



Brussels,  
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**MINUTES**  
**JOINT MEETING OF**  
**The CDG ANIMAL PRODUCTS – PIGMEAT SECTOR**  
**And**  
**The EXPERT GROUP FOR AGRICULTURAL MARKETS, in particular concerning aspects**  
**falling under the single CMO Regulation – subgroup Animal Products**  
**6 April 2022**  
**European Pigmeat Reflection Group – 1<sup>st</sup> plenary meeting**

Chair: **Michael SCANNELL**, AGRI Deputy Director-General / AGRI.E3

Delegations present:

- All Member States;
- All Organisations registered, except for Beelife, BEUC, EFTA, EFNCP, EMB, EPHA, ERPA and Birdlife Europe.

**1. Approval of the agenda**

**2. Nature of the meeting**

The meeting was non-public.

**3. List of points discussed**

**3.1 Opening by the chair**

After the kick-off meeting of 10 March that was launched by the Commissioner, the first plenary meeting of the European Pigmeat Reflection Group focused on the socio-economic dynamics of the sector that was explored from three different angles:

1. Structure of the sector across and within Member States;
2. Export orientation, short supply chains and socio-economic relevance for rural areas ;
3. Policy measures for the sector.

The reflection was guided by 5 questions:

- Q1: Are there particular economic models that ensure resilience?
- Q2: To which extent does EU internal market balance need exports? Does export orientation increase crisis risks or does it play a role in hedging risks?
- Q3: What is the role of short supply chains in EU internal market balance? Do they help mitigate risks?
- Q4: What is the added value of pig farming for rural areas? Are there threats to be mitigated?
- Q5: To which extent can structural measures help the pigmeat sector?

**3.2 An overview of the situation of POs (producer organisations) at EU level – DG AGRIE3**

AGRI E3 presented the main relevant findings of the *study of the best ways for producer organisations to be formed, carry out their activities and be supported*, prepared by an external contractor and published in October 2019. PO/APOs are recognized in all Member States, except EE, LT and LU. More than 50% of them concern the fruit and vegetable sector and 101 in pig meat sector. In some sectors, cooperatives have a market share higher than 90% at Member State's level. For pig meat, the market share of cooperatives accounts for 90% in DK, 95% in FR and 100% in MT. The Commission also presented results of interviews of representatives of POs/APOs in the F&V and pig meat sectors on the main barriers for creating or joining POs/APOs: unwillingness of farmers to cooperate, uncondusive regulatory environment and difficulties to develop or establish mutual trust between members.

### **3.3 The experience of a PO – Österreichische Schweinebörse, AT**

The experience of a producer organisation was shared by the CEO of the Austrian PO "Schweinebörse". Among different tasks, they coordinate research in the field of pig farming, represent their farmers in the media and provide professional advice about market developments. The PO can minimize production and marketing risks. Moreover, they provide farmers with reliable analysis for day-to-day decisions, such as on animal welfare standards. As a PO, they have a stronger negotiation position. Undoubtedly, what a PO cannot do is to prevent crises caused by a decrease in global demand, the spread of ASF, etc. A single PO cannot remedy imbalance between supply and demand on the EU market or counter price volatility.

### **3.4 The experience of a cooperative – Danish Agriculture and Food Council, DK**

A representative of Danish cooperative slaughterhouses described how the sector evolved from the 19th and 20th centuries to the point where over 17.5 million pigs are slaughtered annually and 15.1 million live animals exported. Denmark, with less than 3,000 producers, is export-oriented (90% of production is exported). Their organisation allows them to tackle emission, invest and introduce innovations, as well as have a strong position in the market. They maximize pig value by selling each part of pig (185 different products). Their main concern is the acceptance of regionalisation by non-EU countries.

### **3.5 The experience of an IBO –INAPORC, FR**

A representative of INAPORC, French interbranch organisation for pigmeat, gave an overview of the pigmeat food chain, from animal feed, farming, slaughtering/cutting to processing, retail and food services.

