

REPORT OF THE THIRD WORKSHOP OF THE EU SHEEP MEAT FORUM
29 JUNE 2016

The third workshop of the EU sheep meat forum was held on 29th June 2016 at DG AGRI with a broad audience of EU stakeholders of the sheep meat supply chain from 28 organisations along with representatives from 12 Member States. As in earlier occasions, the group was chaired by Mr Bryan assisted by Mr Kinsella.

The workshop reviewed main EU policies that impact directly or indirectly on the sheep sector. Seven presentations were delivered by officials of DG AGRI and SANTE on market and trade issues, direct support, cross compliance and sheep identification, rural development and promotion programmes.

The workshop was opened by the welcoming of Director Mr Schaps who emphasized the importance of a good understanding on the main EU policies impacting the economy of the sheep meat sector, their possibilities and limits. He expected that discussions could guide the group to suggest appropriate measures for the future of the EU sheepmeat sector.

During the morning session there were 4 presentations:

a) Mr Carazo presented the fundamentals of the EU sheep meat market. The CAP includes market tools to follow prices and trade as well as safety net measures such as private storage and exceptional measures in case of severe market disruptions. The importance of the UK in EU the sheep meat sector was highlighted in terms of production (39%) and on trade.

b) Mrs Bourjou portrayed the main features of the CAP direct payments. She explained that the sheep meat sector benefits from voluntary coupled support as decided by 22 Member States. Overall, an average of 12 euros is estimated to be granted per sheep/goat head in the Member States concerned.

The following points were raised by the participants during the ensuing discussion:

- More coordinated approach between the first and second pillars in particular when it comes to sheep grazing in marginal pastures.
- Targeting coupled support can have a positive impact on sheep farming in disadvantaged areas.
- Young sheep farmers stressed the need for support targeted to the sector within the framework of direct payments.
- Improve price reporting and request of having a market observatory for sheep meat. Adequate price transparency and information on profitability is necessary for young farmers to start business in the sector.
- CAP payments to uphold farmer's income and recognise the public goods associated to sheep farming. Need of securing the CAP budget was stressed by majority of speakers.

c) Mr Kroon from DG SANTE presented the current EU rules on sheep identification which are based on the principle of individual traceability. He outlined already existing derogations and indicated possibilities for further developing the legal framework within the new Animal Health Law.

d) Mr Etiévant clarified the logic of having a cross-compliance policy as a link between CAP payments and other EU policies. Rules must be respected on the whole farm and its infringement will penalise the overall amount of CAP support. He presented the specific rules that are relevant for the sheep sector such as identification and registration, an issue of reoccurring discussions.

The following points were mentioned by the participants during the second discussion:

- ID and traceability rules are seen as burdensome for the farming sector without benefits in daily management. In particular small non compliances in the holding registers are perceived as an increased risk for having cross compliance penalties.
- The farming sector asked for guidance on acceptable tolerance rates for small failures on identification and registration. Having serious financial corrections following cross compliance controls harsh the access of young farmers to the sheep sector.
- Some participants advocated for electronic identification to be done on voluntary basis. Others defended that its current use is an efficient tool to improve productivity at farm level. Someone asked for facilitating the movement of animals for slaughter in intra-EU trade with batch identification.
- Penalties on non-compliance of identification/registration rules are not proportional for sheep managed traditionally (for instance, transhumance and mountain grazing) and in many cases punished access of sheep to the land.

e) Mr Pielke explained the main principles, priorities and budget of rural development measures. He showed examples from several Member States on investments which also contributed to the economic viability and competitiveness of the sheep sector. He stressed that the main purpose of rural development is the integrated development of the agriculture and rural areas and to increase production of specific sectors.

During the discussion, some participants claimed that only active farmers should be entitled to receive agro-environmental support. Other stakeholders asked for a more intensive use of rural development measures to have support from animal welfare schemes in sheep husbandry as well as a better targeting of aid for the use of areas with natural constraints for the benefit of the sheep meat sector.

f) Mr Van Gruijthuijsen explained the changes on the new promotion policy related to distribution of expenditure, eligible products and co-financing rates. The annual work programme sets the tone for investment efforts either on simple programmes addressed to internal or third country markets or on multi-programmes.

Issues addressed by participants concerned eligibility of wool, treating the sheep sector as the dairy and pork sectors with a ring-fenced fund, clarifications on the use and functionalities of the signature "Enjoy from Europe" and guidance on what the sector should do in order to submit a sound proposal.

g) Mrs Michelini presented an overview of the current trade agreements in force as well as ongoing and future negotiations. Negotiations with New Zealand and Australia have not started as the Commission is conducting the relevant impact assessment process before requesting a mandate from Member States. The Commission is well aware of the sensitivity of the sheepmeat sector in this context.

Some stakeholders called on the Commission to take into account the sensitivity of the sector in negotiations: some referred to the existence of SPS barriers that impede expansion of trade in key markets. Several participants mentioned some issues relating to the current sheepmeat quota with New Zealand and asked to be taken into account in the negotiations: in particular, they referred to the need to avoid the seasonal impact on prices of imports.

Closure

The Chair announced that the final workshop will take place on next 13th October. Meanwhile, contributions looking at the best strategy that lies ahead to make the EU sheep meat sector more competitive and sustainable are sought from the participants. A tentative series of conclusions will be presented that day.

