



Brussels,
AGRI.E/Ares(2023)2604505

MINUTES

Meeting of the Civil Dialogue Group on Animal Production

2 March 2023

Chair: AGRI E3 Animal Products

The following organisations were represented: Bee Life, CEJA, CELCAA, COGECA, COPA, ECVC, EEB, EFA, EFFAB, EMB, EURAF, FACEnetwork, FEEDM, FEFAC, FEFASS, FoodDrinkEurope, IFOAM, IPIFF, OriginEU.

1. **Nature of the meeting:** non-public

2. **List of points discussed**

(1) Welcome and approval of the agenda

The Chair welcomed the participants, celebrating the occasion of opening a new series of dialogues under the framework put in place from this year onwards. She apologized for the short notice at which this first meeting was called, explaining that, after having already postponed the meeting planned mid-February, it appeared wiser to keep this new date, knowing that having it online was allowing for more flexibility in organisational terms.

One member organization took the floor to express its dissatisfaction with the too short notice. It was supported by two other member organisations in the chat.

(2) Presentation and adoption of new rules of procedure

The chair presented the proposed rules of procedure, going through all articles one by one with the help of a short PPT to make sure that the main aspects are not overlooked. She answered questions on the **language regime** (English as a default but with the firm intention to keep the best possible language regime depending on resources) and the number of **physical meetings** (online by default, but with the search for proposing hybrid meetings to the extent possible, depending on availabilities). The chair also explained that the rules of procedure would be **the same for all the 7 new CDGs**.

No change was requested to the rules but, given that the draft rules had been shared with the group only one week before the meeting, the chair **gave a further week for member**

organisations to come back with possible comments before considering the rules of procedure as formally adopted.

(3) Milk Market Situation and short-term outlook

Milk market situation: the Commission presented the most recent market data. Due to a robust increase in Q4 2022, EU milk collection was slightly higher than in 2021 (+0.004%, +5000 t). In 2022, production increased also in the USA but declined in the UK and in Oceania. Cream, SMP and butter are the only EU dairy products for which production increased in 2022.

After 2.5 years of increase in milk prices paid to farmers, we are now seeing the beginning of a correction in the milk market. As for dairy products such as butter and milk powder, the price correction in the market has been ongoing for several months. A spectacular rise in these product prices led to a decline in demand for dairy products and worsening competitiveness on the global market where the USA and Oceania offer cheaper supply. General drop of EU dairy exports for all products in volume but increase in value.

Short-term outlook: The Commission presented factors which are likely to impact supply and demand in the global and EU dairy market in the short term, in addition to the economic results (income) of milk specialised farms in 2022 which showed an increase. In particular, energy prices (crude oil and natural gas) seemed to have reached their peak. At the same time, prices of fertilisers also show a decline. Global supply of feed crops shows a mixed picture – a recovery of wheat production is observed in Canada, and Australia (among others) while it is declining in the EU and remain relatively stable in the US. Global maize production is expected to be reduced in 2022/23 while oilseeds production is growing, especially soya beans and rapeseeds.

On global dairy markets, a slow down in production growth could be expected in the US as more cows might be slaughtered due to increasing input costs, while it could recover modestly in New Zealand. The developments in demand in China are to be watched for a global market balance. Considering the decreasing levels of stocks, imports of China are likely to recover in the second half of 2023 according to some reports. In the EU, consumer prices of dairy products are increasing which is impacting the most negatively branded and premium products.

(4) Changing dairy farming structure in the EU.

Based on the results of the latest Farm Structure Survey (2020), EU dairy farms numbers were reduced by almost 40% in 2010-2020 (RO excluded from the sample). At the same time, the average farm size expressed in numbers of dairy cows per farms increased further to more than 50 cows, but the variation among MS is considerable (more than 400 in Czechia, less than 20 in BG). The increase of farms' size was accompanied also by growing efficiency (yields). The figures also showed that the number of dairy specialist farms with standard output bigger than 100 000 EUR is increasing, and this phenomenon is particularly marked in some countries for farms with a standard output larger than 500 000 EUR (e.g. DK, SE, DE, IT, NL). Finally, the distribution of dairy specialist farms per age categories of farmers was illustrated, showing a high share of farmers older than 45 years. Among MS, the lowest share of older age categories (55+) was found among others in AT, PL, FR while the highest share was found in LV, BG, LT and HR.

(5) Implementation and use of the crisis reserve triggered in 2022

The Commission presented the main features of the exceptional adjustment aid adopted in March 2022. The instrument consisted in a support measure worth 500 € million addressing the consequences on farmers of the war in Ukraine, notably the input cost surge and trade disruptions. It implied the use of the crisis reserve (350 € million). Member States could top up their envelopes with national budget up to 200%, resulting in a potential budget of 1.5 billion € (according to Member States notifications, the national top ups would be in the range of €700 million, so the total budget mobilised reached € 1.2 billion).

The most targeted sectors are livestock and fruit and vegetables, and the main eligibility criteria chosen is ‘environmental/climate friendly production methods’.

An overview of the measure is available in the Europa website (https://agriculture.ec.europa.eu/system/files/2022-07/ms-distribution-exceptional-package-500mil_070722_en_1.pdf).

Member States will notify by 15th May 2023 the total amounts paid per measure, when applicable, broken down by Union aid and additional national aid, the number and type of beneficiaries and the assessment of the effectiveness of the measure.

(6) EU School Scheme – state of play.

The Commission presented preliminary data from the annual monitoring reports submitted by Member States by 31st January 2023. Around 17,4 million children would have participated in the scheme in school year 2021/22 (vs around 16 million in previous year). The budget for milk and milk products was executed by 69%.

The Commission also informed about the state of play and planning for the review of the school scheme, as foreseen in the Farm to Fork strategy. The objective is for the Commission to adopt a proposal (for the amendment of the CMO Regulation) by the end of 2023.

3. Next meeting

The next meeting of the CDG on Animal Production will take place on 31 March 2023.

4. List of participants: attached.

(e-signed)

Pierre BASCOU

List of participants– Minutes
Meeting of the Civil Dialogue Group “Animal Production”
2 March 2023

Bee Life – European Beekeeping Organisation
CEJA - Conseil Européen des Jeunes Agriculteurs / European Council of Young Farmers
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
EEB - European Environmental Bureau
EFA - Eurogroup for Animals
EFFAB - European Forum of Farm Animal Breeders
EMB - European Milk Board
EURAF - European Agroforestry Federation
FACEnetwork - Farmhouse and Artisan Cheese and Dairy Producers' European Network
FEEDM - Fédération Européenne des Emballeurs et Distributeurs de Miel
FEFAC - European Feed Manufacturers Federation / Fédération européenne des fabricants d'aliments composés
FESASS - Fédération Européenne pour la Santé Animale et la Sécurité Sanitaire
FoodDrinkEurope
IFOAM - International Federation of Organic Agriculture Movements European Regional Group
IPIFF - International Platform of Insects for Food and Feed
ORIGINEU - Organisation pour un réseau international d'indications géographiques