooks for both EU and global trends, including accurate information on producer, processor, wholesale and retail prices for all EU MS. In addition, production, consumption, import/export data by major influential countries at a world level are strategically important to the industry as are prices and production costs in these countries. This information is needed to anticipate market evolution and potential threats (and opportunities), assess the situation in the sector and take appropriate measures. Price transmission is an element to be further addressed and this can be done through exchanging available information in the spirit of increasing market transparency to the benefit of all involved.

Today, ~40% of European beef meat production comes from the suckler cow herd. Due to its close link to the dairy sector, there is a high sensitivity of the beef and veal sector to policy changes in the dairy sector. Potential developments in the beef and veal sector after the milk quota regime withdrawal and policy adaptations in the beef and veal sector will also need to be assessed against this background.

Beef carcase classification across all MS independently overseen and verified by the EU Commission is vitally important for proper and transparent measurement in the beef sector. Legislative developments in carcass classification needs to be followed, since this plays a major role in reporting market price transparency with a view of triggering market stabilisation measures such as public intervention and private storage in the beef and veal sector in times of crisis.

<u>CAP</u>: A strong CAP is vital for the beef and livestock sector because of the sectors' historically low and volatile profitability. Monitoring the CAP implementation at MS level when it comes to the national measures is highly important due to the low income situation in the livestock sector and its high dependence on additional support. Also the implementation of rural development measures which aim at compensating for the natural handicaps of certain regions and increasing the competitiveness of the sector is extremely important to the financial future of producers and have to be continuously assessed. In addition, monitoring the implementation of the market measures whether they are triggered due to a particular market development as a result of a specific event or problems linked to the fight against animal diseases and other emergency situations is important to retain market balance. It is equally essential to follow the developments in the competition law vis-à-vis contractual negotiations in the beef sector in view of a better economic organisation in the sector.

<u>Electronic identification of cattle</u>: The role of the EU Commission in ensuring that the bovine identification system across all MS is secure and effective is very important. It is critical that new technology developments in this area are practical and effective and fully tested for on farm conditions before they proceed. The legislation on the electronic identification has been published in the Official Journal this year. It will take some time until the new system is introduced on voluntary basis at EU level. But meanwhile, work needs to be done on secondary legislation which needs to be followed in order to ensure the feasibility of the system in practice once it is implemented and avoid incompatibility issues.

<u>Animal health and public health</u>: the beef sector is exposed to a number of sanitary threats both internally and from outside the borders, particularly with beef imports from countries which do not implement the same high standards and controls as those adopted in the EU. It is essential to have information on any development in the sanitary status of the EU beef herd and beyond, while maintaining a monitoring strategy as a measure to avoid diseases entering into the EU. In the EU, beef production has to comply with strict production standards which may differ from those which exist in third countries. Maintaining consumers' confidence in EU beef meat and avoiding an adverse economic impact on the sector would be the absolute goal. The evolution of emerging diseases internally and along the EU borders and corresponding prevention and control strategies has to be followed as well.

When it comes to the simplified strategy on animal welfare which the Commission is aiming at beyond 2015, the group should monitor the practical evolution in order to avoid negative consequences on the sector. The cost/benefits associated with animal welfare initiatives and policy changes need to be fully analysed.

Food information to consumers: the EU beef meat labelling schemes (compulsory, voluntary) including the labelling of beef imported from third countries are in place for more than a decade. Currently, they are under evaluation by the European Commission. In addition, to have a cost-benefit analysis involved with proposed legislation to label meat as an ingredient. Due to the importance of these particular topics to the sector, including consumers, and vis-à-vis imported products, it is relevant that the group follows this dossier.

Promotion: the generic promotion of beef meat is an important tool for addressing the declining trend in beef meat consumption. Thus, there is a clear objective to monitor the legislative developments in the field.

