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MINUTES

MEETING OF CIVIL DIALOGUE GROUP ANIMAL PRODUCTS - Beef and Veal Sectors

16 September 2022

Chair: AGRI.E3 Animal Products

Delegations present: all Organisations were present, except AnimalhealthEurope, Bee Life, European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT), European Milk Board (EMB), European Public Health Alliance (EPHA), European Rural Poultry Association (ERPA), BirdLife Europe, European Forum on Nature Conservation and Pastoralism (EFNCP).

Approval of the agenda and of the minutes of previous meeting

The agenda as transmitted to the participants has been approved.

1. Nature of the meeting

ONLINE Non-public

2. List of points discussed

• EU beef market overview

The Commission presented the most recent market data. The beef market is characterised by a positive price situation but producer margins are seriously affected by increasing production costs, in particular feed and energy. War in Ukraine and the severe drought exacerbated the problem of feed and fertiliser availability.

EU production is expected to decrease slowly this year with an even larger reduction in 2023 due to ongoing decapitalisation.

World supply of bovine meat is limited and demand is firm, thanks also to the good holiday season during the summer; however uncertainties around feed and fertiliser prices are worrying operators.

Organisations highlighted that fertiliser prices and availability will represent a major challenge for farmers in the next productive season and that inflation will affect meat demand.

Organisations also asked to include continuous analysis of feed, energy and fertiliser in the market presentations, since these aspects will have even more relevance in the future.

• **Update on the Industrial Emission Directive revision**

The Commission adopted a proposal for a revision of the industrial emissions directive and a related Regulation on the pollutant transfer register (E-PRTR) on 5 April.

It is now urgent for the livestock sector to tackle its emissions of methane and ammonia that have not reduced significantly since the early 2000s, despite receiving substantial funding via various schemes in the CAP. This is in stark contrast with emissions from industry covered by the IED that has decreased its key pollutants by 45 to 75% over a decade.

The inclusion in the IED of cattle farms for the first time and the inclusion of additional pigs and poultry farms target only the 13% largest livestock farms overall (currently + newly covered farms). These farms are responsible for 60% of the ammonia and 43% of methane pollution from EU livestock.

Farmers will have to implement emission reduction techniques by mid-2029, leaving ample time to the sector to prepare. Under the current CAP that runs until 2027, Member States may include support measures for reducing emissions of methane and ammonia, both support to operational costs and investments. Whether further support measures would be needed for the subsequent years may be considered as part of the design of the CAP for the next financial period.

In order to limit administrative burden for both farmers and the EU's Member State permitting authorities, a lighter "tailored" permitting regime will be put into place for the livestock farms under the new IED. The proposal also allows Member States to implement a registration system that is compatible with the minimum requirements of the tailored permitting system.

This will enable farmers to be informed about and deploy optimal pollution control and pollution reduction and decarbonisation solutions, using the latest techniques, whilst keeping the burdens relatively light.

Estimated methane emission reductions from cattle are based on a nutrition technique that reduces enteric emissions by 10%. This is a minimal estimation. DG SANTE approved in April 2022 the use of a feed additive that reduces enteric methane by 25; furthermore, scientific publications report higher emission reduction potentials (c. 36-50%). For pigs, methane reduction is estimated at just over 35%. Detailed assessment of specific feeding techniques for both types of animals will validate such potential savings. Ammonia emission reductions have been estimated at 12% for cattle, around 7% for pigs, and approximately 20% for poultry.

Even these minimal estimations result in a highly positive benefit to costs ratio for society of over 11, resulting in total human health benefits of around €5.5 billion per year. It means that the costs for operators and permitting authorities to implement the obligations are 11 times lower than the human health benefits. In reality, the ratio is even higher, as the generally accepted available monetisation methodologies are based solely on human health economics and as such do not fully enable the calculation of the ecological benefits of a cleaner environment and safeguarded biodiversity.

• State of play on the Proposal for a regulation on deforestation-free products

COM presented the main features and state of play of the Regulation proposal against global deforestation and forest degradation. The proposal is now the object of the EU's legislative procedure, with the Council and the European Parliament having published their initial positions and the trilogues about to begin. COM presented explained the scope, the non-discrimination principle, the due diligence system, the traceability requirements and the benchmarking and cooperation structures.

