Ref. Ares(2024)1736962 - 06/03/2024

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
The Director

Brussels,
agri.e.3(2024)1993146

MINUTES

Meeting of the CDG ON ANIMAL PRODUCTION – POULTRY MEAT AND EGGS

13 February 2024

Chair: AGRI E3 Animal Products

All the organisations were represented (see list in the annex) except: BeeLife, Birdlife Europe, EAPA, EFNCP, EFPRA, EMB, EPHA, FaceNetwork, FEEDM, FEFANA, FESASS, FoodDrinkEurope.

1. Nature of the meeting

Hybrid - Non-Public

2. List of points discussed

(1) Welcome and adoption of agenda

After the chair’s welcoming words, the agenda was approved.

(2) EU poultry market presentation & (4) exchange of views on production figures for poultry with market experts

The Commission gave a presentation on the poultry market, including state of play and forecast.

According to feedback received from experts of 16 Member States, EU total poultry meat production is expected to see a modest growth in 2024 (+1.1% year-on-year). Looking at individual poultry species, experts project an increase in production of broilers (+1%), turkey (+0.1%) and duck (+8%), and a further decline in rabbit meat production (-4%).

Experts underlined the recovery of the poultry sector after the devastating HPAI season in 2022 as well as difficulty in getting permission to produce in some regions with restrictions on emissions.

In January-November 2023, EU poultry meat production recorded a solid growth of over 3% compared to the same period in 2022. Upward developments were observed in most Member States, with a strong rebound in IT, HU (+14%), ES and RO.

After sharp increases in 2022, prices continued to remain high in the first half of 2023. In more recent weeks, there were some fluctuations downwards, but prices seem to stabilize around similar values as last year.

In January-November 2023, EU poultry exports declined in volume (-2%) but continued to increase in value (+2%) compared to last year. Year-on-year shipments continued to fall in volume to several EU main destinations (e.g. Ghana, DRC and Ukraine). On the other hand, EU poultry exports increased the most to the UK, Vietnam and Congo.

In the first eleven months of 2023, EU poultry imports increased in volume (+6%) and stabilized in value compared to the same period last year. EU imports increased the most from Ukraine (+47%) and stabilized from Brazil.

In January 2024, EU poultry imports from Ukraine reached 20 107 t cwe, +21% compared to the same month of 2023. Within this category, imports of frozen meat reached 11 298 t cwe and those of fresh meat 6441 t cwe.

The EU trade balance of poultry meat in volume and value remains positive.

Stakeholders underlined that the situation of poultry meat producers is rather good and the sector is recovering from the devasting HPAI season in 2022. In the long term, they expressed concern in relation with the significant volume of poultry meat imports, which are not produced under the same standards as in the EU.

(3) EU Egg market presentation & (5) exchange of views on production figures with market experts

The Commission presented the most recent market data. EU production is expected to increase for eggs for consumption (+0.4%) as well as for hatching eggs (+2.7%) according to experts' forecast data. The latter highlighted difficulties in the organic sector: consumers are reluctant to buy the most expensive products and producers are facing an increase in all costs (feed, energy, packaging…).

According to Regulation (EU) 2017/1185, Member States must notify every month the production volume of eggs in shell per farming method. The Commission didn't present figures but a graph showing which Member states were fulfilling that obligation and which Member states were not complying. As some big producing countries are missing, data were not displayed to avoid inconsistency.

Following high prices at the end of 2022-beginning of 2023, EU egg prices are on a declining trend, below last year's (-10%), but still well above the historic five years average (+ 44%). The decrease of prices was sharper for cages and barn eggs; for free range and organic they stayed on a positive trend. Imports of eggs and egg products increased in January-October 2023, with Ukraine as the first origin, representing 60% of EU imports.

Since the entry into force of the temporary trade liberalization Regulation (R2022/870), imports from Ukraine are well above previous years, in particular for fresh eggs. For January 2024, 5 236 t were imported: 2 981 t fresh eggs and 2 189 t eggs not in shell (+93% above January 2023). EU exports slightly decreased in January-October 2023 in volume but not in value. The UK, Japan and Switzerland represent 2/3 of EU exports. The trade balance is largely positive.

