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MINUTES

Meeting of the CDG ON ANIMAL PRODUCTION - POULTRYMEAT, EGGS

on Tuesday, 17 September 2024

Chair: AGRI E3 – Animal Products

Nature of the meeting: non-public - hybrid (Interactio)

1. List of points discussed

Morning session

(1) Welcome and adoption of the agenda

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

(13) AOB Product Environmental footprint

Given potential variations in the life cycle assessment (LCA) of products, the Commission presented the need for harmonised rules through Environmental Footprint (EF) methods and related Product Environmental Footprint Category Rules (PEFCRs). The Commission explained the main developments in EF methods, in particular a planned review to be finalized by end 2025 and ongoing work on an EF4.0 database. A particular focus was made on the three main types of PEFCRs: (i) formally active in response to open calls launched by ENV in the past – in particular one on feed; (ii) started by other EC services (MOVE/EASA, GROW, DEFIS); (iii) run as independent initiative by industry (deviations from EF - cost reductions may apply). The process for developing a PEFCR and how the Commission can support them, was explained.

Participants welcomed the presentation, confirmed their interest in developing harmonised EU rules for eggs (and potentially poultry) and requested further clarification on costs, possible technical and financial support from the Commission and the deadline for setting a database. The egg and poultry sector will consider the potential development of harmonised rules and PEFCRs for their sectors.

(2) Poultry market presentation

The Commission presented poultry meat production **forecast** (aggregating input from MS' experts): +3.4% in 2024 (broilers +4.9%; ducks +18.6%; turkey -1.4%). In

January-June 2024, EU total poultry meat **production** increased by 6% y/y. EU **prices** have been further increasing since July up to 278 €/100 kg (+5% y/y).

In January-May 2024, EU poultry **exports** increased in volume (+12%) and in value (+3%) y/y to almost all EU main destinations (e.g. UK, DRC, Saudi Arabia, Vietnam), but decreased to Ghana and Ukraine. EU poultry **imports** increased in volume (+3%) and decreased in value (-2%), in particular from the UK, but decreased from Brazil (-9%) and Ukraine (-3%). By 9 September 2024, **imports from Ukraine had reached 141 415 t cwe** (-20% y/y). The EU trade balance remains positive in volume and value.

Stakeholders expressed concerns about imports from China, in particular of roasted peking duck at very low prices, that EU producers cannot compete with. Pecking duck is a premium niche market. They had questions on HPAI vaccination in China. Participants underlined that current higher EU broiler prices better reflect market realities (with poultry being undervalued in the past) and are necessary to compensate for inflation.

(3) Eggs market presentation

The Commission presented EU production **forecast** for eggs for consumption (6°million tonnes for 2024) and hatching eggs (622 000t). The maximum **number of laying hens** in 2023 is slightly lower than in 2022, but above 2021.

2024 EU **prices** follow the usual seasonality pattern. After a stable start, prices started to decline after Easter, stabilized during the summer and are now increasing even if below last year's (-6%); they are above the historic five years average (+ 26%).

Imports of eggs and egg products increased in January-May 2024 by 23%, and Ukraine is the first origin representing 60% of EU imports. Until 9 September, Ukraine imports totalled 44 969 t shell egg equivalent (+34% y/y). EU **exports** increased in January-May 2024 by +18%. The UK, Japan and Switzerland represent 2/3 of EU exports. The trade balance is largely positive. **Exports of hatching eggs** increased by +9% in January-May 2024 and **exports of one-day-chicks** by +45%.

Participants highlighted that current high prices are necessary to compensate for inflation. Consumers seem to have accepted higher prices which enable the industry to develop innovation. They also highlighted the positive impact of the emergency brake put on egg imports from Ukraine in July which helped stabilize the EU market. Participants questioned the typology of products imported from China and their uses.

(4) Feed market overview

The International Grains Council (IGC) forecasts **total world grains** production at 2,314.9 million t (+0.7% y/y) for 2024/25, a new peak. Consumption is projected at a record of 2,320.8 million t (+0.3% y/y), incl. 1,047.2 million t (+0.1%) for feed.

