

Report of the Civil Dialogue Group (CDG) on Animal Products sector “Poultrymeat and Eggs”

Date of meeting: Wednesday 7th October 2015

Chairing the meeting: Mr. Burns (Points 1 and 2) and Paul Lopez

Commission Services represented by DG AGRI, DG Trade and DG SANTE

1. Approval of the agenda and the minutes of the meeting of 10th March 2015

The minutes and the agenda were approved as circulated.

2. Election of Chairman and Vice-Chairmen of the Group of Civil Dialogue Animal Products

Mr. Burns, representing producers, was elected Chairman of the Civil Dialogue Group on Animal products for a second consecutive mandate of one year. Mr. Lopez, representing poultry processors and poultry trade, and Mr. Brand, representing livestock and meat traders, were elected as vice-Chairmen for a second consecutive mandate of one year.

3. Exchange of views on how to better coordinate the work of the new CDG Forecast groups

The Commission representative presented the final list of experts nominated and explained the rules of procedure concerning the functioning of the “forecast groups”. She underlined the importance to provide all the information required (form) on time and to participate in the meetings that take place two weeks before the CDG meeting. Should an expert or replacer fail to fulfil their role two times in a row and will be replaced.

4. Market Prospects – Latest information on the market situation for poultrymeat and egg and feed market

Two representatives from the Commission’s services (DG AGRI) presented the market situation for poultry meat and egg market, following the slides sent out to the members of the AG prior to the meeting and available on CIRCA and http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm. The key points presented were as follows:

EU Broiler production is expected to increase by 3.2% (11.615 million tonnes) in 2015. The weekly EU average broiler price has maintained slightly above the EU average price of the last five years, when compared with historical records (around €186/100 kg). Currently its aligning itself with the EU average price of the last five years. Moreover, it is expected to decrease in the next months reflecting a seasonal upwards trend until the low consumption season (summer), but also reflecting an increase of production.

Imports of poultry meat (carcass weight) in 2014 increased by 3% (838 thousand tonnes) and are increasing by 0.3% in the first seven months of 2015 (497 thousand tonnes) when compared to the same period of last year. The main sources of poultry meat imports in 2014 were Brazil which accounted for 59,6% and Thailand 29.9%. In 2014, exports of poultry meat (carcass weight) from the EU increased by 5% and have decreased by 0.8% in the first 7 months of 2015, when compared to the same period of last year. The major recipients of EU exports were South Africa which accounted for 13.5%, Benin 10.9%, Hong Kong 9.0% and Saudi Arabia 8.2%.

EU gross production of eggs is expected to increase by 1,4% in 2015 (7448 Th T) and by 0,3% in 2016 to 7470 Th T. In the first few weeks of 2015 the weekly price of eggs followed very closely the average of the last 5 years (2010-2014), but since the end of May the EU price has increased to levels above this reference price. The price is expected to increase in the coming weeks due to the

higher consumption period as we get closer to Christmas period. In 2014, export of eggs and eggs products increased by 6.% but this trend is continuing in the first seven months of 2015 (6,3%).

The animal feed market

The representatives from the Commission's services (DG AGRI) presented the market situation for feed market, following the slides sent out to the members of the AG prior to the meeting and available on CIRCA and http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm.

Exchange of views on market situation

The Chairman clarified that the reduction of imports from Brazil may be explained by the deviation of the exports from this country towards the US (due to avian influenza) and by Brazil's strategy to gain market share in other markets. The outbreaks of avian influenza in the USA and consequent reduction of production helped the EU to take over some Asian markets that traditionally were supplied by the USA. Market intelligence is signalling an increase of production in Brazil and a devaluation of the Brazilian currency providing this supplier with an enormous competitive advantage. In addition he informed that India has currently the cheapest price on eggs and this is the main reason why they are now the main supplier of this product. The Chairman asked the Commission to include in the presentation the data concerning soya cake, to show the hatching eggs by pieces and not by volume and the comparison between export/import in terms of value in addition to the volume.

The representative of egg packers, egg traders and egg processors alerted that is expected that the US will re-stock in 2016. In addition, he stressed that consumers prefer local eggs when shopping, but it's not the case when it comes to processed eggs of liquid.

The representatives of producers pointed out that Ukraine filled in its entire TRQ and EU exports towards this country are decreasing drastically due to the current instability, currency devaluation and economic recession. In addition the EU imports 25% of "Chicken fillets" and we shouldn't be happy with it, especially because we export less value (1kg=€1.45) when compared to imports (1 kg=€2.47) and some of the imports do not respect all EU standards of production.

