

Brussels,
agri.ddg3.i.4(2018)1104160

MINUTES

Meeting of the Civil Dialogue Groups Animal Products - Pigmear

Date: 07/11/2017

Chair: Angus WOODS - COPA

Organisations present: All Organisations were present except Beelife, BEUC, Birdlife, EFNCP, EMB, EPHA, ERPA, EuroCommerce, IFAH Europe, IFOAM

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

2. Nature of the meeting

The meeting was **non-public**.

3. List of points discussed

1. Approval of the agenda and the minutes of the previous meeting of 7th March 2017
2. Election of the Chairmen and Vice-Chairs of the CDG on animal products
3. Information and exchange of views on pork and pork processed products market situation
 - 3.1. Forecast for the pork market (outcomes of the FWG of the CDG on pork held on 9th October 2017)
 - 3.2. Animal feed market situation
 - 3.3. Protein balance presentation
 - 3.4. Report from the Meat Market Observatory (3rd October 2017)
4. Market Access:
 - 4.1. Analysis of the opportunities of the Japan FTA for the pigmeat and pig products (presented by the sector)
 - 4.2. SPS barriers (e.g. Brazil, Mexico, Russia, Ukraine, Australia etc.)

¹ If not adopted by written procedure (CIRCABC)

5. Animal welfare

5.1 Ending the routine tail docking of pigs in industrial systems is possible: the example of Finland presented by Mr. Timo Heikkila

5.2 Exchange of views

6. Animal health

6.1. Animal health situation in the EU and measures regarding disease eradication – with a special focus on ASF

6.2. Regionalisation principle – acceptance by third countries – EU Commission initiatives

6.3. Information on the recent developments regarding the withdrawal of marketing authorisations for veterinary medicinal products containing Zinc Oxide.

7. State of play on reintroduction of processed animal proteins. Information by the EU Commission.

8. AOB.

1. Approval of the agenda and the minutes of the previous meeting of 7th March 2017

The agenda was approved.

The minutes were approved with the comments of EBB as circulated.

2. Election of the Chairmen and Vice-Chairs of the CDG on animal products

Mr Paul Brand (Celcaa) was elected Chairman of the CDG on animal products.

Mr Angus Woods (Copa-Cogeca) and Mr Mark Williams (FoodDrinkEurope) were elected Vice-Chairmen of the CDG on animal products.

3. Information and exchange of views on pork and pork processed products market situation

3.1. Forecast for the pork market (outcomes of the FWG of the CDG on pork held on 9th October 2017)

The Commission (DG AGRI G3) presented the market situation including the results of the Forecast Working Group. The slides have been made available to the delegates. Some of the highlighted points were:

Production:

The production is expected to decrease by 1.8% in 2017 and increase by 0.9% in 2018, according to the forecast made by the experts of the Forecast Working Group.

				R. Slaughter 2017 / R. Slaughter 2016	Experts 2017 over Experts 2016
Q1	+ 0.3%	+ 5.0%	+ 0.3%	- 1.2%	- 2.3%
Q2	- 1.3%	+ 3.4%	+ 2.5%	- 3.0%	- 1.7%
Q3	+ 2.3%	+ 1.3%	+ 0.5%		- 1.5%
Q4	+ 2.2%	+ 1.3%	- 0.8%		- 1.6%
EU_28	➔ + 0.9%	⬆️ + 2.7%	➔ + 0.6%		⬇️ - 1.8%

Price:

The EU pigmeat market is now in a turning point, with prices decreasing, at the same time with increasing competition from other big world pork producers. The average EU pig carcass price is under both the 2016 average price and the average price of the last 5 years (2010-2016) but still 10-12% higher when compared to our main competitors. The steep decrease in the last quarter is due to a recovery (more meat in the market) in offer and a decrease in demand from third countries (e.g. EU exports to China decreased by 30% in the period January to August 2017).

Trade

Some recovery in domestic production in China is thought to be causing imports to fall below the exceptional levels of 2016. The latest USDA forecasts anticipate Chinese pork production to rise both this year (+ 0.5 million tonnes) and next (+ 1.2 million tonnes). In addition, the experts of the forecast group believe that there will be an increase of production in the Canada, US and Brazil, which will increase competition in the world market.

