

FINAL MINUTES

Meeting of the Civil Dialogue Group Animal Products – Pigmear Sector

Date: 30/10/20

Chair: Francois-Regis HUET (Copa-Cogeca)

Organisations present: All Organisations were present, except Bee Life, BEUC, Birdlife Europe, EFFAT, EFNCP, EMB, EPHA, ERPA, IFOAM Organics Europe

1. Approval of the agenda

The agenda was approved as circulated.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed [Name of each point, one by one]

1/ Information and exchange of views on pig meat and pig meat processed products market situation:

a) Market situation and forecasts – see presentation No 1 (Ms Petra Vinckier)

Commission services from DG AGRI G.3 presented the EU pig meat market situation based on the most updated data available, including the latest livestock survey figures (May/June 2020) and the forecasts for production submitted by the experts. The latest figures from the first two quartiles of 2020 show a decrease in pig slaughter compared with the numbers in the same periods last year. Experts forecast more stability in the second part of the year. They assume that there will be a small decrease in production. There are also some elements of uncertainty in the market. We need to consider that there was no reaction (for the survey) from some important producing countries as e.g. the Netherlands, Belgium, and Portugal.

Production in the EU between January and July 2020 declined compared to the same timeframe year before – 1,2% in the number of animals and 0,3% in weight. In Spain and Denmark, more animals were slaughtered. The common production declined due to decreases in Italy, Poland, Germany and France. Slaughter weights were mainly lower in Italy and higher in Spain and Denmark.

The evolution of pig and piglet prices was presented compared to the previous week, month, and last year: in week 43 the EU average prices were almost 22% lower than last year. We need to consider that we had very high prices in October last year, but current

prices are also significantly below 5 years average – the average price for Class S-E in week 43 stood at €145/100 kg. Costs for piglets were €34,5/head which is 35% less than the same time last year. The pig prices were influenced by the closure of the HoReCa sector following the Covid-19 pandemics and ASF-outbreak in wild boar Germany in September. Since then the prices are stable. The future is uncertain. In some MS a lot of restrictions are again put in place. Surprisingly, the prices in Sweden were higher than last year.

Closer look at the German market shows, that the issues due to ASF-outbreak, Covid-19 pandemic, following by reduced slaughter capacities had a negative impact on the meat and piglet prices. Consequently, we could also observe a drop in piglet prices in the Netherlands and Belgium. Prices stayed stable in Portugal and Italy and went even slightly up in France. In the last week, we could observe a huge drop in piglet prices from 45€ to 32€ in Poland. Prices are forecasted to go further down this year and at the beginning of next year, but after that, they will rise again.

When observing the remainder in pig production, we can see a yearly fluctuation pattern. Even at the beginning of 2020 when the prices were very high, the remainder was not great due to immense piglet prices. The remainder stayed around the average level.

The trade balance was again very positive for the EU. We had a lot of export and the imports stayed small. Imports are coming almost exclusively from European countries like the UK and Switzerland. The imports from the UK are little compared to what we export there.

On the world market, we can see that China is still the top importer and it almost doubled the amount imported from the last year. We need to take into consideration that they do not have ASF under control. Asia is staying the main importer.

China imports two thirds its pig imports from the EU, followed by the US, Canada, and Brasil. The main EU-exporter to China is Spain with 27%, followed by Germany with 25% and Denmark, the Netherlands, and France coming after. EU exports to China have grown for 70% compared to the same period last year. German exports are now banned in several 3rd countries although ASF was only found in wild boar. That might have serious consequences with China being our main trade partner. Trade-flows might change, but unfortunately the available data only went until the beginning of October.

The trade diagram shows that EU exports increased over the last two years. Between January and August 2020, we have +20% in volume and + 40% in value compared to last year. Exports grew for almost all main producers, mostly due to rising demand from China. The EU prices have been the highest for a long time, but prices from the US, Canada, and Brazil have been rising. Brazil now has higher prices than the EU, Canada similar, but the US is still lower.

