

Report of the Advisory Group on Poultrymeat and Eggs

Date of meeting: 16th October 2013

President: Charles Bourns

Vice Presidents: Paul Lopez, Mark Williams

Commission Services represented by DG AGRI and DG SANCO

1. Approval of the agenda and the minutes of the meeting on 26th March 2013, drafted by the President

The minutes were approved as circulated. The agenda was approved following the introduction of four points: presentation on TTIP, the future of advisory groups, promotion of poultry and eggs and consultation on the Best Available Techniques (BAT) Reference Document (BREF) for the intensive rearing of poultry and pigs.

2. Internal Market – Latest information on the market situation for poultrymeat and egg and feed market

- update from forecast group meeting on 2nd October

- Feed Market update

-internal market and export refunds

A representative from the Commission's services (Unit C4 of DG AGRI) presented the market situation, following the slides sent out to the members of the AG prior to the meeting and available on CIRCA. The key points presented were as follows:

Consumption in the EU is expected to increase by 0.4% this year (2013) and it is expected to continue this path (0.5%) in 2014. EU Broiler production is expected to increase by 1% (9.588 million tonnes) and 0.8% (9.662 million tonnes), in 2013 and 2014 respectively. The weekly EU average broiler price is currently high, when compared with historical records, but has been decreasing in the last weeks reflecting a seasonal drop at the end of summer. It is expected that the price will continue its downward trend reflecting on the one hand the recent slight decrease on feed price and on the other hand an increase on production. Nevertheless, it will remain high (above the average 2008-2012) but below the EU average price of 2012.

Imports of poultry meat in 2013 are expected to decrease by 1.5% compared to 2012. The main sources of poultry meat imports in the first six months of 2013 were Brazil which accounted for 60.8% and Thailand 30.8%. In the first semester of 2013, imports from Thailand increased by 51% when compared to the same period of last year. In the first half of 2013, exports from the EU increased by 3% and are expected to increase by 4.7% in 2014. The major recipients of EU exports were Saudi Arabia which accounted for 11.5%, South Africa 9.7%, Benin 9.7%, and Hong Kong 8.3%.

In 2013, consumption is set to increase by 1.8 % but this trend is expected to change in 2014 (- 0.3 %). EU production of eggs for consumption is expected to increase by 2.8% and experts expect that this trend will continue in 2014 (0.3%). In 2013, the weekly price of eggs decreased significantly. After a steep increase in the first quarter of 2012, the price of eggs fell sharply and has re-joined the average of the last 5 years (2008-2012), around 127 €/100 kg. The price is expected to slight increase in the last trimester of 2013, following the seasonal trend but will remain significantly lower than 2012.

This year the export of eggs and eggs products is expected to increase by 7.3% and to continue this upward trend in 2014 (5.8%). Imports of eggs are set to decrease by 37.7% in 2013 and by 9.1% in 2014. The decrease in imports can be partly explained by the low level of the weekly price of eggs on the internal market.

This representative ended her presentation by calling for contributions from the experts of the forecast group, as only 7 were present at the last meeting and only 14 (out of 28) had contributed.

A representative from the Commission's services (DG AGRI) presented the market situation for cereals, oilseeds and protein crops. Detailed information on the presentation was available on CIRCA.

Exchange of views on market situation

The representative of poultry processors and trade stated that the Commission shared a very optimistic situation of the sector. For example the export refunds (to the middle east) were removed and this was not taken in account by the analysis of the Commission. Furthermore, and analysing export figures we realise that we export poultry products with less value when compared to what we import. This means that exports will not replace any loss of internal market. Africa represents 30 per cent of the external market and the Commission should protect this market, otherwise our competitors will replace EU products. This representative proposed that the advisory group shall work together to draw more reliable methods to calculate these figures. Many operators are dependent on these figures to prepare investments in the future.

The representative of slaughterhouses noted that in the statistics on market prices provided by the Commission the price in the slaughterhouses is not included.

The representative of Producers noted that the margins of production remain negative as costs have been growing in the last three years.

The Commission representative clarified that its difficult to provide figures such as housing and energy costs information as the data available is not reliable.