COM emphasized the policy background, where consumption of major economies leads to global deforestation, and the need for all countries to foster deforestation-free supply chains.

Responding to questions from CELCAA, FEFAC and EUROGROUP, COM emphasised that strict traceability is needed to achieve the goals of the Regulation, that the EU in the past has been capable to inspire other major economies to action in the field of illegal logging and it also expects to lead the way on the broader problem of tackling deforestation, and that the Regulation proposal – via its use of the FAO definition of forests – covers many areas that are classified as savannahs or wetlands in national laws.

• Update on trade (EU-NZ FTA)

The successful conclusion of **the FTA** on 30 June 2022 confirmed that EU and New Zealand are not only longstanding partners but also share values in areas beyond trade. This Agreement creates a global standard including the commitments on sustainable development resulting from Paris Climate Agreement, on cooperation to mitigate the climate change, on sustainability of food systems, on animal welfare. It will not only address the concerns of sustainability in trade but will also provide an important reference for the EU with other trading partners. The Agreement will contribute also to our food security, providing with facilitated access to alternative but high quality products that could be imported in case of any food crises would emerge in the EU.

The Commission has negotiated **animal products** with particular care, knowing the sensitivities of EU producers but also bearing in mind the competitiveness of the EU sector.

The most sensitive products i.e. beef and sheep meat were not liberalised. Instead, only very limited access to the EU market was granted under the form of Tariff rate quotas, which volumes are calibrated to represent tiny percentage of EU's consumption, with in-quota rates designed to preserve a level playing field for EU producers.

Additionally the tiny opening on beef is conditioned that only grass-fed beef can be exported under this TRQ. This strategy has proven its merits: the outcome has fallen short of the NZ meat sector expectations. Nevertheless, the openings made are commercially meaningful also for NZ.

The Agreement will provide unprecedented protection of the EU GIs, including cheeses in New Zealand territory, an achievement that was not obvious at the beginning of the negotiations. New Zealand will extend its GI law to cover also foodstuffs and to include some of our meat products.

- **EC report on mirror clauses for imported agriculture and agri-food products**

The Commission (DG AGRI) presented the report on the application of health and environmental standards (including animal welfare) to imported agri-food products that was adopted in June 2022. The Commission outlined the main elements underpinning the debate namely the need for a global shift to sustainable food systems. The report identifies three routes to support this shift: the multilateral route, the bilateral route and the use of autonomous measures. With respect to autonomous measures, the Commission stressed the importance to be WTO compatible and explained that the report includes a thorough legal analysis of WTO law which shows that it is possible to apply environmental and animal welfare standards to agri-food imports in a WTO compatible way, provided that a number of conditions are met. The presentation was followed by a short session of questions and answers.

- **Update on food security and crisis management**

DG AGRI Unit A1 presented the Communication on Safeguarding food security and reinforcing the resilience of food systems published on the 23rd March 2022. The Communication sets out the Commission response to the invitation of the European Council in its Versailles declaration of 10 and 11 March 2022, to present options to address rising food prices and the issue of global food security. It is based on an assessment of the situation and builds on its vision for a fair, healthy and environmentally friendly food system laid down in the European Green Deal and its Farm to Fork Strategy. It lays out short term measures to support food security and agriculture in Ukraine, global food security, as well as producers and consumers in the EU. It also calls for addressing the deficiencies revealed by the developing crisis in ways that enhance the transition towards sustainable, resilient and fair food systems in the EU and globally.

The negative impacts of the high prices of fertilisers, gas, fuel and commodities on yields as well as impacts for fertilising, harvesting, processing and transport were discussed at large. Food inflation in the EU is at record levels. Based on the above mentioned challenges, the Commission has come up with a list of actions for global food security, such as financing strategies for developing countries to sustain the green recovery. Instruments like macroeconomic support for food deficit countries through instruments, such as macro-financial assistance or budget support programmes can play an important role in easing the pressure caused by high import costs.