Global **wheat** production is expected at 799.1 million t (+0.6% y/y). World wheat consumption is projected at 802.6 million t (-0.4% y/y), slightly below the record of the previous season and incl. feed use at 146.8 million t (-4.6% y/y).

IGC forecasts global **maize** production at a record 1,225.5 million t (+0.2% y/y) in 2024/25. Total **maize** consumption is expected to reach an all-time high of 1,229.0 million t (+0.6% y/y), incl. 739.5 million t (+1.5%) for feed. World trade is projected to

fall from last season's record to 180.6 million t (-7.3% y/y) due to reduced purchases predicted by China and the EU. The US will be the leading exporter, followed by Brazil, Argentina and Ukraine. For the **2024/25** crop year, maize plantings are to decrease in Argentina due to phytosanitary concerns, but to increase in Brazil assuming improved yields. Brazil could harvest a record soyabean crop next season.

Benchmark **global cereals export prices** dropped to near 4-year lows in August 2024 due to ample nearby supplies, relatively slow demand and seasonal harvest pressure. Prices increased moderately lately, however expected to remain under pressure in the following months. Prices are about 7-11% lower y/y.

Total **EU cereals production** is forecast at 264.5 million t in 2024/25, 5.9% below the five-year trimmed average and down 2.0 % y/y. Excessive rains negatively impacted wheat and barley crops in western and northern regions, while maize harvest will fall below earlier expectations due to severe drought and hot weather in Central and S/E Europe. EU prices are relatively low and remain mostly below year ago levels.

World soya bean outturn is expected at a record 419 million t (+7% y/y). World consumption is anticipated to grow significantly to 406 million t due to strong demand for feed, food and biofuel. With record harvests in key producing countries, **world stocks** are expected to expand by 20% y/y, to 82 million t. **Soya prices** have fallen by over 20% in a year to USD 410-430 per t.

EU total oilseeds production is forecast at 30.9 million t in 2024/25 (-4.6% y/y but 3% above the recent average), incl. 18.0 million t of rapeseed (-8.7% y/y).

(5) Update on avian influenza and vaccination strategies

The Commission presented the past and current epidemiological situation as regards Highly Pathogenic Avian Influenza (HPAI) in the EU. The past season, from October 2023 to September 2024, was noticeably calmer than previous years. HPAI vaccination rules were explained, as well as certain trials in Member States. France is currently still the only Member State in the EU implementing an HPAI vaccination programme in poultry (ducks for foie gras). They are currently considering prolonging vaccination for another year.

Questions were asked about the US. The Commission replied that the US are said to be exploring possible vaccination of dairy cows due to ongoing problems with HPAI in dairy cattle, and that there are no news about the US implementing HPAI vaccination of poultry..

(6) Newcastle outbreaks

The Commission updated participants on latest developments regarding the Newcastle disease, focusing on Brazil. On 17 July, Brazil had an outbreak in Rio Grande do Sul. The outbreak location was depopulated the day after, and the entire state of Rio Grande do Sul was blocked. In the restricted zone (of more than 10 km, covering a whole region), there were 57 commercial poultry establishments that were immediately tested, and additional animal health measures were put in place for 90 days. On 26 July, Brazil reduced the size of the restricted zone to five municipalities. On 31 July, Brazil notified that cleaning and disinfection was completed, without any suspect case being found in the zone. On 5 August, they declared the end of the emergency situation but kept the restricted zone for an additional 60 days. The EU did not block them and did not delist

any establishment. Brazil suspended exports on its own from a larger region than expected.

AVEC asked about the procedure for the EU to block a country and expressed surprise that Brazil is the only Latin American country without HPAI outbreaks. The Commission clarified that when an outbreak occurs, authorities are expected to suspend certification for exports to the EU. An agreement had been concluded to that end with Brazil a decade ago. In case it becomes necessary for the EU to block a country/region, the necessary vote can be taken in a few days. About HPAI, an audit has been recently carried out in Brazil. Its results should be published by year end.

(7) Health contributions for the sustainability of food production systems (poultry and eggs)

AnimalhealthEurope presented in details health contributions for the sustainability of poultry meat and egg production (sustained societal contribution, improved economic impact, and reduced environmental impact) and provided practical examples in poultry production. Most of the data come from a study commissioned with Oxford Analytica (see all references in the last slide of the presentation). Challenges and solutions to implement better animal health as an ally for policy making were explored, specially focusing on vaccine development, distribution and efforts coordination.

