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NOTE

From: General Secretariat of the Council

To: Delegations

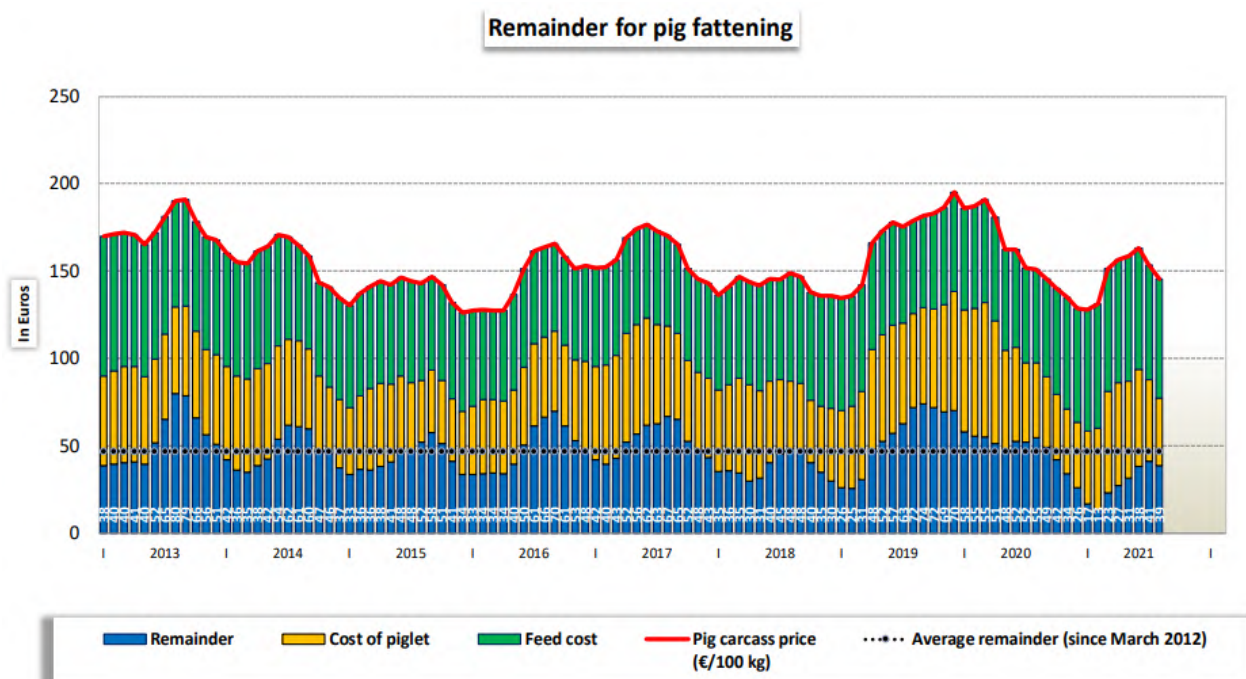
Subject: Crisis in the pigmeat sector
- Information from the Belgian delegation, supported by Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Latvia, Lithuania, Luxembourg, Malta, Poland, Romania and Slovakia

Delegations will find in Annex a note from Belgian delegation as supported by Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Latvia, Lithuania, Luxembourg, Malta, Poland, Romania and Slovakia on the above subject, concerning an item under "Any other business" at the Council ("Agriculture and Fisheries") on 11-12 October 2021.

Crisis in the pig meat sector

The situation in Europe for the pig meat industry is critical.

The margins in the pig meat industry in the EU have, over the past year, been at its lowest in the last decade. On the one hand, European prices for pig carcasses are currently even 7.2% lower than last year, when prices were already very low due to regional outbreaks of African Swine Fever and Covid-19 supply chain and consumption disruptions. On the other hand, the costs to produce pig meat, notably the price of feed, are experiencing the highest levels in 8 years.



Source: Meat Market Observatory, European Commission

Pig meat prices have been low in several Member States due to multiple factors.

- EU-wide production went up, while consumption has been disrupted by the impact from Covid-19 on the out of home consumption.
- It is also due a drop in Chinese demand. Exports to China have declined, the market share is being filled by other producing regions and the Chinese pig production is expanding.
- Some countries that are export oriented and have or have had cases of ASF, such as Belgium and Germany cannot export pig meat to many Asian destinations, notably China. This adds pressure to not only the domestic market but also the European internal market. Prices are low, especially for those that still experience trade embargoes and those that are small-scale economies. Even Belgium, officially recognised by the OIE as ASF-free since the end of last year still, can't export to China or feels the effect of German and Polish trade embargoes since a portion of our carcasses are cut in these mentioned countries.
- Producers in smaller Member states are suffering from the oversaturation on the EU internal pig meat market, in particular, Member states dealing for a long time with ASF related restrictions since the first outbreaks in 2014, are heavily affected, as their ability to regulate supply on the domestic market is limited due to limited trade possibilities.

Additionally, feed prices have been at their highest since around a decade, due to global weather impacts and a stronger demand from China.

This dangerous combination of low prices and high production costs is weighing hard on the pig meat industry. That is why the supporting Member States request the Commission to look into the activation of exceptional market measures under the regulation on the Common Markets Organisation.