Exports of hatching eggs decreased by -16% in January-October 2023 and exports of one-day-chicks increased by +12% in January-October 2023.

Participants highlighted that egg production was not only affected by avian influenza outbreaks but also by Salmonella. Regarding prices, participants highlighted that costs of energy, transport and feed remain high. A change in consumer pattern was observed, with less demand for organic or free-range eggs and more demand for cheaper products. Participants highlighted difficulties for EU exporters on the Asian market due to high prices but also due to competition from Brazil products. Some exports of fresh products to MENA are affected by the issue of the Gulf channel.

(6) World poultry market – presentation from GIRA

Gira gave an overview of the global and EU poultrymeat market situation.

After series of disruptions, global poultrymeat production and demand are recovering and growth should accelerate in the mid-term: an expected +2% annual av. growth of the global output. South Asia should make up 25% of that growth, China 15% and US/CA/EU 15%. Global trade is still in contraction but should also get back to growth. Production costs have fallen but they remain still 15 to 25% higher than in the pre-Covid period. In the EU market, after 2 years of shrinking total meat demand (4 species), there is some easing in sight: thanks to the cost decline since mid-2022, fading inflation and economic recovery. The meat sector recovery will be slow, though, as supply/demand drivers and brakes are more or less in balance. Poultrymeat will continue to benefit from downtrading trends. Poultry production margins saw a quick improvement since end-2022 but have been plateauing since Sept 2023. Broiler prices saw only a mild decline since June – however, Polish prices suffered a stronger drop.

The EU price gap between various cuts has been shrinking during 2022-2023: downtrading has pushed up leg prices, while breast prices got under pressure due to demand shift to cheaper parts and by the increased imports from UA (under zero duty from mid-2022). By 2028 a stabilization of EU imports is expected, but they stay well above pre-Covid levels. Cooked chicken has a growing share in imports, driven by foodservice & industrial demand, and because cooking mitigates the risk of HPAI and Salmonella - the latter is also important in light of the recent Polish Salmonella issues. Imports from Ukraine under zero duty puts a pressure on EU prices. Over 90% of UA imports (mainly breastmeat) come from MHP supplying its own processing plants in NL & SK. Final clients are FS & industrial clients in UK and W-Europe. MHP and another UA investor plan new investments in Croatia.

(7) State of play South Africa poultry imports

The Commission presented the current state of play of antidumping duties affecting poultry exports from a number of EU Member States to South Africa. After recalling the regulatory landscape in WTO law, the main stakes of two sets of antidumping duties introduced by South Africa were illustrated. Next steps and follow-ups on the latest measures adopted by South African authorities were discussed. From the audience, the main reactions revolved around the need to scale up the EU's assertiveness in the global arena.

(8) Update on Ukraine trade issues

The Commission presented the Commission proposal on the prolongation of autonomous trade measures for Ukraine, emphasizing the two main objectives: supporting the Ukrainian economy and exports, and addressing EU stakeholders' concerns. Specific elements of the proposal were highlighted, including the possibility to take safeguard measures in case of adverse effects at the level of one or several Member States rather than only at the EU level, the "emergency brake" for sensitive products (eggs, poultry and sugar), and the differences in deciding upon provisional and definitive safeguard measures.

Some stakeholders argued that the reference period for the trigger levels for poultry and eggs should be 2021-2022. Concerns were also raised about the compliance of Ukrainian exports with SPS and animal welfare standards, the practical implementation of the automatic safeguard and that current measures predominantly benefit large-scale holdings.

In response, the Commission stressed that SPS import requirements continue to apply to Ukraine as they do for imports from other third countries. It reiterated that the ATM proposal aims to unilaterally liberalize EU imports from Ukraine and cannot impose additional standards upon these imports, suggesting that this should be addressed in bilateral agreements with Ukraine or as part of the accession of Ukraine to the EU. Moreover, it was clarified that the reference period of 2022-2023, includes five months pre-ATM implementation, and is considered an appropriate level.

