

Brussels,
agri.ddg3.i.4(2019)825297

FINAL MINUTES

Meeting of the Civil Dialogue Group Animal Products: “Poultry and Eggs”

Date: 14/12/2018

Chair: Mr Łukasz Dominiak

Organisations present: All Organisations were present, except BEUC, Birdlife, ECVC, EFNCP, EMB, EPHA, BeeLife and IFOAM.

1. Approval of the agenda (and of the minutes of previous meeting¹)

The agenda and minutes of the previous meeting were approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

a. Market prospects – latest information on the market situation for poultry meat and eggs including short term forecast; latest situation on the market situation for feed

Poultry meat

The EU poultry meat output is forecasted to increase by 2.7% in 2018 and 2.1% in 2019. For broiler meat, the increase should amount to 2.5% in 2018 with a 2.3% increase for 2019. Over 80% of EU poultry production consists of broiler meat. Turkey production increase should rise by 1.6% and 0.8%, respectively. Duck production increase in 2018 should amount to 10.5%, followed by a 0.3% increase in 2019.

The increase in total EU poultry production is owed to major EU producers: strong growth is foreseen in PL (more than 4% each year) and FR (over 4% in 2018 and over 3% in 2019), ES is forecasted to increase by 5.8% in 2018 and 2.5% in 2019. IT production declined in 2018, but is expected to increase significantly in 2019. EU turkey production growth is mostly driven by PL. Following the avian influenza outbreaks in 2017, duck production recovered in 2018 in the major duck producing Member States: FR (7.6% in 2018, 1.4% forecasted for 2019) and HU, with over 46% increase in 2018.

¹ If not adopted by written procedure (CIRCABC)

By September 2018 poultry meat production increased in the EU by 3.8% compared to September 2017, and has been on the rise. The placements of chicks hatched for fattening remained on an elevated level throughout the year, with a decrease in September, leading to possibly slightly lower increase in poultry production towards the end of 2018.

The European price for broiler reached the level of 182.81 EUR/100 kg carcass weight following normal yearly curve. For most of 2018 the prices mirrored the previous year's. The EU prices are 25% higher than US prices and double the Brazilian prices.

Brazil is still suffering from the consequences of the 2017 "Weak Flesh" scandal. While in the second part of 2018 prices somewhat recovered, the country has difficulties exporting to important markets – China (anti-dumping duties), Saudi Arabia (new halal slaughter rules), and EU has delisted 20 Brazilian establishments.

The 2018 import data from January to October has seen an increase of 1% as compared to the same period last year. EU mainly imports meat from Thailand, with Brazil in the second place (decline by -26% year-over-year), followed by Ukraine, Chile, and China, which are increasing their import shares.

Ukraine is fully using TRQs allocated for poultry cuts, and since 2017 Ukrainian poultry meat producers are using the liberalized tariff lines for "other cuts". (See below under the section Ukraine – update on the increase in imports to EU.)

EU exports have improved in volume (+7%) and value (+5.5%) compared with the same period (Jan-Oct) in 2017 (when EU exports were negatively impacted by avian influenza-related bans). The main export markets are Ukraine, Philippines and Ghana. Shipments to Vietnam have also increased. There are still persisting problems with exports to South Africa. After a long-lasting investigation, SA authorities imposed a safeguard duty on EU imports at the end of September 2018, which may deteriorate future exports to that destination.

The poultry meat trade balance is positive in volume, while slightly negative in value for the EU.

The delegates noted that the rise of costs of cereals affects the margins of broiler farmers despite the broiler prices remaining strong. The problem of increasing imports from Ukraine under the liberalized tariff lines has been brought up as well. The Commission is aware of the problem.

The Commission finds that the duck production in the EU is in compliance with The Council of Europe's recommendations on duck welfare.

The stakeholders were concerned with the recovering import from Brazil, combined with the new quotas from the Mercosur negotiations, and the increased imports from Ukraine, which together may pose significant threats to the European poultry market. It was also noted that the imports of poultry are much higher compared to other types of meat.

Eggs

For 2019 the total eggs production is forecasted, according to information from the industry, to increase by 1.5%. There is no foreseen decrease of production level in any MS. Total rise in production is forecasted, owing to increases by major producers. The production of eggs for consumption and for hatching, follow the total trends.

As far as holding systems for laying hens are concerned: 53% of laying hens are kept in enriched cages, 27% are kept in barns, 15% are free range and 5% are organic.

As a legal obligation, the number of chicks hatched for laying is reported to the Commission by Member States. Based on this, the Commission makes a forecast on the number of eggs produced in the future. In some Member States there are big discrepancies between the forecast made based on these data and the information received from the industry. While there may be reasonable explanations for such discrepancies, the Commission requested the stakeholders to compare their own numbers with those based on the MSs reports. In case of large discrepancies, the industry was encouraged to see if they can identify the reason for this, and if necessary, discuss the matter with the reporting Member State.

The production forecast of eggs in shell, based on the MSs reports, for the first months of 2019 is not as positive as for the same period of 2018.

At the time of the meeting the prices were following the usual pattern. The prices are reported from packing stations to MSs on weekly basis. According to information from the industry, this trade concerns around 10-15% of the total egg trade. In the USA the peak price before Easter 2018 brought the prices to an extremely high level.

The EU liquid egg and dried egg indexes are for the time being following each other closely and reflect the egg prices.

Compared to last year the imports have increased. For the period January – October 2018, 50.2% of the eggs imported into the EU come from Ukraine, while USA constitutes 24.6%. This marks a change from 2017, when 51.4% of imported eggs came from USA and 13.5% from UA, and a return to similar proportions from 2016.

