



LMC Brussels Update – September 2014

New Commission - The future Commission President Jean-Claude Juncker announced the allocation of responsibilities in his team. Phil Hogan (Ireland) is expected to become the new Commissioner for Agriculture and Rural Development, taking over from current AGRI Commissioner Dacian Ciolos. His mission will primarily focus on the simplification of agricultural policies, in particular CAP direct payments and rural development. Vytenis Andriukaitis (Lithuania) would be Commissioner for Health and Food Safety with DG SANCO being seriously reorganised - some units dealing with medicinal products will move to DG Enterprise while former DG Environment units, e.g. food waste, will move to SANCO. Elsewhere in the Commission, a number of portfolios have been reshaped. The Environment and Maritime Affairs and Fisheries portfolios have been combined. Similarly, one Commissioner will now be in charge of both Climate Action and Energy policies. In a next step, the European Parliament has to give its consent to the entire College of Commissioners, following hearings of the Commissioners-designate in the relevant parliamentary committees. The new Commission is expected to take office on November 1st, provided the Parliament approves the whole College at its Plenary session in October 20-23.

ASF – Following two new cases of ASF detected in Estonia in zones already under restriction, new EU control measures to combat the spread of ASF now redefine four zones with different levels of restriction depending on the level of risk: stringent measures where ASF is endemic (Sardinia); a re-demarcation of the infected area in Lithuania and Latvia where the disease is present in both wild board and domestic pigs and not yet stabilised; a re-demarcation of the infected area in Lithuania, Latvia, Poland and Estonia where the disease was found mainly in wild board; and an additional zone adjacent to the zones mentioned above to prevent the further spread of the disease.

Veterinary medicines - The Commission has published new proposals on [veterinary medicinal products](#) and [medicated feed](#), both aiming to harmonise legislation at EU level, reduce administrative burdens, and guarantee the prudent use of antimicrobials. The proposal on veterinary medicines includes new streamlined marketing authorisation procedures that will allow companies to place and maintain a veterinary medicine on the entire EU market. Besides, it would facilitate the internet retailing of veterinary medicines within the EU. The new proposal would also make it possible to restrict the use in animals of certain antimicrobials that are reserved for the treatment of human infections. The proposal on medicated feed would ban the use of medicated feed as a preventive measure and establish an EU-wide residue limit for veterinary medicines in ordinary feed. The European Parliament and the Council will now consider the Commission's proposals.

FAO food price index - In August, the [FAO Food Price Index](#) dropped to its lowest level since September 2010. Except for meat, all the other food sub-indices dipped markedly, with dairy values falling most. The increase of the meat index principally reflected a strong rise of bovine meat prices in Australia, where herd rebuilding has reduced export supplies, and continued strong import demand in Asia, particularly China. As for cereals, FAO's latest forecast for world cereal production in 2014 now stands at 2 512 million tonnes. It has been raised by 14 million tonnes since July. At this level, world cereal production would be only 0.5 percent (13 million tonnes) short of last year's record harvest.

Farming investments – A [JRC study](#) shows that 56% of the farmers surveyed in 6 EU countries intend to invest in the period 2014-2020, with strong differences between countries: only 28% of Italian farmers intend to make investments, while French and German farmers are the most likely to invest (67% and 76% respectively). The 44% of farmers who showed no intention to invest gave as main reasons the uncertain expected returns on investment, and their lack of need for new assets. Differences in the intentions to invest were also observed by specialisation, with the respective values being 65% of the arable crop farmers, 54% of the livestock farmers, 49% of the perennial crop farmers and 56% of the farmers with mixed productions. Land investments are most often planned by mixed farms, while livestock farms most often foresee investing in buildings, and arable farms most often plan to invest in machinery and equipment and in training.

Support for agriculture – According to a [recent report](#), government support to agriculture in OECD countries remains on a downward trend in 2013. Although rising moderately after reaching its lowest level in 2011 (18%), the EU level of support remains slightly above the OECD average (18%), at around 20% of gross farm receipts. Due to the successive reforms of the Common Agricultural Policy - e.g. the reduction of market price support mechanisms and increased direct payments to farmers - the potentially most distorting support in the EU however represented less than 30% of support to farmers from 2010, down from 90% in the mid-1980s.

Environment – A 2014 [EU survey on the environment](#) shows that 75% of EU citizens think the state of the environment influences their quality of life. They worry most about pollution, as well as waste generation and the depletion of natural resources. A third of the respondents believe that reducing food waste should be a priority in the daily lives of people to protect the environment (In the UK, food waste comes as the number one priority). More citizens than in 2011 (75 %) say they are ready to buy environmentally-friendly products, even if it means paying a little more.

Russian Ban - An extraordinary Agriculture Council was organised in September to debate the impact and implications of the Russian ban on imports of EU agricultural products - in place since 6 August. Most of the member states recognised the opportunity of emergency market support measures and welcomed the Commission's initiative to provide an additional €30 million of EU funding for CAP promotion programmes for products that might otherwise have been exported to Russia. Ministers agreed that the evolution of the sectors affected by the ban should be monitored continuously in light of further interventions, and that well targeted compensation measures for certain of the most affected producers could be envisaged. EU AGRI Ministers are expected to discuss draft plans at the October AGRI Council.

TTIP – The European Parliament has published a [report](#) analysing risks and opportunities for the EU agri-food sector within the TTIP agreement currently negotiated between the EU and the US. It highlights that whilst the EU is unlikely to ship large quantities of beef and other meat products to the US, the EU beef sector is likely to be adversely affected by more competitive US imports if beef is not treated as a sensitive product. Overall, the report suggests that liberalising trade could put EU producers at a general competitive disadvantage due to EU regulatory constraints on the use of genetically modified organisms (GMOs), on pesticide use, and on food safety measures in the meat sector.