Ref. Ares(2022)2951412 - 11/04/2022

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
The Director (acting)

Brussels,
agri.e.3(2022)3175408

MINUTES OF THE MEETING OF THE CDG ANIMAL PRODUCTS
Beef and Veal sectors

Meeting via videoconference (Interactio)
on 30 March 2022

Chair: Michael Scannel, DDG AGRI and DG AGRI E3 Animal Products

All organisations present, except AnimalhealthEurope, Bee Life-European Beekeeping Coordination (Bee Life), Bureau Européen des Unions de Consommateurs (BEUC), European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT), European Milk Board (EMB), European Public Health Alliance (EPHA), European Rural Poultry Association (ERPA), Stichting BirdLife Europe (BirdLife Europe), IFOAM, EFNCP

1. Approval of the agenda and of the minutes of previous meeting

The agenda as transmitted to the participants was approved.

2. Nature of the meeting

Non public

3. List of points discussed

- **EU beef and veal market overview (production, prices, trade)**

The Commission presented the most recent market data. The beef market is characterised by a positive price situation but producer margins are seriously affected by increasing production costs, in particular feed and energy. War in Ukraine and drought in the first part of the year exacerbated the problem of feed and fertiliser availability.

The EU bovine herd is decreasing and production is expected to decrease in the coming years. However, this year there could be more slaughtering, should the situation of feed cost worsen.

World supply of bovine meat is limited and demand is firm; there are however uncertainties linked to new possible COVID-19 restrictions.

Participants highlighted that the positive trade balance of last year was due to the closure of food services and that exports would resume together with demand for high value cuts. With a decreasing EU herd and rising costs linked to stricter production rules, operators will look at international markets to find cheaper products, since the consumer willingness to pay is limited.

Participants asked for an analysis of feed, energy and fertiliser developments to be systematically integrated into market presentations, given the growing importance of these aspects.

Some stressed that, in a critical situation for food and feed supply, biomass available for biofuels should be diverted to feed use.

- **EU Animal feed market overview**

The Commission gave an overview of the world and EU feed market situation and on the possible consequences of the war in Ukraine.

The International Grains Council forecasts world cereals production in 2021/22 at a new peak of 2,284 million tonnes (+2.9% year-on-year), including record wheat and maize harvests (1,207 million tonnes; +6.6% y/y). Driven by strong demand for feeding in particular, total demand is also seen reaching a new record at 2,278 million tonnes (+1.9% y/y), including 1,197 million tonnes of maize (+3.8%). Carry-over stocks are expected to increase by 1.0% to 607 million tonnes, including 287 million tonnes of maize (+3.6%). Supplies of wheat, barley and maize are rather tight, given that important part of the global stocks are attributed to China (maize), as well as due to supply disruption from the Black Sea (wheat and maize).

Following the Russian invasion, about 6-7 million tonnes of wheat and 13-14 million tonnes of maize, intended for exports, are now blocked in Ukraine. With Ukrainian Black Sea ports closed, there are attempts to divert grain trade to railway. However, the rail capacity is only about 0.5 million tonnes per month, vs. 5-6 million tonnes via ports.

EU cereals production reached 293 million tonnes in 2021/22 and the outlook is broadly favourable in respect of 2022/23, with output projected at 298 million tonnes (+1.5%). EU wheat exports are expected to be very strong, while maize imports to decline on reduced supplies from Ukraine.

Cereals prices were already high before the war started, and increased significantly further in March. In view of tight supplies and the uncertainties linked to nearby availabilities from Ukraine, prices are expected to stay at high levels with volatile price movements.

As for oilseeds, world production is estimated at slightly above 600 million tonnes, including record soya bean harvest in the US, but smaller crops in South America due to drought. Prices have also increased for soya bean, however more moderately than for cereals given the much smaller share of the Black Sea region in global trade.