The Commission is engaged in several coalitions and platforms to analyse and monitor global agricultural commodities, such as the Agricultural Market Information System (AMIS), which was developed after the last food crisis in 2008-2009.

The Commission advocates against export-restrictions and export-bans to avoid “panic reactions” and that countries would not introduce large-scale export restrictions. It will continue to support countries in their transformation towards resilient and sustainable agriculture. The Commission will continue to provide humanitarian assistance to Ukraine but also to developing countries. Regarding support to Ukraine’s food security, the Commission has in place food aid humanitarian assistance and support to the agriculture and fisheries sector in close cooperation with international partners. The Commission has developed an EU Emergency support program in favour of Ukraine of up to 330 million €, which will help to secure access to basic goods and services as well as protection.

In terms of macroeconomic support for Ukraine, DG ECFIN has a macro-financial assistance programme in support of Ukraine of over 1.5 billion €. This is in addition to support provided by Member States.

On the actions for EU food security: the Commission is helping vulnerable EU citizens deal with food security challenges through a fund for the most deprived which is called FEAD. The Commission has set-up package of 500 million € to support farmers most affected. Member States can top-up this support by 200% of national aid and it will be up to Member States to decide which farmers have been most affected.

There is a derogation on certain greening obligations in 2022&2023, which will bring additional agricultural land into production subject to Member States 'decision, to alleviate food security and the pressure on the markets. The Commission has also introduced market safety net measures and a temporary crisis framework for State Aid.

Member States are encouraged to prioritise investments, which would reduce the dependence on gas and fuel. This could be through increasing sustainable biogas production or by increasing the area under precision farming. The Commission is also encouraging Member States to make use of carbon farming methods and agro-ecological practices.

Member states have a number of instruments at hands when it comes to effectiveness and coverage of social protection systems to support the most vulnerable population through targeted schemes. The Commission stays firm in its commitment to the implementation of the Farm to Fork and Biodiversity Strategies. Food sustainability is a pre-condition for food security in the long term. The Commission is planning to review its protein policy to reduce the dependence on imports.

Stakeholders raised several questions mainly regarding the measures to strengthen food security. The Commission is aware of the possible impact on biodiversity, but as the EU has the highest productivity in the world, it has to make a contribution for global food security. Food waste is also a concern of the Commission shown in the Communication, but consumption patterns take time to change.

The Commission recalled a number of actions under the Farm to Fork strategy which tackle food waste and are aiming at consumers. The Commission is working on sustainability labelling and on a legislative framework for sustainable food systems. The Commission continues also with the implementation of the organic action plan.

- **State of play on the Framework law on sustainable food and F2F related initiatives**

AGRI.A1 presented the state of play of the forthcoming Commission's proposal on the Framework Law on the Sustainable Food Systems (FSFS). It was explained that the initiative aims at promoting a better policy coherence at EU and MS level, mainstreaming sustainability in all food-related policies, strengthening the resilience of the food system, while ensuring a better food environment where choosing healthy and sustainable food is easier for consumers. The main policy options of the ongoing impact assessment were presented, together with some indicative elements that are part of the ongoing Commission's reflection. Lastly, the group was informed that the deadline to reply to the targeted questionnaires was extended to 26 September 2022 and was invited to take part to this consultation.

The questionnaires were available at the following links:

for NGOs https://ec.europa.eu/eusurvey/runner/FSFSSurvey_NGOs

for business operators:

https://ec.europa.eu/eusurvey/runner/FSFSSurvey_businessoperators

3. List of participants

See Annex

Michael SCANNELL
(e-signed)

List of participants– Minutes

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16 September 2022

ORGANISATIONS
Bureau Européen des Unions de Consommateurs (BEUC)
EuroCommerce
Eurogroup for Animals
European agri-cooperatives (COGECA)
European Coordination Via Campesina (ECVC)
European Council of Young farmers (CEJA)
European Environmental Bureau (EEB)
European farmers (COPA)
European Liaison Committee for Agriculture and agri-food trade (CELCAA)
Fédération Européenne pour la Santé Animale et la Sécurité Sanitaire (FESASS)
FoodDrinkEurope (FoodDrinkEurope)
IFOAM Organics Europe