3. and 4. Revision of the marketing standards for poultry meat and eggs

The Commission representative informed that the CMO market organization has been approved and will be published in a couple of months. Following the publication, certain texts, including the marketing standards, would have to be aligned with the Treaty of Lisbon. This would be a technical procedure and no substantial changes are foreseen. The representative continued her presentation by explaining the legal procedures to modify the marketing standards.

5. FTA Thailand

The Commission representative informed that issues related to trade are not to be dealt within this advisory group but in the advisory group of international aspects of agriculture (DG AGRI). The Chair informed that a representative of the Commission has sent a written contribution debriefing on the state of play of negotiations with Thailand. Questions and comments will be sent to the unit in charge. The key points presented were as follows:

The first round of negotiations took place on 27-31 May in Brussels and the second took place in Thailand from 16 to 20 September. The main issues (for agriculture) were trade of goods, rules of origin, and the sustainable development and the preparation of the third round of negotiations, which is foreseen on 9-13 December in Brussels. No offer have been exchanged yet but both partners reiterated their commitment to conclude a comprehensive FTA. Trade between the EU and Thailand in 2012 reached nearly €32 billion.

Exchange of views with the stakeholders

The representative of Environmental NGOs asked if the meat treated with chemicals will be included in the agreement. This representative noted that bilateral agreement are an opportunity to achieve some progress on animal protection during the slaughter of poultry, on hygiene and on the definition of Halal meat.

The representative of producers asked for the demands of Thailand in regards to poultry and eggs. He noted that exports from Brazil and Thailand are increasing strongly. The Communitarian protection enables to safeguard conditions of a neutral market. The alteration of this quota may undermine the sustainability of the internal market. He continued his intervention by underlining that EU has fill ???in its WTO conditions and its important to have a strategy for the increasing amount of bids towards the access to our market.

The representative of egg packers, egg traders and egg processors stressed that this sector should be given the status of sensitive in the negotiations with USA. During TTIP negotiations special attention should be given to environment and welfare and the definition of equivalence and the use of additives. The use of substances by third countries that are not allowed in the EU create unfair completion between trade partners. It should also be explained to the US that European consumer is not interested to have meat treated with chlorites. In addition, the fact that US producers use our market to send their over production should be discussed while the difficulties to enter in the US market should be removed.

The representative of Commission informed that the questions concerning SPS will be addressed to DG SANCO. The representative noted that meat from third countries has to comply with EU rules on slaughter and the EU competent services regularly visit third countries to verify that these rules are being implemented. The Commission also informed that no offers have been exchanged, but it's expected that Thailand would like to increase their export quota towards the EU. Animal protection and welfare has been included in the bilateral negotiations

The Chair concluded by suggesting that at the next meeting, the advisory group should discuss the FTA Japan, control of exports and the role of DG SANCO. The Chair believes that for specific issues concerning the trade of Poultry and Eggs, this advisory group is the right platform to advise the Commission.

6. Origin Labeling

A representative from the Commission's services (Unit C4 of DG AGRI) presented the Commission proposal, following the slides sent out to the members of the AG prior to the meeting and available on CIRCA. The key points presented were as follows:

The Regulation (EU) No 1169/2011 of the European Parliament and of the Council on the provision of food information to consumers foresees mandatory indication of country of origin or place of provenance for unprocessed meat of pigs, poultry, sheep and goats, as from 13 December 2014. The Commission has to adopt implementing acts by 13 December 2013 following an impact assessment that shall consider the options for implementing the rules of origin labeling with respect to place of birth, rearing and slaughter of an animal. The feasibility, costs and benefits for expressing the origin of the meat should be addressed. The impact assessment was based on the external study carried out by *LEI Wageningen University* that was delivered in June. Three options were proposed by this study:

Option 1 - Mandatory EU or non-EU origin labelling (the simple model)

Option 2 - Mandatory labelling of country of rearing and/or of slaughter (the intermediate model)

Option 3 - Mandatory country of origin labelling of birth, rearing and slaughter (the beef model)

In the option proposed by the Commission, the intermediate model, the label should contain the place of rearing (at member state level) and the place of slaughter (at Member State level). The information on the place of birth is not required.

