



LMC BRUSSELS MONTHLY UPDATE

AHDB BRUSSELS OFFICE JULY 2018

Brexit—The publication of the UK’s White Paper was generally welcomed at EU level as a (long-awaited) step forward. However, as Barnier was keen to [highlight](#), the debate is not yet over as the UK’s paper still raises a series of concerns for the EU, such as those related with the customs element of the backstop. The latest [round of negotiations](#), the first one for the new UK negotiator Mr Raab, focused precisely on that, and the UK has promised to come back with concrete proposals on how to address the EU concerns. In the meanwhile, preparation for the future continues in both sides. Following a request by the European Council to intensify preparedness at all levels and for all outcomes, the European Commission (EC) has adopted a [Communication](#) on the ongoing work on the preparation. It highlights that Brexit will undoubtedly cause disruption, and calls on Member States and private parties to step up their preparations. Other interesting impact reports, such as [this one](#) on prices, were published by different stakeholders. The UK, on his side, has circulated its draft schedule of concessions with WTO members. Some countries, such as [New Zealand](#), have already expressed their opposition to the proposal to split the EU WTO TRQs, as it would mean other countries would lose the ability to adjust the destination of its exports.

EU Trade—July was a busy month in terms of trade negotiations for the EU. Prime Minister Abe and EU leaders [signed the EU-Japan Economic Partnership Agreement](#), the biggest trade agreement ever negotiated by the EU. It will now be considered and voted upon by the European Parliament and the Japanese Diet and could be in place by early 2019. The first round of negotiations with [Australia](#) and [New Zealand](#) took also place earlier this month in Brussels. Negotiations seem to have started really well, showing a constructive atmosphere and good level of coherence in most of the negotiating areas. With the US, however, the relationship is more challenging. President Juncker met Trump in Washington earlier this month to avoid further erosion of the EU-US relationship due to some of the recent measures adopted by President Trump –namely tariffs on steel and aluminium, and also on Spanish olives, the latter seen as a questioning of the whole CAP and the subsidies granted to European farmers. In a [joint statement](#), both presidents agreed to increase trade in a number of products, including more imports of US soybeans and liquefied natural gas by the EU. They also agreed to launch a close dialogue on standards and to work together to reform the WTO.

Agricultural Outlook—According to the [report](#) on the Agricultural outlook 2018-2027 published by the FAO and the OECD, global agricultural production is growing steadily across most commodities, reaching record levels in 2017 for most cereals, meat types, and dairy products, while cereal stock levels have climbed to all-time highs. However, the weakening of global demand will persist over the coming decade, sapped by declining population growth, flat levels of per capita consumption for staple foods and slowing demand growth for meat products. Declining demand growth for meat products will put a brake on the demand for cereals and protein meal used in animal feed. With slower consumption and production growth, agricultural trade is projected to grow at about half the rate of the previous decade. Demand for cereals and vegetable oil for the production of biofuels is expected to be largely unchanged over the forecast period. For a shorter-term picture, the EC has published its [agricultural markets’ outlook in 2018 and 2019](#), showing that lower EU cereals production is expected, together with an increase in EU milk production tempered by unfavourable weather conditions. Higher meat availability in the EU will drive a small rise in consumption.

New Breeding Techniques—The Court of Justice of the European Union (CJEU) has issued its long awaited [judgment](#) concerning NBTs. It concludes that organism obtained by mutagenesis are GMOs and subject to the obligations laid down by the GMO directive. However, organisms obtained by means of techniques of mutagenesis which have

conventionally been used with a long safety record are excluded from the scope of the directive. Member States are free to legislate in this area in compliance with the EU law. The GMO Directive is also applicable to organisms obtained by mutagenesis techniques that have emerged since the adoption of this Directive. This judgement, which is expected to allow the EC to initiate a broader reflection on innovation in this field, has raised concerns along the whole agri-food industry, and numerous voices have warned against the unintended consequences it can have for European innovation but also for environment and trade. Even US Secretary of Agriculture Sonny Perdue has issued a [statement](#) stressing the ruling unjustifiably stigmatizes new technologies and creates unnecessary barriers to trade.

Antimicrobial Resistance—The Food and Agriculture Organization (FAO), the World Organisation for Animal Health (OIE) and the World Health Organization (WHO) have published the [results](#) of the global self-assessment survey of country progress in addressing AMR in relation with the Global Action plan endorsed by WHO Member States in 2015, showing the target of having national AMR action plans for every country by 2017 was not achieved. However, there has been sustained progress –60.4% of responding countries have developed national action plans, and 33.1% have reported being in the process of developing them. Much more progress around animal, plant and environmental surveillance is required as lack of data at national level can compromise research and policy efforts to tackle AMR on both human and non-human sectors. In particular, the report stresses the need to improve results concerning use of antimicrobials for growth promotion in agriculture, since only 64 countries have limited it. AMR was also included in the agenda of [G20 Meeting of Agriculture Ministers](#) in Buenos Aires, who have placed attention on the need to support intersectoral collaboration for a “One Health” approach by fostering, in particular, good farming practices.

Water pollution—The FAO has released a [report](#) showing agriculture is today the biggest source of water pollution in many countries. Worldwide, the most common chemical contaminant found in groundwater aquifers is nitrate from farming, and the agropollutants of greatest concern for human health are pathogens from livestock, pesticides, nitrates in groundwater, trace metallic elements and emerging pollutants, including antibiotics and antibiotic-resistant genes excreted by livestock. The report recommends developing policies and incentives that encourage people to adopt more sustainable diets and limit increases in demand for food with a large environmental footprint. Integrated pest management, which combines the strategic use of pest-resistant crop varieties with crop rotation and the introduction of natural predators of common pests is another helpful tool. On livestock operations, traditional techniques such as restoring degraded pasturelands and better managing animal diets, feed additives and medicines are needed —while more also needs to be done with new nutrient recycling techniques and technologies, such as farm waste bio digesters.

Drought—Extreme weather conditions experienced during the last months –severe [drought](#) in Central and Northern European countries combined with floods in some Southern countries– have particularly impacted this year’s EU grain harvest with all estimates being revised downwards –Copa and Cogeca have [forecasted](#) a 6% drop in EU cereal and oilseeds production (compared to 2017). To help farmers stay afloat, Commissioner Hogan announced during this month’s [Agricultural Council meeting](#) measures including [derogations from some specific greening requirements](#), namely crop diversification and ecological focus area rules on land lying fallow for eight countries (DK, EE, FI, LV, LT, PL, PT, SE). Hogan also suggested increase advances of payments for both Pillars (70% for Pillar I and 85% for Pillar II) to ease cash-flow difficulties and feed requirements, and informed changes in competition rules in case of extreme weather conditions (a proposal to increase the ceilings for De Minimis aid) will be tabled at the end of the year.