The total export from the EU has decreased by 1% (Jan-Oct 18). Exports go mainly to Japan (27%) and Switzerland (19%) of the total export. Compared to Jan-Oct 2017 there was an 85% rise in exports to Israel, which now accounts for 10% of exports. ES is responsible for over 70% of export to Israel, IT also had a significant increase of export to this country in 2018. The egg trade balance remains positive.

Hatching eggs and one day chicks account for around 10% of egg production. The main export markets for hatching eggs (Jan-Oct 2018) are Russia (43%) and Iraq (18%). Export of one day chicks is following the normal trends.

Stakeholders inquired on the Studies on the Ukraine egg production that may confirm if UA is fulfilling the conditions of adapting its production system to European standards of its agreement with the EU appeared during the discussion.

A concern was raised about the risk of fraud in the reporting of holding systems. The Commission stresses that is the duty of MSs to properly enforce the rules.

Feed

The International Grains Council projects an increasing cereal deficit in 2018/2019, however stocks are still considered ample. Lowered levels are linked to decreased wheat and barley production. The world consumption is continuing to grow, reaching a record 2,137 Mt in 2018. In 2018 the consumption exceeded production.

Global wheat production is projected to decline to 729 Mt. Wheat demand remained stable at 739 Mt, driven by demand for food use.

2018 is expected to be the second consecutive deficit year for maize with a slightly increasing deficit and the total production estimated at 1,073 Mt. Maize consumption continues to rise, reaching record 1,112 Mt, driven by feed and industrial use demand. The feed maize demand is

estimated at 644 Mt (4% increase from previous year). Global stocks are expected to decrease down to 266 Mt with estimated 62% held in China.

For barley, both production (140 Mt) and consumption (145 Mt) are expected to decline due to lower yields. Drought affected EU barley production (57 Mt) as well. Russia produced 17 Mt. Consumption of barley is declining due to lower availability.

USDA forecasts oilseed production at 600 Mt, with 369 Mt of soy beans, 70 Mt rapeseed, and 50 Mt sunflower seed. Key origins of soy beans are expected to have a record crop. Brazilian harvest is expected at 122 Mt, the US had a record crop of 125 Mt. Record soy bean production exceeded demand. According to USDA Chinese imports may reach 90 Mt. Soy beans stocks are increasing sharply, mainly thanks to US. Chinese US trade dispute has affected US soy bean exports to China.

World wheat and barley prices increased significantly during summer due to drought in Europe, Australia and parts of Russia. Wheat prices were also affected by rumours of possible restrictions by Russia and Ukraine. Since September the prices remained stable. For wheat prices key origins recorded 230-235 \$/t. Barley prices remain high at around 240 \$/t. US Gulf price for maize remained low, around reached 160-170 \$/t. Ukrainian prices after harvest remained slightly lower at 167 \$/t, while Argentinian prices were quoted at 170-175 \$/t.

US maize exports have been very strong this season with a growing competition from Ukraine. Outlook is good for Brazilian and Argentinian crops, with impact on global prices. EU domestic prices for wheat peaked in August and came down to 200 €/t and remained stable. Barley prices also peaked in August and dropped below 220 €/t since. Maize prices are more volatile. Initially the drought had its impact, but good crops in RO, HU and BG offset against lower crops in Western Europe and brought prices to 140 €/t.

US CME futures prices for wheat increased and are quoted below 200 \$/t for nearby options. There was a slight recovery of maize futures nearby March 2019 increasing to 151 \$/t. EU maize nearby January 2019 futures prices reached 175 €/t.

The 25% import duty introduced by China caused a big spread in soybean export prices. However, the gap between US Gulf and South American soybeans export prices began to narrow. Soy bean futures market has been quite volatile due to Chinese-US trade dispute. Lately prices were slightly increasing with January 2019 CME prices reaching 366 \$/t.

Euronext rapeseed futures was stable within the range of 360-380 €/t.

Overall cereals production in EU 28 was reduced by 6.6% to 285.1 Mt with 9% reduction in soft wheat, 4.1% decrease in Barley and 2.9% decrease in maize production.

As of mid-December, EU exports and imports were broadly equal.

2018/2019 imports for maize could reach 18.5 Mt. Imports of wheat increased by 60%, maize imports continue to grow. Soft wheat and durum wheat exports are down.

The lack of sufficient feed barley is a major issue.

b. Information on recent SANTE audit carried out in Brazil to evaluate the control of residues and contaminations in live animals and animal products including controls on veterinary medicinal products

An audit to check the implementation of the residue monitoring plan for animals and animal products in Brazil was conducted by DG SANTE in the last week of May 2018. DG SANTE stressed

that conclusions from the audit, especially regarding poultry for export to the EU, do not call into question the residue monitoring plan and the findings are not considered to be sufficiently serious to withdraw the approval of the Residue Monitoring Plan and suspend the imports of products of animal origin from Brazil. The recommendations pertain to the production of beef meat and have been discussed during Meeting of the Civil Dialogue Group Animal Products: “beef and veal”. The details of the report have been published. The Brazilian authorities are providing guaranties and action plans to correct the shortfalls. SANTE audit service is evaluating the corrective action plans and it is still to decide if additional measures have to be requested to Brazilian authorities.

During the “Weak Flesh” operation in Brazil very serious frauds were discovered that could pose dangers to health. Some establishments were taken off the list of establishments authorized to export to the EU. As a result, the number of companies allowed to export to the EU fell by 40%. The poultry meat and meat products from the establishments still remaining in the list are also subject to enhanced controls prior to import. All shipments arriving in EU must be accompanied with results of analytical tests from laboratories. The EU border controls are also enhanced. 100% of meat undergoes physical inspection at the border and 20% undergo additional microbiological checks. These stringent safety measures were introduced to verify the safety of the imports of poultry meat from Brazil.

