

Brussels,

FINAL MINUTES

Meeting of the Civil Dialogue Group on Animal products - pigmeat

Date: 30/04/2021

(Videoconference)

Chair: Mr Paul Lopez

Organisations present: All Organisations were present, except Bee Life, BEUC, EFFAT, EFNCP, EMB, EPHA, ERPA and BirdLife 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

2. Market situation

2.1 Pig market situation – European Commission, DG Agri

The December 2020 **livestock survey** showed that the European domestic pig population has increased by 2% compared to December 2019 survey. The number of breeding sows slightly decreased, while the numbers of piglets and fattening pigs have increased compared to year before.

The **production forecast** that is based on the export input in the forecast WG, shows that production on EU level is estimated to increase by 0,8% to 225 million animals or 1,5 million more than in 2020. Based on Eurostat GIP data, the increase is estimated to be of 0,6%.

Production in 2020: Compared to 2019 production has increased by 1.2% in volume or 0.2% in heads. Spain has increased its production by 7% in heads and 8% in volume. Denmark 3% in heads and 7% in volume. In Germany the decrease was 4% in both heads and 2% volume. In the EU slaughter weights slightly increased; higher slaughter weights are observed in particular in Denmark and Spain, lower slaughter weights in Italy.

In comparison with January 2020, the **production in January 2021** has decreased in volume (2,5%) and number in animals slaughtered (3,5%). There were higher slaughter weights in most of the MS.

Pigmeat prices: In the first two months of 2020, when the market still looked very promising, nobody imagined that prices could fall back from 195€/100 cw to as low as 1.32 EUR later on in 2020. The Covid-19 pandemic and ASF highly influenced this. Since February we are observing higher prices, at first sharply raising and now stagnating at 1.63 EUR. This pattern is similar in all the MS.

Piglet prices: One year ago, the average piglet price was 75 EUR/head, which then dropped in the course of 2020 to less than half of it. End 2020, prices started picking up again, and especially in February and March this year prices increased a lot. There was a slight increase last week and in week 16 we have prices of 55 EUR per head.

The theoretical remainder for pig fatteners is calculated taking into account the different cost items. Currently the remainder is low. The feed prices are still very high and in March also the piglet prices were quite high.

The **trade** balance is positive: the imports are very small compared to the exports.

Exports grew in 2020. There were 5,5 million tons exported in 2020 (without UK) which is 19% more than in 2019. The biggest EU exporter is Spain, followed by Germany, Denmark, and the Netherlands, representing together $\frac{3}{4}$ of EU exports. In the first two months of 2021 the exports were 28% higher than in the same period of 2020. This was mainly due to the increased exports to Asia with main destinations China, Japan and South Korea. Also the exports to Vietnam have increased. The Philippines have started increasing their imports due to the ASF issues. **Imports** (without UK) have increased by 7% comparing 2020 and 2019, but they are remaining on a low level.

The exchange with the UK has substantially decreased in January 2021 compared with the year before. EU exports went down by 29% in January 2021 and the imports dropped by 74%.

Worldmarket situation: The EU is the biggest exporter worldwide; China together with Hong Kong is the main pigmeat importer. China's domestic production is forecasted to grow, due to efforts of rebuilding the pig herd that was severely reduced due to ASF.

In the US prices are currently trending upwards since the beginning of the year. The supply is limited and demand is increasing. In Canada prices are following an increasing trend as well. In Brazil prices were fluctuating, partially related to the Covid situation in the country.

During the **discussion**, Copa-Cogeca highlighted that the prices have increased in the last weeks and now they are stable. The exports to China in 2020 were 3,5 million tons and 5/6 years ago that was the total amount we have produced. We are currently fully dependent on China and they have pushed very hard to keep the prices down. The Chinese were buying meat in Brazil, but also increased their domestic slaughter due to the ASF. Current prices in Europe are not sustainable for the producers on the long term. Some companies supporting losses, but everyone is expecting this is a situation will improve soon. 163 was a good price, but it is not anymore due to the huge increase on the costs of production following the increase of prices of raw materials. If that will continue 163 will present losses for the producers. The EC must compare the prices with the prices of the raw materials. There was 30-50% increase observed in some raw materials. The rentability is decreasing.

