

Brussels, 14th December 2018

FINAL MINUTES

Meeting of the Civil Dialogue Group Animal Products – Pig Meat Sector

Date: 19/10/2018

1. Approval of the agenda
2. Elections of the chair and the vice-chairs
3. Information and exchange of views on pork and pork processed products market situation
 - 3.1. Market situation and forecast
 - 3.2. Animal feed market situation
4. Report from the last meeting of the Meat Market Observatory (2 October 2018)
5. Market Access:
 - 5.1. Analysis of the EPA EU/Japan and timeline for the entry into force
 - 5.2. Exchange of views on potential impact of FTA EU/Mercosur for pig meat
 - 5.3. Follow-up on SPS barriers with a focus on the regionalisation principle recognition by the trade partners
 - 5.4. Exchange of views on the impact of the 'trade war' on the global pork trade flows
6. Animal health
 - 6.1. Animal health situation in the EU with special focus on ASF/debriefing on the High-Level Conference (6 September 2018)
 - 6.2. EFSA opinion on wild boars
 - 6.3. Exchange of views on the ASF in China: development & impact
7. Animal Welfare:
 - 7.1. Presentation of COST Action GroupHouseNet regarding synergies for preventing damaging behaviours in group housed pigs) – [REDACTED] *from the French institute INRA*
 - 7.2. Progress report on the European Declaration on alternatives to surgical castration of pigs by Mr [REDACTED] *chair of the Expert Group*
8. State of play on reintroduction of processed animal proteins in the light of the EFSA opinion
9. Scenarios under discussion to make the pig industry sustainable. Introduction by EEB. Exchange of views
10. AOB

The Chairman of the meeting was [REDACTED]

1. Approval of the agenda

The participants approved the agenda and agreed on a change to the order of the agenda points due to the availability of speakers.

2. Elections of the Chairman and Vice-Chairs of the CDG on animal products

The outgoing Chairman [REDACTED] announced he would not apply for another term anymore due to family reasons.

Three candidates applied and all were elected unanimously, with four abstentions:

- [REDACTED] (COPA-COGECA) was elected Chairman of the CDG on animal products. He will chair the CDG on beef, sheep meat and honey.
- [REDACTED] (CELCAA) was elected vice Chair of the CDG on animal products. He will chair the CDG on pig meat.
- [REDACTED] (FoodDrinkEurope) was elected vice Chair of the CDG on animal products. He will chair the CDG on poultry meat.

At the end of the meeting, the COPA-COGECA spokesman, [REDACTED] thanked [REDACTED] for his involvement in the better functioning of the pig chain and gave him a gift on behalf of the CDG on pig meat members.

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

3.1. Market situation and forecast

The Commission representative (DG AGRI G3) presented the EU pig meat market situation based on the most updated data available, including the forecast for production and prices as submitted by electronic means by the experts, members of the Working Group attached to the CDG. That presentation is available on the CDG CIRCABC as well as DG AGRI website¹.

– Production:

The production expressed in tons increased during the first half of 2018 by around 3.7% due to an increase of the slaughtering in number of heads and as well as of the carcass weight. The increase was higher than what had been forecasted.

This increase should continue in the second half of 2018 and in particular during the last quarter, while a carcass weight reduction slowed down the increase during the third quarter, due to the August hot temperatures around Europe.

¹ https://ec.europa.eu/agriculture/civil-dialogue-groups/animal-products_en

The last available Livestock survey (May/June 2018) showed more pigs than last year, apart from the breeding herd number which decreased. This should announce a lower supply during the first half of 2019.

– Prices:

In October (week 41), the prices for pig meat are around 8% lower than one year ago, whereas for piglets, they are lower by 23%.

The pig prices are not only lower than the prices of last year, but also than the 5-year average.

In September and October, the decrease was due to the increase in production, the seasonal trend and, in some Member States, such as Belgium, the impact of the African swine fever.

According to the last available forecasts, a recovery is expected in 2019.

– Remainder

Under the pressure of higher animal feed prices and a contraction of the pig meat prices, the remainder was in September at the same level with the average. It means that the pig meat prices reached a moment where they do not cover the production costs.