The work done by the Commission is appreciated, and the delegates do not question the competence of EU authorities. However, the stakeholders found the results of the audit report on residues surprising. The conclusion and recommendations did not reflect the fact that, contrary to the EU situation, the Brazilian residue monitoring plan for poultry did not include testing for steroids and non-steroidal anti-inflammatory drugs, as well as substances for which EU MRLs in poultry muscle has been established, and substances which are not authorised for use in poultry in the EU. It was also pointed out that for some substances included in the plan, the level of action was higher than the respective EU MRL. Additionally, in the stakeholders’ view, some of the practices carried in the Brazilian laboratories analysing samples weaken the reliability of the analytical results obtained.

The AVEC delegates proposed to include in the Minutes the controversial point 10. of the findings of the report, which pertains solely to poultry:

10. In relation to the residue monitoring plan for poultry:

- *The plan did not cover all of the required essential subgroups, as testing for subgroups A3 (steroids) and B2e (non-steroidal anti-inflammatory drugs) was not included, different to the situation in the EU.*
- *The plan did not include testing for numerous pharmacologically active substances authorised for use in poultry in Brazil:*
 - *for subgroup B1 substances for which EU MRLs in poultry muscle has been established: amoxicillin (50 µg/kg), ceftiofur (1000 µg/kg), colistin (150 µg/kg), sulphadimidine (100 µg/kg), sulphasoxazole (100 µg/kg), sulphaguanidine (100 µg/kg), thiamphenicol (50 µg/kg), tiamulin (100 µg/kg), tilvalosin (50 µg/kg), tyvalosin (50 µg/kg for skin and fat, or liver), virginiamycin (10 µg/kg);*
 - *for subgroup B1 substances which are not authorised for use in poultry in the EU: avilamycin, bambermycin, cephalixin, enramycin, fosfomycin, josamycin/leucomycin, norfloxacin, phenoxymethyl-penicillin,*
 - *for subgroup B2a: fe(n)bendazole (EU MRL is 50 µg/kg), mebendazole, oxi-bendazole, praziquantel.*

- *For some substances included in the plan, the level of action was higher than the respective EU MRL:*
 - *Chlortetracycline: EU MRL in poultry kidney is 600 µg/kg versus 1200 µg/kg in the plan, while the limit of detection of the analytical methods is 600 µg/kg;*
 - *For toltrazuril the level of action was 500 µg/kg in poultry muscle, while the limit of detection of the analytical methods is 12.5 µg/kg and the EU MRL is 100 µg/kg; in the Brazilian list of authorised pharmacologically active substances, toltrazuril is not authorised for use in poultry;*
 - *For clopidol, a coccidiostat no longer authorised in the EU, the level of action was 5,000 µg/kg in poultry muscle, while the limit of detection of the analytical methods is 12.5 µg/kg;*
 - *The level of action for the coccidiostat diaveridine was 50 µg/kg, which is not authorised in the EU as a feed additive or as a pharmacologically active substance for food-producing animals, while the limit of detection of the analytical methods is 12.5 µg/kg.*

Additionally, passages from the report touching the following issues were quoted by the stakeholders: no need for a veterinary prescription to purchase most of the veterinary medicinal products intended for use in food-producing animals; no need for the farmers and bee-keepers to record treatments; the fact that the current prescription and treatment record keeping system does not add assurances that the veterinary medicinal products are used appropriately.

The delegates stressed that no reaction to the lack of rules for the use of antibiotics and for veterinary prescriptions for farmers is puzzling in light of the EU push towards the reduction of the antimicrobial agents. EU producers are readily recording the usage of antibiotics to demonstrate its responsible use. Not having this requirement for Brazilian poultry provides Brazilian farmers with an unfair advantage. Lower priced product can be produced with a process that does not meet European standards.

It was noted that the entire system is not working the way the EU industry would like to accept it. If the Mercosur negotiations are to result with larger import of poultry meat from South America, it has to be ensured that the entire Brazilian supply chain conforms to EU standards.

The stakeholders suggested that additional controls of Brazilian meat should be a permanent situation, to ensure that imported products meet the same conditions as European, since the EU public and MS authorities push to reduce the use of antimicrobials. There was also a call to control entire containers containing imported meat from different farms. Rejected shipments show that Brazil does not respect the rules for testing meat before the shipment.

AVEC has announced the initiative to prepare an official letter to the Commission, requesting a specific 3 months study on 100% of the imports to verify tests on salmonella and MRLs of antibiotics and prohibited substances. COPA expressed the will to participate in writing the letter.

The Commission was thanked by importers for trying to comply with international rules, to keep the markets liberalized which keeps the discussion on a reasonable, non-emotional level.

DG SANTE pointed out that the audit covered the implementation of the control of residues plan covering other products in addition to poultry. Not all the conclusions of the report apply to the poultry and eggs sector, where the things are not as serious as it is believed. Some of

concerns raised were due to issues with beef meat. Part of the findings refer to the implementation of the residue monitoring from 2017, owing to the short time of the audit.

The report included a recommendation to ensure that all products to be exported to the EU do not contain substances that exceed MRLs or banned substances. Brazil was asked to enforce the testing mechanism so that laboratory results may be used on a legal basis. DG SANTE points out that the BR authorities have informed that some of the problems in point 10 have been addressed. The Brazilian response to the draft audit is considered in the final audit report and published with it. The corrective measures are being assessed by auditors.

The enhanced measures applied in the EU were decided with MSs, they have been in place for the last two years, and they will continue in place for the moment. Regarding additional audits as suggested by FoodDrinkEurope, SANTE pointed out that Brazil is one of the countries that is the most audited outside of the EU. As Commission resources are not unlimited a rational programming of the audits to conduct is necessary for deciding which third country to audit. An increase in the number and frequency of the audits will require additional resources thus Parliament and Council would have to agreed, otherwise an increased number of audits in a country would imply reductions in the number of audits to other countries. In addition, a high frequency of audits in a particular country will not necessarily imply a higher level of confidence in the products exported from this country. SANTE listed all the actions taken against Brazilian export to the EU to ensure health standards in the EU.