2.1 Animal feed market – European Commission, DG Agri

Market situation for cereals was presented based on the latest USDA report which still only provided data for the ongoing marketing year and does not cover the new marketing year 2021/2022. As regards wheat market for the current marketing year 2020/2021, there are different situations in

different producing countries. The last EU harvest was disappointing, but it was better in Canada, Australia and Russia. Ukraine has also produced less than the year before.

The latest International Grains Council (IGC) report from March provided forecast for the world wheat production for 2021/2022 marketing year. The report highlighted that for the next marketing year it is expected an increased production in the EU. Last season EU wheat harvest was disappointing mainly due to the weather problems in France and in Romania. This year wheat harvest should be average. An increase is also foreseen for Ukraine. However, there is a drop forecasted for Australia with 25% drop mainly due to the exceptional harvest last year. There are no major developments for the US, the production in Russia is expected to slightly decrease due to the exceptional harvest in 2020.

Summary IGC Grain Market prognosed an increase of 4 million tonnes compared to previous forecast. The stocks will be down by 6 million tons due to increased feed and food demand.

World maize market situation is really tight and further pressure is expected. In the current marketing year both production and consumption have increased. The stocks in the US are tight with 30% below the previous season. Everything was sold out due to the strong Chinese demand. The harvests in Ukraine and Romania were disappointing due to the dryness in the region. Also in Ukraine, there is a difficult situation with the availabilities and there is an agreement between the traders and government to limit the exports. Ukrainian government wants to keep prices and availability sufficient for the livestock production. The Brazilian market is also sold out.

The maize production is expected to increase compared to the current marketing year. The weather conditions during planting season in Ukraine were average and with the current high prices, farmers were encouraged to plant more maize.

As regards situation in Canada, barley area is expanding, there are also a lot of trade offs to soya. The conditions in Canada were not optimal as the weather was dry and cold. They cannot plant now and if the conditions in May will not improve quickly, farmers will end up planting more soya. There is a lot of uncertainty in the market in the moment.

There are no major developments at the barley market.

There are a lot of evolutions at the world soya markets with high prices and uncertainties as regards next crop. Average yields are expected. In South America, North America and Ukraine they are hoping for good weather prospects. The current stocks are declining and if harvest will be delayed due to late planting there will be issues with the availability. Hopefully the US production will come on time and with an average harvest.

Concerning prices, there was a serious increase in the world wheat prices with a price increase of 40% in the US and Canada and 10% in Australia and Argentina. Maize and barley from Ukraine have increased for 67% and from the US for 110% due to the big demand in China. Prices are breaking records. The prices for soyabean are 50% higher both in Brazil/Argentina and the US. On the rapeseed the situation in Canada is dramatic with prices 110% above those from the last season. They are even importing rapeseed from Ukraine which was never the case before.

The detail analysis of the EU production cereals is showing that the last harvest was not as high as the previous ones. The production figures in France and Romania were bad due to the bad weather conditions in the summer. The exports are relatively high due to the strong demand worldwide. Some countries were selling too much and sometimes the local availability is strongly reduced.

Poland had a very good crop last year but was exporting too much and is now running out of products. There is a very strong international demand.

The projections for barley and wheat are average after moderate winter without major damages except of some local frost kill.

Copa-Cogeca reminded about the situation in some Baltic countries, where the prices are still way below the European average (before 120, now 140 cents). This is mainly due to the Covid-19, but also increasing feed prices. The pig producers would urgently need support. All the help was limited to 100.000 EUR which was not sufficient for the bigger farms, which are the only farms left as all the smaller ones have already disappeared due to the ASF. In the Baltic countries they are having big issues with the cheaper meat coming from other EU countries and all the support is always too late or only dedicated to the smaller farms.