External Trade: the beef meat sector is self-sufficient, therefore there is a potential impact of the free trade negotiations (Canada, USA, Mercosur) given the low competitiveness compared to other regions and the low income situation in the sector. Following the developments in this area and the developments in SPS trade barriers which are maintained by important trading partners due to BSE reasons should also be envisaged. Market access is also important for the sector. This is also the case when it comes to EU's export potential of veal to the US market which has been banned because of BSE reasons. It is also important to follow the impact of the EU-Canadian trade deal in relation to the treatment of PRT (pathogen reduction treatment). All beef imports must meet the same standards as EU production especially in respect of the important areas of traceability as well as food safety, animal health and welfare.

Climate change: it is essential to follow the evolution in the climate change commitments since it is needed to take into account the mitigation potential of the sector while avoiding undermining EU beef production.

Cloning: taking into account the implications for the sector, animal welfare, society and research, this issue needs to be monitored closely.

Research priorities (Horizon 2020, EIP…): Research is needed for the long-term competitiveness of the sector, in order to help the sector overcome the challenges ahead. There is a need for a cost-effectiveness approach. Research opportunities, research calls, research results would be of interest to the sector.

Large carnivores: EU beef and veal production is subject to several threats, including large carnivores' predation. This leads to economic losses for farmers. It is relevant to draw a link between the environmental aspects and the economic ones.

Strategic agenda for the poultry meat and eggs sectors

Poultry production has been increasing in the recent years amounting to 13,242 million tonnes (cwe) in 2014, of which 77% was broiler meat, 15% turkey and 4% duck. With a positive trade balance of 493 million tonnes, this sector exported roughly 1.34 million tonnes of poultry products with a value of roughly €2 billion and imported around 809 thousand tonnes (cwe) with a value of €2,2 billion in 2014. These figures place EU poultry sector as the third world importer and export of poultry meat.

The production of eggs amounted to 7.4 million tonnes in 2014. This sector exports annually roughly 200 thousand tonnes, ranking 4th among the world's main exporters of egg products.

The EU Egg and Poultrymeat sectors are highly efficient, innovative and responsive to customer/consumer demands. Both are highly diverse sectors with each different farming systems and products from different species. However, both sectors continue to face significant challenges to their future competitiveness.

They are challenged by the society on sustainable production (e.g. BREF IRPP, animal welfare, antimicrobial resistance, sourcing feed raw materials, etc.), whose demand for safe product at the desired quality, produced to meet the societal standards such as environmental protection, labour protection, animal health and welfare. Fulfilling this demand and the demand for affordable prices of poultry products is reasonable but can only be achieved by sufficient transparency of the market and visibility of European products.

Of major concern in terms of competitiveness to both sectors is the continuing increase in the regulatory burden placed on producers in the EU to which producers in third countries are not subjected. It also includes the adjustment of production following the implementation of the directives on animal welfare. This, at a time of uncertainty of export markets and when both multilateral and bi-lateral trade negotiations are seeking to either further reduce, or eliminate, import tariffs.

In the context of trade, for poultrymeat and eggs, the production systems in third countries are different and costs are significantly lower due to a combination of competitive advantage on feed (locally grown raw materials); lower labour costs; other standards of animal welfare, plus general lack of legislation on, for example, the use of antimicrobial growth stimulators and meat and bonemeal, Salmonella control, protection of the environment (ammonia emissions), housing (space per bird), and transport, housing space per hen).

The sectors highlight the importance to closely follow health and hygiene laws so as to facilitate their application. In particular the importance of tackling antimicrobial resistance underlines the sectors commitment to promote the concept of the responsible use of antimicrobials. Appropriate therapy and veterinary medicines therefore must be available in all Member States and for all species, including minor species, which currently face a severe lack of veterinary medicines and alternative stunning methods.

The group will continue the constructive dialogue on how to provide consumers with the information on origin, systems of production, towards more transparent and coherent information vis a vis consumers. The sectors acknowledge the right of consumers to be informed about the origin of the product they consume, however the costs incurred with this provision should be borne by the different partners along the food chain

In order to successfully tackle these issues and to maintain a sustainable food chain it is important to analyse the best way to equip the current CMO regulation with an improved and robust set of safety net tools. In addition it is a priority to work towards EU funding to be made available to promote and inform EU consumers of EU produced eggs, poultrymeat and minor species in terms of food safety, quality, animal welfare and environmental protection;

Strategic agenda for the sheep meat sector

Producing around 934 000 tonnes (cwe) in 2014 (85% sheep and 14% goats), sheep production is a very important sector and forms the cultural heritage of the European landscape.