- **Update on the Carbon farming initiative**

The Commission presented an overview on sustainable carbon cycles needed to reach climate neutrality by 2050 and what it represents for the farming sector. The Commission presented the Communication and staff working documents on carbon faming published on 15 December 2021 and practical examples of farming techniques to increase soil carbon storage that could be remunerated once the system is put in place. Financing opportunities range from the Common Agricultural Policy (eco-schemes and rural development) to LIFE programmes and State-aid. The ambitious target is to have full access for land managers to certified removal emissions by 2028 and to achieve a net removal of 310 Mt of CO_2 equivalent per year to have carbon neutrality for land and agricultural sectors by 2035.

Participants welcomed the initiative of the Commission but pointed out that efforts already made by farmers in terms of carbon storage should be recognised and properly rewarded through the carbon faming mechanism. Specific concern for grass based livestock was expressed.

- **Update on Market transparency**

The Commission presented the state of play on the implementation by Member States of the market transparency initiative in force since 1st January 2021. The situation is evolving with several Member States encountering difficulties in collecting and aggregating new price data. The Commission provided a detailed analysis for the different beef products and examples of ongoing work in the Agri-food data portal where data are available.

- **Update on Animal welfare ongoing initiatives**

The Commission presented an update on the evaluation and the revision of EU animal welfare legislation under the Farm to Fork strategy. The Commission provided an overview of the process to revise current legislation on the protection of animals during transport and of ongoing activities in the area.

- **EU-UK – state of play**

The Commission recalled that the EU-UK Trade and Cooperation Agreement (TCA) has been applied since 1 January 2021. The TCA provides for the highest degree of market access that the EU has ever concluded with any trading partner, securing a duty free quota free trade with the UK for all products. But it does not remove the need for regulatory checks and customs controls at the borders. The new EU-UK trading conditions have clearly impacted on bilateral trade with the UK, although EU exports are less impacted than imports from the UK. This is likely to be due to the UK decision to postpone full third country checks and controls on EU agri-food exports until July 2022 (in relation to SPS checks and certification of animal products). The Commission indicated that, so far, there is no evidence of major problems at the borders. Stakeholders were invited to report, either directly or through dedicated channels, any issue they may face in relation to the implementation of the TCA commitments.

Replying to a question from stakeholders, the Commission confirmed that there are speculations in the UK press that certification and checks on imports from the EU may be further postponed but no official information in this regard was issued by the UK government at the time of the meeting.

- **AOB**

Given its particular relevance for the sector, the Commission presented the Communication *Safeguarding food security and reinforcing the resilience of food systems* published the 23 March 2022.

The short-term and medium-term actions to enhance global food security and to support farmers and consumers in the EU in light of rising food prices and input costs, such as energy and fertilisers, were welcomed by stakeholders, that however asked for a constant monitoring of input costs as well and for a reflection on scientific developments that could help cope with future food security crises.

The Commission pointed out that the newly set-up European Food Security Crisis preparedness and response Mechanism (EFSCM), gathering European and national administrations and private actors all along the supply chain, will carry out a thorough mapping of risks and vulnerabilities of the EU food supply chain and will develop tools to monitor input costs in the food chain.

4. Conclusions/recommendations/opinions

The agenda as well as the Commission's flexibility to address last minute AOB points allowed to conclude on a note of satisfaction for the rich dialogue that could be held between the parties.

5. Next meeting

16 September 2022

6. List of participants

See annex

(e-signed)

p.o. Brigitte MISONNE
In absence of
Michael SCANNELL

List of participants–

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ORGANIZATIONS
EuroCommerce
Eurogroup for Animals
European agri-cooperatives (COGECA)
European Coordination Via Campesina (ECVC)
European Council of Young farmers (CEJA)
European Environmental Bureau (EEB)
European farmers (COPA)
European Liaison Committee for Agriculture and agri-food trade (CELCAA)
Fédération Européenne pour la Santé Animale et la Sécurité Sanitaire (FESASS)
FoodDrinkEurope (FoodDrinkEurope)