Copa-Cogeca asked if the investment funds are expected to increase their investments in commodities as a reaction to the high prices or will they move to the traditional investments.

COM responded that there are quite some activities on the market of agricultural commodities, but also on other markets as metal. All the commodities are under pressure, and this is combined with the low interest rates and a lot of cash available. The different recovery funds bought a lot of pressure and money to the market, which is also visible at the commodity markets. But it is not what we have seen in 2008. On the futures markets there are net buyers who are hoping that the prices will go even higher. It is a concern but we have not seen as much of it as it could be the case.

3. ASF – State of play

3.1 ASF Situation in the EU - European Commission, DG Sante

The ASF situation in the EU is still under control and limited to certain areas. Certain areas have even managed to eradicate the disease. Currently there are 11 MS affected including the different type of the disease in Sardinia. 2 MS have managed to eradicate the disease. In the affected area each wild boar is tested to show how the disease is evolving. Outbreaks in domestic pigs are not very common and only happen in few Ms. Especially Romania is facing some challenges. In 2019 the numbers of occurrence of ASF since 2019 were still high, but the cases in domestic pigs were decreasing.

Belgium has managed to eradicate the disease with a set of actions and a rapid response they have slowed down the movement of affected animals and avoided any outbreaks in domestic pigs.

Germany has taken the same approach and it is the latest MS affected by the ASF. In Germany there are only cases in wild boars in two states Brandenburg and Saxon, mainly localized at the boarder to Poland. Germany is applying regionalisation according to the EU. They have all the measures applied that we have seen in Belgium and Czech Republic as e.g. the white zones and buffer areas.

Poland there is currently a low season, but we can have more outbreaks after June. There was only one outbreak in a big farm on the border with Germany.

Romania still faces many outbreaks, and they are struggling to control the disease. Romania was working hard to develop an action plan specifically tackling the backyard farming. There have been more than 400 outbreaks already. The only countries that still has challenges controlling the diseases in domestic pigs.

In Slovakia there are problems only in wild boar. They are slightly revising the regionalisation every month and trying to avoid spilling over to domestic population. The disease is slowly moving.

Bulgaria has a strong approach and no outbreaks since 2020 except one in November 2021. They are mainly facing issues with the backyard population.

It must be kept in mind that season will start in June.

Regarding the new legal framework, the AHW law is now applicable. Those control measures were done very timely and managed to be adopted by the COM in April.

We need to be aware of the human factor in the spreading of the disease.

3.2 market access to the 3rd countries - European Commission, DG TRADE

COM updated participants on the state of works related to market access for pork. Thailand approved pork imports from Spain, as the first Member State. No tangible progress could be reported on lifting current trade restrictions in Asia but the Commission continues to pursue the matter with high priority.

FEFAC has underlined that ASF is currently one of the biggest problems we have in the EU together with raw material prices. As COM has explained hunting is a useful measure when fighting against the ASF. Why is there no earlier reaction and no common European strategy? There is overabundance of wild boars in some counties. And the disease is transmitted by wild boar. As explained there is a big need for a strategy in Rumania and first thing we need to do is step up hunting. FEFAC welcomed a biosecurity strategy, but at the same time the backyard farms need to be defined (max. annual production, what measures must be applied by a competent authority). Also concerned about regionalization – we are in line with OIE parameters, but our partners not recognizing us.

Copa-Cogeca has stated that the market access is a big issue. The COM has mentioned that the Germans are speaking with the Chinese. There was also a rumor about France having a technical agreement on regionalization with the Chinese. What is the position of DG Sante on that?

COM reminded about the bilateral discussions they are having with positive accomplishments used to convince trade partners. During the SPS committee positive effects were discussed. They were not aware of the details for Germany and China but yesterday it was said that the German minister will talk with Chinese for regionalization agreement. The activities are ongoing and there are some positive signals. Mr Van Gothem has sent a letter for joint global actions to recognize the regionalization approach. The work has been done on different sides.