Exchange of views on the new mandatory origin labeling for poultry meat:

The representative of producers asked the Commission for the derogation on minced meat. The following derogation concerning the definition of period of rearing was unanimously rejected by

all representatives of producers : “If the minimum period of rearing is not met, that indication shall refer to the Member State or third country in which the animal or group of animals were last reared before the period of and before the period of 5 days preceding the day of the slaughter for poultry.”

The representative of the Commission clarified that the code of reference aims to provide information on traceability, meaning that there is a link between the meat and the animal or group of animals. In addition, this representative explained that a batch of animals can't have meat from different Member States. Nevertheless the proposal foresees the possibility to have different type and different origins of meat in the same pack (final product) provided that its labelled correctly. This representative continued his intervention by noting that concerning minced meat and trimmings some flexibility should be provided to operators, as batches are very small. This is the same approach found in the beef regulation.

Labelling of Meat used as an ingredient

The adopted Regulation n° 1169/2011 on food information to consumers foresees that the European Commission shall submit a report to the European Parliament and the Council which will evaluate the possibility to extend mandatory origin indication of the “country of origin” or “place of provenance” for meat used as an ingredient (see article 26.6 of the Regulation (EU) No 1169/2011). The Commission representative informed that the report would be approved by the Commission very soon. In order to increase transparency the Commission will publish the report prepared by an external consultant. This analysis includes all meats such as rabbit, horse meat and game and other major meats. The rules of origin for meat used as primary ingredient can't be more detailed than those for unprocessed meat.

The objectives of the report are the following:

- To assess consumers' attitude towards mandatory origin labelling for meat used as an ingredient;
- To examine the feasibility of such labelling; and,
- To analyse the costs and benefits of the introduction of such measures, including the legal impact on the internal market and the impact on international trade.

For the purposes of the report, the following scenarios were highlighted:

- Scenario 1 – Maintain origin labelling on voluntary basis;
- Scenario 2 – Introduce mandatory origin labelling based on (a) EU/non EU or (b) EU/third country;
- Scenario 3 – Introduce mandatory origin labelling indicating the Member State or third country.

For the determination of origin under scenarios 2 and 3, different modalities have been studied for the three main categories of the products concerned in an increasing order of processing:

- Category I: Meat preparations and products made from mechanically separated meat;
- Category II: Meat products;
- Category III: Multi-ingredient foods with meat ingredient(s);

The Commission representative informed that the final report will be sent to the European Parliament and Council in order to initiate an informed discussion

Exchange of views on labelling of Meat used as an ingredient

The representative of associations of rural poultry notes that the country of origin should correspond to the place where the animal spent most of its life.

The representative of poultry processors and trade noted that process products are more complex than fresh products and it should also be aligned with the provisions on voluntary labelling.

7. Animal welfare and Laying Hens – update from Commission following referral of Italy and Greece to the European Court of Justice

The Commission representative informed that, following the letter of formal notice and reasoned opinion, Italy and Greece were brought to the European Court of Justice. According to the examination of the Commission these countries remain non-compliant. Full compliance is essential to avoid market distortions and unfair competition.

8. EU Animal Health Regulation – presentation and state of play

The representative of the Commission provided an overview of the EU animal Health regulation and the timetable of the ongoing discussions. This representative clarified that these measures would consolidate current animal health legislation and do not directly affect current and future regulations on animal welfare.

The producer representative stressed the importance of plans to eradicate diseases, financial availability and underlined the success obtained with Salmonella decontamination.

9. PAPs – State of Play and timetable for reintroduction for pork and poultry processed animal protein

The Commission representative noted that following EFSA opinion and EP resolution based on Council conclusions it is possible, since June 2013, to use poultry and pig PAPs for fish production. The reintroduction of PAPs derived from non-ruminants in poultry feed is pending the validation of EU detection method by the EU Reference Laboratory (diagnostic method which is able to detect the presence of poultry material in feed). The main problem is to find the right sequence of DNA of the genetic material in order to avoid false positives and false negatives. Once the tests are found robust they will be transferred to the national reference labs in order to verify if the tests are transmittable. Once finalized, the test has to be validated by all MS. In the most optimistic scenario the validation of the EU detection method for poultry species will not take place before the end of spring 2014. If this timeline would be respected than a vote by Member States could take place before the second half of 2015.