Discussion

Copa-Cogeca stressed the difficult situation on the market. There is probably no other sector, where prices would fall for more than 20% in 7 months or 35% in a year. The only comparable crisis in the agricultural sector would be mad cow disease in 2000. He did not agree that the prices in Germany are €135/100kg as presented before, but he has information about €127/100kg. Currently, we are losing our export capacities to the Asian market. All the eyes are focused on Germany. He did not agree that the ban of German exports to some countries did not have an impact on the markets in southern

Europe. In the last two weeks prices there were starting to fall due to the pressure from live pigs from Belgium and the Netherlands. In Germany, thousands of pigs are waiting to be slaughtered, which is not only economical but also a welfare problem and needs to have a solution. Feed prices and consequently production costs are rising, which puts even more pressure on farmers. Copa-Cogeca insists on the need for an agreement with China and regionalization first for Germany and then for the whole EU. Copa-Cogeca is not asking for any supporting measures for now, but we need to take in mind that prices in many MS are below the production costs.

b) Animal feed market situation – see presentation No 2 (Mr Gabor Zsugyelik)

Commission services DG AGRI G.4 presented an update of the feed market situation. Both cereal and oilseed prices increased sharply. Most of the stocks in China and India are not available for the market. Maize production increased by 4% and demand by 7%. Stocks declined to 7 years low. Wheat prices increased by 5-10%. There is a strong demand from major importers, but also dry conditions in some countries. Maize prices increased even more sharply by 20% over the past months. There is strong demand from China where pig herd is growing quicker than expected.

EU production forecast for cereals usable production has a total of 271 million tons. Maize is forecasted with 60 million tons (-14%), Barley with 54 million tons (-1,3%), and soft wheat with 116 million tons (-11,7%).

World soya production is at the record for more than 10 years. Demand is still driven by China.

Discussion

Copa-Cogeca explained the high prices in Sweden mentioned before. Since 2014 they have had very stable prices due to the strong demand for Swedish meat by consumers.

FESASS underlined that the tense situation on the market is not reflected in the figures. Pigs are moving from country to country to be slaughtered and this was never the case before. The meat is being offered to China for cheap prices. With the current development around Covid-19 pandemics, major lockdowns, and closure of the HoReCa sector, the situation will get even worse in the future.

EEB asked why EC is not regulating the number of pigs being produced, since the production is unsustainable. EC should urge to end the barriers between environment and animal protection.

European Commission highlighted that no one of the participants asked for market measures. The commission is following the market closely and intervention is not appropriate at the moment. Regarding the regulation of production, the EC remembered of the free trade. A decline in production has been seen. The decline was driven by the current market situation but is also a consequence of environmental restrictions and animal welfare regulations which make production more difficult.

2/ Animal Health

a) ASF in the EU and worldwide (Mr Francesco Berlingieri)

ASF has been causing problems all over the world. Only this year there were outbreaks reported in Russia, China, India, Vietnam, Indonesia, and the Philippines. In Europe in 2017/18 outbreaks were also reported from Romania and Bulgaria. In Estonia, Hungary, and Belgium the disease has been limited to wildlife only. In October 2020 cases were reported from Germany, Romania, and Poland. In Germany, for now, only wild boars were affected. There are two main areas along the Polish border. The regionalization was adjusted consequently. There were many different initiatives to limit the spreading as border control, financial support, and awareness campaigns. A lot can also be learned from the Czech Republic, which is not under restriction anymore, and Belgium, which is going the same direction. Both countries succeed due to different measures as hunting ban, specific fences, understanding the limits of tools, and cooperation with different sectors. EC continues to work closely with the neighboring counties.

The main challenges regarding the ASF situation are the sustainability of pig farming, which needs to go in hand with the professionalization of the sector, wild boar management and surveillance to understand the disease. The work on the vaccine continues. International principles of regionalization have been recognized by some trading partners and need to be further promoted.

Discussion

FESASS stressed the importance of regionalization and reminded about the problems of pig farmers within the restriction zone. He asked if they can sell pigs and if the prices have been compensated. Additionally, he raised concern about restriction movement due to Covid-19, which negatively impacts the hunting activities, since fewer pigs are hunted. Also, he asked about the rules a possible ASF-vaccine will have in terms of international trade. There is already an existing vaccine in China, and it will need to be examined how it affects the animals.

