



LMC Brussels Update – December 2013

CAP reform – On December 16th, the Council adopted the CAP reform package following a first reading agreement with the European Parliament. The package consists of 4 basic Regulations: Direct Payments, Market measures, Rural Development and Horizontal Regulation. The package also includes a transitional regulation for the year 2014 to bridge the gap between the existing legal framework and the elements of the reform which will apply only from 2015. All Regulations are available at: http://ec.europa.eu/agriculture/newsroom/155_en.htm

State aid - As part of the modernisation of state aid policy, the Commission adopted a regulation which raises the ceiling of small amounts of aid (*de minimis*) that can be considered not to constitute state aid. In the agriculture sector, the new regulation – which applies from 1 January 2014 – brings the *de minimis* amount per beneficiary to €15 000 over a period of three years (against €7 500 before), and the ceiling per Member State to 1% of the value of agricultural production (against 0.75%). The regulation is available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0009:0017:EN:PDF>

COOL – Member States in the Standing Committee on Food Chain and Animal Health (SCoFAH) agreed on the implementing details on COOL rules for unprocessed sheep, goat, poultry and pig meat. According to the new rules, animals born, raised and slaughtered in the same Member State can be labelled with the terms "Origin: Member State (or third country)" while in other cases the rearing and slaughtering places will be indicated. There has been some controversy over the required rearing period for pigs. It was finally decided that the label should display the Member State or third country in which the pig was reared for the latest period of 4 months (if older than 6 months) or from a live weight of 30kg (if younger than 6 months and more than 80kg). The place of the whole rearing period should be indicated if the pig is younger than 6 months and less than 80 kg. For sheep and goats, the last rearing period of at least six months or the whole rearing period in case the animal is slaughtered younger than six months should be indicated. The Commission also published a report on extending COOL to meat used as an ingredient, which suggests that an EU/non-EU approach would be the most feasible option. The report will now be discussed with the Parliament and the Council. An impact assessment on extending COOL to dairy is expected by the end of 2014. The implementing rules on COOL for meat will apply from 1 April 2015 and are available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:335:0019:0022:EN:PDF>

The report on COOL for meat used as an ingredient is available at:

http://ec.europa.eu/food/food/labellingnutrition/foodlabelling/docs/com_2013-755_en.pdf

Pig meat inspection – The Council adopted the Commission's amendment to Regulation 854/2004 on official controls on products of animal origin, as regards post-mortem inspection of domestic swine. New rules to modernise pig meat inspection were endorsed in May by SCoFAH. Introducing a more risk-based approach, the rules enhance salmonella and trichinella controls and amend classical post-mortem inspection procedures: palpation/incisions should be omitted in pigs subjected to routine slaughter, because of the risk of microbial cross-contamination. Now that the Council has given its consent, the Commission may adopt the regulation, unless the European Parliament objects.

Cloning – The Commission adopted two draft laws on the placing on the market of food from animal clones and on the cloning of animals of the bovine, porcine, ovine, caprine and equine species kept and reproduced for farming purposes. The main aims are to ban the use of the cloning technique for farm animals and the imports of animal clones and the marketing of their food in the EU on a temporary basis. The legislation should then be reviewed based on the experience gained by Member States in its implementation and on a scientific review of progress made by the technique. The Commission also presented a draft regulation on novel food which makes it subject to a simpler authorisation procedure centralised at EU level. The European Parliament and the Council will now consider the Commission's draft legislations. The legislative proposals and impact assessments are available at:

http://ec.europa.eu/food/food/biotechnology/novelfood/initiatives_en.htm

Stunning – In the context of the EU legislation on the protection of animals at the time of killing, EFSA released a scientific opinion on welfare monitoring procedures at bovine slaughterhouses. It proposes toolboxes of welfare indicators – together with corresponding outcomes of consciousness, unconsciousness or death – for bovines stunned with penetrative captive bolt or slaughtered without stunning. In the case of slaughter with captive bolt stunning, the opinion proposes a set of indicators to assess consciousness at

three stages: (a) after stunning and during shackling and hoisting; (b) during neck cutting or sticking; (c) during bleeding. For slaughter without stunning, indicators are proposed for assessing unconsciousness before releasing bovines from restraint and confirming death before carcass dressing begins. The opinion is available at: <http://www.efsa.europa.eu/en/efsajournal/pub/3460.htm>

Additional scientific opinions on welfare monitoring procedures for pigs, sheep and goats, chickens and turkeys have also been published and propose indicators and sampling protocols to be put in place at slaughterhouses. They are available at: <http://www.efsa.europa.eu/en/press/news/131220.htm?wtrl=01>

EFSA also published a guidance document on the assessment criteria for studies evaluating the effectiveness of stunning interventions for animal protection at the time of killing. The document is available at: <http://www.efsa.europa.eu/en/efsajournal/doc/3486.pdf>

Local farming – The Commission published a report exploring the possibilities of adopting a local farming and direct sales labelling scheme, as requested under the Regulation 1151/2012 on quality schemes for agricultural products. The report concludes that a new label could add value to products generated from local agriculture if it went beyond direct sales and was integrated with or linked to other measures helping farmers find alternative sales channels. Such measures are available under rural development policy, e.g. horizontal and vertical co-operation among supply chain actors, support for participation in quality schemes, information and promotional actions. The report is available at: http://ec.europa.eu/agriculture/quality/local-farming-direct-sales/index_en.htm

Island farming - The Commission published a report on the possibility of introducing "product of island farming" as a new optional quality term. The report finds unrealistic to establish specific characteristics common to all island products. As the majority of island products are sold locally or within specific Member States, the regulation of such labelling may be better addressed at Member State level, using existing structural instruments. The report will now be forwarded for discussion at the Council and European Parliament. It is available at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0888:FIN:en:PDF>