In the first seven months of 2017, the total EU exports in terms of carcass weight decreased by 11.2% when compared to the same period of 2016. During this period the biggest markets for EU exports in terms of carcass weight were China with 788,261 tonnes (36.2%), Japan with 244,477 tonnes (11.2%), Hong Kong with 2020,922 tonnes (9.3%) and South Korea with 166,943 tonnes (7.7%).

3.2. Animal feed market situation and 3.3 Protein balance presentation

The Commission representative (DG Agri G4) gave an overview of the feed market situation and protein balance. The presentation was made available to the delegates.

Main findings:

EU balance sheet 2016/217 Production below average (less than 295 million tonnes):

- Disappointing soft wheat yields in Western Europe
- Partially offset by increases in Southern and Eastern Europe
- Mixed quality results for soft wheat (specific weight and grain size)

Decrease of total exports (incl. steep fall in soft wheat and barley exports)

Second decrease in a row of ending stocks

EU balance sheet 2017/18

Production higher than in 2016/17 (around 299 million tonnes) but still below average based on:

- Decrease of areas (incl. soft wheat) vs 2016/17
- Good yields for soft wheat in most EU

- Yields of winter crops affected mainly in ES (drought)
- Good grain quality for soft wheat (FR) and concerns (DE, PL)
- Bad harvest conditions in Baltic States and South of Finland

The Commission informed of its plans as regards the EU protein balance. A comprehensive (and "official") overview of EU supply and demand situation for feed proteins (hopefully) could be an useful initiative in the context of the "EU protein deficit" and further market transparency.

3.4 Report from the Meat Market Observatory (3rd October 2017)

The Commission representative (DG Agri G3) provided a report about the last meeting on 3rd October 2017

Besides the regular information given during that meeting, the particulars of the last meeting were:

- Clitravi provided a presentation on the medium term potential for EU companies for the export of meat products to the Chinese market;
- Experts from the Wageningen University presented the results of a study commissioned by the European Parliament on the current structure and prospects of the EU Bovine Meat Sector. The study highlights, amongst others, two main structural characteristics of the sector: the low level of income and the high dependence on CAP support;
- Eurocommerce provided a presentation on trends in sales of meat products from a retail perspective;
- An expert from the Swedish Board of Agriculture delivered a presentation on the calculation and communication of meat consumption in Sweden;

The Commission representative explained the contents of the MMO website https://ec.europa.eu/agriculture/market-observatory/meat_en.

Exchange of views

The producer representative underlined that the steep decrease of prices is due to recovery of production, decrease of exports and decrease of consumption. He highlighted the uncertainty for the following months. He proposed to look at what can be done to stimulate the internal consumption (e.g; promotion). He continued his intervention noting that the animal health situation can become a serious market issue.

There was a general support for the proposal of the producers. Clitravi noted that even though the volume of exports to China is decreasing, there has been an increase in the price paid. Celcaa underlined the change on consumption habits.

The representative of EEB believes that the consumption of pork should be reduced, due to the environmental impact, and therefore her organisation opposes to the use of public funding for promotion. Furthermore, the animal conditions should be further improved.

The Commission representative took note of the comments and assured the stakeholders that the Commission services are following closely the development on the EU pigmeat market. As regards the consumption issue, the representative noted that there is a promotion program in place and encouraged the sector to contact the unit in charge.

4. Market Access:

4.1. Analysis of the opportunities of the Japan FTA for the pigmeat and pig products (presented by the sector)

4.2. SPS barriers (e.g. Brazil, Mexico, Russia, Ukraine, Australia etc.)

4.1 EPA with Japan.

The delegate from European producers, seconded by representatives of Celcaa and Food DrinkEurope, provided a quick analysis of the EPA with Japan and its importance for EU pigmeat sector. Japan is the 2nd largest market for EU pork, in particular in value (after Switzerland, Japan is the most valuable market per kg). This deal will help to have a better market access to Japan:

