



## AHDB LMC Brussels Update – February 2017

**BREXIT- bill:** The cost of Brexit could range between EUR 15 to 80 billion (EU estimates are said to be around EUR 60 billion). The EU Commission’s chief negotiator for Brexit, Michel Barnier is seeking to move the debate on the Brexit bill away from figures by agreeing on a methodology. The starting point for calculating Britain’s share of EU assets and liabilities is its annual contribution to the EU budget. Knowing that this can vary dramatically, the Commission is considering basing the calculations on an average of several years – but the question is which ones, and how to reflect fluctuations in the pound’s exchange rate. Whatever final exit bill is agreed, it would be paid by Britain in instalments rather than a lump sum.

**CAP - simplification:** The Commission unveiled the latest draft of the Delegated Regulation on direct payments, which aims to clarify and simplify existing rules and make certain greening measures, especially Ecological Focus Areas (EFA) more attractive to use. The Parliament and the Council should accept or reject the text within two months. The Delegated Act is therefore expected to enter into force in mid-2017. In addition, on March 3<sup>rd</sup> 2017 the Commission is planning to start evaluating the impacts of the CAP measures towards the general objective “viable food production”. At the end of the process, the results of the different consultation activities will be presented in an overall synopsis report.

**Situation of the EU cattle sector:** An EP study analyses the current situation including an assessment of the role CAP on farmers’ incomes and proposes desirable alternatives to support the heterogeneous cattle sector. Whereas farms in the western EU often operate on several dozens of hectares specializing either in milk or in bovine meat production, the ones in the eastern EU often continue to be small in size (often smaller around 10 ha or less) including a mixed production portfolio (several kinds of livestock or mixed crops-livestock). The EU cattle herd is concentrated in and around the Benelux, the Alps, eastern Poland, north-western France and Ireland. On average EU dairy farmers are reliant on CAP payments for about 70 percent of their income, while for beef farms this share is even more than 100 percent. As policy options for the future, the expert suggested a grazing premium for beef and suckler cows, market transparency initiatives, product differentiation as well as institutional export promotion.

**Livestock and environment:** To increase livestock chances to fully play their roles in the bio-economy, the Animal Task Force’s second White Paper identifies 3 research areas for the 2018/2020 Horizon 2020 programme (Efficient use of biomass – food security; Sustainable competitiveness; Healthy livestock and people) and one cross-cutting issues (improving infrastructures for research and innovation, precision livestock farming and open innovation). In addition, an EP briefing entitled “ *what if animal farming were not so bad for the environment?*” pushes for more efforts to reduce carbon footprint of the livestock industry. The report calls for information campaigns to raise consumers’ awareness of the livestock industry’s contribution to global warming and suggests to discouraging meat consumption by taxing animal products according to their carbon footprint.

**Soil protection – a new collaborative web platform:** The Updated Inventory and Assessment of Soil Protection Policy Instruments in EU Member States established that loss of soil functions and land degradation remain major concerns. By developing a collaborative

web platform (soil Wiki) that inventory existing and upcoming policy instruments regarding soil function and protection at EU level and in the EU 28 Member States, the project aimed to contribute to developing a baseline on which to build further policy action on soils in the EU.

**Antimicrobial resistance (AMR):** The new EFSA and the European Centre for Disease Prevention and Control's report on AMR in bacteria presents the results of the analysis of data submitted by Member States for 2015, focusing on pigs and cattle. In general multi-drug resistance in *Salmonella* bacteria is high across the EU. However, experts note that resistance to critically important antimicrobials used to treat severe human cases of *Salmonella* infection remains low. The disease caused by the Salmonellosis bacteria, is the second most commonly reported foodborne disease in the EU. Interestingly, countries in Northern and Western Europe generally show lower resistance levels than those in Southern and Eastern Europe.

**Traditionally Reared Pedigree Welsh Pork:** It became the 4<sup>th</sup> UK's Traditional Speciality Guaranteed

**Castrum study:** A report commissioned by DG Santé on pig castration highlights that the situation on pig castration is still heterogeneous in Europe. Castration is predominantly done without analgesia or anaesthesia, whilst the use of anaesthesia is only mandatory in a limited number of countries. There is a general concern about the acceptability of pork from immunocastrated pigs by slaughterhouses, retailers and consumers. Thus, processing aptitude of the derived immunocastrated heavy pigs meat for high quality seasonal products should be further investigated.