Copa-Cogeca voiced that if the EU is making zones, they need to provide compensation for farmers who are harmed by that. Lithuania achieved permission to get the compensations and it helped farmers to survive. This should be a common practice.

FoodDrinkEurope asked if the EC has any more information about the ASF-situation and if they will be able to control it?

European Commission (DG Sante) continues to advocate regionalization in 3rd countries including China. Other DGs (Trade) are having similar initiatives and a specific point will be raised on the next SPS of WTO. German farmers in the endangered zone are impacted by a prohibition of movement, exhibitions, ... The infected area is currently applied under directive 2002/60, but measures are already in place. The commission advises on hunting strategies (it gave a mandate to EFSA on that topic) and also invited the MS to develop specifically tailored programs. It is hard to define the consequences of moving restrictions due to Covid-19 to hunters in connection with ASF. A risk-assessment on that topic would be needed. EFSA's opinion is that professionals are more reliable. It needs to be distinguished between hobby hunters and professionals. On the topic of the vaccine, the commission agreed, that it requires recognition of international trade. Trade should not be penalized, but this depends on the vaccine being used. More research is needed. Regarding compensation for zone-division commission agreed on the essentiality of the support. Measures from emergency funds are foreseen from SANTE side, market support is managed by AGRI.

4/ Animal Welfare

a) Presentation by Mr Gé Backus of the main outcomes of the recently concluded COST Action IPEMA (Innovative Approaches for Pork Production with Entire Males).

Mr Backus presents the outcomes of the IPEMA webinar where it was pointed out, that the process of moving towards alternatives to surgical castration is irreversible, even if solutions are different in different MS. Market acceptance depends on boar taint and fat quality. The two possible alternatives to surgical castration are raising entire male and immunocastration. He specifically addressed immunocastration in organic farming. Immunocastration is a reversible process that affects the hormonal system but has no hormonal activity. For the pigs, it is less stressful than castration and 80% of consumers accept it when they are informed about it. Although, the last is easier said than done since the information often does not reach the consumers. Both alternatives are a compromise between performance and quality. Costs and benefits need to be shared in a fair way, which is not the case today.

Mr Backus stated three main animal welfare issues in pig production – castration, tail docking, and farrowing crates. They all have different bottlenecks. The issue of farrowing is mainly connected to the high investments and compensation of the market. Regarding tail docking/tail biting we are lacking in knowledge. The specific ways of castration do not everywhere have the acceptance of the market. The safety net on the slaughter line is crucial.

Summed up, ending piglet castration is a long-term process and it requires efforts from the whole supply chain. All the solutions must be science-based.

Discussion

CELCAA explained that distributors are still asking for castrated pigs, but on the other side consumers are complaining that pigs are too lean. Boar taint is even a greater problem when exporting to Asian markets. Consumers need to accept the fact that pigs need to be castrated.

EuroCommerce observed that in the presentation Mr Backus told that the meat with boar taint can be mixed with other products. EU Regulation 2004/854 says that meat with boar taint is not suitable for consumption. We asked for this phrase to be deleted. Is this ever going to change?

Copa-Cogeca expressed his surprise about the statement of Mr Backus that castration will expire. He believes that this decision should be met by the producer. Germany is already using Isoflurane and will be followed by other countries to make castration as painless as possible. Immunocastration is not suitable for all the breeding and marketing systems.

Copa-Cogeca believes that there will be no other option than to end the castration without stunning. There is no single procedure suitable for everyone, therefore opportunities for immunocastration needs to be provided. In Germany vets, animal welfare organizations, and consumer organizations are in favor of immunocastration. The only question is the consumers' perception. Diverse measures should be allowed, but immunocastration needs to be considered.

Ge Backus agreed that there is no easy solution, and it would be a risk to only have one alternative. In his presentation, he only presented immunocastration from a scientific

perspective and concluded, that consumers' perception is a challenge. The legal framework is still an issue.

DG Sante underlined that legally speaking, directives already only allow castration under 7 days without anesthetics. When it comes to health and safety regulation, the commission has already tried to change the criteria for carcasses, but the proposal was denied by the MS. He believes that including sustainability in the castration debate would be very interesting since it also has an impact on certain emissions. To reach the sustainability, different practices should be accepted. He reminded that there is a process of revision that will be done on the whole text. The directive of pigs is important, and the question of castration will likely come back in the debate. There should be a common position by then.