In general, French pig production is dominated by a farrow to finish farm system, with a declining number of farms and increasing sow productivity. Nearly half of pig feed is produced on the farm, which gives the farmer a certain autonomy.

INAPORC raised the following questions: are farms specialized in pig production the right model? Will pig producers switch to cereals production? How to promote self-sufficiency in feeding? Can contracts strengthen the link between breeders and processors through quality initiatives? INAPORC also suggested discussing the following at EU level: harmonisation of standards, defining rules for animal welfare and environment protection, reduction of wild board to fight ASF and continued inclusion of meat in EU promotion programmes.

### **3.6 The experience of contracts and vertical integration – Vall Companys Group, ANPROGAPOR, ES**

The President of ANPROGAPOR presented the development of pig production, trade and consumption since 1965 towards industrialisation that started when Spain was hit by outbreaks of ASF. There are two main actors in the integrated model: integrated livestock farmer and integrating company. The farmer provides facilities, labour, energy, water, waste and carcass

management. The integrated farmer receives contractual payment for the reared pigs or piglets . The integrator provides animals, feed, veterinary services, biosecurity, loaders, cleaning and disinfection of facilities and replacement during the holidays or sick leaves. The revenue for the farmer is guaranteed, irrespective of input costs or sales prices.

### **3.7 The point of view of trade on the sector's export orientation – UECBV**

A representative of UECBV highlighted some of the roles of the pigmeat sector in the EU: economic dynamiser for rural areas, constant improvement of production and processing conditions, driver for research for animal welfare and environment improvements, leading food safety standards and contributor to the EU trade balance. UECBV also pointed out the main challenges facing the port sector, including increasing input costs, lower availability of feed ingredients on the market due to war in Ukraine, spread of ASF. The whole EU meat sector proved resilient after the Russian embargo. Current circumstances are more difficult. The sector's objectives are to obtain increased recognition of regionalisation by third countries and to facilitate a sustainable transition to contribute to the objectives of the Green Deal and the F2F strategy, while maintaining competitiveness in the global market.

### **3.8 The point of view of farmers on the sector's export orientation – COPA-COGECA**

Copa-Cogeca presented a detail overview of pigmeat exports and price developments as well as feed costs and pig population in the last 10 years. Exporting pigmeat products outside the EU keeps EU market balance. This is why promotion programmes and high-level missions are needed. EU producers meet the highest food safety and animal welfare standards in the world, with consequences in higher production costs. Farmers are committed to feeding the global population in a sustainable way. Copa-Cogeca reminded that not all pig parts are on demand in the EU and therefore need to be exported. In one sentence: farmers do not produce to export but need to export to balance the market and make a living.

### **3.9 The view of a young farmer on short supply chains – CEJA**

A representative of CEJA informed that 15% of EU farms sell more than half of their products directly to consumers and this is mainly done by small producers. CEJA presented opportunities and obstacles associated with short supply chains. Areas for improvement include knowledge transfer and access to technology, ensuring long-term contracts, promotion of short supply chains and consumer education and information campaigns. Risk mitigation can be ensured by encouraging direct selling and short supply chains at the EU and MS level. Moreover, preference should be given to local supplies for public institutions (schools, kindergartens etc.). The role of long term contracts in providing income security for farmers has also been raised. If the agricultural sector is strong, young farmers are more likely to take over their parents' farms or start new ones.

### **3.10 The view of a small farmer on short supply chains – Via Campesina**

A representative of European Coordination Via Campesina focussed on the diversity of rearing methods in the EU, starting from forest rearing of indigenous breeds in Sicily to large-scale pig farms in central Denmark, highlighting the significant concentration of production in few regions of the EU and the declining number of pig farms.

ECVC outlined the characteristics of small scale pig producers (with less than 200 fattening pigs) showing how producers and local retailers are linked to their territory. Short supply chains were presented from different perspectives: social, environmental, geographical and organisational. The full list of services of farmers with short supply chains to society were pointed out, including providing access to fresh local products, creating jobs, better transmitting information to consumers, support local food networks and enhance food security. Direct traceability of product and animal, higher welfare standards in the stables and less stressful life of animals were mentioned as advantages for the environment and animal welfare.