(9) Applying EU animal welfare standards to all products placed on the EU market

Eurogroup for Animals presented its position as follows:

Consumers when buying food products sometimes have the information about the origin of the product through the label. But as the burden should not always be on consumers, and some products do not have labels, such as those in restaurants or processed products, consumers cannot always know the origin of the product and/or the method of production involved.

That's why the report Stop Cruel Imports is so important. How products are made matters, but at the moment most of the EU's animal welfare standards do not apply to imported products. That's why Eurogroup for Animals' position has always been to ask that FTAs have animal welfare conditions. There is increasing support for this call, and a report from EC, published in June 2022, confirmed the ability to extend the application of EU standards, including animal welfare standards, to imported products, and all that in compliance with WTO standards. This echoes our position, that we explained in detail in our report Bye bye cages, which looks into the legality of extending the ECI End the cage age to imported products. The key element here is to keep in mind that the policy objective of extending the ECI is the protection of public morals, which covers animal welfare. And that the focus should not be on economic or level playing issues, but rather in helping EU producers respond to consumers' calls for higher welfare products.

The report Bye bye cages looked into the legal aspects, the report Stop Cruel Imports, looks at the impact for trading patterns. Requiring EU-equivalent animal welfare standards on imported products would be economically viable as the top exporting countries are mainly developed countries (i.e. United Kingdom), or middle income countries (i.e. Brazil, Ukraine, Thailand), in the case of poultry meat and eggs. Also, Exporters targeting the EU are mostly big multinational companies that already comply with EU sanitary and phytosanitary (SPS) requirements, meaning they should have the capacity to also comply with animal welfare requirements. Some might even appreciate having a clear set of rules to comply with, rather than a myriad of private higher requirements originating from the many EU-based retailers.

(10) Commission proposal on the protection of animals during transport

The Commission presented an overview of its proposal for a new Regulation on the protection of animals during transport adopted on 7 December 2023. More concretely, the Commission explained some of the key new requirements in terms of digitalisation and traceability of the whole process, maximum journey times, transport in extreme temperatures, increased space allowances, stricter conditions at export and import, harmonised approach on sanctions, handling and transport practices, transitional periods and other. The Commission proposal on animal transport is currently available for a public feedback until 10 April 2024 on the "Have your say" portal (https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13613-Animal-welfare-protection-of-animals-during-transport_en).

The presented proposal gattered high interest and numerous questions which have been clarified by the Commission to the extent possible given the time constraints. The Commission clarified that while the scientific opinions of the European Food Safety Authority (EFSA) published in 2022 where amongst the key considerations taken into account in the drafting of the proposal, there were also wide spectrum of consultation activities of stakeholders and a detailed impact assessment of the potential economic, socio-economic, environmental, animal welfare and other impacts which have been taken into account. All related documents have been published by the Commission together with the proposal. To the numerous questions related to import the Commission clarified that the proposal requires operators entering into the EU to comply with the same requirements as EU operators or with conditions recognised by the Union as at least equivalent. The new requirements based on weather forecast have also been explained by the Commission. View that in some regions of the EU there may be no slaughterhouse available in a distance of less than 9 h the Commission informed that the proposal includes a specific derogation for such situations. Numerous participants also questioned the new requirements for the transport of day-old chicks and end of lay hens. The Commission informed that the proposal reflected the latest scientific evidence provided by EFSA for these two categories. The Commission highlighted also the fact that this is just a proposal which will follow an ordinary legislative procedure in which the co-legislators (i.e. the Council and the EU Parliament) will have an important role to play until the proposed text materialize in EU legislation.

(11) Avian Influenza and vaccination rules

The Commission updated on the HPAI situation in the EU and worldwide, state of play regarding HPAI vaccination in France and outcomes of the ministerial conference of 24 January 2024 on biosecurity and vaccination, organized by the Belgian Presidency to the Council of the EU together with DG SANTE.
Question was asked on the activities of the Commission to overcome the drawback represented by the third countries imposing restrictions to trade following the implementation of HPAI vaccination.

