

Title: LMC Brussels News Update June 2021

Source: Livestock and Meat Commission

Date: 19 July 2021

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EU-UK relations

The implementation of the Northern Ireland Protocol remains one of the main sources of disagreement between the EU and the UK. Discussions intensified during the month of June, ahead of the expiration of the grace periods that were in place since beginning of the year to allow, among other things, the movement of chilled meat preparations from Great Britain to Northern Ireland. The EU and the UK managed to eventually agree on a 3-month extension of those grace periods (until end of September 2021), but disagreement remains on the actual purpose of such extension. The EU insists that the extra time “is to allow stakeholders, and in particular supermarkets in Northern Ireland, to complete the adjustment of their supply chains”. The UK, however, argues that this extension is to allow further discussions to continue on a permanent solution to operate the Protocol “in a pragmatic and proportionate way”. In practise, and as things stand at the moment, the new deadline means that these changes will now happen at the same time as the UK is supposed to start implementing the next phase of their import controls for products coming from the EU. With these two important deadlines happening not so far away from Christmas and with the ongoing serious shortages of labour in different sectors, including transport and official veterinarians, who are needed for certification, some industry representatives are already raising concerns of serious disruption further down the line.

Deal on CAP reform

After three years of negotiations, the EU institutions have finally reached a deal on the reform of the Common Agricultural Policy (CAP) that will cover the period 2023-2027. The new policy is said to be fairer, greener and more flexible. For the first time, the CAP includes social conditionality provisions that will oblige beneficiaries to respect elements of the European social and labour law. Member States will have to close the gap between the levels of payments for farmers from different parts of the same country and ensure that at least 10% of the national direct payments’ envelope is redistributed among small & medium-sized farms for complementary income support. Young farmers (up to 40 years old) will receive at least 3% of Member States’ budgets for income support. The new CAP will also support the transition towards more sustainable agriculture with more ambitious baseline requirements for beneficiaries to receive support, replacing current greening & cross-compliance rules. There will also be new tools, such as the eco-schemes, a voluntary instrument that will reward farmers for implementing climate and environmentally friendly practices and animal welfare improvements. Member States will have to allocate at least 25% of their

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income support budget to these eco-schemes. Strengthening the position of farmers in a competitive agri-food sector remains a priority so the new CAP maintains the overall market orientation and a new agricultural reserve will be introduced to fund market measures in times of crisis, with an annual budget of at least €450 million.

Reactions to CAP reform

The reformed policy will represent “an unprecedented challenge for the EU farming community”, as highlighted by COPA COGECA, who have concerns regarding the overall coherence of the agreement reached with other EU policies. Environmental NGOs were also very critical as they consider it a “greenwashing” exercise that basically maintains the status quo. Similar mixed feelings were expressed at national level. The French Agriculture Minister said this is “a good agreement for France” but French farmers, for their part, have a different view, and they complain the percentage of eco-schemes is too high. German farmers agree that the compromise is difficult, but they also recognise it was necessary to enable them a medium-term planning basis. They regret, however, that applying for subsidies will become more bureaucratic for them.

CAP and climate mitigation

The European Court of Auditors (ECA) has published a report looking at whether the 2014-2020 CAP has supported climate mitigation practices with the potential to reduce greenhouse gas emissions, with a focus on three key sources: livestock, chemical fertilisers and manure, and land use (cropland and grassland). Auditors conclude that CAP funding destined for climate action has not contributed to reducing greenhouse gas emissions from farming. Greenhouse gas emissions from agriculture have not decreased since 2010 because most measures supported by the CAP have a low climate-mitigation potential and the CAP does not incentivise the use of effective climate-friendly practices. The report includes a series of recommendations, such as establishing specific greenhouse emissions reduction targets for the farming sector and ensuring there are effective incentives in place to reduce emissions from livestock and fertilisers. It also recommends introducing monitoring systems to assess the impact of the future CAP on peatland and wetland and incentivising the rewetting/restoration of drained organic soils. Finally, auditors would like to see regular assessments of the CAP’s contribution to climate mitigation. They suggest applying a polluter-pays principle to emissions from agricultural activities, and rewards for farmers for long-term carbon removals.

Phasing out of cages

The European Commission (EC) has committed to table by 2023 a legislative proposal to phase out and finally prohibit cages for a number of farm animals. This will be part of the ongoing revision of the animal welfare legislation under the Farm to Fork Strategy and it comes as a response to a European Citizens’ Initiative that has gathered the support of 1 million citizens across the EU. In particular, the EC proposal will concern animals already covered by legislation (i.e. laying hens, sows and calves) and other animals such as rabbits, pullets, layer breeders, broiler breeders, quail, ducks and geese. For these other animals, the EC has asked the European Food Safety Authority for additional scientific evidence on the conditions needed for the prohibition of cages. In addition, the EC will seek specific supporting measures in key policy areas such as trade and research to facilitate a balanced and economically viable transition to cage-free farming. This includes financial support and incentives in the framework of the new Common Agricultural Policy to help farmers adapt to the new requirements. The EC’s initial intention is that the new legislation enters into force from 2027.

Glyphosate renewal

Glyphosate's approval for use in the EU is set to expire in December 2022. As part of the process to renew its authorisation, four countries (France, Hungary, the Netherlands and Sweden) were appointed by the European Commission to act as joint rapporteurs and to carry out an initial assessment of all the evidence submitted by the companies who are seeking to renew the approval to market this substance in the EU. The joint rapporteurs have now finalised their 11,000-pages long draft report (summarized here), concluding that glyphosate does meet the approval criteria for reauthorisation. Based on the available information, they dismiss a series of human health concerns and in particular they find that a classification of glyphosate with regard to carcinogenicity is not justified, although the classification as causing serious eye damage and as toxic to aquatic life with long-lasting effects should be maintained. The next step in the renewal process is for the European Food Safety Authority (EFSA) and the European Chemicals Agency (ECHA) to organise parallel consultations on the draft report, which will be launched in the first week of September 2021. All interested parties will be able to comment on this draft assessment.