– Exports

The exports increased from January until August 2018 in comparison with the same period in 2017: +1.0% in volume.

While the exports to China (-2%) and Hong Kong decreased, they increased to Japan (+3%), South Korea (+17%), The Philippines (+11%), the USA (+11%), Ukraine (+37%) and Vietnam (+52%).

The EU benefited from the trade tensions between US and China linked to the US tariffs on steel, aluminium and Chinese goods. EU pig meat exports to China improved in July and August, while they increased to Mexico from 2,208 t in January until August 2017 to 6,939 t during the same period in 2018. In the case of Mexico, the main beneficiaries are Spain (88% of the EU exports to Mexico), Denmark (7%) and Germany (4%). These EU Member States seized the opportunities created by the opening by Mexico of a duty free quota of 350,000 tonnes of pig meat and pig products.

Exchange of views

COPA-COGECA expressed concerns not only because of the price level that does not cover the cost of production, but also because of the threat of African Swine Fever (ASF). The example of Belgium is a telling one. Despite the fact that ASF hit only the wild boar population, the country lost its major trade partners. The impact on the EU market is limited because the share of the Belgian exports in the EU exports is modest (3%).

However, what will be the impact on the EU market if one or several EU major exporting Member States are hit by the disease?

Therefore, COPA-COGECA requested an Emergency plan for the EU pig meat market in order to address the crisis.

3.2. Animal feed market situation

The Commission representative (DG AGRI G4) presented the feed supply and price situation (Charts available on the CDG CIRCABC website as well as DG AGRI website).

4. Report from the last meeting of the Meat Market Observatory (2 October 2018)

The representative of the Commission (DG AGRI G3) gave a summary of the main issues discussed at the last meeting of the Economic Board of the MMO. Apart from the analysis of the market situation for both beef & veal and pig meat, four other topics have been tackled:

- The UECBV presented the follow-up information on their model of pig cuts prices.
- EUROCOMMERCE provided data showing the development of the meat consumption patterns. Existing data indicate an overall decline. Experts stressed the importance of an appropriate monitoring and study of meat consumption developments.
- The expert group exchanged views on a possible methodology for the estimation of beef, veal, and pig meat production and consumption patterns in the EU.
- The Commission also provided a detailed description of the structure and functioning of the meat supply chain in the EU.

All presentations and a summary of the meeting are available on the MMO website².

5. Market Access

5.1. Analysis of the EPA EU/Japan and timeline for the entry into force

The representative of the EU (DG AGRI A4) gave a short explanation of the Agreement. Chapter 16 lists up a large number of lines that are duty-free at import into Japan. For meat, there are complicated access rules with transitional periods until the final levels of preferential duties are in force. As an example, for sausages the transitional period is five years. For pork, there will not be quotas, but a reduction in tariffs.

The EPA had been politically agreed in July 2017. It was signed in July 2018 and the last steps to implement it are expected to be completed in the next weeks. If everything works out as scheduled, the EPA will be in force from 1 February 2019. The advantage of that date of implementation is that the second step of the duty reduction will already be in force on 1 April 2019. Should there be a delay of implementation, the second step will only come into force in 2020.

There will be an EU-Japan-Centre website where market access entry handbooks and webinars will be available.

Clitravi expressed great hope in the EU-Japan EPA for sales in meat products.

EUROCOMMERCE pointed at the complicated constructions of the Japanese import tariff rules. They reminded the Commission to have a close look at the EU Market Access Database. Mistakes in the Database should be avoided. Experience had shown that the Database was not always free of mistakes. The Commission representative agreed to closely monitor the details of the Database.

5.2. Exchange of views on potential impact of FTA EU/Mercosur for pig meat

The representative of the Commission (AGRI A3) reported that there was no particular news on the situation of the negotiation. Pork is part of the offer given to Mercosur. Mercosur, on their side, are

² https://ec.europa.eu/agriculture/market-observatory/meat/reports/meeting-reports_en

reluctant to presenting any revised offers. In agriculture, the critical elements for Mercosur are situated in dairy, wines, spirits and in geographical indications.

During the last meeting in September, there was no progress. The upcoming elections in Brazil and the economic difficulties in Argentina are obstacles now.