The representative of animal welfare organisations requested the data concerning the production of "foie gras", namely imports and exports. The representative of the rural poultry associations asked for figures concerning the segmentation of poultry meat and the method of production.

The Commission representative pointed out that the EU has strongly increased exports towards other markets (such Philippines). She continued by clarifying that there is no such distinction in data available on duck production but she will look at possible ways to select data on "foie gras". Unfortunately some member states are very reluctant on providing some additional information.

5. Marketing standards for poultry meat and eggs

The Commission representative informed that certain texts, including the marketing standards, are being updated and aligned with the Treaty of Lisbon. One of the objectives is to reduce the number of legal acts. This is a technical procedure and no substantial changes are foreseen (not changes foreseen regarding production methods), besides the fusion of all standards in one horizontal regulation that will assemble all definitions. The representative continued her presentation by explaining the legal procedures to modify the marketing standards (consultation to two working groups within Commission and Member States). Once the documents are approved the draft legal text should be ready around end of the year and consequently the adoption of the legal text could take place by the end of 2016. Finally the Commission representative informed that this CDG and management committees will be consulted and invited all participants to send their contributions to the Commission.

The rural poultry associations representative stressed the importance to preserve the specificities of all sorts of production for meat and eggs. He asked the commission to initiate a debate on the model of production.

The representative of environmental organizations stated that there is worry about the trend of replacing authorities controls by “auto controls” performed by the industry and defended the importance of providing adequate labeling.

The Commission clarified that the marketing standards aren't designed to be a political tool to influence consumer behavior. They are useful to make consumer decisions.

The Chairman conclude by stating that there is no need to make a debate on the model of production as all methods are complementary, respect high standards and provide a product of quality.

6. How to ensure the competitiveness of the sectors in the framework of the new consumption patterns and how to better manage TRQs in view of the cumulative effects of trade agreements

The representative of Poultry Processors and Poultry Trade made a presentation on the competitiveness of European poultry meat industry based on the report on Competitiveness of Poultry sector (2011-2013) following the slides sent out to the members of the AG prior to the meeting and available on CIRCA. The may conclusions are as follow:

- Poultry meat sector is an important economic factor in many EU countries: production value of 32 billion euro and more than 300,000 persons employed.
- The EU has many regulations on environment, food safety and animal welfare. Some countries have additional national regulations. In 2011, the estimated costs of EU regulations amounted to 5% of the production cost (farm level). More regulations may be in the ‘pipeline’. In the other hand third countries, especially our main competitors have very little legislation or even none.
- Third countries have significant lower production costs farm (e.g. manpower, energy and environment and housing) and slaughter:
 - ✓ Brazil: -29% in 2011 and -32% in 2014
 - ✓ Argentina: -29% in 2011 and 2013
 - ✓ Ukraine: -23% in 2011 and -24% in 2013
 - ✓ USA: -20% in 2011 and -22% in 2013
- The EU imports many quantities of high value breast fillet / boneless breast meat
- Quota and Import levies protect EU from large volumes of imports of poultry meat.
- Fair competition - Due to public concern in EU legislation that does not or little exist outside EU.

Future perspective

- Further increase of legislation and or lower import levies or more market access would be translated into a weaker competitive position for EU poultry meat industry. Therefore it is essential to classify poultry as a sensitive sector in the ongoing free trade negotiations (e.g. TTIP, Thailand) and respect the single pocket approach. It is of outmost importance to find the right balance between reduced duty and duty free and look for an equal and fair allocation between different cuts (e.g whole, cut with bone and boneless).

The representative of egg packers, egg traders and egg processors presented the study on the Competitiveness of the EU Egg Sector (updated figures) following the slides sent out to the members of the AG prior to the meeting and available on CIRCA. The speaker underlined the fact that there has been an increase in the cost of production when moving to enriched cages, and that none of our main competitors have national legislation on the welfare of laying hens. Therefore import levies are a legitimate tool to protect the EU model of egg production . The EU is most vulnerable in the egg powder sector. Dried egg products can be moved around the world cheaply. This delegate recommended that the Commission should be realistic by taking the approach of

'fair' trade instead of 'free' trade treating this sector as sensitive in trade negotiations. All imports should meet EU's high standards on Food safety, environmental protection and animal welfare in order to respect the principle of fair trade.

