EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
The Director (acting)

Brussels,
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MINUTES

MEETING OF THE CDG ANIMAL PRODUCTS – PIGMEAT SECTOR

via videoconference (Interactio)
On Tuesday 05 April 2021 from 09:30 to 17:30

Chair: AGRI E3 Animal Products

All organisations were present, except for AnimalhealthEurope, Bee Life, BEUC, BirdLife, EFFAT, EFNCP, EMB, EPHA and ERPA

1. Adoption of the agenda

The agenda was adopted and no AOB points were brought forward.

2. EU pigmeat market overview

The Commission presented the most recent market data. EU production in 2021 increased compared to 2020. Pig carcass prices and piglet prices are recovering rapidly, while production costs continue increasing. The EU trade balance is positive. While China remains the EU's most important export destination, its demand is decreasing.

Stakeholders highlighted the difficult situation for pig producers caused by high feed prices and rising input costs. Pig prices need to continue rising to compensate for increased costs. In addition, slaughterhouses are not able to pass on increased carcass prices to retailers, and consumers' reactions to higher prices are unpredictable. Stakeholders also mentioned the need to internalise externalities (e.g. environmental impact of pig production) in pigmeat prices.

3. 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 an important part of 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 of Ukraine, about 6-7 million tonnes of wheat and 13-14 million tonnes of maize, intended for exports, are 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 for 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 high before the war started, and increased significantly further in March. In view of tight supplies and uncertainties linked to 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.

4. Deforestation and consequences for the pig meat sector

The Commission presented the Proposal for a Regulation on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation. The objective of this proposal is to minimise the EU’s contribution to deforestation and forest degradation worldwide. Currently, it is under discussion in the Council and European Parliament.

Impact on the pigmeat market: although pigmeat (contrary to beef) is not on the list of commodities for which imports need a declaration of their origin in relation to deforestation, there are (limited) consequences for the sector. Imported soya will have to be deforestation-free and traceable up to farm-level, which may increase feed costs. Since the scope of the proposed Regulation is progressive, other commodities (e.g. cereals) may be added to the scope, potentially affecting the pigmeat sector in future.

Discussions touched upon general deforestation risks in a product’s country of origin, which is mitigated thanks to favouring imports from certain producers as well as other third countries preparing legislation on deforestation-free imports. Participants also enquired about forest area estimated to be saved with this package (72 000 ha) and the extra costs involved for pig producers (very limited because most soya produced is already considered deforestation-free). Apart from this Regulation proposal, the EU has the ambition to halt deforestation in MS and increase forest area.

5. 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 despite several Member States encountering difficulties in collecting and aggregating new price data. The Commission provided examples of selling prices and retail buying prices for pig cuts and weekly production. Ongoing work on the Agri-food data portal where these data will be available was also presented.

6. African Swine Fever – Situation in the EU

The Commission gave an overview of the ASF evolution globally and the current situation in the EU with a focus on the situation in Italy and Germany. Even with some positive developments in the domestic pig population in certain areas of the Baltic States, Bulgaria and Poland, new restricted zones II were installed in Germany and Italy and ASF remains a challenge in several MS. Examples of EU initiatives to prevent, control and eradicate ASF were presented. The Commission also gave an overview of EU policy developments since 21/4/2021 (animal health legal framework and special ASF control rules). Developments regarding a vaccine against ASF were also presented.

7. Conversion to alternative systems

The invited expert presented how his farm in Germany is set up: it is an open barn farm, with an outdoor run area. The animals can freely choose between different so-called climate zones and have areas for lying, eating, moving, defecating and urinating. There is a straw area where the pigs can rest and sleep or burrow and play. The presentation also touched upon other animal welfare issues such as tail docking, as well as labelling and consumer expectations.

(e-signed)

Michael SCANNEL

List of participants– Minutes

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ORGANISATION	PRESENT
AnimalhealthEurope	No
Beelife Bee Life-European Beekeeping Coordination	No
BEUC Bureau Européen des Unions de Consommateurs	No
BirdLife Stichting BirdLife Europe	No
CEJA European Council of Young farmers	Yes
CELCAA European Liaison Committee for Agriculture and agri-food trade	Yes
COGECA European agri-cooperatives	Yes
COPA European farmers	Yes
ECVC European Coordination Via Campesina	Yes
EEB European Environmental Bureau	Yes
EFA Eurogroup for Animals	Yes
EFFAT European Federation of Food, Agriculture and Tourism Trade Unions	No
EFNCP European Forum on Nature Conservation and Pastoralism	No
EMB European Milk Board	No
EPHA European Public Health Alliance	No
ERPA European Rural Poultry Association	No
EuroCommerce	Yes
FESASS Fédération Européenne pour la Santé Animale et la Sécurité Sanitaire	Yes
FoodDrinkEurope	Yes
IFOAM Organics Europe	Yes
Expert	Yes