Horizon 2020 – The Council adopted Horizon 2020, the next EU research and innovation programme with a budget of nearly €80bn over seven years. It includes around €4bn support for research on the item "Food security, sustainable agriculture and forestry, marine, maritime and inland water research, and the bioeconomy". On December 11th, the Commission presented the first calls for projects under Horizon 2020. The Work Programme for 2014-2015 on "Food security, sustainable agriculture [...] and the bioeconomy" sets out the funding opportunities for 12 focus areas, including "sustainable food security" for a budget of €138 million in 2014. Funding in this area will for instance aim at improving the management of external nutrient inputs. The regulation establishing Horizon 2020 is available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0104:0173:EN:PDF>

The work programme for 2014-2015 is available at: http://ec.europa.eu/agriculture/research/pdf/work-programme-2014-2015_en.pdf and the calls are published on the Participant Portal at: <http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/index.html>

Agricultural outlook – The Commission published a medium-term outlook on EU agricultural commodity markets by 2023. According to it, the EU cereals markets will be characterised by relatively tight market conditions, low stocks and prices above their historical averages. The EU meat sector is expected to be supported by strong demand on the world market, driven by improved economic conditions; poultry meat should remain the most dynamic product and pork Europe's favourite meat, while the consumption of beef and sheep meat is projected to drop in absolute and relative terms. Compared to the 2010-2012 average, beef production is projected to decline by 7% to 7.6 million tonnes in 2023, mainly due to developments in the dairy herd, and consumption to fall by 5.7%, to 10.5 kg per capita. Tight supplies should keep prices firm, at €4086/t – a 16.1% increase compared to 2010-2012. Following two years of decline due to the implementation of new welfare rules, pig meat production is expected to increase as of 2014, to 23.4 million tonnes in 2023. Consumption too should recover but not exceed 31.8 kg per capita in 2023. EU pig meat prices could rise at the same pace as in the past decade to reach €2100/t. Sheep meat production is projected to continue on its downward trend, though at a much slower rate, while sheep meat consumption will probably remain under pressure and may fall further. In 2023, real agricultural income per labour unit is projected at 46.8% above the 2003-07 average, which is an increase of 1.8% per year from 2013 to 2023. This positive trend is the result of a continuous decrease in the workforce employed in agriculture (-42.3%), which more than compensates the expected deterioration of total factor income in real terms (-15.1%). The outlook is available at:

http://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook/index_en.htm#about

Air policy – As part of the EU Air policy review, the Commission adopted a package of measures including: a Communication which reviews the 2005 Thematic Strategy on Air Pollution, and a review of the National

Emission Ceilings Directive (NECD) with stricter ceilings for six main pollutants by 2030. The proposed new NECD requires ammonia reductions of 27% by 2030 (21% for the UK) and provides in Annex a set of measures to be taken into account by Member States when developing their national programmes, such as reducing emissions from slurry and solid manure application to arable land and grassland to control ammonia emissions from livestock. The package will now be considered by the Parliament and the Council. Copa-Cogeca warned that the required reductions of ammonia emissions are a severe blow to the EU agriculture sector, and that many of the measures proposed to abate ammonia emissions would imply huge investments that cannot be supported by small to medium sized farms and would accelerate structural change in the farming sector. The proposals are available at:

http://ec.europa.eu/environment/air/clean_air_policy.htm

WTO – The WTO's 9th Ministerial Conference in Bali agreed on a package of decisions out of a larger set negotiated in the Doha Round. Within the Agriculture portfolio, members worked on four proposals: export subsidies & export competition, tariff quota administration (TRQ), food security stockholding in developing countries and the list of general services that could be added to the Green Box. The draft texts contain statements of intent to eliminate export refunds and all other export measures with equivalent effect. On TRQ "under-fill", it was agreed that a WTO member can raise a specific concern with respect to another member which does not notify their fill rate or which has a TRQ with less than a 65% fill rate. This may ultimately lead to the country with the under filled quota have to change the administration of the TRQ to first come, first served or automatic, unconditional licensing in order to encourage increased usage. Much of the focus was on shielding public stockholding programmes for food security in developing countries, so that they would not be challenged legally should they breach their limits for trade-distorting domestic support. The interim solution (not challenge an existing stockholding programme for staple food crops) is to exist until a permanent one is agreed, which is expected by the 11th Ministerial Conference in 4 years. The texts agreed in Bali are expected to be adopted by the General Council of the WTO on July 31st 2014. Remaining issues to be discussed include wider Doha agricultural and market access agenda. The "Bali package" is available at: <https://mc9.wto.org/draft-bali-ministerial-declaration#agriculture>.

EU-US – The EP Plenary approved the draft Council Decision to extend the Memorandum of Understanding (MoU) between the EU and the US on the beef hormone dispute. The 2009 MoU sets out different steps concerning imports of beef not treated with growth-promoting hormones into the EU. Under Phase 1, August 2009 to August 2012, the EU opened duty-free TRQ for 20,000 tons of "High Quality Beef" and the US reduced the level of sanctions applied to EU products. Under Phase 2, 1 August 2012 to 1 August 2013, the EU opened a larger quota for 45,000 tons of High Quality Beef and the US suspended all trade sanctions on EU products. As neither party was able to move to Phase 3 (removal of trade sanctions), the Council proposed a 2-year extension to Phase 2. The EU would therefore maintain until August 2015 its duty-free TRQ for the US at 45 000 tons per year. In December, the EU and the US also concluded the third round of talks on the Transatlantic Trade and Investment Partnership (TTIP). Work on the proposals on regulatory aspects, including rules on food safety and animal and plant health (SPS issues) should start by March 2014.