Replying to the session's questions, ECVC stated that free range rearing is happening in remote areas and these zones benefit from the landscape maintenance and create tourism, support the local economy and keep these areas alive. Local food networks continued to operate during the Covid-19 period as well as small slaughterhouses. ECVC presented a fairly long list of difficulties faced by farmers with small supply chains: the ageing of farmers and difficulties in communicating with young consumers, biosecurity requirements, limited own resources for investments in food production to meet different requirements, distance from slaughterhouses, socio-economic impacts of depopulation of rural areas, impact of spreading ASF, problems to access subsidies due to lack of knowledge and the lack of EU support for the purchase of second-hand agricultural machinery and own construction. ECVC believes that short supply chains should not be presented as a magical solution because prices are being imposed to farmers there as well. ECVC concluded that short supply chains should be supported but market and prices should be regulated so that they are above the cost of production and allow farmers to live decently.

### **3.11 The view of an academic on the sector's socio-economic relevance for rural areas – Thünen Institute of Market Analysis, DE**

An academic expert from the Thünen Institute of Market Analysis presented research on two questions: what is the added value of pig farming for rural areas and are there threats to be mitigated.

The main focus was on specialized “pig regions” because, due to scale driven growth, pig production is only globally competitive in concentrated locations. In other locations, pig production would not contribute to growth other than in a very short term. The concentration of production in the N-W part of Germany is largely due to the proximity to large sales markets and sea, waterways and ports.

A number of threats to the status quo were mentioned such as: local environmental threats, specifically related to water quality, danger from animal diseases, changing consumer demands linked to animal welfare, health, climate change and increasing international competition. In addition, local labour shortage was mentioned as a significant threat due to one-sided rapid growth and low wages.

The overall conclusion was that change is urgently needed in the most competitive (concentrated) pig production regions, not only for environmental reasons but also for their own economic sake. Based on the case region, several conclusions were drawn: where pig production is concentrated, it can be competitive and support economic low-wage growth. In other locations, it will not contribute to sustainable local developments.

### **3.12 An overview of rural development measures and of future CAP plan interventions targeted to the sector – DG AGRI E3**

AGRI E3 presented an overview of (2014-2020) rural development measures for the pigmeat sector covering 12 Member States (CY, AT, PT, SE, RO, HR, PL, ES, HU, LU, DE, DK). In total 1.8 billion EUR was spent for specific measures, including the most popular ones: animal welfare (EUR 605.3 million), investments in physical assets (EUR 509 million) and exceptional temporary support to farmers and SMEs particularly affected by the Covid-19 crisis (EUR 369.6 million). For the investment measure, 80% of expenditure was channelled into support for investment in agricultural holdings and the remaining 20% in processing/marketing and/or development of agricultural products.

AGRI E3 also presented a summary of measures targeting the pig sector that have been designed by Member States in their submitted CAP Strategic Plans. Under eco-schemes (art. 32), 4 Member States are proposing animal welfare measures and AMR, 7 MS environment/manure management and 1 MS extensive grazing. Only two Member States (Latvia, Slovakia) have

chosen to set up sectoral interventions (art. 67). With regard to Pillar 2 measures (art. 70 environmental, climate-related and other management commitments, art. 73 investments, art. 76 risk management, art. 77 cooperation), the most popular concerns animal welfare (14 MS), conservation of breeds (14MS) and environment (7 MS).

### **3.13 An overview of State aid taken for the sector in 2020-2022 – DG COMP H6**

COMP H6 presented an overview of State aid measures targeted at the pig sector based on Member States' replies to a survey. State aid measures with a wider scope were excluded from the analysis.

Typical measures per legal basis are: *de minimis* (liquidity aid (grants, loans), breeding, animal health, aid to associations), Covid Temporary Framework (liquidity aid (grants, loans), animal welfare investments) and other State aid measures like ABER and Guidelines (investments, buy-out, animal health, breeding, animal welfare, fallen stock). Seven EU MS have not granted any aid to the pigmeat sector.

