



LMC Monthly Update - January 2019

Brexit

After this month's votes in the House of Commons, Theresa May will come back to Brussels to seek changes in the deal. The answer from the EU-27 was clear and consistent: the Withdrawal agreement is not open to re-negotiation, unless there is a change in the UK red lines. Reacting to these votes, both Juncker and Barnier noted the lack of clarity on what workable "alternative arrangements" could look like, stressing that the backstop in its current form was the result of the UK government's input (and not an easy concession from the EU as they initially offered an Ireland-only backstop instead). They also warned that UK parliament voting against no-deal does not per se rule out the risk of not achieving a deal. In fact, a disorderly exit is becoming more and more likely, so the European Commission (EC) has adopted a final set of contingency proposals, making a total of 18 legislative proposals and 88 sector-specific preparedness notes. EU-27 Member States, on their side, are also preparing.

No-deal planning

The AHDB Brussels office has produced three documents on Brexit planning by some EU Member States (IE, NL, FR, DE, ES) and third countries (NZ, US). Please contact the Brussels office (Kathy or Tania) if you are interested in receiving a copy of these documents.

Animal welfare during transport

The Agriculture Committee of the European Parliament has approved a draft report calling the EU and Member States to better enforce rules on animal welfare during transport. MEPs want stricter checks and tougher penalties for offenders. They also urge the EC to deploy modern technology (such as geolocation) to improve enforcement of rules and cutting transport time. A shift from live animal transport to transport of meat-and carcass and germinal products should be encouraged, and when not possible, animal journey times should be as short as possible. The report also cover standards in non-EU countries, calling the EU to mitigate the differences through bilateral agreements or, if not possible, even ban transport of live animals to these countries. The report is expected to be formally approved during February's Plenary Session.

Food Safety

The European Court of Auditors has assessed the EU food safety system, concluding that the EU model is soundly based and provides a high level of food safety, but it is currently over-stretched, as the EC and Member states do not have the capacity to fully implement it. Three recommendations were put forward: reviewing the legislation and improving complementarity between private and public control system; maintaining the same level of assurance for both EU produced and imported food, and facilitating consistent application of EU food law.

Promotion

The EC has launched the calls for proposals for programmes to promote European agricultural products throughout the world and within the EU with a total budget of €191.6 million in 2019, up from €179 million in 2018. This year, €181.6 million are allocated for the co-financing of programmes and €10 million in case of market disturbance. Programmes can cover a wide range of issues from general campaigns on healthy eating to specific market sectors. €89 million will go to campaigns in high growth countries such as Canada, China, Colombia, Japan, Korea, Mexico, and the United States. Within the EU itself, the focus is on campaigns that promote the different EU quality schemes and labels and organic products. In addition, a share of the funding is targeted at certain specific sectors, including promotion of EU beef in Third Countries.

US-EU Trade

The EC has published a report on the implementation of the agreement reached by Presidents Juncker and Trump in July 2018 to prevent an escalation in trade tensions. Following the agreement, the EC has submitted for Council approval the proposal for a mandate to start negotiations with the US for industrial goods (such as fisheries and cars) and on conformity assessment. Agricultural products are excluded, as both Administrations had agreed to focus only on those sectors where agreements were relatively easy and quick to reach – worth noting the US do include agriculture in their Negotiating objectives, a “diametrically different ambition” difficult to reconcile, according to the Director in charge of International Affairs in DG AGRI (EC). The July agreement also included a commitment by the EU to facilitate imports of US soya beans. As a result, EU imports of US soya have increased by 114% since July, as compared to the same period in the previous year, so the US have become Europe's main supplier. In addition, the EC just concluded that US soya beans meet the technical requirements to be used in biofuels, a decision that will further expand its market opportunities in Europe.

