

Report of the Civil Dialogue Group (CDG) on Animal Products sector “Poultrymeat and Eggs”

Date of meeting: Tuesday 10th March 2015

Chairing the meeting: Paul Lopez

Commission Services represented by DG AGRI, DG Trade and DG SANTE

1. Approval of the agenda and the minutes of the meeting of 9th October 2015

The minutes and the agenda were approved as circulated.

2. Approval of rules of procedure

The rules of procedure were approved as circulated. The Commission informed on the re-examination of the composition of the forecast working groups on beef, pork, sheep meat, etc. The forecast working group on poultry and eggs shall be composed of 36 experts. One from each Member State but in the case of PL, FR, UK, DE, ES, IT, NL and BE, two experts can participate. These 8 Member States are the biggest producers and the participation of two experts is justified by the separate functioning of the poultry and egg markets. The EU associations are invited to propose an expert and substitute (replacer) experts by the 31st March.

3. Civil dialogue group on animal products - Exchange of views on Strategic agenda

The Chairman thanked the group for all the comments received so far on the strategic agenda and informed that this document would be circulated to the CDG via CIRCA for final comments (deadline 3 weeks). The document is expected to be approved in May in the meeting of the CDG on beef. This document will serve as a basis for the work of the CDG for the next 5-7 years, but can be re-visited at some point.

The Commission clarified that the agenda of each meeting needs to be targeted according to the competence of the CDG. Point that would be more specific to another group (e.g. international aspects, promotion, quality,...) will be discussed there. It is the responsibility of the Chairmen to set the agenda in cooperation with the stakeholders under the supervision /acceptance of the Commission services.

4. Market Prospects – Latest information on the market situation for poultrymeat and egg and feed market

Two representatives from the Commission’s services (DG AGRI) presented the market situation for poultry meat and egg market, following the slides sent out to the members of the AG prior to the meeting and available on CIRCA and http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm. The key points presented were as follows:

Eggs and poultry

Poultry consumption in the EU increased by 2.1 % in 2014 but this trend is expected to continue in 2015 (1.7 %). EU Broiler production is expected to increase by 1.9% (11.1 million tonnes) in 2015. The weekly EU average broiler price is currently high and slightly above the EU average price of the last five years, when compared with historical records (around €186/100 kg). Moreover, it is expected to increase in the next months reflecting a seasonal upwards trend until the high consumption season (summer).

Imports of poultry meat (carcass weight) in 2014 increased by 0.5% (753 thousand tonnes) and are expected to increase by 4.9% in 2015 (790 thousand tonnes). The main sources of poultry meat imports in 2014 were Brazil which accounted for 59,6% and Thailand 29,9%. In 2014, exports of poultry meat (carcass weight) from the EU decreased by 3.4 % and are expected to continue this trend in 2015 (4,0%) as the euro is depreciating, increasing the competitiveness of

our exports. The major recipients of EU exports were South Africa which accounted for 13.5%, Benin 10.9%, Hong Kong 9.0% and Saudi Arabia 8.2%.

Egg consumption in 2014 stagnated but this trend is expected to change in 2015 (0.8%). EU gross production of eggs is expected to increase by 0.2% in 2015. In 2014 and in first weeks the weekly price of eggs followed very closely the average of the last 5 years (2010-2014). The price is expected to increase in the coming weeks due to the Easter period but later on is expected to remain at a similar level to the average of the last five years.

In 2014, export of eggs and eggs products increased by 6.5% but this trend is expect to change in 2015 (-3.8%).

The animal feed market

The representatives from the Commission's services (DG AGRI) presented the market situation for feed market, following the slides sent out to the members of the AG prior to the meeting and available on CIRCA and http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm. The key points presented were as follows:

- The end stocks have been the highest for 15 years. There was a strong increase of feed use of wheat in 2014, due to low prices and quality problems in Europe.
- There was record production in 2014 of maize so there was a big surplus. The ending stocks were highest in 27 years.
- The prospects for 2015/2016 show a decrease in total grains of -3%; Russia and Ukraine in particular will decrease their production. For 2015/16 EU and global wheat and maize production will be down but from a record production in 2014/2015.
- World cereal prices will start to rise in the near future, but still remain quite low.

Exchange of views on market situation

The representative of producers pointed out that the export situation in general was good but the presentation was lacking data concerning specific products (e.g. the type of product that we used to export to Russia). He also asked for the parameters used to calculate the margins of producers (e.g. farm gate price). He concluded his intervention by asking for information concerning the use of the TRQs by Ukraine.