Commission representative explained the efforts made at technical level to maintain the dialog with trade partners on this issue, such as: coordination and cooperation with the Member States for the replies to the questionnaires sent by certain third countries, events on the topic of HPAI vaccination organized by the EU during the WOAH, putting the item on the agenda of all technical discussions with relevant trading partners.

(12) Code of Good Practices for Responsible and Balanced Breeding

EFFAB presented its position as follows:

EFFAB is the voice of the farm animal breeding and reproduction sector in Europe, covering ruminants, pigs, poultry, fish, shellfish, and insects. Breeding and reproduction are an essential part of the livestock and aquaculture production systems and play a key role in the directions taken by animal farming across Europe. The sector has proactively adopted the concept of balanced breeding as defined by **Code EFABAR**; **debunking the widespread belief that sole productivity focus strategies are still in use**. The Code proves the eagerness of the sector to reduce GHG and ensure high levels of animal health and welfare, among many others.

Code EFABAR is a **voluntary code of good practices in support of balanced and responsible farm animal breeding.** Code EFABAR is based on the UN sustainable development goals and built around 6 pillars: **food safety and public health; animal health and welfare; environment; product quality; genetic diversity, and better use of resources**. The 6 pillars recognize the essential role that animal breeders play in the sustainability of our food system.

Animal welfare is of specific interest of animal breeders. In poultry breeding programs, around 40% of the traits are related to the welfare of the birds. Research and innovation is essential to make further progress and the development and use of new technologies and further knowledge on animal genetics will bring new phenotypes to be integrated into breeding programs.

(13) Poultry and eggs marketing standards

The Commission presented the state of play regarding marketing standards for eggs, in particular the need for a corrigendum act for Regulation (EU) 2023/2465, one in Spanish for the size of eggs, and one to replace the whole annex I regarding the denomination that should be used for ‘eggs from enriched cages hens’.

The Commission also announced a corrective act for Regulation (EU) 2023/2466 covering obvious mistakes as wrong references or lack of references in some languages.

Answering to a question on marketing standards for poultry, the Commission confirmed that the texts are at their adoption phase, after completion of all better regulation steps, including public consultation and feedback mechanism.

3. Next meeting

Next CDG on Animal Production will take place on 8 March 2024 with a focus on beef and veal.

4. List of participants

See Annex.

(e-signed)

Pierre BASCOU

List of participants– Minutes

Meeting of the Civil Dialogue group on

ANIMAL PRODUCTION – POULTRY MEAT AND EGGS

13 February 2024

ORGANISATIONS
AVEC - Association of Poultry Processors and Poultry Trade in the EU
AnimalhealthEurope
BEUC - Bureau Européen des Unions de Consommateurs
CEJA - Conseil Européen des Jeunes Agriculteurs / European Council of Young Farmers
CELCAA - European Liaison Committee for the Agricultural and AGRI-Food
COGECA - European agri-cooperatives / General Confederation of Agricultural Co-operatives of the European Union
COPA - European farmers / Committee of Professional Agricultural Organisations of the European Union
ECVC - European Coordination Via Campesina
EEB - European Environmental Bureau
EFA - Eurogroup for Animals
EFFAB - European Forum of Farm Animal Breeders
EFFAT - European Federation of Trade Unions in the Food, Agriculture and Tourism sectors
ELPHA - European Live Poultry and Hatching Egg Association
ERPA - European Fat Processors & Renderers Association
EURAF - European Agroforestry Federation
EUROCOMMERCE
FEFAC - European Feed Manufacturers Federation / Fédération européenne des fabricants d'aliments composés
IFOAM - International Federation of Organic Agriculture Movements European Regional Group
IPIFF-The International Platform of Insects for Food and Feed
ORIGINEU - Organisation pour un réseau international d’indications géographiques

OBSERVERS
EESC - European Economic and Social Committee
CoR – Committee of the Regions

AD HOC EXPERT
GIRA – Ms Dora Pogácsás