



LMC Brussels Update – July 2014

Italian Presidency – From 1st July, Italy took over the Presidency of the Council of the EU. Among its priorities for the six months ahead are: preparing the EXPO Milano 2015, devoted to the theme “Feeding the planet, energy for life”; continuing the work on the proposal on organic farming with a view to its adoption; concluding the formalities concerning the approval of the proposal on information and promotion for agricultural products; take stock of the new proposals on animal cloning and novel food; continue the work on the package of food chain legislation, including regulations on official control, animal health, protective measures against plant pests, and the production and marketing of plant reproductive material; encourage the review of regulations on veterinary medicines and the use of medicated feed; and reinforce cooperation between Member States' competent authorities in the fight against food fraud.

CAP reform - The Commission has published further [detailed rules](#) relating to the implementation of the CAP reform: an implementing act laying down rules for the application of the “Horizontal Regulation”, with regard to the integrated administration and control system (IACS), rural development measures and cross compliance; and delegated and implementing acts supplementing the “Rural Development” Regulation and providing further details on Pillar 2 measures.

Fraud – According to an [EC report on fight against fraud](#), fraud affecting the EU budget decreased in 2013 compared to 2012. The ratio of established fraud in agriculture however increased compared to 2012: it stood at 7% of all cases reported (6% in 2012). For agriculture, the irregularities notified by four Member States (Bulgaria, Denmark, Italy and Romania) represent about 75% of the total number of irregularities reported as fraudulent. Italy had the highest number of irregularities reported as fraudulent (213). However, a significant number may have been caused by an over-zealous application of the fraudulent classification.

Coupled support – An European Court of Auditors [report](#) finds that the Commission has not properly supervised the “decoupling process” for EU farm support adopted in the 2008 CAP ‘health check’. It states that the Commission did not use its mandate to ensure that the criteria applied by Member States for the distribution of the available coupled support were always consistent with EU principles, notably those of non-discrimination of farmers and proportionality. There were also weaknesses in the way the Commission monitored the respect of applicable ceilings, checked Member States’ compliance with the applicable EU legislation and enforced the correction of errors.

The Commission launched a [call for tender for an evaluation of the aid granted as coupled support from August 2009](#). In order to examine in detail the different aspects of implementation of measures, the contractor shall carry out at least eight national case studies in France, Italy, Spain, Greece, Finland, Poland, Hungary and Denmark. The deadline for the submission of offers is 1 September 2014.

Horsemeat - The [results of the second round of EU-wide tests for horse meat DNA in beef products](#) show that the situation has significantly improved since last year. 2 622 tests were carried out in the 28 EU countries, Norway, Iceland and Switzerland, and only 16 (0.61%) revealed positive traces of horse meat DNA. This is a considerable improvement on the results of the first round of tests carried out in 2013, where 4.6% of samples returned traces of undeclared horse meat. The Commission plans to make further use of ad-hoc coordinated control plans and is currently discussing with Member States the prioritisation of products that will be the focus of future testing schemes.

The FSA published the [results of the test in the UK](#). A range of processed beef products were tested, including ready meals containing beef, canned beef products, beef sausages, beef burgers, minced beef and beef meat balls. 150 samples were taken by 24 local authorities and found no traces of horse meat.

ASF - A [research paper](#) assessed the relative risk of ASF introduction into the EU by five pathways: legal imports of pigs, legal imports of products, illegal imports of products, fomites associated with transport and wild boar movements. The results indicate that 48% of EU countries are at relatively high risk for ASF entry for at least one pathway. Four countries obtained the maximum risk score: Bulgaria for legally imported products during the high risk period; Finland for wild boar; Slovenia and Sweden for legally imported pigs during the high risk period. Germany and the UK obtained high risk scores for illegal imports, legal import and transport, which reflect their vast volume of trade with third countries.

The WTO Dispute Settlement Body (DSB) established a panel to rule on the EU legal challenge against Russia's ban on live pigs, pork and other pig products from the EU – introduced earlier this year following an

outbreak of ASF in Lithuania and Poland. The panel has 6 months to draft a report. The Commission expects the whole procedure to be finished by the end of 2015.