The representative of animal welfare NGO's pointed out that in principle exports to the EU should respect EU regulations and the slaughterhouses of third countries should be inspected by the FVO. She continued her intervention asking about the inspections mechanism in the Ukraine to make sure they comply with our rules.

The representative of producers underlined that EU producers produce both meat and eggs of quality at very affordable prices in the internal market but are not very competitive at world market. Therefore he stressed that the Commission should be careful when negotiating free trade agreements by classifying both sectors as sensitive. He clearly pointed out that the production in Ukraine is very cheap because they are receiving funding to invest in their production (some of these subsidies even come from the EU), poultry slaughterhouses are considered as agriculture production therefore they don't pay VAT in Ukraine. The Chairman completed by informing that the costs of production are 42% lower in Ukraine and therefore it's of outmost interest of operators that Ukraine complies with the same rules (including animal welfare) than in the EU in order to avoid disruption of the market. He finished his intervention by taking the agenda and pointed out that 5 out of all points refer to additional costs/pressure on the competitiveness of the sector and only one point in the agenda may contribute to slightly increase it. In the other hand he added that once the US will sign the TPP agreement will put the EU on a competitive disadvantage vis a vis emerging Asian markets. Moreover, its fundamental to provide EU exports with the right promotion tools.

The meetings of the Civil Dialogue Group on poultry and eggs should be more interactive between the Commission and the stakeholders (less one way from stakeholder to the Commission). The group was unanimous on asking for more sector specific input on issues that impact directly the CDG on animal products, even though they could fall under the responsibility of other CDG's (International trade, marketing and quality standards, organic farming, management of import licences) - Example: call for study on water content in May 2015 should have been on agenda of CDG in March. Therefore, the participants of the CDG were unanimous on asking the Commission representatives in charge of trade issues to come to the meeting in the near future in order to exchange views on the role of these sectors in the free trade agreements that the Commission is negotiating.

The Commission delegate clarified that animal welfare is not part of international law therefore it can only be integrated in bilateral trade agreements, but the Commission is agreeing with Ukrainian authorities on the best way to commit to these standards. She added that when the new member states joined there was some time given to adapt to the new rules.

7. Exchange of views on the main priorities for the sectors in terms of promotion tools and new and alternative markets

The producers representative presented the main priorities for the sectors in terms of promotion tools and new and alternative markets following the slides sent out to the members of the AG prior to the meeting and available on CIRCA. The main promotion messages should focus on promoting the "EU model of production" based on high standards, the health benefits of these products. The promotion actions should inform on proper handling and prevention of risks, and focus on getting new markets. In order to obtain positive results the cooperation among the different partners of the food chain is vital. The representative of producers stressed the importance to develop valuable brands in some export markets, such as middle-east. This representative finds important to maintain negotiations with the Russian Federation in order to re-open the markets. He also expects the currency exchange ratio to change in the future in detriment of EU exports. On the other hand we should be more offensive in the upcoming markets in Asia and Africa.

8. Debriefing on the event Prevention and control of Campylobacter in the poultry production system on 31 August at the Expo Milano

The Commission delegate (DG SANTE) informed on the main conclusions of the event “Prevention and control of Campylobacter in the poultry production system“. He underlined that biosecurity at farm level is key, however will not lead to success as a stand-alone measure. Improved monitoring of the hygiene in the slaughter process by implementing a process hygiene criterion on Campylobacter is among the most cost-beneficial control options. Additional measures such as washing of carcasses with water or decontamination are seen as supplements. He continued his intervention by mentioning the scientific opinion on the evaluation of the safety and efficacy of peroxyacetic acid solutions for reduction of pathogens on poultry carcasses and meat carried out by EFSA (available in EFSA’s website). Currently the operators are not allowed to use these substances, only potable water, according to the EU regulation. The potential legislative change will follow similar approach as existing for Salmonella in pigs, introduced within the revision of pig meat inspection.

The Chairman informed that has made a presentation in this event on behalf of the Poultry Processors and Poultry Trade and reminded that his organization is unanimously against the use of chemical substances and would like to see additional funds for research in this area. There are many factors contributing and we need to take a step by step approach. He finalized by underlining that the data used by EFSA was coming from USA slaughterhouses and not the EU.

