



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
The Director

Brussels,
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MINUTES
Hybrid meeting of the CDG ANIMAL PRODUCTS – PIGMEAT SECTOR
14 November 2022
CCAB – Albert Borchette building, Meeting room 1.A
and
online, via the Interactio platform

Chair: DG AGRI E3 Animal Products

The following organisations were absent: Bee Life, Bird Life, BEUC, CEJA, ECVC, EFA, EFFAT, EFNCP, EMB, EPHA, ERPA and IFOAM.

1. Approval of the agenda

The agenda was approved. No AOB points were brought forward.

2. Nature of the meeting: non-public

3. List of points discussed

3.1 EU Pigmeat market overview

The Commission presented the most recent market data. Pig carcass prices are high but trending down. High input costs put pressure on producers' margins. There is a continued production decrease in the EU, including in all major pig producing Member States. China remains an important trade partner for pigmeat exports, although they decreased by more than half this year, while shipments to other destinations are rising. The UK is the main export partner in value.

Discussions touched upon high production costs and farms' profitability.

3.2 Conclusions from the production forecast working group

The working group met on 8 November 2022. Experts concluded that in 2023, EU pigmeat is likely to decrease by 3.9%. The decrease was estimated to be more intense in the first half of 2023.

At the source of this reduction, Member States' experts mentioned decreased profitability and cash flow problems for farmers. Cereal prices and other input costs are expected to play a

major role. Environmental and animal welfare requirements also create uncertainty for the future. Furthermore, African Swine Fever in certain EU Member States will continue to influence the market situation in 2023.

3.3 EU Animal feed market overview

The International Grains Council (IGC) forecasts world all-wheat production at a record 792 million tonnes (+1.3% y/y) in 2022/23. Amid record supplies, world consumption is expected to reach 784 million tonnes (+0.4% y/y), an all-time high, incl. 148.0 million tonnes for feeding (+0.3%).

As for maize, IGC projects world production to decline by 4.2% from last season's record to 1,166.0 million tonnes in 2022/23, including sharp drops of output in the EU, Ukraine and US in particular. Linked to higher prices and tighter availabilities, maize consumption is forecast to decline by 2.3% to 1,188 million tonnes, incl. 699 million tonnes for feeding (-3.2% y/y). Subject to the continued functioning of its sea ports, Ukrainian maize exports are expected to decrease to 17.0 million tonnes (-28.3%).

IGC estimates 2022/23 soya bean output at a new peak of 386 million tonnes (+8.8%) driven by strong recovery in South America. Consumption is also forecast at an all-time high of 378 million tonnes (+3.9%) boosted by strong growth from Asia. Global rapeseed production is projected at a record 84.5 million tonnes (+14.8% y/y) including sharp rebound in Canada.

World cereals prices have decreased from the multi-year highs reached in early spring, however remain above their levels a year ago. In particular, maize prices were quoted at around USD 300 per tonne for South America, USD 350 per tonne for the US Gulf, while only USD 260 per tonne for Ukraine. Ukrainian producers and traders have been under pressure to speed up exports in order to free up storage capacity for the new harvest and to generate cash revenue for the autumn field works. Soya bean prices moved around USD 620 per tonne lately for key origins, representing an annual increase of about 25% for the US and Brazil.

Cereals production in the EU dropped by 7.5% to 270 million tonnes in 2022/23, including a sharp fall in maize output linked to severe drought. EU maize imports are consequently expected to be strong reaching 22 million tonnes.

3.4 Medium-term outlook for the EU Pigmear market

Global demand for meat is increasing by 2032 but export opportunities for pigmeat are slim mainly because of the recovery of pigmeat production in China and other Asian countries. Demand for pigmeat in the EU is expected to go down and be partly replaced by poultry. Inputs costs would gradually decrease after a peak in 2022. Feed prices would fall back to pre-war levels, while energy prices would remain well above this level. As pigmeat exports go down after the surge of exports to China, production will need to adjust, also in line with a stricter implementation of environmental legislation in the EU.

3.5 Update on the Industrial Emissions Directive revision

The Commission adopted a proposal for a revision of the industrial emissions directive and a related Regulation on the pollutant transfer register (E-PRTR) on 5 April.

It is urgent for the livestock sector to tackle its emissions of methane and ammonia that have not reduced significantly since the early 2000s, despite funding via various schemes in the CAP. This is in contrast with emissions from industry covered by the IED that has decreased its key pollutants by 45 to 75% over a decade.

The inclusion in the IED of cattle farms for the first time and the inclusion of additional pigs and poultry farms target only the 13% largest livestock farms overall (currently + newly covered farms). These farms are responsible for 60% of the ammonia and 43% of methane pollution from EU livestock.

Farmers will have to implement emission reduction techniques by mid-2029, leaving ample time to the sector to prepare. Under the current CAP that runs until 2027, Member States may include support measures for reducing emissions of methane and ammonia, both support to operational costs and investments. Whether further support measures would be needed for the subsequent years may be considered as part of the design of the CAP for the next financial period.

In order to limit administrative burden for both farmers and the EU's Member State authorities, a lighter "tailored" permitting regime will be put into place for livestock farms under the new IED. The proposal also allows Member States to implement a registration system that is compatible with the minimum requirements of the tailored permitting system.

This will enable farmers to be informed about and deploy optimal pollution control and pollution reduction and decarbonisation solutions, using the latest techniques, whilst keeping the burden relatively light.

Estimated methane emission reductions from cattle are based on a nutrition technique that reduces enteric emissions by 10%. This is a minimal estimation. DG SANTE approved in April 2022 the use of a feed additive that reduces enteric methane by 25; furthermore, scientific publications report higher emission reduction potentials (c. 36-50%). For pigs, methane reduction is estimated at just over 35%. Detailed assessment of specific feeding techniques for both types of animals will validate such potential savings. Ammonia emission reductions have been estimated at 12% for cattle, around 7% for pigs, and approximately 20% for poultry.

Even these minimal estimations result in a highly positive benefit to costs ratio for society of over 11, resulting in total human health benefits of around €5.5 billion per year. It means that the costs for operators and permitting authorities to implement the obligations are 11 times lower than the human health benefits. In reality, the ratio is even higher, as the generally accepted available monetisation methodologies are based solely on human health economics and as such do not fully enable the calculation of the ecological benefits of a cleaner environment and safeguarded biodiversity.

4. **List of participants:** see annex

Pierre BASCOU
(e-signed)

List of participants– Minutes
**MEETING OF CIVIL DIALOGUE GROUP ANIMAL PRODUCTS -
Pigmeat Sector
14/11/2022**

ORGANISATIONS
AnimalhealthEurope
EuroCommerce
European agri-cooperatives (COGECA)
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)