Regarding hunting the COM answered that they do not advise hunting when ASF arrives to a certain place, but put a ban on hunting until the situation is clear. An EU global approach for management of wild boar already exists. The COM has requested the MS to develop national action plans if they have not done that yet. For now, there will be no EU guidelines. Next week EFSA will adopt a scientific opinion for biosecurity options of outdoor farming – bigger holdings will be addressed.

On the regionalization the COM advocates for recognition of regionalization. At the same time they are trying to support MS to recover from the ban once the disease arrived.

On the agreement between France and China COM has responded that France has achieved an agreement, but it is not signed yet. China prefers to speak with members rather than with the COM. France and China have already agreed to find a solution in 2019. The COM believes that this issue must reach to the summit. French work will hopefully help to accelerate German situation.

Copa-Cogeca discussed the issue of farmers that are located in restricted areas but are free of the ASF. If there is a positive case on the farm it will be completely depopulated and covered by insurance. If that is not the case producers still cannot sell the pigs or can only do it for very low prices. There is no tool for support for those farmers or only at the national base. We have a common interest of stop the spreading of the disease. All countries should support such farmers directly or indirectly affected from the ASF and there should be funds provided on the EU level.

Copa-Cogeca has also highlighted that supporting measures to eradicate the disease are only available for the countries where the disease has already broken out. Preventive measures would be important and although the disease has not arrived yet there is a need to invest e.g. in fence building. Commission should support such investments to encourage countries for such preventive measures.

Copa-Cogeca mentioned that after 3 or 4 audits with very clear recommendations from Brussels, Romanian commercial farms do not see any kind of implementation of the recommendations that were agreed in the previous meetings. There might be a need of changing the approach and moving from simple recommendations that were not followed by local authorities to something compulsory. In 2021 close to 100% of all outbreaks on the farms in the EU were in Romania. Romania cannot export anything, but we should consider the fact of more than 2 million Romanians working abroad. This poses a clear threat to carry the disease to other countries.

COM replied that the support for farmers comes from both the MS and the COM. The mechanism for prevention already exists. It is not only supported but also requested by the Commission as well as awareness campaign and trainings. Situation in Romania is still challenging, but the COM is in constant contact with the Romanian authorities. The Romanian colleagues are working to take in account all the recommendations.

4. Ecoschemes and the role of the pig sector – European Commission, DG Agri

The ecoschemes are part of the various pieces of legislation of the CAP and also fit in the context of the Farm to Fork strategy which is part of the Green Deal to transition towards a more sustainable food system. Part of the measures include reduction of pesticides and the reduction of antibiotic use by 50 % by 2030, as well as increasing biodiversity and reaching 25 % of EU land under organic farming.

There is a new green architecture in the new CAP: there will be additional aid if farmers go beyond basic rules on sustainability. MS will set eco schemes in their CAP strategic plans. In the slide is described the indicative list of practices included in the eco schemes and the budget for the flexibility mechanisms, such as climate mitigation, prevention of climate change, or protection of biodiversity.

COM has published a list of practices to provide best practices that can be part of eco schemes. All of these are coming from discussion with experts. Among these practices there are practices especially on animal welfare, such as access to feed and water, optimized feed strategy, housing conditions, extended housing conditions, more free-range, better access to outdoor or ventilation...

There will be a debate with Council and EP at the end of May and we hope there will be an agreement at the end of May. MS should submit their national strategic plan by the end of the year. A Q&A is being finalised and will be published soon. There will be bilateral meeting with MS to plan their eco schemes and to define their intervention of their future CAP plans. Trilogues are still

ongoing until the end of May. DA and IA should be published in September 2021. CAP will start then to be implemented in 2023.

FoodDrinkEurope has mentioned that the COM has not prepared any impact assessment regarding the Green deal, but the USDA did it and the numbers are very interesting. Does the COM think of an impact assessment in the near future?

The European Environmental Bureau was satisfied with the developments. Focusing on animal welfare the list of principles is good, but these principles do not prevent other aids linked to renewable models of farming that do not go with animal welfare goals listed. Are there any red lines, any signals to be sent out that certain things have no future, so we only finance the promising things?

