

Brussels,
22/1/2020

FINAL MINUTES

Meeting of the Civil Dialogue Group Animal Products - Poultrymeat and Eggs 26/11/2019

Chair: Mr Lukasz Dominiak, FoodDrinksEurope

Organisations present: All Organisations were present, except BeeLife, BEUC, Birdlife, EFFAT, EFNCP, EMB, EPHA, ERPA and IFOAM.

1. Approval of the agenda

The agenda of the current meeting and minutes of the previous meeting were approved. The Commission reminded briefly the procedure on the minutes finalization by highlighting the deadlines to be respected and the relevant contact email address to be used by the member organisations.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

1. Approval of the agenda

An additional presentation was given, explaining the process of the adoption of minutes by written procedure. The final minutes are uploaded to CIRCABC, and an e-mail notification is sent to all member organisations, launching the written procedure adoption with a deadline of 5 working days. At that moment no further comments are expected to be received. The adoption takes place by tacit agreement. In case of substantial objections to the contents of the minutes the procedure can be stopped, and the minutes are discussed and adopted at the subsequent CDG meeting.

2. Market situation and prospects:

2.1 Market situation for poultry meat including short term outlook

The Commission recalled the importance of a timely submission of production forecast data by the MS experts for producing a reliable short-term poultry and egg production forecast.

In 2019, the total production of poultry meat in the EU is estimated to increase by 0.6% compared with 2018, with a projected growth of 2.1% in 2020. For broiler chicken there is a forecast 0.6% increase in 2019, and 2.4% in 2020. Turkey meat production should grow by 0.9% in 2019, and 1.2% in 2020. Duck production should see an increase by 0.6% in 2019, and is projected to decline by 1.5% in 2020. Poultry production growth is mainly driven by PL, important increases in output are also projected for UK, ES, RO, IE, and SE.

Imports of poultry meat into EU increased by 5.8% in volume and less so in value (+2.5%) during the period Jan–Sep 2019 compared to the same period last year. Imports increased from the main import origins: Thailand, Brazil, Ukraine, as well as from China. The imports of poultry meat from Brazil still have not reached the 2017 level. The imports from Ukraine have been on the increase, in particular under CN 0207 13 70 “other cuts” with over 53,000 tonnes imported in 2019 by September.

EU exports of poultry meat increased in volume (by +7.7%) and value terms (+9.4%) in Jan-Sep 2019 compared to the same period last year. There have been increases in exports across destinations, most importantly into the Philippines and Ghana as well as South Africa. Given very positive export performance, the trade balance stays clearly positive in terms of volume and turned this year also positive in value terms.

Some stakeholders expressed the view that environmental impact of transport involved in imports and exports should be taken into consideration. The industry pointed out that this argument is especially valid in the context of Mercosur imports.

A suggestion was made by one of the delegates for a joint approach between animal welfare organisations, producers organisations and governments for the introduction into the FTA negotiations with third countries of a differential treatment based on animal welfare that should affect both tariffs and quotas. Thus, according to this delegate, trade tools could be used to ensure animal welfare compliance.

Other initiatives such as an import ban on eggs from caged hens could only be possible under WTO rules if all cages for egg production including enriched ones were already banned in the EU, using Article XX GATT in relation to animal welfare, as already done with dog and cat fur, and seal products.

2.2. Market situation for eggs including short term outlook

Total EU egg production is forecast to increase by 1.1% in 2020, compared with 2019. When comparing 2018 and 2020, all major producing Member States that sent a forecast foresee an increase in production. For the others, only CZ and FI foresee a (minor) decrease. LPAI outbreaks might have contributed to the decrease of production in BE in 2019, however, the production is expected to recover and increase in 2020.

In some MSs, the percentage of laying hens in enriched cages is nearing 0%. However, at EU-level just above 50% of the laying hens are still kept in enriched cages.