Sheep farming is very specific and complex, with a diversity of production systems (including transhumance) and breeds. The particularity of the sheep sector is that aside from food (meat and milk), it also provides wool, this being a source of income for sheep producers. Sheep production mainly takes place in vulnerable rural areas, contributing to the maintenance of the environment and landscape.

Market situation and forecasts: due to the particular challenges it is faced with, a continuous monitoring of the market is necessary. The self-sufficiency rate in the sheep meat sector is 84%, with the rest being imported. Large volumes of imports are coming on the EU market during key market and holiday times, creating difficulties. It is important that the EU maintains and develops the sheep meat production base in order to meet consumer demand through a combination of strong domestic supply. This can be complemented by imported product. Transparent information on the market situation, involving full transparency on farm, processor, wholesale and retail prices, including on imports, throughout the year is needed from the EU Commission. Market information is used for internal purposes but also externally within different meetings, one of which is organized by producers and industry worldwide each two years (the International Sheep meat Forum). The development of production costs indicators is necessary and the group, together with the Commission representatives, should work towards this objective, to increase efficiency. Consumption trends should also be monitored taking into account the low and decreasing consumption of sheep meat at EU level.

CAP: Taking into account that sheep production mainly takes place in less favoured areas, the discussion on the implementation of the CAP is important (especially when it comes to coupled support, less favoured areas, young farmers, agri-environmental payments etc.). Due to the fact that the sector has lacked profitability, direct supports for the sheep meat sector is vital and the interest in the way MS will allocate direct support is high.

The installation of young sheep producers is a matter of particular concern to the sheep sector since the next generation does not consider this activity to be attractive enough. The future of any sector depends on the continuation of activity by young generation. It is important to debate how this objective can be achieved within the rural development program. Sheep breeding contributes to environmental equilibrium and the agri-environmental schemes are of great importance to the sector.

Promotion: Making the generic promotion of sheep meat eligible for EU co-funding has been a long standing issue for the whole sheep sector. This has finally been achieved and starting with September 2013, sheep meat not covered by quality schemes will be eligible for Union promotion programs. In order to fully benefit from this opportunity, the sheep sector needs to continue discussing on the topic as far as the technical aspects are concerned.

Electronic identification: The implementation of the electronic identification of sheep and goats introduced in 2010 has always been on the agenda and subject to continuous debate due to the significant and problematic impact it has on the sector and the difficulties encountered in certain member states. This is closely linked to the CAP cross-compliance provisions and penalties and difficulties at farm level for producers which must be addressed. The revision of the livestock control system is thus relevant.

Labelling: new rules for origin labelling of fresh, frozen, chilled sheep meat and goat meat have been recently introduced. The way this is implemented across the EU is of interest for consumers, farmers and operators.

Animal health and public health: animal health/welfare has direct consequences on the sheep and goats sector. The occurrence of diseases can severely impact the sector and the revenues of sheep producers.

When it comes to the simplified strategy on animal welfare which the Commission is aiming at beyond 2015, and the COM's wish to develop animal-based indicators, the group should monitor the evolution in the field in order to avoid negative consequences on the sector.

External Trade: frozen or chilled sheep (especially legs) imported from third countries travels long distances and often arrives in Europe at key times for getting the most value from European market, the holiday season. In close connection with a close monitoring of the market, any developments in this regard has to be followed when it comes to bilateral trade negotiations. The role of export for a balanced market is increasing in the sheep sector. There is a need to improve the market access through the removal of SPS barriers. All imports must meet the same standards as EU production especially in respect of the important areas of traceability as well as food safety, animal health and welfare. It is important to establish a strategy which will encourage domestic production and allows an overall balanced trade strategy.