The representative of animal welfare NGO's asked the Commission to present additional information on "age of the animal when slaughtered", "on type and evolution of the methods of production". The representative of environmental NGO's asked the Commission to include data on environment and labour (e.g. understand patterns of salaries in the sector).

The Commission representative clarified that some Member States (MS) haven't send all the information on due time (e.g. France), so there is a certain limitation in the quality and quantity of statistics provided. The information on slaughter is collected by Eurostat and sent by the Member States and they have the obligation to declare number of animals for slaughter for other meats other than poultry. Concerning the type of production in the poultry sector, unfortunately Commission services don't have this type of information, only concerning number of chickens per holding which is updated regularly. He reminded that this type of information is available for the eggs sector because it's a legal requirement. The inclusion of more precise statistical information would require extra administrative burden and financial resources in order to obtain this data. The Member States have been reviewing the type of data they collect. The Commission representative continued his clarifications saying that when calculating margins he tries to understand the patterns because is not able to collect data at farm gate. Concerning the TRQs and Ukraine the Commission representative informed that Ukraine used around 163 tonnes of industrial eggs and they have sent only to one country and therefore these exports are very limited.

5. Presentation of the report on Competitiveness of Poultry sector (2011-2013)

The representative of Poultry Processors and Poultry Trade presented the report on Competitiveness of Poultry sector (2011-2013) following the slides sent out to the members of the AG prior to the meeting and available on CIRCA. The competitive position of the EU has rather done down in 2013 compared to 2011, due to unfavourable development of feed price in the EU. The speaker mentioned that there are differences between standards of production in the EU and US (e.g. animal welfare, use of antibiotics). In the EU, processed animal proteins (PAPs) are not allowed and we have to import most of the protein (feed). He also underlined the importance to respect the single pocket approach and the importance to have an equal fair allocation between the different cuts. The speaker thinks we should work on quality assurance schemes and promotion.

The representative of animal welfare NGO's pointed out that in principle exports to the EU should respect EU regulations and the slaughterhouses of third countries are inspected by the FVO.

6. Presentation of the study on Competitiveness of Egg sector (updated figures)

The representative of egg packers, egg traders and egg processors presented the study on Competitiveness of Egg sector (updated figures) following the slides sent out to the members of the AG prior to the meeting and available on CIRCA. The speaker underlined the fact that there has been an increase of costs when moving towards enriched cages and that none of our main competitors have national legislation on laying hens. Therefore import levies are a legitimate protection to keep unfair exports out. The EU is most vulnerable in the whole egg powder. This delegate recommended that the Commission should be realistic by take the approach of fair trade instead of free trade treating this sector as sensitive in trade negotiations.

7. Medium-term outlook for poultry and eggs markets 2014-2024

The representative from the Commission's services (DG AGRI) presented the medium-term outlook for poultry and eggs markets (2014-2024) for poultry meat and egg, following the slides sent out to the members of the AG prior to the meeting and available on CIRCA and http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm.

Exchange of views on Medium-term outlook:

The representative of egg packers, egg traders and egg processors underlined the importance of reliable and updated data. He has shown concerns that this outlook doesn't include data concerning the most recent FTA's agreements and ongoing negotiations. Therefore it's difficult to take these numbers seriously. Nevertheless it can be a tool to understand the potential for future developments. This delegate underlined the importance of veterinary certificates, which are an essential tool to allow the sector to compete in the world market.

The representative of Poultry Processors and Poultry Trade criticised the optimism of the outlook in terms of the forecast for higher consumption, imports and exports. He believes that in result of the different FTA negotiations, imports will reach EU market and replace EU production of broilers and turkeys creating a surplus that will not be accompanied by the internal demand.

8. Alternative markets

a) Exchange of views on main SPS priorities following Russian ban and the export restrictions following the recent outbreaks of avian influenza

The representative from the Commission's services (DG TRADE) presented the table summarizing the list third countries that have imposed restrictions following the recent outbreaks of avian influenza, following the slides sent out to the members of the AG prior to the meeting and available on CIRCA. She also informed that Chile has agreed on facilitating the procedure for Member States applications.

The representative of producers finds it important to maintain negotiations with the Russian Federation in order to re-open the markets. He also expects the currency exchange ratio to change in the future in detriment of EU exports. These variations in the exchange ratio will also play a fundamental role should the Russian market re-open. This delegate foresees some challenges within the TTIP negotiations and expects the Commission to protect EU production standards. In the other hand we should be more offensive in the upcoming markets in Asia and Africa.

The representative of environmental NGO's is convinced that the sustainability of EU production includes animal welfare and more transparency. Concerning the imports of products the Commission has a vital role to maintain our standards on rabbits, eggs, turkey and other poultry species.