The Commission had sent a letter to the Mercosur with a list of the major problems.

The Commission answered COPA's question on the requirements for animal health and environmental protection in relation to possible imports of pork from Brazil: there will be no imports below the standards applicable in the EU. Also in Mercosur, the Commission sees growing consideration of those elements.

5.3. Follow-up on SPS barriers with a focus on the regionalisation principle recognition by the trade partners

The representative of the Commission (TRADE D3) gave a presentation of the present situation of Third Country access restrictions due to ASF. The presentation is available on the CDG CIRCABC as well as DG AGRI website.

Due to the occurrence of the disease in Belgium, the list of third countries having implemented a ban on pig meat and the products thereof originating in ASF-affected Member States is growing.

The Commission and the Member States are doing their utmost to convince Third Countries to apply the OIE regionalisation principle. However, up to now it produced very modest outcomes.

Furthermore, the week of the CDG meeting, the USA decided to ban the entire Polish territory on the ground of the negative outcomes of an audit on the spot.

It is true to underline that the EU regionalisation is complex and not easy to understand for trade partners, despite the numerous seminars and study visits organised in and for the third countries.

The delegates requested that the EU should do more in terms of reinforced audits in the Member States, transparency on the region delimitation and guarantees, such as PCR test on exported pig meat.

In particular, the model of compartmentalisation was addressed. The Commission reported that some third countries were showing a preference for that model. However, there are very different perceptions of the construction of a compartment. Therefore, it is extremely difficult to define a compartment.

The Chairman reminded the participants that should ASF occur within an agreed compartment, then the credibility of the biosecurity measures would be badly damaged.

5.4. Exchange of views on the impact of the 'trade war' on the global pork trade flows

The Commission representatives (AGRI G3) made a presentation on the trade flows in the first six months of 2018, in particular with a view to the US-China "trade war". The major findings are:

- US exports to Mexico are still growing despite increased tariffs. US exports to China are reduced. To South Korea, there is an increase of exports.
- Exports from Brazil have gone down due to the closure of the Russian market. The share of deliveries to China has increased considerably.

- The Mexican import figures are different from the US export figures. However, overall Mexican imports have gone down.
- EU exports to Mexico:
 - o The quantity has increased from 2,208 t in 2017 to 6,939 t in 2018 (both up to August). Spain has a share of 88%, Denmark 7% and Germany 4%.
- For Japan, the volume of imports is stable at about 1 Million t per annum.
- South Korea shows a growing import with the US's share increasing.
- The imports of the Philippines are up.

Detail can be taken from the presentation, which is available on the CDG CIRCABC website.

6. Animal health

The agenda point was fully devoted to the African Swine Fever (ASF) issue.

4,263 occurrences of the disease were recorded in 2018 up to 17 October, of which 3,460 cases in the wild boar population and 1,203 outbreaks in the domestic pigs, mainly in Romania (over 1,000).

One of the main priorities is to increase, on one hand, the awareness across the EU, even in the ASF-free Member States and, on the other hand, to improve the biosecurity and the management of the wild boar population with the aim of reducing its density.

A ministerial conference will be held on 19th December. It will gather the Ministers for Agriculture and the Ministers for Environment to address the management of wild boar, in particular in the Member States free from the disease.

Details of the state of play of the ASF situation can be gathered from the presentation, which is available on the CDG CIRCABC website.

7. Animal Welfare

7.1. Presentation of COST Action GroupHouseNet regarding synergies for preventing damaging behaviours in group housed pigs

A representative of the French research institute INRA presented the setup of an ongoing research in the reasons of damaging behaviour of group-housed pigs and the possibilities of prevention.

The research makes a distinction between damages because of aggressive behaviour and because of non-aggressive behaviour. Thirty COST-participating countries support the project. The presentation did not include intermediate results, but listed up activities already done and to come until the end of the project period (start: March 2016, end: February 2020).

Details can be collected from the website of the project (www.grouphousenet.eu) and from the presentation, which is available on the CDG CIRCABC website.

7.2. Progress report on the European Declaration on alternatives to surgical castration of pigs

The Chairman of the Expert Group on alternatives to surgical castration of pigs presented a progress report.