- EU is exporting mostly frozen meat used for further processing in Japan;
- EU is the main supplier of pork followed by US and Canada;
- The entry price is going to be reduced for all cuts (low and high value cuts);
- The fixed duties will also be reduced and the new safeguard clauses are very promising;
- If the deal is implemented, the EU could be the only major exporter to Japan with a preferential agreement. If the TPP is implemented, the situation will be less disadvantageous but the EU ensured similar conditions to its potential competitors in TPP. If TPP is ratified, the agreement foresees the possibility to re-negotiate the deal to maintain level playing field.
- Hopefully Japan will recognise the EU regionalisation for ASF. The EU FBOs asked the EU Commission to speed up the implementation of the agreement, in particular point 4.2 SPS barriers.
- The Commission (DG Trade D3) reported on the situation concerning various target countries, according to the presentation circulated in advance:
 - Some third countries do not recognise the EU regionalisation measures in relation to ASF.
 - Regarding Russia, the Conclusions of the WTO panel should be implemented by 6th December. Nevertheless the Russian authorities announced the extension of the political embargo to products that were not included before. Most products will remain blocked due to the extension of the political embargo.

- The Russian authorities have proposed several inspections. These must be coordinated by the Commission, which proposed CZ and PL.
- Mexico accepted text for pre-listing.

5. Animal welfare

5.1 Ending the routine tail docking of pigs in industrial systems is possible: the example of Finland presented by Mr. Timo Heikkila

Mr Heikkila presented the business model that he has implemented in his pig farm that contains 3500 sows and shared his experience on ending routine tail docking.

5.2 Exchange of views

The Commission representative (DG SANTE) underlined that the Commission had published recommendations and guidelines on the matter and has finalised educational material (videos and factsheets for the pig sector). He continued his presentation by presenting the conference that will take place end of November in Grange, Ireland and the Commission Work Plan plan to reduce the systematic tail-docking of piglets in Member States.

The German producers' representative was interested to know if this farm receives additional public funding. Mr Heikkila informed that some Finnish farmers don't use straw but sawdust or other materials. The Swedish representative of producers quickly presented an outline of production systems in Sweden. He concluded by underlining that tail biting is a multifactorial issue besides straw and space and that this represents an effort and an extra cost for the producer.

The EBB and Eurogroup for animals were interested to know more about the management of waste, manure and straw. Both delegates showed their frustration by stating that EU law is not respected and thought that the Commission Work Plan was late; their representatives encouraged all partners to speed up implementation of the existing EU legislation (Directives 2008/120/EC and 98/58/EC).

Mr Heikkila clarified that he received extra funds for animal welfare measures that go beyond the Directives (e.g. straw and space). In his farm he uses semi-slatted floors and he recognises that this system can pose challenges in warm weather- however he does not encounter problems when he uses straw as he uses automatic gravity fed slurry system with wide bore pipes.

6. Animal health

6.1. Animal health situation in the EU and measures regarding disease eradication – with a special focus on ASF

The Commission representative (DG SANTE G3 and D4) informed about the state of play regarding ASF in Eastern EU and other countries and made a summary on the EU actions https://ec.europa.eu/food/sites/food/files/animals/docs/ad-control_measures-asf-chronology_en.pdf :

- In 2017, cases in wild boars and domestic pigs were detected in LV, LT, EE, RO, CZ and PL. Commission has adopted Commission implementing decision 2017/1481/EU.
- Ukraine: a spread of outbreaks in the whole country is recorded also close to the EU. The recorded outbreaks amongst wild boar are mainly for farmed wild boar.
- There are several outbreaks in Moldova.
- Russia: outbreaks in Siberia have been recorded.
- The Commission's representative presented the main tools against ASF. Important is that they are implemented:
 - Wild Boar management
 - Avoid human factor
 - International cooperation
 - EU technical and scientific support
- The COM also presented the financial support to eradication of disease and the EU financial support to the non EU countries.
- The COM presented the funding options for accompanying measures supporting the eradication of AS under the CAP.
- The COM (DG Research) presented the EU funded research on ASF: recent projects and opportunities under H2020.

Comments from Copa-Cogeca:

- Priority shall be the eradication of the disease, the EU needs to be one step ahead. The truth is that in spite of all the resources put forward by the COM, the results are not fully encouraging. Absolute biosecurity also in backyard farms is necessary, not only in the affected areas but also in the free areas. The key priorities are: cleaning of road circulation, stop wild board circulation in Europe, increased border security, raising awareness, research, international cooperation;
- a true promotion program on pig meat consumption shall be supported.