The Chairman concluded by underlining the sensitivity of both sectors and the need to maintain our high standards of production in order to assure sustainability of the production.

b) State of play on antidumping measures taken by South Africa

The Commission representative informed that South Africa has introduced provisional anti-dumping duty of 22% for NL and UK and about 70% for DE. She continued by informing that South African didn't accept regionalisation proposed by the Commission, following avian influenza outbreaks in the EU.

The producers representative from the affected countries debriefed on the impact on the market and underlined that these events together with the end of export refunds and the Russian ban are causing difficulties and decreasing the price of these cuts in the internal market.

9. Divergent Speed in the process of producers in poultry (e.g. beak trimming) in different Member States

The Commission representative informed on the welfare regulation that applies in the EU (e.g. Broilers directive, Laying hens directive).

The representative of egg packers, egg traders and egg processors underlined the difference of practices between the present day and what was widely used in the past. He mentioned that infra-red beak treatment is conducted in the hatcheries at day old and that vaccination is also given to chicks in the eggs sector. He referred that, for example, trimming of some white breeds will no longer be necessary because they tend to be more docile but in other (brown) breeds it may be too early to stop. Trials have been taking place in some countries. For example his organisation was had agreed to financially underwrite some of these trials to pay compensation to the producer if injurious pecking/cannibalism occurred. An important point to note was that the industry does not want to beak trim as this is an economic cost. However, beak treatment is carried out to protect the welfare of the birds. He also reminded that the sector is not supported by the CAP and some consumers have clear preferences among different breeds.

The delegate of the animal welfare NGO's asked about the impact of the Dutch notification and the potential consequences, he would like to know whether this could lead to new regulation. He clarified that his organisation is against all mutilations of all animals. He also thinks that intensive production leads to a lot of stress of the animals.

The representative of environmental NGO's recommended the enforcement of the current legislation as 15 years of funding research should now be put at service of the sectors. The rearing conditions have to be improved.

The representative of producers underlined that the sector is making big efforts to avoid beak trimming and other practices. He also pointed out that this is not a problem only in intensive farms but in all methods of production and sizes of holdings.

Commission clarified that NL intends to introduce a ban on the trimming of beaks of chickens and turkeys from September 2018. The notifications are available at the website accessible to public in case they want to introduce comments or remarks on the ongoing Member States initiatives. According to welfare directives, Member States can apply stricter requirements on animal welfare within their territories while respecting general rules laid down in the Treaties.

10. The review of the marketing standards for poultry meat and eggs

The Commission representative informed that the CMO market organization has been approved. Following the publication, certain texts, including the marketing standards, are being aligned with the Treaty of Lisbon. This is a technical procedure and no substantial changes are foreseen (not changes foreseen regarding breeding methods). The representative continued her presentation by explaining the legal procedures to modify the marketing standards (consultation to two working groups within Commission and Member States). Once the documents are approved the draft legal text should be ready around summer and consequently the adoption of the legal text could take place by Spring 2016. One of the objectives is to reduce the number of legal acts. Finally the Commission representative invited all participants to send their contributions to the Commission.

The representative from the animal welfare NGO's presented his views on labelling of methods of production, following the slides sent out to the members of the AG prior to the meeting and available on CIRCA. This representative underlined that is important to provide information on a simple and clear way and differentiate the differences between companies practices.

The representative of consumers said that consumers have shown interest to know the information on production methods. It's very important to make sure consumer is not mislead.

The representative of producers agrees that consumer needs to have simple, factual and accurate information but was not in favor of changing marketing standards in order to label methods of production in poultrymeat, because could lead to a discrimination of production. Every system is authorized and has advantages and disadvantages but they all produce a good quality product and all methods produce according to very high standards. Currently there are different tools available to provide this information (Label rouge, slow food, animal welfare, organic, etc.;). Producers support voluntary schemes to label methods of production in line with the current practices in different member states. All different methods of production provide good animal welfare.

The representative of retailers pointed out that information in the label should be clear otherwise the consumer will not understand it. He also pointed out that too much information kills the label. This representative asked this type of label to remain voluntary.

The Commission finalized the intervention by informing on the new label rules for fresh poultry meat and the recent developments on labelling of meat used as ingredient.

11. Possibilities to promote national origins under promotion policy. Possibilities, under the promotion policy, to present programs explaining to consumers labelling rules of poultry meat (including the origin labelling rules)

The Commission informed that the point on promotion would be tackled in the CDG on promotion and quality.