### **3.14 The views of an APO (association of producer organisations) on a possible pigmeat sectoral intervention under the CAP plan – AOP Porc Grand Ouest, FR**

The *Association d'Organisations de Producteurs Porc Grand Ouest* from France referred to three main issues: a pork sector anchored in rural areas, family-owned livestock farming for sustainability and a new generation, new challenges, a new project, need for playing even more collectively. The APO presented developments of the pig sector in France, reviewing the structural concentration of farms with sows, trade of piglets compared to main competitors from the EU and pigs slaughtered and distance from farms to slaughterhouse. The presentation focused on the basic model farrowing to finishing pig farms in the Great West region of France (Brittany, Normandy, Pays de la Loire) and family farms that are in the heart of this model. The presentation also outlined actions that can be taken collectively for the benefit of animal welfare, health, the environment, renewal of generations in the sector and consumers. Questions revolved around how to ensure a remunerative price that allows farmers to live of their work and to modernise, how to ensure the confidence of consumers and citizens, and finally how to ensure the durability of the profession of pig farmer-entrepreneur.

### **3.15 The example of a MS' sectoral intervention for pigmeat - SK**

A representative of the Slovakian Ministry presented pig farming and pigmeat production in Slovakia, including changes in the structure caused by outbreaks of African Swine Fever (ASF) in domestic pigs and wild boars.

He informed about the objectives and number of measures designed for the pork sector. The most important measures are: investments in the construction of new large-scale pig farms, compound feed, storage facilities and the renewal and modernisation of the processing industry. Other measures include setting the rules of vertical cooperation within the pigmeat sector to ensure cooperation at the level of primary producers and processors, fostering formal contractual relations to ensure the processing of domestic raw materials, increase consumer awareness and promotion of products from local manufacturers. Moreover, there are measures related to sales diversification, including short supply chains but also aimed at increasing sales of local production in state institutions. SK planned also to create a simple, consumer friendly food labelling system.

As the level of organisation of the sector is insufficient, SK authorities designed six sectoral interventions in their CAP Strategic Plan in order to encourage the merging of producers into producer organisations (POs). SK has reallocated EUR 6 million from direct payments for this purpose over a period of 6 years (2023-2028). However, the new CAP gives the possibility to review this decision after two years of implementation and increase the funding. The support proposed by SK will focus on the following interventions:

- Improving production planning and adjusting to demand
- Concentration of supply and new sales channels
- Improving the conditions of employment
- Increasing the sustainability and efficiency of transport and storage
- Energy saving, energy efficiency, investment in utilisation of renewable energy sources
- Promotion and marketing.

#### **4. Exchange of views with the participants (in the chat)**

Representatives from four stakeholder organisations made comments or asked questions (in the chat).

The **European Environmental Bureau (EEB)** asked about the capacity of Producer Organisations to improve animal welfare and reduce environmental impact. In response, **the Commission** referred to the report showing that, in older Member States, POs oftentimes promote sustainable farming practices, contributing to the preservation of biodiversity and to animal welfare.

**Clitravi** asked how competition authorities handle cases where a PO/APO has a market share close or above 50%. The **Commission** replied that there is no threshold and recalled article 152 of CMO regulation 1308/2013 which says that *„by way of derogation from Article 101(1) TFEU, a producer organisation recognised under paragraph 1 of this Article may plan production, optimise the production costs, place on the market and negotiate contracts for the supply of agricultural products, on behalf of its members for all or part of their total production.“*

To the **EEB** asking whether there is a discussion to reduce pig population in AT, the representative of the **Österreichische Schweinebörse** replied that pig farming in AT is linked to the availability of land, own feed supply (approx. 80%) and the use of manure as natural fertiliser. They want to continue to supply the Austrian market with domestic pork coming from farms that largely practice regional small-scale circular economy.

The representative of **Clitravi** stated that a good management of the environmental impact of operations combined with a strong engagement to exploit circular economy in the pigmeat chain can help businesses address major challenges. According to Clitravi a well-managed pigmeat supply chain can guarantee not only safe nutritious and protein-dense food, but at the same time feed, fertilizers, biomass, energy and additional commodities in non-food sectors.