Ukraine is the main exporter of eggs to the EU, with US at the second place. While the EU import volume for Jan-Sep in 2019 is lower than for the same period in 2018, the import value remains on a similar level. EU exports of eggs in the period Jan-Sep 2019 have increased by 13.9%, compared to the same period of 2018, with Japan and Switzerland being the main destinations. The trade balance in volume and value still remains positive.

During the discussion it was mentioned that 5 US states: California, Massachusetts, Michigan, Washington and Oregon, banned cage egg production systems and/or the sale of the eggs from battery cages. Some of the animal welfare groups claimed that in this respect animal welfare regulations in those US states exceed the EU legislation. The industry claimed that this claim was not in accordance with the scientific literature, and as a response, it was mentioned that in the US, most laying hens are still kept in battery cages at a much higher stocking density than what was the case in the EU at the time when battery cages were banned in 2012. It was also highlighted that in the EU there are clear legal parameters for the different alternative production systems, for barn as well as free range as well as organic production, while the US cage free systems, even in the mentioned states, effectively could be enriched cages without the fronts and might offer questionable welfare. In the US there is NO legal frame work for the alternative systems. Thus the conclusion that *"In this respect animal welfare regulations in those US states exceed the European legislation"* does not hold.

2.3. Latest information on market situation for feed

Global wheat production is expected to reach 766 Mt in 2019, with consumption at 755 Mt. 2019 world maize production is estimated at 1102 Mt, with consumption at 1126 Mt. Production and consumption of Barley are expected to reach 155 and 150 Mt respectively.

Total EU-28 cereals production in 2019 reached 290 Mt, which is below the average. Soft wheat and barley production declined, while maize production increased. Total imports, driven by maize reached a record level. For marketing year 2019/20, the total cereals production is estimated at 315 Mt. There is a strong recovery of soft wheat (up by 14.4%) and barley (up by 11.4%), maize crop is relatively good, despite a drop of 3.6%. Maize imports from third countries are forecast to reach 17 Mt, a strong decline from previous season. Due to larger availability of cereals, a decrease in total imports is expected, as well as increase in exports of soft wheat and barley from last year. Soft wheat exports are over 50% above the last season, while maize imports are on the rise.

Global soy bean production is expected to decline in 2019, compared to 2018, to 337 Mt, while consumption is expected to reach 350 Mt. Total EU oilseeds production for 2019/20 is projected at 29.55 Mt, 10% below the 2018/19 figures,

with a small increase in the soy bean production, which cannot compensate the loss in rapeseed production estimated at -16%, compared to the previous season.

The Commission was asked if the rapeseed production will continue to decline in connection to the ban of certain neonicotinoids, and replied that in 2018 the sowing area was mostly reduced due to weather conditions.

3. Marketing and promotion:

3.1. Promoting poultry meat and eggs in the EU and third countries

The general objective of EU promotion policy of agri-food products is to enhance the competitiveness of the European agri-food sector on the EU market and in third countries. Calls for proposal are published every year in January, based on the annual work programme. There are two types of actions: information and promotion programmes, and Commission initiatives. Simple and multi programmes have the duration of 1 to 3 years and are submitted by Proposing Organisations. The 2020 budget for the programmes is EUR 191.4 million. The Commission initiatives consist of information and promotion measures as well as technical support services; the budget is stable and remains at 9.5 million.

Since 2017 the budget for annual work programme increased from EUR 142.5 million to EUR 200.9 million for 2020.

The annual work programme (AWP) allows for a more dynamic promotion policy, as it is adopted on an annual basis and is aligned with the needs of the sector. Before drafting the AWP, the input of the sector is sought through CDGs, and the content and budget allocations are adapted annually. A specific amount is allocated in case of crisis situations.

Technical support is available for the Proposing Organisations, such as eligibility checker and a service that helps to find partners for multi programmes. The Commission recommends the submission of multi programmes to bring European Added Value.