SANTE pointed out that the European Commission has to respect the EU legal framework. The European authorities are legally liable for their actions in front of the EU Court of Justice of the EU (ECJ). As an example, Commission informed that BRF has formally filed a complaint to the ECJ because of the delisting of its establishments from the Brazilian list. If Commission Decision is not judged to be justified, reasonable, and legally sound, BRF companies may be allowed to re-enter the EU market and will have to be compensated for their losses.

SANTE also reminded the audience that testing final products (poultry meat or products) for the presence of antibiotics is difficult, as antibiotics are integrated in the animal feed are hardly detected in the meat. When authorized medicines have been used with therapeutic purposes in food production animals the withdrawal period before slaughter shall be strictly respected.

c. Marketing Regulations – Update on the evaluation of EU marketing standards, including Commission Regulation 543/2008 on poultry meat marketing standards

In accordance with Better Regulation rules, marketing standards are currently being evaluated to see if interventions have been effective, efficient, relevant, coherent and if they have EU added value. The outcome of the evaluation can be used as an input for upcoming revisions of the CAP.

As regards the state of play of the process, the roadmap of the evaluation was published and is available online together with the feedback received of stakeholders from different sectors. Technical specifications, which are publicly available, and a consultation strategy were defined. An external evaluator has been contracted to carry out the evaluation for which the contract was signed on 3 December 2018. A steering group consistent of colleagues from DG AGRI and other Commission services supports and monitors the work of the external evaluator. The external evaluation will last for 11 months. In the context of the evaluation, a public consultation will be held. Interim results are not disclosed until the end of the evaluation. The Commission will prepare a staff working document summarising the different recommendations. The evaluation report, an executive summary and the staff working document will be published together in 2020.

As regards the scope of the evaluation, it covers marketing standards that relate to agricultural product quality policy enabling the market to be supplied with products of standardised and satisfactory quality. They cover different aspects, such as technical specifications, classification, marketing and labelling, transport, administrative documents. The marketing standards relate to two main fields: firstly, common market organisation (Regulation 1308) and secondary regulation and secondly, Breakfast Directives. The first regulation to be analysed is 1308, and then different regulations for different sectors will be tackled. Regarding poultry, Regulations such as 589 on eggs, 617 on hatching eggs and 543 on poultry meat will be covered.

The evaluation will cover all Member States. 12 publicly available evaluation questions will cover the five evaluation criteria: effectiveness, efficiency, relevance, coherence, and EU added value. 4 case studies of chosen sectors will be conducted to see how the implementation of Regulations and Directives has been conducted across Europe.

During the discussion the issue of animal welfare was raised by EFA delegate in connection to foie gras production with force-feeding. The evaluation was announced in 2016 and it was supposed to end in 2018. Since 2016 it has been used by the Commission as the reason for avoiding action to delete the requirement of minimum liver weights in foie gras production from Regulation 543/2008. According to the information provided in this meeting, the evaluation has not even started yet, and will be concluded long after the end of this Commission's mandate. A meeting on this proposal was promised jointly by Commissioners Hogan and Andriukaitis to MEPs and their advisors since January 2018 for early in the year, but no date has never been given despite many solicitations. In November 79 Members of the European Parliament from 28 MSs tabled a question asking Commissioners Hogan and Andriukaitis about the date of the meeting, and to take urgent action of this topic. At the end of the evaluation the contractor will produce non-binding recommendations for the Commission.

The Commission is aware of the parliamentary questions regarding liver weight. Regarding the evaluation's delay, the Commission had to take into consideration the feedback from the stakeholders.

Additionally, the Commission was asked if the evaluation included environmental criteria such as nitrogen use and climate impact, as the tendency to increase poultry production is not compatible with the Commission's climate objective. The scope of the evaluation is set out in the tender specifications and will take into consideration the market organisation regulations, the breakfast directives and other regulations were relevant for the evaluation.

The delegates present at the meeting inquired about the possibility to provide their feedback before the public consultation that could take place around May. The Commission assured that all European citizens and stakeholders will be able to express their views and their input will be considered in the framework of the better regulation procedures.

The stakeholders brought the issue of proper labelling and use of names of animal origin products for market plant-based products: the labelling concerning vegan products can be deceiving to consumers. The Commission has received feedback on this topic that has been taken account in the roadmap. Among others it concerns dairy produce and plant-based products labelled as yoghurt.

d. Animal Health – Follow up on outbreaks of Avian Influenza, including disease situation and effects on trade; Information on anticoccidials used in poultry production in the EU in light of the review of the Regulation 1831/2003

[Avian influenza situation update](#)

An update was given for the development of the disease situation. It has significantly improved since the large epidemic experienced as from October 2016 and its long tail until the end of 2017. Outbreaks had been detected during that epidemic in 1211 poultry farms in 18 Member States. During 2018 up to the date of this meeting only 4 Member States (NL, DE, IT and BG) reported a total of 33 outbreaks. Bulgaria accounted for 27 of these outbreaks, the last reported on 22/11.

During the 2016/2017 epidemic the H5N8 HPAI virus was the predominant strain detected in poultry and wild birds. It showed an important capacity for spread. In April 2017 the subtype HPAI H5N6 appeared in wild birds and became the only HPAI subtype detected in 2018 in wild birds. It appears that it has replaced the H5N8 virus in wild bird populations. Immunological factors, temperature and feed availability may play a role here and possible virus persistence in non-migratory bird reservoirs. Almost all incursions in wild bird during 2018 occurred in the north of the EU (Ireland, Sweden, Finland, Denmark and the United Kingdom) and with the most findings in the latter two. Usually virus detections in wild birds occur during the season of migratory movements. However, during 2018 positive findings in wild birds continued throughout the summer period with a last finding in Denmark in mid-September. Many birds of prey such as white-tailed eagles and buzzards have become infected.

