



## LMC Brussels Update – July 2015

**TSE** - A Commission report shows that in 2013, among the 3,135,958 bovine animals tested for the presence of BSE in the EU, only 7 animals turned out positive. The 7 BSE cases were found in France, Ireland, Poland and the United Kingdom. Overall the number of cases and the prevalence in tested animals of BSE dropped by 61% and 42% respectively in the EU in 2013 compared to 2012. As far as sheep are concerned, the report highlights that in some Member States, including France and UK (except for 2011 and 2013), the proportion of atypical TSE cases has been steadily growing since 2004, passing from a small share to a large majority of the TSE cases. These results should however be interpreted with caution as the monitoring requirements have changed during this period and the testing and sampling methods have an influence on the detection of atypical cases.

**SRM** - As from 5 August 2015, a new EU Regulation repeals the requirement for member states with BSE negligible risk status to remove specified risk material (SRM) - except for the skull, the brain and eyes, and the spinal cord of animals over 12 months which remain classified as SRM because of scientific uncertainties linked to atypical BSE.

**ASF** - An EFSA scientific opinion on ASF shows that passive surveillance is more effective than active surveillance in detecting ASFV-infected wild boar or domestic pigs. Potential wild boar management strategies aimed at controlling ASF were evaluated and EFSA concludes that a combination of different tools, such as the exclusion of contact to carcasses and the intensification of conventional hunting, reducing reproduction in the following year by 30-40%, would be effective to stop the spread of ASF in wild boar.

**Danish Crown** – According to the Commission, the proposed merger between Danish Crown and Tican threatens to affect significantly competition in Denmark. The Commission has therefore decided to partially refer the merger to the DCCA, which will deal with the case under national law. Tican is the second largest (and only other) co-operative pig slaughterhouse in Denmark and both companies are vertically integrated with activities at every level within the value chain for pig meat, including pig breeding, slaughtering, meat processing and in supplying fresh pig meat. At the same time, the Commission has approved under the EU Merger Regulation the proposed transaction in the other affected Member States (i.e. Poland, Sweden and the UK), concluding that the merger's impact outside Denmark did not highlight any competition concerns given the low market shares of the parties in these markets.

**Dawn Meats** - The Commission has approved the acquisition of joint control over Elivia of France by QDB Holdings/Dawn Meats ('Dawn Meats') of Ireland and Terrena of France. Elivia is active throughout the beef value chain; from the slaughtering of live animals to the sale of fresh and processed meat, primarily in France. Dawn Meats mainly operates in the beef and lamb sectors, in the slaughtering of live animals as well as deboning and further processing of meat. Terrena is active in the production and distribution of various agricultural products, such as plants, animals and agricultural machinery. The Commission concluded that the proposed transaction would raise no competition concerns as the companies' combined market shares remain modest and the market share increments brought by the transaction would be limited.

**National Emissions Ceilings Directive** - COMENVI MEPs have called for more ambitious targets on emissions of six main pollutants (sulphur dioxide, nitrogen oxides, non-methane volatile organic compounds, methane, ammonia, and particulate matter) in order to cut emissions by 70% across the EU and save €40bn in air pollution costs by 2030. They also want to include emissions reduction ceilings on mercury. In order to ensure progress towards the goals set for 2030, the environment committee further asks that midpoint

emissions targets for 2025 be added to the legislation. The midpoint targets would be fully binding for all pollutants, with the exception of methane. The report will now be put to a plenary vote in October. Once both Parliament and Council have adopted their respective positions, negotiations will start between the two institutions.

**OECD-FAO agricultural outlook** – According to the OECD and FAO estimations, the outlook for the meat market remains largely positive with feed grain prices set to remain low over the projection period. Production is expected to expand as a result of increased profitability, especially in the pig and poultry sectors. Over the next decade, global meat production is projected to be 17% higher than in the reference period (2012-2014). Global meat consumption is expected to reach 35.5 kg retail weight equivalent by 2024(+1.6 kg)

**Meat short-term outlook** – The Commission short-term outlook on meat markets shows that pig meat production is expected to increase further in 2015 driven by the low feed prices and a slightly higher breeding sows herd. However, low pigmeat prices might limit the overall 2015 annual increase in production to around 3% year-on-year and in 2016 to 0.9%. The recovery in 2014 pig meat production allowed for an increase of consumption by 1 kg per capita in the EU. Prospects of increased production and a limited export growth could keep prices at a level encouraging a further consumption growth to reach 32.7 kg per capita in 2015 compared to 2014 and stay stable next year. At the same time, cow herd developments and export opportunities will drive EU beef production up by 1.4% in 2015. In 2014, EU gross production of sheep and goat meat increased by 2.5%, reversing the long-term trend of the previous years. Relatively good prices and favourable forage conditions support an increasing herd and production in the sheep sector and overall EU production in 2015 is expected to improve by close to 2%. . This extra meat on the market translates in an increase of the EU per capita consumption by 1.4% or almost 1 kg in 2015, after the strong recovery already observed in 2014

**Global consumption patterns** – A recent EU brief on global consumption patterns confirms that world meat consumption growth continues to decline to nearly reach the pace of population growth in the current period. The reduction in meat consumption growth in the most recent period is linked to tight supply availability, high prices, the effect of the economic crisis and possible changes in consumer preferences in developed countries, such as the US and the EU. While beef and veal consumption was nearly stable (+0.2%/year) in the last period, pig meat consumption growth stabilised at around 2% and the growth in poultry meat was the highest at 2.7%. Pig meat remains the most popular meat with a share of 38% in total meat consumption worldwide, compared to 35% for poultry meat and 23% for beef and veal, but poultry meat is expected to surpass pig meat consumption by 2025.

**2014 Agricultural trade** – The ranking of the top world agri-food exporters did not change in 2014, after the EU28 took over the leading position from the US in 2013. EU28 exports reached €122 billion, with an annual increase of 1.6 %. The US remained an equally strong exporter, selling just about €1 billion less to world markets. Currently, the top five destinations for EU28 agri-food exports are the US, Russia, China, Switzerland and Japan. An EU analysis shows that the US by far is the dominant partner, absorbing 13 % of total exports. In value, 13 % of EU exports (€16 billion) are directed towards the US, and 10% of all EU imports (€10 billion) are sourced from there. After a less dynamic preceding year for exports, trade flows between the EU and the US again strengthened considerably in 2014. The second most important export destination is Russia, in spite of a dramatic drop in sales by - 23 % due to the Russian import embargo for certain products in the second half of the year.

**Agricultural support** – According to the findings of a recently published report, average levels of support to agricultural producers in OECD countries and in emerging economies are converging: emerging economies, on average, have moved from taxing their agriculture in the 1990s to providing significant levels of support, while the historically very high level of support across the OECD area has declined. Over the longer term, the

level of support has, on average, been following a downward trend in OECD countries, from about 30% (as a percentage of gross farm receipts) in the late 1990s down to 18% last year. Across all 49 countries covered in the report, 67% of support to farmers is directly linked to prices, output, or input use without constraints.

**New Commission appointments** – Former Agri Commissioner Dacian Ciolos has been appointed as Special Adviser for Food security. Next September, former IFA European Affairs Director, Michael Treacy is expected to be appointed as special adviser to EU farm Commissioner Phil Hogan.