According to the **EBB** so-called 'family farms' in France use intensive methods which are industrial standards. The EBB expressed hope that POs in France will increase their ambition in these areas.

**Eurocommerce** stressed the importance of trade that delivered a high level of wealth in the EU and should not be limited. **Clitravi** agreed with Eurocommerce that short supply chains can be part of a resilient EU chain, but play a limited role in mitigation of risks, the latter requiring more and more fungible, flexible and agile supply chains.

Replying to a question by **FEFAC** on the concept of diversification, the academic from **the Thünen Institute of Market Analysis**, replied that rural areas should support other industries' growth or attract them in rural areas. If barriers for their growth are removed, the structural change away from agriculture is the natural path of development. For strongly disadvantaged regions, the agri-food sector can serve as a stepping stone. Rural areas are usually unable to attract highly skilled employees and they should not try to imitate city cores but rely on their own strengths.

Three Member States' representatives expressed themselves (in the chat).

**Cyprus** stressed that Europe must remain open for exports and imports in order to balance the market. Production costs in Europe are higher than in other countries due to environmental requirements. Therefore it is important to find a solution for fair trading with non-EU countries with lower environmental standards.

Referring to the presentation on State aid, **Portugal** stressed the risk of dealing with major disturbances with State aids, leading to asymmetric responses by MS.

**The Netherlands** clarified that support programmes in the NL with high support per beneficiaries are other State aid measures linked to source-oriented reduction of emissions, animal welfare and fire safety (applicable to multiple livestock sectors) and voluntary buy-out of pig farmers (environmental reasons).

## **5. Stakeholder organisations' and Member States' written contributions**

4 Member States sent a written contribution (SK, PL, MT, DK) and one stakeholder organisation (the European Association for the Meat Processing Industry (CLITRAVI)).

**DK** is of the opinion that there are advantages to both large and small-scale farms. Variation in the size of farms, both within MS and between MS, is to the benefit of the development of the sector and economies. Therefore, policy should not favour one type of structure over the other.

**MT** believes that trade is a necessity to ensure better profitability and viability but not to the extent that the actual viability of the sector depends on trade. Moreover, any strong reliance on any specific export market should be avoided. It is important to make an effort to strengthen demand for EU pork in new markets. MT stressed that EU research should focus on non-food potential uses of pig products within the EU market in order to diminish some risks. Short supply chains should be viewed within the context of strategic planning and risk mitigation against shocks. 'Balance' is the key word, where risks associated with short supply chains are strategically assuaged through planning and diversification of sources.

**SK** stated that export is important but due to market closure by some major consumer markets linked to ASF outbreaks, increased export orientation in this case increased the crisis risks. SK stated that short chains provide consumers with fresh products, support the reduction of the carbon footprint of long-distance transport of products, and ensure the food security of specific countries from their own production. The model is particularly suitable for young farmers whose annual production is lower than that of large commercial farms.

**PL** is of the opinion that there are generally no models that can guarantee the resilience of the pork sector to crises, but can mitigate its consequences. The role of trade can therefore be twofold. In a situation of a stable market and relatively stable customers, it offers protection against falling prices. In a situation where there is a relatively large surplus of supply over demand and unstable customers, a fall in exports is an additional burden on the market. From the perspective of the food sector as a whole, short supply chains provide stable livelihoods on farms and contribute to local economic development. They contribute to building local self-sufficiency. They reduce the need for food storage and packaging, lower dependence on the agro-industrial sector and rural communities retain or gain new jobs on farms, in manual processing and local distribution. In general, PL believes that the development of short supply chains helps to mitigate the negative effects of possible crises and ensure food security at local level. Supply chain systems that dominate in the EU have been built on a large scale of production, high efficiency, low production costs. It can be assumed that the share of local production and sales based on small-scale production will increase, but PL does not believe that this model will become dominant and crucial in balancing the internal market. Finally, PL stressed that support from structural measures can be important provided that pig production is profitable. If it is not profitable, the effect of these measures is limited, as farmers lose the incentive to invest.