FMD - Following the FMD outbreak on a cattle farm in Algeria, the Commission pledged to send 1,1 million doses of FMD vaccines to the Algerian and Tunisian authorities. The shipment is due to be delivered within the next two weeks. It will be used to immunise cattle, sheep and goats. The outbreak represents a threat to the EU's FMD free status and in particular to its Mediterranean Member States. The EU does not allow imports of live susceptible animals from Algeria and Tunisia or any of their products. Persons travelling from those countries to the EU are prohibited from bringing in their luggage any meat and milk products as they may harbour the virus.

Cloning - The Commission launched a [call for tender for a study on the labelling of products from cloned animals and their offspring](#). In December 2013 the Commission adopted two proposals for directives on the cloning of animals for farming purposes, and on the placing on the market of food from cloned animals. The impact assessment accompanying the proposals suggested that labelling of food from clone offspring would require major investments and maintenance costs. The main objective of this study is therefore to analyse the burden on business operators triggered by the requirement to label food from the offspring of clones. The study will focus on the five animal subfamilies (bovine, porcine, ovine, caprine and equine) susceptible to be cloned and used for food production – with particular attention to be given to cattle and pigs. For food products, the study will concentrate on the feasibility of labelling of meat and meat products as well as milk and dairy products from the offspring of cloned animals. The deadline for submission of offers is 3 September 2014.

Cold chain – EFSA investigated the possibility of extending the duration between slaughter and minced meat preparation without increasing the growth of potentially harmful bacteria. Regulation (EC) 853/2004 requires that carcasses are immediately chilled after *post-mortem* inspection to ensure that the temperature throughout the meat is not more than 7 °C in the case of meat and not more than 3 °C for offal. Minced meat must be prepared from animals other than poultry within no more than 6 days after slaughter with the exception of boned, vacuum-packed beef and veal, for which minced meat may be prepared up to 15 days post slaughter. [EFSA's opinion](#) suggest that red meat and vacuum packed beef could be stored at 2°C for up to 14 and 39 days respectively - without more bacterial pathogen growth occurring than under current legislative conditions - and concluded that alternative time-temperature combinations for the storage of fresh meat between slaughter and mincing are possible.

Scrapie - EFSA was asked to deliver a [scientific opinion on the scrapie situation](#) in the EU after 10 years of monitoring and control in sheep and goats. Classical scrapie (CS) in sheep was reported in 17 Member States (average prevalence: 8.7 cases/10 000 tests), with heterogeneous trends and geographical distribution. EFSA concludes that an eradication policy that relies only on the detection and culling of infected flocks and does not include breeding programmes for resistance is unlikely to succeed. This is both because of the characteristics of this disease and because the classical scrapie agent can persist in the environment for years. Additional measures to control CS in sheep and goats are recommended: i) the improvement of surveillance and control measures and their adaptation to the individual Member States, ii) the reinforcement and improvement of breeding policy for resistance in sheep, iii) the introduction of breeding policies in goats, and iv) knowledge transfer on scrapie.

Barometer - A Copa-Cogeca survey carried out in nine Member States (Belgium-Flanders, Germany, France, Italy, Hungary, the Netherlands, Poland, Romania and Sweden) between January and March 2014 revealed that confidence in the agricultural sector has been on an upward trend for the past year and a half, mainly as a result of a slight recovery in EU farm prices and lower input costs, and a gradual emergence from the economic recession. Substantial differences persist between countries and sectors. The sentiment has improved over the past six months for crop, orchard and meat farmers. On the contrary, wine and olive oil producers considered that their profitability had worsened. Finally, the profitability in the dairy sector was perceived as stable. These perceptions were mainly linked to price developments in the respective sectors and their generally onerous production costs. Deteriorating trade relations with Russia and political tension in Eastern Europe were however common fears across countries and sectors.