During the discussion it was suggested that poultry meat should be included among the priority topics for simple programmes in third countries in the upcoming AWP.

AVEC representative informed that AVEC with 5 of its members from PL, DE, NL, IT, and FR was granted a promotional programme in those 5 MSs to promote EU poultry. The 2-year project will start from 1 January 2020 and is aimed at raising the awareness about the high-quality of EU poultry among consumers and key opinion leaders.

The Commission was inquired about the components of animal welfare in the programme and asked for examples of actions carried out or planned to be carried out in these regards. A written answer was provided.

3.2. State of play of current evaluations

As part of the evaluation of the Commission Implementing Regulation (EU) No 1337/2013, the Commission has published a call for tender in spring 2019. The Contractor has been selected and started carrying out the evaluation at the end of summer. The phase of collecting information has started and relevant stakeholders are being contacted, with open public consultation planned later this year. The study will feed to the report that the Commission will prepare and submit to the Council and Parliament in spring 2020.

Evaluation of EU marketing standards is also undergoing, including the marketing standards on poultry meat and egg products. The project is nearing completion, and the report should be published in the following weeks. The evaluation included public consultation from mid-July to mid-October, the results of which will be published as well. Next, the staff working document will be developed by the Commission services based on the result of the evaluation and public consultation.

4. Information from the Commission on the recently adopted Regulation on Market Transparency

Data on prices and quantities is currently collected under implementing regulation 2017/1185, with the legal basis in article 223 of the CMO regulation. Amendments included in the Implementing Regulation 2019/1746 have been prepared, with most provisions remaining unchanged, and the majority of the changes found in the Annexes. The scope of data collection is expanded through additional products, as well as the coverage along the food supply chain. The amendments will enter into force on 1 January, 2021. Currently ISAMM forms are being prepared in the Sectoral CMO Committees. MSs will define their methodologies, in line with the legal provisions, with assistance from the European Commission.

There are several changes with regards to the poultry and eggs sector:

In Annex I the weekly notification on the wholesale price for Class A eggs shall include the farming method, while the weekly notification for poultry meat will also cover wholesale price for chicken cuts (breast fillet, legs), as well as buying prices for whole Class A chickens and chicken breast fillets.

In Annex II, the monthly notifications shall include the representative selling price of organic whole Class A chickens.

In Annex III, it is clarified that the obligation to annually notify the number of egg productions sites by farming method shall include organic eggs production sites. Furthermore, the MSs shall, on a monthly basis, notify on the volume of production of eggs in shell per farming method, including organic.

The Member States have over a year to implement the legislation.

The Commission was asked if the selling price to consumers will be collected to provide complete market transparency per product and per country. It was clarified that only buying price of retailer and other food business operators are being collected, and prices to consumers are not gathered, as such data is available from public sources.

A suggestion to include data concerning the purchase price of live animals was also raised.

5. CAP: what could be interesting for the poultry meat sector in the new CAP proposals

According to the European Commission proposal on CAP, EU budget would be lower than during the present programming period, and would be organised around CAP strategic plans designed by MSs. The proposed CAP regulation on strategic plans would introduce the possibility for producer organisations to organise sectoral interventions in order to receive funds to implement actions, e.g., linked to climate and environmental objectives in the new CAP, promoting quality products, and for crisis prevention.

Eggs and poultry sector is mentioned in the CMO Regulation in particular with regards to marketing standards. The European Parliament has proposed changes to the CMO for the sector, e.g.: to make chicken under CN code 0207 eligible for public intervention. Additionally, the Parliament proposed to include in the marketing standards for the sector the requirement to label the place of origin for poultry meat.

A question was posed on the justifications for sectoral interventions. The Commission explained that before approving a sectoral intervention the MS will have to perform a global needs analysis and establish whether it is necessary to intervene for economic reasons based on the objectives established in the CAP: environmental, climate or social balance. Once the need is recognised, the MS has to discuss the situation with the sector.