**New environmental rules - pig farms:** The EU adopted a Commission implementing decision on "best available techniques (BAT) conclusions for the intensive rearing of poultry or pigs", which aims at reducing the environmental impact (noise, ammonia, dust and odour emissions) of large pig and poultry farms. If authorities use the BAT conclusions to set permit conditions at the lowest range of indicated emission levels, the Commission thinks that emissions would inexorably lower.

**EU latest update on agri-food trade:** According to a Commission's report, the annual value of EU agri-food exports in 2016 reached a new record level with total exports reaching €130.7 billion, up €1.7 billion on 2015. The biggest increases in annual exports were in the USA (up €1.26 billion) and China (up €1.06 billion). Most important export destinations in 2016 were: USA, China, Switzerland, Japan and Russia. The EU agri-food trade surplus increased to € 18.8 billion, up from €15.3 billion in 2015. Last year EU producers have successfully increased exports of non-commodity primary products (pigmeat +32%, meat offals (mainly from pig production) increased by EUR 0.5 billion (+22.5%) on an annual base. Finally, 2016 export values decreased most for raw hides and skins (EUR -1.2 billion; -41%), cereals other than wheat and rice (EUR -1.1 billion; -36%), wheat (EUR - 813 million; -13%) milk powders (EUR -631 million; -15%), and poultry meat (EUR -165 million; -10%).

**CETA:** The EU Parliament ratified the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada. CETA will be fully implemented once the parliaments in all Member States ratify the deal according to their respective domestic constitutional requirements. In the meantime, it could be provisionally applied on April 1st 2017.

**Impact agricultural trade of EU concluded Bilateral Trade Agreements:** The new study looks at the trade and broader economic effects that can be observed from three totally (Switzerland and existing agreement for Mexico) or partially (agreement with South Korea) implemented agreements. By removing agri-food export barriers, the EU agri-food exports increased by more than €1 billion and value added in the agri-food sector by €600 million.

The study also points out the potential of the Asian export markets, where demand for agri-food products of high quality and limited domestic production capacity offer new business opportunities.

**EU-Mexico trade negotiations - Next rounds in April and June 2017:** The EU and Mexico will hold two additional negotiating rounds before summer as part of an accelerated negotiation schedule for a new, reformed Free Trade Agreement. The EU's six proposals, representing the EU's initial negotiating position, aim at modernising different elements of the current EU-Mexico agreement.

**Interbranch organizations (IBOs) in the EU-28:** The Commission published the findings of a study showing that currently, 19 EU Member States have a legal framework in place governing the recognition and functioning of IBOs. In terms of agri-food sectors, most Member States have aligned their legislation with the provisions of EU Regulation No 1308/2013 establishing the creation of IBOs. It shows the presence of IBOs has little impact on possible existing asymmetries in the bargaining power of the involved actors.

**A new online tool to promote European agri-food producer organisations products:** Chafea launched a new [agri-food promotion portal](#) designed to be a one-stop-shop for organisations to find out how to get EU funding for their promotion programmes, search for potential programme partners and find useful information on entering new export markets. Information about market access and market entry, protection of intellectual property rights, sanitary and phytosanitary measures are also made available on the portal.

**Organic food:** A report issued by FiBL (German Research Institute of Organic Agriculture) and IFOAM confirms that the global market for organic agricultural products continued to grow worldwide in 2015. It reached 75 billion euro in 2015. The United States is the leading market with 35.9 billion euro, followed by Germany (8.6 billion euro), France (5.5 billion euro), and China (4.7 billion euro). More than two million producers (2.4 million) were reported.

**Russia's import ban:** The WTO's Appellate Body confirmed that Russia's import ban from 2014 on live pigs, pork and other pig products from the EU violates international trade rules, thereby sending a strong signal to Russia and all WTO Members on their obligations to respect international standards. The ruling concerns a ban imposed by Russia because of the outbreak of African swine fever in areas in the EU close to the border with Belarus. The EU now calls on Russia to withdraw its unjustified measures and allow EU companies to resume normal business with their Russian partners.