Comments from Clitravi

- The disease is still progressing therefore we need to change something. The sector represents €90 billion and we are talking about 9 million that is nothing (amount foreseen for PL for the closure of small pig holdings which cannot comply with higher biosecurity requirements).

Replies by the Commission:

- The coordination within the Commission is good and our strategy focus on eradication of the disease and not only on control.
- Finding the dead animals has a much higher importance for fighting the disease than hunting the animals.
- COM to start to explore with CVOs and experts the possibility to do “compartmentalisation”. COM aware tha the OIE and EU regulation recognise compartments but the work is still in progress as the animal health law foresees the use of compartments. Specific legislation is needed to introduce the compartments (new animal health law).
- For the compensation of the animals culled to control outbreaks, funds have been allocated in the veterinary programs.
- Reduction of the population of wild boar: cooperation of hunters is weak.
- Vaccination: There is no vaccine yet, although there has been and still is a lot of research. The virus is very complicated.

6.2. Regionalisation principle – acceptance by third countries – EU Commission initiatives

The Commission representative (DG SANTE/Trade) informed regarding the acceptance by third countries of the principle of regionalisation. The ruling of the WTO case confirmed that there are legal obligations related to regionalisation but those are far from being correctly applied amongst trade partners. There are three types of countries:

- Those countries that don't respect such principle
- Those that do it partly
- Those that apply science.

The Commission is trying to work with FTA agreements to recognise this principle. For example, in order to conclude with Japan, the EU Commission is trying to develop reciprocal principle. In the case of Indonesia and Philippines, the EU Commission asked for the regionalisation principle to be respected. Also with NZ, AU and Malaysia, it was asked to be included in the negotiation. The Commission is working on more practical instruments and activities in WTO (e.g. organising seminar in China in July) where the most reluctant countries are invited to participate. OIE is planning to set up an observatory for monitoring and encouraging who does not apply yet the relevant provisions. If one country is member of the WTO needs to respect the provisions.

6.3. Information on the recent developments regarding the withdrawal of marketing authorisations for veterinary medicinal products containing Zinc Oxide.

The EU Commission representative (DG SANTE E5) reported about the state of play in relation to the use of zinc oxide in feed for piglets. Zinc oxide is seen as causing an environmental risk. The conclusion of the negotiations with the CVMP (Committee for Medicinal Products for Veterinary Use of the European Medicines Agency) in 2015 and 2016 was that the benefits for piglets do not outweigh the risk for the environment. The Committee has agreed to remove the Zinc (in max 5 years). It's now up to the member states to decide the withdrawal phase. Most MS went for 5 years.

7. State of play on reintroduction of processed animal proteins. Information by the EU Commission.

The EU Commission representative (DG SANTE) reported on the state of play regarding reintroduction of processed animal proteins. The Commission asked EFSA for a new scientific opinion. The European laboratory of reference has validated PCR methods to identify DNA of pig and poultry but the PCR method leads to "false positives" results, due to the presence of some authorised materials such as dairy products or pig/plod products containing ruminant/pig DNA.

In order to tackle this issue of "false positive" results, the Commission has asked the EU Reference Laboratory to propose an action limit approach for the PCR method. The EURL report is part of the mandate sent to EFSA. If the EFSA opinion is positive, and subject to political validation within the Commission, the Commission might propose to the Member States to authorise pig proteins in poultry feed. For poultry proteins in pig feed, the action limit approach will not solve entirely the issue of "false positive" results therefore this is likely to take more time.

Comments from Clitravi

- There has been no progress and meanwhile safe and high valuable material is not being given the valuable use.

Replies by the Commission

- Progress has been made with the validation of the ruminant PCR, pig PCR and poultry PCR, with the EU Reference Laboratory report on "technical zero" or action limit approach for the PCR method, and with the mandate sent to EFSA. This file is a priority for the Commission. Solid scientific evidence (EFSA opinion) and operational control tools (laboratory methods) need to be available in order to get Member States' support for this measure.

8. AOB.

Next meeting: 30th May 2018 (provisional date).

After that point, the session was closed.

DISCLAIMER:

"The opinions expressed in this report represent the points of views 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 information here above."