EU Trade

The Director for International Affairs at DG AGRI (EC) John Clarke updated Agriculture MEPs on the state of EU trade. Four Free Trade Agreements (FTA) are expected to enter into force this year: Japan (in February), Singapore, Vietnam and Mexico. Regarding ongoing negotiations, progress with Mercosur has been very limited recently as major gaps remain in agriculture and the political climate is not right for a conclusion soon (uncertainty regarding the position of the new Brazilian government). Negotiations with Australia and New Zealand are still in a very early stage and the EU expects some movement from them on the protection of Geographical Indications before exchanging any offer on market access. In Asia, negotiations with Indonesia are in the mid-stage but slowing down due to the EU position on palm oil; the EU has suspended negotiations with Philippines and Thailand for political/human rights related reasons, and Malaysia has suspended negotiations with the EU because they are not convinced this FTA is on their interest.

Antimicrobial Resistance

A new International Centre for Antimicrobial Resistance Solutions (ICARS) will be set up in Copenhagen in 2019, as announced by the Danish delegation during this month's Agriculture Council – the representative of the UK government in the meeting promised continued cooperation post-Brexit on this issue. The ICARS will aim at strengthening global governance in the fight against AMR, with a particular focus on the practical challenges in low- and middle-income countries. It will serve as an independent global knowledge node for evidence and it will support the development and implementation of context-specific solutions for the elimination of AMR. The initial budget will be around €8 million and is expected to be largely financed through international donors, although the Danish government is prepared to finance up to 75% of the 2019 budget, with a decreasing share in subsequent years.

Polish beef scandal

Poland triggered the EU's Rapid Alert System for Food and Feed on the 29th January to alert EU Member States that 2.7 tonnes of beef from illegally slaughtered cattle had been exported to the EU. 14 countries are potentially affected, while some additional 7 tonnes of suspect beef have been distributed inside Poland. The scandal erupted due to covert filming in a slaughterhouse in Kalinowo (in the North-East) broadcasted by a private TV channel. Measures have already been taken: the EU has sent a team of inspectors from Brussels and the Polish Agriculture Minister has also ordered more inspections (additional health inspectors will need to be employed) and the installation of cameras in slaughterhouses across the country to make video surveillance

available 24 hours a day. This changes will cost €23 million in the next three years to the Polish government.

Plant proteins

EU Member States have broadly welcomed the EC report on the development of plant proteins in the EU during this month's Agricultural Council meeting. Delegations broadly agreed on the need to cut the European plant protein deficit to avoid dependency on imports and indirect environmental effects such as deforestation in the countries of origin. Some CAP instruments were considered to be a possible support but there were divergent views as to which is the most appropriate one. Many delegations highlighted the need to focus on research to make crops suitable for local conditions and noted potential environmental benefits of this crops to fix nitrogen. The EC is expected to publish a market study on plant protein in February this year.

Romanian Priorities

Romania is holding the rotating Presidency of the Council this semester (January to June 2019) and their main priority in the field of agriculture will be the reform of the Common Agricultural Policy (CAP) in the context of the Multiannual Financial Framework 2021-2027, as explained by the Romanian Minister for Agriculture in this month's Agricultural Council. The single strategy on monitoring and protecting animal health on EU borders will also be high on the agenda, together with bio-economy, innovation and agricultural research. In addition, the Romanian Presidency wants to identify measures to encourage the production of plant protein to ensure EU's independence in this sector and to contribute to raising public awareness on plant health. Legal proposals on Unfair Trading Practises and Spirit Drinks are expected to be approved during this semester.

Sustainable Europe 2030

The EC has published a Reflection Paper to steer the discussion on how the Sustainable Development Goals can be best achieved and how the EU can best contribute by 2030. This document is part of the debate on the future of Europe, launched in March 2017. It reviews the global challenges to tackle and presents some illustrative scenarios for the future to stimulate the discussion on how to follow up on the SDG within the EU. Agriculture is highlighted as one of the key sectors for the sustainability transition. The paper points at the real progress made on the climate and environment front by EU agriculture but also notes there are still imbalances in our food chain that need to be corrected, including a shift to a "more sustainable consumption of animal-based products".