AMR & the food production environment

Experts from the European Food Safety Authority (EFSA) have assessed for the first time the role played by the environment in the emergence and spread of antimicrobial resistance (AMR) through the food chain. They have identified the main sources of AMR bacteria and genes, and the bacteria and genes of highest priority for public health that can be transmitted through the food chain. Three sectors were considered: plant-based food production, terrestrial animal production (including cattle and pigs) and aquaculture. They conclude that fertilisers of faecal origin, irrigation, and water are the most significant sources of AMR in plant-based food. In terrestrial animals, evidence points at feed and, to a lesser extent, farm workers/visitors as important sources for introduction of pathogenic bacteria. Other potential sources include water, air or dust, soil, wildlife, rodents, arthropods, and equipment, but existing evidence did not allow assessment of their importance. The authors have also identified possible strategies and options to mitigate the emergence and spread of AMR bacteria in the food-producing environment, including reducing the faecal microbial contamination of fertilizers, water and feed, and implementing good hygiene practices. Experts also made recommendations on priority areas for research that would help to close existing data gaps.

EU agri-food trade

The EU27 cumulative quarterly trade value remains lower than in 2020 given the lower performance recorded in the first two months of the year. Thus, during the first quarter of 2021, EU27 agri-food exports (-0.9%) and imports (-8.1%) decreased as compared with the same period in 2020. However, the monthly trade value of March 2021 was the highest observed in the last two years. In fact, both exports (+20%) and imports (+24%) increased in March 2021 compared February 2021. For the period January-March 2021, EU27 export values fell most to the UK (-10.6%), with pig meat (-€116 m) and meat preparations (-€108 m) among the leading product categories. However, EU27 exports to the UK were 27% higher in March 2021 than in February 2021, and 1.3% higher than the value in March 2020. In the first quarter of the year, EU exports also fell to Egypt (-28%, driven by a fall in wheat and maize) and Japan (-9%, driven by lower pig meat exports). However, EU27 exports rose in the first quarter of 2021 to China (+24%, driven by increased pig meat and coarse grains exports), Switzerland (+7%) and Norway (+12%), as compared with the same period in 2020. The value of EU imports also fell most from the UK (-43%) for all product categories, but especially for spirits (-€120 m). However, imports from the UK are progressively increasing in value, being 45% higher in March than in February 2021. Imports also decreased in the first quarter of the year from Ukraine (-17%), Indonesia (-20%) and Ivory Coast (-12%).

EU imports of organic products

The European Commission (EC) has published a market brief looking at the key developments in terms of imports of organic agri-food products in 2020. The EU market for organic products continues to grow, but imports of such products decreased slightly (-1.9%) between 2019 and 2020, mainly driven by lower imports of cereals other than rice, oilcakes and sugar. In terms of destinations, the largest volumes of organic products enter through the Netherlands (31% of imports), followed by Germany (18%), Belgium (11%) and France (10%). The main trading partners of the EU are Ecuador (12%), the Dominican Republic (9%), China (8%) and Ukraine (8%). If we look at product categories, the biggest ones are tropical fruit, nuts and spices, which represent 30%, followed by oilcakes (8%), beet and cane sugar (7%) and vegetables (5%).

European Climate Law

The Council has given the final step of the adoption of the EU's first climate law, which sets into legislation the objective of a climate-neutral EU by 2050 and an aspirational goal for the EU to achieve negative emissions after 2050. The new piece of legislation also sets a binding EU climate target for a reduction of net greenhouse gas emissions (emissions after deduction of removals) by at least 55% by 2030 compared to 1990. An intermediate climate target for 2040 will also be proposed by the European Commission (EC), if appropriate, at the latest within six months after the first global stocktake carried out under the Paris Agreement. At the same time, the EC will also publish a projected indicative greenhouse gas budget for the EU for the period 2030-2050. This will cover the indicative total volume of net greenhouse gas emissions that are expected to be emitted in that period without putting at risk the EU's commitments under the Paris Agreement.

Ecosystem services in the EU

A new report unravels the benefits that forests, rivers, grasslands, wetlands and other ecosystems provide in the EU, showing how restoring degraded ecosystems has the potential to double nature's contribution to the economy and society. The report was published in the framework of a project led by Eurostat, the European Commission (EC) and the European Environment Agency that aims to deliver an integrated system of ecosystem accounts for the EU. The results of the project suggest that the value of seven ecosystem services (crop pollination, crop and timber provision, water purification, flood protection, carbon sequestration and recreation in high-value natural areas) totalled €172 billion in the EU in 2012. Forests deliver 47.5% of the total supply of the measured ecosystem services, while croplands contribute 36% and urban ecosystems less than 1%. Water purification is the ecosystem service with the highest aggregate value (€55.6 billion annually), followed by nature-based recreation (€50.4 billion). Almost half of the supply of the seven ecosystem services are used by households and the secondary and tertiary sector. Agriculture used 38% of the total supply of ecosystem services. Following the results of the project, the EC will table a proposal setting binding restoration targets for different type of ecosystems. The EC also intends to propose additional legislative changes to become the first continent in the world reporting on changes in ecosystems and their services.