As regards kept birds, during 2018, HPAI H5N6 strain was only detected on 7 occasions in Germany, Netherlands and Sweden in small poultry farms and captive birds while the HPAI H5N8 virus strain persisted in Italy and Bulgaria. Italy reported three outbreaks until end of March. Bulgaria continued to confirm a total of 27 outbreaks throughout the year, the majority in commercial duck farms. The last outbreak on 22/11. Outbreaks mainly occurred in the provinces of Plovdiv, Haskovo and Stara Zagora, which have been heavily affected in 2016/17 due to dense poultry population of ducks and geese. Bulgaria has implemented additional surveillance and has prolonged the waiting period before allowing the restocking the farms as a further preventative measure.

The EU reference laboratory for avian influenza analysed almost all viruses detected during 2018 in Bulgaria to study in collaboration with the national reference laboratory the distribution and evolution of the virus. There have been three different introductions, however, on a positive note, the virus has not evolved very much.

Regarding HPAI outbreaks in third countries there has been a recent reoccurrence of H5N8 in Iran.

In 2018 there were three new human cases of H5N6 in China (a strain different from the one seen in European wild birds and a few detections in kept birds). No new cases of H7N9 were reported since February 2018, in September 2017 China introduced a large vaccination campaign to fight that virus which seems so far successful as no new cases have been detected. Up to date, the HPAI H5N8 virus strain responsible for the large epidemic in the EU in 2016/17 has never been reported to infect humans worldwide.

A new Decision on biosecurity, early detection systems and risk mitigation measures (2018/1136) was adopted, based on the recommendations of the 2017 EFSA's scientific opinion, which confirmed the suitability of measures. It relies on the identification of "high risk areas" where poultry is at increased risk for HPAI infection. Risk factors for virus introduction and spread are identified: the most relevant are proximity of holdings to wet areas, open-air holdings, the high density of poultry holdings, and the intensity of movements. The mitigation measures, depending on the epidemiological situation in MSs, include: prohibiting of: keeping ducks and geese together with other poultry, keeping poultry in open air and the use of surface water. Further measures include prohibiting of gatherings of birds and certain hunting activities.

Other important tools comprise of early detection systems in poultry flocks, triggered by change in performance data, increased wild bird surveillance and awareness raising.

(For discussion see Trade restrictions due to Avian Influenza)

Trade restrictions due to Avian Influenza

Some countries accepted regionalisation for recent outbreaks of HPAI, for some or all Member States – either for all or part of the products. There is a mutual recognition agreement with US and Canada. Japan started accepting regionalisation, however by Member States and products and after an agreement with a given MS. In case of no agreement signed, Japan will put in a country-wide ban after an AI outbreak.

European Union uses the stamping out policy according to the OIE standards. Third countries should be able to lift the ban 3 months after the last outbreak. Close to this level are Japan and Singapore (3-5 months), while China, Thailand and South Africa tend to lift the ban after the longest time – 15 or more months.

South Africa has recently lifted the ban for PL and ES, however it maintains bans for 5 MSs. The SA authorities have agreed on conducting a technical level workshop in Pretoria in January 2019. Japan lifted bans on nearly all MSs except for BG, due to November outbreaks, and one region in FR (after the agreement on regionalisation) and is in talks with 7 MSs on regionalisation. Thailand piloted the work on the recognition of regionalisation for FR. Taiwan is also negotiating the regionalisation with FR, and has re-opened the imports from PL.

There was a call for feedback on the developments, such as bans being lifted. During the discussion it was announced that China has opened its market for PL in September 2018.

During the discussion the issue of Ukraine recognizing the mutual recognition was raised. While the stakeholders found it a positive development, there still remains the question of implementing it in a new EU certificate that seems to be postponed by the Ukrainian authorities.

In the coming weeks the Netherlands is planning to present a new plan of action for HPAI in wild birds and commercial poultry. The program is supported by the government, scientific organisations, local farmers, local governments, and public health agencies. It was highlighted that the Avian Influenza Directive sets out the minimum requirements for controlling the disease. The Commission noted that if MSs take additional measures, their experiences can be taken into account in the creation of soft laws.

A question was posed on the Commission's view of the Chinese carrying out vaccination of commercial poultry flocks. DG SANTE underlines that it is the question of the vaccines used, and the accompanying surveillance of vaccinated flocks in order to detect a possible silent virus circulation. At present the results observed seem to confirm that the campaign is working. The Chinese believe that the vaccine strain should match the circulating strain. Regarding the trade in vaccinated animals, OIE requires additional surveillance of vaccinated flocks.

There was an inquiry on the news on work in OIE on wording of the Terrestrial Code to simplify trade between countries. An early draft was circulated concerning the definitions on poultry and disease. 2 days before the meeting the Chief Veterinary Officers met and agreed on the comments on the OIE proposal to be formally transmitted to the OIE for the further development of the chapter for AI in the Terrestrial Code. The document and changes introduced are available on the Commission's website: https://ec.europa.eu/food/safety/international_affairs/standard_setting_bodies/oie/eu-comments_en. The incubation period is proposed to be 15 days, which will impact the timelines for keeping and lifting restrictions. One of the key points of the proposal will be to lower the

period of regaining freedom from the disease from 3 months to 28 days. The title of the chapter will be renamed, so that the trade restrictions will be clearly linked only to HPAI. The document will be presented for discussion during the General Session in May.

The delegates stressed that the biosecurity levels should not be relaxed despite no new outbreaks in AI in poultry and little in wild birds.