Wool: wool currently falls under the definition of by-product. Since it represents an additional source of revenue for sheep producers, the developments in this area should be followed.

Large carnivores: sheep production in many European regions are confronted with a permanent risk of attacks from large carnivores (in particular bears, wolves, lynx but also other predators). These attacks create a loss in income and additional permanent costs for farmers. The developments in the area should be followed and DG AGRI should be actively involved.

<u>Strategic agenda for the beekeeping sector</u>

Beekeeping is as an economic activity developed in the EU by 631.236 beekeepers managing 15.704.270 bee colonies, in which honey production represents the main or an additional source of income. The EU is the second world producer of honey (11,8%) behind China, but that does not satisfy the internal demand

Bees as pollinators play a very important part in agriculture (crop pollination). Today, there are not enough honeybees to pollinate crops in the EU, according to several studies.

In the beekeeping sector, the animal is in fact the colony, made up of a number of individual insects which varies over time (in an annual cycle) and are housed within a hive. There is a certain specificity of the beekeeping structure depending on the region.

<u>Market situation</u>: there is a need to have accurate and up-to-date data on the market and for improvement of market statistical data in relation to production, consumption and trade in honey and possibly other bee products to improve the understanding on the market. The characteristics of the EU honey sector and industry (mainly SME's), recommend a strong, transparent and meaningful market information.

EU is not self-sufficient in honey, importing around 40% from third countries. Following the imports' situation closely, especially in terms of their price, is important for the sector. There's also a need for further enforcement of controls for imported honey, as well as an origin control system for honey present on the EU market. The state of play on the development of harmonised anti-fraud techniques should be followed.

<u>CAP</u>: taking into account the importance of the measures included in the EU regulation 1308/2009 on the national triennial programs for the needs of the sector, monitoring and providing advice in the context of simplification plans put forward by the Commission is needed.

This in connection with rural development measures related to beekeeping (climate change, biodiversity, on-farm investment etc.).

<u>Food chain</u>: Product information, in particular the status (e.g. "food product" for pollen…), labelling (with development of nutritional and health allegations) is something to be followed as they bring an added-value to consumers and help producers draw value from their production. A discussion on the enforcement of labelling legislation taking into account the cost-benefit ratio could be conducted.

Follow-up of EU actions, in particular the revision of the EU support for promotion of agricultural products, including on third country markets. Promotion of generic honey consumption (and other beekeeping products) plays an important role in the consolidation of the EU consumption of the products.

Given the high quantity of imported honey, product controls on the internal market and at border inspection posts, in particular with regard to existing problems of honey adulteration and residues (e.g. antibiotics) is something to be aimed at since practices may differ parts of the world.

<u>Climate change</u>: a follow up on climate change file is needed especially taking into consideration the dependence of natural environment habitats for honey production in several EU MS.

<u>Animal health</u>: there is a need to respond urgently to key challenges. The bee health issue is multi-factorial and those factors have to be addressed, including environmental factors.

Varroa is an epizootic disease, that is, a sanitary problem that affects all *Apis mellifera* colonies in the EU with the exception of some islands. All beekeepers are obliged to make treatments against varroa, and there aren't fully efficient prophylactic measures.

Follow-up the EU actions to fight existing major bee diseases (Varroa, bacterial disease) and emerging threats (e.g. *Vespa velutina*, *Aethina tumida*), in particular availability and development of new veterinary medicines for bees as medicines for fighting varroa are currently lacking. In this context, the revision of veterinary medicines regulation needs to be followed.

Plant protection products: follow the developments in this area in an inter-sectorial way in order to avoid all types of impacts on bee colony.

Follow-up on the EU actions on bee decline monitoring and other relevant data.

Coexistence with regard to GMO crop cultivation in Europe - follow-up on the national implementation across the EU.

Research : elaboration of priorities for the EU research agenda with respect to beekeeping, based on a strong involvement of all relevant stakeholders, beekeepers' associations in particular.