EEB reported that organic production in France refuses immunocastration with the explanation that it is not allowed by the EC. After hearing the presentation, she could not imagine that to be the case.

DG Sante explained that this is a matter of DG Agri, but as far as he knows the current organic regulations are not allowing immunocastration.

5/ Market transparency (Mr Davide Nicodemo)

EC is trying to improve the position of producers in the supply chain. There are already accurate prices and market information on the input and carcass side, but there is no information on prices after the cutting plants. EC will be asking the MS to provide new prices of cuts (shoulder, belly, loin, ham) and minced meat, but also buying prices for minced meat from retail and food business operators. Those will not be average, but only representative prices. Minced meat was chosen since it seems to be a good indicator. The MS will decide themselves on the methodology and definition but need to notify the EC about it. With the information, operators will be able to make better and performed decisions. It will be publicly accessible on the Agrifood-data portal. The information will be useful especially in the case of crisis or market disturbances and will allow to intervene quicker.

Discussion

Copa-Cogeca asked if the price will be only B2B price or is the consumer price?

EC explained that currently, they will only be able to provide B2B prices. The reason for that is that they would like to keep the burden for national administration low. The discussion will continue in the next months.

6/ Trade (Mr Hans Joostens)

a) Market access (including Covid situation)

The EU extended trade facilitating measures (accepting scanned copies of certificates, e-certification) to the first of February 2021. The markets for Agri-Food are kept open. On SPS matters it can be mentioned that exports are affected, however only a very limited number of countries-imposed trade restrictions due to Covid. Some countries released trade-restrictive measures to live animals, but most of them have already been lifted. There were some restrictions from China, which was testing imported products on their side. If a case was tested positive for Covid-19 virus particles, it had consequences for

the establishments (ban of importing). This is going to be raised at the WTO SPS next week. The most important barrier for EU exports of pigs and pig products is due to ASF. Many trade partners released restrictive measures for those countries with ASF cases regardless if it was found in domestic pigs or only within wild boar population. EC prioritizes regionalization recognition by main trading partners and the focus now is on lifting the bans and preventing of that new bans are imposed. It is important to do so since ASF can spread to other countries. All the possible platforms need to be used to reach the regionalization. The focus certainly lies in China, Japan and South Korea. Countries that recognize regionalization are Canada, Chile, the US, Hong Kong, partially also Ukraine, Singapore, and Vietnam. There have been difficulties reaching that in China, Japan, South Korea, Mexico, and Malaysia. Recently we have seen some positive developments in the Czech Republic which declared free in February 2019 and Belgium which recently self-declared its freedom of ASF. The Philippines already lifted the ban for Belgium and hopefully, others will follow. The ban on imports from Germany was a pattern we have seen before with countrywide blockage of trade by several main trading partners. Bilateral discussions with e.g. Japan, China and Korea continue to take place. Korea is willing to start an assessment of regionalization in Hungary, Belgium, and Germany but not on Poland since the ASF is still spreading there. We got some positive signals from China. The exchange is better than before but there are no concrete results yet.

7/ CAP and Farm to Fork Strategy (Mr Michael Scannell)

The Green Deal, Farm to Fork Strategy, and combating climate change are high priorities of the agenda of Ms Von der Leyen. She has her support from the MS and the EP. At the council meeting in Luxemburg, the MS agreed on a general approach. At the same time also EP adopted its position on the CAP. The trialogue will begin in middle/late November. A big measure of the success will be to which extend they will be able to include the goals from the Green Deal and Farm to Fork strategy.

Current development will influence the market and the way of farming and trading. Therefore, they are also important for the pig producers. Ms Klöckner as the president of the Council is very ambitious on the agenda of animal welfare. Tail docking and live animal transport are very important issues for the sector. There will be some proposals. At the same time better enforcement of existing laws is needed – consider tail docking. All the relevant sectors will be asked to contribute to the reduced use of antimicrobials. That will require cooperation from the pigmeat as a significant user. EU also has high ambitions in climate change which is not the case for some of our trade partners. That will affect animal feed and imports from 3rd countries. EC initiatives that our high standards should not be undermined by the imports. That will have an influence also on imports of feed (maize, soya). We will need to seek sustainable sources.

