

Title: LMC Brussels News Update January 2020

Source: Livestock and Meat Commission
Date: 10/02/2019
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Brexit

After almost three years of negotiations, the EU and the UK gave this month the last steps for the ratification of the Withdrawal Agreement, so the UK has left the EU on the 31st January in an orderly manner. This was for the EU a “serious” and “emotional” moment, as Barnier put it, but also “the starting point to build a new partnership”. The terms of this new partnership will be negotiated during the transition period, which will last until 31st December 2020, and the EC has already presented its proposal for negotiating directives, defining the EU’s goals regarding the scope and terms of the future partnership. The EU’s intention is to focus discussions on three main areas: the economic partnership (including the objective to negotiate a free trade area in goods with customs and regulatory cooperation underpinned by robust commitments ensuring a level playing field), the security partnership and the governance of the future relations. However, even if a “best-in-class” free trade agreement is achieved, it will not be “business as usual” anymore after December 2020. Once the transition period expires, the EU and the UK will have two separate markets instead of one single market and businesses need to be aware of and adapt now to this reality.

European Commission priorities for 2020

The EC has published its 2020 Work Programme, a document that sets out the actions the EC will take during this year to turn President von der Leyen’s Political Guidelines into concrete initiatives to kick-start the ecological and digital transition the new Commission aims at. In the framework of the European Green Deal in particular, the EC will be publishing a legislative proposal for a European Climate Law and the Farm to Fork Strategy in the first quarter of 2020, among other initiatives, and will also review other existing ones, such as the various pieces of the legal framework for EU quality schemes, legislation on endocrine disruptors, and the EU Animal Welfare Strategy. When preparing this programme, the EC has also had a look at all the proposals currently awaiting approval and has decided to withdraw and repeal 34 of them, including a proposal on the cloning of animals and another on the placing in the market of food from animal clones. The EC has based its decision of withdrawing these proposals in the fact that there is no foreseeable agreement given that there has been no progress since 2015 so it is unlikely these get approved.

Farm to Fork Strategy

Although the official proposal will not be published until the 31st March, a first draft of an Action Plan of the Farm to Fork Strategy has been leaked this month. The 15-page document include a list of measures to improve sustainability in food production (reduced dependency on pesticides, fertilizers and antimicrobials, and expanding organic farming) but also in food processing, retail, hospitality and food services. According to the leaked draft (therefore, subject to change), the EC

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would also propose initiatives aimed at empowering consumers to make “sustainable food choices” (via harmonised front-of-pack nutrition labelling or required origin indication for certain food products), reducing food waste and combatting food fraud, while seeking commitments from third countries (via bilateral agreements and international cooperation) to ensure a global transition to sustainable food systems. In order to accelerate this transition, the EC foresees actions to promote research and innovation, knowledge exchange and specific financial investments. Evaluation of the progress made in the implementation of the strategy would be possible thanks to the development of a specific monitoring framework including through measurement of the environmental footprint of the food value chain.

Financing the Green Transition

The European Commission has presented an Investment Plan to mobilise public investment and help to unlock private funds through EU financial instruments to achieve the goals set by the European Green Deal. It will mobilise at least €1 trillion over the next decade and it will also aim at creating the right regulatory incentives to promote green investments (including new ways to facilitate procedures to approve State Aid). The EC has also presented the Just Transition Mechanism, which is part of this European Green Deal Investment Plan and will provide targeted support to help mobilise at least €100 billion over the period 2021-2027 in those regions in the EU Member States particularly affected, as they will have to undergo a profound economic and social transformation to reach carbon-neutrality.

Animal Welfare labelling

During this month’s Agriculture Council, the German delegation informed about a legislative proposal underway in the German Parliament to introduce a national label for animal welfare aimed at positively distinguish products produced to higher animal welfare standards and asked the EC to assess the need and impact of an EU-wide regulatory framework with criteria for animal welfare labelling schemes. While the initiative got overall support, many delegations pointed out the system should be voluntary and flexible so as to avoid stigmatising farmers or creating conditions for unfair competition.

China – US agreement

China and the US have declared a partial truce in their trade war this month by signing the “Phase One” trade agreement already announced in October. Although it is a very basic agreement, it does contain a commitment to tackle trade barriers in agriculture, including expanded access for US beef into China to all products from cattle of all ages. China will also recognise the US traceability system and allow imports from the US approved facilities for beef and pork, including processed products. Further to the meat sector commitments, they have agreed to sign and implement a phytosanitary protocol to allow the importation of US fresh potatoes for processing into China. Dairy, cereals for animal feed, and other commodities are also included in the deal.

Imaging technology in agri monitoring

The European Court of Auditors (ECA) has examined whether the EC and Member States had done enough to unlock the potential benefits of imaging technologies for the management and control of the Common Agricultural Policy. Auditors have found that while the EC has been active in encouraging their use to assess area based direct aid to farmers, progress has been slower on using them to monitor environmental and climate requirements, with main obstacles being the paying agencies’ concern that the EC may question decisions taken on the basis of checks by monitoring and the need for significant changes in paying agencies’ procedures and IT systems in order to be able to apply this new approach.