FEFAC asked how animal welfare aid will work for farmers that have never received subsidies. Can farmers that only have pigs receive support?

COM answered that an impact assessment was published in 2018 when the proposal for reforming the CAP was prevented. There were internal meetings to look at how the different objectives could be made. The impact analysis which was included in the CAP reform process should cover all the aspects.

COM highlighted that the ecoschemes were initially not about the animal welfare, but it came up later in the process of negotiations. A loss of income can be compensated. There are red lines for the ecoschemes and base lines as conditionality. Standards that apply to all farmers are the baselines. Everything above it that farmers commit to can be included as an ecoscheme. It will not be for livestock farmers that do not have land, because the ecoschemes are linked with direct payments. We know that sectoral aids are forbidden. If farmers have hectares that will not be a problem, but without them a solution would be an access to the rural development fund.

Copa-Cogeca stressed that 90% of pigs are raised in large farms and at the end everyone works in the same market. Will companies have access to the ecoschemes? Maybe there also need to be some priorities of how to reach the green deal goals.

Copa-Cogeca mentioned that there is still no good definition of the ecoschemes. There is only a year until the implementation and farmers are very concerned as they do not know what to expect. Farmers need to think about if it is worth making the investments. We are also concerned that we might see a drop in production of cereal.

COM replied that there will be no restriction in legislation for large farmers. The MS are looking for specific needs of the sectors. If there is a need then they will include targets in the strategic plans. Large pig farms also need to adapt to pollute less and improve their practices. Water quality, humidity control are some of the measures that can be adjusted by MS in their strategic plans.

COM added that there have been discussions and every MS is now working on those targets. Creativity is necessary. Commission will need to have a look on what will arrive. There are different things that can be considered as an ecoscheme as e.g. avoiding tail docking.

Chairman was asking for a clearer answer on the farmers that do not have any land – will they have an access to the ecoschemes or not.

[Comments in the chat:](#)

Copa-Cogeca wrote that the impact assessment published in 2018 is well outdated. Also extra measures are being added and ideas changed which do not have assessments completed with regard to pig farming in particular. The COM could not claim that an impact assessment has been done when countries are only now developing their plans on what they are going to do.

The European Environmental Bureau wrote that for climate and for humans the most beneficial will be to reduce the number of farm animals and to create income while improving environmental and welfare conditions.

COM answered that the primary basis for granting direct payments is linked to land so there is an issue. The payments will be submitted in addition to the direct payments. There has been a discussion of how to make links with the livestock units.

Regarding the impact assessment the COM replied that in the legislative proposals they always make sure all relevant aspects are examined. Different political guidelines have been put on the table by the new Commission. The COM was trying to see if the CAP reform that was on the table is compatible with the new priorities. Now they are finetuning the future reform particularly on those elements. There is no new impact assessment. The participants were referring to the US assessment. The US has a specific interest in our plans. Biden administration is respecting the sustainability, they have a plan and want to have their own standards. They want to check what this would mean for their economy (positive or negative). The Trump administration has criticized F2F but now the US goes the same way. We need to accompany the impact with economic and social impact and this is what is being tried in the future CAP.

The COM also underlined the importance of the definition of a genuine farmer. Genuine farmers need to have some hectares as the definition will be land based. The WTO does not matter what crop is there, but what is important is that farmers have land. We still have a dialogue where they might decide on a solution based on heads. We did not think about that originally, but if they find a solution, we are certainly ready.

Chair added that the COM needs to address the MS and help farmers to find a solution where everyone will have access to the ecoschemes.

COM concluded that pigs and poultry have not been supported in the past. Now there is a possibility of sectorial interventions so they can take specific percentage of the envelope, if there is need for sectorial intervention on pigmeat. One big prerequisite for that are producer organisations. So, if pig farmers make e.g. sustainability investment they need to do it together. There you could have any type of pig farm benefiting from the CAP. That is already secured, but it is something new.