The industry inquired about the opportunity to channel sectoral interventions by legal entities other than producer organisations. The Commission clarified that as of this time, other forms of cooperation, such as cooperatives and producer groups in transition to becoming recognised producer organisations are planned to be included.

A view was expressed for the need to use labels encouraging the consumers to consume less products but of better quality. The industry representative also stressed the importance of informing the consumers and labelling the origin of all poultry meat products also for processed products and in restaurant/catering.

6. Animal Health:

6.1. AI situation in the EU and expectations for winter season

In 2019 there were 4 HPAI outbreaks of subtype H5N8 in poultry holdings in Bulgaria and since mid-April 2019 no HPAI outbreaks in poultry holdings were registered in the European Union. In January 2019 two wild birds tested positive for subtype H5N6 in Denmark. Since then, there were no further cases in the EU. Regarding LPAI, there were six outbreaks in 2019.

According to the 2019 EFSA overview report on the AI situation in the world, during the past 6 months a decreasing number of outbreaks in poultry and wild birds has

been observed in Asia, Africa and the Middle East. There is no evidence of a new HPAI virus incursion from Asia into Europe. No human infections due to HPAI A(H5N8) or A(H5N6) viruses have been reported so far and the risk of zoonotic transmission to the general public in Europe is considered very low.

In 2019 Commission Implementing Decision (EU) No 2018/1136 was adopted, laying down specific requirements in relation to risk mitigation and reinforced biosecurity measures, which should help prevent the introduction of HPAI into poultry holdings, in particular in high risk areas. Depending on the assessment of the epidemiological situation, the competent authority shall prohibit certain activities in high-risk areas.

The owners of holdings should take appropriate and practicable measures in high-risk areas to reduce the risk of the transmission of HPAI viruses from wild birds to poultry.

The Commission invited the stakeholders to submit their questions in writing.

The delegates asked why the LPAI outbreak in Belgium, where 3,000,000 birds were killed, was not mentioned in the presentation. DG AGRI representative pointed out that the event mentioned was a case of H3 Avian Influenza, which is not reportable in the European Union.

The industry inquired about the following passage from the Commission Implementing Decision No 2018/1136:

(b) the keeping of poultry in the open air, unless:

(i) the poultry are protected against contact with wild birds with nets, roofs, horizontal fabrics or by other appropriate means to prevent contact; or

(ii) the poultry are supplied with feed and water indoors or under a shelter which sufficiently discourages the access of wild birds and thereby prevents contact by wild birds with the feed or water intended for the poultry.

Explaining that while in the previous Implementing Decisions the instructions were clear, in the current one the interpretation on what measures should be taken to keep the birds outside are ambiguous, and, additionally, were not communicated to the producers. The stakeholders asked the Commission to pass to DG SANTE the problem of MSs not communicating the details of the Implementing Decision to the industry.

7. Trade aspects:

Before the presentation on Brexit, there was a short update on the new European Commission and the European Green Deal, identified as the main priority by the new President of the European Commission. European Commission's objectives will include a more ambitious agenda on climate change, along with a new policy towards food ("Farm to Fork" approach), addressing issues such as nutrition, labelling, traceability, animal welfare, and the respect of standards within the EU and at the international level.

7.1. Brexit: state of play of preparedness by the Commission and exchange of views on the EU poultry meat market impact

With regards to Brexit, the second revised Withdrawal Agreement has been secured, and still needs to be ratified and adopted by the United Kingdom. The agreement would allow the UK to leave the EU from 1 February 2020, and would open the negotiations on a future trade relationship with the UK.

Over the period from 1 February 2020 a trade agreement between the EU and the UK should be concluded, which would enter into force from 1 January 2021. In case it is decided that there is not sufficient time available, both parties can agree to prolong the negotiations by a maximum of 2 years. Both parties agreed in the Withdrawal Agreement on the intention of keeping a high level of regulatory alignment between the UK and the EU, including conditions, SPS standards in the area of agri-food products.