AnimalhealthEurope invited CDG participants to brainstorm on possible methodologies for better implementation, starting with 2 suggestions: an operational platform for coordination and collaboration in prevention, detection, and control of animal diseases, and vaccine banks through the EU Civil Protection Mechanism.

Eurogroup for Animals asked whether AnimalhealthEurope had looked at how different production methods and breeding practices impact sustainability and if they would consider positioning themselves on these topics. AnimalhealthEurope did not differentiate between breeding or farming systems, but looked at how animal health can positively contribute to any system. Cogeca mentioned, as a best practice example, the drastic reduction of antibiotics use by Finish farmers.

Afternoon session

(8) Update on Ukraine trade issues

The Commission updated participants on the implementation of autonomous trade measures (ATM) for Ukraine, emphasizing the reinforced safeguard provisions, in particular the automatic safeguard for seven products, including poultry and eggs. The Commission also presented the latest developments in the review of the EU-Ukraine Deep and Comprehensive Free Trade Area (DCFTA), highlighting the reciprocal nature of the exercise as opposed to unilateral ATMs and the more stable framework the outcome of the review would offer. Some indications were given in terms of timeline for negotiations and stakeholders were invited to make their positions known by replying to the relevant online call for evidence before 1 October.

On ATMs, some stakeholders confirmed a positive impact since the activation of the automatic safeguard for eggs, with the EU market stabilising. They also noted that the poultry market has also stabilised following the signal sent by Ukraine applying export control measures. As regards the review of the DCFTA, some participants welcomed

the objective to condition additional concessions to compliance with EU production standards.

(9) Cumulative effects of trade agreement

The Commission presented the 2024 update of the “Study on the cumulative economic impact of upcoming trade agreements on EU agriculture”, published by the Joint Research Centre in February 2024. The FTAs studied are expected to boost both EU exports and imports. For poultry, FTAs would lead to a small increase of EU exports and a larger increase of EU imports, partially eroding the EU trade surplus. Increased imports would mainly originate from Mercosur (the negotiated TRQ is incorporated in the scenarios), and from Thailand (modelled through a theoretical tariff cut without quantity limitation). Increased imports would lead to a small reduction of EU production, while EU poultry prices and consumption would remain mostly unaffected. Additional scenarios show that the UK trade agenda has a minimal impact on EU poultry meat exports.

Following the presentation, participants discussed the limitations of this modelling exercise, including the lack of representation of the segmentation between the different poultry products exported and imported by the EU and related non-tariff barriers, the credibility of the results with regard to increased poultry exports to India, and the absence of scenarios related to the future EU trade relation with Ukraine.

(10) Costs and implications of the European Chicken Commitment (ECC) in the EU, ADAS Study

AVEC presented the study conducted independently by RSK ADAS Ltd (ADAS), which finds that fully transitioning to ECC standards would result in +37.5% production cost per kg meat, +35.4% water consumption (= 12.44 million m³/year), +35.5% feed consumption (= 7.3 million t), +24.4% greenhouse gas emissions per kg meat, -44% meat production compared to standard production methods in EU growing space (>30kg/m²), and the need to build 9 692 new poultry houses, with an estimated cost of €8.24 billion, to maintain current production levels. This would lead to higher prices that could deter consumers from buying chicken meat or drastically increase imports from third countries with lower animal welfare standards. Reducing EU poultry meat production looks at odds with DG AGRI’s Agricultural Outlook 2023-2035, according to which EU poultry meat consumption is to grow in the next 10 years.

AVEC anticipated point 11 (see below), focusing on some results of the BEUC study relating to meat affordability and willingness to pay for higher animal welfare standards. Those results correspond to what EU poultry producers see in the market (price driven). AVEC highlighted the importance of animal welfare for a sustainable production system, together with economic and environmental sustainability, and promoted (1) the development of output-based animal welfare indicators, based on scientific and objective criteria to assess welfare performance, (2) effective farm management, referring to the Greenwell study where it is indicated that farm management and day-old chick quality can have a major effect on the welfare performance of a flock and that there is room for welfare improvement in all production systems, (3) comprehensive farmer training, (4) a framework that incentivises progress through achievable objectives for producers.