Anticoccidials in light of the review of the Regulation 1831/2003

Regulation 1831/2003, used to authorize feed additives for animal nutrition, and to establish characterisation of feed additives, is being re-evaluated.

Currently coccidiostats are regulated under feed additive regulations. In 2008 Commission provided report to the European Parliament confirming that it was not possible to move the use of the product from feed additive regulations to Veterinary Medicinal Products (VMP) regulations. Some of the evaluated substances were on the market in 1990s. There are requests to put new products on the market due to antimicrobial resistance. The Commission is aware of the problems behind coccidiostats and their role for the EU poultry industry.

The purpose of the works on Regulation 1831/2003 is to fully evaluate the regulations. At the beginning of the work coccidiostats were not the priority to DG SANTE. There is no answer on the future status, since the evaluation process has just begun. The contact with consultants has started and the public questionnaire where the stakeholders can post their position was published.

Revaluation for 1831/2003 was launched because the procedures linked to the Regulation are complex and have not been updated to the present needs of the farmers and consumers, as well as the pet sector. A new functioning group should be proposed to enable the industry to introduce innovative products. Under current regulation the focus on feed additives is on zootechnical aspect. This poses problems as there are requests to develop alternative products. The revaluation is to verify and update legislation to the current needs of the animal nutrition sector. The focus on coccidiostats is a part of this process. Currently coccidiostats remain as feed additives and, as all feed additives, are evaluated by EFSA for safety for consumer, environment and efficacy. The future developments are not certain and will be influenced by the revaluation and feedback.

There was a call to use the open public questionnaire for re-evaluation of feed additives available at the Better Regulation website and to add own comments.

e. Animal Welfare. Presentation of the Commission's report on the Broiler Directive

The Commission has prepared a report on the implementation of Council Directive 2007/43/EC laying down minimum rules for the protection of chickens kept for meat production. It was foreseen in the EU Strategy for the protection and welfare of animals 2012-2015, and is based on the Commission's study "Application of the broiler directive (DIR 2007/43/EC) and development of welfare indicators" concluded in 2017 as well as Commission audit reports, EFSA opinions and other scientific studies.

The EU-28 is a major global producer with 11.3% of the global boiler production in 2014. Out of 14.1 million tonnes of EU-28's poultry meat production, broiler production constituted 11.0 million tonnes (78%). In the years 2015-2025 this output is expected to rise by 3.8%.

Directive 2007/43 applies to holdings with more than 500 chickens and sets detailed requirements on housing facilities, such as drinking, feeding, light, noise, surgical intervention, and limits the maximum stocking density: to 33 kg/m², up to 39 kg/m² with additional measures,

and up to 42 kg/m² with proven records of good animal welfare. Requirements for training, inspection checks and penalties for infringements were set up.

The report found that the Directive was fully transposed into national legislation with stricter provisions in 7 MSs. Persons dealing with chickens are receiving training and guidance. It was determined that 34% of broilers in the EU are kept in stocking density up to 33 kg/m², 40% in densities between 34 and 39 kg/m², and 26% in densities up to 42 kg/m².

For mandatory welfare indicators maximum cumulative daily mortality rate – for farms operating at highest stocking density – and routine post mortem inspection at slaughterhouses are used. The Directive does not define measurable criteria for the latter indicator.

As a voluntary indicator, recording of footpad dermatitis is used. According to the 2017 Study 18 Member States included this requirement in their national law, which means that 80% of poultry production in the EU is subject to this scoring system. This method is considered a good indicator of animal welfare on farm.

There has been little assessment of the impact of the Directive. It seems that the systematic use of Foot Pad Dermatitis had a positive impact. Other positive aspects included training provision, guides to good practice and animal welfare.

In 6 MSs the costs of implementation were estimated for keepers, industry, and authorities. No overall significant increased costs were recorded, and even large cost are offset by consumer willing to pay for products with higher animal welfare standards.

Broiler farming is an important part of the EU agricultural economy. Controls based on monitoring animal-based indicators proved to be effective, while random inspections are still an important part of the control system. Further work is needed to disseminate best practices.

During the discussion, a delegate voiced concern on the objectivity of the figures and lack of transparency from the industry on the use of indicators. It was noted by DG SANTE that the use of footpad dermatitis as an indicator rose to 80% of the total EU poultry production in 2017 from 20% in 2010.

The stakeholders pointed out that the lower density for production impact the prices, and that the industry incurred high costs of implementing the Directive. The Commission took note of these comments.

EEB observed that the report didn't publish any figure concerning the percentage of footpad dermatitis encountered in European broiler herds and asked for figures. The Commission clarified that although the report does not provide concrete data on the prevalence of footpad dermatitis at farm level, it concludes that in almost 80% of poultry production in the EU is subject to this scoring system.

f. Market access

Ukraine – update on the increase in imports to EU

EU poultry meat imports from Ukraine come under 4 regimes: Tariff-rate quotas for UA under Commission Implementing Regulation (EU) 2015/2078 of 18 November 2015; liberalised tariff lines under UA Association Agreement (including CN 0207 13 70 and CN 0207 14 70); erga omnes TRQs (Commission Regulations 533/2007, 616/2007, 1385/2007); and Imports under MFN full duty.

Traditionally, the main importers of poultry meat to the EU are Brazil and Thailand. In 2017, imports from Brazil declined significantly due to the “Weak Flesh” scandal. Over 2016-2017 there was a sharp increase in imports from UA that continued in 2018, when it reached 105.515 tonnes in the period Jan-Oct.

The TRQ for Ukraine for poultry cuts and preparations has been fully used in years 2015-18. In 2016, the imports under the liberalized tariff line CN 0207 13 70 started and since 2017 this became the single most important tariff line from UA. At the beginning, the main import markets under CN 0207 13 70 were NL and SK, then also PL. The imports peaked in the summer months of 2018 and started declining in September and October 2018.