The possibility of UK leaving the European Union without an agreement still cannot be excluded, and can happen as early as the end of January 2020. In case of no agreement, the trade will be done on WTO terms with the introduction of tariffs.

7.2. Mercosur

In the week preceding the CDG meeting, a conference was held at the European Parliament regarding the impact of the Mercosur agreement on the agri-food area. Part of the discussion was devoted to poultry meat and the concerns of the sector about the EU concessions are high.

During the debate the industry pointed out that imports from third countries do not have to follow the same rules as the agriculture production from Europe. The Commission explained that the European Union has already been extremely strict in relation to Brazilian food scandal and that any measures taken with regards to third countries need to be well-founded legally. Moreover, the conditions for export to the EU are very severe, and include the approval of both countries and establishments, as well as audits, approved residue plan, and controlling imports at borders. The industry observed that the audits in third countries do not concern live poultry, therefore the rules on farm conditions and other rules that impact the price of meat are not enforced. The Commission explained, that welfare conditions apply only to slaughter and any restrictions based on the non-compliance with EU requirements on welfare of live animals would be lost, if challenged at WTO.

The industry hopes that the Commission will keep the promise of a closer cooperation between DG AGRI, DG SANTE and DG TRADE for the “Farm to Fork” strategy.

A concern was voiced that while the European consumer standards are rising, and EU farmers try to meet those demands, the FTAs allow for imports of meat that is not produced to European standards, part of which is used in processed products. The Commission suggested that European agriculture has to use to its advantage the fact that European consumers’ expectations go beyond safety and into the areas of environment, ethics, animal welfare, and sustainability.

7.3. South Africa

As of September, 2019 imports of safeguard cuts into South Africa have decreased by 25%. Imports from EU were up almost by half to 68,000 t, whereas imports from non-EU countries were down by 47% to 104,000 t. While the situation remains difficult, EU share rose to 39% of all imports into SA, from 15% in 2018. A significant slowdown has been seen for Brazil (-68% compared to 2018) and US (-18% compared to 2018). In total imports from non-EU countries have decreased by half.

Currently PL, DK, IE, and ES are allowed to import into South Africa.

On 28 October, a bilateral meeting took place with South Africa. Poultry sector was among the central points with regards to SPS issues and safeguards. SA informed that it was still looking at the 6 MSs banned since the 2017 HPAI outbreak. SA officials informed that they were ready to re-open the market to NL, and seemed to be open to a package approach. The objective of EU is to open the market to all the outstanding MSs and obtain assurance in case of new outbreaks, in order not to repeat the situation from 2017. Dispute settlement on the safeguards has been initiated and seems to have impacted the attitude of the South African side.

The industry thanked the Commission for its support and called for further high-level political support from the Commission regarding SA to ensure that the agreements signed are respected.

A question on the deadline for an amicable solution and the status for anti-dumping duties also appeared. There is no exact deadline in this respect, however, there is hope for an amicable solution, the question on anti-dumping duties shall be passed to other Commission representatives.

7.4. Ukraine

Annex V to the Association Agreement with Ukraine SPS strategy, listing the SPS legal acts and providing deadline by which Ukraine is to approximate its legislation to that of the EU, has been endorsed by the Council in the summer and has been formally adopted by the SPS Sub-Committee.

The main parts of EU animal welfare legislation have been listed. Ukraine will apply transition periods for some parts, with 2026 deadline for the respective directives on broilers, laying hens and pigs. It has been agreed that in case of any delays, Ukraine will inform the Commission timely in advance.