5. F2F strategy and its impact on the pigmeat sector - European Commission, DG Agri

On the Farm to Fork Strategy there are 27 actions and so far 2 have been done. Those were the CAP strategic plans and the promotion policy review. Some further actions are foreseen for the end of this year, such as a set of commitments to be taken by processors, traders and retailers. For the next CDG, it might be more efficient to focus on specific actions we want to discuss.

The action plan foresees a contingency plan inspired from the Covid pandemics. It will secure the consistency of the EU policy and exchange between sectors: ministers of agriculture, transport, infrastructure, etc. The contingency plan would provide for a forum where, in case of a threat, all

relevant authorities come together. One of the crucial questions here is how to include stakeholders. It can also be discussed if there is a need for 3rd country participation (e.g. Serbia, Switzerland).

There will be a review of the marketing standards. This is a sensitive issue and there are questions for a number of products. The timeline is very constraint.

On transparency, new notification obligations have been introduced for MS in force since 1st January this year. Several MS are effectively reporting but there is scope for improvement.

Regarding producer cooperation, the deadline for MS to notify their implementation of the UTP directive is today. In the CAP reform, there are some further steps. For instance, supply regulation which is currently allowed for cheese and ham covered by a protected designation is proposed to be extended to all PDOs or PGIs.

The initiative by DG Sante on origin labelling is particularly targeting meat. The labelling of origin is already used for meat products to a large extend. The COM will have another look at it and check if there are some things to improve.

Promotion in the future should only accompany sustainable products. We need to make sure that what we produce is sustainable.

The Chair highlighted the importance of a close contact of all the sectors with the COM. For any next crisis situation each sector must have a direct connection with the COM. When Covid-19 has started no one was able to provide answers, but it was important to secure the food flows.

Copa-Cogeca underlined the issue with the definitions of sustainable animal products. The EU is the most sustainable food producer on the world. There must be clear definitions on what we are talking about. COM answered that there is no universal definition of sustainable product and that it is something to be discussed.

Copa-Cogeca asked about the role of producer organisations and if they should coordinate projects or bundle activities. Copa-Cogeca also asked if the producer organisations will be able to receive funding through the ecoscheme budget.

The COM replied that, in the future CAP, MS can take max 3% of direct payments and devote it for sectoral interventions. These fall under pillar 1. MS have free hands in developing the measures, but they would need to be co-financed by producer organisations. They must meet one of 9 specific objectives of the CAP strategic plans. So, to come to the question - a number of pig farmers constituting a recognized producer organization and designing an operational programme that meets a specific objective could be co-financed. It must be part of the CAP strategic plan designed by the relevant MS, emerge from the needs assessment coupled with the SWOT analysis.

6. Any other business

Copa-Cogeca asked if the COM will be abolishing the CDG Working groups. COM replied that they do not intend to abolish the CDG Working groups, but there should be no price forecasts. The COM values the working groups and they are also valued by the participants.

Copa-Cogeca replied that the working group are important for everyone and that they are a place where we can talk about different things and also ideas on the future process. It is important to hear what the expected developments in different MS are. No one intends to control the market with the information exchanged and that would not even be possible as everything discussed are only estimations of single experts. With the transformation we would lose a lot of information.

The COM concluded that WG meetings allow each of us to listen to the others and to exchange information. They cannot serve discussing future prices. That does not mean that we will not anymore have WGs. The value of our exchanges will not diminish.

Next meeting scheduled on 5th November.

List of participants– Minutes

Meeting of the Civil Dialogue Group “Animal Products – PIGMEAT Sector”

Date: Friday 30 April 2021

Member organisation	Number of Persons
AnimalhealthEurope	1
EuroCommerce	1
Eurogroup for Animals	1
European agri-cooperatives (COGECA)	7
European Coordination Via Campesina (ECVC)	2
European Council of Young farmers (CEJA)	3
European Environmental Bureau (EEB)	2
European farmers (COPA)	9
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
IFOAM Organics Europe	2