UA imports under the liberalized tariff lines include an “innovative” poultry cut consisting of a poultry breast with small part of wing, bone and skin. The importers received Binding Tariff Information from the Customs Authorities of importing MSs confirming that this cut can be classified under the “other cuts” line of the EU Customs Nomenclature.

In 2016, the major part of EU imports of poultry meat from Ukraine was under the allocated TRQs and erga omnes quotas. In 2017, the situation changed, the most important line was the one of “fresh other cuts” with 44% of imports coming outside the quotas. In 2018 up to November, 59% imports were coming out of TRQs.

While the EU-UA poultry meat trade balance is positive in volume it has turned negative in value terms since 2017, when imports through the liberalised tariff lines started.

The Commission is aware of the problem of increasing poultry imports from UA and committed to address it with Ukrainian authorities through an amendment to EU-UA DCFTA. The procedure for obtaining the negotiating mandate from the Council has been well underway.

The issue of growing imports of fatty livers from Ukraine was raised during the discussion by EFA, saying that retaining the requirement of minimum liver weights in foie gras production in Regulation 543/2008 – which de facto obliges to force-feed the animals – makes this market inaccessible to producers of 23 MSs, while favours the imports from countries like Ukraine with lower animal welfare legislation or none at all. While the imported quantities are small (54 tonnes by November 2018), they are more than twice the foie gras production in Belgium. The Commission clarified that that the foie gras imports from Ukraine are marginal, benefitting from liberalized trade and that BE foie gras production is limited.

The stakeholders mentioned that the Ukrainian company MHP, responsible for large volumes of imports into the EU using the loophole, was benefitting from EU loans. The “innovative” cuts are allegedly transformed in MSs and sold as EU meat, deceiving the customers. The stakeholders considered the usage of EU label for non-EU products unacceptable and were in favour of putting in place a labelling of place of origin in processed foods. The Commission noted that although the described procedure for importing UA meat can be considered as circumventing poultry TRQ, it is not illegal.

The stakeholders are concerned that the Ukrainian side might want to maintain the status quo as long as possible. The Commission agreed that the issue should be resolved quickly and definitely.

There was a concern among the delegates about the UA production systems, particularly pertaining to eggs, as some data suggest the usage of EU-banned systems. The Commission is supervising alignment of UA food safety, animal health and animal welfare rules with those of the EU. Timelines are monitored and refined for adjustments. This especially concerns the SPS strategy whereby Ukraine needs to make clear commitments when it will adopt EU law.

Mercosur negotiations

Regarding the Mercosur negotiations, there were no significant updates. The negotiations are still ongoing. At the time the offensive interests of EU were discussed, following the talks on the offensive interests of MSs.

There was no significant news regarding poultry. The management of TRQs was being debated at the time.

A slowdown in the negotiations was expected, due to Holidays and the change of administration of Brazil at the turn of the year.

The issue of continuing negotiation in light of the Brazilian “Weak Flesh” scandal was raised by the stakeholders. It was suggested that stricter quotas should be allocated to poultry. Most of the Mercosur countries have no legislation regarding eggs, this should change to reflect EU standards. Poultry is a sensitive part of the negotiations; the Commission will use all the instruments disposable.

South Africa: update on Safeguard measures and SPS barriers

In October 2018 a meeting in Praetoria was organized with South African authorities to discuss the SPS barriers. Before the meeting PL and ES were authorized to renew export to SA. The bans are maintained for other MSs.

In January 2019 a technical meeting is to be organized in SA to work on resolving the issue.

In late 2018 South African Customs Union has imposed a safeguard duty 35.3% of bone-in cuts. This action has not influenced the figures yet.

A meeting for 2018 November was planned but Southern African Customs Union countries were far from reaching the agreement. It was proposed to have a project run by delegations with a study and a workshop in 2019. As part of the process at end of January meeting is planned for stakeholders, Commission, and AVEC.

The Commission was thanked for the help in discussions with SA, and asked to further the actions regarding SPS and safeguard duties.

Brexit – update on the negotiations and state of play of the discussions on the split of TRQs

A deal with the UK was prepared, which now has to be accepted domestically by the UK. Simultaneously there are preparations for a no-deal scenario.

A concept of contingency is being created, preparing to mitigate the impact of UK leaving the EU. There are internal preparations in DG AGRI, it is, however, too early to talk about the contingency plans in this respect.

Two documents are drawn: Withdrawal Agreement and Political Declaration setting out the Framework for the Future Relationship between the EU and the UK. If the Withdrawal Agreement is ratified, there will be a transition period enabling the negotiators to reach a final deal. The transition period may be extended once by 2 years, with a decision that should be adopted before 1 July 2020. During the transition period UK will not be part of the decision making by the EU, unless there is interest in the Union to have UK at the table. During the transition period UK would first remain as a partner and contribute to MFF. After that UK would keep the same rural development programs as the EU, however, not financed by the EU.

After the transition period future relationship will start. This will be the deepest relationship with any non-member of the EU. Trade would be duty and quota free for all products. There are talks on strong customs and regulatory cooperation. The type of checks at the border will rely on the regulatory cooperation. By 2022 future relation will be reached and ratified.

Regarding Ireland a backstop option will be in place to avoid checks at the border of Northern Ireland. Anything produced in Northern Ireland will be treated as produced in the EU, and single EU-UK customs territory will be established that has the same tariffs as the EU and removes rules of origin to guarantee a level playing field.

In addition to Withdrawal Agreement and Political Declaration there are issues of citizen's rights and trade in goods. An exception will be made for animal and animal derived products (SPS rules).

Some stakeholders were concerned about TRQs in WTO. A political agreement was reached on 4 December 2018, and should be fully accepted by mid to end of January 2019. An implementing act on TRQ volumes management is needed. A second draft is ready and being handled by MSs.