The industry voiced its concern over the fact that despite the agreement reached between the Commission and the Ukrainian authorities as a negotiated solution to halt unlimited poultry imports of an innovative cut developed by Ukraine, the imports of the controversial cut under the duty-free “other cuts” tariff lines continue. The Commission clarified that on the Ukrainian side, the Agreement still needs to be forwarded by the Ukrainian government to the Ukrainian Parliament (Rada), which should adopt it within the first 2 weeks of December. Next, the Council Secretariat needs to be notified by Ukraine on the completion of the ratification process, and, subsequently, the agreement would come into force provisionally. The EU is ready to implement the Agreement as of 1 January.

EFA delegate asked the Commission, if it has received any evidence that Ukraine was producing foie gras in 1999, as under 1999 Recommendations of the Council of Europe, recognised by the European Commission, this is the legal basis to allow the continuation of force-feeding for foie gras production. As a member of the Council of Europe, Ukraine should comply with the said recommendations. The delegate reminded that the Commission has been asked the same question during the previous meeting of CDG – Poultrymeat and Eggs. It was also pointed out that in August the main Ukrainian foie gras producer, presented as fully compliant with EU legislation, shut down after an undercover investigation that revealed serious animal welfare non-compliances. The Commission explained that the experts on animal welfare, who were investigating the issue, could not confirm that neither Council Directive 98/58 nor the relevant Recommendation of the Council of Europe are forbidding foie gras produced by force-feeding, and that there was a difference in understanding of the binding nature of the Recommendations.

The industry raised concerns about the possible UA plans to ban imports of MSM from EU countries. The Commission confirmed that there are rumours that MSM will ban the imports of MSM from the EU. In mid-January 2020 a harmonised export certificate would fully replace bilateral certificates with regards to poultry meat. Bilateral certificates also cover products other than meat, such as MSM. While there is no rule stating that bilateral certificates cannot be used for products not covered by an existing harmonised certificate, the Ukrainian standpoint is that after the introduction of the harmonised certificate, bilateral certificates will not apply in their entirety. The Commission assured that during the discussion in the SPS Sub-Committee, Ukraine promised to reconsider its approach, additionally, the MSM issue was touched in a high-level Commission letter sent to Ukraine.

The industry also inquired if the dispute mechanism of the FTA agreement can be enforced in case the ban on MSM is enforced. The Commission will verify this issue.

One of the delegates signalled to the Commission the non-compliances in laying hens farms in the EU, the labelling of eggs, and minimal standards for animal protection in holdings. It was also noted that the price pressure applied by the distributors prevents the producers from achieving greater progress in quality in the terms of animal welfare. Additionally, it was suggested that distinctions should be made between the types of open-air holdings.

The industry recognises the work of the Commission representatives and encourages the sector to put more pressure on the national authorities to induce action with regards to issues connected to the FTA with Ukraine.

8. AOB

A concern was raised over the withdrawal period in parasitic treatment in the implementing rules for organic production. The proposal for organic production would result in a requirement to keep eggs for 7 days every 6 or 8 weeks despite the medical industry information that there is no withdrawal period.

The issue of eggs from Turkey being sold with the EU Organic logo in the Middle East has also been flagged. The Commission explained that the issue should be

addressed to the Organic Unit and that a reply to the letter on the use of EU organic logo, that had already been received by the Commission, was under preparation.

4. Next meeting

The next meeting will tentatively take place on 15 May 2020

5. List of participants – Annex

Disclaimer

"The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."

List of participants – Minutes

Civil Dialogue Group Animal Products – Poultrymeat and Eggs

Date: 26 November 2019

MEMBER ORGANISATION	NUMBER OF PARTICIPANTS
AnimalhealthEurope	1
European Council of Young Farmers (CEJA)	2
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	7
European Agri-cooperatives (COGECA)	7
European Farmers (COPA)	8
European Coordination Via Campesina (ECVC)	1
European Environmental Bureau (EEB)	2
Eurogroup for Animals (EFA)	1
Fédération Européenne pour la Santé Animale et la Sécurité Sanitaire (FESASS)	1
FoodDrinkEurope	7
Eurocommerce	1
Total: 38	