His conclusions were:

- In the short time that was available, a lot of knowledge had been collected.

- Preventive measures (feed and genetics) to reduce boar taint prevalence have been implemented and slaughter plants have developed effective methods for detection of boar taint
- Large pork supply chains in eight major producing countries have established directions for solutions for ending castration.
- Still large differences exist between countries in producing non-castrated male pigs, from a tradition of producing entire males (UK, Ireland, Spain and Portugal), a gradual increase in the number of entire male pigs in 2015-2017 (France and Germany), to major market organisations that shifted to entire and immuno-castrated pigs in 2010-2015 (Netherlands and Belgium).
- In most other countries there is still no sense of urgency to ending castration.
- Communication between all stakeholders has improved considerably.
- However, the target is not yet achieved and it still needs time to develop further steps and acceptance of the industry for the various methods.

The presentation is available on the CDG CIRCABC website.

The environmental and animal protection organisations complained that there is still a big lack in relation to the target.

Farmers' and processors' organisations put forward the following arguments:

- Without consumer acceptance for certain methods, the industry might risk a collapse of the market.
- Uncastrated males may have better feed conversion, but apart from their risk of boar taint, the quality of the meat and fat is different, which makes the carcasses less valuable. The reduced quantity would outnumber the savings for better feed conversion.
- The possibility of local anaesthesia is not open to farmers in many countries. There is a lack of suitable and permitted medication.

8. State of play on reintroduction of processed animal proteins (PAPs) in the light of the EFSA opinion

The EU Commission representative (DG SANTE G4) explained that considering the epidemiological improvement as regards Bovine Spongiform Encephalopathy (BSE), corroborated by the 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 to discriminate between authorised ruminant products such as milk and banned products (meat). A new analytical method is currently under development and will solve this problem, but it is not yet operational.

Considering this scenario, the most appropriate first step would be the re-authorisation of the use of pig proteins in poultry feed. And not poultry proteins in pig feed because pig feed very often contains milk ingredients. Authorisation of poultry proteins in pig feed at this stage would lead to a large number of "false positive" test results (due to detection of ruminant material coming from milk).

The different options to proceed are under consideration by the risk manager.

Unfortunately, the last classical BSE case confirmed in a cow in Scotland does not help to support the relaxation of the ban on the use of PAPs in feed.

9. Scenarios under discussion to make the pig industry sustainable

The representative of the European Environmental Bureau (EEB) gave a speech on the environmental impact of animal production in the EU. The EEB position can be highlighted, as follows:

- There is a huge gap between profitability and environmental viability.
- The actual production and consumption system causes big waste.
- A considerable reduction of the consumption of animal protein is necessary.
- The EU has made a commitment to achieve climate targets, but we do not act accordingly.
- In relation to pigs, animal welfare is a major issue to be solved first.
- Europe must disseminate a message that the present western system of consumption is not worthy of imitation.
- The present system of agricultural support damages job opportunities.

The representative of the Commission replied:

- It is not the plan of the Commission to destroy jobs.
- It is not the job of the Commission to dictate the consumer what he/she should eat.
- The consumption patterns of the public are changing. The sales of ecologically produced products go up considerably, as does the area used for ecological production.

10. AOB: nothing to report.

Next meeting: no date has been fixed yet. The provisional calendar will be available in December 2018.

After that point, the Chairman closed the session.

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."

Date: 19/10/2018

EuroCommerce	
EFA	
EFA	
ECVC	
CEJA	
CEJA	
CEJA	
EEB	
EEB	
CELCAA	
CELCAA	
CELCAA	
CELCAA	
CELCAA	
CELCAA	
CELCAA	
CELCAA	
COGECA	
COGECA	
COGECA	
COGECA	
COGECA	

COGECA	
COGECA	
COGECA	
COPA	
COPA	
COPA	
COPA	
COPA	
COPA	
COPA	
COPA	
FoodDrinkEurope	
FoodDrinkEurope	
FoodDrinkEurope	
FoodDrinkEurope	
FoodDrinkEurope	
FoodDrinkEurope	
FESASS	
IFOAM EU Group	
Mme Armelle Prunier	
Backus Gé	