Outlook - According to the [Commission's short term outlook](#), EU meat production will recover in 2014/2015 after two years of tight supplies. The continuous decline in the number of beef cows, combined with the restocking of dairy cows led to an 8.3% decline in total EU beef production between 2011 and 2013. However, as fewer females were slaughtered, the number of born calves increased, leading to higher number of animals fattened and additional meat to come in the market in 2014 and 2015. Yearly beef production is expected to recover by 1.4% in 2014 compared to 2013 and at a stronger pace in 2015 (+2.3%). Pig meat production in 2014 is anticipated to increase marginally by 0.2%, with higher supplies in Denmark and the Netherlands expected to compensate for potential drops in France, Germany and Spain. Provided that market conditions improve, production could recover at a slightly stronger pace in 2015 (+0.8%). The sheep production gives

signs of stabilisation since 2011 due to increased profitability in the sector. High price levels, combined with good forage conditions in the north of the EU and lower cereal prices, implied lower production costs and stimulated a moderate production expansion in 2013 which is expected to continue in both 2014 and 2015. Political uncertainty, sanitary barriers and self-sufficiency targets in some of the most important trade partners of the EU are however expected to drive meat exports down, with pig and poultry meat being the most affected sectors.

At the same time, the [OECD-FAO Agricultural Outlook for 2014-2023](#) predicts that growing incomes, urbanisation and changes in eating habits will contribute to the transition to diets higher in protein. In the next decade, livestock and biofuel production are projected to grow at higher rates than crop production. The authors estimate that developing regions will account for 78% of the projected 58 Mt of additional meat to be produced by 2023 at global level. Poultry meat is expected to capture almost half of the additional meat produced, with 28.3Mt, as poultry will become the largest meat sector in 2020 and overtake pork as the most consumed meat. Pork production is however projected to increase by 16.7Mt (15%) by 2023, half of which would come from China. 9Mt of additional bovine meat are estimated to be produced by 2023 - and 3.8 Mt of additional sheep meat (a growth of 28%) driven by firm prices due to strong import demand from Asia and the EU.

Food taxes - A [study](#) concludes that food taxes achieve a reduction in the consumption of the taxed products and as a result, product substitution takes place, both through an increase in the consumption of taxed products from cheaper brands and non-taxed or less-taxed product substitutes. Cross border shopping effects are limited and other factors, in particular other taxes on food/drinks, are found to be more important drivers for the cross-border shopping effect. To what extent changes in consumption resulting from a food tax actually lead to public health improvements is still widely debated and evidence from academic literature is inconclusive.

School food - The Joint Research Centre published the first [comprehensive report on school food policies in Europe](#). All the countries studied (28 EU Member States + Norway and Switzerland) have guidelines for school food, although these vary considerably. Top 3 policy aims are to improve child nutrition (97%), teach healthy dietary/lifestyle habits (94%) and reduce/prevent obesity (88%). Over 90% of the policies studied contain food-based standards to ensure balanced menus. This is followed by portion size guidance (76%) and nutrient-based standards for lunch (65%). As for the frequency of providing certain foods or food groups for lunch, dairy products are mentioned most often, followed by non-meat/non-dairy protein sources, (oily) fish, and (red) meat.

Food waste - DG environment published a communication entitled "[Towards a more circular economy – a zero waste programme for Europe](#)" which includes proposal that Member States develop national food-waste prevention strategies and endeavour to ensure that food waste in the manufacturing, retail/distribution, food service/hospitality sectors and households is reduced by at least 30 % by 2025. The Commission is also considering developing a policy framework on phosphorus to enhance its recycling, foster innovation, improve market conditions and mainstream its sustainable use in EU legislation on fertilisers, food, water and waste.

Trading practices – The Commission adopted a [communication on Unfair Trading Practices \(UTPs\)](#) which encourages Member States to improve protection of small food producers and retailers against unfair practices of stronger trading partners. The communication does not propose regulatory action at EU level but encourages Member States to make sure they have appropriate measures against UTPs in place. Suggestions are based on three blocks: (i) support of the voluntary supply chain initiative launched in September 2013, (ii) EU-wide standards for principles of good practice, and (iii) effective enforcement at national level. The Commission will monitor and assess the progress made by evaluating the actual impact of the Supply Chain Initiative and its national platforms, and the enforcement mechanisms set up by Member States. It will present a report to the Council and the European Parliament at the end of 2015, and decide whether further action should be taken at EU level.