This representative informed that it is intended to present for a vote (to the SCoFCAH) a legislative proposal aiming at reintroducing processed animal proteins (PAPs) derived from non-ruminants in pig feed in summer or autumn 2014.

This representative informed that there are no plans to reintroduce PAPs in ruminants and ruminant base protein. The representative concluded his intervention by announcing that discussions on a possible use of insect protein in pork, poultry and fish feed have started (material of category 3 – can be fed to livestock or animal production). This representative anticipated that solutions would be available very soon as the production of these proteins are very different. Member States may oppose or approve the draft text but can't interdict imports of these proteins.

10. Presentation of the study “inter-laboratory validation of a method for detecting previously frozen poultrymeat by determination of HADA activity.

The representative of the author of the study presented the study “inter-laboratory validation of a method for detecting previously frozen poultrymeat by determination of HADA activity and the study on Physiological Water Content of Poultry Reared in the EU. The method to detect whether poultry and other meats had been previously frozen was developed and validated in 1997. The aim of the current study was to validate the revised cut-off value for chicken breast by collaborative trial. According to this representative the collaborative trial was successful in validating an analytical method that is suitable for the detection of previously frozen chicken which can be used to enforce legislation relating to the marketing of chicken within the EU.

The second study helps to find illegal sell of frozen and fresh meat. This representative noted that the cost of this analysis used in this study – analysis by isotope's - is very expensive and it's dependent on the specie or method used.

Exchange of views on the studies

The representative of poultry processors and trade suggested that two factors are important to explain the current content of protein (going down) and the content of water (going up): i) Poultry seems to be slaughtered earlier and ii) PAPs are no longer being fed to chicken. In the opinion of this representative it's important to know if the same findings are present in fresh poultry and preparations.

11. AOB

- a) The representative of producers asked to introduce the following point in the agenda: **FTA EU-USA**. The representative of producers presented the preliminary impact assessment on Poultry Meat.
- b) The representative of producers asked to introduce the following point in the agenda **Consultation on the Best Available Techniques (BAT) Reference Document (BREF) for the intensive rearing of poultry and pigs**.

The representative of producers debriefed the Advisory group on the state of play of the consultation, including timetable, and informed that his organisation has provided a contribution. This representative underlined that producers are not completely happy with this draft as it should be assured that the techniques included in the BREF should be economically viable. He advised the participants to consult the current draft and contact their national representative in the Technical Working Group.

- c) The representative of producers asked to introduce the following point in the agenda: **Revision of the DG AGRI Advisory Groups**

The producers representative informed that DG AGRI is undertaking a revision of the DG AGRI advisory groups.

The Commission representative informed on the timetable and referred additional comments to the meeting between Commission and representatives of European organisations that would take place on 25th October.

The Chair concluded by suggesting that a letter addressed to DG AGRI, co-signed by the Chairmanship of the advisory groups, should be sent on behalf of the advisory group. This letter should underline the importance and achievements of this advisory group.

d) Promotion of poultry meat

The representative of poultry processors and trade noted that the EU is open to exports of poultry meat from third countries complying with our standards. In the opinion of this representative poultry meat should be qualified for promotion of quality product. The representative continued his intervention asking the Commission to reconsider its recent decision of excluding the promotion of poultry products from the support concerning loss of consumer confidence.

The representative of producers supported the intervention of previous speaker. In addition he asked the Commission the reason why Europe is abandoning their position on global markets. Our main competitors are actively promoting their products in the world and have a bigger set of tools to do this job. This representative asked the Commission to back the changes that took place in our sector and at the same time to provide a better set of tools for promotion of this quality product. Another representative of producers suggests the amendment of the regulation

introducing a broader definition of quality product. This representative informed that due to the current rules it was not possible for his organisation to apply to promotion funds. The representative of producers noted that currently, and for eggs, co-financing of information campaign's on labelling is available, but doesn't include nutritional quality of eggs and it should be included.

- e) The Advisory group would like to pay its respects to the family of Mr. Filiep Van Bosstraeten that passed recently. Mr. Van Bosstraeten was an active member of this advisory group.

End of the meeting 17:15

Disclaimer

"The opinions expressed in this report represent the point of view 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 here above information."