The position of the farmer in the food chain will need to be straightened and costs reflected by the prices received by farmers. Transparency in relation to prices needs to be improved. Consumers need to be prepared to pay for the products they are asking for. Europeans eat too much animal protein. DG Agri insists that our products are safe and high quality, but we have a problem with obesity and citizens need to eat more food and vegetables. We do not want polemics on that topic.

Covid crisis showed how vulnerable our market is to disruptions. We need to be careful moving forward. We need to ensure that consumers can rely on safe food.

Discussion

Copa-Cogeca commented that Farm to Fork Strategy will have a big impact on our production, and we are open to discuss it. Copa-Cogeca has a document on animal welfare in Farm to Fork and can present it to the Commission. It needs to be considered that farmers are asked to make big changes, so they need time and resources. If we have a big increase in production costs, we cannot guarantee the food security. Pigmeat sector exports about 18% of its production, therefore we are not allowed to have too high costs which would make us unable to compete. Other countries are not respecting European standards of production. EU has the highest standards in the world, but we cannot impose imports only on political measures.

EC told that it would be a mistake to think that those initiatives will not take place. European measures are science-based, and Europe will respect its international obligations. All proposals will be accompanied by an impact assessment. The market also rewards farmers for providing higher standards. On the international level, Europe needs to persuade the trade partners that climate change is a problem. The developments in China and the US show that we can make a change.

Copa-Cogeca explained that Finland was reducing its use of antibiotics very successfully. She asked if EC is preparing some rewards for those countries. It is hard to lower the use to zero.

Copa-Cogeca expressed that farmers are prepared to do a step further, but it is important to do it simultaneously in all the MS not to “destroy” the single market. Farmers would probably be ready to participate when the burden is the same for everyone.

Copa-Cogeca questioned the carbon initiative adjustment mechanism. He attended the discussion from EC. There was a question raised on how to ensure that the steel production in the EU would stay competitive regardless of their higher production costs. The EC answered that one of the things they were considering is compensating export. Mr Kam expressed his scepticism about the export refunds.

Copa-Cogeca reminded that there is still a problem with eggs from Ukraine in Lithuania. Nobody is controlling the flow from abroad, although Ukraine is not reaching EU standards. The origin of the eggs is written on the package, but this does not seem to be a problem for consumers. The second question raised by Mr Baravykas was on tail docking, which is already illegal but still used by 95% of EU-farmers. Higher and higher standards but lower and lower prices do not help animal welfare and climate.

EC answered that they acknowledge efforts from Finland. Most of them were their own ambitions, similarly as in Sweden and the Netherlands. They did not wait for the EU, but now the action will be taken on the EU level. Those countries have already adopted and have experience. The EU will require all the major exports of animal products to the EU to deal with the issue of the use of antimicrobials. Regarding the question from Mr Schlederer EC explained that single market is the main principle. All the key factors are the same for the whole EU, unless some countries do not apply the legislation right, you are not exposed to unfair competition in Europe. EC is warning MS that does not do things quickly enough. This will have consequences including access to the single market. EC answered that export refunds are not possible due to WTO obligations. They are very expensive and would destroy our trading relations. About the eggs coming from Ukraine, the EC answered that in the past those eggs were not sufficiently labelled, so there has been some progress made. Legally, they have access to the market, but the access is still relatively limited. Europe needs to allow imports if it wants to export. If

Ukrainian eggs meet European standards, they have access to the market. Ukrainians do not reach our standards when producing pigmeat. There we have a huge surplus.

8/ EU-UK FTA negotiations – state of play (Ms Brigitte Misonne)

The transition period is ending at the end of the year. New procedures will need to be prepared whether we reach a deal or not. There were intense negotiations over the past few days. The last possible time to reach an agreement would be by the end of October. We are in a hurry since we need some time for ratification of the possible agreement. There is no possibility to prolong the transition period. We are aiming for a zero-tariff zero quota, but even perfect agreement would have controls on the border. There need to be checklists made for companies doing business with the UK. There is high importance of food laws, GIs, TRQ, and organic regulations.

