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MINUTES CDG

Meeting of the CDG on Animal Products – Poultrymeat and eggs

6 September 2022

Chair: DG AGRI E.3 Animal Products

Delegations present: all member organisations were represented, except for AnimalhealthEurope, Bee Life-European Beekeeping Coordination, Bureau Européen des Unions de Consommateurs (BEUC), EuroCommerce, European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT), European Forum on Nature Conservation and Pastoralism (EFNCP), European Milk Board (EMB), European Public Health Alliance (EPHA), BirdLife Europe)

1. Approval of the agenda and of the minutes of previous meeting

Agenda of meeting approved.

2. Nature of the meeting

Non-public hybrid meeting

3. List of points discussed

3.1. Approval of agenda

3.2. EU poultry market overview and market transparency

The Commission presented key highlights on latest market developments for EU poultry meat and rabbit meat production and provided short-term forecast. EU poultry meat production is projected to see another minor decrease this year (-1%) after that of 2021. In the period January-May 2022, EU poultry meat production decreased by 1%. While most Member States registered an increase in production, significant falls were observed in IT (-18%) and HU (-13%). HPAI outbreaks have continued for an exceptional long period, which keeps weighing heavily on the sector's performance and exports.

On the world market, EU exports decreased by 2.5% in volume and increased by 24% in value in the first five months of 2022 compared to the same period in 2021. EU imports increased by 18% in volume and 66% in value. In the context of Regulation 2022/870 granting Ukraine duty-free quota free market access for a period of one year, the Commission provided the most recent data on EU imports of poultry meat from Ukraine. From 1 January until 27 August, they amounted to 96 090 t, which represents a 103% increase.

Stakeholders welcomed the presentation and highlighted uncertainties on the market (exorbitantly high prices of energy and feed, war in Ukraine, inflation). They also underlined the need for a close monitoring of increased poultry imports from Ukraine.

3.3. EU eggs market overview and market transparency

The Commission gave an overview on market developments. EU egg production is expected to decline in 2022 (-2.3%), Avian Influenza being a decisive factor. The distribution of laying hens per production system showed an increasing share of alternative systems (barn, free range, organic). Since the beginning of 2022 egg prices have been well above the five years average and last year prices (+55% for both). Under the market transparency Regulation 2017/1185, Member States report weekly egg prices per farming method; they should soon be available in the agridataportal <https://agridata.ec.europa.eu/extensions/DataPortal/home.html>

EU imports for the first half of 2022 increased slightly in volume but more substantially in value. On the export side, they decreased in volume but not in value for the same period. Exports to the UK increased and are now above 2020 volume, while imports from the UK are still below 2021 and 2020. Imports of eggs, in particular fresh eggs from Ukraine are increasing steadily. Those increased imports started already in May, but since the entry into force of the temporary trade liberalization Regulation 2022/870, those imports continued to be well above previous years. Fresh eggs have been the most imported product from Ukraine for the past 4 months and from the beginning of the year until 27 August it represents an increase of 382 % compared to 2021. Exports of hatching eggs and one-day-chicks are heavily affected by the war in Ukraine. For the first half of 2022, hatching eggs declined by 9.3% and chicks declined by 17.8%.

3.4. EU feed market overview

The International Grains Council (IGC) forecasts world all-wheat production to reach 778.0 million tonnes (-0.4% y/y) in 2022/23, while consumption is expected to reach a new peak of 782.7 million tonnes (+0.3% y/y). Partly due to a sharp decline in the EU, world maize production is forecast to decrease by 3.4% y/y to 1,178.6 million tonnes. Due to reduced feed use, maize consumption is expected to fall by 1.5% from last year's peak to 1,196.8 million tonnes, incl. 705.0 million tonnes for feeding (-2.2% y/y). IGC estimates 2022/23 soya bean output at a new peak of 389 million tonnes, while total use is expected to increase, as well underpinned by strong demand from Asia. Global rapeseed production is projected at a record 79.5 million tonnes (+10% y/y), boosted by a strong rebound in Canada. World cereals prices have decreased from the multi-year highs reached in early spring, however remain above their levels a year ago. In particular, maize prices were quoted at around USD 290 per tonne for South America, USD 320 per tonne for the US Gulf, while at only USD 260 per tonne for Ukraine. Ukrainian producers and traders are under pressure to speed up exports in order to free up storage

capacity for the new harvest and to generate cash revenue for the autumn field works. Soya bean prices moved around USD 600 per tonne lately for key origins, however with the start of the harvest in the US, prices are expected to fall to below USD 580 per tonne. The re-opening of three ports in Ukraine helped to increase the country's export capacity and contributed to an overall decrease of the grain prices. However, the future of the grain corridor is uncertain and high volatility is expected to be a main feature of the price movements.