The producers representative informed that some Member States have in place plans to fight Campylobacter, but some feel we need additional time to do research. He reminded that farmers and agri-cooperatives have made considerable efforts to apply biosecurity measures, good hygiene practices and follow an integrated approach from farm to fork. Guaranteeing a high level of protection of human health is of the utmost importance. Based on this, our standard line in general has been to oppose the use of certain substances for carcass decontamination as a replacement to good hygiene practices across the food chain. The group believes that farmers shouldn’t be the only ones bearing the costs of additional measures and costs should be passed all the way until the final consumer.

The consumers representative informed that consumers do not favor any kind of chemical treatment. They believe that efforts to prevent and control the level of pathogens along the food chain should be made. This means implementing additional biosecurity measures, and controlling feed, drinking water and quality, etc.

The representative of environmental NGO’s informed that they are not in favor of decontamination of meat with any chemical substance. In their opinion individual farmers can work on additional and stronger measures that can be proposed at EU level. Political decision shouldn’t jeopardise the investment made by the European agriculture sector in an EU approach from farm to fork.

The Chairman concluded by asking the Commission to make sure that imports from third countries, and in this particular case from the USA, would follow the same norms.

9. State of play on recent outbreaks of avian influenza and exchange of views on risks of wild birds carrying certain agents such as Newcastle disease

The Commission representative (DG SANTE) provided a state of play on the epidemiological situation of highly pathogenic avian influenza in the EU. The situation is very complex due to the increasing number of different subtypes causing infections in the EU and worldwide. The delegate clarified that the Commission grants a financial contribution of 50% to the Member States’ costs for disease control measures such as the value of the animals killed and cleaning and disinfection. She continued her intervention informing on the list of third countries that had imposed restrictions following these outbreaks.

The producer representatives of the affected Member States (UK, DE, NL, HU, IT) summarized the current epidemiological and market situation. They continued informing on the eradication plans and described the epidemiological situation as stable. These delegates pointed out the importance to support financially producers during this period and the need for the Commission to maintain the pressure on the third countries to respect the three months period (period that according to OIE standards third countries have to remove restrictions following the last reported positive case). Some delegations mentioned in particular the following issues a) housing of birds when a Notifiable Avian Disease outbreak occurs and b) the '12 week rule' for free range birds, whereas for organic birds there is no 12 week rule.

The Commission clarified that concerning the old directive on Newcastle disease there are no specific rules for outdoor birds in the event of an outbreak. There is scientific evidence that all birds are susceptible to Newcastle virus.

10. Exchange of views on Commission's proposal on veterinary medicinal products and medicated feed

The representative from the Commission's services (DG SANTE) presented the Commission's proposals on veterinary medicinal products, following the slides sent out to the members of the AG prior to the meeting and available on CIRCA. Now it's up to the sector and civil society to inform on the new provisions introduced in the proposals. The Commission expects to do an assessment of the risks before creating a final list. The Commission clarified that has proposed that medicines could be sold online. Commission will double check terminology of chicken, hen and broiler.

Exchange of views

The producers representative asked the Commission to improve the availability of medicines for minor species. This delegate noted that the treatment for broilers is different from the one applied to laying hens. Laying hens and other species, such as turkeys, ducks, guinea fowl and quails, are facing a shortfall of available medicines.

11. Voluntary agreement on beak trimming that will be brought into force in Germany as of 1 January 2017

The German producer representative presented a general overview of the voluntary agreement on beak trimming that will be brought into force in Germany as of 1 January 2017. Further discussion postponed till meeting in 2016.

Turkeys will not be included in the agreement. Several delegations (AT, DK, NL) informed that there has been initiatives to deal with this issue in their countries. It's clear that we need to intensify the research, training and information efforts in order to support farmers.

The representative of egg packers, egg traders and egg processors underlined the difference of practices between the present day and what was widely used in the past. He mentioned that infra-red beak treatment is conducted in the hatcheries at day old and that Mareks vaccination is also given to chicks at the same time . He referred that, for example, trimming of some white breeds may no longer be necessary because some white breeds can be more docile, but in other (brown) breeds it may be too early to stop. Trials have been taking place in some countries. For example his organisation had agreed to financially underwrite some of these trials and to pay compensation to the producer if injurious pecking/cannibalism occurred. An important point to note was that the industry does not want to beak trim as this is an economic cost. However, beak treatment is carried out to protect the welfare of the birds. He also reminded that the sector is not supported by the CAP and some consumers have clear preferences among different breeds.

12. AOB

none

End of the meeting 17:00

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