The UK is our first trade partner, but we are also important to them. To have access to our market UK establishments will need to be approved. If there will be no deal also tariffs will apply on the border. TRQ will come into force on the 1st of January.

When it comes to pigs, the UK imports all pig products from the EU-27 (99,8%). The UK only exports live animals (but a small share). 15% of their pig exports go to the EU. European self-sufficiency at the moment is 125% or 118% according to Mr Tavares, but the UK only has self-sufficiency of 61%. Therefore, the EU is increasing its self-sufficiency and will need to export more. Most concerned by the UK leaving is Germany (21% of origins for UK imports of pig products), but also Ireland, Denmark, the Netherlands, and Poland. UK exports its products to Ireland (29%), followed by China, the US, and Hong Kong.

Discussion

Copa-Cogeca explained that Ireland is the UK's greatest export market since pigs produced in Ireland are sometimes slaughtered in Northern Ireland and then brought back to Ireland.

Copa-Cogeca raised a question about the negotiations on the agreement and asked if an agreement in two days (until the end of October) could still be possible and if there is any other possibility for an agreement.

EC explained that the agreement would still be possible by Sunday 1.11. latest. In the case, that agreement will not be reached, there will still be commitments to stay around negotiating tables and try to reach something. Every day there is less time to ratify the agreement which increases uncertainty. No one knows what to plan. Businesses need to register to trade with the UK, get required authorizations, veterinary certificates, and be approved by the UK authorities. This will apply whether we will have an agreement or not. The only change will be if we will need to pay money when importing /exporting.

EuroCommerce stated a question about the border control posts. Nowadays trade with the UK mainly goes through ports in France. In the future trade will be more complicated (custom duties), but it will continue. Border control posts on the canal need to be authorized. In the past, we could benefit from the regulation 2019/1014. He raised a question if the list of ports that can import unpacked pigmeat will be updated. Only a quick update will allow transport via these channels to continue.

Copa-Cogeca explained that there is only one border control post outside the UK, which is in Spain. The UK has trying to provide options for setting up border control posts. Calais is authorized for horses, pets, chicken, but will not be seeking authorization for pigs and ruminants. The costs of setting up the necessary infrastructure are too high. There are ongoing talks to other ports. The situation is worrying, but for now, there is no decision whether border control posts will be set up or not. There are some at airports, but that is very expensive to move meat and livestock.

EC thanked for the information. There is some room for maneuver for the MS in this area. EC will keep eye on the development. Main countries close to the UK – France, Belgium, Ireland, and the Netherlands have invested a lot to ensure that the flow of goods continues, but there is still a lot to be done for certain products.

9/ AOB

a) Livestock study (Mr Davide Nicodemo)

EC published an external study “Study on Future of EU livestock: How to contribute to a sustainable agricultural sector?”. The study is very broad and also discusses the role of relevant policies as CAP and Farm to Fork strategy. Its goal is to debate the sustainability and importance of the livestock sector. It informs, that EU production is efficient in comparison with other countries and it can be a part of the solution. Animals play a big role by utilizing resources that are otherwise wasted.

4. Next steps

Guidance

This part of the minutes should provide comprehensive information on next steps, as agreed during the meeting, including on the issues to be discussed in future meetings, the tasks to be performed by the group and the general timeline.

5. Next meeting

Guidance

This part of the minutes should include information on the date of the next meeting(s).

6. List of participants - Annex

Disclaimer

"The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the

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List of participants– Minutes

Meeting of the Civil Dialogue Group Animal Products – Pimeat Sector

Date: 30/10/20

MEMBER ORGANISATION	NUMBER OF PERSONS
AnimalhealthEurope	1
EuroCommerce	2
Eurogroup for Animals	1
European agri-cooperatives (COGECA)	8
European Coordination Via Campesina (ECVC)	1
European Council of Young farmers (CEJA)	1
European Environmental Bureau (EEB)	1
European farmers (COPA)	8
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	8
Fédération Européenne pour la Santé Animale et la Sécurité Sanitaire (FESASS)	1
FoodDrinkEurope (FoodDrinkEurope)	5