12. Exchange of views on the EFSA scientific opinion on the evaluation of the safety and efficacy of peroxyacetic acid solutions for reduction of pathogens on poultry carcasses and meat and the best way to proceed

The Commission delegate (DG SANTE) informed on the main conclusions of the scientific opinion on the evaluation of the safety and efficacy of peroxyacetic acid solutions for reduction of pathogens on poultry carcasses and meat carried out by EFSA (available in EFSA's website). EFSA is in charge of risk assessment, an important step before risk management decision. Currently the

operators are not allowed to use these substances, only potable water, according to the EU regulation. In the US decontamination by PPA is used in about 70% of the cases (other methods used in the US are chlorites 'solutions, citric acid, etc.). . An informative note will be provided to the Commissioner on possible ways to proceed, and in particular the Commissioner is reflecting on the possible use of PAA which might be a possible option in the reduction of campylobacter in slaughterhouses. This representative informed that to date the Commission hasn't taken any decision on the way to proceed with this substance. In addition the representative informed that the Commission is working on a road map on decontamination by hot water.

The representative of the producers believes in the importance of an horizontal discussion in order to take in account the implications in terms of food safety and trade, the options available and how to optimize the EU approach "from farm to fork". There was a (lack) of interest of the EU farming community to use these substances and this representative thinks that imports should respect the same standards of production.

The representative of consumers was not in favor of the use of substances in the decontamination of meat and pointed out that EFSA didn't look at the toxicity for workers on slaughterhouses.

The representative of Poultry Processors and Poultry Trade pointed out that the dossier submitted to EFSA only took in account information collected outside the EU. Political decision shouldn't jeopardise the investment made by the european agriculture sector in EU approach.

13. State of play on recent outbreaks of avian influenza

The Commission representative (DG SANTE) provided a state of play on the epidemiological situation of highly pathogenic avian influenza in the EU. The situation is very complex due to the increasing number of different subtypes causing infections in the EU and worldwide. For virus spread and its possible introduction into domestic poultry flocks wild migratory birds are believed to play a role.. The delegate clarified that the Commission grants a financial contribution of 50% to the Member States' costs for disease control measures such as the value of the animals killed and cleaning and disinfection.

The producer representatives of the affected Member States (UK, DE, NL, HU, IT) summarized the current epidemiological and market situation. They continued informing on the eradication plans and described the epidemiological situation as stable. These delegates pointed out the importance to support financially producers during this period and the need for the Commission to maintain the pressure on the third countries to respect the three months period (period that according to OIE standards third countries have to remove restrictions following the last reported positive case).

14. Exchange of views on Commission's proposal on veterinary medicinal products and medicated feed

The representatives from the Commission's services (DG SANTE) presented the Commission's proposals on veterinary medicinal products and medicated feed, following the slides sent out to the members of the AG prior to the meeting and available on CIRCA. The package (three regulations) was adopted in September 2014. Now it's up to the sector and civil society to inform on the new provisions introduced in the proposals. The proposal is now discussed in the Council and European Parliament (COMAGRI and COMENVI).

Exchange of views

The AVEC's representative asked if the proposal would change the situation on Coccidiostats. This delegate referred to the ban of preventive use of antimicrobial and stop the premix for medicated feed.

The Commission representative dealing with the proposal on veterinary medicines clarified that in terms of terminology, terms such as prevention, prophylactic and metaphylactic uses should be

better defined at a later stage. The Commission representative dealing with the proposal on medicated feed continued by confirming that the Commission proposal foresees a ban of the preventive use of antimicrobials via the medicated feed route. This was welcomed by the Consumers representative, who regretted that the proposal on veterinary medicines is less ambitious in that respect. Furthermore, the Commission clarified that the legal status of coccidiostats remains, -in line with the respective Commission report from 2008, unchanged i.e. they continue to be regulated under the feed additive Regulation. The Commission considers any anti-microbial effect of coccidiostats to be covered with the risk assessment done by EFSA. With respect to mobile mixers, the Commission representative explained that they have to comply with same high quality and safety requirements than the other producers of medicated feed.

The producers representative congratulated the Commission for the effort to keep the coccidiostats under the feed additive regime because they face serious problems due to the small number of medicine products available in the market, in particular in laying hens (90% of products can't be used in laying hens) and other minor species.

15. State of play on the reintroduction of PAPs to monogastrics

The Commission representative (DG SANTE) informed that a method to detect pig protein was found and is being validated. Subject to validation at political level, the Commission could table a proposal by the end of 2015 to allow the reintroductions of PAPs in pig feed. Nevertheless it has been more difficult to find a test for poultry that covers all the species and therefore the validation is not expected to take place before summer 2016. After this method is validated, the Commission would table a proposal and ask for the opinion of the Member States.

16. AOB

none

End of the meeting 17:00

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