**CLITRAVI** pointed out that the impact of Covid-19, outbreaks of ASF and Russian invasion of Ukraine had the biggest impact on the meat processing industry. Clitravi believes that there is a need to integrate the CAP in a Common Food Policy, providing efficient financial tools intended not only for farmers but also for slaughterhouses and meat processors, According to Clitravi, the entire sector should be supported when in crisis. In addition, support should be available for implementing biosecurity measures inside farms/processing companies, R&I for better exploitation of circular economy, adoption of best practices on a large scale and implementation of cost-efficient models for water, energy and waste management. The promotion of exports is important. Clitravi is of the opinion that exports is an essential opportunity for the entire sector and it does not pose major risks if exploited under conditions of fair cooperation and reciprocity with third countries. Clitravi, like DK, believes that pig farming can fit both small business models or more integrated ones. Nevertheless, the main threats to be mitigated are:

- ageing of Europe's farmers and the consequent need to attract new generations into the business.
- ASF and in general health threats.
- the need of investments to meet the efforts of the sector to become carbon neutral.
- lack of consumers' willingness to pay for the implementation of ambitious targets in terms of animal welfare
- lack of willingness by retail chains to renegotiate contracts with the meat processing industry when there is a need to do so i.e. an increase in pigmeat prices or an increase of energy prices.
- negative image of the sector fed by simplistic media debates.

## **6. Next steps**

The Commission asked participants to send their written contributions after the group meeting, if not done before.

## **7. Next meeting**

25 May 2022

Michael SCANNELL  
(e-signed)

List of participants– Minutes  
**MEETING OF  
 THE EXPERT GROUP FOR AGRICULTURAL MARKETS, in particular concerning  
 aspects falling under the single CMO Regulation –  
 Animal Products**

**Joint with**

**MEETING OF CIVIL DIALOGUE GROUP ANIMAL PRODUCTS**

**6.4.2022**

Member State	Ministry or Organisation
BE	SPWARNE
BE	Vlaamse overheid
BG	Ministry of Agriculture
CZ	Ministry of Agriculture
DK	Danish Agricultural Agency
DK	Danish Ministry of Food, Agriculture and Fisheries
DE	Bundesministerium für Ernährung und Landwirtschaft
EE	Ministry of Rural Affairs
IE	Department of Agriculture Food and the Marine
EL	Ministry of agriculture
EL	Ministry of Rural Development and Food
EL	Permanent Representation of Greece to the EU
ES	MINISTERIO DE AGRICULTURA, PESCA Y ALIMENTACIÓN
FR	FranceAgriMer
FR	Ministère de l'agriculture
HR	Ministry of Agriculture
IT	Ministero politiche agricole alimentari e forestali

IT	MIPAAF
CY	Department of Agriculture
LV	Ministry of Agriculture
LV	Permanent Representation
LT	Ministry of Agriculture
LT	Permanent Representation of Lithuania
LU	ASTA
LU	Service d'économie rurale
HU	Ministry of Agriculture
MT	Ministry for Agriculture, Fisheries, Food and Animal Rights
NL	Ministry of Agriculture, Nature and Food Quality
NL	Rijksdienst voor Ondernemend Nederland
AT	BMLRT
PL	MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT
PL	PERMANENT REPRESENTATION OF POLAND IN BRUSSELS
PT	MA-GPP
RO	Ministry of Agriculture and Rural Development
RO	Permanent Representation of Romania to the EU
SI	Ministry
SI	Ministry of Agriculture, Forestry and Food
SK	Ministry of agricultural and rural development of the Slovak republic
SK	Permanent Representation of the Slovak Republic
FI	Finnish Food Authority

FI	Ministry of Agriculture and Forestry
SE	Board of Agriculture

<b>Organisation</b>
ANIMALHEARTTHEUROPE
CEJA
CELCAA
COGECA
COPA
ECVC
EEB
EFA
EuroCommerce
EuroGroup for Animals
FESASS
FoodDrinkEurope
IFOAM Organics Europe

#### **4 Ad hoc experts present**