(11) Presentation of a survey on animal welfare

BEUC presented a recent consumer survey on animal welfare ‘Farm Animal Welfare: What Consumers Want’, undertaken in November 2023 in 8 Member States (results published in February 2024), which showed that the vast majority of consumers still consume meat (only 3% declared themselves to be vegan or vegetarian). Around 1 in 5 (18%) eat meat daily. The most common type of meat consumed was poultry meat (EU agricultural data show that per capita consumption has significantly increased (by 50%) since 2000). Animal welfare remains very important to consumers: 9 in 10 consumers said they want new laws to improve farm animal welfare (e.g. ban on cages, more living space, ban on mutilations). Consumers report a lack of knowledge on current animal welfare practices/legislation.

There is strong support for labelling production methods for all animal products. The current labelling system for table eggs could be improved as most consumers have either not noticed it (22%) or have not understood it (33%). Less than a quarter of consumers have a high level of trust in voluntary animal welfare claims. 17% struggle to afford buying meat while 24% can easily afford it (in particular fresh fish - 4 in 10). Fewer consumers expressed finding it difficult to afford buying poultry (1 in 5) and 13% said they struggle to afford buying processed meat. 31% find it unacceptable to pay more to improve animal welfare. On the other hand, 7 in 10 consumers are willing to pay more for higher animal welfare standards, to varying degrees (35% are willing to pay up to 5% more, 21% up to 10% more, 8% up to 20% more and 5% over 20% more).

According to BEUC, the Commission should swiftly publish proposals to improve animal welfare legislation, taking into account EFSA scientific opinions and strong consumer interest. The EU should extend mandatory production method labelling to all animal products. The move to ‘less but better’ meat needs to be socially just for consumers and farmers. Policymakers need to act on food environments to make plant-rich diets easier for consumers.

(12) Update on Free Trade Agreements negotiations – Asia and Australasia

The Commission updated participants on ongoing negotiations in Asia and Australasia, in particular with **India** (big partner in size/population, difficult negotiator, slow progress, poultry & eggs defensive for India, SPS obstacles), **Indonesia** (good progress, poultry & eggs possibly offensive), **Thailand** (big poultry export potential, no market access offer exchanged yet) and **the Philippines** (negotiations to resume in October, promising market for EU poultry & eggs). Reference was made to the day’s announcement of Commissioner-designates and their portfolios for the next mandate. Various mission letters refer to ensuring that negotiations are concluded with a number of trading partners, notably in the Indo-Pacific area.

Participants highlighted their offensive and defensive interests and reported on difficulties in some countries with SPS and TBT issues.

(13) AOB and end of the meeting

COPA proposed to have an exchange between CDG members in view of reaching a common position on origin labelling for poultry, eggs and rabbits.

At the request of participants, the chair debriefed on the SCA discussion on the poultry sector that had taken place on 9 September, and on poultry marketing standards that are currently at a standstill.

2. Next meeting

The next meeting is scheduled on 8 October 2024

3. List of participants

See present organisations in the enclosed list.

List of participants– Minutes
**Meeting of the Civil Dialogue group on ANIMAL PRODUCTION
POULTRYMEAT, EGGS**

on Tuesday, 17 September 2024

ORGANISATIONS
AnimalhealthEurope
AVEC - Association of Poultry Processors and Poultry Trade in the EU Countries
BEUC - Bureau Européen des Unions de Consommateurs
CELCAA - European Liaison Committee for the Agricultural and AGRI-Food Trade
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
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 Rural Poultry Association / Association européenne de volailles rurales
EURAF - European Agroforestry Federation
EuroCommerce
FEFAC - European Feed Manufacturers Federation / Fédération européenne des fabricants d'aliments composés
FEFANA - EU association of Speciality Feed Ingredients and their mixtures
FESASS - Fédération Européenne pour la Santé Animale et la Sécurité Sanitaire
Ifoam - International Federation of Organic Agriculture Movements European Regional Group
ORIGINEU - Organisation pour un réseau international d'indications géographiques

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