3.5. Update on animal welfare legislation review

The Commission gave an overview on the revision of the animal welfare legislation. The Commission committed in the Farm to Fork Strategy to propose this revision by the end of 2023 to align this legislation with the latest scientific evidence, broaden its scope, make it easier to enforce and ultimately ensure a higher level of animal welfare. An assessment of the existing EU animal welfare legislation has been carried out; results will be published this autumn. The European Food Safety Authority (EFSA) was mandated to provide scientific opinions on the welfare of certain animal species on farm and during transport. Scientific opinions addressing the transport of animals and the keeping of pigs were adopted recently and adoption of further opinions is expected until early 2023. Studies on the economic, social and environmental impacts of different policy options are under development, to feed into the preparation of the Commission's impact assessment. Consultations were carried out, e.g. an open public consultation that received almost 60.000 contributions, a stakeholders conference in December 2021, creation of six subgroups of the EU Platform on Animal Welfare) and are ongoing (e.g. feedback in every step and bilateral meetings).

3.6. EU-SADC EPA: state of play on panel on safeguard

The Commission gave an update on antidumping measures concerning poultry sector in SACU.

- Regarding the AD investigations in South African Customs Union; the poultry exports to SA are currently hampered by two anti-dumping measures:
 - AD measures on exports from DE and NL, which were extended in August 2021 following an expiry review. The measure range between 3.86 % - 73.33%.
 - A 'new' AD measure against exports from PL, ES, IRE and DK was imposed on 1 August 2022. However, it was immediately suspended for a duration of up to one year given the complicated economic situation of the domestic industry. The suspended measure ranges between 2.25% - 96.9%.
- The Commission has been very active in all TDI and safeguard investigations initiated by SACU over the years, raising regularly the numerous procedural and technical flaws in the context of the investigations. In view of the difficult relations with SA despite our efforts both at technical and political levels, these measures were imposed.
- The Commission will be following the development in the 'new' case very closely, especially concerning the final report and disclosure by the SACU investigative authority, should the suspension of the measure end.

The Commission also gave an overview of the main findings of the final panel report of 3 August in the dispute between the EU and SACU concerning the safeguard measure imposed by SACU on imports of frozen bone-in chicken cuts

from the EU. During the Q&A session he also provided some further clarifications and explanations on the case to representatives of the poultry industry.

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

The Commission 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.

3.8. Update on Ukraine trade issues (poultry and eggs)

The Commission presented Regulation 2022/870 providing for a one-year measure with duty-free quota-free imports from Ukraine, recalling the exceptional context in which it was adopted. The Commission proposal presented end April was swiftly endorsed by the Council and the European Parliament, and entered into force on 4 June 2022. The Commission is monitoring closely eggs and poultry imports under this regulation. As foreseen by Article 6 of the Regulation, the Commission will also publish relevant import data regularly on a Commission website. Finally, the Commission indicated that current trends of eggs and poultry imports are also raised during meetings with the Ukrainian authorities.

Following the presentation, stakeholders expressed concerns on increasing imports and competitive disadvantage for the EU industry, also taking into account differences in production standards (animal welfare). A possible extension of the current measure is a major concern and they also questioned what would be the threshold for the Commission to trigger the safeguard clause under Article 4 of the Regulation. In response, the Commission recalled the exceptional context in which the measure was adopted and indicated that it is premature to discuss a possible extension.

3.9. Review of marketing standards – state of play

The Commission presented the main elements of the review of egg marketing standards within the context of the review of several marketing standards and highlighted the proposed changes. Working papers on egg marketing standards had been shared with MS on 25 August and stakeholders were encouraged to stay in contact with their national authorities. In the discussion, the Commission also referred to the review of poultry marketing standards that will follow those of eggs. Stakeholders welcomed in general the proposed changes for eggs. For the upcoming review of marketing standards for poultrymeat stakeholders highlighted the legal limits for water content and foie gras as sensitive issues.

3.10. Energy situation and its implication for the poultry sector

The President of AVEC gave a presentation on the implications of the energy crisis on the EU poultry sector. He underlined the historic price surge for gas and

electricity and the crucial role of these inputs at all stages of production, in particular breeding and fattening. Availability is also a concern for the next 12-18 months. Possible solutions consist mainly in switching to other sources of energy, including renewables, but it requires time and important investments. In addition, the sector experiences shortages of CO₂ for stunning (a co-product of the fertilizer industry) and of packaging.

The Commission welcomed the presentation and concurred with recognizing the seriousness of the situation. In this context, it referred to the Commission Communication on food security released in March supported by the financial package for farmers and winter preparedness plan published in July.

4. Next meeting

To be confirmed.

5. List of participants

See annex.

Michael SCANNELL
(e-signed)

List of participants– Minutes
Civil Dialogue Group ANIMAL PRODUCTS – Poultrymeat and Eggs
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ORGANISATIONS
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)
European Rural Poultry Association (ERPA)
Fédération Européenne pour la Santé Animale et la Sécurité Sanitaire (FESASS)
FoodDrinkEurope (FoodDrinkEurope)
IFOAM Organics Europe