Among the consequences of a no-deal Brexit would be the imposition of tariffs at the level of MFN.

Ukraine – update on the increase in imports to EU continued

In 2015 the exports of hatching eggs to Ukraine amounted to 8.257 tonnes (egg equivalent). The volume has dropped since. A large part of the imports of dried eggs are for inward processing and are re-exported after the processing in the EU. Majority of egg imports from UA are imported to LV.

In 2018, until November, Ukraine used about half of its eggs tariff quota for shell eggs, and close to 90% of the tariff quota for shell eggs and egg products (order nr 09.4276 resp. 09.4275).

g. Update on alignment of Ukrainian animal welfare legislation with that of the EU

Ukraine might adopt the EU Welfare rules as one of the first third countries.

The stakeholders pointed out that Ukraine high competitiveness raises questions regarding the production systems. In the west of Ukraine facilities similar to EU ones can be found, however, 7 hens are kept per cage vs 5 per cage in EU. The risk of UA delaying the negotiations was brought up again. Inspections of Ukrainian facilities should be put in place, and more pressure should be put on Ukraine to implement the animal welfare rules.

Delegates pointed out that the situation is unfair to EU producers who invested to adjust their production standards, and suffer from the falling meat prices. A deadline for UA to accept the rules should be put in place. After the Directive on Animal Welfare was adopted the MSs had a 12-year transition period, UA had time to begin adjusting its legislation and production systems.

The Commission commented that the EU does perform audits in the UA, however not in relation to food safety standards. UA needs time for adopting the EU welfare legislation. Once this is done follow-up actions will be taken. In the case of UA, the transition period will be shorter.

h. Market access continued

Revision of TRQ management: update and consequences for the poultry meat and eggs sector

Unit in charge of the governance of the agri-food markets is performing the revision of TRQ management. Last discussions took place in autumn 2018, and legal docs were reviewed at the time of the meeting. Consultations with various stakeholders were being conducted and feedback was gathered. Next the results would be transmitted to the Council for a two months scrutiny.

Date for TRQ implementation was delayed two months.

The requirement of proof of trade can be lifted in some cases for historical reasons (never were required) or because they were never used.

Reference quantity is the average import for a given operator over two years.

For Eggs there is no requirement of reference quantity, horizontal rules apply.

Stakeholders pointed out that this proposal will have a very negative impact on the EU market of poultry meat giving full power to Third country for the management of the TRQs. The consequences will be an increase of out of quota exports. The inclusion of exports to qualify for reference quantity should be included in the legislation.

Commission's update on market transparency (initiative to improve the food supply chain)

The Agricultural Market Task Force report called for new rules at EU level to cover certain unfair trading practices, improve producer cooperation (value-sharing agreements) and increase market transparency. Consequently, an initiative to improve the food supply chain has been launched to check scope for legislation in order to improve the efficiency of the food supply chain.

Contrary to unfair trade practices there is already legislation on market transparency in place. The extension of mandatory price reporting and the provision of timelier, more standardised data by the stakeholders could be implemented.

In the USA more detailed information is available on the agricultural market, including cuts. Beef meat prices are reported twice per day. Retailers provide some data on a voluntary basis.

The open public consultation regarding the issue of market transparency was conducted in 2017. Two workshops took place in 2018: AGRI/JRC MT experts' workshop in May, and GREX/CDG workshop in September. Additionally, questionnaires were sent to Member States and consumers.

Concerns around increasing market transparency include the cost to public administrations and to operators. There is also the issue of competition and confidentiality, with possible negative effects of disclosing the data. The concern is that increased market transparency could make it easier to maintain a cartel. This problem can be tackled by anonymising the data so that the behaviour of individual companies cannot be determined, something that is already foreseen in existing legislation.

Economic analyses are being prepared and there will be further consultations with the stakeholders on these analyses.

The initiative was met with a positive response, with possible doubts on the possibility of obtaining prices from some stakeholders in the food supply chain. The Commission acknowledges that some operators in the food supply chain may oppose increased market transparency.

i. Update on PAPs

DG SANTE explained that the TSE roadmap adopted by the Commission in 2005 and updated in 2010, provided the strategy in the short, medium and long term, and applied a stepwise and science-based approach to adapt the measures to prevent control and eradicate the Transmissible Spongiform Encephalopathies (TSE) to the epidemiological situation and the improvement of the control measures.

Considering the epidemiological improvement as regards Bovine Spongiform Encephalopathy (BSE), with 24 MSs classified as negligible risk status and other 4 as controlled risk, together with the positive conclusions of the 2018 EFSA opinion on the BSE risk posed by the use of processed animal proteins (PAPs) in feed, it is justified to proceed with the relaxation of the feed ban. The tools to guarantee the proper implementation of the official controls are available, i.e. validated laboratory methods to detect presence of ruminant material in the feed and prevent cannibalism and measures to prevent cross contamination.

However, one of the challenges faced now is the incapability of the laboratory method (PCR) to discriminate between authorised ruminant products such as milk and banned products (meat). A new analytical method (mass spectrometry) is currently under development and will solve this problem but it is not yet operational.

3 options are being considered: the reauthorisation of pig PAP in poultry feed, insect PAP in poultry feed, and poultry PAP in pig feed. The most appropriate first step would be the reauthorisation of the use of pig PAP in poultry feed and insect PAP in poultry feed. Poultry PAP in pig feed will probably have to wait until mass spectrometry is validated since the use of dairy products is very common in the formulation of pig feed and this could lead to “false positive” result and the consequent market disruption.

4. Next meeting

The next meeting will occur in the second half on June 2019, the exact date will be announced by DG AGRI as soon as possible.

5. 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 European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."

List of participants – Minutes

Civil Dialogue Group Animal Products: “Poultry and Eggs”

Date: 14/12/2018

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